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# **Managing the Double Bottom Line:**



*A Business Planning  
Reference Guide for  
Social Enterprises*

BY SUTIA KIM ALTER

 Save the Children.



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Reference Guide  
for Social Enterprises*

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### **About Save the Children**

Save the Children Federation (SC/US) works to help disadvantaged children and their families overcome the devastating impact of poverty and conflict. Founded in 1932, SC/US is a leading provider of development assistance, working in 40 countries worldwide. Save the Children's Economic Opportunities (EO) sector strives to increase economic security for women and children in need through microfinance and business development programs. The EO sector and its partners are currently making lasting, positive changes in the lives of 63,000 women microentrepreneurs and their children. This manual is a product of the Economic Opportunities Technical Unit.

### **About the Author**

Sutia "Kim" Alter, formerly of Save the Children, is Founder of Virtue Ventures, a consulting firm that provides business and management services to social entrepreneurs. She has worked in over 25 countries worldwide advising social purpose enterprises ranging from microfinance to manufacturing. Kim also worked on the management teams of several start ups, including a flagship Internet social enterprise. Kim holds an MBA and lives in Washington DC. She can be contacted at: [kalter@virtueventures.com](mailto:kalter@virtueventures.com)

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"Profit and morality are a hard  
combination to beat."

—*Hubert H. Humphrey*  
*U.S. Politician*

This manual is dedicated to social entrepreneurs and their enterprises  
around the world.





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## Acknowledgments

A single bracelet does not jingle.

—Congolesse proverb



This manual was conceived as a result of reengineering and preparing a business plan for Save the Children's business development program in Haiti. During this process my colleagues and I became aware of the absence of appropriate planning and management resources for social entrepreneurs. Although I have changed many details of the Haiti case and added new tools in the course of preparing this manual, it was the assistance of the Kellogg Corps (Northwestern University Graduate Business School) and the brilliant work of Heather Shapter that sparked the development and testing of the social enterprise business planning methodology elaborated herein.

First, I would like to thank Save the Children colleagues for their contributions: specifically, Mark Edington, my boss, who, despite many competing priorities, covered the bases so I could complete this work and remained supportive to the very end; Diana Myers, Associate Vice President of Development Programs and author, who has been there herself and ensured that I had the necessary space to do this project; Jay Banjade, for his colorful anecdotes, which added illustration and humor to the text; Ntongi McFadyen, who gracefully, tactfully, and supportively managed logistics and provided many useful comments on this work; and Gary Shaye, Vice President of International Programs, who provided the resources for the second edition. Noteable appreciation is owed to Gagik Vardanyan, a charismatic social entrepreneur, and the whole dynamic team at Micro-F for their contributions and exemplary performance. A special word of thanks goes to the Save the Children team in Haiti and partner, Association des Paysans de Vallue, whose hard work and perseverance have made the light at the end of the tunnel visible. Finally, tremendous appreciation goes to Heather Shapter for her invaluable contributions to all sections of this manual, but most notably TARTINA's business plan example; without her, this manual quite simply could not have been written.

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Considerable appreciation is owed to Helen Chan of Pact Publications, who is deserving of enormous gratitude for her easy, gentle, supportive style and her willingness to “give it a go” and take this project to press. Many thanks to Development Alternatives Inc. and the Small Enterprise Education and Promotion (SEEP) Network for selecting Save the Children as a Best Practice Grant recipient and awarding us the opportunity to publish the first edition and the U.S. Agency for International Development for the means to do so.

I would also like to thank The Roberts Foundation and The Alliance ([www.allianceonline.org](http://www.allianceonline.org)) for generously allowing me to reprint sections from their excellent resources.

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I am very grateful to these friends and colleagues for their contributions; however, responsibility for any errors in this document remains my own.

Sutia Kim Alter  
Save the Children Federation





**About  
this Manual**

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“If you apply business principles and practices to entrepreneurs in developing countries, it really works. Capitalism employed in a positive manner can do a lot for social change and economic development.”

— Rochelle Beck, Founder, *Cultura Del Sol*

This manual is intended to equip social entrepreneurs with a business planning tool for their market-led social enterprises. Information, case studies, examples, and planning methodology in this manual are steeped in Save the Children’s philosophy and approach to social enterprise programs, and although its opinions resonate throughout, the manual is not expressly about Save the Children’s methodology, which at this point continues to evolve.

