Evaluation of the Colorado Nonprofit Social Enterprise Exchange

Executive Summary

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Colorado Nonprofit
Social Enterprise Exchange
Trading knowledge, ideas and capital for community impact.

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Introduction

The Colorado Nonprofit Social Enterprise Exchange (The Exchange) "supports nonprofits in building more sustainable, unrestricted sources of funding allowing for more flexibility in meeting their missions and supporting economic opportunity in low-income communities through the creation of businesses that train and employ clients." The Exchange provides training for nonprofit staff to identify and develop a social enterprise business. Its flagship program, the Social Enterprise Cohort, includes monthly in-person sessions supplemented by technical assistance from The Exchange staff and a business mentor, as well as homework sessions to reinforce concepts covered during the in-person sessions. The 8-month training is offered annually to several Colorado nonprofit organizations in a cohort model.

In January 2015, The Exchange contracted with OMNI Institute to design and conduct an evaluation of the 2015 Exchange cohort ('Cohort 2'). The goals of the evaluation included:

- Formalize a theory of change/logic model for The Exchange that includes short-, intermediate-, and long-term outcomes of the program.

- Collect Cohort 2 participants' feedback and reflections following each training session to drive ongoing program improvement and document emerging learnings, successes and challenges for each organization.

- Measure changes in short-term outcomes for Cohort 2 from baseline (pre) to program completion (post); and document status of the inaugural cohort (Cohort 1) on short-, intermediate, and (if applicable) long-term outcomes at approximately one year following completion of the training.

To meet these goals, OMNI and The Exchange worked together to articulate the program's theory of change and develop a corresponding logic model; and OMNI developed and web-enabled a baseline (pre) and orientation session survey, session-specific surveys for sessions 2 through 8, a final post-survey for Cohort 2; and a one-time follow-up survey for Cohort 1. Data from each session-specific survey were provided to The Exchange in raw form to facilitate individualized response to participant feedback, and were formally analyzed and reported to The Exchange approximately two weeks following each session.

This executive summary addresses the following overarching evaluation questions:

- ➢ Were (statistically significant) improvements observed in Cohort 2 members' knowledge of key social enterprise constructs (i.e., the short-term outcomes) following completion of the training; and did participants report increased leadership team cohesion and collaboration, and entrepreneurial orientation as a result of the process?

- ➢ Were positive levels of knowledge of key social enterprise constructs reported by inaugural cohort (Cohort 1) members? How much progress had they made in completing steps toward launching their social enterprises (intermediate and long-term outcomes)?

> ➢ What were key themes of members' challenges, successes, and overall reflections as they progressed through and completed the training?

Cohort Samples

Cohort 2 was comprised of nine organizations, represented by a total of 46 individuals over the course of the training. Thirty-four participants (74%; at least one from each organization) completed the final survey of the Cohort 2 evaluation, and this sample was similar in size and organizational representation to the samples obtained for previous session surveys. The nine Cohort 2 organizations were (in alphabetical order):

- cityWILD
- Colorado Cross-Disability Coalition
- Colorado Health Network
- Denver Shared Spaces/Urban Land Conservancy
- Denver Urban Ministries
- FRIENDS of Broomfield
- The GLBT Community Center
- Planned Parenthood of the Rocky Mountains
- Scholars Unlimited (formerly Summer Scholars)

Twenty-one of the 24 (88%) inaugural cohort participants completed the one-time survey for Cohort 1 administered as part of this evaluation. At least one survey was completed by a member of each of the eight organizations, which were as follows:

- Care and Share Food Bank for Southern Colorado
- Children's Hospital Colorado
- Colorado Youth for a Change
- Denver Children's Advocacy Center
- The Gathering Place
- Girls Inc. of Metro Denver
- Plains Conservation Center
- Youth on Record

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Training participants from each organization included Board members, Executive Directors, Development Directors, other program staff, and volunteers. See the full report for more detail on the survey participants from each cohort.

