



Track Session 1: Venture Criteria

Sustainable Growth: Business Scaling and Expansion



Introductions!

Facilitation and Coaching Team



Erika Grammel
Nearby, Partner
(she, her, hers)



Alex Toutant
Nearby, Partner
(he, him, his)

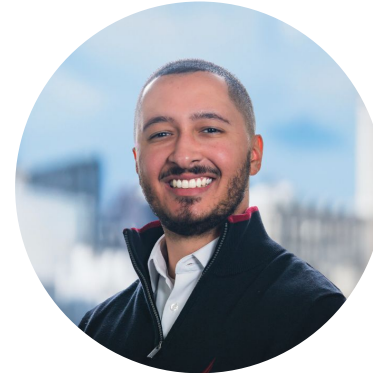


Nicole Doi Adams
Nearby, Partner
(she, her, hers)

Supporting REDF CA RISE Team



Kalen Cornelious
Sr. Manager, Government
Partnerships & Policy



Walter Chacón
Sr. Associate, Capacity Building

Meet Your Cohort!



Matchstick Intros

- Name
- Role
- Organization
- Location
- What's the good news?



Community Agreements

Stay engaged: We'll be spending an intensive, albeit brief period of time together. It's important that folks take care of their individual needs so that they can stay actively engaged in the entirety of the discussion. Please refrain from being on your phone or computer, unless using to take notes. When virtual, please try to limit other activities.

Listen to understand: As opposed to listening to respond, where we wait for someone to stop speaking so that we might speak, listening to understand invites us to actively take in what our peers are saying and ask follow-up questions to ensure we understand not just what a person says, but what they mean.

Take space, make space: If you're someone who is typically comfortable speaking in group settings, consider paying attention to when and how frequently you share, giving space to those voices the group might hear from less frequently. If you're someone who is typically quieter in group settings, consider taking a chance and sharing your questions, thoughts, concerns, and opinions.

Nobody knows everything, but together we know a lot: Everyone has expertise to contribute whether it be skills, resources, stories or insights. Our collective knowledge far exceeds our individual contributions.

Challenge assumptions: We're here to learn from one another and that means asking difficult questions and challenging what we may assume to be best practice. Many of our assumptions are invisible in our culture and ways of working. How might we get curious about the things we assume to be true to explore if there are ways to innovate and evolve our practices?

Expect and accept non-closure: During our limited time together we will not be able to address and solve all open question. That's ok! Prepare yourself in advance that decisions may remain under discussion, questions may remain open and we simply may not have time to address some topics. This is part of an ongoing conversation and there's more to follow.

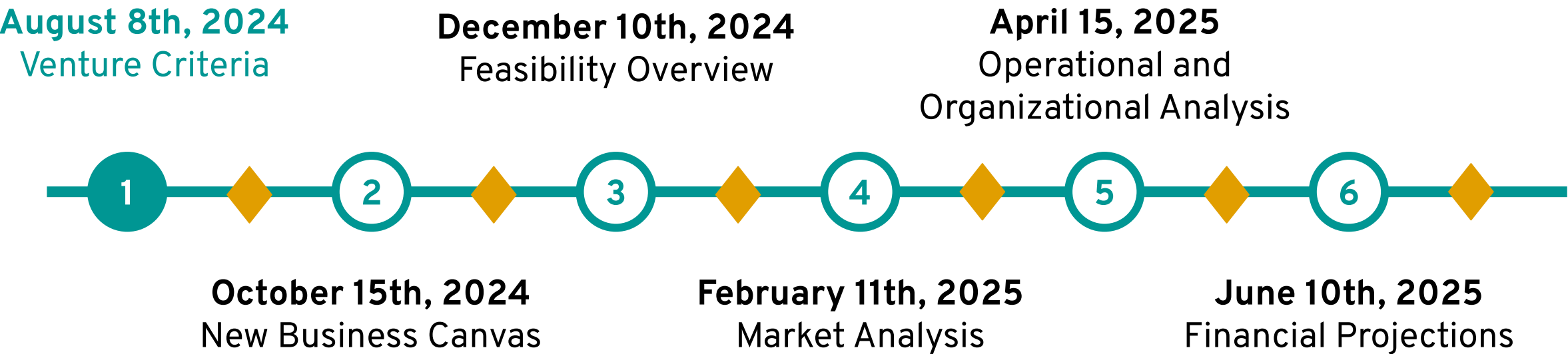
Center Participant Workers: Participant Workers are the heart of our work. Keep the resident experiences, perspectives, needs and desires front and center in all things

Embrace Diversity in All of its Forms: Acknowledge and value the diversity of perspectives and opinions within the group, specifically how they may be informed by folks lived vs. learned experiences.

