



end of the rainbow

Increasing the sustainability of LGBT
organizations through social enterprise



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of LGBT organizations
through social enterprise

by Lee Davis, NESsT

End of the Rainbow introduces social enterprise as an opportunity for some LGBT organizations to diversify their funding base, contribute to their financial sustainability and increase their social impact. We explore the growing interest in LGBT social enterprise around the world and the myriad of social enterprise models LGBT organizations are undertaking. We also explore the lessons learned by LGBT organizations -- and the challenges they face -- in developing and managing social enterprises. Finally, **End of the Rainbow** recommends several ways in which donors and others can foster and support social enterprise in order to enable LGBT organizations to realize their full potential.



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Preface

As the story goes, the leprechaun (a mythical Irish “faerie,” as it were), secretly hides his pot of gold at the end of the rainbow. But despite the many relentless efforts to find these hidden riches, the hiding place is impossible to reach. The rainbow is an optical effect - no sooner does one approach its end, it moves further away.



Illustration: Jean-noël Lafargue
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Maneuvering the road to sustainability is oftentimes the same frustrating journey for most LGBT organizations, particularly those outside of the world’s LGBT “capitals.” The mythical pot of gold we seek sits at the end of a rainbow just beyond our grasp, it seems. Philanthropy alone has proven insufficient to sustain, let alone to expand, the important work of the many deserving and needy LGBT organizations.

End of the Rainbow is intended more as a challenge to LGBT organizations than as a manual. We don’t presume **social enterprise** to be the *panacea* for all the financial woes of LGBT organizations. On the contrary, we aim to present a balanced view, by including diverse cases and opinions and by examining the many challenges of social enterprise. However, we do intend to present social enterprise as an *opportunity*. Entrepreneurship is very much alive (if not blossoming) among LGBT organizations worldwide. It’s a story that has gone largely untold (or simply overlooked) despite the inspiring efforts of many LGBT organizations. These pioneers have demonstrated that it is possible to increase their social impact and their financial sustainability through entrepreneurship. We hope their stories will inspire others to think and act outside of the traditional philanthropic box.

Some will be nay sayers: “This won’t work in my country or for my organization.” To you we say: read on! From Chile to Nepal to Turkey, from LGBT advocacy organizations to community centers, the diverse examples in *End of the Rainbow* speak for themselves.

Others will have fundamental, philosophical problems with this “capitalist” approach to social change: “The market is evil!” To you we say: let’s create a *new* market that is true to our values. The cases in *End of the Rainbow* demonstrate that social enterprise can both respect and *further* the mission of LGBT organizations.

We challenge you to open your mind, to think creatively. We need to. No mythical LGBT faerie godmother (or leprechaun) is going to wave a wand and finance us forever. Social enterprise represents one way we can seize our destiny, financially empower ourselves, and allocate resources from our own pot of gold to priorities we define ourselves.



Entrepreneurship is very much alive (if not blossoming) among LGBT organizations worldwide.

Introduction

LGBT organizations are the independent voice and champions of the interests of marginalized LGBT people around the world. These organizations play a critical role in advocating for LGBT rights and promoting social inclusion, providing services and support to LGBT people, their families and communities. However, despite their important work, most LGBT organizations remain vulnerable as financial resources are scarce.

In 2007, NESsT began a collaboration with COC Netherlands to explore alternative revenue-generating activities for LGBT organizations. Our collaboration comes at a time when LGBT organizations worldwide find it increasingly difficult to raise sufficient resources from traditional philanthropic sources alone. Our initiative is intended to bring together entrepreneurial LGBT organizations and donors to promote and support alternative financing streams that enable LGBT organizations to increase their long-term financial sustainability and to increase their impact in the community.

The goal of *End of the Rainbow* is to introduce social enterprise as an additional option for contributing to the sustainability of LGBT organizations. *End of the Rainbow* includes many cases and examples of LGBT organizations that are operating entrepreneurial activities that generate income through the sale of products or services while also fulfilling other important social change goals.

As the many cases and profiles in *End of the Rainbow* demonstrate, LGBT organizations are pursuing social enterprises of all types for a variety of purposes. For some, social enterprise represents a new horizon – an opportunity to generate both financial and social change through an entrepreneurial approach. For others, social enterprise represents the last of few options: “We really have run out of ideas for sustainability,” says one director of an LGBT organization in South Africa. Says another in Europe: “It’s so frustrating to get money for our work. We’re so pressed we’re even thinking of taking money from companies we never would have before.” Says another in the USA: “We need our own money.”

Whether out of choice or necessity, the LGBT organizations in *End of the Rainbow* are motivated to pursue social enterprise for one (or a combination) of the following reasons:

Definitions

LGBT: For the purposes of this book, NESsT uses “LGBT” as an acronym to refer collectively to the vast diversity of people who identify themselves as Lesbian, Gay, Bisexual, Transgender, Transsexual, Queer and Intersex.

Social enterprise: NESsT uses the term “social enterprise” herein to refer to business activities that are designed by LGBT organizations to significantly strengthen their financial sustainability and their social impact. Any net income (i.e., profit) from social enterprise is used to support related or unrelated social aims or, in some cases, the business itself may accomplish a social aim. For example, it may provide employment to a marginalized group (see Chapter 2, Section 4 for more information regarding these types of LGBT “income-generating activities”).

- *to remain independent and autonomous*: For some (particularly advocacy) LGBT organizations, social enterprise represents power: an opportunity to generate and control resources of their own, to allocate these to priorities they identify as most critical or urgent, and to plan more strategically and long-term, un beholdened to outside interests;
- *to generate financial resources*: LGBT organizations are desperately seeking ways to pay for activities currently not (or under) funded, for those particularly difficult to finance (e.g., advocacy), or for basic operations, salaries or other “overhead” expenses typically unattractive to donors;
- *to further social objectives*: some LGBT organizations have found that an entrepreneurial approach in fact furthers their social purpose itself, for example, by expanding existing activities to benefit more beneficiaries, by offering new products or services to reach a new beneficiary group, or by reaching completely new (i.e., straight) audiences through the market;
- *to create income-generating opportunities for marginalized constituents*: LGBT organizations are launching social enterprises for the express purpose of creating employment or other economic benefits to marginalized LGBT people themselves, e.g., transitional or full-time employment, job skills and training, and supplemental income.

End of the Rainbow is divided into five chapters:

- **Chapter 1** examines the current challenge that exists in philanthropic financing for LGBT organizations and the growing interest in entrepreneurship;
- **Chapter 2** presents a veritable “yellow pages” of LGBT social enterprise, examining hundreds of examples from around the world and the lessons learned from LGBT organizations selling products and services, investing in and utilizing real estate, as well as the growing interest in LGBT income-generating activities to extend economic benefits to marginalized LGBT communities.
- **Chapter 3** explores the key challenges LGBT organizations face in developing and implementing social enterprises.
- **Chapter 4** includes perspectives of LGBT donors on social enterprise and examines the role they can or should play in helping their grantees and partners to diversify their funding through social enterprise;
- **Chapter 5** concludes with key recommendations for fostering LGBT social enterprise and opportunities for further developing the field.

End of the Rainbow is not the end of a process but the beginning of a dialogue. While it certainly doesn’t present all the answers, we hope it will stimulate creative thinking and open up the LGBT community to the potential and power of social enterprise.

Chapter 1: The challenges of sustaining LGBT organizations

There are limited data about finance and funding for LGBT organizations around the world. But even without these data, it's evident that with few exceptions, LGBT organizations are under-resourced. Whether out of choice or necessity, an increasing number of LGBT organizations are turning to the marketplace to generate needed funding for their work or to achieve other mission objectives.

We have included numerous social enterprise examples from HIV/AIDS organizations ... their social enterprise models are either directly or indirectly relevant.

1.1 Diversity of LGBT organizations

It is difficult within any single culture to adequately represent much of anything or anyone with four letters, and even more so in a global context. Nevertheless, for the purposes of this book we use the term “LGBT organization” to refer to the very diverse collective of not-for-profit organizations (both formal and informal) that work to improve and protect the lives of Lesbian, Gay, Bisexual, Transgender and Transsexual people around the world. Throughout this book we also use the term LGBT “community”. We recognize the conceptual and empirical problems that arise from oversimplifying the very diverse and mixed population of LGBT people. But for lack of a better term we use “community” as a unifying umbrella under which we all share the common mission of LGBT equality.

