A DEEPER DIVE

Social Enterprise Ecosystems in the U.S.

Volume 2 | SocEntCity.org

NOUN:

SOCIAL ENTREPRENEUR

An entrepreneur applying business principles to achieve intentional social impact, measuring and transparently reporting outcomes towards this goal.

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SOCIAL ENTERPRISE HAS THE POTENTIAL TO TRANSFORM THE WORLD

Look around the world today. What do you see? Many people would say we live in challenging times. Social entrepreneurs would say we live in a time with tremendous opportunities. These innovators, who skillfully blend profit and purpose, are redefining how we look at innovation in the 21st century. Yet, for all the buzz around social enterprise, the field has quite a ways to go to adequately support the founders building the next generation of solutions.

One year ago, we published the first version of this report and built a framework to measure social enterprise ecosystems in the United States. We sent out surveys and heard from almost **400 social entrepreneurs**. We then distilled four pillars as the framework for a social enterprise ecosystem: **funding**, **human capital**, **quality of life** and **regulation and receptivity**.

> "If social entrepreneurship is to have lasting, positive social impact, proponents will have to be strategic in building a strong community of practice and knowledge, and in strengthening the ecosystem that supports practitioners."
>
> — CENTER FOR THE ADVANCEMENT OF SOCIAL ENTREPRENEURSHIP, DUKE UNIVERSITY

SOCIAL ENTERPRISE ECOSYSTEM FRAMEWORK
THE FOUR PILLARS

1. FUNDING

The fuel of the ecosystem: sources of capital including seed funding, grants and philanthropic and venture capital (representing both public and private sources).

2. HUMAN CAPITAL

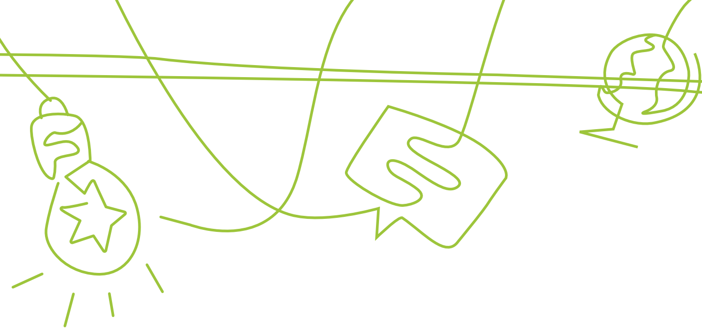
The engine of the ecosystem: finding great people – as team members, mentors, employees, and advisors.

3. QUALITY OF LIFE

The fabric of the ecosystem: everything from diversity, cost of living, and transportation that determines an entrepreneur’s experience living in a region.

4. REGULATION & RECEPTIVITY

The operational environment of the ecosystem: regulations, market receptivity and even perception and attitudes towards a social enterprise can create an environment that either nurtures or stifles social enterprise.



SocEntCity NEW THIS YEAR

We are proud to present the second annual report on social enterprise ecosystems. Building off last year's work and the feedback we received, we sought to deepen and expand our analysis of social enterprise ecosystems across the United States. New features this year include:

+ Updated rankings of the best social enterprise ecosystems in the United States
+ An expanded focus from nine to 21 cities in the analysis
+ More robust variables built into the model to track these dynamic ecosystems

2017: YEAR OF THE SPARKS

In collaboration with Deloitte, we conducted in-depth interviews to develop Sparks—key case studies on leading practices for improving your ecosystem.

We highlight a Spark in each of the four pillar sections, but visit SocEntCity.org to see the full list and to share the report with others!

2017 CITY RANKINGS

Which cities have the strongest social enterprise ecosystem? Based on the four pillars, we are able to rank the **top 21 responding cities** in our survey. For a deeper dive into the components of this composite score, visit page 37.

1. BOSTON, MA (4) ↑
2. SAN FRANCISCO, CA (2)
3. WASHINGTON, D.C. (1) ↓
4. NEW YORK, NY (6) ↑
5. CHICAGO, IL (7) ↑
6. AUSTIN, TX (3) ↓
7. DENVER, CO
8. MINNEAPOLIS, MN
9. SEATTLE, WA (5) ↓
10. LOS ANGELES, CA (8) ↓
11. SAN DIEGO, CA
12. PHILADELPHIA, PA
13. DALLAS, TX
14. ATLANTA, GA
15. BALTIMORE, MD
16. MIAMI, FL
17. RALEIGH, NC
18. PHOENIX, AZ
19. PITTSBURGH, PA
20. DETROIT, MI
21. NEW ORLEANS, LA

(#) = 2016 CITY RANKING

WHO WE ARE

We believe that a better understanding of the social enterprise ecosystem is necessary to forge, grow, and sustain a world where we can together solve society's toughest problems, collectively and creatively. Building on this spirit, we are thrilled to present this report together.

Halcyon Incubator, a program of Halcyon, is committed to solving 21st-century challenges throughout the nation and the world. By helping social entrepreneurs transform audacious ideas into scalable and sustainable ventures, Halcyon Incubator acts as a catalyst for measurable social outcomes.

Capital One is an information-based technology company focused on innovation, data-driven solutions and diverse thinking. Using the cloud, RESTful APIs, big data, open source, and machine learning, our teams are empowered to design and engineer intuitive products so our customers can easily manage their money, wherever they are.

The Robert H. Smith School of Business is an internationally recognized leader in management education and research. One of 12 colleges and schools at the University of Maryland, College Park, the Smith School offers undergraduate, full-time and part-time MBA, executive MBA, online MBA, specialty masters, PhD and executive education programs.

Deloitte provides industry-leading audit, consulting, tax, and advisory services to many of the world's most admired brands, including 80 percent of the Fortune 500 and more than 6,000 private and middle market companies. Our success depends on cultivating and celebrating diverse skill sets, backgrounds, and values, and we enable leadership throughout our communities through pro-bono and volunteer work that leverages our skills and experience to help others achieve their goals.

WHO CAN USE THIS STUDY

SOCIAL ENTREPRENEURS

Discover insights and learn more about which ecosystem is the best fit for your social enterprise.

IMPACT ENABLERS

Foundations, incubators, universities and other relevant organizations – better understand your role in how you can best help social ventures succeed.

INVESTORS

Learn more about the unique challenges and great potential of social entrepreneurship as you play a critical role in growing your local impact investing ecosystem.

BUSINESS LEADERS

As profit and purpose become increasingly intertwined, find out how to engage with the up and coming startups that will define the impact economy.

POLICYMAKERS

Understand the conditions under which social entrepreneurs succeed and find recommendations for how to strengthen your local social enterprise ecosystem.

All stakeholders play crucial roles in sustaining a strong social enterprise ecosystem. For more information about how you can grow a more resourceful and supportive ecosystem, check out the **Sparks** at **SocEntCity.org**.

MEASURING SOCIAL ENTERPRISE ECOSYSTEMS

THE STARTING LINE:

Survey Responses: Building on last year's survey and the four pillars in the framework, we surveyed 416 social entrepreneurs from across the country to learn about their social enterprise ecosystem.

Small Groups: We consulted with dozens of experts and thought leaders in the social enterprise space who helped us design the survey questions and directed our city ranking study.

Public Data: The 2017 city rankings are based on an expanded set of public data to more robustly measure how social enterprise ecosystems support their entrepreneurs.

> Among the 416 social entrepreneurs, 264 are either founders or on the executive team of a social enterprise.

