

PROVIDENCE BUSINESS NEWS

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SOCIAL JUSTICE

Enterprises can profit from social missions

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When Rajiv Kumar was in his first year of medical school at **Brown University** four years ago, he noticed an interesting connection among patients who were able to lose weight or quit smoking versus those who tried and failed.

Based on interactions he witnessed in doctors' offices, he said, "the people who succeeded did not do it alone," but engaged a network of social connections such as family, friends and work colleagues to provide the support they needed to overcome unhealthy habits.

"Healthy behavior and emotional well-being are spread through social networks," he said.

Using this concept, he went on to establish business ventures that

exemplify the growing trend of social enterprise, whereby an organization achieves its primary social mission through the use of business methods.

Such enterprises apply market-based strategies to solve social problems and, in an unusual twist to the traditional business model, can be for-profit or nonprofit. But even the nonprofits strive to become independent of donors by devel-

oping sustainable sources of income within their stated missions.

"It's a hybrid of for-profit and nonprofit," said Ellen Donahue-Dalton, principal of the **Dalton Marketing Group** based in East Greenwich and a co-chair of the Social Enterprise Rhode Island (SERI) summit held Nov. 12 at **Bryant University** in Smithfield and attended by approximately 300 people. Donahue-Dalton led a panel discussion at the summit on social enterprise business models and later discussed social enterprise with Providence Business News.

A "strong and growing" social-enterprise community has developed around Boston, Donahue-Dalton said.

Providence, and to a lesser degree all of Rhode Island, also is developing a strong reputa-

tion for social enterprise, summit participants noted, with Brown University and the **Rhode Island School of Design** in the forefront. Providence Mayor David N. Cicilline told the summit that efforts are under way to market Providence as a place where such ventures can grow.

Examples of Rhode Island-based social enterprises are many, such as: Better Shred, a



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SOCIAL NETWORK: Ellen Donahue-Dalton, center, led a panel discussion at the Social Enterprise Rhode Island summit. At right is Rajiv Kumar, Shape Up Rhode Island founder.

document-destruction service run by **CranstonArc**; **Big Picture Soda**, operated by **The Met** school students; **Providence Granola Project**, run out of the **Amos House** kitchen; the **Cookie Place**, run by those with disabilities; **Glee Chewing Gum**, with proceeds devoted to preserving rainforests in Guatemala and **Farm Fresh Rhode Island**, which promotes locally grown produce.

Students in business schools increasingly see social enterprise as a viable career choice. Locally, Brown, Bryant, **Johnson & Wales University**, Babson College in Boston and the **University of Rhode Island** are among the schools that offer courses in social enterprise. A new form of limited liability company, L3C, established in 2008, provides legal protection to entrepreneurs who combine for-profit and nonprofit ventures. "It is the for-profit with a nonprofit soul," the SERI Web site said of an L3C.

Kumar, a Providence Business News 40 Under Forty hon-

oree in 2008 now in his third year of medical school at Brown, created two social enterprises: one that is nonprofit and local, and another that is for-profit and global.

He founded and is chairman of **Shape Up Rhode Island**, a nonprofit that in its first year in 2006 saw 2,000 people sign up and pay for the weight-loss service. Almost four years later, some 15,000 people are now signed up, he said.

At the national and global level, after raising \$1 million from angel investors, Kumar co-founded and became managing partner of **Shape Up The Nation**, a for-profit corporate-wellness company.

Donahue-Dalton said that today's entrepreneurs launch ventures with the dual purpose of making money and helping society.

Young people "who never even thought about creating a nonprofit," Donahue-Dalton said, "are setting up social enterprises." ■

'The people who succeeded did not do it alone.'

RAJIV KUMAR

Shape Up Rhode Island
founder