Venture Criteria & Feasibility Analysis

Sustainable Growth - Optimizing Business Operations
June 9, 2024

Your Optimizing Business Operations Cohort

Sustainable Growth:
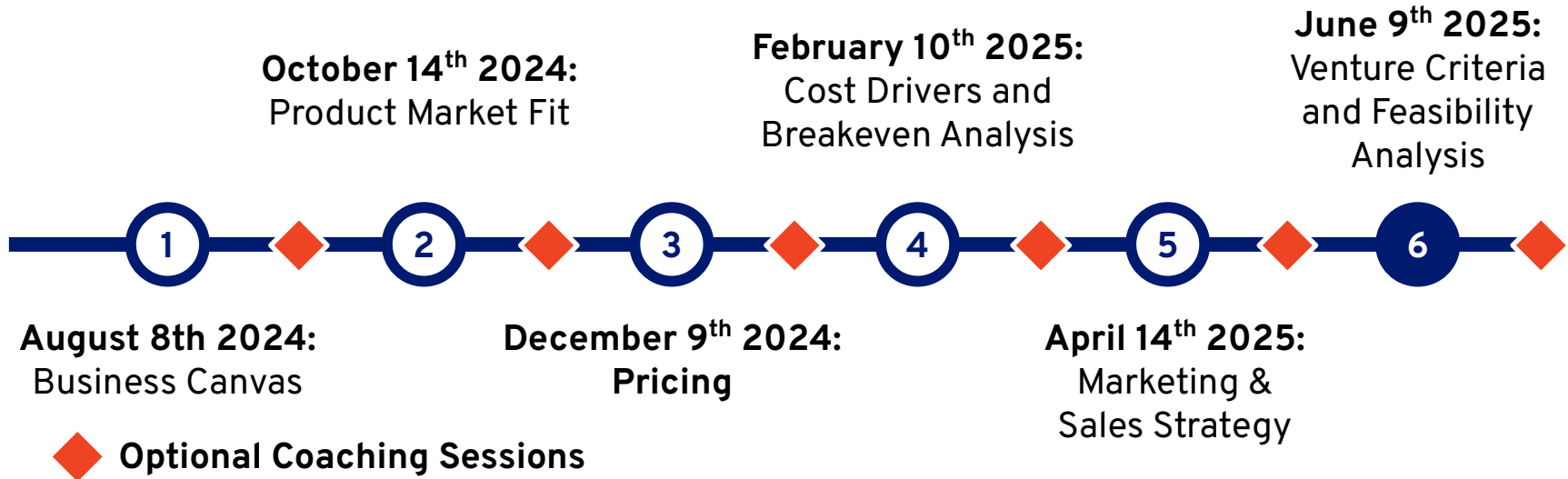# Optimizing Business Operations Timeline

October 14th 2024:
Product Market Fit

February 10th 2025:
Cost Drivers and
Breakeven Analysis

June 9th 2025:
Venture Criteria
and Feasibility
Analysis

(1) — ◆ — (2) — ◆ — (3) — ◆ — (4) — ◆ — (5) — ◆ — (6) — ◆

August 8th 2024:
Business Canvas

December 9th 2024:
Pricing

April 14th 2025:
Marketing &
Sales Strategy

◆ Optional Coaching Sessions

Register for the CA RISE Summit in SF by June 30!

- **The CA RISE Summit is Sept 22-23 in San Francisco**
- **Please register up to two folks for the Summit by June 30**
- **Registration:** https://redf.qualtrics.com/jfe/form/SV_0kuDLAz7yyVz1hs
- 4**Hotel Block Booking:** You will be sent the link after you register through the survey

Last Chance for Responsive Technical Assistance!