NOW, LET'S EMBARK ON THE JOURNEY TO UNCOVER THE OPPORTUNITIES AND CHALLENGES IN THE ECOSYSTEM.

BEGINNER'S GUIDE: HOW TO READ EACH OF THE PILLAR SECTIONS

We are excited to present some of our key findings in each of the four pillars: **funding**, **human capital**, **quality of life**, and **regulation and receptivity**. A few pointers for reading these sections:

- We begin each section with **key correlations** and highlight relationships that show **statistical significance** from our survey data.
- We dive into the **city ranking** of that pillar based on our model of **publicly available data**.
- Finally, we examine what social entrepreneurs said, **"in their words,"** and look towards actionable **"Sparks,"** to generate new ideas to improve your ecosystem.

KEY:
When you see this symbol, it means the relationship showed statistical significance ***(p = 0.05)***

SocEntCity FRAMEWORK IN THEIR WORDS

Looking back to 2016, how did we go from the ground up and figure out what makes a great social enterprise ecosystem? **We simply asked:**

WHAT WAS THE BIGGEST BARRIER OR CHALLENGE FACED IN ESTABLISHING THIS SOCIAL ENTERPRISE?

"EMOTIONALLY HANDLING THE PRESSURE"

"TALENT RECRUITMENT
Getting the skill sets we need (especially tech) at the rates we can pay"

KEY
FUNDING
HUMAN CAPITAL
REGULATION & RECEPTIVITY
QUALITY OF LIFE

"Finding investors who share **THE SOCIAL MISSION** Many seem to be so risk-adverse, that it's easier for us to raise traditional money"

"We initially had trouble finding partners on the ground who would enter into partnership with us. A unique relationship helped **BREAK DOWN THAT INITIAL BARRIER**"

"**JUSTIFICATION OF IMPACTAND COMPETITION** with larger, institutional organizations in a similar space who implement programs more traditionally"

"**TIME AND RESOURCES** WE HAD TO CHANGE OUR LIFE AROUND TO MAKE THIS A PRIORITY"

FUNDING

The fuel of the ecosystem: sources of capital including seed funding, grants, and philanthropic and venture capital (representing both public and private sources).

In this section, we will explore the survey results and public data to uncover significant relationships that define the funding ecosystem – let's follow the money!

CAPITAL RAISED

AGE OF ENTREPRENEURS	UNDER 25	25 - 30	31 - 35	36 - 40	41 - 50	50+
Average Funding Raised	$243,333	$966,429	$1,392,442	$2,155,263	$1,729,412	$3,321,774

Older social entrepreneurs are **more successful in raising capital** than younger social entrepreneurs.

GENDER AND FUNDING

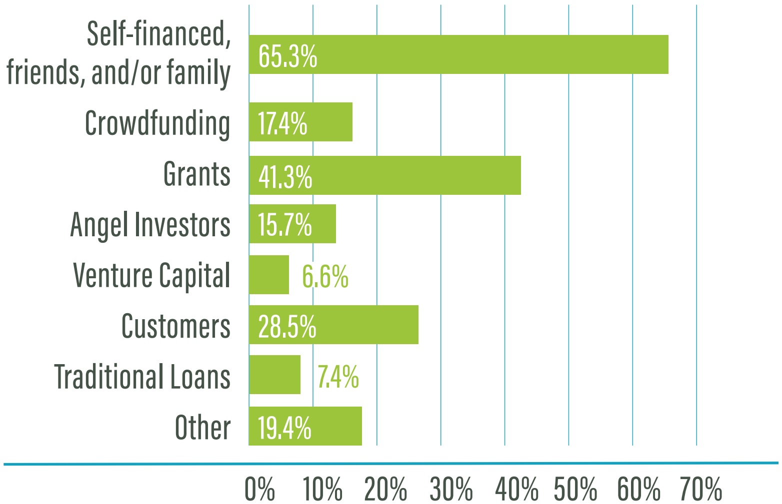
Similar to many other studies, men reported significantly higher amounts of capital raised than women.

$2,141,372
RAISED

$881,319
RAISED

SOURCES OF FUNDING

TOP 5 FUNDING SOURCES*



The funding sources reported by social entrepreneurs in the survey reflect the growth patterns and funding sources of more traditional startups.

**Survey takers could select more than one source*

FUNDING SOURCES BY DEMOGRAPHIC**

	WHITE	ASIAN	BLACK/ AFRICAN AMERICAN
Customers	18.5%	7.5%	15.4%
Angel Investors	9.6%	5%	3.8%
Crowdfunding	6.8%	15%	11.5%

Relative to others, White respondents are more likely to get their source of funds through **customers** and **angel investors** while comparatively, Asian respondents have higher chance of getting their funds through **crowdfunding**.

***We used current U.S. Census designations to ask respondents about racial identity.*

KEY:
Statistical significance (p=0.05)

FUNDING IN THEIR WORDS

Social entrepreneurs speak up about their primary funding challenges

"ATTRACTING **INVESTORS** INTERESTED IN SOCIAL IMPACT"

"THERE'S A GREAT NEED FOR MORE IMPACT ANGELS"

"**GETTING FOUNDATIONS AND THE PRIVATE SECTOR** to buy into changing their programs of investment to see entrepreneurship as a vehicle to build wealth"

"**OUR DEMOGRAPHIC** WON'T ALLOW US TO RAISE MONEY FROM FRIENDS AND FAMILY"

"When institutions say **WE WILL RECONNECT WITH YOU IN 6 MONTHS** to us that may be the difference between us succeeding and failing"

FUNDING — SPARKS

CITY: San Francisco, California | Aurora, Colorado
ORGANIZATION: RSF Social Finance
RELEVANT ACTORS: Funder/Investor

THE PAIN POINT

Traditional funders are inward-looking when assessing how to support a social enterprise (i.e., "Can we do it?" rather than "How can we help?"), and often underutilize non-financial resources.

CASE STUDY

By taking a holistic approach to its relationships with social enterprises, **RSF Social Finance** can help organizations not only obtain funding but also advisory support, loan guarantees, or grants depending on their needs and stage of development.

RECOMMENDATION FOR YOUR CITY

Cities should lead funding commitments, provide network contacts, and offer technical expertise can all play key roles in creating innovative funding structures that strengthen partnerships, reduce financial risk, and meet the needs and objectives of an organization carrying out socially beneficial activity in the community.

To read more and to see other funding-related recommendations, visit **SocEntCity.org**.

FUNDING — RANKINGS

	COMPOSITE		PRIVATE INVESTMENT		CHARITABLE GIVING		PUBLIC SPENDING	
CITY	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE
Los Angeles	1	74.4	4	28.57	7	21.69	4	24.14
New York	2	68.96	2	31.75	16	13.65	5	23.56
Boston	3	67.72	3	30.16	18	12.85	2	24.71
San Francisco	4	67.56	1	33.33	12	15.26	10	18.97
Chicago	5	66.18	6	24.60	11	16.87	2	24.71
San Diego	6	63.14	7	23.81	6	22.09	12	17.24
Miami	7	60.45	10	18.25	2	28.11	18	14.08
Washington, D.C.	8	56.97	8	22.22	14	14.06	7	20.69
Austin	9	55.38	9	20.63	14	14.06	7	20.69
Dallas	10	55.3	13	15.87	1	32.53	21	6.90
[MAX]		[100]		[33.33]		[33.33]		[33.33]

For the full rankings list, please visit **SocEntCity.org**.

WHAT DO WE KNOW ABOUT EACH CITY FROM THE SURVEY, RELATIVE TO THE OTHER CITIES?

