BOSCHEE ON MARKETING

Positioning and Marketing Strategies for Social Entrepreneurs

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Adapted from his columns
in the *Social Enterprise Reporter*

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This book is dedicated
to the sister of my heart,
Anne Winck (1945–2006)

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FOREWORD

Readers of the *Social Enterprise Reporter* have told me Jerr Boschee's column is the first page they jump to each month because they "get" his message and look forward to his familiar and skillful perspective. Now, under one cover, you can read the first two years of his columns, which cover a range of marketing topics critically important to all social entrepreneurs.

As Jerr wrote in his inaugural column, "Marketing is *not* a business function. It *is* the business." It is this laser-like approach that makes Jerr's voice so critical in the world of social enterprise, because too often social entrepreneurs try to solve too many problems for too many people. Jerr's strategic and tactical perspectives have helped many *SER* readers become more focused by showing them how to hone in on the unmet needs of their most important customers, competitively meet those needs, and experience their own organization and its products and services as their customers do.

In Jerr's column you'll also hear the voices of other veteran social entrepreneurs, leaders like yourself who realize extraordinary customer service is as much a part of our nonprofit heritage as finite marketing resources. Social entrepreneurs, unlike their traditional business peers, have to watch two bottom lines. They must simultaneously analyze the social impact and financial viability of each product and service–and only then make decisions about which ones to expand, nurture, harvest or kill. Jerr provides you with the tools to answer the key questions at the heart of social entrepreneurship: How to allocate resources for maximum social impact *and* for profit.

Every month in the pages of *SER*, Jerr revisits and challenges our assumptions in language that's easy to understand and helps us listen and respond to our customers, both internal and external. In the entrepreneurial world, nothing is more deadly than inflexibility and a lack of responsiveness to our customers. I look forward to many more columns that continue to challenge our assumptions and develop our entrepreneurial flexibility. Thank you, Jerr!

Tom White
Editor and Publisher

Social Enterprise Reporter
Innovative Business Solutions for Nonprofit Entrepreneurs

INTRODUCTION

Marketing is an act of imagination. It's an art, not a science. But even the greatest artists understand the rules of engagement. They either follow them or break them (sometimes with spectacular results), but the rules exist, and it's important to know them.

This book is my attempt to share some of the rules I've learned during the past 40 years. Maybe they'll help you avoid the gaffes I've committed along the way. My mentors have been many, from every sector, and they are lurking between the lines of every page.

But make no mistake: You could stock an entire library with books already written about marketing strategies and tactics – yet all this book or any book can do is shape in the field of play. Marketing only comes to life when *you* make decisions.

And that means you have to ask questions.

Marketing *always* begins with questions, not answers. It forever probes, challenges conventional wisdom, causes discomfort. It doesn't matter if you're running a one-person startup or working for a 100-year-old behemoth – discovering a path from your programs, products and services to the people who need them and can pay for them is a constant challenge. And it takes place on an ever-changing landscape. The earth is moving beneath your feet. Can you feel it?

That can be scary–and it's why marketing is still so misunderstood, especially in the nonprofit sector. For too many of my nonprofit friends, it's something vague, something peripheral. They think it means creating a brochure or sponsoring a special event or maybe offering a discount. Yes, those are part of the mix–but the fundamental questions are much more frightening: How do you want the world to change? What can *you* do to bring about that change? What core values will guide you? How will you measure success? What products and services will you offer? How will you segment your markets? Those are strategic questions, and that's where marketing begins–*because marketing is mission central.* You cannot make the world a better place if you do not understand and serve your stakeholders. Who are they? What do they need, want, value? Can *you* provide it? *Should* you?

But marketing doesn't stop there. Many of the questions you need to ask are tactical: What prices should you charge? What distribution channels should you use? What promotional literature should you develop? How much should you spend on advertising? Would direct mail be better? It's vexing, because the answers are constantly changing. And the list of questions is endless, at both the strategic and tactical levels: How do you adapt to changing times? What programs should you kill? What positioning strategies are most effective? How do you forge strategic partnerships? What does it really mean to provide exceptional customer service?

Marketing isn't just the responsibility of the Board and the senior management team. It has to permeate the entire organization. It doesn't matter if you're in human resources, finance, operations or answering the phone: *Everybody* in the organization has to be asking questions, *all the time!*

Your challenge, then, is to make the rules of marketing work for *you*–and if that means sometimes breaking them on purpose, well, isn't that what innovation and entrepreneurship are all about?

Jerr Boschee
Dallas, Texas
February 2007

IN MEMORIAM

Remembering Bill Norris: A social enterprise pioneer –30 years ahead of his time

He was a maverick . . . and when he began hectoring his fellow CEOs about the marriage of social needs and business opportunities, most of them snorted and turned away.

I worked and traveled with Bill Norris for five years, from December 1979 through December 1984.

Founded in 1957, Control Data Corporation became the most successful computer company of the 1960s and 1970s, the darling of Wall Street. By 1984 the company was worth $5 billion and employed 60,000 people. According to an article in *The Washington Post* two years later, Norris "not only marched to a different drum, he created the company that built the drum–and pounded out the beat for nearly three decades . . . . (he was) one of the most successful, inventive and iconoclastic business leaders" in the country.

But the race riots of 1967 shocked Norris. Cities were burning, mobs rioting and looting. Los Angeles, Chicago, Detroit, Philadelphia. Even Minneapolis, Control Data's home!

Norris sent one of his senior executives into the midst of the riots to find out what the company could do to turn things around. His aide returned a few days later. "These people need jobs," he said. "They need *real* jobs."

Norris responded instantly. He took it as a personal challenge. "Build 'em a plant," he said. "Build a Control Data plant right there in the heart of the city."

Business leaders scoffed. Control Data employees cringed. But the personal awakening Bill Norris experienced changed his life – and the course of business history. Within the next ten years the company opened plants in four inner cities (Minneapolis, San Antonio, Washington, D.C., and St. Paul) – and in two of the most god-forsaken rural communities in the country.

By the time I arrived at corporate headquarters as his chief communications lieutenant in 1979, Norris had gone even further by fashioning a business philosophy that left no room for argument: "Our mission," he wrote, "is to address the major unmet needs of society as profitable business opportunities."

It was the first articulation of social enterprise as we know it today.

It was heresy to Wall Street, but the media loved it. So did Peter Drucker, the centerpiece of an international conference we sponsored in 1982 that attracted more than 250 CEOs. Jesse Jackson wrote to Norris, "I had given up on corporate America until I visited your operations and met you." Ralph Nader praised him in *The Big Boys,* his 1986 best-seller about corporate CEOs.

And invitations for Norris to tell others about Control Data's new strategy flooded into his 14^{th} floor office from all over the world. During the five years I traveled with him he delivered more than 300 speeches – to government leaders, corporate titans, international financiers. He gave interviews to more than 100 major newspapers, magazines and television programs. I worked 90-hour weeks just to keep pace, but he never slowed. He lugged around a briefcase crammed with notes and vitamins. Every day he rode the elevator seven floors, then climbed the stairs seven more to his office. He was indefatigable.

And Control Data's social enterprises mushroomed.

By the early 1980s, Control Data was operating mobile medical vans on a Native American reservation in South Dakota, using computer technology to herd caribou beyond the Arctic Circle, revitalizing entire urban neighborhoods and rural communities, working with Chief Justice Warren Burger to create training and employment opportunities for prisoners, launching the first small business incubators in the country, developing the nation's first wind farms, creating a vast array of computer-based learning programs for colleges and universities and self-paced learners. The innovations just kept coming, and publicity flowed like a river.

But few remember – because Control Data failed as a company. It began to falter in the mid-1980s. Competition from Japan for computer peripherals and assaults from below by mini- and microcomputers made Control Data mainframes an endangered species. Wall Street and media critics blamed Norris for being distracted, too focused on his "social programs," and leftists harped at the way Control Data carried them out.

They were all right. Norris took his eye off the company's core, and the people running the social enterprises made a lot of mistakes.

And yet they were all wrong.

Bill Norris was simply 30 years ahead of his time. He was a trailblazer. Mistakes are part of the game, and others learned from Control Data's miscues. Social enterprise today is a major strategy for nonprofits, small businesses, government policy-makers and – yes – major corporations. By the time Norris died in August 2006 after a long battle with Parkinson's disease, almost everything he'd attempted to do was being done successfully by others – although few recalled or even knew about the ground he'd broken.

I remember.

Working for Bill Norris changed my life, and I've spent the past quarter-century spreading the gospel of social enterprise. Hundreds of others came out of Control Data imbued with the Norris philosophy, and we've been spreading the seeds all over the world. Whenever I see another corporation starting a business to address a social need, I think of Bill Norris. Whenever I speak to a group of fledgling social entrepreneurs and see the excitement in their eyes, I think of Bill Norris. And every time I read about another corporate CEO preaching the importance of a double or triple bottom line, I remember Bill Norris thundering from his bully pulpit.

1 LEADERSHIP

The right leader at the right time: Are you an innovator, entrepreneur or professional manager?

Marketing is everybody's responsibility, from the CEO to the half-time clerk.

But marketing *starts* at the top.

Many Boards of Directors, CEOs and Executive Directors are surprised to learn that the traditional job description for an organization's most senior executive includes nothing about operations.

A Chief Executive Officer has two primary responsibilities: Strategic planning and marketing. Operations is the bailiwick of the Chief Operating Officer (or the Deputy Executive Director).

Among other implications, this raises an interesting point about leadership that resonates with my audiences in the U.S. and elsewhere. So often, after one of my speeches, people will come up to me and say "*That's* why it's not working at my organization" – or "That's why it's not working for *me*!"