Results

PROGRAM OUTCOMES

As noted, an initial step in designing the evaluation of The Exchange was to develop a logic model, or theory of change, that articulated the expected outcomes of the training for participants and organizations. OMNI and The Exchange worked together to define these concepts and indicators and to develop measures to assess them. Short-term outcomes were those that The Exchange hoped to significantly impact by end of the training, and reflected increases in business knowledge and skills and achievement of milestones related to developing a social enterprise. Intermediate and long-term outcomes reflected positive impacts of the social enterprise development process (e.g., increased entrepreneurship) and concrete steps taken to support launch of the business (e.g., securing financing; finalizing business plan).

Short-Term Outcomes

Short-term outcomes were measured at baseline for Cohort 2, and again on their final survey following completion of the training. The short-term outcomes were also assessed in the follow-up survey with Cohort 1 to obtain a snapshot of their current perceived levels of knowledge, skills, and progress, even though no baseline data were available to assess change for these participants.

The 24 items assessing knowledge, skill, and progress regarding social enterprises were each measured on a five-point scale from No Understanding/ Familiarity to High Understanding/Familiarity, with higher scores reflecting greater reported knowledge of social enterprise concepts. The 24 items reflected the following content areas:
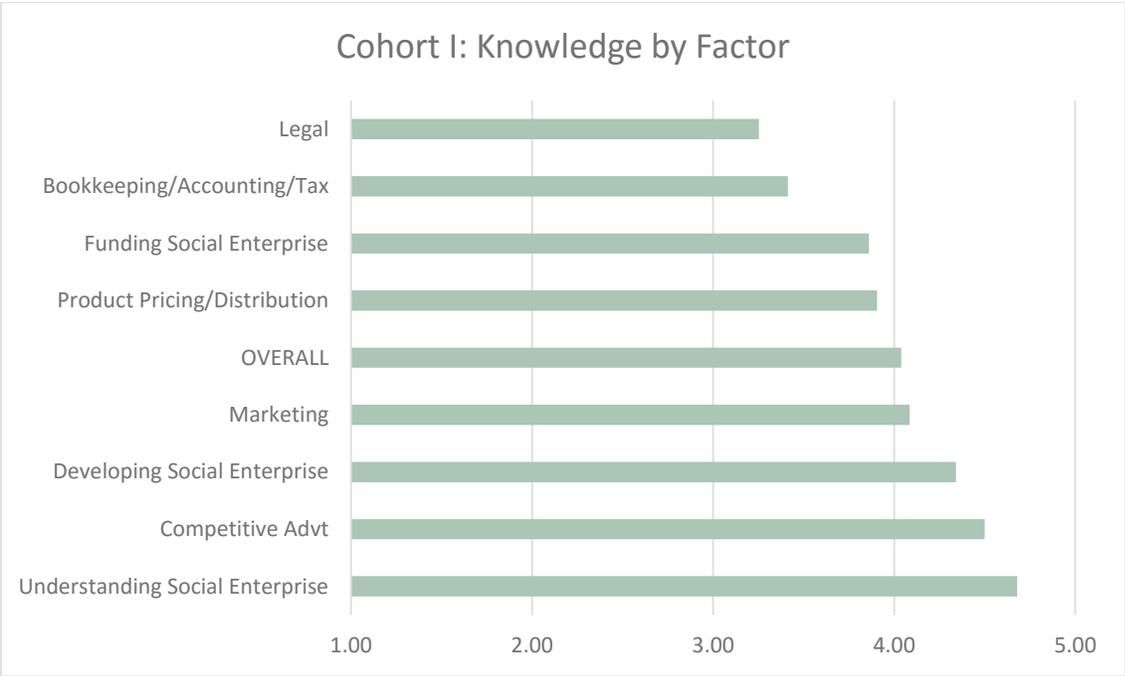
o   Understanding Social Enterprise (3 items)

o   Developing a Social Enterprise (5 items)

o   Funding a Social Enterprise (2 items)

o   Identifying Competitive Advantages (2 items)

o   Product Pricing/Distribution (2 items)

o   Marketing (4 items)

o   Legal (3 items)

o   Bookkeeping/Accounting/Tax (3 items)

Paired samples t-tests were conducted for the 23 Cohort 1 participants who had completed both the baseline and final surveys, and indicated a statistically significant overall gain in knowledge (1.25 point average increase). Item-level tests also indicated statistically significant increases for each of the 24 items, and these were then grouped into the broader categories listed above to generate factor-level scores at pre and post. See the figure below with the categories listed in order from lowest to highest baseline score.