A couple quick reminders:

1) If you are currently working with a consultant, this work must be completed by September 30, 2025

2) If you haven't started working with a consultant, this is the last call. All work must be started by June 30, 2025

3) Reach out to your relationship manager, Jamie or Will, ASAP

New Optional Workshop Series Posted to REDF Workshop

California HR Upskilling Series

- Four Pre-Recorded Sessions:
  - Worktime, Rest Breaks and Meal
  - Pay Practices and Protocols
  - Policy Creation, Implementation, and Enforcement
  - Auditing for Compliance

- Coaching session: **Tuesday, July 8th from 11am-12:00pm PST**

- We recommend watching the virtual sessions prior to the coaching session.

- https://redfworkshop.org/government-programs-hub/ca-rise/optional-workshop-california-human-resource-upskilling-series/

- Please reach out to alee@redf.org if you don't have the meeting invite and he will get you added.

Financial Resources Toolkit

- Multiple Tools Available:
  - Resourcing Financial Management in ESEs: People, Process, and Technology Orientation to Financial Controls
  - Reading Financial Statements
  - Financial Health Metrics and Indicators for Your ESE
  - Guidance on Building & Improving Financial Processes and Procedures
  - Understanding and Implementing Double Bottom Line (DBL) Accounting
  - Budgeting, Variance Analysis, Forecasting
  - Managing Cash Flow and Liquidity
  - Capital Types for ESEs

- Coaching session: **To be scheduled for July or August**

- https://redfworkshop.org/government-programs-hub/ca-rise/

Interested in a Subscription to Honest Jobs?

Reentry Navigator is a reentry support tool designed specifically for workforce professionals serving justice-impacted individuals.

Powered by Honest Jobs, this tool helps returning citizens find fair-chance employers up to 7 times faster, while providing reentry professionals detailed insights into their clients' job search activities.

Reentry Navigator does this by showing you, and your client, how many people with convictions have been hired with each employer, and how likely you client is to be hired based on their unique conviction, before they apply. With access to a robust network of over 300,000 background-friendly job opportunities from more than 1,500 vetted fair-chance employers, Reentry Navigator enhances transparency, instills hope and confidence, and reduces rejection, leading to improved placement, retention, and earnings.

If you would like access to this tool for 6 months, please email korovecz@redf.org

Do you want an Impact Report for your ESE?

We have a graphic designer who can create an impact report like this for any ESE that wants one, as part of your CA RISE participation.

Put your ESE name in the chat now if you'd like us to make one for you by the end of the year.

Community Agreements

- Stay engaged - please keep your camera on if you can
- Listen to understand
- Take space, make space
- Nobody knows everything, but together we know a lot
- Challenge assumptions
- Expect and accept non-closure
- Center participant workers
- Embrace diversity in all of its forms
- Create a safer space for sharing / refrain from attribution

Session Overview

Today we will:

➔ Explore Venture Criteria, engage with a Venture Criteria Tool, and walk away with three Venture Criteria for your organization

➔ Explore how Feasibility Analysis support growth

➔ Examine how Operational and Organizational Analysis is part of a robust Feasibility Analysis through a Tool

Today's session is shifting focus from **optimizing current businesses** and **into opening a new business line, or offering a new product or service, or opening a new location**. These tools can also be useful for evaluating your current businesses.

Check-in Reflection

Share a three-line story about a new initiative you've tried in your organization:

1. What was the initiative?
2. What happened?
3. How did you feel about the process?

Please put your thoughts in the chat. And then, share connections with some of the other comments in the chat.

You have an exciting idea or ideas for growing your business – what do you do?

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.

These criteria aren't just arbitrary rules; **they're specific requirements, built by your organization, that help you make smart, informed choices about your business.**

Venture criteria and Feasibility Analysis work together to help you fully realize effective and sustainable growth.

A quick example before we get into the benefits of venture criteria:
Java Joe's is thinking about starting a catering business where they drop off coffee and pastries to local offices based on order put in by 5pm the prior day.

Their focus population is justice impacted individuals who have returned to their community within the last year. Individuals employed by Java Joe's tend to take the bus or walk and have set times they are available to work and benefit from the stable schedule Java Joe's offers. Java Joes helps folks gain customer service skills or pastry skills through their two program tracks.