## Terminology

The term “social enterprise” was coined by U.S. nonprofit professionals who sought to create jobs and training opportunities for low-income, homeless, and other at-risk individuals by starting businesses. Their definition of social enterprise is a nonprofit enterprise, social-purpose business, or revenue-generating venture founded to create jobs or training opportunities for very low-income individuals while simultaneously operating with reference to the financial bottom line.<sup>1</sup>

In light of its mission and program focus, Save the Children (SC) defines its social enterprises as “founded to afford economic opportunities to women microentrepreneurs in developing countries.”

According to this definition, Save the Children regards *all* its economic opportunities programs, business development services (BDS) and microfinance, as social enterprises. Therefore, the reference to “social enterprise” used throughout this book pertains to *any* business intervention, domestic or international, established as a business venture (microfinance institution, BDS provider, cooperative, or small/medium-scale enterprise) and used as a vehicle to serve a disadvantaged population.

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<sup>1</sup>Emerson, Jed, and Fay Twersky. 1996. *New Social Entrepreneurs: The Success, Challenge and Lessons of Non-profit Enterprise Creation*. San Francisco: Roberts Foundation.

## **Save the Children's Social Enterprise Philosophy**

### **ENTERPRISE PERSPECTIVE**

Save the Children believes in creating “businesslike organizations.”<sup>2</sup> To this end, the social enterprise program is viewed as a business and is separated from nonbusiness activities of the lead or implementing organization. The intervention is structured as a social-purpose business or social enterprise to best address the combination of social and business interests unique to these programs.

### **FINANCIAL VIABILITY**

Viability is at the forefront of Save the Children's approach. SC employs pricing, marketing, production planning, and financial tools to measure and achieve cost-recovery objectives. SC is convinced that without a viable social enterprise, it will be unable to have a long-term positive economic impact on the poor.

### **SUSTAINABILITY**

Save the Children stresses the sustainability of the social enterprise. Capacity building of enterprise management and entrepreneurs through training and technical assistance has a high price tag yet is important to ensuring longevity of the program.

### **MARKET LED**

Being market led requires clearly understanding who the customers are and responding to their wants and desires. SC's approach advocates thorough market research to ensure that the social enterprise has the potential for healthy performance in a competitive free marketplace. Additionally, products are developed with attention to the benefits enterprise customers seek.

### **SOCIAL IMPACT OBJECTIVES**

The mission, and cornerstone, of the social enterprise is its commitment to serve the poor, which is ultimately what separates a social enterprise from private business.

### **WOMEN FOCUSED**

Save the Children is a child-centered agency whose mission includes improving the economic security of children. Thus, its social enterprise programs target poor women under the assumption that affording them increased economic opportunities will directly benefit their children. SC's social enterprise clients are poor self-employed women.

## **Business Planning Methodology**

Save the Children's methodology merges private-sector tools and methods with development practices to create dynamic, market-driven social enterprises as a means to effect increased economic opportunities for poor women in developing countries. Save the Children's business planning methodology has been field-tested in programs in several countries.

### **AUDIENCE**

As a business planning resource for social enterprises, this manual is meant to be used by whomever is concerned with supporting the social enterprise efforts. Although Save the Children's social enterprise experience was acquired in an inter-

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<sup>2</sup>Gibb, A.A., and G. Manu. 1990. Design of extension and related support services for small scale enterprise development. *International Small Business Journal* 8, no.3.

national context, the book also has practical applications in the domestic social enterprise sector. The author was surprised to learn that these disciplines are more similar than not; therefore, this second edition goes to great lengths to be useful in both international and domestic arenas.

