



Rise of the 4th Sector- An introduction to Social Impact

Jonathan A. Liebert, CEO & Stacey Burns, Vice President



- Steve Sasson, the Kodak engineer who invented the first digital camera in 1975, characterized the initial corporate response to his invention this way:
 - It was filmless photography, so management's reaction was, 'that's cute—but don't tell anyone about it.'
- **Kodak focused on the threat of digital photography and not the opportunity.** Kodak saw itself as being in the film business and regarded digital photography as the enemy!
- Kodak was not open to change, did not act holistically, did not adapt to changing conditions. Too focused on internal capabilities and not on what was going on in the external environment.
- 2012 – Filed for bankruptcy. Stopped making cameras, focused on digital imaging and sold many of its patents.



What is your Why?

“People don’t buy what you do; they buy WHY you do it”
-Simon Sinek (2009)

If we do not have a clear understanding of our cause, our belief systems, even the right answers can steer us wrong.

The Golden Circle

WHAT

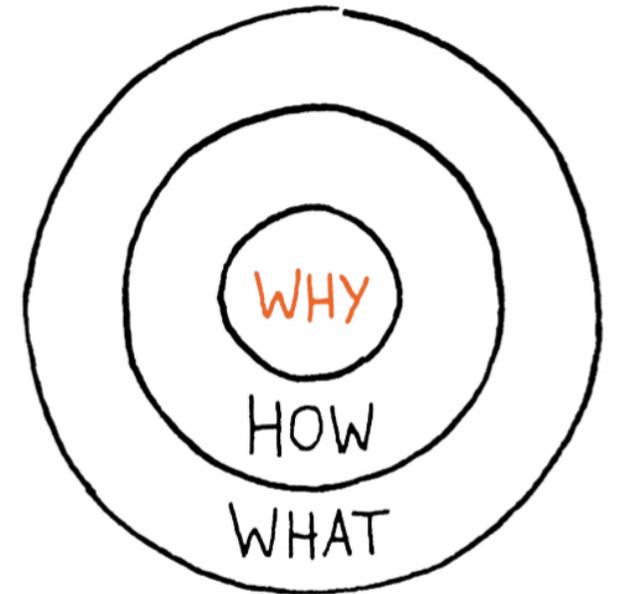
Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

HOW

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

WHY

Very few organizations know WHY they do what they do. WHY is not about making money. That’s a result. WHY is a purpose, cause or belief. It’s the very reason your organization exists.





Think different.

The New York Times

Shareholder Value Is No Longer Everything, Top C.E.O.s Say

Chief executives from the Business Roundtable, including the leaders of Apple and JPMorgan Chase, argued that companies must also invest in employees and deliver value to customers.



