

## **Project/Program Profile**

**Name of Project/Program:** Socos

**Organization:** New Economics for Women (NEW)

**Location of Project/Program:** 303 S. Loma Drive, Los Angeles, CA 90017

**Year Project Completed/ Program Began Operation:** 2009

**Funding Sources:** U.S. Department of Health and Human Services Office of Community Services' Job Opportunities for Low-income Individuals grant

**Populations Served:** Very-low income job seekers

**Number of People Served:** 17

**Number of Staff:** 9 - CEO, COO, 7 other staff.

**Total Cost of Development/Operation:** \$329,553

**Partners:** Community Career Development, Inc.; Central City Neighborhood Partners.

**Services Provided:** Establish a community-based green property maintenance business, which will provide low-wage jobs with health benefits and job training to low-income individuals in the City of Los Angeles

## **BUSINESS DEVELOPMENT: Social Enterprise**

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

### Level 1: Program Feasibility Assessment

These basic criteria determine the feasibility of a social enterprise. The focus is on the organizational and financial readiness of the social enterprise.

#### 1. NEED

##### a. Community Need

- i. The social enterprise serves a need in the community for the service or goods it provides.

1. *There is a low-income population that needs jobs that provide benefits.*
2. *Socos is a green janitorial/maintenance company, and there many buildings that require janitorial and maintenance services.*

##### b. Market Study

- i. The study confirms the need for, and viability of the social enterprise.

1. *Though no market study was done for the project, NEW did do a cost/benefit analysis for the program which confirmed the need/viability in the community.*

- ii. The study informs the organization about competition, demographics of target customers, and barriers to entry.

1. *The analysis confirms that Los Angeles has both unemployment and poverty rates that are higher than state and national levels. Access to new jobs for low-income individuals is hindered by low-education levels and a lack of job training.*

##### c. Local Support

- i. Neighbors and local community members support the social enterprise.

- ii. The social enterprise is compatible with local land use.

1. *NEW managed properties are already established in local neighborhood, and low-income participants would become employed to take over maintenance of these facilities.*

- iii. The social enterprise is in alignment with local city, county, state and/or federal development and transportation goal(s).

- iv. The social enterprise is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.

#### 2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do the social enterprise.

- b. The social enterprise is in alignment with the mission of the organization.

- i. *The mission of the organization is to create and build wealth opportunities for families in neighborhoods and effectively reduce poverty and this project does just that.*

- c. The Board of Directors embraces a CED strategy and/or embraces the social enterprise as a part of the CED strategy.

- d. The organization and/or its partners have a track record of participating in similar social enterprises.

- i. *NEW has undertaken similar projects that have created employment opportunities. The organization has had success with NEW Capital, LLC, a property management*

*subsidiary, and NEW Connect Business Growth Center, a business incubator center for women and minority-owned businesses in Los Angeles.*

- e. The organization has the financial and operational capacity to undertake the proposed social enterprise.
  - ~~i. The organization can support the additional debt (if any) created by the social enterprise.~~
    - 1. *No debt will be created.*
  - ii. The organization has qualified staff that can undertake the social enterprise.
    - 1. *The Board of Directors and staff have extensive experience in various aspects applicable to the enterprise.*
  - ~~iii. The organization has access to reliable, qualified vendors and service providers.~~
    - 1. *The jobs will be provided through NEW's own real estate projects.*

### 3. FINANCIAL FEASIBILITY

- a. Program cost
  - i. The social enterprise is affordable to the organization, and the projected cost is appropriate to the concept.
    - 1. *The cost is reasonable due to the necessary transition periods and trainings to develop 17 property maintenance and management jobs.*
  - ii. The operator or staff providing the cost estimates is qualified and experienced with social enterprises.
- b. Funding sources
  - i. There are enough sources of funding for the uses.
    - 1. *The U.S. Department of Health and Human Services Office of Community Services' Job Opportunities for Low-income Individuals grant funds are enough to cover the costs.*
  - ii. The organization has endeavored to secure all available competitive and noncompetitive funding sources for which the social enterprise qualifies.
    - 1. *NEW received adequate funding and therefore did not need to secure other funding sources.*
  - iii. The actual disbursement of each source is timely and in sync with the needs of the social enterprise.
  - iv. The organization is aware of the compliance implications of each source.
    - 1. *To comply with regulations of the grant, a third party evaluation will be conducted.*
- c. Cash flow
  - ~~i. The social enterprise produces enough cash flow to support the proposed debt structure (if any).~~
    - 1. *No debt will be created.*
  - ii. The social enterprise minimally pays for itself over time. It has a sustainable cash flow.
    - 1. If the social enterprise is low-cost or free, it is subsidized enough to sustain the program.
      - a. *NEW published a consolidated statement of cash flows, which demonstrates a significant net increase in cash each year.*
      - b. *The grant covers the costs for transitioning the property management jobs to the new jobs created.*