Nonprofits need different types of leaders at different stages in their evolution – and many times discover (too late) that their entrepreneurial efforts have been doomed because they're being led by people with the wrong types of skills.

The mistake occurs because they don't truly understand the differences between innovators, entrepreneurs and professional managers. Regardless of whether a nonprofit is attempting to maximize earned revenue internally or trying to launch a social sector business, it's important to do so. All three types of leaders are needed in the evolution of a healthy organization, but at different times, and rarely does an individual excel in more than one of the three areas. Recognizing that fact has been one of the most important lessons learned by the pioneers in the field of social enterprise – and the discovery has been a deeply personal one that strikes to the heart of their self-perceptions and dictates their career decisions.

Innovators are the ***dreamers:*** They create the prototypes, work out the kinks – and then get bored, anxious to return to what they do best, which is inventing more prototypes. They are rarely concerned, ultimately, with the long-term financial viability of what they do.

Entrepreneurs are the ***builders:*** They turn prototypes into going concerns – then *they* get bored. For them, financial viability is the single most important aspect of what they do.

Professional managers are the ***trustees:*** They secure the future by installing and overseeing the systems, standards, infrastructure and human resource policies needed to make sure the going concern keeps going.

Unfortunately, often because resources are scarce, nonprofits try to shoehorn people into positions where they don't fit, and many of the problems they have when they begin adopting or expanding entrepreneurial strategies arise from having an innovator or a professional manager trying to do an entrepreneur's job.

2 MARKETING FUNDAMENTALS

Strategic versus tactical marketing —and some basic principles

Marketing is *not* a business function. It *is* the business.

Marketing begins when the senior management team makes two important strategic decisions: What products or services to offer and what target markets to pursue.

Unfortunately, when most social entrepreneurs begin thinking about marketing, they immediately focus on tactics: Creating a brochure, writing a press release, offering a discount.

Strategic and tactical marketing are certainly related, but strategic marketing is the parent and tactical marketing the child.

The key *strategic* marketing questions are these:

- What business are we in?
- Who are our customers?
- What do they want/need/value?
- Can *we* provide it?
- *Should* we provide it?

- How should we position ourselves?
- Can we win?

The key *tactical* marketing weapons are these:

- Packaging (product or service design)
- Pricing
- Distribution channels
- Marketing communications (advertising, publicity, sales promotion, personal selling)

As you begin or expand your entrepreneurial marketing efforts, it would be helpful to remember some basic principles:

1. Marketing is not sales

Too many nonprofits, commercial enterprises and public sector agencies start with their existing products and services, then try to find customers. They are using a technique known as *market push*, trying to force themselves into the marketplace. It may work for a while, but not for long. Savvy social entrepreneurs start with their customers, find out what they want, then build it. They are benefiting from *market pull***,** and they learn quickly there is no more cold-hearted animal in the world than the market. Social enterprises either provide value to their customers or they die.

2. Less is more

The most common mistake made by social entrepreneurs and others is attempting to be all things to all people rather than focusing on a specific market niche. Practice the art of sacrifice: You become stronger if you reduce your scope. And be a player or don't play at all: If you are not number one or number two in a particular market segment, get out.

3. The mind is the battleground

Perceptions matter – reality does not. You need to be first in a potential customer's *mind*, not in the marketplace. Marketing is fundamentally a battle of ideas, and your goal should be to pre-empt your competitors by making sure you "own" a single word or phrase in the minds of your customers. Think for a moment about the following products: Copier, chocolate bar, ketchup. The odds are they immediately reminded you of the following companies: Xerox, Hershey's, Heinz. If they did, it means those companies "own" you . . . they have successfully attached their company name to a generic product and made the generic word or phrase unavailable to their competitors.

4. Don't try to be better – be *different*

Most small businesses trailing in the marketing wars try to emulate the leader. That's almost always a mistake. If you are second or third in the market, position yourself *against* number one. The classic example is Avis. Recognizing the slim possibility of overtaking Hertz as the number one car rental company, Avis began to trumpet something different: "We're number two!" It was candid, striking and memorable – and it worked.

5. Your entire organization should be driven by marketing

Who is the single most important marketing person in your social enterprise? It's probably the person who answers your phone, the first (and sometimes only) voice a customer will ever hear. A customer's definition of who you are will be formed in the first few minutes of interaction with your company, and first impressions will frequently be lasting.

3 ENTREPRENEURIAL STRATEGIC PLANNING

Section one: The fundamental–and critical–difference between vision and mission

More than one nonprofit Board member has approached me after a briefing session or a retreat, perplexed by the same topic.

Their questions frequently come down to this: What is the difference between vision and mission–and why is the difference so important?

Some nonprofits have both a vision statement and a mission statement. Some have only one statement and try to cover the waterfront. But almost all the nonprofits I encounter make a fundamental mistake: They think their vision statement should be about themselves.

Take the nonprofit serving the elderly I worked with not so long ago in the Southwest. Here were the vision and mission statements they showed me when I first arrived:

> VISION: "We are a nationally recognized, compassionate organization offering quality human services through disciplined growth and community partnerships."

> MISSION: "We enhance quality of life by providing comprehensive services that empower people to maintain their independence and dignity."

At first glance, not bad. Lots of wonderful concepts. But let's look closer.

A vision statement should answer the question "How do we want the world to change?" and a mission statement should answer the question "What will *we* do to change it?"

Instead, my client's vision statement was completely inner-directed. It expressed dreams for the organization – but it should have been about the world in which the organization exists and the people it serves, not the nonprofit itself.

My client's mission statement actually contained some hopes for the people it serves – "independence," "dignity," "quality of life." And, after a lengthy brainstorming and word-smithing process, here's what we came up with as a new vision statement:

> "We envision a world in which people grow older with dignity, control their destinies and live independently as long as possible."

But that still leaves open the question of *why* a vision statement should be outer-directed, and the answer, I believe, resides in the very definition of marketing itself.

If you start with your products, services or programs, then go looking for customers, you are trying to *push* your way into the market. It works, sometimes, but not for long.

But if you start with a group of customers, then develop products, services or programs to meet their needs, you are being *pulled* into the market. No nonprofit can succeed for long unless it understands what its customers and clients really want, and that means the mantra is simple: "Always start with *them*!"

Now translate that into what happens if your vision statement is inner-directed. You're not starting with the people you serve–you're starting with your own ambitions. Here there be dragons.

A vision should inspire an organization to change the world. It should be a call to action that mobilizes support and triggers quantum leaps. A simple, powerful statement that opens hearts and wallets. But stakeholders won't be inspired by a vision that's inner-directed.

The Alliance for Children & Families, one of the leading nonprofit associations in the world, clearly understands the differences between vision and mission. Under the leadership of President and CEO Peter Goldberg and its Board of Directors, the Alliance recently approved new wording for both. The vision? "A healthy society and strong communities for all children and families."

Now *that* is a vision we *all* can share.

Section two: Adapting to changing times —how a Minnesota nonprofit avoided stagnation

How does a successful nonprofit avoid stagnation? How does it renew and re-position itself as the world moves on?

I served for five years on the Board of Directors for one of the country's leading nonprofit management consulting groups, MAP for Nonprofits, which is based in the Twin Cities of Minneapolis and St. Paul. During the years leading up to its 25th anniversary in 2004, MAP established a national reputation for excellence by focusing on a singular mission: To help nonprofits achieve mission-driven results by building their capacity.

During that time it deployed more than 11,000 volunteers from the business community and assisted more than 8,000 nonprofits. It provided accounting, financial, technology and legal services; and it helped nonprofits with Board Development, business plans, fund-raising, leadership development, marketing, strategic planning, and other challenges. Gradually, earned revenue became an increasingly important part of the mix, and by 2002 it represented 47% of MAP's annual operating budget.

But by 2003 MAP's earned revenue growth had flattened, net income was declining and financial reserves were limited. Those realities, along with changes in the nonprofit marketplace, led Executive Director Judy Alnes, her staff and the Board to take a fresh look at MAP's strategic framework, starting with a multi-phase market research study. The results were startling: MAP had grown as far as it could with its existing business model.

During the next year, the MAP team zeroed in on six key areas:

- What **DRIVING FORCES** are changing the rules of engagement? What demographic, economic, sociological, technological, political and regulatory shifts are taking place? What threats and opportunities are emerging – and what should we do about them?

- How do we want the world to change? What is our **VISION** for the community we serve?

- What will we do to bring about that change? What is our basic purpose? In short, what is our **MISSION**?

- What do we stand for? How will we conduct ourselves in the face of a constantly changing landscape strewn with temptations? What **CORE VALUES** will guide us?

- What outcomes do we expect? What are our **LONG-TERM GOALS**?

- What **PRINCIPAL STRATEGIES** should we use to reach our goals?

The Board and staff worked for more than a year to answer those questions, then celebrated its 25th anniversary by announcing a new framework:

- **VISION:** "MAP envisions healthy and vibrant communities in which effective and sustainable nonprofit organizations achieve their mission-driven results"

  The MAP team asked itself a fundamental question: Yes, building capacity for nonprofits is valuable. But to what end? The new vision statement made it clear MAP's ultimate role went well beyond its original mission.

- **MISSION:** "MAP provides critical management consulting services that significantly enhance the abilities of nonprofit organizations to increase their community impact"

  Next the team asked itself what MAP's role could be in building those "healthy and vibrant communities." For 25 years, it had been providing tools for nonprofits to build their capacity–but now it would shift its focus from an impact on the nonprofits to an impact on the community.