LARRY FINK'S ANNUAL LETTER TO CEOS

A Sense of Purpose

LARRY FINK'S 2019 LETTER TO CEOS

Purpose & Profit



Larry Fink

Chairman and Chief Executive Officer

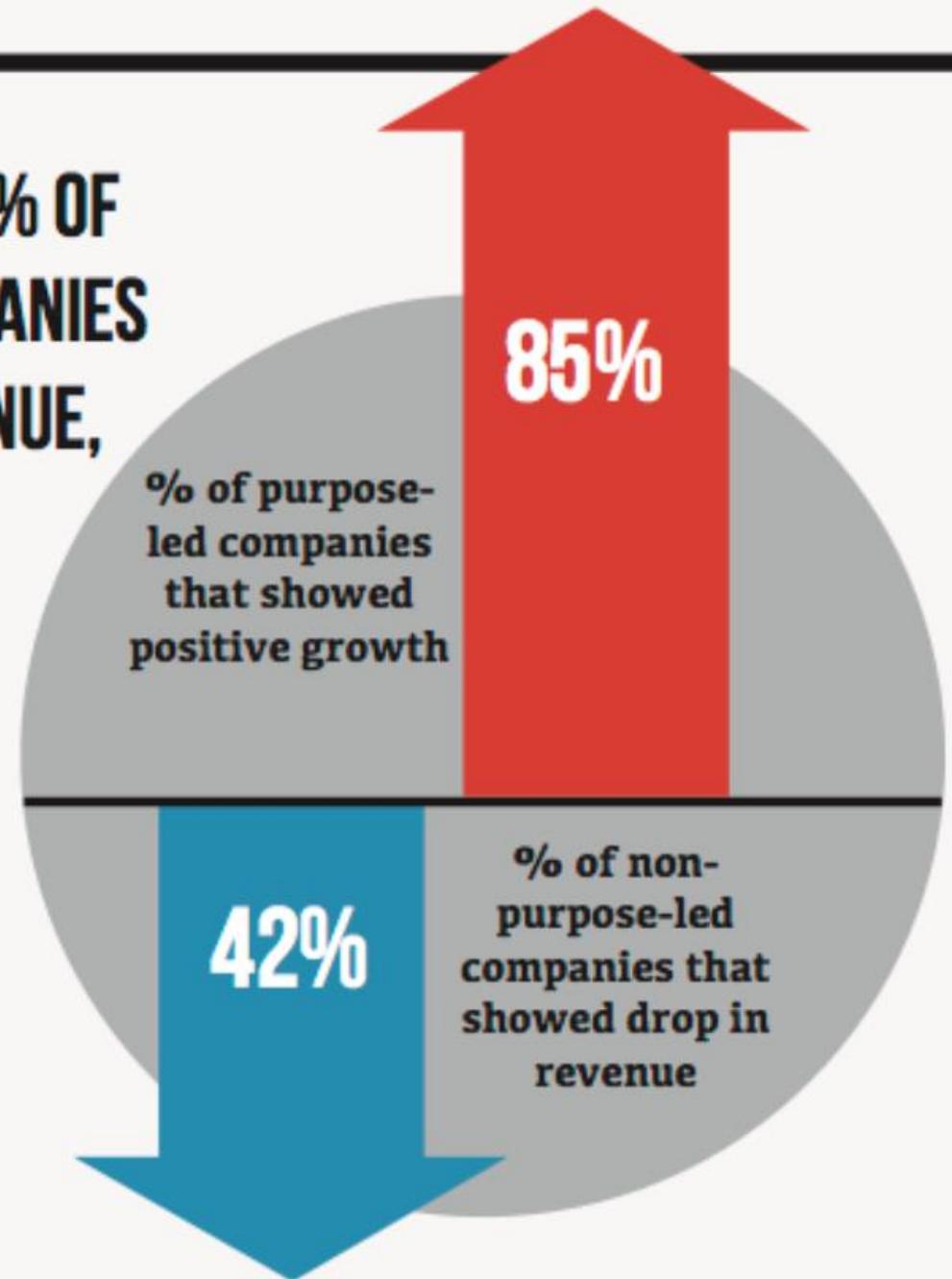
Laurence D. Fink is Founder, Chairman and Chief Executive Officer of BlackRock, Inc. He also leads the firm's Global Executive Committee.

“We also see many governments failing to prepare for the future, on issues ranging from retirement and infrastructure to automation and worker retraining. As a result, society increasingly is turning to the private sector and asking that companies respond to broader societal challenges. Indeed, the public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.

“Without a sense of purpose, no company, either public or private, can achieve its full potential.”

“Purpose and Profit are inextricably linked”

**IN THE PAST 3 YEARS, 42% OF
NON-PURPOSE-LED COMPANIES
SHOWED A DROP IN REVENUE,
WHILE 85% OF PURPOSE-
LED COMPANIES
SHOWED POSITIVE
GROWTH.**



7 Threats to nonprofit Fundraising Sustainability

1. Millennial Loyalty
2. Uncertain Economic Factors
3. Politics
4. Attention
5. Revolving Door of Development Directors
6. Similar Causes
7. Executional Failure





Corporate giving is an important funding stream for charities



1/2 of millennials don't give a single dollar to charity



That's 40 million people who never donate to charity

WITHOUT CHANGE, THE GIVING GAP COULD HARM CHARITIES



© 2015 Porter Novelli. Results based on Porter Novelli's Styles survey. Sample size was 6,836 respondents using an online panel that is weighted and balanced to be nationally representative of all Adult Americans (18+). Data collected April 2-21, 2015

Forbes

- In 2017 it was estimated that millennials in the U.S. alone spent at least \$200 billion. In 2018, they had the most spending power of any generation.
- 75% (of millennials) say it's fairly or very important that a company gives back to society instead of just making a profit.



“Millennial shoppers want to not only buy the product but know where the product’s made, the environmental position of the company, the social impact that the company is making.”