What are some considerations Java Joe's would want to think through and use to vet not just this idea but for other growth ideas as well?

By having Venture Criteria clearly defined you can:

- **Make "data-driven decisions"** This means you'll base your choices on facts and evidence, rather than just guesswork or assumptions.
- **Increase your chances of achieving your goals** Whether your goal is to generate revenue and create jobs, or provide specific services meeting your venture criteria keeps you on the right track.
- **Stay true to your mission** ESEs have a social mission alongside their business goals. Venture criteria help ensure that your business activities always align with what you set out to achieve for the double bottom line.

Benefits of Designing Venture Criteria?

- **Ensure agreement between stakeholders**
  - This means gaining agreement from staff with different roles, the board, participant workers, and other key stakeholders.
- **Evaluate your growth opportunities and guide decision-making process**
  - Maintain strategic clarity and optimize your resources in the process
- **Guide business planning and operations**
  - Clear criteria help inform and align operational decisions

Using the Venture Criteria Tool

This tool is broken down into three categories:

- **Social Criteria**
  - Including: mission alignment, wraparound services and more
- **Financial Criteria**
  - Including: scaling and growth costs and more
- **Operational Criteria**
  - Including: location, assets and more

Each row also includes a dropdown to help identify its importance:

- **Nice to have**
- **Important**
- **Dealbreaker**

Putting it Into Practice

Solo activity: Take some time to explore the Venture Criteria Tool Example in the tool.
- What do you notice about the way the ESE put together its criteria?
- What questions do you have?
- Highlight the venture criteria you think are most important to your organization!

Group activity: In breakout rooms, discuss the tool and questions you have. Keep track of the questions and insights so that your group can share them with everyone. Discuss at least one venture criteria you have integrated or would like to integrate into expansion decisions.

3 minutes of individual time + 10 minutes of group discussion

Whole Group Sharing

What're some of the questions and insights that came up in your group?

Please put your thoughts in the chat. We will use your questions to design the coaching session.

Stretch Break

Use 2 minutes to move around and take care of yourself.

What is a Feasibility Analysis?

A **feasibility study** normally includes these elements: **market analysis, operation and organizational analysis**, and **financial projections.** We are going to focus on the operational and organizational analysis today.

What is Operational and Organizational Analysis?

Operational and organizational analysis is the process of assessing both **what an employment social enterprise needs** to implement a growth initiative and **how it must adapt internally** to support that growth.

Why do an Operational and Organizational Analysis?

- Ensures that you have the right people, skills, systems in place for launch and scale.
- Helps you to identify gaps in your capacity where you may have to build new functions or adjust existing ones for the new business line.
- Reveals what you can actually do and the timing in which you can do it.
- Allows you to scale strategically and effectively sequence how you scale/expand.

How do I Conduct an Operational and Organizational Analysis?

Define and assess operational requirements

Identify organizational adjustments

Determine next steps
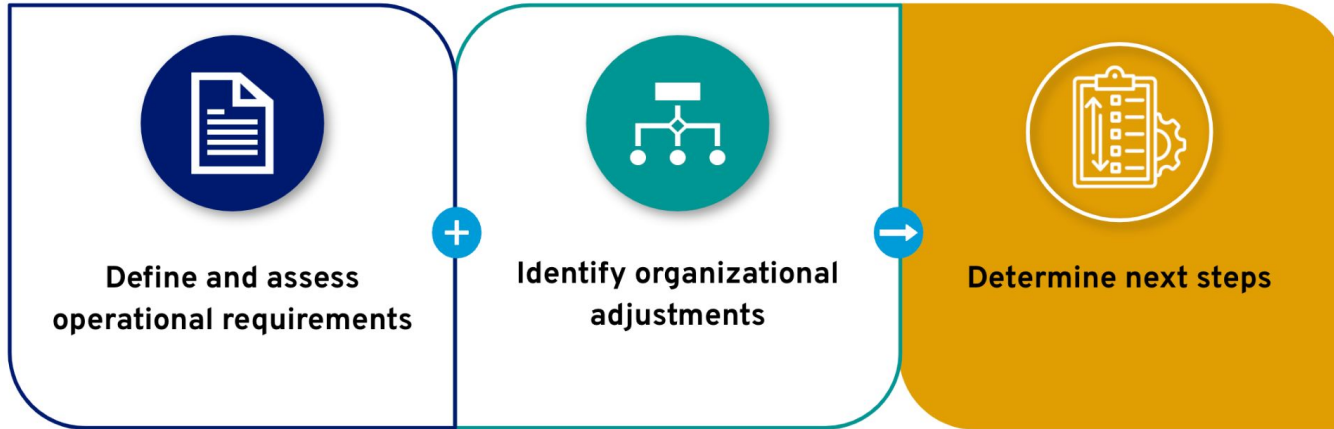
How do I Define and Assess Operational Requirements?