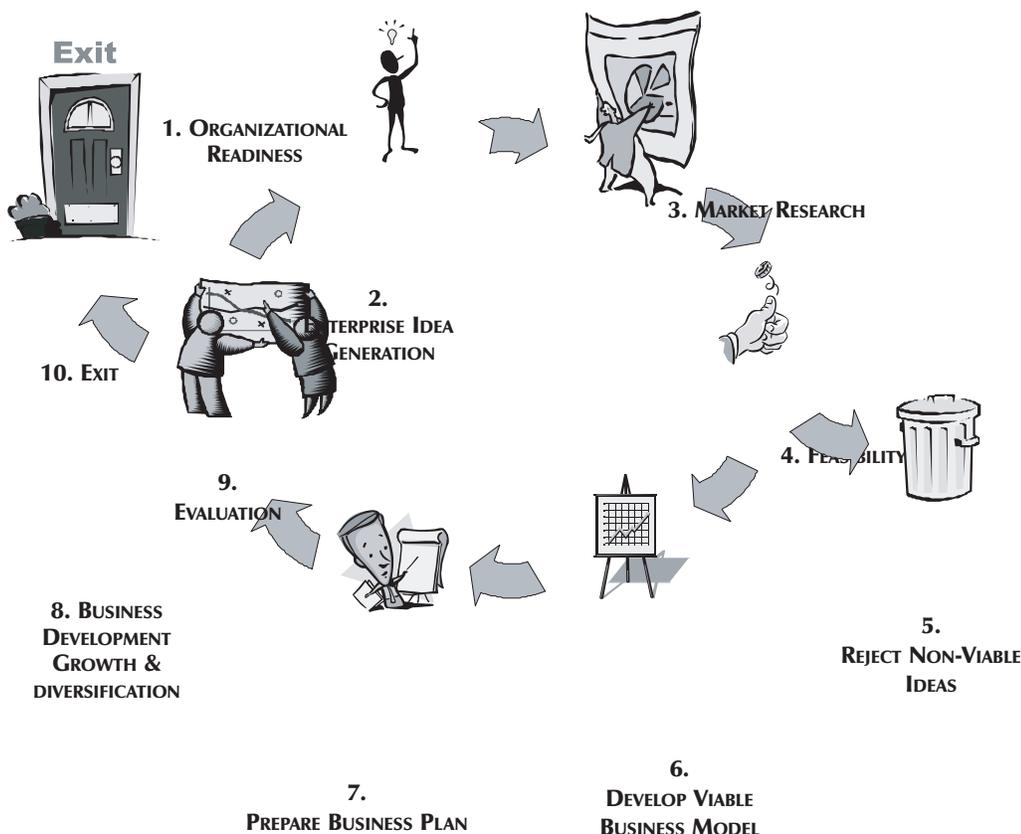
- Foremost, it is intended for social enterprise practitioners (social entrepreneurs) and technical staff at the international PVO (Private Voluntary Organization), nonprofit parent organization, local intermediary, or social enterprise management levels.
- Second, it can also be a useful reference for the nonprofit community and donors to help them better understand the nature and requirements of social enterprise programs.
- Finally, it is appropriate for students, academics, or individuals inspired to discover more about this dynamic field or who are searching for nontraditional learning/teaching aids.

## Manual Contents

Save the Children’s approach distinguishes 10 discrete stages in the social enterprise development cycle, beginning with generating ideas for a new business and ending with an exit plan. This manual centers around step seven, *business planning*, although some information about market research as it relates to creating business plans is also included.

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### SOCIAL ENTERPRISE DEVELOPMENT CYCLE



Thus, this manual addresses key issues of human resources, marketing, finance, and operations and guides the reader in a step-by-step formulation of a business plan. It provides goal-setting and planning tools required to establish sustainable and viable enterprises geared toward achieving both social and business objectives.

None of the information or tools in this manual can be considered wholly new; many market research and business planning guides have previously been published. Indeed, the author felt some reluctance about reinventing business planning for the social enterprise field. Save the Children's perception is that although significant lip service is given to employing "business planning" and "private-sector tools," in practice few development professionals know how to apply them. Therefore, this manual attempts to bridge the gap between formal business and nonprofit enterprise disciplines by setting business planning in the nonprofit context, an approach that may be more palatable to nonprofit professionals. The "newness" of the standard business plan discussed herein is in its emphasis on achieving the "double bottom line"—social and business objectives—inherent in social enterprises.

### **The Manual's Purpose**

This manual aims to help practitioners improve social enterprise program performance by:

- Sharing Save the Children's stories from the trenches, including lessons learned that lend themselves to developing best-practices social enterprise programs as well as experiences that are better avoided.
- Equipping practitioners with program planning and management, market research, and business planning tools that can be applied to any type of social enterprise.
- Furnishing a guide that can also be used as part of a training curriculum by practitioners providing business education or technical support services to clients, implementing partners, other social entrepreneurs or students.

