

From CauseRelatedMarketing.biz – September 9, 2008

Social Entrepreneurship And Cause-Related Marketing...

...An Interview with Social Entrepreneur Michael Arkes, Part I

In the last 10 years there's been an explosion of 'social entrepreneurship.' There's probably a better definition somewhere but I think of social enterprises as entities that sell goods or services to further their own mission.

In the United States social enterprises can be organized as for-profits. After all there's no law here that says a company can't have a 'mission' beyond generating profits. There are certain advantages to organizing as a for-profit, including: fewer regulatory hurdles, faster decision cycles, and better access to capital markets.

I don't have official numbers in front of me but I think it's safe to say that most social enterprises are organized as nonprofits, chiefly because in the States a nonprofit with a mission generally has more moral authority than a for-profit with a mission.

Let me hasten to add that social enterprises are not a recent innovation. Many people know about Greyston Bakery in Yonkers, New York which provides Ben & Jerry's with two million pounds of brownies a year. [Greyston's unofficial mission: "we don't hire people to bake brownies. We bake brownies to hire people."]

But for generations before Greyston there were sheltered workshops, which hire people with disabilities to make stuff, assemble things, fulfilling janitorial contracts, etc. Even a nonprofit hospital sells its services and as such could be considered one of the flavors of social enterprise.

To be frank, cause-related marketing... the subject of this blog... and social enterprises aren't the same thing, but there is overlap. They are first cousins.

In this two-part post, I publish the first half of an interview I had with Michael Arkes who started Helping Hands Rewards, a for-profit with a distinctive mission to help social enterprises break into the \$46 billion incentives market. I'll post the second half on Thursday.

Arkes who owns Hinda Incentives, a \$50 million merchandise incentive company in Chicago, did this on his own nickel and without a real model.

Tell me about how Helping Hands Rewards came about?

"In late 2003 my wife and I were having dinner with a friend, Lauri Alpern, and her husband. Lauri had just started a new job as co-executive director of a social enterprise, The Enterprising Kitchen. We knew this but asked Lauri to explain some more about what The Enterprising Kitchen did. She mentioned in her explanation a gift with purchase order from J Jill that was a significant portion of their sales in 2003. I told Lauri that I would volunteer to help her replicate that sale. Lauri is an exceptional student and we worked together to:

- Create pricing services and policies appropriate for the incentive market
- Create support materials
- Pursue customers

"In 2004 through most of 2006, I volunteered my time, a lot of it. I accomplished this by extending my work day and work week. In 2006 I realized that The Enterprising Kitchen was never going to invest dollars upfront to market to prospective incentive customers with the hope of obtaining some future benefit. Non-profits of their size just don't have the dollars to make that kind of investment.

"So I decided to form Helping Hand Rewards. The concept is that Helping Hand Rewards would make the upfront investments for marketing and business development and get paid a commission on sales that we make. I then decided to seek out additional social enterprises to provide these same services. I envisioned three roles for Helping Hand Rewards:

- Identify and qualify social enterprises
- Sell the products of these social enterprises to incentive companies that service corporations
- Create market awareness."

How much did you invest in Helping Hands?

"We started spending money in addition to my time in the fall of 2006 when we secured space at the Motivation Show (the space was donated by Pete Erickson, the owner of the show management company, but we paid for all the other services). In 2007, I spent approximately \$25,000 and for the first half of 2008 I spent \$22,000."

Do you serve on its board?

"I chose not to serve on the Board of The Enterprising Kitchen. I decided that I would have a more significant impact devoting my time to HHR than serving on their Board."

What models did you draw on?

"We built HHR from scratch. There were no models to learn from. I joined both the Social Enterprise Alliance and Social Venture Network to network and to learn. What I am doing is unique."