



# Benefits & Risks of Social Enterprise

	Benefits	Risks
<b>Financial</b>	<ul style="list-style-type: none"><li>▪ Generates sustainable source of income</li><li>▪ Diversifies revenue streams</li><li>▪ Reduces donor dependency</li><li>▪ Leverages existing assets</li><li>▪ Unrestricted funds</li><li>▪ Cost savings in shared back office</li><li>▪ Increases credibility with Funders</li></ul>	<ul style="list-style-type: none"><li>▪ Lose money</li><li>▪ Start-up costs higher than willing to commit</li><li>▪ Traditional nonprofit funders may decrease support</li><li>▪ Opportunity cost (earned income vs. fundraising)</li></ul>



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<b>Mission</b>	<ul style="list-style-type: none"><li>▪ Sustainable programming vehicle</li><li>▪ Accountability for achieving social objectives</li><li>▪ Leverages mission activities and core competence</li></ul>	<ul style="list-style-type: none"><li>▪ Mission and reputation could be compromised if the venture is seen as a sell-out by stakeholders</li><li>▪ Organization has difficulty balancing mission and money, causing mission drift from core social activities to business</li><li>▪ Enterprise could have negative impact on clients</li></ul>



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<b>Operations</b>	<ul style="list-style-type: none"><li>▪ Incorporates organizational development and business tools throughout the nonprofit organization</li><li>▪ Provides double bottom line context for management that crosscuts all functions</li><li>▪ Requires organizations to manage social interest, assets, and investment</li><li>▪ Enhances strategic thinking to function in a dynamic market</li><li>▪ Increases efficiency and cost effectiveness</li><li>▪ Improves market responsiveness</li></ul>	<ul style="list-style-type: none"><li>▪ Venture may divert management and staff attention</li><li>▪ Increased organizational complexity</li><li>▪ New systems required to support enterprise add costs</li><li>▪ Business skills needed for enterprise may necessitate hiring new staff</li></ul>



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<b>Culture</b>	<ul style="list-style-type: none"><li>▪ Innovation</li><li>▪ Entrepreneurship</li><li>▪ Market orientation</li><li>▪ Results orientation</li></ul>	<ul style="list-style-type: none"><li>▪ Cultural differences of social programs and enterprise may cause tension</li><li>▪ Staff may leave due to "business culture"</li><li>▪ Board and staff may feel sold out</li><li>▪ Resistance to change</li></ul>