In an effort to present as broad a spectrum as possible of the potential application of social enterprise, we have included examples of LGBT organizations of different sizes and types (see sidebar), from various countries and regions around the world, and with different models of social enterprise. It is important to note that we have included numerous social enterprise examples from HIV/AIDS organizations. While we (and they) recognize that the LGBT community is not their only (or even their primary) target group, many of their social enterprise models are either directly or indirectly relevant. Furthermore, in nearly every case, the founders or managers of these social enterprises are

TYPES OF LGBT ORGANIZATIONS ¹	DESCRIPTION OF ACTIVITIES
LGBT community centers or support organizations	Provide multiple, direct services and activities for LGBT people (e.g., meeting space, referrals to other LGBT resources, support groups and social opportunities).
LGBT advocacy organizations	Advocate on behalf of LGBT rights and change policies or laws to be fair to, or inclusive of LGBT individuals.
LGBT health organizations	Provide direct healthcare services to (primarily) LGBT clients (e.g., physical or mental health services, services related to public health issues such as anti-violence, domestic violence or suicide prevention. HIV/AIDS service organizations (including those not focused exclusively on those who identify as LGBT).
LGBT social & cultural outreach organizations	Support the cultural development of LGBT individuals, break down barriers between LGBT and non-LGBT individuals through social or cultural events, or create special events (e.g., LGBT choruses, pride events organizers (non community centers).
LGBT knowledge development and enhancement organizations	Conduct research about LGBT issues, enhance existing information about LGBT issues (for non-advocacy purposes) through archives, publications or libraries, or disseminate information to LGBT individuals and organizations.

¹ Based on categories in Gill Foundation's report, Eads et al (Jan 2005), pp 4-5.

also LGBT themselves, further proving our point that the LGBT community is tremendously entrepreneurial.

1.2 Limitations of philanthropic support for LGBT organizations

There are limited data about finance and funding in the LGBT “sector” around the world. But even without these data, it’s evident that with few exceptions, LGBT organizations are under resourced. As the *Creating Communities* report concludes: “LGBT organizations have survived and expanded despite many barriers to gathering the resources necessary to create effective organizations.”¹

Some of the key limitations to the current finance paradigm for LGBT organizations:

- *limited levels of overall giving to LGBT*: According to a recent mapping of the London LGBT sector by Kairos of Soho (KiS) in London, more than half of the interviewed LGBT organizations identified funding as a major challenge within their organizations. The resources available for most LGBT organizations to develop, innovate and engage strategically are “increasingly compromised.”² Two thirds of interviewees reported not having sufficient funds to reach the end of the current financial year. (Kairos 53) The few LGBT organizations that do have reserves are using them to fund current year activities.

There are limited data about finance and funding in the LGBT sector around the world. But it's evident that, with few exceptions, LGBT organizations are under resourced.

A Gill Foundation report produced in January 2005 showed a similar trend among LGBT organizations in the USA. According to the report, only one tenth of one percent of the total giving in the USA was directed to LGBT organizations and that “the movement lacks a strong, viable infrastructure outside of a few urban areas.”³ This is confirmed by a 2005 study conducted by Funders for Lesbian and Gay Issues (FLGI) which says that “LGBTQ funding continues to lag behind nearly every other population group. Furthermore, support to international LGBT organizations represents only seven percent of the 2005 grant dollars.”⁴

Very little research exists on LGBT funding at the international level, however the 2007 report *A Global Gaze* produced by the FLGI provides further evidence that funding for LGBT organizations in the “Global South and East” is limited. The study reveals that in 2005, 40 grantmakers from 16 countries provided US\$10.5 million to LGBT organizations in the Global South and East and to LGBT organizations in the “Global North” working at the international level.

- *limited number of LGBT donors*: One key reason for low levels of giving to LGBT organizations is that there are a limited number of foundations that support them. In the USA, only 10 foundations awarded 24 percent of the total LGBT grants in 2005.⁵ *A Global Gaze* also illustrates that a select few donors are making 48 percent of the grants to LGBT organizations in the Global South and East.⁶

¹ Working Group on Funding Lesbian & Gay Issues, “Creating Communities” (1998), p3.

² Kairos in Soho (2007), p9.

³ Ibid, p53.

⁴ Eads et al (2005), ii.

⁵ See Funders for Lesbian & Gay Issues (2005).

⁶ Ibid, p9.

⁷ “A Global Gaze,” (2007), p2.

The KiS report found a similar problem in the UK: “A small number of

Barriers to LGBT Funding

Three barriers to LGBT funding:

- **myth of gay affluence:** lack of a perceived need within the gay population as LGBT community is portrayed in the media as wealthy with a high level of disposable income and, thus, according to funders, not in need of philanthropic support. Many foundation leaders believe the gay community can 'take care of its own.'
- **donor misperceptions:** funders contend they can't support LGBT organizations because they do not fit in prescribed program areas (i.e., education, health, housing poverty, human rights, etc) or that that LGBT issues are too controversial.
- **donor misinformation:** contention that LGBT people do not constitute a discriminated class. Failure to see discrimination and violence faced by LGBT; particular struggles for LGBT youth; struggles of family equality (same-sex marriage); discrimination in immigration law, lack of protection of legal and economic rights.

Source: Nancy Cunningham, p10.

the same trusts and foundations are mentioned repeatedly by LGBT organizations as sources of funding and support.”⁸ The KiS report identifies five barriers preventing more donors from giving to LGBT organizations: 1) small number of funders willing to fund LGBT; 2) lack of knowledge of regarding needs; 3) fear of media or public backlash; 4) institutionally adverse funding structures; 5) geographic obstacles. Others have expressed similar barriers to increased donor funding for LGBT issues. [see side bar] Carla Sutherland of the Ford Foundation adds that in the international context donors have fears of unintentionally harming local communities through their grant-making “by not foreseeing the consequences that certain funding strategies and grants may have in local, politicized context.”⁹

- *giving is concentrated on a small group of large LGBT organizations:* Another challenge is that philanthropic resources given for LGBT issues is concentrated on a small number of larger LGBT organizations. KiS found that in the UK, “the LGBT sector receives substantially lower levels of statutory funding in comparison to the volunteer sector generally and this tends to be limited to a small number of larger LGBT organizations with a focus on health and mental health.”¹⁰ The KiS report found that 70 percent of the total income sits with only five organizations. “This demonstrates the hierarchy on the margins,” says Jane Standing of KiS. “The LGBT community organizations dealing with communities like black LGBT or immigration, etc. only have an average of £7,000 per year. The government always goes to the big organizations to get information on LGBT issues since they are better organized and resourced and the government can then tick their box for consulting with the LGBT community without much effort.” Similarly in the USA, Funders for Lesbian and Gay Issues (FLGI) found that ten LGBT organizations received more than one-quarter of all dollars granted.¹¹

Internationally, *A Global Gaze* reports a similar trend: the 20 largest LGBT organizations surveyed received 68 percent of the available funding, stating that “LGBTI total giving is concentrated among a select group of larger organizations.” The report encourages grantmakers to “assess the implications of this concentration of resources.”¹² The majority of LGBT foundation funding for international work originates in and is received by groups based in Western Europe and North America.¹³ This was confirmed by the FLGI report that found that “45 percent of the international funding went to US-based organizations.”¹⁴ Carla Sutherland of the Ford Foundation recommends that “grantmakers should consider supporting organizations other than the ‘mainstream elite,’ which, according to her, tend to be urban, English-speaking, male-led, individual-driven, externally focused and competing over limited sources.”¹⁵

- *LGBT organizations in the “Global South and East” depend upon international funding:* *A Global Gaze* indicates that nearly all available LGBT

⁸ Kairos in Soho (2007), p8.

⁹ “A Global Gaze,” (2007), p20.

¹⁰ Kairos in Soho (2007), p9.

¹¹ Funders for Lesbian & Gay Issues (2005), p12.

¹² “A Global Gaze,” (2007), p4.

¹³ “A Global Gaze,” (2007), p6.

¹⁴ Funders for Lesbian & Gay Issues (2005), p14.

