



Social Enterprises--a great way to Support Local Nonprofits

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Colorado nonprofits are a sizable economic force, spending billions of dollars each year in local communities and employing about 5% of the total workforce. You may have helped a local nonprofit (without even knowing it!) through something called “social enterprise.” When you purchase popcorn from the Boy Scouts, fair-trade gifts from the Mennonite store, souvenirs from a museum gift shop, or lawn services from a developmental disabilities service organization, you are helping to sustain the good works carried on by nonprofits.

What is a social enterprise? According to the Social Enterprise Alliance, a membership organization for nonprofits, “Social enterprises are businesses whose primary purpose is the common good.” They combine business methods with the power of the marketplace to fuel their missions. Instead of distributing profits to owners or shareholders, social enterprises pump profit back into the charity

organization to strengthen its work.



“We recently started a social enterprise when we purchased the T-shirt Palace in Rocky Ford,” said

Becky Otteman, CEO of Southeast Health Group. “It used to be a privately owned for-profit business,” said Otteman, “but now we use the business for vocational training and all of the proceeds support our work providing healthcare services throughout the region.”

Three characteristics distinguish a social enterprise from other types of businesses:

- It directly addresses a societal need, either through its products and services or through the number of disadvantaged people it employs.
- It provides funding to the nonprofit through an earned income stream within a nonprofit’s mixed revenue portfolio.
- The common good is its primary purpose.

Social enterprises produce direct, measurable public benefits. They provide jobs and a pathway to economic self-sufficiency for people who face barriers to employment. They make the community safer, by preventing poverty, crime, substance use and homelessness. Social enterprises provide economic opportunity, and give chances to those most in need.

Social enterprises produce these benefits while reducing the draw on public and philanthropic funds. "It's like getting twice the bang for your buck," said Otteman. "For a nonprofit, having an earned income stream is effectively matching every dollar of your grants and government income with a dollar of marketplace income, doubling the return on investment of philanthropic and taxpayer dollars. It's good for us, and it's good for our communities."

The next time you shop at a local thrift store or pay to have your obsolete electronics recycled, remember you are doing good on many levels—supporting a charity, providing jobs for people who are difficult to employ, and helping to prevent a rash of social problems that come from idleness and the untapped potential in our communities and abroad. Supporting social enterprises is a win-win for both the customer and the community.