- **CORE VALUES:** MAP identified five bedrock values that would underlie its work for the next quarter century, in the areas of client success, integrity, excellence, diversity and leadership

  MAP's choices were based on a set of guidelines taught by veteran consultant Ronnie Brooks, who emphasizes that a core value must give the organization pride; be freely chosen from genuine alternatives; be acted upon as a regular pattern of action; apply everywhere in the work; and last over time. Equally important, the organization must be willing to accept the consequences, because core values do not always square with short-term exigencies.

- **LONG-TERM GOALS:** "To be the *provider of choice* for small and medium-sized nonprofits. To be a *trusted advisor* to larger nonprofits. To be a *trusted partner* for the philanthropic community. To be financially *sustainable*."

  A subtle but important distinction is the difference between "provider of choice" and "trusted advisor." Market research told MAP it had the opportunity to maintain its position as the leading provider for small and medium-sized nonprofits. But it also revealed that larger nonprofits and the philanthropic community had a number of other resources to draw upon (commercial sector consultants, national associations, and so on) – which meant MAP would not be their automatic go-to resource.

- **PRINCIPAL STRATEGIES:** In addition to taking steps to strengthen its internal systems and processes, MAP's new business model consisted of three basic strategies. The first honored its historical roots by providing basic services to small nonprofits through a core of volunteers, but the second and third staked out new territory: Creating a "Strategic Services Group" to grow earned revenue; and dramatically altering its approach to pricing. The new group would concentrate on marketing to larger nonprofits in search of larger contracts, and would use a mix of direct sales, partnerships and other marketing strategies. Pricing would be adjusted to more accurately reflect MAP's annualized expenses rather than the unit costs involved in delivering a specific service.

Since making the changes, MAP has thrived. Its most recent annual operating budget surpassed $1.44 million, with 54% coming from earned revenue. Thirty-eight contracts were for more than $5,000, 47 nonprofits purchased multiple services, and more than 600 received assistance.

4 POSITIONING STRATEGIES

Section one: Getting people's attention–how a California nonprofit pre-empts competitors

Mark Berger gazed at a sea of faces in a San Diego conference center, the first speaker from a panel of social entrepreneurs sharing their stories. I served as moderator.

"What does our organization do?" he began–then answered his own question.

"We create taxpayers!"

Berger is President and CEO of Partnerships with Industry (PWI), a social enterprise that provides training, placement and ongoing support services for adults with developmental disabilities (including those with autism, epilepsy, mental retardation and other challenges). PWI simultaneously meets the labor needs of more than 350 employers and serves more than 650 people daily through vocational assessment, contract services, group services and individual placements. Founded in 1985, it has four offices in San Diego, Riverside and San Bernardino counties, and its signature product is the Camelbak backpack–PWI has produced 634,000 of them already.

As I listened to Berger begin his speech, I was immediately struck by the power of his positioning statement. How many times have we heard nonprofit executives stumble when we ask them to tell us what they do? The attention span of an average questioner is about 30 seconds–and by that point many nonprofit execs are just getting started! When I arrive at a venue where I'll be giving a plenary session speech or conducting a workshop, I make it a point to introduce myself to as many people as possible before I begin, and I always ask them what their organizations do. Some can give me crisp, direct answers. Many falter, as if the question surprises them. Some try to make sure I understand *everything* they do, and my eyes glaze over. And a few never do explain things intelligibly.

Even those who have carved their elevator pitch down to a bite-sized chunk frequently do it in soft, "nonprofit" terms: "We help people who are developmentally disabled live independently," "we help people enter the mainstream of society," "we provide vocational training services" and the like. Few make people sit up and take notice the way the audience did in San Diego when Berger introduced them to Partnerships with Industry.

Marketing is not simply a matter of creating a brochure, writing a press release or changing a price. Fundamentally, marketing is about winning a share of mind–and that means busting through all the clutter assaulting the minds of our target audiences. Berger certainly did that. His three-word phrase "We create taxpayers!" came as a surprise to everybody in the room and woke them up. From that point on, he had their attention.

Because marketing is a battle of ideas, the goal should be to stake out territory nobody else can occupy–to own a single word or phrase in the minds of stakeholders that pre-empts a powerful attribute and makes it unavailable to others. There are a lot of nonprofits providing services to people who are developmentally disabled–but Berger's phrase sets his organization apart from any other I've come across. He's found a way to *differentiate* PWI, the first step in creating a memorable image. It may be others will begin using his phrase, but PWI will have been the first–and the phrase will belong to PWI so long as it's reinforced and repeated.

Berger is well aware that everything an organization does begins and ends with its image–and that the image already exists whether you want it to or not. The only question is whether you will help shape it or leave the job to others (your competitors). People have a tendency to reduce organizations to a few simple traits, and the image of your organization that exists in their minds is nothing more than what remains after everything else is said and done. Berger is making it easy for them: "We create taxpayers!"

A positive image enhances employee morale, gives donors additional confidence, improves community relations, lowers your cost of sales, enables you to charge higher prices, speeds market penetration, builds customer loyalty and enhances your ability to recruit. It is hard to achieve–but simplicity and memorability are the keys, as Berger has demonstrated.

So, what is the single most important thing you would like people to remember about *your* organization?

Section two: Turning prospects into customers – and how to shape your marketing messages

How do you turn prospects into customers? When do you approach them – and how do you shape your marketing messages?

Unfortunately, getting people's attention isn't always easy. For example, the environmental clutter surrounding your message might bury it: The average person is bombarded each day by thousands of "messages" from televisions, radios, newspapers, magazines, web pages, billboards and other people – it's a wonder *any* of them get through.

Even when one of them does, it can go awry. Who can forget the mistake General Motors made when it decided to sell the Chevy Nova in Mexico: Nobody at headquarters seemed to realize the Spanish phrase "no va" means "doesn't go"! Or the slogan a Scandinavian vacuum cleaner manufacturer used to introduce its product to America: "Nothing sucks like an Electrolux!"

Your marketing resources are finite and you need to be careful how you spend them. Generally speaking, there are five types of prospects for any product or service, but only three are worth pursuing, and only at certain times:

- It's generally wasteful to concentrate any of your marketing efforts on **"innovators,"** who make up roughly three per cent of the population. They'll try just about anything once, whether you chase them or not.

- If you're introducing a new product or service, your primary target should be the **“early adopters,”** about 15 per cent of the population. These are the trendsetters. Others look to them for cues, and they can be good sources of testimonials and referrals.

- Once your product or service is in play, your primary group of prospects should be the **“early majority,”** which represents about a third of the population. They wait for the early adopters to give their verdict, then try to “keep up with the Joneses.”

- Further down the line, you’ll want to focus on the **“late majority,”** another third of the population. These people are considerably more cautious in their spending habits and typically wait for prices to come down.

- Then there are the **“laggards,”** usually the last to buy and the first to stop. Your marketing efforts in this category should be minimal, and only if you are harvesting.

As you pursue the early adopters, the early majority and the late majority, you should capitalize on every communications vehicle available: Advertisements, speeches, web postings, sales brochures, news releases, interviews and many others. And you should be constantly calibrating your messages to build awareness, understanding and credibility. The vehicles may differ, but the same ground rules always apply:

- **Never try to make more than three points in a single message**. If you do, it will blur the focus.

- **Keep your messages simple**. And use language that's easy to understand.

- **Give them time to take root**. Sometimes it takes only ten seconds for people to fully grasp your message, but more often it takes weeks or months and constant repetition.

- **Make sure they are meaningful**. Does anybody care about them except you?

- **Make sure they are believable**. Don't bloviate or exaggerate. To be credible, messages must be candid, balanced and accurate.

- And **make sure they are memorable**, unique in some way, without distracting your prospects from the core of the message itself (don't fall in love with your own cleverness).

Finally, when you begin crafting your messages, ask yourself two key questions:

- What must people *believe* about our product or service before they will buy it?

- What do they believe *now*?

The answers will give you a roadmap for your marketing plan. You can close the gap between what prospects believe now and what they need to believe before they'll become customers by reaching out to them at the right moment–and by sending them messages that are memorable, meaningful and, above all, believable.

5 OVERCOMING CUSTOMER RESISTANCE

Introducing something new? Here's how to deal with ten customer objections

His friends often chided Albert Einstein for using the same final exam every year in his introductory physics class at Princeton. "Don't worry," he would say. "The questions may be the same – but the answers are different!"

Social entrepreneurs are in the business of constantly finding new answers to age-old challenges: How do we care for the sick and dying? How do we create jobs for people who are developmentally disabled?

But people have a built-in resistance to change. The progenitors of the hospice movement ran into all sorts of flak from doctors and nurses who were horrified by their willingness to actually talk about death and dying with people *in extremis*. John DuRand was excoriated for placing people who were developmentally disabled into a normalized work environment – but eventually created a $68 million social enterprise with more than 1,000 employees.

So how can social entrepreneurs reduce resistance to their innovations? How can they turn traditionalists into buyers?

During the past 30 years, Prof. Everett Rogers, later joined by Prof. James Bright and corporate trainer Joel Barker, have spent a great deal of time teasing out the sources of resistance. Here, based on their work, are ten objections social entrepreneurs need to overcome:

- **"I've already got one":** Will traditionalists be able to *immediately* see the advantages of your new product or service? If they can't, they'll be gone, and the other nine objections won't even arise.

- **"It's going to screw things up":** Change the pillow case, change the bedding. Change the bedding, change the curtains. Change the curtains, re-paint the walls. Forget it. Traditionalists need to be convinced that buying your product or service will cause minimum disruption. What will they have to do differently? "Not much."

- **"It's too complicated":** Nope, it's easy. No matter how complex things might be behind the scenes, no matter how many people must be involved in delivering and supporting the product or service, your potential buyer must be convinced that, for him or her, it's easy to use. "Just dial 4-1-1." "Just one click on our web site." "Just flip the switch."