As can be seen, knowledge started out lowest for legal, administrative, and financial aspects of social enterprise development, and highest for broader understanding of the benefits of a social enterprise. One of the factors with the largest positive shift was Identifying Competitive Advantages.

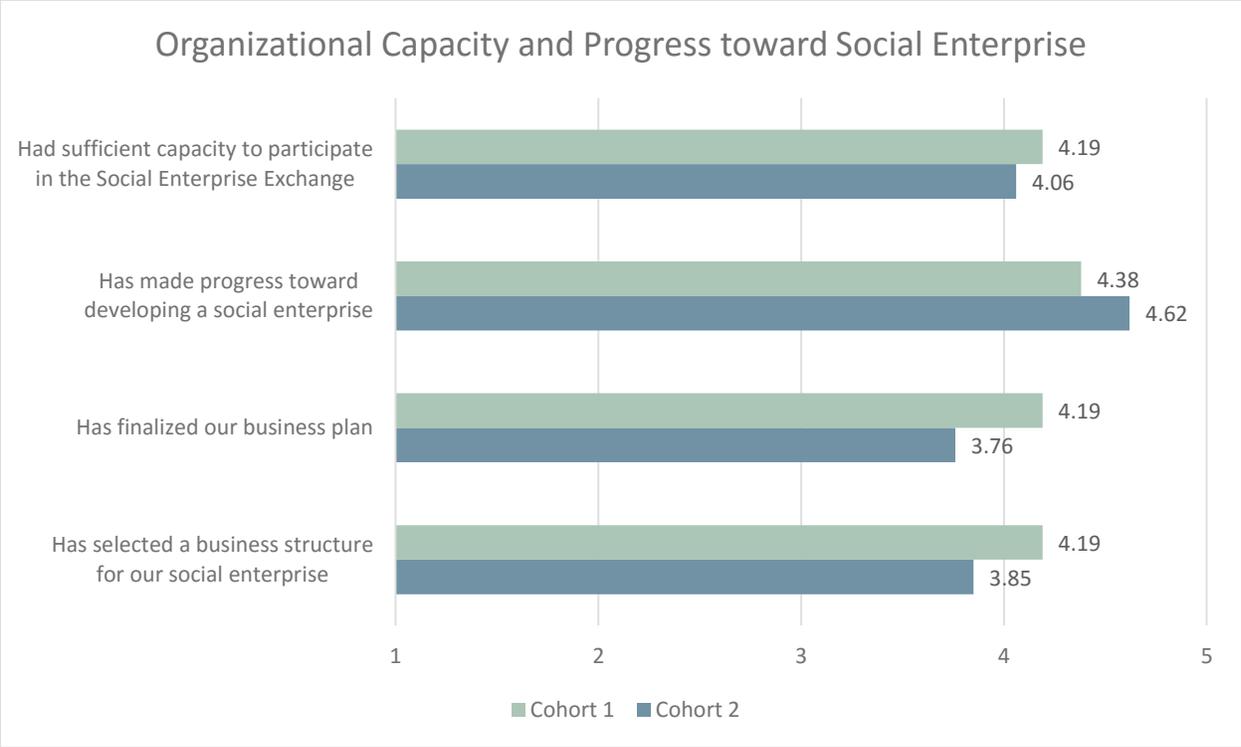Cohort 2