Throughout, the manual aims to engender strategic thinking. Exercises are conceived to be multidimensional, pushing practitioners "to think outside the box." Starting, then running, a social enterprise is far from a static process. Businesses need to reinvent themselves constantly to adapt to ever-changing environments. This entails endless strategic reflection and analysis on the part of social enterprise managers and stakeholders, with an understanding that each decision they make may have a ripple effect on other aspects of their business.

### **What This Manual Is Not**

This manual is not a "how-to guide" for creating the perfect social enterprise program. Chapter 9 details the mistakes Save the Children made in its early BDS program in Haiti, the lessons drawn from these experiences, and the changes that SC implemented as a result. Save the Children does not profess to know all the answers in this field, which is immature, dynamic, and rapidly changing.

It is also not a reference book for the other nine stages of social enterprise development. Although all stages are critical for program success, each topic is vast, warranting its own product, and well beyond the scope of this manual.

## About the Case Study

Throughout the manual a case study called “TARTINA Enterprise” is used to illustrate business planning for social enterprise programs. This example is heavily based on Save the Children’s “TOPLA” social enterprise program in Haiti, but it is not representative of TOPLA and should not be read as such. Although many of the examples are drawn directly from the TOPLA business plan, details have been modified both to protect program staff and to support the manual’s business planning methodology. Save the Children felt it was important to use a real-life study to substantiate the approach used herein but, at the same time, did not want to detract from it by discussing the particulars of TOPLA. For reader reference and edification, the TOPLA case study is documented in Chapter 9. Huge credit is due to those involved in TOPLA, who greatly contributed to this work.

## How to Use the Manual

The introductory overview in each chapter highlights the chapter’s contents and learning objectives. Exercises begin with an explanation of the purpose and rationale behind them. This format is intended to be user-friendly. By seeing the content and purpose upfront, readers can decide if a particular section is pertinent to their needs and skip certain exercises as desired. However, completing all sections of the business planning manual culminates in an actual social enterprise business plan in the final chapter of the manual. The results of some exercises are documents used in their entirety in the business plan, whereas others provide background or preliminary information. It is recommended that readers at least peruse the entire manual, since business planning is a cumulative process, with each section elaborating on information obtained in the previous section. This manual may be used to produce sub-plans—i.e. marketing/operations plans—to assist market research or to prepare complete business plans.

To guide the reader through the business planning process, the following icons are employed:



= a written exercise.



= suggested participants for exercise.



= a potential caveat or problem area to watch out for.



= implications for human resources.



= financial implications.



= implications for management information systems (MIS).



= included in the appendix.



= a written exercise included in the actual business plan document.

It is recommended that A Business Planning Resource Guide be used in combination with A Business Plan Workbook for Social Enterprises, the second resource in the Managing the Double Bottom Line series. Building on the Reference Guide's approach, *The Workbook* uses a simple "fill in the blanks" format that is easily customized to suit the unique needs of individual social enterprises. Most important, it supplies blank worksheets for the exercises in this manual, which can be distributed for training purposes or used in business plan development. Additional added value comes from the inclusion of the 'Business Plan Score Card,' a tool to help social entrepreneurs evaluate their business plans before submitting them to investors, and an example of a financial services social enterprise business plan.

## Use of Language

The author has tried to avoid jargon at all cost, which has proved challenging when attempting to crosscut industries to reach a wider audience. Unfortunately, jargon seems to be a deep-seated demon in all industries and there is particular disparity between words used in the domestic and international social enterprise fields. There, to avoid alienation and enhance usefulness of the manual, the author has attempted to: 1) omit jargon when possible using mainstream business vocabulary instead; 2) use inclusive jargon (all terms); and 3) define jargon. The following is a list of terms and definitions used in this manual:

**Customer** - one who purchases from the social enterprise or buys a client-made product (if the social enterprise is a marketing or distribution business).