¹⁵ “A Global Gaze,” (2007), p20.

donor support, 93 percent, is from “northern” (i.e., international) donors.¹⁶ Only about US\$70 out of every US\$1,000 donated originated in the Global South and East.¹⁷

- *short-term nature of LGBT donor funding*: LGBT organizations are also limited by the short-term nature of donor funding as expressed by Jane Standing of KiS: “We are facing a big challenge this financial year and next. When I started we had lots of three-year grants which have all run out and we are struggling like mad to replace them...so at the moment we are funding our core [activities] out of reserves, and we cannot do that next year.” *A Global Gaze* also recommended that “increased multi-year support could nourish the LGBTI infrastructure of organizations.”¹⁸

- *donor funding restricted to specific purposes/projects*: Many LGBT organizations are relatively young, operate on small budgets with limited organizational and staff capacity. *A Global Gaze* found that more than half of the organizations surveyed have three or fewer staff members (one in three is volunteer-run) and operate on an annual budget of US\$10,000 or less.¹⁹ Meanwhile, much LGBT donor funding is restricted for specific projects. According to the FLGI, only 10 percent of LGBT grant dollars in the USA went to “organizational capacity building” support.²⁰ Although a greater number of grants are for operating support (53%) than for programs (41%), project support exceeded general operating support by seven percentage points.²¹ According to Karen Zelermyer of FLGI, the “project mentality” of donors creates significant problems for LGBT organizations. “This really also brings out the innate flaws of philanthropy. We give tax benefits to wealthy donors to reward them for supposedly giving money for the public good. But it doesn’t really go to ‘the commons’ since donors still control how money is used and oftentimes it’s tied to their own self-interests (e.g., their schools, universities, etc). It’s not that such giving is a bad thing but it’s not benefiting the commons as they claim.”

- *shifting donor interests away from LGBT issues*: According to Andrew Park of the International Human Rights Funders Group, LGBT fundraising has become increasingly more competitive: “Many private foundations have withdrawn their support from explicit LGBTI and gender-based programs; many human rights funders have shifted their interest to areas of security and counterterrorism; and grantmakers that do not currently support human rights issues often consider ‘human rights’ to be divisive, financially inefficient and vague in its purpose.”²² The *A Global Gaze* report confirms this trend, finding that LGBT organizations anticipate that raising money for LGBTI issues “will become more difficult in the near future for many reasons: the withdrawal of major funders; LGBT issues low in priority or lost among other issues (e.g., HIV/AIDS, women’s issues); and a funder focus on other countries and regions.”²³

“We are facing a big challenge this financial year and next. When I started we had lots of three year grants which have all run out ... so at the moment we are funding our core [activities] out of reserves, and we cannot do that next year.”

¹⁶ “A Global Gaze,” (2007), p2.

¹⁷ *Ibid*, p8.

¹⁸ *Ibid*, p???

¹⁹ *Ibid*, p3.

²⁰ Funders for Lesbian & Gay Issues (2005), p18.

²¹ *Ibid*, p3.

²² “A Global Gaze,” (2007), p21.

²³ “A Global Gaze,” (2007), p15.

The dependence on international sources of funding is greater in the "Global South and East" where there is less disposable income and no culture of philanthropic giving.

Vital signs: LGBT individual giving

"The importance of individual giving extends beyond the dollars alone. Giving is one indicator of the strength of a community, of the sense of connectedness and purpose that join people . . . the number of givers is a vital sign of how many of us are actively participating in building a lasting movement for our rights and dignity, and to ensuring that LGBT people are able to lead healthy, fulfilling lives." (HF3)

KiS found similar trends in the UK. "Income across the London voluntary sector, in particular amongst smaller organizations, has noticeably fallen in recent years. This trend has been exacerbated by the withdrawal of targeted funding for 'community of interest'/equality organizations and falling local government funding for these groups."²⁴

- *limited individual LGBT giving:* Individual giving is critical to LGBT organizations as it provides an important potential source of unrestricted revenue needed for day to day operations since some (government, corporate and foundation) funding may have restrictions. However, individual giving from the LGBT community to LGBT organizations remains low. The KiS report found that a very small percentage of the LGBT community in London is actually involved in supporting LGBT organizations. The Horizons Foundation and the Gill Foundation have both launched initiatives to promote greater philanthropic giving from LGBT individuals to LGBT organizations. "Because the LGBT movement is still relatively young, it does not yet have established philanthropic traditions."²⁵ The dependence on international sources of funding is greater in the "Global South and East" where there is less disposable income and no culture of philanthropic giving.

- *limited organizational assets:* A fundamental problem with the funding base of LGBT organizations is that their balance sheets are "thin," i.e., they are not accumulating assets that appreciate in value. For example, the Gill Foundation found that net assets of LGBT organizations in the USA barely increased over a two year period, underscoring "the movement's infrastructure weakness and a need for additional unrestricted or operating funds that would allow organizations to increase their asset base."²⁶ The Gill Foundation found that this lack of organizational infrastructure and long-term stability is not just a financing issue but directly relates to the effectiveness of LGBT organizations in achieving their financial mission. For LGBT advocacy organizations, for example, the Foundation found that "these funding levels make it very difficult to recruit and retain staff, impair technological capabilities, and generally diminish the ability to fight and win legislative and electoral battles."²⁷

Two thirds of LGBT organizations surveyed by KiS do not have sole use of premises; one third does not have regular and reliable meeting space; and a significant number does not have an office at all. (Kairos 71) One interviewed LGBT leader said that "What we need, actually, is office space – somewhere where I can have meetings, invite people, show people work, computers, DVD, TV, do workshops, presentations. (I05)"²⁸ The *A Global Gaze* report found similar needs, "more (safe) space for their organizations, equipment and furniture, training and technical assistance on fundraising and organizational management, and other materials to support their work."²⁹ But Zawadi Nyong'o of

²⁴ Kairos in Soho (2007), p7.

²⁵ Horizons Foundation (2007), p4.

²⁶ Eads et al (2005), iv.

²⁷ Ibid, v.

²⁸ Kairos in Soho (2007), p68.

²⁹ "A Global Gaze," (2007), p15.

Urgent Action Fund points out that “too often, the organizational infrastructure that was created to address this demand is left without the necessary resources to survive.” (AGG 18, comment from, Africa)

1.3 Increased entrepreneurship among LGBT organizations

Most efforts to increase financing for LGBT organizations and to diversify their funding base have focused on encouraging more public and private donations, building LGBT individual donor giving, hiring professional fundraisers and developing fundraising strategies. This is all important and philanthropy will always remain a critical piece of the LGBT financing puzzle. However, philanthropy will never be enough and LGBT donors and organizations need to think outside of the “funding” box and consider a more holistic vision of “financing.” New tools and vehicles are needed to secure the financial future of LGBT organizations and ensure they reach their true potential. Richard Jung at the IGLHRC puts it this way: “Overall I think that whatever LGBT organizations can do to tap into more money is good, especially in countries where there might not be the tradition of philanthropy and the market access we have here in the US.”

Most efforts to increase financing for LGBT organizations and to diversify their funding base have focused on encouraging more public and private donations.

Whether out of choice or necessity, an increasing number of LGBT organizations are turning to the marketplace to generate needed funding for their work or to achieve other mission objectives. *[see side bar, next page]* “Our general feeling here is that in order for us to survive and be sustainable we need to sell services and expertise,” says Florentina Bocioc, ACCEPT Romania’s Executive Director. But LGBT social enterprise is not new. LGBT organizations are already doing social enterprise at surprising levels (whether or not they call it “social enterprise” or something else, i.e. “earned income” or “trading”).

On an anecdotal level, references to social enterprise are appearing in more strategic plans, annual reports and websites of LGBT organizations worldwide:

- *GALA (South Africa)*: The annual report of the Gay and Lesbian Archives (GALA) in South Africa refers to its efforts to develop a long-term strategy for the organization’s future sustainability that includes an income generating option.³⁰ *[see case study, Chapter 2]*
- *ACCEPT (Romania)*: The ACCEPT Romania strategic plan for 2006-2009 mentions one strategic priority is to “be a stable and sustainable organization.” One of the top objectives to achieve this goal is to “diversify the funding resources, stressing economical or productive activities (café, making the magazine more profitable).”³¹
- *ACCIONGAY (Chile)*: One of ACCIONGAY’s strategic objectives is to strengthen its financial and organizational capacity and to increase self-generated income from 0.7% to 20% in five years.³²

“Our general feeling here is that in order for us to survive and be sustainable we need to sell services and expertise.”