Pre-Post Knowledge by Factor
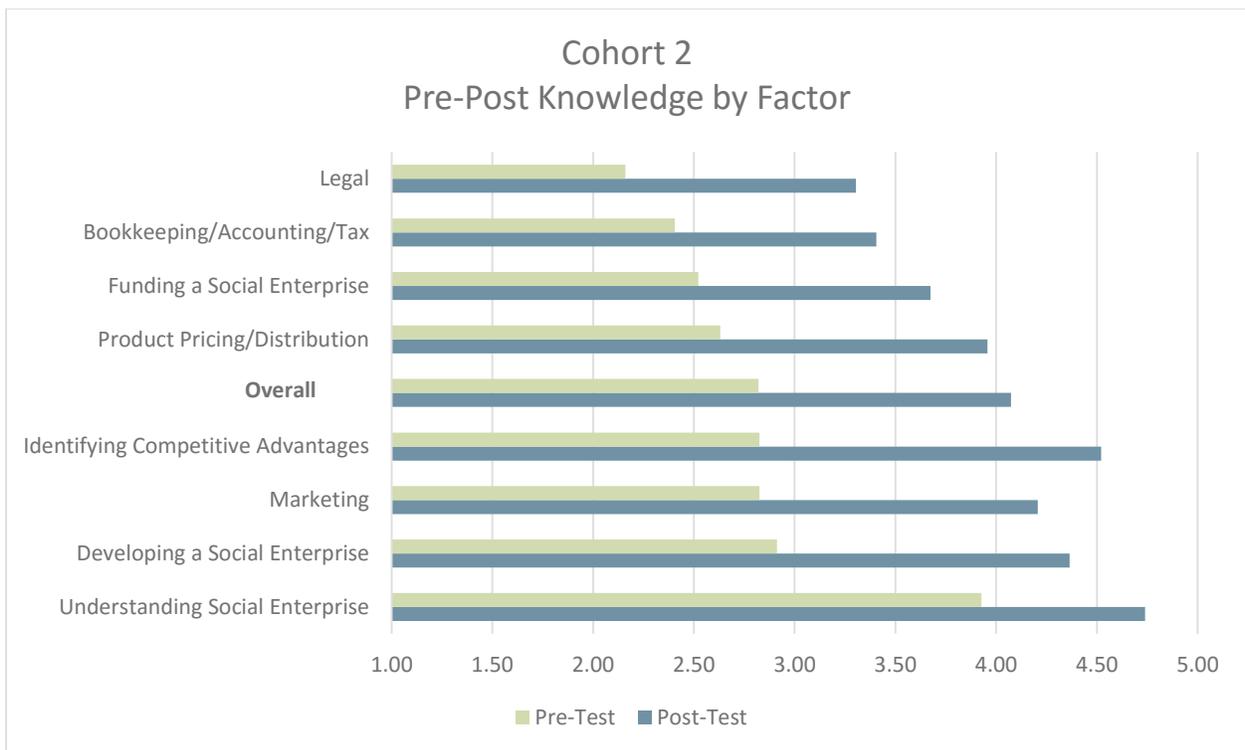
Cohort 1 survey participants also reported positive levels of knowledge of social enterprise constructs, with an overall average score of 4.04, and a similar pattern as Cohort 2 regarding areas of relatively greater versus lesser knowledge.