- **"It's too big a commitment":** Traditionalists not only resist change, they are positively allergic to *big* changes. The more you can let prospects try things one piece at a time, the fewer risks they'll be taking and the less money they'll have to spend. It's a classic strategy for people selling services: Let people purchase an hour or two of time; then, if they like what they get, they'll buy more. It's called a loss leader.

- **“*What* did you say?”:** One of the worst mistakes you can make is using language that makes traditionalists feel stupid. Or excluded. Jargon may make you feel special, but it makes your prospects itchy. Use familiar words. And try to describe your innovation in ten words or less.

- **“It costs too much”:** Traditionalists aren’t just thinking about dollars. They’re worried about their time, their emotional investment, their opportunity costs. Your new product or service should be less expensive – in *every* category – than the product or service it’s replacing.

- **“Can I get my money back if I change my mind?”:** Yep.

- **“Never heard of you”:** Traditionalists are more apt to buy something new from you if they already trust you. Do you have any credibility? Do you have allies and endorsers who can speak for you? Do you have a track record of successfully introducing innovations?

- **“It probably won’t work”:** No prototypes, please. There was a time when the buying public expected products or services to arrive in the market unfinished. People were willing to let the seller work out the kinks as time went by. Not so much any more.

- **“And if it doesn’t . . . ”:** This one’s easy: You fix it. No charge.

6 STRATEGIC PARTNERSHIPS

Section one: Four ways social enterprises can partner with for-profit companies

Few social enterprises today can survive without creating strategic partnerships.

Four of the most powerful types they can forge with for-profit companies include "operational philanthropy" (a phrase coined by Gary Mulhair of Pioneer Human Services in the mid-1990s), supplier relationships, distributor relationships, and cause-related marketing:

- ***Operational philanthropy*** occurs when a for-profit company creates a business relationship with a social enterprise instead of giving it a grant – *and therefore becomes dependent on the social enterprise's performance for its own success.*

  For example, Pioneer Human Services, based in Seattle, employs ex-offenders and former substance abusers to manufacture aerospace and sheet metal products for the aircraft, telecommunications, electronic and other industries (including cargo liners and more than 8,000 other parts for Boeing aircraft).

  Pioneer's businesses also include warehousing, assembly, contract packaging and food purchasing services, plus a central kitchen facility and a number of retail cafes. Annual revenues are $55 million, most of it earned. *Fast Company* magazine recognized the organization for "pioneering a new model for social change and setting an agenda for nonprofits nationwide."

- A ***supplier relationship*** takes place when either the social enterprise or the for-profit company supplies personnel, raw materials and/or finished components to the other.

  Greyston Bakery (Yonkers, New York) is a prime example: It supplies more than 10,000 pounds of brownies and blondies a day – nearly three million pounds a year – that are used in five Ben and Jerry's ice cream products in the United States, Europe and the Mideast. Annual sales for the bakery are $3.5 million – and it provides 55 jobs for people who have been chronically unemployed.

- *A* ***distributor relationship*** occurs when either a for-profit company or a social enterprise channels its products or services to customers through the other organization's network.

  A common example in the United States takes place when for-profit companies partner with social enterprises to access federal and state "set-aside" programs (in which government contracts are offered first to nonprofits).

  Another is the relationship Bobbie Lenz has with the post office in Duluth, Minnesota. Her company, UDAC, is a full service direct mail provider employing people who are developmentally disabled. "The post office has given us a lot of technical assistance and taught us everything we've learned about the business," she says, "and, for them, having somebody like us is helpful, because it reduces the number of organizations showing up with bulk mailings that aren't sorted or otherwise ready for mailing. When people like that come to them, the post office sends them to us."

- ***Cause-related marketing*** occurs when an organization licenses the use of its name, product or service to the other.

  The combination can be powerful: It can enhance the reputation and boost the sales of a for-profit company and simultaneously increase the credibility and generate earned revenue for a social enterprise.

  For example, during 90-day periods in four consecutive years from 1993 through 1996, each person who used an American Express card knew three per cent of his or her purchase went directly to Share Our Strength, one of the nation's leading anti-hunger organizations. The partnership raised $21 million and funded more than 1,000 local, state, national and international organizations.

  But the goals do not have to be so ambitious: When Clif Bar, Inc., a leading energy bar manufacturer, decided to help the Breast Cancer Foundation by creating the LunaBar and donating a percentage of sales to the Foundation, the first year's proceeds were only $5,000–but have now grown to more than $300,000 per year, about 10 per cent of the Foundation's annual operating budget.

Section two: Seven questions to answer before launching the partnership

Despite the attractiveness of strategic partnerships, many Board members and senior executives are leery of entering into a relationship with a for-profit company, especially large corporations: It's like wandering into a foreign landscape . . . these folks speak a different *language*–and they just don't *think* the way we do!

When it works, though, a partnership with a major corporation can provide significant leverage:

- The social enterprise has deep knowledge of a specific sector and the corporation has marketplace savvy (it knows how to build and grow an organization to scale, how to compete, how to adapt to changing conditions)

- The social enterprise is close to the customer and the corporation has a network of high-capacity contacts

- The social enterprise can build a team internally and the corporation can build a support base externally

- And–if you've chosen the right partner–both of you have a passion for your mission

Here are a few things to think about as you contemplate creating a strategic alliance with a for-profit company, regardless of its size:

- **Why are you doing this?** To make money? To enhance your image? To further your mission? To increase employee morale? Any or all of the above? Having clarity of purpose will make your subsequent decisions simpler.

- **Is this something you *really* want to do?** Do you have the necessary passion, the full commitment you will need to make it work–or are you seeking a partnership because somebody told you it was the right thing to do?

- **How will you measure success?** What are your specific goals for the partnership in terms of social impact, financial gains, organizational capacity-building or any other factors? You need to set realistic expectations–and that also means recognizing all your direct *and* indirect costs, financial and otherwise.

- **How far are you willing to go?** How much time are you willing to devote to a partnership? What resources are you willing to provide? What responsibilities are you willing to assume? Are you looking for a short-term or long-term relationship?

- **Is the timing right, for both you and your partner?** For example, trying to create a major strategic partnership at the same time you are mounting a capital campaign is probably not a good idea.

- **Is there a *genuine* fit?** Do you and your partner share the same core values? What are your mutual needs and capabilities? Are there any potential controversies that could scuttle or damage the partnership? Finding the *right* partner is critical. Does the for-profit company have a logical relationship to your product or cause? Is it credible in its own field? Is it financially and operationally sound? Does it share your target market and geographic focus? Of course, the for-profit company will be asking the same types of questions about you.

- **Will partnering with this particular company jeopardize your other relationships?** Will staff members, funders or the people you serve object? Will other stakeholders become restless?

If you're wary about partnerships with for-profit companies, start small, and remember the concept of market pull: Listen first, then decide whether you have something to offer.

And once the partnership is underway, *manage* it: The best way to build trust among partners is to concentrate on personal relationships, so work hard to cement them, up and down the line, from the senior executives to the lowest level employees of both organizations. Always respond to your partner's needs before your own (that's how you create value), keep the lines of communication open–and always respond quickly (a good rule of thumb is to make sure you call back the same day).

7 PRICING

An argument for raising prices – and five common pricing strategies

Several years ago, Sears conducted a nationwide survey to test its pricing strategies. One finding seemed inexplicable yet undeniable: Prices ending in a "7" ($11.97) sold better than prices ending in a "9" ($11.99).

Of such nuances are profits made.

Few tasks are more vexing for a small business person – social enterprise or otherwise – than trying to find the right price point for a given product or service.

So, let's set a few ground rules . . .

First, and most importantly, let's stop setting our prices on the basis of *unit* costs. Successful service companies in the commercial sector typically have a *gross* profit margin of 40 to 60 percent on everything they sell – in order to finish the year with an over-all *net* margin (after overhead, payroll and other internal and external sales costs have been deducted) of three to five per cent. In other words, if it costs $1.00 to design, deliver and support a product or service, you need to be charging $1.40 to $1.60 to cover your *annualized* costs.

Of course, abruptly introducing price hikes of that magnitude could come as a shock to most of your current payers. Nevertheless, any social enterprise hoping to become increasingly sustainable or self-sufficient will have to consider this approach and, at the very least, begin raising prices incrementally. In fact, Rich Gilmartin, President and CEO of Gulf Coast Enterprises, a $30 million social enterprise in Pensacola, Florida, that employs people who are disabled or disadvantaged, frequently wins contracts despite having a *higher* price than his competitors. "Often," he says, "the customers have already been there – and realize they may have shot themselves in the foot by going with the lower price. Now they're looking around because they feel like they're not getting what they expected – or maybe they're just asking for a higher level of service."

Needless to say, one of the major pressures on pricing is competition, which often changes the landscape dramatically. "There used to be more companies competing with us," says Kathleen Buescher, President and CEO of a social enterprise in St. Louis that provides Employee Assistance Programs (EAP) to corporations. "Now there are fewer, they're a lot bigger, and they've turned employee counseling into a commodity business. And that means pricing has become a very big deal. We used to be able to charge our corporate customers $30 or $35 per year per employee – now it's down to $12 to $18."

Here are five common pricing strategies:

- "Penetration" (low) pricing – typically used when introducing a new product or service or to build market share
- "Prestige" (high) pricing – to establish a reputation for quality
- "Value" pricing – which rises or falls according to market demand

For example, some soft drink vending machines are now calibrated to the climate outside the building – the price goes up as the temperature climbs, because customers value a cold drink more on hot days. This may sound strange, but we're actually all accustomed to value pricing: Everybody on the airplane is heading for the same destination, but the person in the seat next to you probably paid a different fare because it was purchased at a different time; when we attend a concert, we probably pay more for our ticket than the people in the balcony and less than the people in the orchestra seats; same with seating at a sporting event.