Founders in **New York** focus their fundraising time within, rather than outside of, their ecosystem.

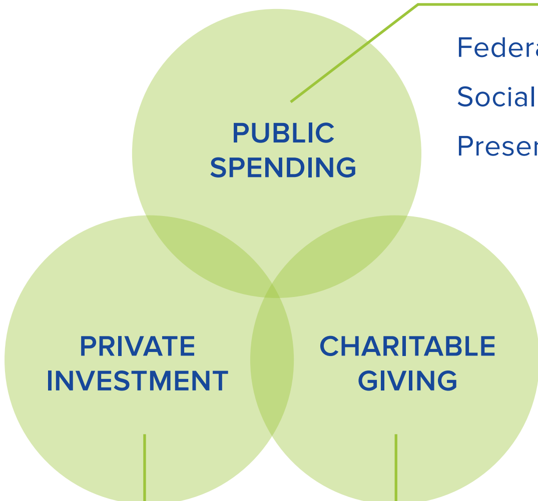
In **Chicago**, entrepreneurs raised less money than they expected in the last year.

In **Minneapolis**, entrepreneurs don't believe that local investors always understand what a social enterprise is.

HOW DID WE EXAMINE FUNDING THROUGH PUBLIC DATA?

Below are the variables we examined in assessing a city's funding ecosystem. See the **bibliography** for the data sources for each of the variables.

FUNDING PILLAR: VARIABLES MEASURED



Public spending:
- Federal spending
- Social Innovation Fund grants
- Presence of a city or state innovation fund

Private investment:
- Venture capital investment
- Angel investment

Charitable giving:
- Local charity best practices ranking
- Individual donations to charity

KEY:
Statistical significance (p=0.05)

HUMAN CAPITAL

The engine of the ecosystem: finding great people – as team members, mentors, employees, and advisors.

In this section, we will examine the talent of a region and look at how different populations of social entrepreneurs experience the benefit, or the dearth, of access to human capital.

ACCESS TO HUMAN CAPITAL

PILLAR	IMPORTANCE RATING*
Human Capital	3.18
Funding	2.63
Quality of Life	2.20
Regulation & Receptivity	1.99

**1 = Least important | 4 = Most important*

Social entrepreneurs are generally optimistic about their talent markets; only **9.8%** of the respondents disagree that there's a good talent pool in their region.

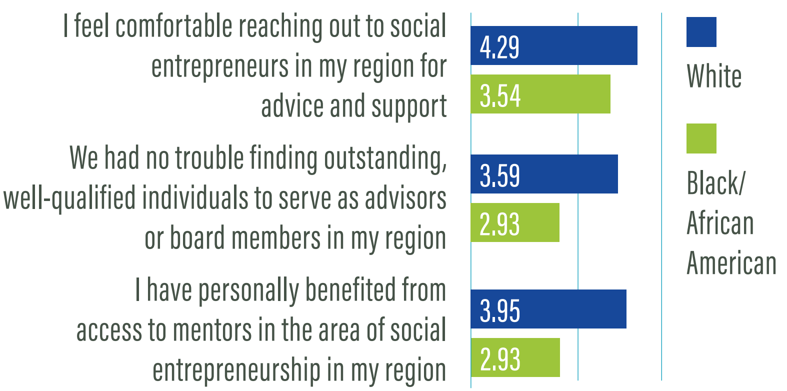
MOST CRITICAL RELATIONSHIP

Respondents find the most important relationships are with mentors.

1. MENTORS / ADVISORS
2. INVESTORS
3. FELLOW ENTREPRENEURS
4. ACCELERATORS / INCUBATORS
5. LOCAL POLICYMAKERS

RACE & GENDER RELATIONSHIPS

RACE & HUMAN CAPITAL



**1 = Strongly disagree | 5 = Strongly agree*

Compared to White respondents, Black/ African American respondents report having more **difficulty finding advisors**, are **less likely to personally benefit** from mentors, and feel **less comfortable** reaching out to social entrepreneurs in their region for advice and support.

GENDER: WHAT RELATIONSHIPS IN YOUR SOCIAL ENTERPRISE ECOSYSTEM ARE THE MOST CRITICAL FOR YOUR SUCCESS?

	MALE	FEMALE
Mentors/Advisors	2.33	2.63
Investors	2.43	2.00
Fellow Entrepreneurs	2.28	2.31
Accelerators/Incubators	1.6	1.92
Local Policymakers	1.35	1.15

**1 = Least important | 5 = Most important*

In particular, men are more likely than women to see the relationship with investors as key to success, while women consider mentors and advisors as their most important relationships.

KEY:
Statistical significance (p=0.05)

HUMAN CAPITAL IN THEIR WORDS

Social entrepreneurs speak up about their primary human capital challenges

"BUILDING A NETWORK OF SUPPORTERS"

"FINDING SKILLED AND PASSIONATE PEOPLE TO WORK WITH"

"LACK OF MENTORSHIP & GUIDANCE"

"FINDING INNOVATIVE THINKING PARTNERS ready to make a paradigm shift from programs and processes used the past 50 years"

"TALENT RECRUITMENT—getting the skill sets we need (especially tech) at the rates we can pay"

HUMAN CAPITAL — SPARKS

CITY: New York, New York
ORGANIZATION: Catchafire
RELEVANT ACTORS: Business

THE PAIN POINT

Many entrepreneurs find it difficult to obtain business professionals with specialized skills to help address issues their ventures are facing. This challenge is only amplified in the social sector, where resource constraints may make it difficult to attract and hire highly skilled professionals.

CASE STUDY

Catchafire, a for-purpose social mission business and certified B-Corporation, matches professionals with social enterprises based on their skills, cause interest, and time availability.

RECOMMENDATION FOR YOUR CITY

Cities that aim to make it easier for entrepreneurs to connect with skills-based volunteers may consider digital platforms that reduce the burden of matching the needs of ventures with the desires of passionate, skilled professionals.

To read more and to see other human capital-related recommendations, visit **SocEntCity.org**.

HUMAN CAPITAL — RANKING

	COMPOSITE		LEVEL OF EDUCATION		CIVIC ENGAGEMENT		UNIVERSITY PRESENCE	
CITY	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE
San Francisco	1	80.42	2	30.95	3	26.98	6	22.49
Washington, D.C.	2	79.63	1	33.33	5	23.81	6	22.49
Boston	3	78.04	2	30.95	11	19.05	3	28.04
Seattle	4	67.20	6	25.40	1	31.75	16	10.05
Chicago	5	64.95	12	15.87	7	21.03	3	28.04
Minneapolis	6	60.71	8	23.02	2	31.35	19	6.35
San Diego	7	58.73	10	17.46	4	25.40	12	15.87
Philadelphia	8	57.94	14	12.70	9	19.84	5	25.40
New York	9	55.29	11	16.67	20	6.35	1	32.28
Denver	10	54.63	7	23.81	6	23.41	18	7.41
[MAX]		[100]		[33.3]		[33.33]		[33.33]

For the full rankings list, please visit **SocEntCity.org**.

WHAT DO WE KNOW ABOUT EACH CITY FROM THE SURVEY, RELATIVE TO THE OTHER CITIES?