Cohort I: Knowledge by Factor

Factor	Score
Legal	3.25
Bookkeeping/Accounting/Tax	3.40
Funding Social Enterprise	3.85
Product Pricing/Distribution	3.90
OVERALL	4.04
Marketing	4.10
Developing Social Enterprise	4.35
Competitive Advt	4.50
Understanding Social Enterprise	4.65

Intermediate Outcomes

The surveys for both cohorts also included a number of items designed to capture progress on intermediate outcomes, on a continuous scale from 1 to 5 with higher numbers indicating greater levels of agreement with statements of progress. The chart below displays the mean ratings for Cohorts 1 and 2 on their perceived readiness/capacity and overall progress toward developing a social enterprise, as well as whether they had finalized a business plan and selected a business structure. As would be expected, Cohort 1 participants were more likely to indicate having determined a business plan and structure, while both Cohorts on average felt they had sufficient capacity and had made good progress.

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Organizational Capacity and Progress toward Social Enterprise

Had sufficient capacity to participate in the Social Enterprise Exchange
- Cohort 1: 4.19
- Cohort 2: 4.06

Has made progress toward developing a social enterprise
- Cohort 1: 4.38
- Cohort 2: 4.62

Has finalized our business plan
- Cohort 1: 4.19
- Cohort 2: 3.76

Has selected a business structure for our social enterprise
- Cohort 1: 4.19
- Cohort 2: 3.85
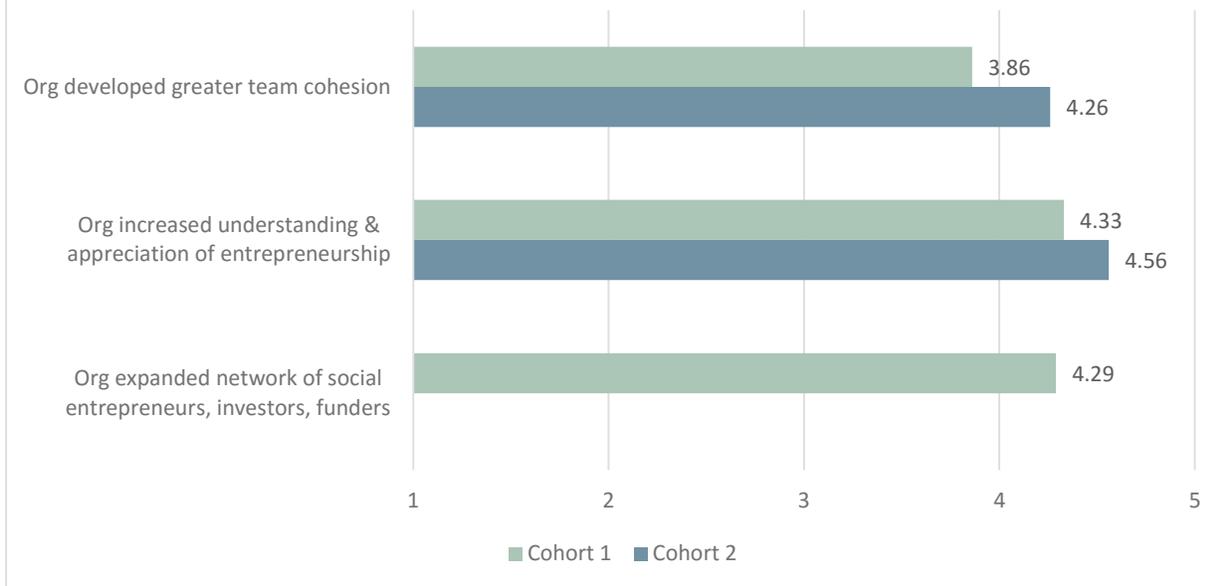
Scale: 1 – 5

Legend: Cohort 1, Cohort 2

Participants were also asked to reflect on other impacts of the social enterprise development process for themselves and their colleagues. Specifically, respondents were asked to rate their agreement with the following statements:

- o Since beginning this process, my fellow organization leaders and I have….

    - o greater team cohesion and collaboration

    - o increased understanding and appreciation of entrepreneurship.