³⁰ <http://web.wits.ac.za>

³¹ <http://accept-romania.ro>

³² http://acciongay.cl/?page_id=5

Motivations for LGBT social enterprise

Examples of LGBT organizations' motivations for social enterprise:

- improve overall financial health and diversify funding base;
- raise money for certain expenses (e.g., administration, operations, core programs);
- be more independent, autonomous, self-sufficient and empowered;
- support 'controversial activities' (e.g., advocacy) to maintain an independent voice from donors;
- avoid uncertainties about future grant resources (e.g., reduce dependency on international funding);
- survive amid increased competition for decreasing donor support;
- further mission-related activities (especially to provide employment or income generating opportunities for marginalized constituents);
- place greater value on products and services by charging for them (helps to recognize their value and quality);
- create a safe LGBT community space (e.g., owning real estate).

Twenty percent of the funding sources reported by LGBT organizations in the Global South and East in 2005 came from "earned income" and "service fees."

³³ www.lgbtcentrevancouver.com

³⁴ www.manchesterlcp.org.uk

³⁵ Kairos in Soho (2007), p50.

³⁶ Ibid, p51.

³⁷ Ibid, p115.

³⁸ "A Global Gaze," (2007), p29.

- *Vancouver LGBT Center (Canada)*: The feasibility study for the LGBT Center in Vancouver, Canada, also explicitly identifies social enterprise as a key goal, mentioning a café run by volunteers or as a training program or social enterprise as "an idea that would help to sustain the centre financially."³³
- *Manchester Lesbian Community Project (United Kingdom)*: One of the four themes in the 2006 Strategic Report of the Manchester Lesbian Community Project is social enterprise: "Longer term sustainability through social enterprise remains firmly at the centre of our agenda. It is our vision to secure a more stable future for the LCP and its important services through gradually moving away from grant dependency to a more mixed and predictable funding structure. Together we hope to explore and pilot a number of community enterprise ideas, making the most of our unique position, and providing more of what lesbian and bisexual women have told us they want at the same time as funding some of our support services."³⁴

On a more statistical level, the KiS report found that LGBT organizations rely heavily on both donations and trading (fees and earnings). Non-grant funding represented a significant portion of LGBT organizations funding. "In total, self-generated unrestricted income sources (individual donations, fees, income from events, trading and earning) account for over 50 percent of all income sources accessed by LGBT organizations."³⁵ (KiS 50) Membership fees was the third most common source (after individual and trust donations), followed by income from events (4th), and training/earning (6th), and fees for services (7th). Surprisingly, all of these earned income strategies were more significant sources of financing for LGBT organizations than were national, local government, EU and corporate support.³⁶ (KiS 51). Furthermore, nearly 50 percent of the organizations surveyed indicated that these self-generated sources represented between 30-60 percent of their overall income. While KiS does not specifically mention social enterprise as a priority, the report concludes that the LGBT voluntary sector in London "needs support to widen the pool of funding sources it accesses and the type of funding gained...the sector needs access to support to develop new funding streams generally."³⁷ (Kairos 115)

Similarly, the *A Global Gaze* report indicates that 20 percent of the funding sources reported by LGBT organizations in the global south and east in 2005 came from "earned income" and "service fees." This was fourth in line after individual donors/membership fees (37 percent) and donations from other specific grantmakers (Aestreae and Hivos). The report makes no reference to the need or opportunities for increasing this source of income, instead focusing on the importance of increased government support (which, ironically, represented a lower percentage (18 percent) of generated income for survey respondents): "LGBTI organizations and like-minded funders should consider all types of funding support - including government sources - when seeking financial assistance."³⁸

Juan Barajas of the Pacific Center believes more LGBT organizations are interested in exploring the potential of social enterprise. “It’s definitely getting more common. There is a lot more talk about social entrepreneurship now,” he says. “It’s hard to do, it’s a big switch from being all focused on projects and services to switching to a for-profit mentality. I think what’s causing this increased interest is a combination of funding shifts that are pushing nonprofits. But also our movement which is still a young movement is in general getting more sophisticated. I really like the concept [of social enterprise]. I’m tired of ‘chasing the buck.’ We need something different. It’s the best way for nonprofits to survive in the next five to ten years given the changes in government funding and as foundations change their interests every few years. We’ve weathered a lot of these peaks and valleys and I think now is the beginning of a valley in funding to LGBT organizations.”

“It’s a big switch from being all focused on projects and services to switching to a for-profit mentality.”

The increased interest in entrepreneurship among LGBT organizations is also a result of the growing recognition amongst development organizations, donors and LGBT human rights advocates that LGBT exclusion is a cause of poverty, particularly in the so-called “developing” countries (i.e., the Global South). As Henry Armas points out in his paper *Whose Sexuality Counts? Poverty, Participation and Sexual Rights*, “the lack of sexual rights in itself constitutes poverty.” he says.³⁹ Armas argues that sexuality is a vital aspect of development, affecting LGBT people’s livelihoods and security, their wellbeing, and sometimes their very survival. LGBT people are often denied their basic human rights, including access to health, housing food and employment, and subjected to violence and exclusion. These sexual rights violations result in weaker capacities, limited educational and professional opportunities and create poverty.

Sexual rights violations result in weaker capacities, limited educational and professional opportunities and create poverty . . .

“Sexual rights violations create hunger (discrimination leads to fewer salaries, underpaid and risky jobs), insecurity (physical aggression against LGBT people, genital mutilations in women), lack of power (policy abuse of sex workers), limitations in access to health (discrimination in hospitals on the basis of sexual orientation, or marital status in access to health insurance) and limitations in access to education (bullying in schools, discrimination, limited access to sexuality education). It is not only lesbians, gays, bisexuals and transgender people who are affected, but also their families.”⁴⁰

Social enterprise is one means of creating economic opportunities for LGBT people.

Armas concludes that participation, “the meaningful involvement of marginalized groups in defining their own realities and developing strategies to improve their situation,” is necessary to empower LGBT people out of exclusion and poverty.⁴¹ Social enterprise is one means of creating economic opportunities for LGBT people.

On a practical level, the subsequent chapter confirms that LGBT organizations around the world are already active and avid social entrepreneurs. However, little attention has yet been given to learning from or supporting LGBT social enterprises or recognizing its potential for furthering the financial sustainability and social impact of LGBT organizations.

³⁹ Armas (November 2007), p 3.

⁴⁰ Ibid, p 7.

⁴² Ibid, p 14.

Chapter 2: Social enterprise models for LGBT organizations

This chapter is a veritable “yellow pages” of LGBT social enterprise. The examples herein demonstrate that LGBT organizations are actively pursuing a wide variety of social enterprise activities – from product sales to mental health services, from high-end retail shops to beauty salons, from cafes to pharmacies, from thrift shops to publishing ventures, from catering companies to on-line media firms.

While not all of the examples herein may be “success stories” in purely financial terms, they illustrate the great entrepreneurial potential among LGBT organizations – from Ankara to London, Chisinau to Santiago, Amsterdam to Hong Kong, Bucharest to San Francisco, Moscow to Johannesburg. Around the world, an LGBT social enterprise movement is blossoming.

The social enterprise “models” applied by LGBT organizations can loosely be organized into the following general categories:

- *product sales*: instead of only giving things away for free, LGBT organizations are 1) selling products from their existing activities (e.g., books and publications); 2) producing and selling new products (e.g., rainbow pride products, calendars); and/or 3) reselling donated products (e.g., through thrift stores);
- *fees for services*: instead of only offering services for free, LGBT organizations are charging fees for existing services or developing and selling new services for current and new constituents and clients;
- *use of “hard” assets*: some LGBT organizations have acquired real estate and/or are renting out their space, facilities or equipment;
- *use of “soft” assets*: to a lesser degree, LGBT organizations are generating income from intellectual property or patents they may own, through licensing agreements, or by endorsing commercial products with their names/reputations.

While most LGBT social enterprises are directly related to the mission of the LGBT organization, some LGBT organizations have extended beyond their existing services to offer new products and services to new paying customers.