## Level 2: Practical Considerations

These criteria are essential for a successful, operating social enterprise.

### 1. MARKET BARRIERS

- a. The organization understands why past social enterprises have not worked and instead addresses prior issues in innovative and alternative ways.

- i. *NEW collected data from previous projects, NEW Capital, LLC and New Connect Business Growth Center, to develop this project.*

### 2. DEVELOPMENT TEAM & PARTNERSHIPS

- a. The organization has assembled the best team for the social enterprise, including vendors, employees, trainers, and management staff.

- i. *The staff is very experienced, through previous employment with private companies and through previous projects with NEW.*

- b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to operate the social enterprise.

- i. *NEW has partnered with Community Career Development, Inc. which is a free job resource center for jobseekers, and a low-income referral partner for this project. NEW has also partnered with Central Neighborhood Partners, which is a collaborative of nonprofits and public agencies that was created to provide area youth and their families with a variety of social, educational, and recreational services.*

- c. The social enterprise is supported by public sector, private sector, and community partners.

#### 1. *The project has received assistance from all three sectors.*

- d. Through an open dialogue with the community, the organization has sought and incorporated community participation in the social enterprise.

- i. *NEW interviews potential hires within the community through the partner organizations.*

### 3. SITE CHARACTERISTICS

- a. The location makes sense for the social enterprise and the target customers.

- i. *The facilities are located within Los Angeles, where the target population resides.*

- b. The project is located near or adjacent to transit.

- i. *Bus stops are nearby.*

### 4. BUSINESS DESIGN & OPERATION

- a. The social enterprise is run in the appropriate language(s) for its target customer base.

- i. *The social enterprise is primarily run in English.*

- b. The social enterprise is culturally appropriate to its target customer base.

- i. *The program involves training unemployed and underemployed people, giving them the opportunity for upward mobility.*

- c. If applicable, the social enterprise is tailored to the geography of its target population base.

- i. *There are many low-income unemployed/underemployed people in the community the program serves. The program provides those people with opportunities.*

## Level 3: From Feasible to Exemplary

These criteria elevate a social enterprise to an exemplary one.

### 1. FUNDING & FUNDING REQUIREMENTS

- a. The social enterprise uses a funding program or funding source that is new and innovative.

- i. NEW secured a U.S. Department of Health and Human Services Office of Community Services' Job Opportunities for Low-income Individuals grant to fund a social enterprise.*
- ~~b. Each funding source was heavily leveraged to gain further resources.~~
  - i. There is only one funding source.*
- c. Certain features of the social enterprise were adapted to capture funding, but the social enterprise was not completely changed in order to capture one particular funding source.
  - i. The organization had to adapt the funding sources for the project when it began to hire people.*
- d. There are multiple stakeholders providing funding, and this mix of funding sources maximizes the feasibility of the social enterprise.
  - i. There is only one funding source.*
- e. The social enterprise exceeds minimum standards required by funding sources.
  - i. There is deeper low and moderate income targeting than required by funding sources.*
    - 1. The project is solely targeted at individuals living in poverty and earning low-income wages.*

## 2. FUTURE PROJECTS

- a. The social enterprise strengthens the position (financial, political, capacity, experience) of the organization.
  - i. The project provides management for maintenance of NEW's real estate projects and facilities. The project further establishes NEW as a successful job creation engine.*
- b. Through the social enterprise, the reputation of the organization was enhanced. Issues that the staff faced were dealt with in a diplomatic manner, enabling future programs.
  - i. The project demonstrates NEW's efforts for job creation as well as its dedication to develop an environmentally friendly enterprise.*
- c. The success of the social enterprise will enable future funding on other programs.
  - i. The fulfillment of the job creation goals will strengthen NEW's track record for future funding opportunities, especially with the U.S. Department of Health and Human Services Office of Community Services' grant programs.*
- d. The community is happy with the social enterprise and will participate in more/similar social enterprises in the future.
  - i. The community witnesses job creation and the development of marketable skills while receiving the full benefit of other NEW resources.*
- e. The community is more knowledgeable about social enterprise.

