

Marketing Social Enterprise

To sell the cause, first sell the product

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(photo) Potluck Catering staff demonstrate one of the enterprise's sales points: punctuality!
Photo credit: Potluck Catering.

“Community driven,” “ethically minded,” and “commercially successful” are not terms we traditionally associate with enterprise. Yet every year a growing number of social entrepreneurs prove this is possible and desirable. Social enterprises generally combine a form of public service with innovative and efficient practices. They are businesses with primarily social objectives that reinvest their profits either back into the enterprise itself or into the community. These organizations place a social mission at the very heart of business – and make a profit.

As in regular business, no social enterprises are overnight successes. Many operate in competitive industries with small profit margins. The higher costs inherent in most mission-based or employment development social enterprises pose an additional challenge to their profitability. And ultimately,

due to limited funding, investment, and resource opportunities, these organizations face intense pressure to grow quickly with little regard for the realities that generally apply to successful businesses. This puts pressure on the sales and marketing efforts of the organization; its ability to deliver on the mission hinges on the organization's success as a business.

Each social enterprise makes its own decision about how to market. In some cases, social enterprises opt to create marketing messages that are similar to for-profit businesses. Others seldom use the social aspect of the enterprise as a

selling feature, out of concern for perceptions about preferential positioning among competitors or subsidization or inferior products or services.

In this article, Marty and I will attempt to tell you some of the lessons we have learned from our respective experiences in social enterprise. Marty's experience involves Inner City Renovation in Winnipeg, Manitoba. It's an employment-based social enterprise that provides general construction services. My experience is the Potluck Café Society in Vancouver's Downtown Eastside. Potluck operates a full-service catering operation with a street front café. Both

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organizations are highly successful and most notably, both are situated in postal code areas that are amongst the poorest in Canada.

ICR: Building for the Community

Inner City Renovation (ICR) is a social enterprise in the construction sector committed to creating quality jobs for low-income residents of Winnipeg's inner city. It was created in 2002 as a partner to two organizations committed to supporting social enterprises and four nonprofit housing groups. This partnership handed ICR a captive market for its services. In Year One, houses purchased by the four housing organizations provided ICR with more than \$1 million in renovation contracts.

By Year Two, ICR was being approached by other inner city non-profits to renovate their buildings and premises. This was a good way to increase revenues and create jobs. It was also a good strategy for diversifying the client base and moving into commercial renovation.

In its early years, Inner City Renovation created some marketing material that highlighted its social mission to create quality jobs for unemployed and social welfare recipients. This social message was quite useful at the time. It prompted socially-minded community organizations to engage ICR services.

By Year Three, however, several of the original housing shareholders had left ICR. They said that changing neighbourhood demographics had made

social housing less viable economically. This departure left ICR with three shareholders, of which one was a social housing developer. By this time, ICR's client mix was split 50/50 between nonprofit residential and the commercial sector (most of whom were nonprofit, too).

It wasn't until early in Year Five that the last nonprofit housing shareholder, responsible for more than \$1 million in annual revenue for ICR, ceased operations. ICR was confronted with a marketing challenge to replace the lost revenue. ICR developed specialized promotion brochures for select target audiences, including architects, building specifiers, developers, and nonprofit organizations. In addition, we developed a promotional leaflet for the private residential market.

This promotional effort taught us some valuable lessons about marketing our services.

First of all, promotions to any specific target group must be repeated at least a half dozen times before there is any recall among potential clients. ICR sent out attractive promotional pieces three times over a period of nine months to architects and other specifiers. There was little or no response.

Second, the construction/renovation sector has a poor image with consumers. Most people rely on word of mouth personal references, not promotional literature from anonymous contractors. This has certainly proven to be the case with ICR. Our attractive promotional

material had little impact. Nine out of ten projects continue originate in referrals from pleased customers.