Resources	Assess the needs for additional financial resources and human resources, social capital, and other tangible/intangible resources to support growth initiative.
Processes	Identify new processes or potential changes or improvements to existing processes that are necessary to accommodate the new initiative.
Infrastructure	Assess whether the current infrastructure (e.g. the physical or organizational structures and facilities, IT systems, distribution channels) can handle the increased workload or demand. Determine new infrastructure needs.
Logistics and Supply Chain	Analyze the logistical requirements such as shipping, procurement relationships, inventory management, transportation, and distribution networks of goods, services, and/or information to support growth initiative.
Technology	Evaluate if new technology or software is required to support the growth initiative, and how well it integrates with existing systems.
Legal and Regulatory	Research the laws, policies, and standards governing new initiative to ensure compliance. This includes tax regulations, environmental regulations, labor laws, and industry-specific guidelines.

How do I Define and Assess Organizational Requirements?

Structure	Determining whether the organization needs to adjust its structure to accommodate the expansion. For example, adding new departments, teams, or roles.
Leadership and Management	Assessing whether new leadership is required for scaling and how existing management will adapt to the expansion.
Program Model	Evaluating the need for hiring, training, or redeploying employees to meet the demands of the expansion. This also includes assessing the skill sets required for new roles.
Culture	Analyzing how well the organization can handle change. Effective change management strategies are necessary to keep the workforce engaged and reduce resistance during the transition.

Putting it Into Practice

Solo activity: Take some time to explore the Operational and Organizational Analysis Tool.
- What rows stick out to you as crucial for your ESE when growing?
- What questions do you have about the tool?
- Fill in at least one operational and one organizational requirement for either a real growth opportunity you have or Java Joes. The goal is to get comfortable with the tool, not to decide a definitive growth plan.

Group activity: In breakout rooms, discuss the tool and questions you have as well as the two rows you filled out. Keep track of the questions and insights so that your group can share with everyone.

3 minutes of individual time + 12 minutes of group discussion

Whole Group Sharing

What're some of the questions and insights that came up in your group?

Please put your thoughts in the chat. We will use your questions to design the coaching session.

Who Makes Decisions in this Process?

- It's important to understand your org's framework.
  - DARE is one framework created by McKinsey & Company that focuses on four roles:
    - **Deciders** "We make the decisions"
    - **Advisors** "We have a voice in the discussion"
    - **Recommenders** "We explore and identify the options"
    - **Execution stakeholders** "We carry out the decisions"
- However you choose to organize your decision-making (RACI and DARCI are common), you should have **clear agreements about roles, responsibilities and evaluation for internal and external stakeholders**.

What's Next?

- Keep thinking about **growth opportunities and how to evaluate them**
- Join us for a **coaching session on Venture Criteria & Feasibility Analysis on July 14th @ 11am-12:30pm.**

- **Questions?** Contact your Relationship Manager!
  - **Will Portnof - wportnof@redf.org**
  - **Jamie Stark – jstark@redf.org**

Feedback Survey

Please take a few minutes to fill out our Survey on this session.

https://bit.ly/SGTOptimizeAll

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