For the most part, LGBT organizations selling services have focused on selling their products and services to the LGBT community itself. Few have ventured beyond to offer their wares to the general (i.e., straight) public. As a result, most social enterprise cases in *end of the rainbow* relate in some way to the social mission of the LGBT organizations or, at the very least, create some direct or indirect benefit for the LGBT community.

Another way for categorizing different types of LGBT social enterprises is the degree to which the enterprise activity is related to the mission of the LGBT organization (*see diagram, next page*).

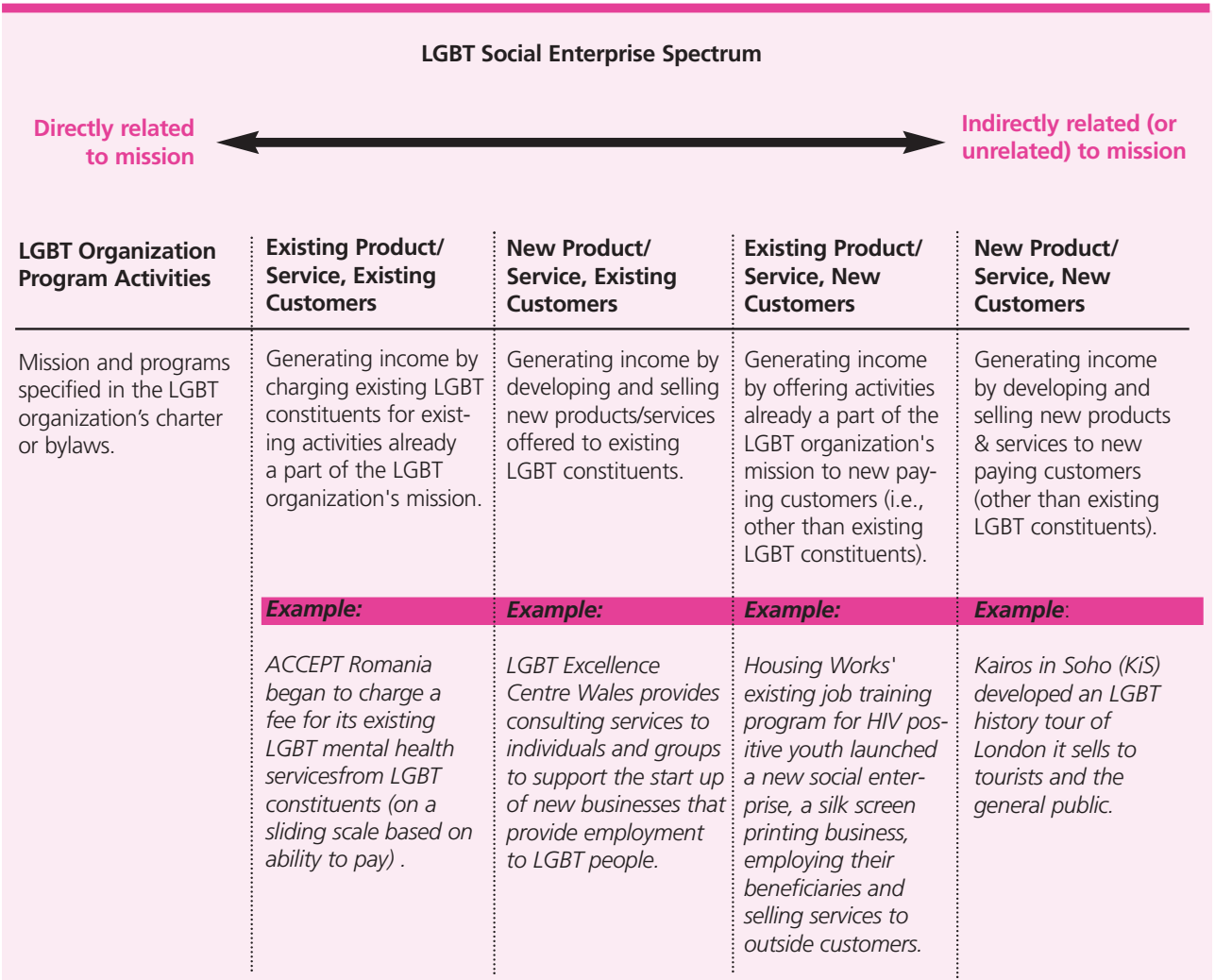
1. LGBT SOCIAL ENTERPRISE PRODUCT SALES

The products that LGBT organizations are selling (and sometimes making or producing themselves) are as diverse as they are themselves. Some products are more for promoting LGBT pride generally or promoting the work of the organization specifically. Other product sales are directly related to the social mission of the LGBT organization.

Some LGBT organizations are selling their products in physical stores/shops that they own or rent. Others sell products online through their websites. Others have focused on selling products at events (e.g., Pride, World AIDS Day, etc).

1.1 LGBT pride products

As the rainbow flag increasingly becomes a symbol of LGBT pride and



equal rights, many LGBT organizations are selling rainbow products as a way of generating income as well as promoting LGBT pride and awareness. Rainbow products include bags, beads, bracelets, flags, magnets, mugs, pins, postcards, strickers, T-shirts, umbrellas, etc.

ACCEPT Romania, for example, offers a selection of LGBT pride products through its online shop, including bracelets, T-shirts, a calendar/planner, rainbow flags, umbrellas, and pins. The shop has limited turnover: in 2006 they sold approximately 40 T-shirts, 30 flags, and “many” bracelets, according to ACCEPT Executive Director, Florentina Bocioc. Some products ACCEPT designs and produces itself, among them



LGBT Rainbow Products
Among other rainbow products sold by ACCEPT Romania is its rainbow umbrella. ACCEPT's best-selling product is a popular annual rainbow calendar planner it designs and prints itself.

"Either it's nonprofit relying on government handouts, or for-profit standing on its own. I wanted to be independent, and in any case its very difficult to get a project subsidized permanently."

their annual rainbow calendar/planner, their best-selling product. (They sold about 200 in 2007). The online shop is not yet a profitable enterprise. Bocioc believes they are still learning about the market and demand for their products. With better planning, Bocioc expects they could start to cover their costs at the end of the coming year. "We printed too many of the planners, for example. But now we know the demand and will make less next year." [see *ACCEPT Romania profile*]

Red AIDS ribbons are another common product produced and/or sold by LGBT and HIV/AIDS organizations to generate income and to raise awareness of HIV/AIDS. In South Africa, for example, the production and sale of red AIDS ribbons has also become a common income-generating activity for LGBT or HIV/AIDS constituents. For example, the Forum for the Empowerment of Women (FEW), a networking, empowerment and support organization of and for black lesbians in and around Johannesburg, South Africa, were commissioned to produce AIDS ribbons for World AIDS Day for corporate customers. FEW used these contracts as an income-generating project for their members. As with the

Pink Point (Amsterdam, The Netherlands)

Pink Point is a gay and lesbian information kiosk situated in central Amsterdam. Pink Point is open seven days a week year-round, providing general information on gay and lesbian Amsterdam and information on the neighboring Homomonument, a memorial to gays and lesbians murdered in World War II, a call for vigilance against homophobia, and an inspiration for gays and lesbians.

Pink Point started as a converted ice-cream cart at the Gay Games of 1998 in Amsterdam. It began as a nonprofit foundation (a *stichting*) but is now a business entity owned by LGBT entrepreneur Richard Keldoulis and his husband. The nonprofit Gay and Lesbian Amsterdam (GALA) is also an investor. The kiosk sustains itself through its sales of gay souvenirs and rainbow products at the kiosk and online. Products include belts, pins, keyrings, guidebooks, magnets, mugs, postcards, bags, stickers, T-shirts, etc.

According to Keldoulis, "Pink Point was primarily set up to be a face, or 'host' for the Homomonument. But we also quickly become a general gay and lesbian info booth, as well as a general tourist information spot. I think the real strength is its location - we are a very visible gay presence in the street, next to not only the Homomonument but also one of the busiest museums in Amsterdam, the Anne Frank House. Because we actually offer a service to mainly a straight public, it's often their first contact with an openly gay person, which is good for gay 'integration'. It frightens some potential customers off, but attracts others."

"We changed from nonprofit to business for two reasons. Firstly, we had to. All kiosks in Amsterdam fall under the 'market department' of the local council and they only accept businesses, not foundations, as owners of these kiosks (the other kiosks are all selling flowers, fries or fish and haring).



