

August 31, 2010

Framework for analysis of social enterprises

Dennis R. Shaughnessy
Northeastern University

Recommended Citation

Shaughnessy, Dennis R., "Framework for analysis of social enterprises" (2010). *Social Enterprise Institute Curriculum Publications*. Paper 9. <http://hdl.handle.net/2047/d20004789>

This work is available open access, hosted by Northeastern University.



Framework for Analysis of Social Enterprises

The SEI's framework (not the only framework) for evaluating social enterprises is based on six general criteria that test an enterprise for whether it is really a social enterprise, and then further measure whether the social enterprise is in fact a high performance one. In short, high performance social enterprises are motivated first by social impact (but may use profit as a means to that end), are innovative in how they achieve that impact, are committed to measuring and evaluating their impact, are designed and operate in a sustainable way, and are replicable and/or scaleable.

1. Is the founder of the enterprise **motivated by social impact**, or by profit or some other reason (reputation or recognition, for example)? It is a requirement for a social enterprise to be driven first and foremost by social impact. For profit enterprises can be social enterprises, if they place profit behind impact in their model and strategy.
2. Has the appropriate **business model** been chosen for the enterprise? Those that use profit to create sustainable impact are known as social businesses, while those that use a not-for-profit model are in the broader category of social enterprises, so long as they meet the other criteria.
3. Is there a meaningful and lasting **innovation** at the core of the enterprise, one that is driven by social impact? If there is one or more socially driven innovations, then it may be a social enterprise. Many non-profits (and for profits) are not innovative. Innovation is what makes for sustainable entrepreneurship.
4. Does the enterprise **measure and evaluate** its social impact? A commitment to measurement and evaluation is a hallmark of the best social enterprises. You can't manage for impact if you don't know what your impact really is, or isn't.
5. Is the enterprise **sustainable**? There are two kinds of sustainability: operational and financial. Sustainability is the term for enterprises that will last, and be around for the long-term. Operational sustainability refers to managerial and human capacity, while financial sustainability refers to having the financial resources to meet strategic impact goals. Not-for-profit enterprises often struggle with financial sustainability because they are dependent on donor generosity. Often social businesses are better positioned for sustainability, because they are generating revenue as they pursue social impact objectives.
6. Is the enterprise **replicable**, and/or **scalable**? Replicable ones can be copied and started in a different place, scalable ones are built for growth and greater impact. The best social enterprises are both replicable, and scalable.