The third and main lesson ICR learned was not to lead with the social message. Potential clients for construction/renovation services are more interested in quality, reliability, and price than social impact. The fact that ICR provides quality jobs to low-income inner city residents is of little interest. That feature actually becomes a liability for ICR when potential clients associate with it lower quality and reliability or worse.

As ICR completes Year Seven, the marketing campaign builds on our completed projects (more than 250), testimonials from satisfied and happy clients, competitive pricing, and public recognition (that is, awards).

Catering to the Community

Potluck Catering provides a revenue stream to an embedded social enterprise, the Potluck Café Society. The Society's business activities help fund several amazing programs including employment training, community kitchens, and a free nutrition program. In 2003, with a background in business and marketing, I committed to volunteering three days a week at this organization in order to help move it from a program with a fledgling revenue stream to a successful and sustainable social enterprise. I have always believed that business has the power to change the world. The opportunity to work with Potluck gave me a chance to see this belief put into action.

The experience was pivotal for me. The lessons I learned there add context to a rapidly developing understanding of best practices in social enterprise sales and marketing. Organizations like Potluck put their change mission first –

Résumé : Le marketing de l'entreprise sociale

Le marketing est dans une drôle de position dans les entreprises sociales. Elles sont des organisations avec de merveilleuses idées et une grande passion. Il est donc sensé informer les clients sur les grandes choses qu'elles font pour la communauté. En effet, le succès de l'entreprise dépend ultimement de comment bien elle fait ces grandes choses ou les appuis. C'est pourquoi les entreprises sociales font face à une pression intense pour sortir et croître malgré leurs coûts inhérents plus élevés et les sources très limitées de financement et d'investissement. Toutefois, il y a rarement assez de temps et de ressources pour appuyer cet intérêt marqué dans le marketing avec de la recherche de marché adéquate.

Ces facteurs, attirent plusieurs entreprises sociales vers le marketing « de la cause ». Leurs dépliants, annonces, présentations publiques et annonces radio mettent l'emphase sur comment « bien » leurs clients peuvent se sentir après avoir pris la « bonne » décision d'achat.

C'est le piège dans lequel tant Inner City Renovation (ICR) que Potluck Catering sont tombés au cours des cinq dernières années. À Winnipeg, après avoir perdu des alliés naturels dans le secteur du logement sans but lucratif, ICR a tenté d'utiliser le marketing « de cause » pour trouver des clients commerciaux. Ça n'a pas fonctionné. Ni les essais de Potluck pour utiliser la cause pour annoncer leurs services de traiteur aux entreprises du centre ville de Vancouver. Tel que l'a démontré la recherche subséquente, ce que ces marchés veulent vraiment, est obtenir de la construction de qualité ou de la nourriture de qualité, et non aider les démunis. Pour vendre la cause, ICR et Potluck devaient commencer par vendre le produit.

Et ils l'ont fait. Les deux se sont maintenant établis comme des joueurs dans ces marchés. Et plus important encore, chaque organisation a fait du marketing une fonction clé de leurs opérations, avec les employés et le budget requis. Et devinez quoi – ils trouvent maintenant que leurs clients sont plus réceptifs à « la cause »! ■

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their products and services are a means to accomplishing a larger goal, they are not ends in themselves. As in any business, marketing and communications must be a core function if the organization is to become a financially sustainable. But marketing in a social enterprise is a balancing act. You have to weigh the values of the proposed customers with their need for a product that competes on par in the market place. It is a tricky task where messages must be tested and assumptions challenged.

I learned this the hard way.

When we first started marketing Potluck's Catering, we messaged that the product was particularly desirable because it "gave back to the community." Sounds harmless, doesn't it? Except for two things:

- We omitted any mention of the quality and service associated with the product, and
- We emphasized how we were a nonprofit organization that employs in food preparation people from the Downtown Eastside who live with employment barriers.

We sold our social mission in all communication channels. It was not until our sales flattened for several months and actually declined that we did some research on our customer base, past, present, and potential. We asked them about their satisfaction with our product and to gather information to inform our service moving forward.

