Social Enterprises: Financial and Marketing Strategies Utilized and Tensions

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Methodology

Structure of Presentation

- Introduction
- Analytical Framework
- Methodology
- Results and Discussion
  - Organizational Strategy
  - Financial Strategies
  - Marketing Strategies
  - Tensions
- Conclusion

Introduction

Justification and Context

- Growing social needs and problems
- Value creation in social enterprises (SE) is aimed at solving social problems
- SE = make positive change in the world
- Possibility for tensions
- Dual logics (Business vs Social)
- Need for investigating the management of SE with operational strategies

Purpose and Research Questions

Purpose:
Identifying the major financial and marketing strategies adopted by social enterprises in their pursuit of financial sustainability and also examines the interplay and tensions between and among these strategies

RQ1: What are the financial strategies employed in social enterprises to achieve sustainability?
RQ2: What are the marketing strategies employed in social enterprises to achieve sustainability?
RQ3: What are the tensions that are face by social enterprises as they utilize various financial and marketing strategies in social enterprises?

Figure A – Analytical Framework

Methodology

- 33 Canadian SE Case studies
  (Ottawa (26) & Toronto (7) - Summer 2013)
  Majority of SE were founded in the years since 2000; revenue range (200,000 – 3M)
  74 SE contacted; 18 refused; 23 not available

- Content analysis
  - Semi-structured interviews (verbatim transcription), website, documentation
  - Used of NVIVO, data analysis software
Results and Discussion

Organizational Strategy

- Organizational strategy = not formalized, tends to emerge over time
- Miles and Snow (1978) typology
  - Prospector (12 - 36%)
  - Analyzer (12 - 36%)
  - Defender (3 - 8%); Reactor (3 - 8%)
- No response (3 - 8%)
- Entrepreneurial mindset

Miles and Snow (1978) typology

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Entrepreneurial mindset

Results and Discussion

Organizational Strategy

Financial Strategies

- Juggling multiple sources of revenue
  - earned income, grants / contributions from foundations and governments, donations
  - no investment income and dues
- Most energy: sales, grants and donations
- Revenue diversification (limits)
- Cost structure and constraints
- Holistic perspective

Results and Discussion

Marketing Strategies

- No formal plan; different target markets:
  - customers, volunteers, donors/ funders
  - geographic areas, size, type, client, groups
  - need for multiple marketing strategies
- 4P (position, promotion, price, place)
  - brand themselves as SE
  - word of mouth, social media; inexpensive forms
  - competitive and comparable prices; quality
  - existing customers, partners and sponsors

Results and Discussion

Tensions

- Balancing: social & business mission
- Key financial tension
  - Managing funding and getting resources
- Key marketing tension
  - Managing relationships with the myriad of organization stakeholders / target markets (customers, donors, beneficiaries)
  - Difficulty based in resource constraints

Conclusion

- Strategies not formalized
- SE are innovative – innovation is seen being key in strategy development
- Considerable tensions evident in managing a social enterprise
- Theory development contribution by understanding of strategies used in SE
- Implications for SE managers

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