- "Cost-oriented" pricing – typically used to achieve a specific profit margin or return on investment

  Slavishly pegging prices to cost, however, can be counterproductive because it fails to take into account demand intensity or customer psychology

- "Psychological" pricing such as discounts, flexible payment plans, bundling or unbundling, or using a "7" instead of a "9"

Regardless of which strategies you choose, however, be sure to revisit them on a regular basis. In the entrepreneurial world, nothing is more deadly than inflexibility.

8 MARKETING COMMUNICATIONS

Paving the way for sales: The relative strengths and weaknesses of advertising, publicity, promotional materials and personal selling

"Do you have a story to tell? *Everybody* has a good cause, but that's not enough any more." Rick Walker operates seven social enterprises in Marshfield, Massachusetts, that employ people who have developmental disabilities. To him, story-telling is an art–and the heart and soul of marketing.

But what is the best way to reach your prospective customers? How do you capture their attention? And how do you keep them riveted on your message?

There are four traditional ways to pave the way for sales: Advertising, publicity, promotional materials and personal selling. Let's take a look at their relative strengths and weaknesses.

- ***Credibility:*** Of the four, the credibility of publicity is much higher than the others. Consumers have been jaded by the blizzard of advertising messages assaulting them every day and are smart enough to be skeptical. The same is true with promotional materials. But publicity (assuming it is *positive*!) carries with it a gold standard: Endorsement by a third party, whether in print or electronically (radio, television, online). Personal selling has a moderate degree of credibility but is still crippled because listeners are aware of your bias.

- ***Cost:*** The expense per person receiving your sales message varies considerably depending on the technique you choose. Personal selling, on balance the most powerful marketing strategy because it enables you to have a conversation with your prospect, has a very high per person cost. Advertising and sales promotion have lower but still substantial costs and publicity is by far the least expensive.

- ***Targeting:*** However, if your marketing goal is to reach a clearly defined audience, then publicity becomes less valuable: You have little or no control over where and when it appears or who sees it. Advertising is more effective because you can pick the vehicle your research tells you has the best chance of reaching your target (a trade publication, a professional journal, a local radio station). Sales promotion is an even better choice because you can distribute your materials by direct mail to a specific audience or through kiosks at trade shows and conferences. And of course personal selling is the most valuable targeting tool because you can be very selective about how you spend your time and with whom.

- ***Complexity*:** When you need to deliver a complicated message, the only truly effective way to do so is through personal selling–because it is the only method in which the prospective buyer has an immediate chance to ask follow-up questions. The content of promotional materials and advertisements can be sculpted to anticipate as many questions as possible, but there will always be some that cannot be foreseen–and publicity is even less effective because you have very little control over what the writer or broadcaster chooses to include.

- ***Timing:*** Publicity is the most powerful way to create a brand, advertising the most effective way to maintain it. When you are introducing a new product or service, you need to get people talking, to create buzz. Publicity can do that much more effectively than advertising or sales promotion, and personal selling takes too long.

The trade-offs among the four techniques are evident:

- Personal selling is usually more expensive than any of the other three, but is ultimately more powerful

- Publicity is the least expensive and the most credible – but it's difficult to control the message

- Advertising allows you to target and control your message, but has much less credibility than publicity or personal selling – and costs more than promotional materials or publicity

- Promotional materials enable you to tell your story in greater detail than advertising but are less credible than publicity and personal selling

Ultimately, the market will tell you what to do. Your job is to listen and respond accordingly.

9 EMPLOYEE COMMUNICATIONS

Section one: How one half-time employee killed a social enterprise—and how you can avoid a similar fate

Just how powerful can one employee be?

A few years ago, I worked with a mid-sized nonprofit in a large southeastern city. The organization had an excellent opportunity for a social enterprise that would employ the people it served and generate profits to support additional programs. The senior management team, with the support of the Board, assembled an advisory group of proven entrepreneurs from the local community, did the necessary market research, began to develop a business plan, and launched a search for a CEO to lead the social enterprise.

But they forgot to sell the program internally. Rumors began to swirl, and one person in particular took exception to the very idea of charging a fee for any of the organization's services: A 51-year-old, white male, half-time receptionist who started a letter-writing campaign. His missives went to the media, the Board, the families of the people being served . . . to anybody he could think of.

The result? The entire senior management team had to resign and the organization never did start the business.

Contrast that with what Founder and President Rick Walker did at Road to Responsibility (RTR) in rural Massachusetts. Walker understood a truism: Marketing needs to turn inward as well as outward – especially to make sure every stakeholder is on board when the organization prepares for a major change.

"We were heading into uncharted territory," he remembers about the days before his nonprofit had started any business ventures, "so we formed a New Ventures Committee. We had Board members, staff members, the people we served and their family members. We brought everybody together and talked about doing something that was very, very different from what any of us were used to doing."

Walker believes the committee "instilled a sense of risk-taking across the organization" and set the tone that's made it possible for an entire network of businesses to emerge (RTR currently has seven). Once the committee created a mission statement, "we circulated a mailing to everybody we knew that essentially said, 'This is what we want to do – you got any ideas?'" Although the mailing didn't generate any immediate suggestions, Walker says "it did something else that's been critical to our success. To me, it was much more important to establish going in that we were planning to do *something* than to define what that something was going to *be*."

Walker had seen other nonprofits flounder when they took a different approach, and he'd resolved to learn from their mistakes. "Instead of starting out with a specific idea, we told our stakeholders what we wanted to do and asked them for help. That approach helped us get everybody on the same page and helped them understand we were doing something new and different – so when it actually happened it was much less shocking and dislocating than you might expect."

And certainly less disrupting than having a single employee topple the entire senior management team!

Section two: A trip back in time –comfort food for employees

Social enterprises are increasingly joining their more traditional brethren by creating glitzy web sites, sophisticated brochures and elaborate advertising and public relations campaigns to tell their stories.

Then there's Applied Industries . . .

Every month I receive a copy of the company's newsletter from my friend Dale Novotny, the Executive Director. And every month it feels as if I'm traveling back to the 1940s or 1950s. Black ink on plain white paper, six pages folded three times into a self-mailer and sealed with a single piece of tape.

I love it!

There's always a letter from Dale that takes up the entire front page. Large print for those of us getting along in years. Lots of information about the company's progress–and a folksy style. "We treated our guests at the annual meeting to a barbecue complete with big burgers, sausages, chips, pop, and cake, chef Dale presiding. We lost our cook this year, so I went and got a health card, including hepatitis shots!"

Page two of the current issue has the recipe of the month from "Elaine's Kitchen" (chocolate cake with cherries) and 11 safety hints entitled "Watch out for the peepers!" ("Peepers! Spies? Talking about spies? No, not spies, I'm dating myself a bit here. I'm talking about your eyes, your peepers. Okay, it's an old reference. Well, anyway, eye safety and protection is something we all need to be aware of all the time.") Page three has a calendar of social and other events for the next three months (paydays, hearing tests, Halloween party, election day, company holidays), a promo for the "Saturday Night Social Club" (wish I could have attended the "make and eat apple pie" event), and a line drawing of a birthday cake for three employees. Pages four and five are filled with updates and news notes – and a monthly box that tracks days without a lost-time accident (currently 2,323). The sixth page is the self-mailer.

I receive a lot of online and snail mail materials. Many of them are gone in an instant, either into the ether or the round file. But I always take time to slit open the Applied Industries newsletter to see what's going on – and I suspect others do as well. The company's been around since 1959 and has retained its plain vanilla image ever since. There's something awfully refreshing about folks going about their business, having some fun with it, and never "gettin' too big for their britches," as my North Dakota uncles used to put it.

The company's mission is to provide training, employment and job placement assistance for people with disabilities. It primarily serves the Pacific Northwest but also has world-wide distribution, especially throughout the Pacific Rim. Based in Longview, Washington, the company has zero long-term debt and half a million dollars in reserve.

More than 99 per cent of the company's revenues come from wood products manufacturing, primarily wooden pallets. During FY06, it produced nearly 43,000 pallets and cut more than five million board feet of lumber. Annual sales reached $2.2 million, with a net profit of $119,487. The company employs more than 50 people, all but a handful disabled, and wages for the disabled employees increased during the year to $723,568. Most work at least six hours a day and make more than a minimum wage.

Applied Industries has always been fiercely independent. It's a nonprofit, but in name only. Its founder, Nadine Williams, was determined to avoid entanglements with federal programs or with state funding or grants, and the company has lived by that rule ever since. "We're a business," says Dale, "not a social service program."

And one of its core values is to focus on its employees. The newsletter is basically for them. It's not designed to impress funders or academics or reporters. It's intended to create a sense of family and is filled with employee names: Those who submitted the best suggestions during the month, those celebrating employment anniversaries, those working on one of the company's 18 continuous improvement committees. And it's larded with pieces of what Dale calls "Fractured Enlightenment" ("Before you criticize someone, you should walk a mile in their shoes. That way, when you criticize them, you're a mile away and you have their shoes.").

Oh, sure, you can read the newsletter online as well, but it's not nearly as much fun. And you can pine for more sophistication, but there's plenty of that elsewhere. Give me more of that old-fashioned cookin', Dale. It's comfort food.

And it's a wonderful positioning strategy for your company.

10 CUSTOMER SERVICE

Section one: Your most important marketing person

Who is the most important marketing person in your organization?

Tick, tick, tick . . .

I ask that question at every one of my seminars and workshops. Few answer correctly.

It's your receptionist.

He or she may be the only voice your stakeholder ever hears, the only face your stakeholder ever sees. And if the receptionist fumbles the opportunity, your chance to make a good first impression – or establish a reputation for customer service – is gone forever.

