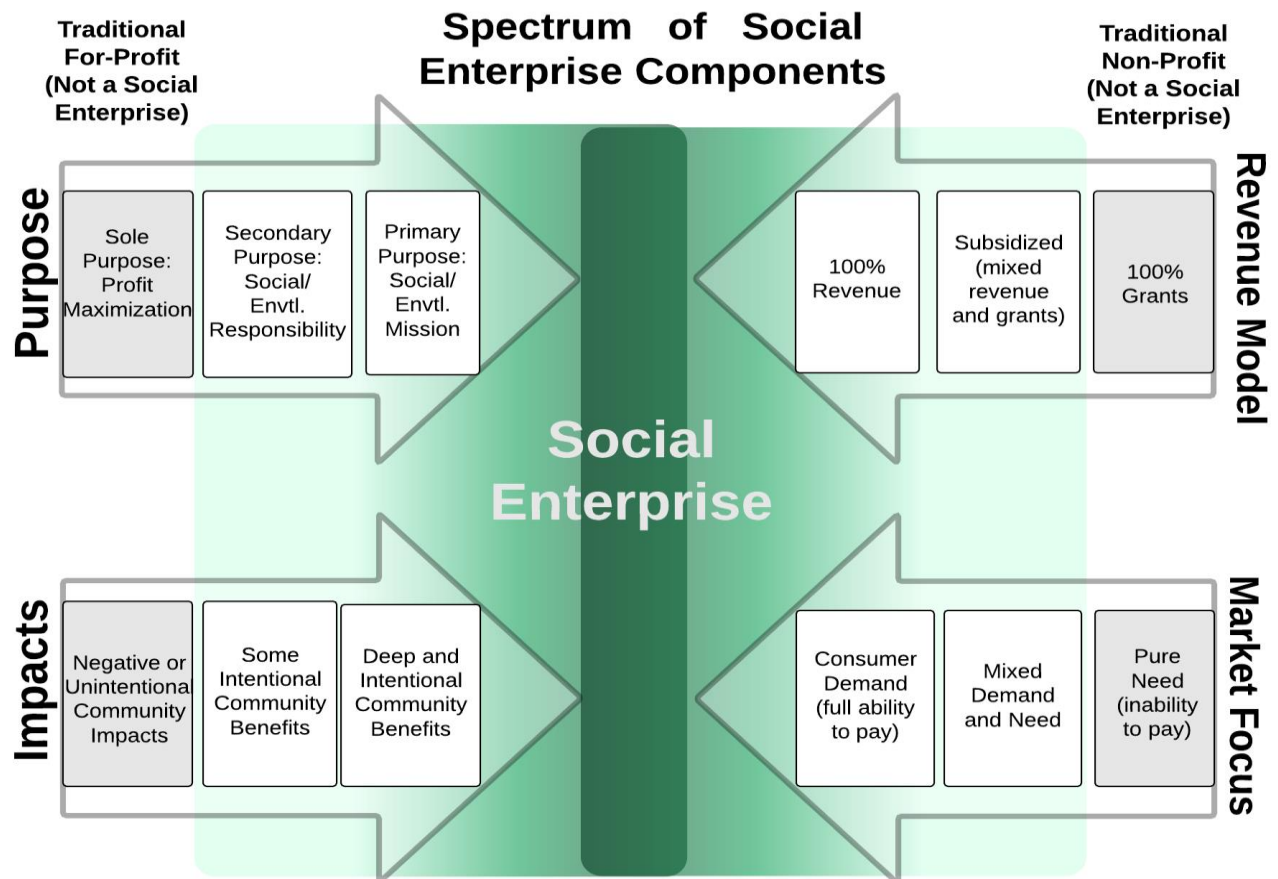


Components of a Social Enterprise



A social enterprise is distinguished from traditional for-profits in two key areas:

- **Purpose:** A social enterprise must have a social and/or environmental mission as part of its core purpose and motivation, whether or not it also seeks profits. A values-driven purpose is what distinguishes a social enterprise or socially responsible business from one that pursues profit as its only bottom line.
- **Impacts:** A social enterprise should intentionally generate significant social and environmental benefits for communities and people, in addition to revenue. Businesses that only produce financial results, or produce shallow or unintentional social outcomes, are not social enterprises.

A social enterprise is also different from traditional non-profits in the following elements:

- **Market Focus:** A social enterprise must have a market where there is both demand and some ability for consumers to pay for the goods or services offered. If there is a market for goods and services, but no ability to pay for them, the provider is meeting a need rather than a demand. These providers are important, but are not considered social enterprises.
- **Revenue Model:** A social enterprise should generate some portion of its income through the sale of some good or service, though the proportion depends on its market focus. If there is established demand and consumers have the full ability to pay for goods and services, then a social enterprise should be able to operate on revenue alone. If demand is emerging or a market is still developing, a social enterprise may need to subsidize its revenue with grants or other income.