IMPACT TO LAST: Lessons from the Front Lines of Social Enterprise

ABOUT REDF AND SOCIAL ENTERPRISES

REDF creates jobs and employment opportunities for people facing the greatest barriers to work. We invest capital and expertise to grow the impact of social enterprise (SE)—mission-driven businesses focused on hiring and assisting people who are willing and able to work, but are disconnected from the workforce due to a history of homelessness, addiction, incarceration, mental health challenges, or limited education.

CORE DRIVERS OF SOCIAL ENTERPRISE SUCCESS: Impact to Last is a series of in-depth case studies commissioned by REDF that profiles a diverse group of high-performing social enterprises from around the country and the key drivers of their success.

5 KEY DRIVERS OF IMPACT AND GROWTH

ANCHORS. Large private and public sector customers buying goods and services from social enterprises, or hiring people trained and prepared by social enterprises.

AUDACITY. Expansive and creative leadership, pushing organizations toward new commercial relationships, path-breaking business models and bold long-term goals.

EVIDENCE. Data and insights to drive performance and prove social enterprise works.

GROWTH CAPITAL. Funding or investments that build the capacity for planning and business expansion.

IDENTITY. A combination of brand, culture, and operational practices that make a social enterprise distinctive.

A Few Facts About the Social Enterprises We Studied. Combined They:

- Have 300 Years of Operating History
- Represent Over 20 Lines of Business
- Employ Over 10,000 People Annually
- Earned Over $150 Million in 2014
- Are in Over 25 Cities Across the Nation
Evergreen Cooperatives

- Business: Worker-owned cooperatives providing goods and services in commercial laundry, solar panel installation, LED retrofitting, and greenhouse production, hiring low-income residents in seven Cleveland neighborhoods
- 2014 Revenue: $6.3 Million
- 110 full-time employees

Anchor: Community institutions buying goods & services from the worker-owned businesses

Result: Anchor institutions account for 15% of total revenue:
- Laundry services for local University Hospitals totaling $1 million over five years
- Subcontracts for lettuce with Sodexo Aramark & Bon Appetit supplying several local businesses

Goodwill Central Texas (GCT)

- Business: Retail and recycling, public sector commercial contracts, and staffing services; hiring people with disabilities, who are homeless, or who have a criminal history or limited education
- 2014 Revenue: $73 million
- 1,600 employees

Audacity: Ambitious long-term goal setting focused on achieving scale. Current 10-year goal: full-time jobs and careers for 100,000 people that all pay a living wage

Result: Building on their 2013 successes including 3,135 job placements and $181 million in economic impact for the community, GCT started ground-breaking initiatives:
- With employer input, directing clients toward in demand, high-quality jobs
- Opening a first-of-its-kind charter school for adults aged 26–50 to obtain a HS diploma and a Career Academy for professional certifications
- Policy advocacy on issues affecting target population (e.g., criminal sentencing)

Human Technologies (HT)

- Businesses: Supply chain logistics, facilities management, and environmental services, professional cleaning/janitorial and grounds maintenance, and high-tech document management; hiring people with disabilities
- 2014 Revenue: $33 million
- 683 full-time employees

Audacity: Bold targets for business growth and a relentless focus on execution:

2010 vision: To be a world-class business of choice, creating global transformation by unleashing human potential

Result: HT has largely realized a rapid pace of growth and business excellence:
- Revenues have grown from $18 million to $33 million since 2011
- 99.89% of products are shipped without defect
- 99.91% rate of accuracy in order processing

Center for Employment Opportunities (CEO)

- Businesses: Highway maintenance and cleaning, outdoor maintenance and beautification, rebuilding communities after natural disasters; hiring people who were formerly incarcerated
- 2014 Revenue: $20.7 million
- 6,000 transitional employees/year

Evidence: Random control trial over a six-year period showed a 3.1 benefit-to-cost ratio of the program and 20% reduction in recidivism

Result: Increased funding opportunities:
- CEO chosen as one of the country’s first Pay For Success initiatives; a five-year, $13.5 million investment extending CEO’s services to an additional 2,000 individuals

Bank of America Support Services Division (Support Services)

- Business: Back office support to Bank of America divisions, primarily warehousing, printing, and fulfillment, hiring people with disabilities
- 300 full-time employees

Evidence: With a laser-like focus on quality and precision, Support Services does work that requires perfect accuracy and high efficiency rates. These metrics are tracked for each individual client and employee daily, allowing management to implement changes in real time

Result: With a nearly 100% accuracy rate and high levels of efficiency, Support Services is able to maintain customer loyalty and grow the business.
- 95% of Support Services customers are repeat business
- A new customer, Home Loans, hired Support Services to centralize all their printing and mailing, resulting in a new company division

Redf

- Business: Manufacturing of handcrafted gourmet foods and handmade jewelry; hiring women with multiple personal and economic challenges to self-reliance including limited education and marketable skills, and histories of homelessness, incarceration, substance abuse, and domestic violence
- Revenue: $2.2 Million
- 50–60 transitional employees/year

Identity: A focus on creating a compelling brand and excellent customer service attracts high-volume buyers, and a culture of focusing on training in workplace competency and life skills leads to high job retention

Result:
- Customers include Walmart.com, Kroger, Amazon, Overstock, and Sam’s Club.com
- 80% graduate from the program
- 100% obtain a job after finishing the program and 85% are still employed one year later

The Cara Program (TCP)

- Business: Neighborhood beautification services, staffing firm, book resale and recycling, and helping people affected by poverty and homelessness
- 2014 Revenue: $7 million
- 700 transitional employees and placements

Identity: TCP’s training program includes socio-emotional health, with classes on love, forgiveness, & even job termination providing a backbone of long-term success for those they serve

Result:
- In 2013 TCP students earned over $4 million in wages
- Those placed in permanent jobs worked 443,949 cumulative hours, saved an average of $620, and paid nearly $100,000 in taxes