Create a Safer Space for Sharing / Refrain from Attribution: We want people to feel comfortable sharing experiences, observations, and ideas - even if those are ideas aren't yet fully baked. Let's help people be vulnerable and feel comfortable sharing by not attributing specifics.



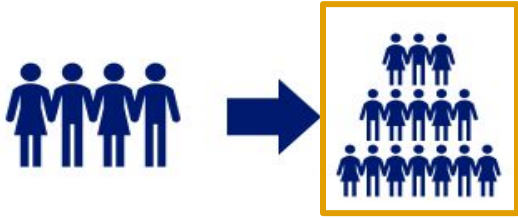
Sustainable Growth: Business Scaling and Expansion Roadmap



 **Monthly Coaching Sessions**



Models for Growth



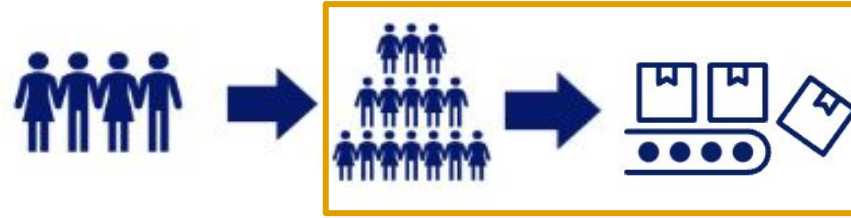
Market Expansion

Definition:

Increasing the number of customers while retaining existing ones.

Examples:

- Increasing your customer base by launching an online, user-centric store
- Grow customer base by launching a third thrift shop



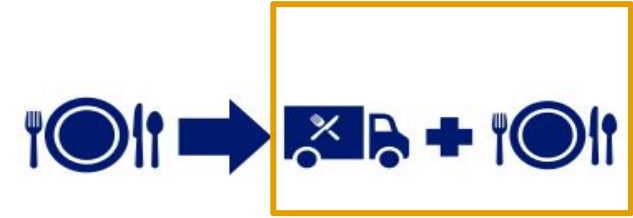
Expanding Operational Capacity

Definition:

Increasing your ESE's internal operational capacity to bring more of your existing products and services to market.

Examples:

- Building a larger training center to create more production capacity and double the number of individuals served
- Expanding your employee training services to hire more staff



Create New Business Line

Definition:

Creating new product/ service offerings.

Examples:

- Expanding cafe operations into catering services
- Expanding offerings to include cooking classes

Reflection + Table Talk



What impact do you want to make by growing your ESE?

Reflection + Table Talk



What do you hope to accomplish in the next 11 months?

Ask/Offer



- What is one ask you have of this learning community?
- What is one thing you can offer this learning community?

5 Minute Break!

Please come back by 10:15 AM



Venture Criteria



What are Venture Criteria?

Venture Criteria are a set of predefined conditions that outline the requirements that must be met for an Employment Social Enterprise (ESE) venture to be successful. Venture criteria help ESEs make data-driven decisions most likely to achieve their goals and mission.

Why is it Important to Design Venture Criteria?

- Ensure agreement between stakeholders
 - Gain agreement from staff with different roles, the board, participant workers, and other key stakeholders.
- Evaluate your growth opportunities and guide decision-making process
 - New growth opportunities can be evaluated using venture criteria
- Guide business planning and operations
 - Clear criteria help inform and align operational decisions

Venture Criteria Tool

	Criteria Name	Prompts	Venture Criteria	Importance
Social	Mission Alignment	How does growth need to align with your organization's mission and core values?		
	Focus Population	Who does your ESE need to employ as it scales?		
	Number of Participant Workers	How many participant workers does your ESE need to employ? By when?		
Financial	Scaling/Growth Costs	How much money can your organization spend on scaling/growing your ESE? (Do the funds have to be recouped?)		
	Breakeven	Does your ESE need to breakeven (cash inflows meet or exceed cash outflows)? If so, by when?		
Operational	Location	Where can your ESE operate?		
	Ethical Supply Chain Considerations	Does your ESE need to incorporate ethical sourcing and responsible supply chain practices, such as considerations for labor conditions, environmental impact etc?		

