

An aerial photograph of a city skyline, likely New York City, with a prominent skyscraper (the Empire State Building) on the right. The image is overlaid with a semi-transparent blue rectangle containing white text.

SOCIAL INNOVATION IN THE USA: A LANDSCAPE ANALYSIS OF SOCIAL ENTERPRISE INCUBATORS

A 2020 Engineering for Change

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Published **December 2020**

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This research is partially funded by:
Villgro USA
<https://www.villgro-us.org/>

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Executive Summary

Social Enterprise Incubators (SEIs) help socially-focused businesses achieve their central mission and scale by providing support including mentorship, networking opportunities, and access to funding. SEIs differ from traditional business incubators in their scope and approach focusing on addressing social issues and the unique challenges that early stage social enterprises face.

This research report provides a landscape analysis of SEI in the United States (U.S.). To accomplish this, a comprehensive list of U.S.-based SEI was compiled into a database that included information on the organization type (academic, network, independent), technology or people focused, and sector of focus. Additional information regarding aspects of the organizations such as size, location, revenue, and contact was added as possible. For this study, SEIs include any organization that mentors, funds, connects and/or supports enterprises that have a socially-driven mission. Sixteen experts from SEIs across a range of sectors, geographic locations, and organizational structures participated in 30-60 minutes semi-structured interviews. Data collected from desk research and interviews were then synthesized, the results of which are presented in this report. Overarching trends identified in this report include 1.) lack of alignment in sector identity, 2.) challenges with funding and organizational capacity, and 3.) need for productive networking and collaboration amongst sector stakeholders.

Social Enterprise Incubators

Social Enterprises (SE) “address a basic unmet need or solve a social or environmental problem through a market-driven approach”.¹ Similar to “regular” businesses, new SEs have a range of needs such as developing a business plan, securing funding, and measuring impact. Incubators exist to help new organizations meet these needs by connecting them with potential funding sources, expanding their network, developing sustainable business models, among other activities. Much as SEs have proliferated over the years, the presence of SEIs have grown as well. This report provides a landscape analysis of SEIs in the U.S. including current trends, challenges, and opportunities.

Characterizing the field in the U.S.

A landscape analysis was conducted using the compiled database of 309 SEI across the U.S. As shown in the figure below, most of the SEIs are geographically clustered on the east and west coast.

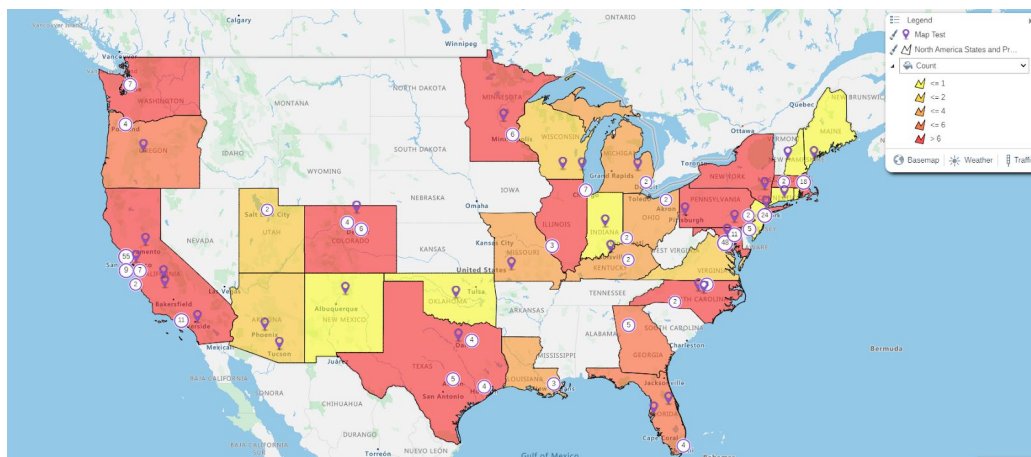


Figure 1. Geographic locations of United States Social Enterprise Incubators included in this landscape analysis

¹ SEA, [Social Enterprise](#), 2020

SEI Type

The organizations in the database include networks (56.2%), academics (9.1%), and independent SEI (34.7%), each of which play a unique role in this space. Networks are organizations whose main purpose is to connect other SE or SEIs together. Academic organizations were attached to a university or collaborated with universities only. Independent SEI were considered to be operating without major support from a university and did not focus solely on networking aspects.

People or Technology Focused

Each organization was evaluated on whether they were focused primarily on the development of technology or if they supported individuals/organizations within the sector. 27.6% of the organizations were focused on Technology, while 72.4% were focused on supporting people. The organizations that focused on technology tended to have a specific focus. For example, the Joules Accelerator, focuses specifically on the development of clean tech.



Sectors

The following sectors were identified in database of US-based SEIs:

- Technology - focus on software or hardware implementation or development
- Agriculture - focus on agricultural practices
- Academic - organizations that are tied to a university
- General - organizations that are not focused on a specific sector but rather social impact more generally
- Environmental - focus on environmental policies and environmental protection
- Economic - focus on business or policy development specific to industry development or growth
- Education - focus on education as their central mission
- Energy - focus on renewable energy and/or energy policy
- Medical - focus on medical devices and/or medical software
- Water - focus on safe and sustainable access to water
- Funding - focuses on financial support or awards

Target Population

There are a growing number of organizations that are focused solely on supporting underrepresented groups within the SEI space including minorities, women, and others that have traditionally not been represented or given equitable access to resources. These organizations aim to push the sector to allow for a more equitable distribution of support and resources. One example of such an organization is Digital Undivided which focuses on catalyzing Black and Latinx women founders.