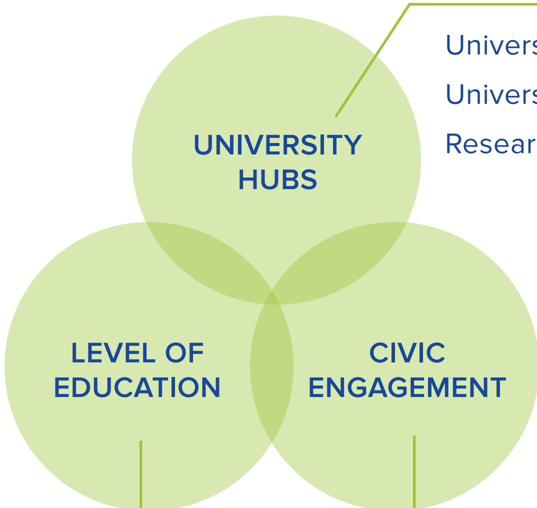
Social entrepreneurs in **D.C.** do not consider accelerators and incubators critical to their sucess.

Entrepreneurs in **Minneapolis** feel that local policymakers have been key to their success, whereas founders in **San Francisco** disagree.

HOW DID WE EXAMINE FUNDING THROUGH PUBLIC DATA?

Below are the variables that we utilized to assess a city's human capital ecosystem. See the **bibliography** for the data sources for each variable.

HUMAN CAPITAL — PUBLIC DATA



University quantity
University quality
Research 1 institutions

Bachelor's degrees / capita
City education level rankings

Local election voter turnout
State election voter turnout
Rates of volunteerism

KEY:
Statistical significance (p=0.05)

QUALITY OF LIFE

The fabric of the ecosystem: everything from diversity, cost of living, and transportation that determines an entrepreneur's experience living in a region.

Cities need to have a high quality of life to pull in great founders. Last year, we found that 47% of social entrepreneurs located their venture in their region because they already lived there. In many respects, cities need to attract founders before these individuals found a venture. Let's take a look at what the survey results informed us about quality of life this year.

RACE AND QUALITY OF LIFE

THE SOCIAL ENTERPRISE ECOSYSTEM IN MY REGION IS INCLUSIVE AND PROMOTES DIVERSITY		
RACIAL IDENTITY	BLACK/AFRICAN AMERICAN	WHITE
SCALE*	2.38	3.92

**1 = Strongly disagree | 5 = Strongly agree*

Overall, **16.3%** of the respondents disagree that the social enterprise ecosystem in their region is inclusive and promotes diversity, while **84.6%** of Black/African American respondents disagree.

AFFORDABILITY

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
It is difficult to support myself financially given the high cost of living in my region	10.6%	25.2%	22.9%	21.6%	19.7%

One of the more actionable findings this year is around affordability. In the survey, **41.3%** of respondents agreed that it was difficult to support themselves due to a high cost of living, versus only **35.8%** who disagreed.

While larger cities have a plethora of advantages in supporting startups, smaller cities can **capitalize on a lower cost** of living as an incentive to attract founders.

> It is the most fulfilling job I have ever had and the impact we are making on both customers and partners is gratifying.

KEY:
Statistical significance (p=0.05)

QUALITY OF LIFE
IN THEIR WORDS

Social entrepreneurs speak up about primary quality of life challenges

“PERSONAL TIME”

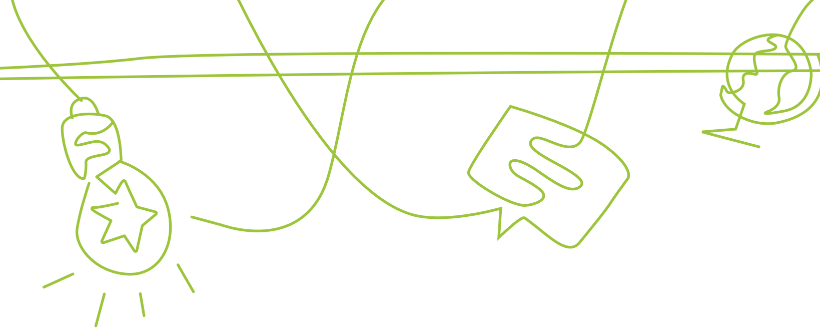
“TIME AND RESOURCES. I HAD TO CHANGE MY LIFE AROUND TO MAKE THIS A PRIORITY”

“STAFFING, INCREDIBLY LONG HOURS, just sticking with it and being willing to be uncomfortable much of the time”

“LIVING WITHOUT A SALARY”

“SUFFICIENT MONEY TO LIVE”

QUALITY OF LIFE — SPARKS



CITY: Charlotte, North Carolina
ORGANIZATION: City Startup Labs
RELEVANT ACTORS: Enabler | Policymakers

THE PAIN POINT

The “face” of entrepreneurship, especially in hubs of innovation like Silicon Valley, often does not include entrepreneurs of color, specifically African American millennials.

CASE STUDY

City Startup Labs (CSL), a Charlotte-based organization, specifically addressed the need to create space for a new class of young, African American male entrepreneurs. The organization has provided four modules through which 18-to-34-year-old African American male entrepreneurs learn how to research, plan, launch, and operate their own ventures.

RECOMMENDATION FOR YOUR CITY

Cities should proactively focus on inclusive entrepreneurship, working with communities to develop resources that support entrepreneurs from historically underrepresented groups. Relevant actors should be mindful in understanding community needs and the barriers in accessing existing resources. With specific tools, under-resourced entrepreneurs can strengthen social enterprise ecosystems, increase community engagement, and promote economic development.

To read more and to see other quality of life-related recommendations, visit **SocEntCity.org**.

QUALITY OF LIFE — RANKING

	COMPOSITE		AFFORDABILITY		COMMUNITY RESOURCES		TRANSPORTATION		DIVERSITY	
CITY	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE
Chicago	1	62.65	14	9.82	8	15.18	5	16.82	3	20.83
Minneapolis	2	61.61	8	16.07	4	18.16	1	19.64	17	7.74
New York	3	61.31	20	2.98	6	17.86	4	17.26	1	23.22
Boston	4	60.57	18	5.36	4	18.16	2	18.30	6	18.75
San Francisco	5	59.82	21	1.19	2	19.05	3	18.16	2	21.43
Washington, D.C.	6	58.93	19	3.57	1	22.92	8	15.78	8	16.67
Denver	7	56.25	12	11.91	2	19.05	9	15.18	14	10.12
Austin	8	54.32	6	18.45	12	12.35	17	9.23	9	14.29
Philadelphia	9	54.02	9	15.48	15	11.16	10	14.88	11	12.50
Dallas	10	53.13	5	20.24	18	7.00	19	8.04	7	17.86
[MAX]		[100]		[25]		[25]		[25]		[25]

For the full rankings list, please visit **SocEntCity.org**.

WHAT DO WE KNOW ABOUT EACH CITY FROM THE SURVEY, RELATIVE TO THE OTHER CITIES?