Mark Lore
CEO of Walmart, e-commerce
US

The Forbes logo is displayed in white serif font on a blue rectangular background.

Jan 14, 2019

Four Ways Social Impact Will Affect Businesses In 2019

- 1. Companies Will Be Forced To Embrace Social Impact - Or Fall Behind**
- 2. Social Pressure Will Encourage Companies To Speak Up**
- 3. Social Impact Goals And Metrics Will Be More Transparent**
- 4. Impact Will Increase Exponentially**



The Power of Storytelling-

Business is changing





*Rise of the 4th Sector-
Social Impact Businesses*

THE FOURTH SECTOR

“With the formalization of the for-benefit (social enterprise) structure, we will see the emergence of a fourth sector of the economy, interacting with but separate from government, nonprofits, and for-profit businesses. The rise of that sector is likely to reshape the future of capitalism.”

Heerad Sabeti

Harvard Business Review
November 2011



NONPROFIT/ CHARITY

Primary purpose is mission.
Dedicated to furthering a
particular social cause versus
making a profit.

YOUR CHOICE



FOR PROFIT COMPANY

Profit maximizing company.
CSR and social impact
considered an add-on to the
core business agenda.

PURPOSE VS PROFIT

THE MERGING OF MISSION AND MARGIN

NONPROFIT/ CHARITY

Primary purpose is mission. Dedicated to furthering a particular social cause versus making a profit.

FOR PROFIT COMPANY

Profit maximizing company. CSR and social impact considered an add-on to the core business agenda.

PURPOSE AND PROFIT

**A NEW WAY
TO DO
BUSINESS**

**NONPROFIT/
CHARITY**

Primary purpose is mission.
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**FOR PROFIT
COMPANY**

Profit maximizing company.
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core business agenda.

**SOCIAL
ENTERPRISE**

Business exists to solve social
issue. Combines commercial and
social goals, but with emphasis
on a social mission.

**SOCIAL
BUSINESS**

Combines commercial and
social goals. Investment would
lead to equivalent increase in
social impact.

**CONSCIOUS
CAPITALISM**

Recognizing that every business
has a purpose that includes, but is
more than, making money. By
focusing on its Higher Purpose, a
business can create more value.

**PUBLIC
BENEFIT
CORPORATION**

For profit corporate entity that
includes positive impact on
society, workers, the community
and the environment in addition
to profit.

