

## **The Social Enterprise Approach to Job Creation**

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Helping people stay in school, out of prison and off the government dole.

By GEORGE R. ROBERTS

When he was in high school, a young man I'll call David started smoking marijuana and using cocaine. He became addicted, and he abused the trust of those who loved him until he had burned every bridge. David drifted from city to city, sometimes ending up in jail for months at a time.

In 2003, David hit rock bottom. Desperate, he went to Community Housing Partnership, or CHP, a San Francisco social enterprise that operates permanent housing and offers skills training for the formerly homeless. CHP provided a way forward for David, including a place to live, drug counseling and a job. This enabled him to stay off drugs, stay employed, and lead a productive and fulfilling life.

David's story is not unique. Across our country, social enterprise partnerships between the public and private sectors are providing millions of Americans—young and old—a second chance.

Just as education reform has proven that economic circumstances do not determine a child's ability to learn, social enterprises are proving that prison time, drug addiction, homelessness and mental illness can be overcome with opportunity and hope.

Social-enterprise employees earn wages and pay taxes, reducing their recidivism rates and dependence on government assistance. They also receive crucial on-the-job training, job-readiness skills, literacy instruction and, if necessary, the counseling and mental-health services they need to move into the mainstream workforce. A 2012 evaluation of the Center for Employment Opportunities in New York, a social enterprise employing ex-prisoners found that every \$1 spent on the Center resulted in almost \$4 of savings through reductions in recidivism and increased employment.

Chrysalis Enterprises, a nonprofit in Los Angeles that employs the formerly incarcerated or homeless, is another very successful social enterprise. Through two of its businesses—Chrysalis Staffing, a full-service staffing agency, and Chrysalis Works, a professional street-maintenance and cleaning service—participants work in transitional jobs while receiving job and skills



George R. Roberts addresses guests at REDF's 2012 Benefit + Social Enterprise Expo on September 18 in San Francisco. Photo credit: Drew Alizer Photography.

training.

Chrysalis competes with other for-profit companies that offer the same services. But there is a critical difference: Chrysalis reinvests its profits in skills training and services for its employees.

Funding to start and expand these and other job-creating social enterprises was provided by the Roberts Enterprise Development Fund, an organization I founded 15 years ago this month. There are dozens of social enterprise organizations doing similar work around the country, including Rappahannock Goodwill Industries in Fredericksburg, Va.

RGI is publicly and privately funded (the REDF mix is 25% public, 75% private). Its mission is to provide vocational and educational training, as well as jobs, primarily to the disabled. One RGI initiative, a commercial-laundry venture, employs more than 80 people with significant disabilities and earns revenues of \$4 million annually. RGI's customer base includes two prominent Washington teaching hospitals and federal sites like the Marine Corps Base at Quantico, Va.

At REDF, we approach philanthropic activities as investments, with an expected return measured by people in jobs and lives changed. To make our approach as effective as possible, we measure its impact, assess outcomes—such as employment rates and job retention—and adjust strategies accordingly.

Until now, we've focused on California-based social enterprises, including Juma Ventures, a San Francisco-based social enterprise that focuses on youths who are at risk of dropping out of school. Juma employs students at stadiums and ballparks in San Francisco, Oakland and San Diego, and is expanding to other cities.

Now, working with some of the companies in the portfolio of Kohlberg Kravis Roberts & Co., which I helped found, REDF has a goal to develop a national network of social enterprises in diverse industries, employing thousands. We're also developing the talent base to run these "double bottom line" businesses through our Farber internship and fellowship program for business students.

The social enterprises we've supported have put more than 6,700 people to work and earned more than \$120 million in business revenue through the sale of goods and services, money that was then reinvested in the enterprises.

The motivation behind our support of social enterprises is simple: They keep people in school, out of prison and off government assistance. Most important, they provide jobs. Because if you don't have a job, you don't have hope. And if you don't have hope, what do you really have?

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