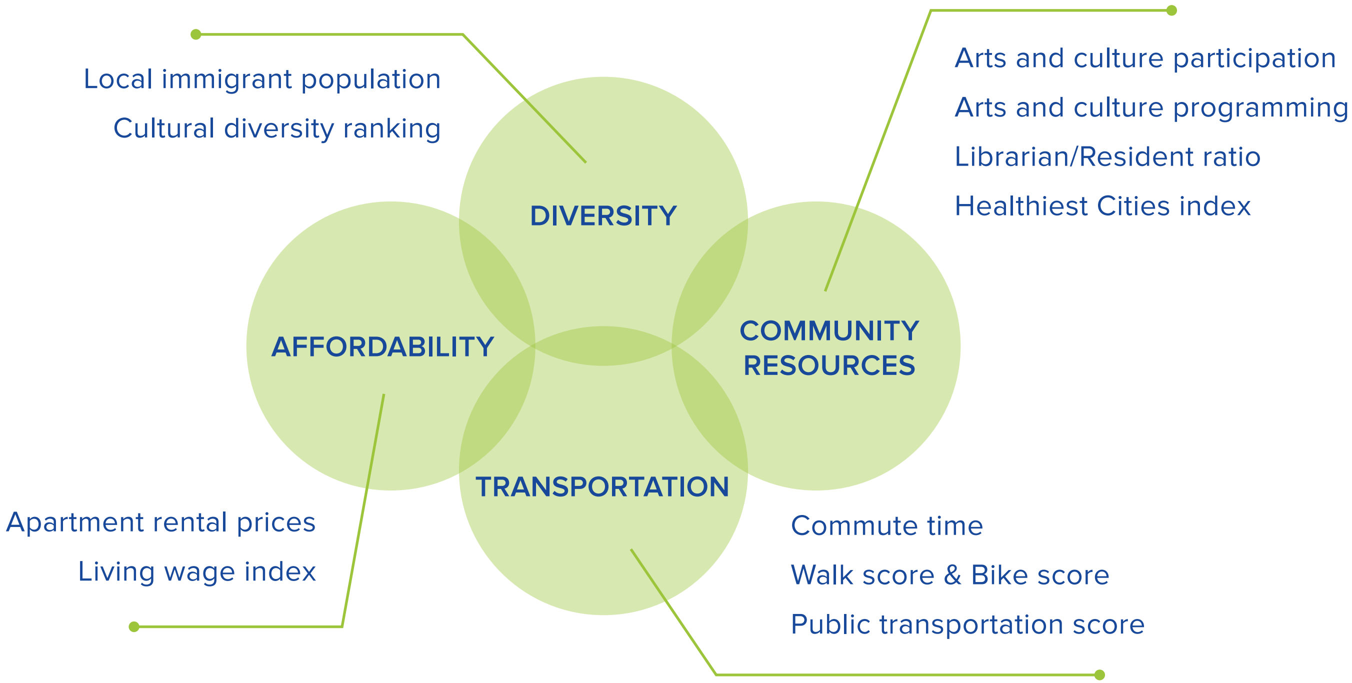
Entrepreneurs in **D.C.** feel that it's hard to support themselves given the high cost of living, while In **Pittsburgh and Philadelphia**, founders feel that the cost of living in their cities makes it easier to support themselves.

In **Pittsburgh**, there tend to be more males than females in local social enterprises.

HOW DID WE EXAMINE FUNDING THROUGH PUBLIC DATA?

Below are the variables we examined in assessing a city's quality of life ecosystem. See the **bibliography** for the data sources for each variable.

QUALITY OF LIFE — PUBLIC DATA



KEY:
Statistical significance (p=0.05)

REGULATION & RECEPTIVITY

The operational environment of the ecosystem: regulations, market receptivity and even perception and attitudes towards a social enterprise can create an environment that either nurtures or stifles social enterprise.

In this section, we will use the survey and public data to look at the regulatory environment and how receptive the market is towards social enterprise.

ENTERPRISE TYPE AND REGULATION & RECEPTIVITY

I HAVE BEEN ABLE TO FIND LIKE-MINDED, IMPACT-ORIENTED INVESTORS WHO CAN RELATE TO ME AND MY JOURNEY.

**1 = Strongly disagree | 5 = Strongly agree*

The **longer one stays** with the business, the more likely one is to report having no trouble finding like-minded investors who understand the concept of "social enterprise."

40.5% of the respondents agree that local government is supportive and available to social enterprise in their region.

56.6% of the respondents agree that the professional culture of their region supports taking risks.

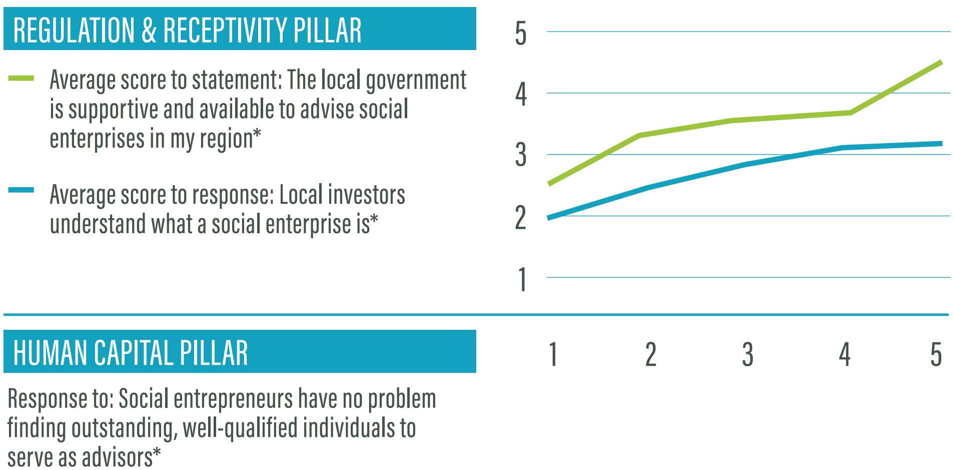
	THE LOCAL GOVERNMENT IS SUPPORTIVE AND AVAILABLE TO ADVISE SOCIAL ENTERPRISES IN MY REGION*	I HAVE BEEN ABLE TO FIND LIKE-MINDED, IMPACT-ORIENTED INVESTORS WHO CAN RELATE TO ME AND MY JOURNEY*
Nonprofit	3.34	3.64
For profit	3.17	3.08

1 = Strongly disagree | 5 = Strongly agree

Nonprofit enterprises are more likely to find "local government supportive," compared to their for-profit counterparts. For-profit enterprises are less likely to find like-minded investors.

HUMAN CAPITAL AND REGULATION & RECEPTIVITY

Social entrepreneurs who have no problem finding outstanding and well-qualified advisors also tend to find the local government supportive and investors receptive to social enterprise.



1 = Strongly disagree | 5 = Strongly agree

The graph to the left shows that there is a correlation between human capital and regulation and receptivity.

KEY:
Statistical significance (p=0.05)

REGULATION & RECEPTIVITY
IN THEIR WORDS

Social entrepreneurs speak up about their primary regulation and receptivity challenges

"Largest barriers were **FIGURING OUT THE RIGHT ENTITY TYPE(S) FOR THE RIGHT SOURCE OF FINANCING**"

"NOT EVERYONE **UNDERSTANDS** SOCIAL ENTERPRISE"

"**FOUNDATIONS AND INDIVIDUALS** are skeptical of the connection between business and impact"

"LOCAL GOV'T. BEING **WARY OF NEW INNOVATIVE MEASURES**"

"**OVERCOMING STEREOTYPES** and assumptions about what our organization was and what we were capable of doing"

REGULATION & RECEPTIVITY — SPARKS

CITY: Los Angeles, California
ORGANIZATION: Mayor Garcetti's Los Angeles Innovation Team
RELEVANT ACTORS: Policymakers | Entrepreneurs

THE PAIN POINT

Entrepreneurship can be unnecessarily difficult. Navigating the complex, fraught, and often frustrating landscape of government regulation around small businesses can be challenging.

CASE STUDY

Launched in 2016, the **LA Business Portal** provides users with a mobile-optimized, web-based business assistance tool that simplifies the process of registering, planning, managing, and growing a business in Los Angeles.