When the research results were put before us we were a bit taken aback. Outside a select circle of predisposed

individuals, our social message was attractive to few customers! Our customers told us three key things:

1. Although our mission-based activities were important to them, this was to be considered a value-added in their decision-making process.
2. Their main objective when purchasing catering was to get a product and service that competes in the market place and makes them, as the host of an event, look good. The messaging and marketing tactics needed to be aimed at the true decision-makers in an organization. In the case of catering, this was usually the executive and administrative assistance and office managers, not the organizations' Executive Directors and CEOs.
3. Certain messages are a "no-go". For instance, our customers at that time associated the term "nonprofit" with substandard product. In addition, messaging needed to be carefully crafted. When we say things like, "We employ people with barriers in the production of your food," they could well hear, "My food might be unsafe because of the people handling it."

Clearly, we had to affirm both product and service quality before talking about the social good that was the basis of the organization.

A Change of Course

With this information in hand we embarked on a new course that focused on the real decision-maker in our customer organizations. We also created a new image and message. First, we focussed on the competitive environ-

ment to find out where the service and product gaps were. Second we looked at “best practices” to see if we could glean anything for our related industries.

Ultimately we found that most caterers did very little with their “moving billboards,” aka delivery vans. We decided that we could really ramp up our presence with fully decal-wrapped vehicles. This came from looking at delivery companies like Fed Ex and UPS and how they used their vans to reinforce their brand and messaging. This plan worked into our long-term “drip marketing” strategy: if you let a tap slowly drip into a bucket, it will eventually fill. Our idea was to create a presence with our vans so that when our organization came up, customers would already be familiar with the brand.

Our new marketing plan also called for a very personal connection with our customers. So I got on the phone, set up meetings and went to see what I termed the “Alpha Female.” In the corporate catering business, orders are placed by office managers, executive, and personal assistants. What we found was that in each office there was a hierarchy. If I could get the leader of the administration staff to order from us, the rest would fall in line.

Our research also showed us that the customer’s biggest “fear factor” concerned quality. The decisions they made about catering affected their performance record. If the food was late or was not of a certain standard, it reflected on them. Social mission be damned, why risk your employment over a few sandwiches, right?

So we focussed on these messages. We created a half-hour delivery window. We took action to make sure that we created both the quality and the delivery punctuality that the customers needed.

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It was clear that we could not build an ideal customer. We had to meet and understand a customer’s prior needs. The voice Kevin Costner heard on his tractor in “Field of Dreams” was wrong. “If you build it, they will come” is not sound market theory. So what had we done wrong? We had confused the need for catered food with a market for socially-focussed product. Even though that market existed, it did not promise sufficient business to support the organization. Our message had been “support us because we are good for the community,” when customers wanted to hear, “support us because we will make you look good.” When we created that message and maintained it with proper peripheral marketing materials, like a better website and greater presence with the wrapped vans, we did well.

In fact, catering sales went through the roof. In the next year and a half we experienced 10% growth monthly. We surpassed our targets and became a leader in the catering market in Vancouver and in the social enterprise community in Canada. In a funny kind of way we became a bit of a poster child for the use of social enterprise for CED solutions.

Lessons Learned?

Social enterprises are organizations with great ideas and a great passion. It makes sense to sell the great things that they do for the community. Since so many social enterprises are under-resourced, they also tend to let marketing take a back seat to operations. Both these factors make social enterprises a natural for “cause marketing” that emphasizes how

“good” their customers are entitled to feel after they make the “right” purchase decision.

This is the trap into which Potluck and ICR stumbled. But once in it, they made the best of it. That process of failing, trying, failing, and trying again embedded marketing as a strategic function of each organization, not a tactical afterthought to the “real work.”

That may be one of the major reasons for their subsequent success. Ironically, having now established themselves as players in the marketplace, ICR and Potluck find the customers have become more receptive to their original messaging!



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