The Pink Point kiosk on Amsterdam's Westermarkt

"Secondly, I didn't want to rely on subsidies. Either it's nonprofit relying on government handouts, or for-profit standing on its own. I wanted to be independent, and in any case its very difficult to get a project subsidized permanently."

www.pinkpoint.org
www.homomonument.nl

rainbow/pride products, however, the sales of AIDS ribbons are often more for promotional purposes and only of symbolic monetary value. As expressed by Dawie Nel, Director of OUT LGBT Wellbeing in Pretoria, ribbons may be a useful promotional product but have limited entrepreneurial value: “I just don’t find the AIDS ribbons approach very attractive,” he says.

1.2 LGBT organizational promotional products

Some LGBT organizations also produce and sell promotional products with their organization’s logo and/or a message. These enterprises are also generally intended more for promotional purposes than income generation but can at the very least be financially self-sustaining.

LGBT Organizational Products (examples)

ASWAT - Palestinian Gay Women www.aswatgroup.org	Palestine	Books, magnets, T-shirts
Pride Toronto www.pridetoronto.com/merchandise	Canada	Hats, T-shirts, posters, keychains, shorts, etc.
Parents, Families & Friends of Lesbians & Gays (PFLAG) www.cafepress.com/pflag	USA	Aprons, bags, hats, mousepads, mugs, pins, stickers, T-shirts
Schorer Foundation www.schorer.nl	Netherlands	Books, Condoms, T-shirts



Some LGBT organizations have been very successful in creating a recognizable brand for themselves that then can be used to generate awareness and, sometimes, income. One example of this is the Human Rights Campaign (HRC) that has been very successful in establishing its trademark blue and yellow equals sign as a symbol of LGBT rights in the USA. HRC’s online shop sells everything from clothing and jewelry to home and office decor and toys. According to HRC’s 2005 tax filing, they generated US\$875,000 in gross sales and recognized a gross profit of US\$538,000 from these activities. This represented only about 3 percent of their US\$26 million overall revenues for the year but likely contributed a great deal to establishing its national brand recognition. “Older more established LGBT organizations have more of a ‘brand’ to sell than newer organizations,” says Derek Barnes of Ignition Point Ventures, “Take the example of HRC, for example. They are big now, but they were very strate-

Some LGBT organizations have been very successful in creating a recognizable brand for themselves that then can be used to generate awareness and, sometimes, income.



The power of branding

Through its sophisticated online store and network of shops (in cities like Washington, DC, and San Francisco, for example), the Human Rights Campaign (HRC) has also established itself as an LGBT retail giant.

<http://hrccornerstore.myimagefirst.com/store/>

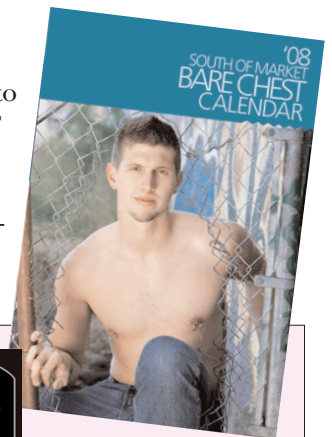
¹www.lambdaliterary.org/calendar/

gic in their early years to understand the value of their brand. Their former director came from business sector and came with that business mindset and immediately capitalized on the HRC brand, so that today it's everywhere – on bumper stickers, shops, shirts, hats, everywhere. Of course they are criticized as the 'eight hundred pound gorilla' and they have access to money and connections now but this wasn't always the case. It's not unlike any entrepreneur who wants to launch a business, especially a new social enterprise. You have to go into it with a clear vision."

1.3 Other products

Beyond products emblazoned with rainbows, ribbons and logos, LGBT organizations are also producing and/or selling many other types of products (with mixed successes).

- *calendars*: Several LGBT and HIV/AIDS organizations have produced calendars for sale to their members and the public at large. ACCEPT Romania sells about 200 copies of its popular annual calendar/planner (see above). The Lambda Literary Foundation produces an annual calendar celebrating LGBT literary pioneers.¹ The NAMES Project Foundation, caretakers of



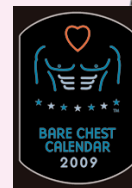
AIDS Emergency Fund (San Francisco, California, USA)

Mission: Established in 1982, AIDS Emergency Fund (AEF) has provided more than US\$26,000,000 in emergency financial assistance to people facing the challenges of living with HIV and AIDS.

The Bare Chest Calendar is a calendar business first started by a bar in San Francisco, The Arena, as a benefit in 1999. The AEF now owns all rights to the calendar which has evolved into a stand-alone, volunteer-run small business. Proceeds from calendar sales of the calendar support AEF and are shared with Positive Resource Center (PRC), another area HIV/AIDS

nonprofit offering free and confidential disability benefits counseling and employment services for HIV-infected persons.

The calendar is produced and managed each year by a steering committee of previous contestants and volunteers. Every year 12 "hot men" are chosen for the calendar. Contestants compete for a chance to become finalists through a series of semi-finals which ends up with a pageant event. These 12 men then spend the rest of the year raising money, promoting and selling the calendar. The 2008 calendar raised US\$92,000 for AEF and PRC.



The Bare Chest Calendar is now a San Francisco institution. And while it is a playful, income generating product, it also carries a powerful message of its own. It is estimated 40 of the men who have been on the Bare Chest Calendar have succumbed to AIDS themselves.

www.aidsemergencyfund.org
www.barechest.org

The International AIDS Memorial Quilt, sells a calendar using images from the quilt.² These have not been great revenue generating opportunities but rather a means of keeping the organization in front of supporters (mostly LGBT themselves) throughout the year. However, the AIDS Emergency Fund (AEF) in San Francisco has turned its calendar sales into a successful stand-alone venture. Since 1999, the “Bare Chest Calendar” has generated over US\$26,000,000 for AEF and other area nonprofits. [see box, previous page]



- *holiday cards*: Crusaid (UK) produces Christmas cards each year for sale to the general public. Sales each year bring in about £40,000 “in a good year” and £37,000-38,000 in most years. According to Crusaid Chief Executive Robin Brady, “the highest year was £48,000 that resulted from cutting costs, better card designs and a better network to sell when we started working with CardAid.” Crusaid buys the cards from CardAid (www.cardaid.co.uk). The cards cost about £7500 to print and Crusaid pays about £800 for postage. Crusaid’s primary customers for the cards are their donors. They also sell through Cards for Good Causes (www.good-causes.co.uk) in churches, etc. Cards for Good Causes carry the stock and then Crusaid receives 1/6 of retail price as a donation.

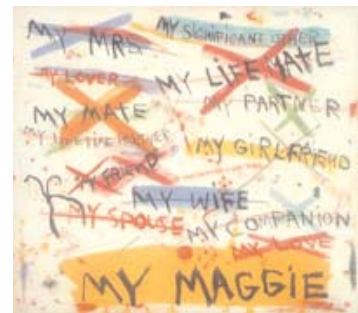
Crusaid holiday card designs: “We pick out designs and they all carry the Crusaid logo. There is a science to this,” explains Crusaid Chief Executive Robin Brady, “since some designs sell better to gay men, older gay men, etc.”

²www.aidsquilt.org/store

- *artwork*: The Visual Arts Committee of the Astraea Lesbian Foundation for Justice commissions renowned lesbian artists to create limited-edition prints which it then sells to benefit Astraea’s work. In addition to generating income, the program promotes lesbian artists.