RECOMMENDATION FOR YOUR CITY

Cities can empower entrepreneurs by providing tools and resources to allow them to more easily understand the policies, regulations and procedures relevant to their ventures. As an open source project, the Portal can be leveraged by cities looking to improve their business friendliness in a lower-cost manner.

To read more and to see other regulation and receptivity-related recommendations, visit **SocEntCity.org**.

REGULATION & RECEPTIVITY — RANKING

	COMPOSITE		SOCIAL MEDIA VOLUME		SMALL BUSINESS FRIENDLINESS		ENTREPRENEURIAL ACTIVITY		SOCIAL ENTERPRISE LAW	
CITY	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE	RANK	SCORE
Austin	1	80.82	7	17.86	3	22.56	1	23.22	10	17.19
Boston	2	74.74	4	21.43	7	17.07	2	19.05	10	17.19
Washington, D.C.	3	72.95	3	22.62	7	17.07	5	16.07	10	17.19
New York	4	69.84	2	23.81	12	11.59	4	17.26	10	17.19
San Francisco	5	69.67	1	25.00	21	1.22	3	18.45	1	25.00
Denver	6	68.32	9	15.48	3	22.56	8	13.10	10	17.19
New Orleans	7	65.96	14	9.53	5	20.12	12	11.31	1	25.00
Philadelphia	8	62.48	10	14.29	12	11.59	11	11.61	1	25.00
Los Angeles	9	61.44	8	16.67	15	5.49	6	14.29	1	25.00
Chicago	10	59.95	6	19.05	15	5.49	16	10.42	1	25.00
[MAX]		[100]		[25]		[25]		[25]		[25]

For the full rankings list, please visit **SocEntCity.org**.

WHAT DO WE KNOW ABOUT EACH CITY FROM THE SURVEY, RELATIVE TO THE OTHER CITIES?

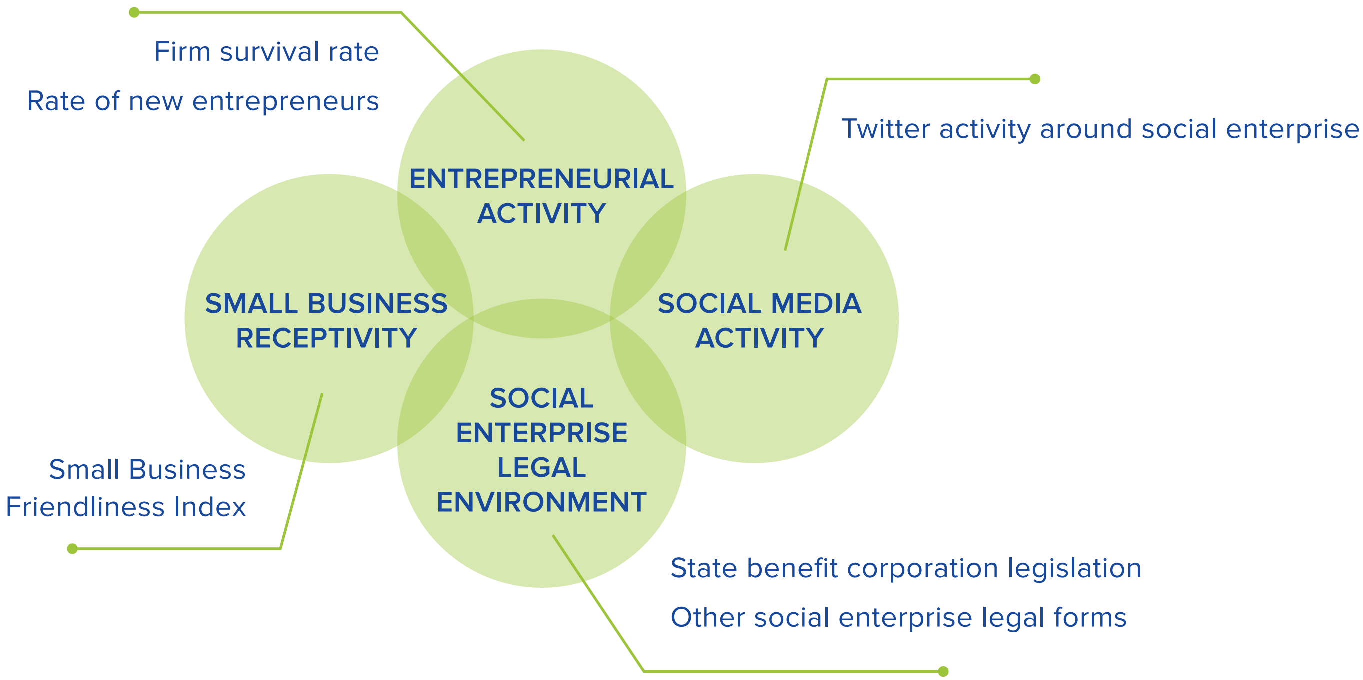
San Francisco entrepreneurs believe the culture in the area supports risk-taking.

In **Philadelphia**, entrepreneurs don't believe that local investors always understand what a social enterprise is.

HOW DID WE EXAMINE FUNDING THROUGH PUBLIC DATA?

Below are the variables that we examined in assessing a city's regulation and receptivity ecosystem. See the **bibliography** for the data sources for each variable.

REGULATION & RECEPTIVITY — PUBLIC DATA



KEY:
Statistical significance (p=0.05)

METHODOLOGY
OUR APPROACH TO RANKING

This report is based on public data and survey responses from **416 individuals** who are personally or professionally active in a social enterprise ecosystem. Using the same **four pillars** that emerged from the 2016 Social Enterprise Ecosystems Report, we structured this year's survey questions to provide **further insights into how those pillars influence social enterprise activity** in regions across the country.

Publicly-available data was used to compute this year's rankings, which have grown in size from **nine cities to twenty-one Metropolitan Statistical Areas**. The Metropolitan Statistical Area classification is determined by the federal Office of Management and Budget and reflects a geographic area with high population density. As much as possible, the variables used to measure each pillar are informed by research, and multiple indicators within each pillar were used to reflect the breadth of components of the pillar. Once all the data was assembled, the rankings were calculated by **weighting each pillar equally (25%)**, and each variable category equally within every pillar. Those calculations provided a total weighted score that was then used to rank the twenty-one cities in the survey.

The rankings reflect dynamic data points that will shift year to year, allowing us to monitor annually how well these ecosystems support social entrepreneurs. The **21 ecosystems** featured in the report are the **highest responding cities** in the survey.