    - o improved connections to others that can support our social venture (e.g., other social entrepreneurs, investors, donors, etc.). (*Cohort 1 only*)
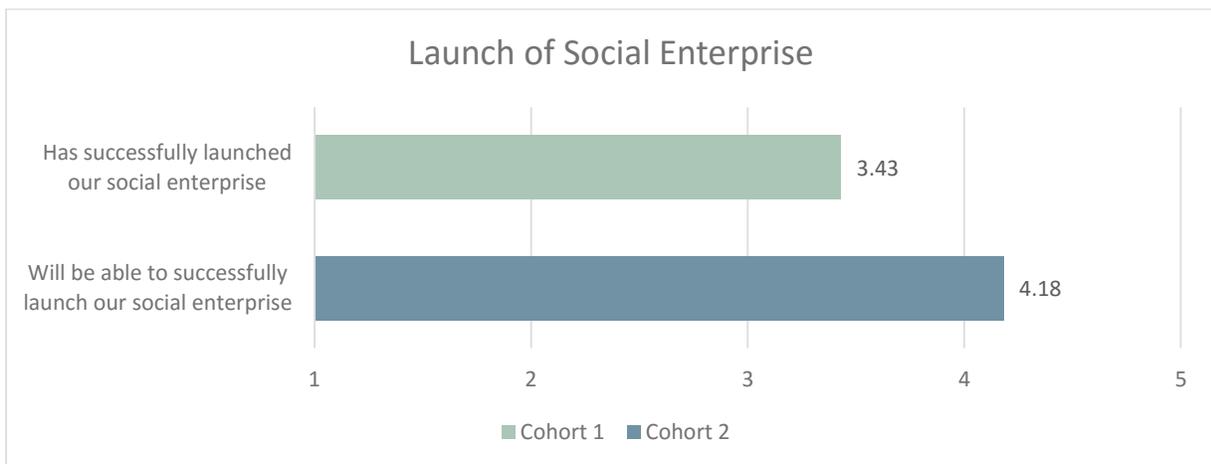
On average, respondents across both cohorts indicated they had developed these assets, with Cohort 2 participants endorsing these statements somewhat more strongly.

Organizational Cohesion, Understanding, and Network

Org developed greater team cohesion
- Cohort 1: 3.86
- Cohort 2: 4.26

Org increased understanding & appreciation of entrepreneurship
- Cohort 1: 4.33
- Cohort 2: 4.56

Org expanded network of social entrepreneurs, investors, funders
- Cohort 1: 4.29

■ Cohort 1 ■ Cohort 2

Finally, Cohort 2 respondents were asked whether they thought they would be able to successfully launch their social enterprise, and Cohort 1 respondents were asked if they had actually achieved this milestone. Mean scores indicate overall positive expectations among Cohort 2 members, and a mix of responses for Cohort 1 members. Specifically, about half (11; 52%) of the Cohort 1 respondents (representing 4 of the 8 organizations) affirmed that they'd launched their social enterprises.

Launch of Social Enterprise

Has successfully launched our social enterprise
- Cohort 1: 3.43

Will be able to successfully launch our social enterprise
- Cohort 2: 4.18

■ Cohort 1 ■ Cohort 2

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Long-Term Outcomes

Cohort 1 respondents who answered affirmatively regarding the successful launch of their social enterprise were then asked a series of follow-up questions that tapped into the targeted long-term outcomes of The Exchange, including the following:

- Increased employment and/or increased self-sufficiency of one's clients/program participants

- Increased organizational capacity/sustainability

- Increased organizational financial self-sufficiency (grow earned income, reduce reliance on grants and donations); and

- Increased organizational mission impact.

The vast majority of these 11 Cohort 1 respondents (10; 91%) agreed they had increased their ability to fulfill their missions, with a mean score of 4.2 out of 5. The mean scores for the remainder of items were somewhat lower but frequencies indicated that over half (7 of 11; 64%) agreed that each of these outcomes had been achieved.

The seven respondents (representing three organizations) who agreed they had increased employment opportunities for their program clients/participants were asked to provide additional information about the quantity, type, and pay for positions created by their social enterprise. In instances where responses varied somewhat among individuals representing the same organization, the more conservative information provided was used to determine overall number and nature of employment opportunities created across these organizations.

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In sum, Cohort 1 organizations that had increased employment opportunities for their clients reported the following achievements:

- o Eighteen positions (representing a mix of full- and part-time).
- o Positions that included managerial (i.e., 'director'), administrative, artistic, and food service (i.e., barista).
- o Job compensation structures that included hourly rates of $8.50/hour plus tips, $10/hour, and $15/hour; contracted work at $2,000/month; and two full-time equivalent salaried positions of $34,000 and $45,000, respectively.