Let's walk through an example!

Venture Criteria Example

To start setting your Venture Criteria, you can ask yourself: What criteria do you know and what criteria do you need to explore or test?

In this example, the scaling cost cannot exceed \$200K, the amount that the agency is willing to provide the ESE.

	Criteria Name	Venture Criteria	Importance
Social	Mission Alignment	<i>Growth must support the mission of reducing recidivism.</i>	
	Focus Population	<i>The ESE must employ formerly incarcerated individuals as it scales.</i>	
	Number of Participant Workers	<i>The ESE must employ 10 additional participant workers by the end of 2025.</i>	
Financial	Growth Costs	<i>The ESE can afford up to \$200,000 in growth costs, which need to be recouped within two years.</i>	
	Breakeven	<i>The ESE needs to breakeven by mid-2025.</i>	
Operational	Location	<i>Keep operations in Southern California.</i>	
	Ethical Supply Chain Considerations	<i>Ethical sourcing and responsible supply chain practices should be considered. Factors include fair labor practices and minimal environmental impact.</i>	

Next, we are going to determine the level of importance for each criteria.

You'll notice that in this example FOCUS POPULATION and MAX STARTUP COST are **DEALBREAKER** criteria. This is criteria that you and your stakeholders identify as dealbreakers – without it you won't achieve your desired growth.

	Criteria Name	Venture Criteria	Importance
Social	Mission Alignment	<i>Growth must support the mission of reducing recidivism.</i>	DEALBREAKER
	Focus Population	<i>The ESE must employ formerly incarcerated individuals as it scales.</i>	DEALBREAKER
	Number of Participant Workers	<i>The ESE must employ 10 additional participant workers by the end of 2025.</i>	DEALBREAKER
Financial	Growth Costs	<i>The ESE can afford up to \$200,000 in growth costs, which need to be recouped within two years.</i>	DEALBREAKER
	Breakeven	<i>The ESE needs to breakeven by mid-2025.</i>	IMPORTANT
Operational	Location	<i>Keep operations in Southern California.</i>	NICE TO HAVE
	Ethical Supply Chain Considerations	<i>Ethical sourcing and responsible supply chain practices should be considered. Factors include fair labor practices and minimal environmental impact.</i>	IMPORTANT

Workshop Time!

- Record at least two criteria in each category (Social, Financial, Operational)



What is Venture Criteria Stakeholder Discovery?

Talking to, and gathering insights from, your organization's **internal** and **external** stakeholders to inform your Venture Criteria!

DARI Framework

D

Decider



**The only one(s) with votes
(in many cases, there is
just one)**

"CEO Mary decides the future org
design for the company"

McKinsey
& Company

A

Advisor



**Influence the decision
(often an outsized voice)**

"CFO Sean, critical BU leaders
Amit and Ivana, and COO Dinora
weigh in on what option Mary
should select"

R

Recommender



**Conduct analyses,
explore alternatives, and
illuminate pros and cons**

"CHRO Robert leads a
cross-functional team to identify
options for Mary to choose from"

I

Implementer



**Implement the decision
and therefore must be
informed**

"Daniela leads the transformation
team that will determine the plan to
shift to the new design"