The nonprofit Tom of Finland Foundation, established to preserve and promote the art of renowned gay artist Touko Laaksonen (a.k.a. Tom of Finland), sells books, reprints, calendars, posters and other products (mugs, pins, hats, magnets, T-shirts, dolls) using widely-recognizable Tom of Finland erotic art. Proceeds from these sales help to finance the Foundation’s work to “educate the public as to the cultural merits of erotic art and to promote healthier, more tolerant attitudes about sexuality.” (see box, next page)

- *other “LGBT friendly” products*: The LGBT Center Together in Russia operates two profitable LGBT shops, Indigo, in Moscow and St. Petersburg (<http://ushop.gay.ru>), started by gay entrepreneur and “mogul” Ed Mishin. The Indigo shops sell “gay friendly” books, condoms, movies, rainbow/pride products, underwear, buttons/pins, flags, perfume, etc. The first shop opened in Moscow in the Together office, followed by a second in St. Petersburg. Indigo’s DVD and CD selections are loosely gay-themed, and they carry a small and eclectic collection of English-language literature, guides on HIV/AIDS, etc. [see gay.ru profile]



Astraea Lesbian Foundation for Justice commissions and sells original prints on its website, like this work from renowned lesbian artist Joan Snyder.

www.astraea.org

Tom of Finland Foundation: A creative (albeit controversial) LGBT social enterprise

Tom of Finland is certainly an LGBT social enterprise success story from both its commercial and "social" mission perspective. The Foundation (and its sister company) has created a worldwide recognizable, marketable brand. The drawings of Touko Laaksonen (a.k.a. Tom of Finland) with its homoerotic depictions of burly men in homoerotic, sexually-charged poses was at first considered "soft core" porn. Today, they find themselves in the hands of serious private collectors and museums, including the permanent collection of 21st Century drawings of New York's Museum of Modern Art.

Tom of Finland Foundation has been exceptionally creative about capitalizing on its iconic brand. In addition to income from its books, calendars, cards, etc. it has ventured into the retail markets of art and fashion. "Finally, you can dress hot and at the same time help the Foundation's goals!" The New York Times announced upon the advent of the new label 'Tom of Finland Clothing' in 1999. A New York design group licensed and produced a line of Tom of Finland clothing, including heavy denim and Lycra "Tom" fit jeans



The Tom of Finland Clothing line was in the market for about five years but lack of financing forced the venture to end.

("low rise, snug in the legs, boot cut"), belts with massive metal buckles that say "Tom," ribbed Ts with horizontal laces, a classic leather motorcycle jacket with a lining decorated with Tom's drawings, and swim suits, all based on those worn by lumberjacks, cowboys and leather men drawn by Tom of Finland. Some of the articles were produced in a factory that also produced high-end Versace.

A Tom of Finland clothing store also opened in New York's gay-trendy Chelsea district, using fixtures and materials that reflected the muscular quality of the merchandise, and including exhibits of artists working in the Tom of Finland "genre." The products also on sale in large department stores, like the West Hollywood, Los Angeles branch of Bloomingdale's. The line was embraced by fashion editors, featured in music videos, and covered prominently by the fashion media. Tom's low slung, "hip-hugger" jeans contributed to the popularity of such designs in latter years. The Tom of Finland line of clothing was on the market for about five years generating royalties for the Foundation. The closing of the store and discontinuation of the clothing line "had little to do with popularity and everything to do with financing," according to the Foundation's website.



Tom of Finland's "The Art of Pleasure," a retrospective published by TASCHEN.

Tom of Finland is certainly an LGBT social enterprise success story from both its commercial and "social" mission perspective.

www.tomoffinlandfoundation.org

Source: Tom of Finland Dispatch
www.tomoffinlandfoundation.org/foundation/Dispatch/Dispatch2003Feb/TomsInfluenceOnFashion.htm

1.4 Donated products

For many LGBT organizations, purchasing or producing new products to sell can be prohibitively expensive. “Buying high-quality items is a large outlay and the only new items charities like us can afford are complete crap,” says Crusaid’s Chief Executive, Robin Brady. As a result, some LGBT organizations are operating social enterprises (typically “thrift stores” or “charity shops”) selling products donated by individuals or retail firms.

- *LGBT thrift stores:* The Gay Community Center of Richmond, Virginia (USA) operates “Diversity Thrift,” a shop located within the Center building selling donated products. [see sidebar, next page] All profits generated by sales at Diversity Thrift are used to benefit the Center’s services for LGBT individuals and its grantmaking program to support local LGBT community organizations.

The AIDS Healthcare Foundation (AHF) operates a network of 22 “Out of the Closet” Thrift Stores throughout California and Florida that have generated millions of dollars in support of AHF’s affordable medical services. [see AHF profile]



www.metrocharities.org

Metropolitan Charities, Inc., a community services HIV/AIDS program operating in Florida’s Hillsborough and Pinellas counties, operates a thrift store selling “gently used” clothing and merchandise. In addition to generating financial resources for Metropolitan Charities itself, the thrift store provides “purchase certificates” for free household goods, clothing and other merchandise to anyone living with HIV/AIDS, thereby complementing Metropolitan Charities’ efforts to allow people with HIV/AIDS to remain safely in their home instead of being institutionalized.



www.howardbrown.org

The Howard Brown Clinic in Chicago, the only comprehensive LGBT health center in the Midwest of the USA, operates a network of four “Brown Elephant” resale shops that generated revenues of US\$3.3 million in 2006 (nearly a quarter of Howard Brown’s total annual budget of US\$13.8 million). The shops generated a net profit of US\$1.5 million after expenses.³ The revenue generated by donations and purchases at the Brown Elephants goes directly to help fund the more than 50 percent of Howard Brown clients who are uninsured or underinsured. Free HIV testing is also provided at store locations.

- *LGBT “boutique” shops:* Some LGBT organizations have found that relying on donated products (even those that are “gently used”) can be a challenge as quality can be mixed. As a result, some LGBT organizations have taken a more up-market approach, relying instead on more fashionable or

Fundamor (Colombia)

Fundamor was founded in 1992 to provide integrated services to people with HIV/AIDS, both carriers and terminal patients, who have few resources or who have been rejected by society.

Fundamor generates more than 60 percent of its income from numerous enterprises in support of its services to children living with HIV/AIDS.



Since 1993, Fundamor has managed a secondhand store in San Antonio. The store sells items donated to Fundamor by companies and individuals.

www.fundamor.org

Source: NESST Case Study “Building Self-financing from Organizational Mission and Assets” www.nesst.org/documents/FundamorEnglishFINAL.pdf

³ Source: Howard Brown 2006 annual report www.howardbrown.org/uploadedFiles/AR06_HowardBrown.pdf

designer label retail product donations. The Crusaid charity shop, for example, [see *Crusaid profile*] is a “unique boutique” charity shop located in an upscale Westminster neighborhood of London. Established in 1991 as a way for people to donate and buy items to raise funds for Crusaid’s work, individuals and leading design companies such as Ralph Lauren, Nicole Farhi and EMI support the shop by making donations of high quality products, including antiques, fine art, music and vintage fashion. The financial goal of the Crusaid shop is to cover Crusaid’s operating costs. “We’re about two thirds of the way there,” says Brady. Currently the shop

Diversity Thrift (Richmond, Virginia, USA)

The Richmond Gay Community Foundation (RGCF), was founded in 1999 with the mission of “improving the lives of lesbian, gay, bisexual and transgender people” and providing funding to LGBT nonprofits. In 2000, RGCF began operating Diversity Thrift, a thrift store to raise money to support other local LGBT organizations. With income from the store (and from a weekly bingo game), RGCF has distributed more than US\$450,000 to local LGBT organizations. From 2000 to 2004 one hundred percent of cash generated was granted back to the community.

In 2004, RGCF purchased a 47,000 square foot property to house the Center, an expanded thrift store and

bingo operations. The building now also provides meeting and conference space for LGBT organizations. RGCF invested US\$2,300,000 in the new facility (US\$850,000 cash and US\$1.5 million in debt). The grantmaking was temporarily suspended in 2004 to pay for the new building but are resuming in 2008. RGCF believes that owning the building will enable them to increase their grantmaking to local LGBT organizations due to the benefits from appreciation in its value, and increases their investment and permanence in the community.

www.diversitythrift.org



The Diversity Thrift contains five furniture rooms with both home and office furniture, more than 50 racks filled with clothes, shoes and clothing accessories, two book rooms with reading tables and chairs, a music room with record albums, CD’s, audio and video tapes, a sports & recreation room, a kitchen items room, various shelves filled with knick-knacks, walls with art and frames, small and large appliances, antiques, collectibles, jewelry, pianos/organs and all kinds of other used and donated items.

brings in about £135,000 a year and costs for operating it are about £40,000 a year (including the shop’s staff salaries, rent, etc.).