So here are some additional questions:

- *How much do you pay your receptionist?*

  Do you give your receptionist the financial (and personal) respect he or she deserves? After all, you're putting the future of your organization in his or her hands.

- *Do you have any institutional memory at your receptionist's desk?*

  Do you groom somebody who is well-suited to the position and encourage him or her to stay in that role for a number of years rather than moving to a more "important" job? You might argue it's unfair to prevent somebody from climbing the career ladder–but that's a circular discussion. If you give the receptionist job sufficient luster–and pay the person well–it can be an attractive position for somebody (and perhaps even more fulfilling to that person than scrambling up the career ladder).

- *Do you* listen *to your receptionist?*

  Who better to give you an early warning signal when stakeholders become restless?

- *Who covers the desk when your full-time receptionist is at lunch, on break or on vacation?*

  Do you have stop-gap measures (("Oh, let's put Jim on the desk today–he's not doing anything else at the moment") or do you have a plan, with trained personnel?

- *Does everybody in the organization understand how critical the receptionist is to their* own *success?*

Section two: Lessons from a Hollywood movie – and a challenge for CEOs

In her column in a British business magazine recently, Jane Simms reported that CEOs rank customer service above product innovation, sales performance and regulatory compliance as their top priority.

But what struck me most was her recipe for success. "The best way to improve customer service," she wrote, "is not to invest in expensive research techniques or pointless CRM systems, but *to experience the company and its products and services as a customer would*." Referring to the senior executives for one of England's largest rail companies, she wrote: "How many have recently tried to buy a standard-class train ticket? Because if they did, they would realize what a complex and expensive nightmare that particular exercise has become."

Yes, we all agree customer service is important. After all, without customers, where would we be? But how many of us genuinely grasp what type of service customers want? More importantly, how many of us truly understand the obstacles customers face when they try to get it?

As we used to say back in my corporate days, customer service starts on the street, not in the tower. By that we meant too many senior executives haul up the drawbridge and retreat to their corner offices, rarely venturing beyond the moat. In the worst cases – and I've lived them – the senior execs refuse to listen to street-level employees who try to convince them their products and services simply aren't meeting the needs of their customers.

Do *you* know which aspects of your product or service delivery systems are the most comforting to your customers? The most discomfiting? Have you ever hired "mystery" customers to explore the positives and the pitfalls embedded in your product and service delivery process?

More to the point, have *you* ever decided to become a customer for a day? Or a week? Or to experience a customer relationship from beginning to end – from the brochure to the phone call to the initial visit to the actual purchase decision to the customer satisfaction follow-up and beyond?

Actor William Hurt starred in a 1991 movie called *The Doctor*. He played Jack McKee, a doctor who has it all – he's successful, he's rich, and he has no problems . . . until he's diagnosed with throat cancer. Suddenly his world is overturned: He becomes the patient, not the doctor.

He becomes the customer.

Needless to say (this being a Hollywood movie), Dr. McKee eventually realizes there's more to being a doctor than surgery and prescriptions. At the end of the movie, he orders the five young residents under his supervision to become patients themselves. Each is assigned an imaginary illness, and the first step they must take (over indignant protests, to be sure) is to strip off their clothes and don that ridiculous hospital gown that ties in the back in two places but still leaves us exposed. He then forces the residents to undergo for a week all the mysterious tests we as patients know well, all the hurried visits from busy and distracted doctors, all the wonderful food, all the middle of the night wake-up calls for seemingly inconsequential reasons, all the cheerful but distant smiles from harried nurses who've just come on shift and aren't entirely sure why we're taking up space (I've been there, believe me).

So, how many of us have done anything more than conduct rudimentary customer service surveys or talked formally or informally with a few customers? How many of us have actually become customers for our own organizations?

Try it. You might not like it.

Section three: Four social entrepreneurs tell us why the customer is *always* the customer

The customer may not always be right, but the customer is *always* the customer. Once a social enterprise makes a sale, customer service is critical for ongoing success, as four successful social entrepreneurs have discovered.

Kathleen Buescher's St. Louis company provides Employee Assistance Programs to corporations, and one of her biggest surprises has been discovering that "when you're working with the corporate sector, *everything* is negotiable, unlike government contracts where it's 'thou shalt and thou shalt not.' So it's very important to stay in tune with your corporate customers, stay very attentive and sensitive to their needs. We don't want to be just a short-term contractor. We want to be an ongoing resource to supervisors and to management."

"We will never forget our customers are the ones who keep us in business," says Kevin McDonald, who operates a hugely successful nonprofit trucking business out of Durham, North Carolina, “so you have to treat ‘em right. They are *always* right. If we do something wrong, we respond immediately and take care of the problem. That’s just *so* important . . . but people forget that. When customers appreciate what you’ve done it’s the best form of advertising you can get. It’s like buying cars: You go back to somebody you’re comfortable with.”

Almost by accident, Bobbie Lenz discovered customer service gave her Duluth, Minnesota, bulk mailing business a unique selling proposition. “Right from the beginning,” she says, “as a nonprofit, we were always mission driven, always centered on what was best for our clients. But very early in our existence as a business we realized running it successfully meant we had to use the *same* approach with customers. ‘Here we are,’ we said. ‘What do you need? We’ll do *everything* to meet your needs.’”

That determination to do what is best for its clients *and* for its customers emerged from what Lenz calls one of her organization’s core values: The importance of choice for people who are developmentally disabled. “That’s what our business venture has been all about,” she says. “These days, customer service is hard to find, but we’ve bent over *backwards* to provide *extraordinary* customer service. We’re definitely people-oriented, and that’s part of our heritage as a nonprofit.”

She also discovered a practical reason to emphasize customer service. “Initially,” she says, “here we were, this human service agency with severely disabled people doing mailings, and a lot of people had a problem with that. So we never used the heart on the sleeve, ‘Oh, please put these poor people to work,’ approach. Right from the beginning we said, ‘Use us. You need to. It’s good business.’ That’s why referrals and word of mouth have worked so well for us. You need to act like a business, not a human service agency."

Finally, Rich Gilmartin predicts that if his Pensacola social enterprise "is not accessible to the customer, we probably won't be their vendor very long." Gilmartin's $30 million company offers custodial, shelf-stocking and other services delivered by people who are developmentally disabled. "Customers often tell us management for previous vendors stayed at a great distance, never came to talk with them – and if decisions had to be made, the local person was not empowered to make them. So we mount a concerted effort to empower the person on the site to make the greatest scope of decisions possible – and we also have people from headquarters traveling to each site on a regular basis, in part to spot problems before the customer sees them and they become *big* problems."

One of the obstacles Gilmartin and his staff have managed to overcome has been "not hearing a message early enough." As an example, he cites the company's custodial contract on a naval air base. "They'd been telling us for months we were missing the mark," he remembers. "They weren't ringing any fire alarms or loud bells, but they were saying improvements were needed here and there. We were listening – we thought – but then we discounted the information and came up with reasons why things were going the way they were and why we were doing everything we could be doing. Then they set off the fire alarm. 'We've been telling you for six months things need to be fixed,' they said, 'and we've seen no noticeable attempt to fix them. So now your contract's at risk.' It took us 18 months to eradicate that situation and turn it around. It didn't take that long to fix the problems, but it did take that long for the base to believe our fix would stick."

Gilmartin also believes his company takes customer service a lot farther than most. "If you just do what people expect, and that's it," he says, "they almost don't know you're there–and when it comes time for contract renewal or adding contracts there's no substantial advantage. On the other hand, it makes a difference if you do something a little out of the ordinary–like leave behind your business card with a handwritten note, or leave a Hershey's Kiss on someone's desk, or if you find a $5 bill on the floor and call it to the attention of the ownership instead of shoving it into your pocket and walking away. It can be any number of things." In many situations, for example, the previous vendor's employees didn't wear uniforms. Gilmartin's employees not only wear them, "but we put our name on them and we let customers pick the color. It all sets a tone immediately that is different from what the customers expect."

11 MARKET RESEARCH

Seven questions to ask during a feasibility study

The first rule of marketing can be expressed in a single word–“listen”–and it is never more important than during the process of new business development.

Sifting through dozens of ideas for products and services can be frustrating and time-consuming, and we are all impatient. But trying to *guess* what customers want is a certain recipe for disaster. Here are some of the questions you might want to ask when you are testing the feasibility of a product or service:

- **“Do you *understand* what we are selling–and what we are *not* selling?”** It’s amazing how frequently we fool ourselves: We’re so close to the product or service we’re often blind to the fact we haven’t made it simple and accessible enough for the everyday customer.

- **“Does our product or service meet a *genuine* need?”** Too often we find ourselves building something customers might *want* but do not really *need*. When that happens, and their pocketbooks are pinched, sales disappear. You need to provide something customers can’t do without.

- **“What are your expectations in terms of quality?”** Most people in the nonprofit sector assume their clients (or customers) desire the highest level of quality in everything they provide. Wrong. Clients (and customers) desire the level of quality they actually *need*. We spend too much time and money building Cadillacs, when many of our customers would gladly settle for a Yugo. So, don't tell people what level of quality you plan to provide: Ask them what they need.

- **"Who is involved in making your 'buy' decision?"** Why is the answer important? Because unless you know who needs to say "yes," you can't create an effective marketing plan. And, in today's world, there are always more than one or two people involved. Even when somebody walks alone into a retail store to buy a pair of jeans, there are at least two or three other voices rattling around in his or her brain (peers, parents, siblings, celebrities) – and if you are selling to an institution, it will often take three or four internal yes votes before you can make a sale.

