

Down to business: Social entrepreneurs

by [Daniel Pryfogle](#) in the [January 31, 2001](#) issue

Imagine a pastor preaching on the rebuilding of the city. Her text is Jeremiah 32. The city of Jerusalem has fallen apart, she tells her congregation, and its citizens have been taken into exile. Yet in the midst of this chaos, the prophet Jeremiah claims that the Lord has told him to buy a piece of property. His investment is a declaration of hope. As the God of Israel says, “Houses and fields and vineyards shall again be bought in this land,” and “I am going to bring it [the city] recovery and healing . . . I will restore fortunes . . . rebuild them.”

Then the minister offers a challenge to the congregation: we too can seek the welfare of the city, she suggests, by investing in it, by buying houses, creating new enterprises and supporting local businesses. The prophetic call is to acquire and build businesses.

Imagine the response. The liberals might squirm a bit at this talk of investing. The conservatives might think this sounds like a poor investment. Others are thinking that the pastor should stick to theology.

Meanwhile, not far from the church, a single mother of three prepares lunch for her kids. She struggles to pay the rent, to keep food on the table and to keep the debt collectors away. Both liberals and conservatives claim to know what’s best for this woman and her children. Dismantle the welfare programs, argue the conservatives, so that she will have an incentive to work and be free of dependence on the government. The liberals argue that it’s society’s responsibility to care for the most vulnerable. If the woman has to be moved off the welfare rolls, then we must provide education, job training and child care.

The liberals look to the state for answers, conservatives place their hope in the market. The solution, perhaps, is some sort of compromise: the woman leaves the welfare rolls, learns accounting at a junior college that provides child care, and enters the workforce as a part-time bank teller. But she still lives from check to check with no health insurance and no property.

The end? Not quite. Let’s go back once more to the Sunday morning service, and imagine that a few of the parishioners decide to take Jeremiah and their pastor literally. They meet with business leaders and perhaps some students at a business school, and they launch a business.

When they do, they join an emerging movement that claims the best thinking of business and weds it with a passionate commitment to helping people on the margins. Focusing on assets rather than problems, these parishioners uncover resources and pursue opportunities. They become another group of new social entrepreneurs.

Who are these social entrepreneurs? A few examples:

- Juma Ventures, a San Francisco–based nonprofit organization, provides job training for at-risk youth and young adults through four Ben & Jerry ice cream shops, a catering business and a concession business. Juma’s mission: “All people deserve the opportunity and encouragement to reach their highest potential. Juma Ventures uses business enterprises as the vehicle to provide opportunities for young people to achieve their personal potential.”

- Urban Solutions Inc., a New Haven, Connecticut, nonprofit organization, employs teens and adults in urban landscaping programs. The organization is planning a for-profit landscaping business that will employ its “graduates” and generate revenue for community-building programs.
- Pioneer Human Services, a Seattle nonprofit, provides employment for former adult and juvenile offenders and drug users through construction and facilities management enterprises—and generates \$52 million in annual revenue. The organization supplements its employment and training programs with transitional housing and recovery centers.
- CitySoft, a Boston-based Internet company, taps employees from lower-income neighborhoods “to prove that high-tech employers do not need to look abroad for employees when we have the talent—the creators, the developers, the administrators, the problem solvers, the managers, the entrepreneurs—right in our backyard.”

What distinguishes social entrepreneurship from other market-oriented approaches? According to Echoing Green, a nonprofit foundation that awards fellowships to those starting social ventures, “Social entrepreneurs have the unique ability to utilize private-sector entrepreneurial concepts and public-interest passion.” As mission-driven businesspeople, social entrepreneurs are idealistic yet pragmatic: they have to be savvy about business in order to raise funds and bring their product or service to the marketplace. They measure success by the lasting impact on their communities, and by the bottom line.

Although many businesses are socially responsible, public knowledge of these enterprises has been limited. Television producer Norman Lear founded the Business Enterprise Trust to publicize stories of socially driven businesses, which he says represent a “vast ‘hidden economy’ of moral and spiritual dimensions.”

The increase in social entrepreneurship is driven by a variety of factors, including a growing frustration with old forms of charity. Many nonprofits are eager to free themselves and their clients from dependence on government and philanthropy. Nonprofit agencies, foundations and for-profits are realizing that communities need sustainable development, not simply “one-time shots.” Business ownership is critical for sustainability and necessary in dealing with the marketplace.

Also, many of the people who have gained unexpected wealth in the booming U.S. economy are interested in philanthropy and social ventures. They’re interested in effective models that tap into the expertise of the business world.

A final factor is the mantra of today’s economy: a company’s greatest asset is its people. Business theorists and practitioners recognize the value of labor, or “talent,” as it’s called today, and argue that human assets such as experience and knowledge should be included in balance sheets alongside traditional assets such as capital. If the value of human assets is recognized, people on the margins will have more value in the marketplace.

In the old model, nonprofits tried to save the marginalized from the harshness, power and recklessness of the free market. The new model uses the insights and risks of business to raise what Roberto Mangabeira Unger and Cornel West call the “economic rearguard” to a sustainable level. Unger and West speak about the “American religion of possibility”—the native propensity to tinker, to experiment, to create new structures and new institutions to address poverty, fight discrimination and provide housing. Social entrepreneurs are tapping into this tradition. They believe progressives need to be pragmatic, savvy and—yes—entrepreneurial. Like Jeremiah with his investment in Jerusalem, social entrepreneurs are declaring their hope in the city.