RANKING	METROPOLITAN STATISTICAL AREA	TOTAL WEIGHTED SCORE	FUNDING	QUALITY OF LIFE	HUMAN CAPITAL	REGULATION & RECEPTIVITY
1	Boston, MA	70.6	16.9	15.1	19.8	18.7
2	San Francisco, CA	68.2	16.9	15.0	19.0	17.4
3	Washington, D.C.	67.0	14.2	14.7	19.8	18.2
4	New York, NY	65.4	17.2	15.3	15.4	17.5
5	Chicago, IL	62.8	16.6	15.7	15.6	15.0
6	Austin, TX	60.5	13.9	13.6	12.9	20.2
7	Denver, CO	57.8	12.4	14.1	14.4	17.1
8	Minneapolis, MN	57.3	13.3	15.4	15.3	13.3
9	Seattle, WA	56.0	13.6	13.2	16.2	12.9
10	Los Angeles, CA	55.8	18.6	11.1	10.8	15.4
11	San Diego, CA	54.6	15.8	12.5	13.5	12.8
12	Philadelphia, PA	53.7	10.3	13.5	14.2	15.6
13	Dallas, TX	51.7	13.8	13.3	10.8	13.8
14	Atlanta, GA	51.4	13.5	10.6	12.7	14.6
15	Baltimore, MD	49.8	13.3	10.9	12.7	12.9
16	Miami, FL	47.1	15.1	11.9	8.5	11.6
17	Raleigh, NC	44.5	11.7	11.1	11.1	10.7
18	Phoenix, AZ	43.9	12.5	12.5	6.1	12.7
19	Pittsburgh, PA	41.7	4.9	12.3	12.6	11.9
20	Detroit, MI	41.5	9.3	11.5	7.6	13.2
21	New Orleans, LA	40.9	6.6	11.8	6.0	16.5
[MAX]		[100]	[25]	[25]	[25]	[25]

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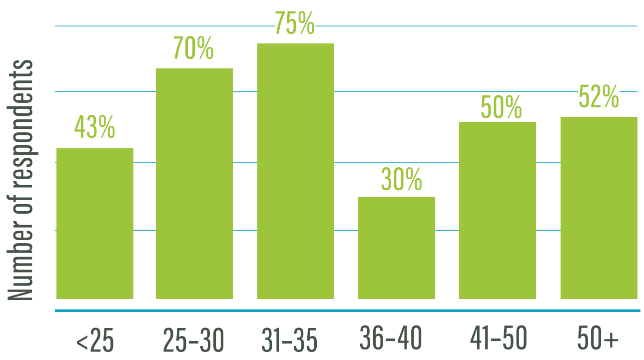
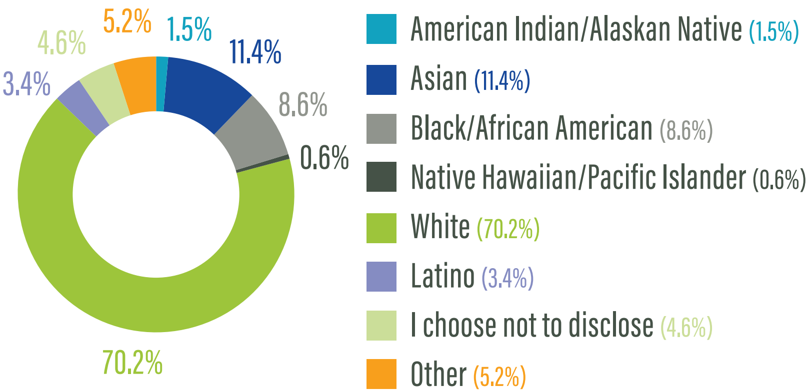
DEMOGRAPHICS

We heard from **416 social entrepreneurs** in our survey.

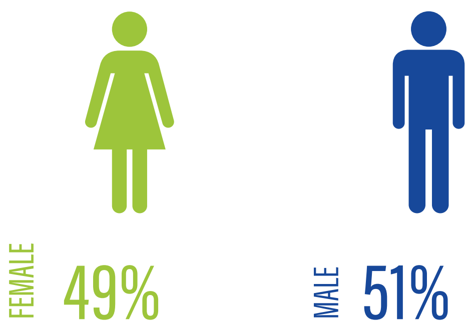
AGE RANGES



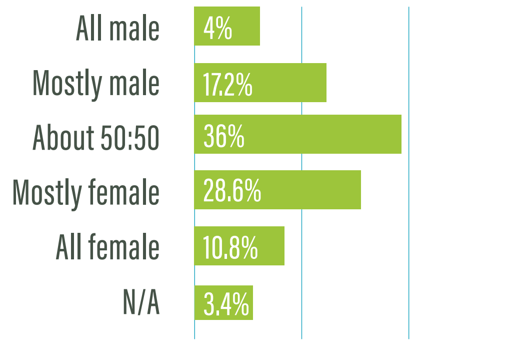
RACE*



GENDER

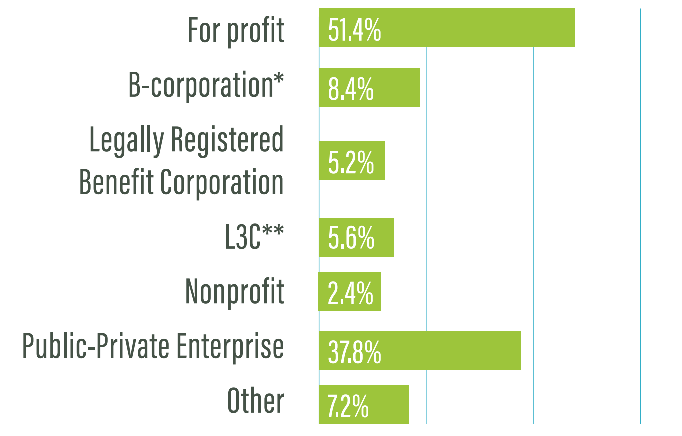


MALE/FEMALE EMPLOYEE BREAKDOWN IN THE VENTURE



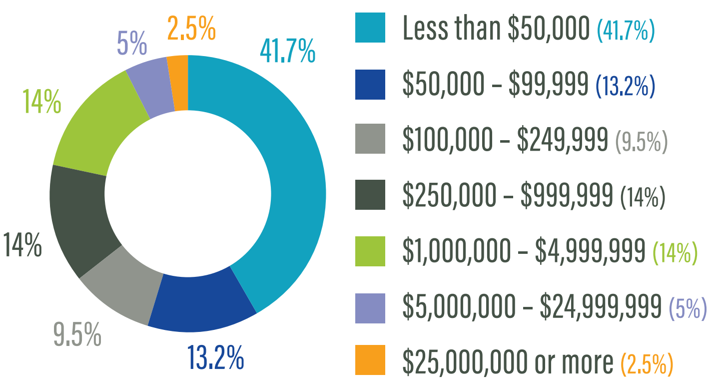
We used current U.S. Census designations to ask respondents about racial identity.

