

Advancing Good Governance Seminar

7 June 2013 – 1:30 – 2:45 PM

Good Governance and Social Enterprise: What is the Model?

This session contrasted the difference between governance models used in traditional non-governmental organizations and social enterprises. The panel discussed the evolution of organizations' use of commercial strategies to maximize improvements in human and environmental well-being, which they defined as the "for-profit with social intentions" model. The discussion centered on (a) the governance models that worked for social enterprises, (b) the necessary changes needed to transform NGOs into sustainable social enterprises and (c) tested methods for implementing those changes. The panelists agreed that social enterprises require flexible governance methods to allow for change and that it is essential to put together a board that is willing to grow, learn and adapt to the changing needs of an organization's mission.

Key Points from the Session

1. **Variety in board core competencies.** To build an operationally sustainable organization, it is important to think strategically, and not just operationally, when building a board. The board should consist of both value-driven and socially focused members with clear decision-making methods and a strong leadership structure. Social enterprises should be sure to include individuals with business experience on their boards, as they will, like for-profit entities, be subject to market trends and need to cater to clients.
2. **Mission preservation.** The mission of the social enterprise should be crafted broadly to allow the social enterprise to adapt based on market demands or the accomplishment of goals. Since the needs of the organization's constituencies evolve or as the scale of the organizations impact grows, it is important to embed the character of an organization's social focus into the articles of association or mission statement.
3. **Setting an example.** Social enterprises are more experimental and innovative in nature and have the flexibility to change, grow and adapt to meet the needs of the governments, clients and corporations that constitute their stakeholders. As a result, they are able to teach corporations how to function in certain jurisdictions, teach governments how to reach certain populations and empower clients to reach their governments and the corporations that operate in their nations. Social enterprises have assisted with implementing law change, establishing best business practices and opening new markets to established donors/corporations and assisting new donors/corporations in entering established markets.

Emerging Questions

1. Can/should legislation be passed to foster social enterprises' competitiveness with for-profit organizations?
2. How should NGOs best balance having not-for-profit and for-profit arms?