## 3. ENVIRONMENTAL IMPACT

- a. The social enterprise has less environmental impact than traditional businesses during operation.
  - i. Socos uses environmentally friendly products.*
  - ii. NEW transitions a large number of affordable housing to practicing environmentally friendly maintenance.*
- b. The social enterprise fulfills the triple bottom line.
  - i. In regards to people, the project facilitates job opportunities. In regard to the planet, the project promotes a green economy. In regards to profit, the company promotes community economic development.*
- c. The social enterprise incorporates green features.
  - i. The social enterprise conserves energy and water.*

- ii. The social enterprise has an effective recycling program.
- d. The social enterprise takes advantage of green tax incentives.
  - i. *The social enterprise does not take advantage of green tax incentives*
- e. The social enterprise provides green jobs.
  - i. *The mission of this project is to provide full-time green jobs to low-income clients.*

#### 4. ECONOMIC IMPACT

- a. The social enterprise creates jobs.
  - i. Jobs created provide a living wage.
  - ii. Jobs created are for local hires.
    - 1. *NEW hires through the community and its other organizations.*
  - iii. Jobs created are for low and moderate income individuals.
    - 1. *Low income individuals are the target population.*
  - iv. Jobs created provide life skills.
    - 1. *Training received becomes marketable skills.*
  - v. Jobs created provide health benefits.
    - 1. *These full-time jobs provide health benefits.*
  - vi. Jobs created have potential for upward mobility.
    - 1. *These jobs have management capabilities and other opportunities for upward movement.*
  - vii. Jobs created require less funding per jobs created.
    - 1. *These jobs create more funding than other jobs NEW has created because of the nature of the work.*

#### 5. COMPREHENSIVENESS

- a. The organization provides or connects to other programs that provide multiple services e.g. social services.
  - i. *Upon involvement with Socos, clients can access NEW's award winning financial literacy, homebuyer education and savings programs, addressing key barriers to economic independence for low-income people.*

#### 6. DIVERSITY

- a. The social enterprise serves a mixed income clientele.
  - i. *The social enterprises serves only low-income clientele.*
- b. The social enterprise encourages mixed age, gender, ethnic, etc. participation.
  - i. *There is no specification or promotion.*
- c. The social enterprise supports minority businesses.
  - i. *There is no preference or promotion.*

#### 7. PUBLIC BENEFITS

- a. The social enterprise provides a service or good that is needed by the community but is currently lacking.
  - i. The social enterprise provides-low income individuals in Los Angeles with full-time jobs with health benefits
- b. The profit from the social enterprise is re-invested into the community.
  - i. *NEW is a nonprofit community based organization that utilizes its program funds to benefit the low-income community.*
- c. The social enterprise stimulates long-term job creation.
  - i. *The positions created through the enterprise are long-term positions. The marketable skills received at these full-time jobs can also be used to procure long-term employment at related businesses in the future.*
- d. The social enterprise results in other positive physical impacts.

- i. The enterprise maintains environmentally friendly buildings.*
  - e. The social enterprise results in other positive economic impacts.
    - i. The initial 17 jobs created can create more job opportunities due to the multiplier effect. Each trained employees can leave to create small businesses and create more jobs.*
    - ii. The jobs offer other benefits and a structured environment for the employees. Employee can invest in their own local community.*
  - f. The social enterprise results in other positive social impacts.
    - i. Job opportunities and green facilities benefit the society as a whole. Jobs stabilize communities and green facilities are better for the environment.*
8. REPLICABLE/SCALABLE
- a. This social enterprise can be replicated in other communities, regions, and/or states.
    - i. An organization can similarly provide job training for maintenance positions and then convert low-income housing to fit green regulations.*