**Client or target population** - the particular group of people the social enterprise assists: poor self-employed (also known as microentrepreneurs) or disadvantaged people (poor women/men, youth at risk, homeless, physically handicapped, people with developmental disabilities, etc.). Note that in the TARTINA Enterprise case study that runs throughout this manual the clients are "microentrepreneurs" or self-employed poor women and therefore are referred to as such.

**Parent organization** - lead organization, host organization, PVO, NGO or nonprofit that started the business program or enterprise, and is providing technical assistance, or implementing the program directly, but is not the enterprise itself. (See "Relationship with Parent Organizations" in Chapter 1 for examples.)

**Implementing partner** - Nonprofit organization, nongovernmental organization (NGO), local partner (nonprofit), cooperative or private company executing the social enterprise program. The implementing organization is also referred to as the "intermediary" because it is often the conduit between the parent organization and the social enterprise. *Please note that the parent organization and the nonprofit can be one and the same if the parent organization is also a direct implementer.* (See "Relationship with Parent Organizations" in Chapter 1 for examples of some configurations.)

**Social enterprise** - any nonprofit enterprise, social-purpose business or revenue-generating venture, BDS program, microfinance institution or cooperative [which uses business models] and is founded to support or create economic opportunities for a particular target population while simultaneously operating with reference to the financial bottom line.<sup>1</sup>

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<sup>1</sup> Emerson, Jed, and Fay Twersky. 1996. *New Social Entrepreneurs: The Success, Challenge and Lessons of Non-profit Enterprise Creation*. San Francisco: Roberts Foundation.

**Social entrepreneur**—social enterprise practitioner (international development, nonprofit domestic, or private sector) implementing a business program, social enterprise or social purpose business for the dual objectives of earning income and contributing to a social cause.

**Intervention**—refers to the social enterprise as a program “coming in between” the target population and parent or implementing organization, for the purpose of affecting a positive impact on the target population.

**Nonprofit professional**—a person working for a domestic or international nonprofit organization.

This manual uses and defines mainstream business vocabulary throughout. The aim is to help practitioners gain access to a plethora of related resources available in the private sector. A glossary of terms is available at the end of the manual.

## History of the Manual

This manual has been through two distinct incarnations. Former Save the Children staff, Alexandra Overy-Miehlbradt and Kim Berman wrote the first version. It represented early BDS work, referred to as women’s microenterprise networks (WMEN), pioneered by the authors during their tenure at Save the Children. The first manual was essentially a guide to designing and implementing a WMEN methodological approach to BDS programs.

As fate would have it, publication of the manual was delayed and leadership changed in the Save the Children’s Economic Opportunities Office. The time lapse gave us a curious 20-20 hindsight advantage with which to view the waning performance of our two WMEN programs. This, coupled with advances in BDS best practices and new SC staff, meant revisiting the unpublished manual.

A revised manual was published in 1999 under a Best Practices grant from USAID. This manual took a more commercial approach reflective of experiences gained from the WMEN programs, the present culture of Save the Children’s Economic Opportunities Office, and evolving BDS practice. The book’s success and larger than anticipated audience warranted a second edition.

Over the last year additional research—including studying well-documented lessons in the domestic social enterprise sector and developing and field testing social enterprise methodology—has contributed to the production of a more comprehensive and practical business planning tool.

The final result is the first two books in a series called *Managing the Double Bottom Line: A Business Planning Reference Guide for Social Enterprises* and *A Business Plan Workbook for Social Enterprises*. The Reference Guide, the second edition of the first book, is intended to be a comprehensive “how to” resource for business planning. It has been updated and enhanced with many new exercises and lessons. The *Workbook* is designed with the practitioner in mind to use in training purposes and business plan development. It supplies blank templates for the exercises in this manual, business plan evaluation tools and a working example. The materials in these new manuals present social enterprise business planning in broader terms suitable for a wider audience and crosscut both international and domestic sectors.

Business planning is a huge task involving immense amounts of time and effort. Our hope is that readers will find *Managing the Double Bottom Line* resources useful

aids for developing a solid guiding document—a business plan—for their social enterprises. It is important to bear in mind that no one social entrepreneur should embark on business planning alone. This process should be supported by all stakeholders in the enterprise program and, if necessary, with the aid of external assistance. Good luck in your venture!

Save the Children invites readers to share their comments, suggestions, social enterprise experiences and business plans with us. We may be contacted at:

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