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SOCIAL BUSINESS

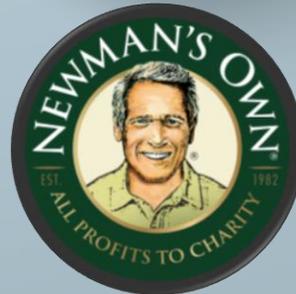
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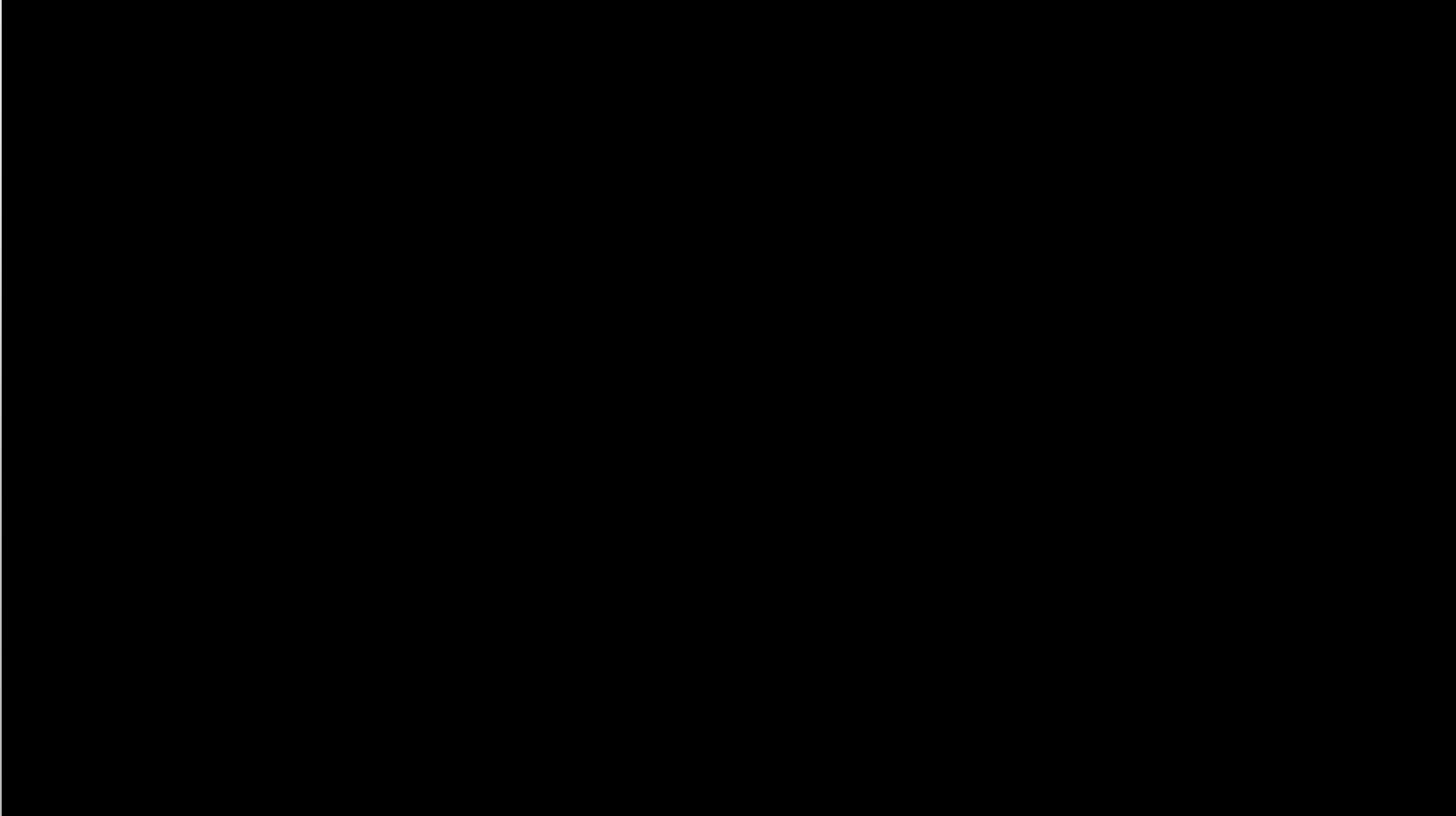
For profit corporate entity that includes positive impact on society, workers, the community and the environment in addition to profit.





BOMBAS

bee better.



VISION:
*The Social Impact Economy
 powers a new business
 definition for success*



MISSION:
*Harness Social Impact
 to accelerate the
 evolution of business*

An Education-Based Social Enterprise Created to Enhance and Organize the Fourth Sector

OUR TRIPLE BOTTOM LINE

PURPOSE



- Create and enhance Social Impact within all communities
- Provide resources and education to benefit the Colorado Springs community and lead a national movement



PROFIT



- Consultation
- Social Impact Certification & Classes
- External Funders
- Events

CUSTOMERS

- Nonprofits
- For-Profits
- Foundations/Investors
- Class Participants

SERVICES

- SROI
- SI Business Planning
- SE Assessment
- Environmental Scan
- SI Cultural Assessment
- Speakers' Bureau
- Certification
- SI Theory

PROSPERITY



- Education/Awareness
- SROI Measurement/Data
- Organize and Promote the Sector

CERTIFICATION

- In partnership with Pikes Peak Community College, CI4SI will offer a capstone class as part of PPCC's Associate Degree in Social Innovation
- CI4SI will offer a stand-alone certificate in Social Impact Strategy



2018 CI4SI STRATEGIC GOALS



Impact Profiles



- ***Established SROI©***-Established SROI© is return that is considered certain or most likely in the evaluation of that return
- ***Probable SROI©***-Probable SROI© is return that is considered very likely in the evaluation of that return
- ***Possible SROI©***-Possible SROI© is return that is considered likely in the evaluation of that return

An Example



Photo Credit: DudeIWantThat.com

500 or 5?