BARRIERS, BREAKTHROUGHS, AND RECOMMENDATIONS

As previously noted, Cohort 2 members completed a number of surveys throughout the evaluation, one after each session. These surveys met several goals, one of which was to document participants' evolving perceptions and experiences (via open-ended survey questions) as they progressed through the training and pursued their goal of launching a social enterprise. The final surveys administered to both cohorts also included the open-ended question, "Given your experiences and learnings, what would you like to share with other organizations that may be considering developing a social enterprise?". Responses across these sources were informally analyzed to yield several key themes or "lessons learned" for organizations regarding participation in The Exchange and the larger process of developing a social enterprise.

Social enterprise development requires a new way of thinking

A common theme in participants' reflections throughout the program was the intellectual challenge of learning about social enterprise concepts and working to identify a suitable project for their organizations:

- o *I'm exercising my mind in new ways.*

- o *I'm learning new things and feeling challenged and intellectually stimulated.*

- o *The Exchange continues to broaden my thinking... thank you...*

- o *This whole experience is outside of my skill area and comfort zone. My mind is being stretched in new ways which is great, but exhausting.*

The process takes more time and effort than one might think

Cohort members' early stage reflections and recommendations to others underscored that developing a social enterprise is a lot of work, and organizations should be prepared to plan accordingly:

- o *I've got so much work to do, the enormity of this endeavor is becoming very real…*
- o *Take the amount of time you "think it will take" and multiply it by at least two.*

Shared commitment is essential to success

A few participants expressed struggles to keep their leadership team engaged throughout the process, and this was also evidenced by some transitions in organizational representatives over the course of the program. Cohort 1 survey respondents were attuned to this challenge, and offered advice on the importance of both the collective organizational commitment and dedication and skillsets of individuals identified for one's leadership team:

- o *Ensure that there is full buy-in from your organization, including the staff, board, and donor base. Developing a social enterprise cannot be a project of one person or department. It needs full integration across the organization in order to be successful.*

- o *Leaders considering participation MUST allocate the right resources to the project and be thoughtful in choosing their teams. Choose leaders [with] diverse backgrounds and responsibilities as well as individuals who have a passion to keep replicating the process.*

- o *The process is long and your teams will burn out, so perhaps find fun ways to keep [them] motivated and working toward the goal line!*

- o *Make sure you have the in-house support necessary for all of the work required.*

Developing a social enterprise is important and worth the effort

The cumulative session survey data collected from Cohort 2 reflected increasing excitement, momentum, and knowledge among the members as they continued to learn more about how to identify and implement social enterprises. And, across both final cohort surveys, ratings of the program facilitators' knowledge and responsiveness to organizations' needs were extremely high, near the maximum score of 5.0 (range across items and surveys: 4.6 to 5.0).

Most importantly, survey participants from both cohorts recognized the larger value of social enterprises for nonprofits.

- o *While the journey can be difficult, it is rewarding and well worth it!*
- o *It's hard work but attainable. It's exciting. It's worthwhile.*
- o *The expertise one will develop in this process doesn't just pertain to developing a single social enterprise, but will change how one thinks about the everyday business of working toward [one's] organization's mission.*

- o *The Social Enterprise Exchange is a phenomenal experience for non-profit leaders who want to move their agencies in a new and progressive direction.*

Conclusion

The findings from the 2014-15 evaluation of The Exchange indicate the program to be effective at increasing the knowledge, skills, and readiness of organizations to develop and launch a social enterprise; and to have yielded tangible business success for several organizations that participated in the inaugural cohort.

Statistically significant improvements were observed on all the targeted short-term outcomes, and positive scores were observed on the program's intermediate outcomes across cohorts. Survey participants provided qualitative data expressing the deep importance of social enterprises for non-profits, and the value of the training and support they received through The Exchange; many offered thoughtful words of both caution and encouragement when asked their advice to others considering pursuing a social enterprise.

Overall, participants' reported program satisfaction, progress with their own enterprises, and their larger reflections on the undertaking and The Exchange's training suggest the program is fulfilling its overarching goal to "provide access for nonprofits to quality training and resources to understand, build and capitalize social enterprise efforts."