**An iteration of the McKinsey DARE Framework*

Examples of Internal and External Stakeholders

DECIDER	INTERNAL / EXTERNAL	RECOMMENDER	INTERNAL / EXTERNAL
<i>We make the decisions.</i>		<i>We explore and identify the options.</i>	
<i>Executive Director</i>	Internal Stakeholder	<i>Program Directors</i>	Internal Stakeholder
<i>CEO</i>	Internal Stakeholder	<i>Program Managers</i>	Internal Stakeholder
<i>Funders</i>	External Stakeholder	<i>Consultants</i>	External Stakeholder
		<i>Community Partners</i>	External Stakeholder
		<i>Participant Workers</i>	Internal Stakeholder
		<i>Consortiums/Networks</i>	External Stakeholder
ADVISOR	INTERNAL / EXTERNAL	IMPLEMENTER	INTERNAL / EXTERNAL
<i>We help Deciders decide.</i>		<i>We carry out the decisions.</i>	
<i>CFO</i>	Internal Stakeholder	<i>Program Coordinators</i>	Internal Stakeholder
<i>Board Members</i>	Internal Stakeholder	<i>Direct Service Staff</i>	Internal Stakeholder
<i>Potential Board Members</i>	External Stakeholder	<i>Participant Workers</i>	Internal Stakeholder
<i>Current or Potential Funders</i>	External Stakeholder	<i>Contractors</i>	External Stakeholder
<i>Current or Potential Partners</i>	External Stakeholder		
<i>Executive Level Advisors</i>	External Stakeholder		

Stakeholder Discovery Planning Tool

DECIDER	INTERNAL / EXTERNAL	SCHEDULING	FOCUS AREAS FOR FEEDBACK	NOTES
<i>We make the decisions.</i>		<i>Date, Time, Virtual/In-Person, etc.</i>	<i>What venture criteria do you want their feedback on?</i>	<i>Capture notes from your conversation</i>
ADVISOR	INTERNAL / EXTERNAL	OUTREACH STATUS & NOTES	FOCUS AREAS FOR FEEDBACK	NOTES
<i>We help Deciders decide.</i>		<i>Date, Time, Virtual/In-Person, etc.</i>	<i>What venture criteria do you want their feedback on?</i>	<i>Capture notes from your conversation</i>
RECOMMENDER	INTERNAL / EXTERNAL	OUTREACH STATUS & NOTES	FOCUS AREAS FOR FEEDBACK	NOTES
<i>We explore and identify the options.</i>		<i>Date, Time, Virtual/In-Person, etc.</i>	<i>What venture criteria do you want their feedback on?</i>	<i>Capture notes from your conversation</i>
IMPLEMENTER	INTERNAL / EXTERNAL	OUTREACH STATUS & NOTES	FOCUS AREAS FOR FEEDBACK	NOTES
<i>We carry out the decisions.</i>		<i>Date, Time, Virtual/In-Person, etc.</i>	<i>What venture criteria do you want their feedback on?</i>	<i>Capture notes from your conversation</i>

Workshop Time!

- Record at least one Decider, Advisor, Recommender and Implement you want to speak with to inform your Venture Criteria.



Using Venture Criteria to Evaluate Growth Opportunities

You will use your Venture Criteria to help evaluate growth opportunities and make data informed decisions.

Evaluation Tool

Category	Criteria Name	Venture Criteria	Key Considerations	Measurement	Priority	Dallas, TX	Los Angeles, CA	Charleston, SC
Select a category from the drop-down	Type in the name of your top 5 - 10 criteria most relevant to evaluating your strategic options	Type in your venture criteria	Identify the key considerations for the criteria that will impact your growth strategy	Set a target metric that allows you to score how well each opportunity meets the venture criteria	Select a priority level on a scale of High (3), Medium (2) , Low (1) based on alignment with your goals, mission, viability, and other context-dependent factors	Score this opportunity on a scale of 1 (doesn't meet criteria), 2 (meets criteria), or 3 (exceeds criteria)	Score this opportunity on a scale of 1 (doesn't meet criteria), 2 (meets criteria), or 3 (exceeds criteria)	Score this opportunity on a scale of 1 (doesn't meet criteria), 2 (meets criteria), or 3 (exceeds criteria)
Social	Focus Population	The ESE must employ formerly incarcerated individuals as it scales.	If we open a second location, it should be in a city with a high number of people returning from prison.	Number of people returning to city after incarceration is at least 20K annually	3	3	3	1
Financial	Scaling Costs	The ESE can afford up to \$200,000 in scaling costs, which need to be recouped within two years.	We should prioritize opening a second location in a city with relatively low business real estate costs to minimize our start-up expenses.	Average office rent per sq/ft under \$30	3	2	1	2

Close Out



SMART Goal & Commitments



Please develop a SMART goal for the efforts you are putting into these sessions. For example:

- Use content shared and coaching sessions over the next 11 months to improve our program's ability to assess the feasibility of launching a new product line to grow our ESE.