- **"What would you be willing to pay?"** Here, again, it is important not to give away the farm. Don't tell your prospects how much you intend to charge. If you do, their responses will usually fall within a relatively small range on either side of the amount you've chosen. But, if you *don't* tell them, you might learn something useful. For example, if you know it will cost $10 to provide a particular product and everybody in your focus group says they'd be willing to pay $40, you know you have a winner (if they say $4, you probably don't!) – but if you'd started by *telling* them the price would be $10, they'd *never* have said they'd be willing to pay $40.

- **"What competitors come to mind?"** What you are looking for here is not a list or even a ranking. What you are trying to discover are the most appealing characteristics of each competitor's product or service. Why? Because those are the critical success factors: When you design and develop your product or service, you must either match or better your competitors in these key areas or you will lose.

Finally, **"would you buy our product or service?"** Once you've finished the focus group or the individual interview and the participant(s) fully understand what you're trying to sell, it's time to discover whether they'd actually become customers. Tell them the price you plan to charge and have them answer in one of the following four ways: "Definitely," "probably," "probably not" or "definitely not." If the responses all cluster at either end of that continuum, you have your answer. If they're somewhere in the middle, you'll either have to improve the product or kill it.

12 "THE STRATEGIC MARKETING MATRIX FOR SOCIAL ENTREPRENEURS"®

Section one: Balancing social impact and financial viability—which programs should we expand, nurture, harvest or kill?

Maintaining an appropriate balance between social impact and financial viability is the *sine qua non* of social entrepreneurship. Dr. David Rendall calls social entrepreneurs "tightrope walkers" because they are constantly hovering in mid-air between their social purpose and marketplace realities.

The definition of "appropriate" varies from organization to organization, but the existence of a double bottom line that emphasizes both social and financial returns forces social entrepreneurs to continually make difficult decisions about which products and services to offer and which market segments to pursue.

The process is never more important than when a social enterprise is developing its strategic marketing plan—and it can be agonizing because it demands that Board members and senior managers practice triage.

Management guru Peter Drucker, who passed way in 2006, long advocated killing products and services if they were not number one or number two in the market. Rather than trying to be all things to all people, he wrote, we should concentrate on doing the best job possible in a few, carefully chosen areas. If we do not, he warned, we will not be able to give customers the attention they deserve because we will no longer have the necessary time or resources.

Drucker's advice runs against the grain of the traditional nonprofit mentality, but most nonprofit managers eventually do admit they are trying to serve too many masters. And, as they morph into social entrepreneurs, they realize that the first rule of entrepreneurship is contraction.

Of course, triage requires a social enterprise to be honest with itself–exceedingly difficult for any organization, nonprofit or otherwise. But the results have been worth it, and the ultimate winners have been their clients and customers. Social entrepreneurs have discovered that reducing their number of products, services and target markets has actually enabled them to serve more people and to serve them better, because they've had the time and resources to expand their most effective and needed lines of business and to carefully introduce new products and services.

Making strategic marketing decisions, however, is more difficult for a social entrepreneur than it is for either a traditional nonprofit or a commercial business, both of which are primarily concerned with a single bottom line. A traditional nonprofit will continue offering products and services that have a significant social impact even if they lose money; commercial enterprises will not. Social entrepreneurs, on the other hand, are equally concerned with both bottom lines, and that means they must *simultaneously* analyze the social impact and financial viability of each product and service–and only then make decisions about which ones to expand, nurture, harvest or kill.

"The Strategic Marketing Matrix for Social Entrepreneurs"® is a quick-and-dirty way for social entrepreneurs to think about the intersection of social impact and financial returns:

THE STRATEGIC MARKETING MATRIX FOR SOCIAL ENTREPRENEURS®

	Positive financial returns	Negative financial returns
Significant social impact	**EXPAND**	**NURTURE**
Minimal social impact	**HARVEST**	**KILL**

The first step in deciding where something belongs in the matrix is *market segmentation*, the subject of section two below.

The next steps are to answer two fundamental questions about each market segment (questions we will explore in greater depth in sections three and four):

- "Can we win?"
  - What are the critical success factors associated with designing, developing and delivering the product or service for this particular segment?
  - What environmental forces will play a role? Will they be positive or negative? How helpful or damaging will they be? Do we have the capability to capitalize on the opportunities and mitigate the threats?

- Who are the primary competitors? How do we rank against them in terms of critical success factors and environmental forces? Can we win?

- "Is it worth it?"

  - How many people in each market segment actually need the product or service, regardless of their ability to pay? And how critical is their need?

  - What is the potential size of the market segment in terms of dollars? And what is the opportunity within the segment–is it growing, remaining flat or declining? How much has been exploited? How much of the competition's share is vulnerable?

  - What are the fixed and variable costs? Will we make a profit or lose money? How much? When?

Section two: Step one–market segmentation

Many nonprofits resist the need to practice triage. The process is taxing, and emotions run high. But even social entrepreneurs who understand its importance and summon the courage often start from a false premise.

During my coaching sessions with nonprofits around the world, I frequently ask Board members and senior managers what they believe is a simple question: "How many programs do you offer?"

None has ever gotten the answer right.

Here's the list provided by a Texas nonprofit helping people with developmental disabilities live independently:

- Home care services
- Adult day care centers
- Independent living skills
- Social skills training
- Education programs
- Residential programs
- Transportation services
- Respite care

In other words, eight programs. Or so they thought. Actually, they had 31.

Why were they so far off the mark?

Because every program has both a "subject" *and* a "predicate"–a product or service *and* a target market. It is not enough to say a nonprofit offers home care services for "people who are developmentally disabled." To effectively allocate resources, the nonprofit must reduce that mass market to more manageable proportions.

Doing so is called "market segmentation," and the criteria for dividing a consumer market includes such things as:

- ***Geography*** (*e.g.*, nations, states, regions, counties, cities, neighborhoods, climates)

- ***Demographics*** (*e.g.*, age, income, gender, marital status, family size, occupation, education, income, nationality)

- ***Psychographics*** (*e.g.*, customer lifestyles, activities, interests, social class, personality characteristics, comfort with technology, political leanings)

- Or ***customer behavior*** (*e.g.*, frequency of purchase, sensitivity toward price, levels of desired quality, and so on)

Once the people in Texas decided "age" was their best segmentation strategy, it became evident they were operating many more programs than they thought, because each of the 31 market segments in the chart on the next page requires a different marketing plan, operations plan, price points, personnel, and so on.

	Infants	Pre-teens	Teens	Adults	Elderly
Home care services	x	x	x	x	x
Adult day care centers				x	x
Independent living skills		x	x	x	x
Social skills training		x	x	x	x
Education programs	x	x	x	x	x
Residential programs			x	x	x
Transportation services			x	x	x
Respite care services	x	x	x	x	x

Triage, then, required them to move from the macro level (eight programs) to the micro (31) before making any decisions about resource allocation. And, as we saw in section one, "The Strategic Marketing Matrix for Social Entrepreneurs"® contains four possible allocation strategies:

- Programs high on both the social impact and financial viability scales should be ***expanded*** and deserve the bulk of an organization's resources

- Those that are high in social impact but haven't yet achieved financial viability need to be ***nurtured***

- Those that deliver positive financial returns but have minimal social impact should be ***harvested*** to generate resources for the programs being expanded or nurtured

- And, of course, those that are low on both the social impact and financial viability scales should be ***killed***

As a rule of thumb, programs to be expanded should collectively receive about 50 to 70 per cent of a nonprofit's resources. "Nurture" programs should receive about 20 to 40 per cent, and "harvest" programs whatever remains.

Ultimately, once my friends in Texas completed their research *(see sections three and four below)*, they made the following decisions, killing 14 of their 31 programs:

	Infants	Pre-teens	Teens	Adults	Elderly
Home care services	EXPAND	EXPAND	HARVEST	EXPAND	EXPAND
Adult day care centers				EXPAND	EXPAND
Independent living skills		KILL	NURTURE	NURTURE	KILL
Social skills training		KILL	KILL	KILL	KILL
Education programs	NURTURE	NURTURE	KILL	KILL	KILL
Residential programs			KILL	EXPAND	KILL
Transportation services			KILL	NURTURE	NURTURE
Respite care services	HARVEST	NURTURE	HARVEST	KILL	KILL

Section three: Step two–"Can we win?"

Once social entrepreneurs have completed the market segmentation process, the next step is to analyze competitive strengths and weaknesses.

To do so, they need to answer the following three questions:

- What are the ***critical success factors*** associated with delivering *this* product or service to *this* market segment?
  - Obviously, *every* business must have a strong management team, a powerful positioning strategy and sufficient resources. But the "critical success factors" we're talking about here differ from one *type* of business to another. Possibilities include price, volume, convenience, speed, dependability, reputation, intermediaries – and any number of others. There are typically four or five that specifically apply to each type of business, and if you don't identify them correctly and compete effectively, your business will fail.
- What ***environmental forces*** are having or will have a positive or negative impact on your ability to operate the business successfully?
  - What we are seeking here are the large-scale, fundamental forces that pose threats and shape opportunities, and they are generally demographic, economic, technological, political, regulatory or sociological. Most of the time, you can't control them, but you'll need to be prepared to either capitalize on the opportunities or mitigate the threats. You'll need to identify the forces, decide if they're positive or negative, determine when they're likely to occur, estimate how sizeable their impact will be – and, most importantly, decide what to do about them.

- Who are your ***primary competitors*** and how do you rank against them in terms of the critical success factors and environmental forces?

  – It's not necessary to identify *all* possible competitors, just the three or four that pose the greatest threat.