BUSINESS TYPE

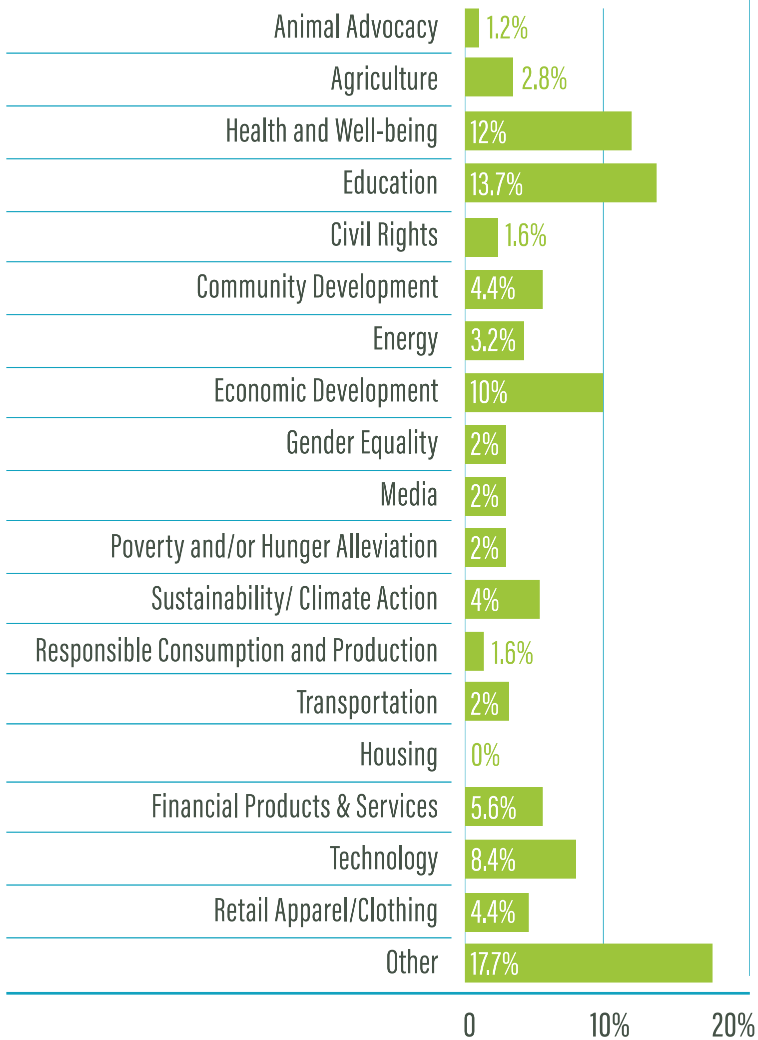


*Certified by B Lab
**Low-profit limited liability company

CAPITAL RAISED TO DATE



VENTURE SECTOR



SOCIAL ENTERPRISE IN THE U.S.
OUR TOP 21 RESPONDING CITIES IN 2017

DON'T SEE YOUR CITY ON THE LIST? WE'D LOVE TO GET MORE RESPONSES FROM ACROSS THE COUNTRY.

E-mail us at halcyonincubator@halcyonhouse.org and we'll work on getting you the outreach materials to get responses from social entrepreneurs in your ecosystem.

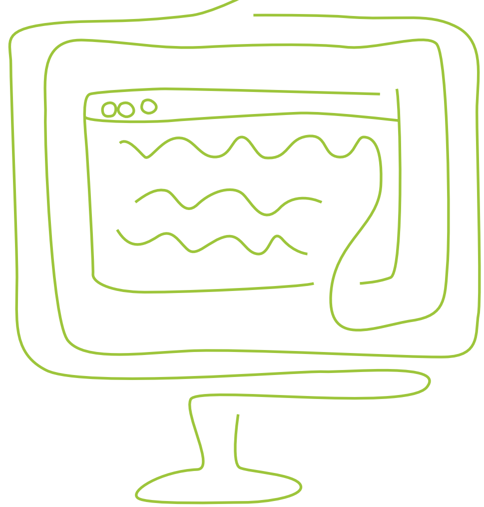

8. MINNEAPOLIS, MN
4. NEW YORK, NY
1. BOSTON, MA
20. DETROIT, MI
19. PITTSBURGH, PA
12. PHILADELPHIA, PA
5. CHICAGO, IL
3. WASHINGTON, D.C.
15. BALTIMORE, MD
7. DENVER, CO
17. RALEIGH, NC
18. PHOENIX, AZ
13. DALLAS, TX
14. ATLANTA, GA
6. AUSTIN, TX
21. NEW ORLEANS, LA
16. MIAMI, FL

JOIN THE CONVERSATION

Get involved at SocEntCity.org. There you can:

+ Participate in next year's survey to make sure **your voice** and r**egion** are represented in the data
+ Read about our **case studies** in our Sparks section that equip you with better tools to develop your venture and ecosystem
+ Get your **personalized ranking** and see which city is best for your preferences as a social entrepreneur
+ **Contact us** with any questions about our work

If you have additional questions, please reach out to us at halcyonincubator@halcyonhouse.org. We're happy to get into all the fun details about this study!



ACKNOWLEDGMENTS

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- **The 416 social entrepreneurs** whose voices are heard throughout the report
- **Capital One** for its support of innovation ecosystems around the country
- **Deloitte** for producing the "Sparks" you see on the website
- **Sage Communications** who produced the design of the report and the website
- **WeWork**, who generously sponsored a gift card incentive for survey respondents
- **The Spark interviewees**, whose stories you can find on **SocEntCity.org**

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SPONSORS AND PARTNERS

BIBLIOGRAPHY

How we measured these terms

FUNDING PILLAR		
VARIABLE	**DESCRIPTION**	**SOURCE**
Angel investors	Number of angel investors and angel investment groups	Crunchbase
City innovation fund	Does the MSA have a local innovation fund?	Crunchbase
Federal spending	Total federal funding in each Metropolitan Statistical Area (MSA)	USAspending.gov
Individual donations to charity	Percent of income given to charity as reported on income tax returns	The Chronicle of Philanthropy
Local charity best practices ranking	Ranking of financial, accountability and transparency practices of charities in each MSA	Charity Navigator
Social Innovation Fund grants	Number of organizations receiving these grants in each MSA	Corporation for National and Community Service
Venture capital investment	Total venture funding invested in each MSA	National Venture Capital Association

HUMAN CAPITAL PILLAR		
VARIABLE	**DESCRIPTION**	**SOURCE**
Bachelor's degrees	Percent of local population with bachelor's degree or higher level of education	Census Reporter
City education level rankings	Educational attainment and quality score	WalletHub
Local election voter turnout	Ranking of financial, accountability and transparency practices of charities in each MSA	Charity Navigator
Local higher education	Number of colleges, universities, and institutes in each Metropolitan Statistical Area (MSA)	National Center for Education Statistics
Rates of volunteerism	Percent of residents who volunteer	Corporation for National and Community Service
Research-focused institutions	Number of Research 1 institutions	Wikipedia
State election voter turnout	Percent of voted in state elections	United States Election Project
University quality	National university rankings	U.S. News and World Report

QUALITY OF LIFE PILLAR		
VARIABLE	DESCRIPTION	SOURCE
Apartment rental prices	Median rent for one-bedroom apartment	Apartment List
Arts and culture participation	Percent of adult population participating in arts and culture activities	Arts Index USA
Arts and culture programming	Total arts expenditures per capita	Arts Index USA
Bike score	Measurement of bike infrastructure, road connectivity, # of bike commuters, etc.	Walk score
Commute time	Average commute time in a given MSA	Tableau Public
Cultural diversity ranking	Composite score of ethnic, racial, linguistic, and birthplace diversity	WalletHub
Healthiest Cities index	Ranking of metrics in key areas: health care, food, fitness and green space	WalletHub
Living wage index	Minimum employment income necessary to meet basic needs in a given MSA	Living Wage Calculator at MIT
Librarian to Resident ratio	Number of librarians per 25,000 residents	Institute of Museum and Library Services
Local immigrant population	Percent of immigrants in each MSA	Migration Policy Institute
Public transportation score	Transit score that measures connectivity, access to jobs and frequency of service	All Transit
Walk score	Measurement of average walking distance to amenities and pedestrian friendliness of roads	Walk score

REGULATION & RECEPTIVITY PILLAR		
VARIABLE	DESCRIPTION	SOURCE
Firm survival rate	Percent of firms that remained in operation through their first five years	Kauffman Foundation
New entrepreneurs rate	Percent of adult population of an area that became entrepreneurs in a given month	Kauffman Foundation
Other social enterprise legal forms	Does the state have L3C, SPC, or BLLC legislation?	Social Enterprise Law Tracker
Related Twitter mentions	Number of times #SocEnt and #ImpInv are mentioned in a week	Twitter
Small Business Friendliness Survey results	Ranking of ability to start, operate, and grow a business in a region	Thumbtack
State benefit corporation legislation	Does the state have benefit corporation legislation?	Social Enterprise Law Tracker

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