Organizational Structure

There is a broad range of organizational structures seen within the SEI landscape. Most organizations are supported through donations, sponsorship, SE equity, membership dues, venture capital funding, and/or other philanthropic endeavors.

Incubation Processes

Organizations approached the incubation process in different manners. Common themes that were present were the use of challenges/competitions to identify potential incubatees and cohorts. The time commitment required to participate in different SEIs varied from one time competitions to weekly meetings over the course of two-years, and everything in between.

Collaboration

There was an overwhelming inclination to collaborate with others within this space. This is done through various strategic partnerships, networks that were either free to join or had a paid service or subscription.

Challenges & Opportunities

Identity and approach of SEIs

There appears to be a lack of sector identity alignment with regard to terminology, structure, approach, and historical relevance. Starting with the terminology, there is inconsistent naming of SEIs (e.g., incubator, accelerator, investors, etc.), structure, and operational approach that one expert described as a generational disconnect where “young people aspire to be a social entrepreneur and older entrepreneurs aspire to build a business and address a particular problem they’ve come to know through their career”.² Additionally, there is a lack of alignment on the origins of SEIs and why they are necessary in the first place. One interviewee described their view of how this sector exists in an attempt to address the historical legacy of inequity and that needs to be acknowledged and understood by everyone in the sector” to avoid “propogat[ing] the same things that we intend to be against”.³ These misalignments impact how SEIs approach incubation, access to funding, networking, and how impact is defined and tracked.

An oversaturated sector

Several interviewees discussed challenges around other organizations offering similar services, sometimes resulting in organizations competing for the same resources within a particular geographic area or sector. There were also sentiments about having difficulty deciding which network to join and/or how to effectively partner with other organizations due to this saturation.

Networking and collaboration challenges

Organizations face challenges networking effectively. All organizations interviewed expressed a willingness to engage and partner with other organizations, although



² Email correspondence with anonymous expert 1, August 2020

³ Interview with anonymous expert 2, September 2020

many expressed difficulty in having meaningful partnerships while navigating a space with endless opportunities to join paid networks. One interviewee suggested that what is needed is “better mapping of different comparative strengths and weaknesses and creating a framework from which partnerships can be built”.⁴

Sector specialization

Organizations that don't focus on one specific sector may face more challenges. Several interviewees expressed that it is beneficial for SEIs to focus on one sector (e.g. energy, health, agriculture, etc.). Benefits include building a specialized network and expertise that supports specific sectors and allows them to avoid mission creep.

Operational challenges

Organizations face unique operational challenges including difficulties securing funding, scaling, and high workplace turnover due to staff being underpaid and overwhelmed from the amount of work required. One interviewee expressed how funding is biased toward solutions coming out of Silicon Valley making it difficult for SEs to penetrate those funding sources.⁵ Other interviewees discussed challenges with securing experienced staff long term due to high rates of burnout. One person related these challenges with the lack of “a market based mechanism to compensate accelerators for the work that they do”.⁶

Measuring and tracking impact

Organizations focused on social impact have difficulties in tracking and communicating the effect their programs are having. There is a lack of universal metrics to track the effect that organizations are having and with each organization having a unique approach there is no one standard metric that would allow organizations to convey their successes in a meaningful way. These organizations have other motivations than profit and expressed difficulties in being able to successfully communicate the impacts that their programs have.

Adjusting to COVID-19

The global pandemic (COVID-19) has presented unique challenges as SEIs work to adjust to the current environment. All organizations interviewed expressed difficulties with changes due to COVID. Organizations expressed frustrations with funding sources being eliminated. A number of organizations responded to requests for interviews with sentiments that they were unable to engage due to the lack of capacity. For this study over 200 organizations were contacted and the lack of responses point to the challenges these organizations are facing. The transition to fully remote programs has also presented challenges for organizations that were accustomed and have invested time and resources into operating a physical prototyping or makerspace.

⁴ Interview with anonymous expert 3, July 2020

⁵ Interview with anonymous expert 4, September 2020

⁶ Interview with anonymous expert 5, September 2020

CASE STUDIES

SOCIAL ENTERPRISE ALLIANCE

Founded in 1998, the Social Enterprise Alliance (SEA) is a membership based organization that provides a platform for growing the Social Enterprise network, sharing stories, and building organizational capacity. Opportunities provided by SEA include a bi-annual summit, mentorship programs, working groups, and chapters throughout the United States; resources include webinar series, office hours, and a knowledge center, among others. As of November 2020, the SEA has over 570 members active in 41 states and 17 city chapters.

PORTLAND STATE BUSINESS ACCELERATOR

The Portland State University (PSU) Business Accelerator utilizes the university's faculty and students, and R&D capacity to support local technology, green and bioscience startups. The PSU accelerator offers office and lab space, and programs such as Lunch and Learns, office hours, and networking events. Instead of taking equity in the organizations it supports, the accelerator leases amenities to interested parties.

M-CORPS BY SECONDMUSE

The M-Corps program, one of many SecondMuse programs offered, focuses specifically on helping climate tech startups in New York State. Focused specifically on manufacturing, the M-Corps program provides technical expertise and connections to help bring climate tech solutions to market. Funded by the New York State Energy Research and Development Authority, startups can participate for free but must first apply to be accepted into a cohort.



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