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Doing Well by Doing Good

For some social entrepreneurs, 'doing good' means helping others become entrepreneurs, too.

By Jessica Chen | October 19, 2007

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In June 2006, Bill Gates announced he was stepping down from his full-time role at Microsoft and shifting his focus to the Bill and Melinda Gates Foundation. When the world's richest entrepreneur decides to take a step in the nonprofit direction, he may be onto something.

In the last decade, a generation of social entrepreneurs has become increasingly visible by creating self-sustaining businesses. Social entrepreneurs are similar to regular entrepreneurs with one main difference--their gains aren't measured in financial profit, but by the impact they have on society.

Many entrepreneurs have started social enterprises, breaking nonprofit tradition by blending mission with money, referred to as "double bottom line" businesses. Jerr Boschee, executive director and founder of The Institute for Social Entrepreneurship, says for a while, nonprofits were hung up on the double bottom line because it seemed contradictory to merge doing well with doing good. But Boschee says self-sufficiency has become necessary for many nonprofit groups to operate. "We have today three times as many nonprofits as we had 30 years ago, and they're all at the same watering hole."

No longer limited by philanthropic donations and public subsidies, these organizations now have a way of being self-sufficient while still helping others in social need. And for some of these organizations, helping others means helping them start their own businesses.

Helping Others Get Started

[Mi Kitchen es Su Kitchen](#) is a kitchen incubator in Queens, New York, dedicated to helping struggling entrepreneurs start and develop food businesses. The kitchen offers business counseling, mentoring and support for entrepreneurs who have a line of goods, but are limited in funds and business knowledge.

"We go through the whole thing," says founder Kathrine Gregory. "How do you market? How do you write a business plan?"

The 55-year-old food industry veteran is an entrepreneur herself and offers her know-how by partnering with nonprofits that house kitchen facilities. In 1996, Gregory started her kitchen incubator concept with an organization that had an 850-square-foot kitchen in Brooklyn. The facility was being used for job training, but operation costs were quickly eating up the funding. Gregory convinced the board to let her test the kitchen incubator concept, and the resulting profits helped turn the nonprofit into a self-sustaining business.

Today, Mi Kitchen es Su Kitchen operates in conjunction with the Consortium for Worker Education and Artisan Baking Center. With a 5,000-square-foot facility, the kitchen is used for culinary arts training, general education and ESL courses during the day. At night the kitchen transforms into a bustling entrepreneurial atmosphere, complete with a dough press, chocolate melter, and a variety of mixers and ovens.

According to Gregory, most entrepreneurs at Mi Kitchen es Su Kitchen--who pay \$180 to \$220 per shift to use the space--turn a profit within the first six to 12 months. The revenue made from rentals has totaled about \$200,000.

"People think this is an amazing concept," Gregory says. "It's really a win-win, everywhere that you look." She believes that leveling the playing field for low-income entrepreneurs is one reason her idea has hit home with the local community.

Kiva founders Matt Flannery, 30, and his wife, Jessica, also took the business partner angle with their Kiva.org microlending website. The two started Kiva after traveling to Africa and learning of the enterprising atmosphere there.

"We interviewed people every day for weeks and talked about people's business plans," says Matt. "I thought it was fascinating that I was talking about business, business plans and scaling an inventory challenges in a place that I only associated with deep poverty."

The experience stayed with Matt and Jessica when the two returned to California and partnered with four others, working out of coffee shops and a tiny San Francisco apartment to develop the Kiva website and concept. Their goal remains showing people the business

dynamic they experienced in Africa. "It was a different take on poverty, a different take on Africa than you typically hear when you're out here in the United States," Matt says.

On the Kiva website, lenders can donate to entrepreneurs trying to start a business in third-world countries. Loans start at \$25, which goes a long way in the third world. The entrepreneurs pay back the loans 99 percent of the time—a remarkable default rate in the finance world. "[It's] connecting as an equal or a business partner, an entrepreneur, rather than as a charitable endeavor or benefactor or taking pity on someone else," Matt says.

And pity is something Matt says the media has thrived on for some time. "Often we want to hear about war and bloodshed and disease and that's only a small part of the story about what goes on in a huge continent like Africa," he adds.

Like Gregory, Matt also struggled to convince others about the viability of his idea. "One attribute of good ideas is that they challenge people's existing mindset," he says. "Now that I know that, I wouldn't have put so much weight in other people's opinions."

Why It's Working

Despite some skepticism, "Social entrepreneurship is really taking off around the world," says David Bornstein, author of *How to Change the World: Social Entrepreneurs and the Power of New Ideas*, which has been translated into 16 languages. In his book, Bornstein chronicles the work of Ashoka, an international organization that helps fund entrepreneurs with innovative solutions to social problems.

According to Bornstein, the relentless won't-take-no-for-an-answer quality of entrepreneurs is what gives them their edge in business. "They absorb the failure, they learn, they surround themselves with a good team and then they redirect." These same attributes, when applied in the social realm, can result in community-changing solutions.

In the end, Gregory says it's the energy of the entrepreneurs she comes into contact with that sustain her in her business. For Matt and Jessica, being part of something larger than themselves has inspired them.

"It's not about me, it's not about my organization," Matt says. "It's about people connecting to people and using technology as a conduit."

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