Based on everything you learned today make 1 to 2 commitments. For example:

- Continue developing my ESE's Venture Criteria
- Speak with X number of internal and external stakeholders to inform your Venture Criteria

Feedback Survey

Please take a few minutes to fill out our Survey on this session. We will also be collecting the SMART goal you developed in this survey.

This feedback helps us improve your experience and plan adjustments to make moving forward.



Thank you!

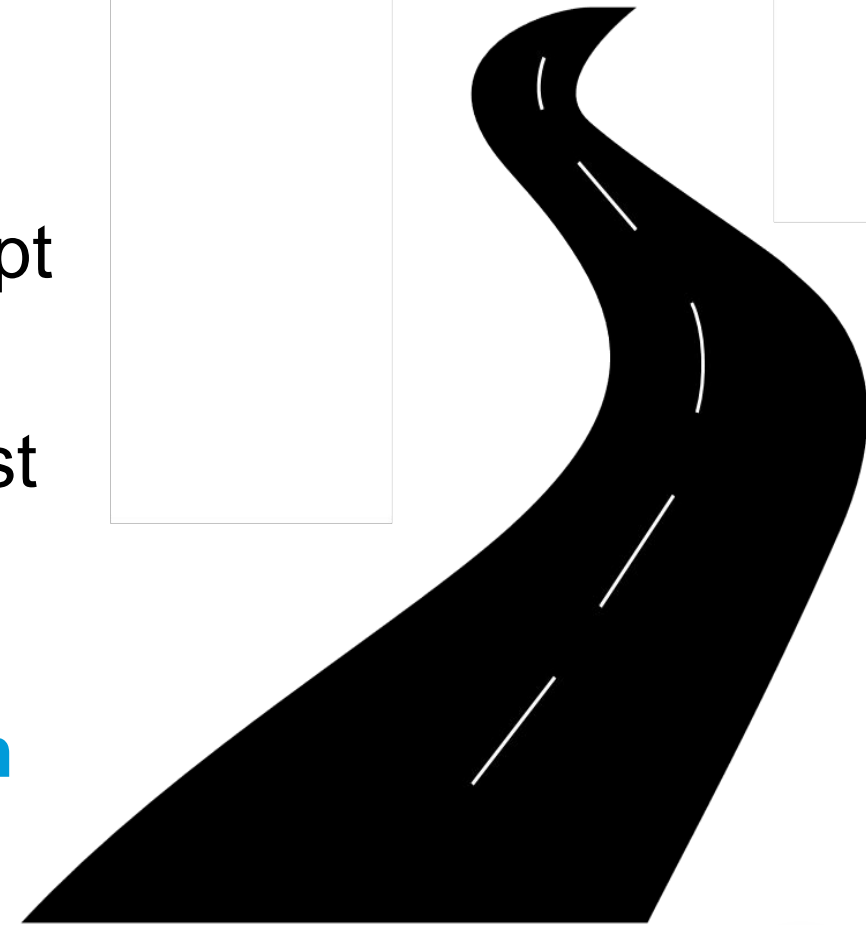
Make it SMART!

- **Specific:** Your objective is as specific as possible.
- **Measurable:** You can measure progress and success.
- **Achievable:** You can achieve your objective in the next 12 months.
- **Relevant:** Your growth objective aligns with your organization's values, mission, capacity, and long-term theory of change.
- **Time-bound:** We're setting the length of time for 12 months (the duration of our time together).

What's Next?

After this session:

- Additional resources will be posted on REDFWorkshop
- Coaching will be hosted on Tuesday, Sept 17th from 11am-12:30 PST
- Make progress on commitments from last slide!
- **Our next cohort track session will be virtual and is on Tuesday, October 15th from 11am-12:30pm PST**





An investment that works.

Thank you!



Recap + Looking Ahead

Today's Session

- Started to identify Venture Criteria
- Learned how to leverage Venture Criteria to evaluate growth opportunities
- Prepared for Stakeholder Discovery to inform your Venture Criteria

Coaching Session

- Refine your venture criteria.
- Use the venture criteria evaluation tool to evaluate growth opportunities.