Here's what a typical competitive analysis matrix might look like (the number of critical success factors and environmental forces will differ from one type of business to another, and the weights and rankings will naturally vary depending on the type of business and the strengths and weaknesses of your competitors):

"THE COMPETITIVE ANALYSIS MATRIX FOR SOCIAL ENTREPRENEURS"®

"CSF" = "Critical success factor" *"EF" = "Environmental force"*

To compute a score, multiply the rank times the percentage for that line item

	Weight assigned	Competitor A		Competitor B		Competitor C		Competitor D		Your business	
		RANK	*SCORE*	*RANK*	*SCORE*	*RANK*	*SCORE*	*RANK*	*SCORE*	*RANK*	*SCORE*
CSF #1	20%	*5*	*1.00*	*2*	*.40*	*1*	*.20*	*4*	*.80*	*3*	*.60*
CSF #2	10%	*3*	*.30*	*2*	*.20*	*5*	*.50*	*1*	*.10*	*4*	*.40*
CSF #3	10%		*.10*	*3*	*.30*	*5*	*.50*	*4*	*.40*	*2*	*.20*
CSF #4	15%	*3*	*.45*	*1*	*.15*	*2*	*.30*	*5*	*.75*	*4*	*.60*
EF #1	15%	*5*	*.75*	*2*	*.30*	*3*	*.45*	*1*	*.15*	*4*	*.60*
EF #2	15%	*1*	*.15*	*2*	*.30*	*3*	*.45*	*5*	*.75*	*4*	*.60*
EF #3	15%	*1*	*.15*	*5*	*.75*	*2*	*.30*	*3*	*.45*	*4*	*.60*
TOTALS	100%	2.90		2.40		2.70		3.40		3.60	

And here's how to develop a matrix of your own:

- Decide which critical success factors and environmental forces to measure

- Determine how much weight to give each of them – the total must equal 100 per cent

- For each of them, rank yourself and your four leading competitors one through five, with "five" representing the business in the strongest position (if you only have three leading competitors, use a one to four scale)

- Do the math – multiply the percentage for that line item by the scores you've assigned to yourself and to each competitor

- Add up the columns – the results will give you a rough idea of how you rank against your toughest competition

The key word in that last sentence, of course, is "rough" – this is simply a first cut to help you assess your competitive strengths and weaknesses. The next step would be a more detailed analysis that might take a few weeks or longer.

Section four: Step three–"Is it worth it?"

The Plains Indians knew the truth of it: If you're riding a dead horse, your best bet is to get off.

Unfortunately, in the nonprofit world, we resist the idea of abandoning a moribund product or service.

Instead . . .

- We lower standards (so dead horses can be included)
- We change riders
- We appoint a committee to study the dead horse
- We visit other nonprofits to see how *they* ride dead horses
- We provide more funding to boost the dead horse's performance

In the previous sections, we've been laying the groundwork to help social entrepreneurs make difficult strategic decisions about which products and services to expand, nurture, harvest or kill. In other words, to help them decide which horses still have life in them–and which ones don't.

In this final section, we'll delve into the second question social entrepreneurs must ask before deciding whether to pursue a specific target market: Winning is important . . . but is it worth the human and financial costs?

An informed decision will depend on three factors:

- ***The level of social need***
  - How many people actually need the product or service, regardless of their ability to pay? And how critical is their need?
- ***The size and direction of the market***
  - How many dollars are available to *pay* for the product or service? And how is the market trending – is it growing, remaining flat or declining?
- ***Potential profit margins***
  - What are the fixed costs and variable costs? How long will it take to reach the break-even point?

* * *

Determining the level of need for a particular product or service is tougher than most social entrepreneurs expect. It's not just a numbers game.

For example, which is more critical to a local hospital:

- Infant car seats used to transport newborn children to their homes (2,000 families used the car seats last year)?

- Or incubators, ventilators and intravenous tubes for premature babies (200 families needed them last year)?

When I first began teaching strategic marketing in 1989, I gave my clients a five-point scale:

- Is there a *critical* need? (a score of "5")
- Is there a *significant* need? (a score of "4")
- Is there *some* need? (a score of "3")
- Is there *minimal* need? (a score of "2")
- Is there *no* need? (a score of "1")

It didn't work. Everybody in the room insisted every program deserved a "5" . . .

And it's understandable. Decisions of this sort are fueled by the passions of the people involved, and most people in the nonprofit sector are reluctant to classify anything they do as less than critical. They loathe the idea of turning anybody away, so when they see somebody in pain, they try to help. Somebody else is hurting? Start another program. These folks need help? Start another program.

But classifying everything as equally critical makes it impossible to allocate resources responsibly – so I eventually began challenging my clients to practice triage: No more than 20 per cent of the social needs should be considered "critical," no more than 20 per cent "significant." Most who accepted the challenge discovered two things: It was one of the most emotionally wrenching experiences they'd ever had – but it was also one of the most liberating, because (often for the first time), they'd given themselves permission to be candid.

Practicing triage successfully may mean bringing in neutral observers to provide a broader perspective. Some of the most helpful have been men and women who are themselves successful entrepreneurs. Even then, however, there are no hard and fast rules about which social needs should be considered critical or significant. Making the final decisions may require members of a senior management team to compromise with one another, but the overall result is usually a consensus everybody can live with.

* * *

The level of need might be compelling, and we may be able to compete successfully. But what if the amount of money available in a particular market segment is miniscule or heading in the wrong direction? Should we invest our resources in that segment or direct them elsewhere?

Estimating the potential size and direction of a particular market requires careful research, and one way to do it appears below. The sample comes from work done a few years ago by one of my clients, a nonprofit that provided personal care services (*e.g.,* cooking, cleaning, bathing) for elderly people confined to their homes.

"THE MARKET SIZE CALCULATOR FOR SOCIAL ENTREPRENEURS"®

PAYMENT SOURCES	POTENTIAL USERS	FINANCIAL ASSUMPTIONS, RESTRICTIONS	ANNUAL DOLLARS AVAILABLE
Medicaid	800	Maximum allowed: 10 hours per week at $10 per hour	$4,160,000
Personal insurance	400	Average annual maximum: $5,200 per person	$2,080,000
Adult children	300	Average per customer: 10 hours per week at $12 per hour	$1,872,000
Personal savings	300	Average annual amount: $2,000	$600,000
Corporate benefit	100	Average annual benefit: $5,200	$520,000
Other government sources	200	Maximum permitted: 10 hours per week at $10 per hour	$1,040,000
Miscellaneous	50	Average: $100 per week	$260,000
TOTAL	n/a	n/a	$10,532,000

Here's how you can create a calculator for each of *your* target markets:

- In column one, identify every possible type of payment source (the people running the personal care service had seven)

- In column two, calculate as accurately as possible the number of potential users in your service area (some customers will be able to draw on more than one payment source)

- In column three, describe the financial assumptions and restrictions associated with each payment source (the personal care people ran up against a number of government mandated limits–for example, at the time they did the analysis, Medicaid would pay for only ten hours of service per week per person at a maximum rate of $10 per hour)

- In column four, do the math–multiply the number of potential buyers by the financial realities (in the sample, there are 800 people eligible for Medicaid reimbursement at a maximum of $100 per week–or a one-year total of $4.16 million)

The total size of your current market will appear in the bottom right-hand corner of the grid. But remember: Only a fraction of the dollars are currently being spent. The rest are up for grabs–and even some of the dollars currently flowing to competitors could be re-directed your way through effective marketing and sales strategies.

Now create a second chart for the same target market–but set this one three to five years in the future. By doing so, you can get a preliminary idea of whether the market will become increasingly attractive or stagnant.

Once you've created both charts, you can make a preliminary decision: Is it worth it? Is the target market large enough to dedicate time, personnel and resources–and is it heading in the right direction?

* * *

However, there's one more step to be taken before reaching a final decision. Determining potential profit margins and break-even points are subjects beyond the scope of this current series (and are best left to the bean counters). But there is one important point to be kept in mind: Many social entrepreneurs will legitimately decide to continue offering a product or service even if it does not seem to be worth it financially—because there will be compelling social reasons to do so. When they make that decision, of course, they will be depending on other sources of revenue to keep things propped up: Charitable contributions, government subsidies, or profits from another product or service.

Ultimately, every social enterprise has two fundamental challenges: To do the right things (strategic marketing) . . . and to do them right (operations). This chapter has been focused on the first of those challenges, daunting as it may be to think about practicing triage. Strategic marketing is indeed an attempt to shake up the organization—but not to shake it apart. In fact, strategic marketing may be the only thing that holds a nonprofit together in an increasingly competitive world.

About the Author

JERR BOSCHEE has spent more than 25 years advising social entrepreneurs in the United States and abroad, has delivered seminars or conducted master classes in 41 states and 14 countries, and has long been recognized as one of the founders of the social enterprise movement worldwide.

He also has been a senior marketing executive for a Fortune 100 company, managing editor for a chain of newspapers, a Peace Corps Volunteer, and a guest lecturer at numerous academic institutions, including Oxford, Cambridge, Carnegie Mellon, Duke, Northwestern, Stanford and others.

Jerr is the former President and CEO of The National Center for Social Entrepreneurs, is one of the six co-founders of the Social Enterprise Alliance, and was named by *The NonProfit Times* to its nonprofit sector "Power & Influence Top 50" lists in 2004, 2005 and 2006. He served from 2001 to 2004 as an advisor to England's Department of Trade and Industry Social Enterprise Unit and is the author of *The Social Enterprise Sourcebook* (2001) and *Migrating from Innovation to Entrepreneurship: How Nonprofits are Moving toward Sustainability and Self-Sufficiency* (2006).

Jerr is currently Executive Director of The Institute for Social Entrepreneurs, which he created in 1999, and is Board Chair for a nonprofit he co-founded in 2003 to send former Peace Corps Volunteers and staff members back into service on short-term assignments that match their professional expertise with specific social needs.