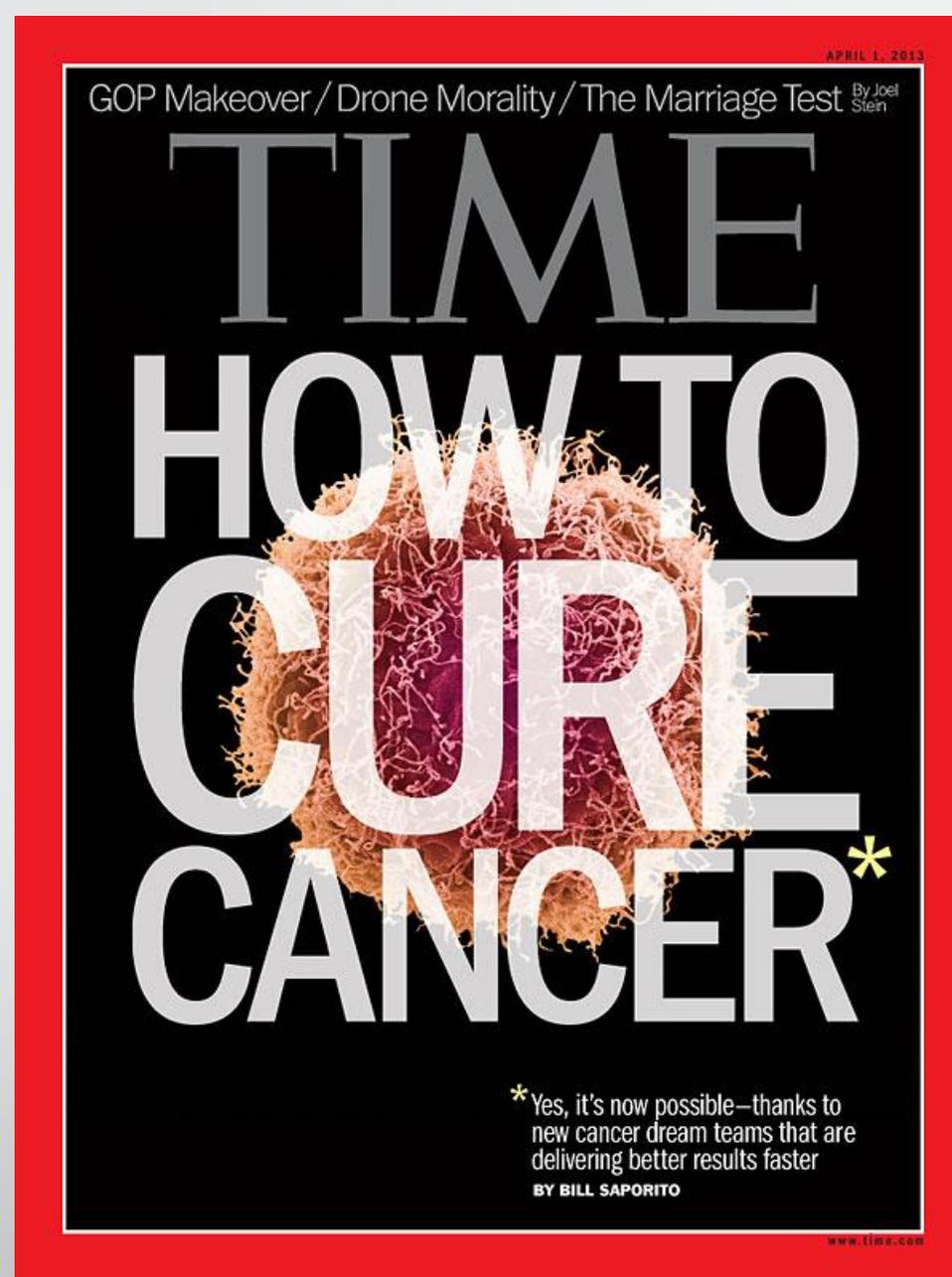
Photo Credit: Creative Commons

5000

- ***Established SROI***©
 - immediate, visible, large quantity, cool bandaid that says you were in ninja fight
- ***Probable SROI***©
 - some prevention
- ***Possible SROI***©
 - Not really applicable

5

- ***Established SROI©***
 - Treating a disease/illness; early intervention
- ***Probable SROI©***
 - Prevention of future illness; keep job or stay in school because they aren't sick
- ***Possible SROI©***
 - Earn more over lifetime due to job/school, future generations have higher rate of success because these 5 are successful





need for a new
VISION

THE ECONOMIC RULES ARE CHANGING

Consumers are more informed and conscious about where they spend their money. They want to know how businesses are positively impacting their local communities.

Giving is changing and Foundations are taking on new and different roles.

Impact Investing is changing traditional funding models.