Housing Works (www.housingworks.org) in New York has taken a similar upscale approach to its chain of thrift shops: “Discover old treasures. Give new life,” their advertising says, depicting its donated clothing, furniture and other items in a uniquely boutique chic way. Housing Works Thrift Shops is a highly popular chain of seven upscale locations in New York City, an online auctions site, and a bookstore cafe in New York’s trendy Soho neighborhood. All provide funding for Housing Works’ efforts. In 2007, Housing Works added its seventh location with its debut shop in Brooklyn. Housing Works has positioned its shops in the upscale market

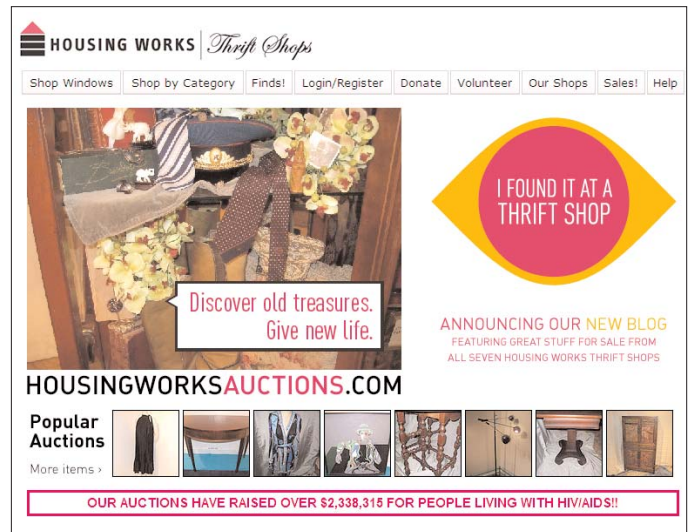
through “clean and modern” shop design and through promotional partnerships with design and fashion firms. “Overall, the Thrift Shops increased revenues during fiscal year 2007 by 20 percent and increased profits by 86 percent,” according to Housing Works’ 2007 annual report. In 2007, the thrift stores generated US\$9 million in revenue in support of Housing Works.⁴

- *LGBT joint venture shop:* Another unique social enterprise model based on high-end donated products is that of Under One Roof [see profile]. Under One Roof operates a retail gift store in San Francisco’s Castro district. 100 percent of the stores net proceeds are donated to 30 participating area nonprofit AIDS service organizations, generating hundreds of thousands of dollars annually (over US\$4 million since 1990). The unique benefit of this model is that the recipient organizations don’t have to be in the business of managing the store. Under One Roof has employed a professional business manager who is responsible for the development and marketing of the store, leaving the benefiting nonprofits to focus on their work in the community.

1.5 LGBT “mission-related” products

A number of LGBT organizations have built social enterprises around selling products directly related to their social mission, i.e., producing and/or selling products to benefit or serve the LGBT community itself. For example, by applying a market approach some LGBT organizations have been able to more widely promote safer-sex practices, distribute much-needed information on safer-sex practices, or make medication or safe-sex products more accessible and affordable to LGBT communities.

- *books/publications:* Many LGBT organizations produce books, reports and other publications from their work to inform or otherwise serve the LGBT community. Many distribute these publications for free in an effort to gain as wide a distribution as possible, especially when trying to raise awareness of LGBT issues amongst policymakers or the general public. Others give their publications away for free within the LGBT community to overcome barriers to access for those who may not be able to pay. The Terrence Higgins Trust (THT) in London, for example, makes its publications on safer-sex practices available for free in printed form and for electronic download on its website. THT only charges for orders shipped to customers outside of the UK.⁵ The Naz Foundation International (NFI), working principally in India and throughout South Asia, provides free publications aimed at improving the reproductive and sexual health of MSM in developing countries,



www.housingworksauctions.com

⁴ Source: Housing Works 2007 Annual Report
www.housingworks.org/about-financial.html



www.nfi.net

This NFI manual is available for free for community-based organizations addressing HIV, sexual health, welfare and human rights issues for MSM, their partners and families.

⁵ See: www.tht.org.uk

including resource packs for developing community-based responses to MSM health needs.

Other LGBT organizations sell their publications for a symbolic amount in order to recover some of the production costs (e.g., design and printing costs). The Gay and Lesbian Archives (GALA) in South Africa sells publications related to the history of the LGBT movement in Africa. GALA has also explored other income-generating opportunities beyond just sale of publications to financially sustain their work [see box, below].

Gay and Lesbian Archives (GALA) (South Africa)



Established in 1997, Gay and Lesbian Memory in Action (GALA) is an independent trust based at the William Cullen Library at the

University of the Witwatersrand in Johannesburg. GALA was established as a community archive that aims to serve the needs of academic research, while maintaining its primary function as a repository of community histories, and cultural artefacts. GALA is the only LGBT archive in Africa, and has extended its focus expanding linkages with LGBT organizations across Africa.

GALA's primary source of funding comes from international and local donors, among them The Atlantic Philanthropies and Hivos, which have helped to cover salaries for staff, to develop new history projects, outreach and dissemination activities. GALA has been working to develop a long-term fundraising strategy

focusing on the organization's future sustainability.

GALA has explored several strategies to achieve greater financial sustainability, including selling publications relating to the history of the LGBT movement. Some books are purely educational but others have more cross appeal both within and outside the LGBT community. "I don't believe this is profitable at the moment, but with good management, these titles could be sold throughout the region and internationally," speculates Jon Campbell of Hivos, a GALA supporter.

GALA also offers a Walking Tour of Queer Hillbrow and Constitution Hill, and took 13 individuals and groups on this tour in 2007. The tour has been featured at length in an SABC 1 television program, *Mzansi Heads Up*, and is listed in a number of travel guides to Johannesburg (including *The Lonely Planet* guide). But according to GALA director Ruth Morgan the tour doesn't bring in a profit. "We really have run



GALA staff: (Top row) John Meletse; (Bottom from left) Anthony Manion, Paul Mokgethi and Ruth Morgan.

out of ideas for sustainability after putting in a lot of energy exploring two things didn't work out."

www.gala.co.za

Source: Ruth Morgan, GALA; GALA 2007 annual report; <http://web.wits.ac.za/library/gala>; and interview with Jon Campbell, Hivos South Africa.

Not all donors are open to the idea of LGBT organizations selling their publications, so some believe that those publications developed wholly or in part through grant funding should be made available for free distribution. According to LGBT entrepreneur Ed Mishin at *gay.ru* in Moscow, this creates a disincentive for self-sustainability: "One of our donors

financed a book on LGBT issues in Russia. They agreed to print 1,000 copies of the book for us to distribute for free but later we decided to print 3,000 copies and to sell the additional 2,000 ourselves. The donor was not happy about this but finally we had to agree to disagree.”

- *condoms*: Over the years many LGBT organizations have organized distribution of free condoms at LGBT pride events, LGBT centers, bars/discos and saunas in an effort to promote safer sex practices and curtail the spread of HIV and sexually transmitted diseases (STDs). In some instances the obstacle is simply awareness of the benefits of condom use while in others it is an issue of accessibility or affordability. In many “developing” countries, for example, access to affordable condoms remains limited. In addition to (or in an effort to financially sustain) free condom distribution efforts, some LGBT organizations are producing and selling their own brands of condoms. While some see this as an enterprise opportunity, most were attracted by the prospects of better educating the LGBT community on safer-sex practices and preventing the spread of STDs, particularly HIV. For example, LGBT organization Corsa (Brazil) operates a “Marketing Social e Preservativo” (Prophylactics & Social Marketing) campaign, run in partnership with the John Snow Inc., which sells condoms in LGBT and youth gathering spots throughout São Paulo. Youth from surrounding areas act as salespersons, educating peers about the value of condoms as they market their products.⁶

While some see [selling condoms] as an enterprise opportunity, most were attracted by the prospects of better educating the LGBT community on safer-sex practices and preventing the spread of STDs, particularly HIV.

⁶ Source: www.ashoka.org/node/3698

LGBT “activist enterprise” Fridae in Hong Kong took the initiative to mass produce and distribute its own brand of COMBAT AIDS condoms [see *Fridae profile*]. Fridae found that huge profits were being made by the leading condom brand firms, yet the cost of manufacturing was a fraction of the retail price. Fridae therefore manufactured their own brand keeping condoms more affordable. “As a result, the sauna owners who previously complained about making condoms available to customers because of the high cost are now distributing them. It’s a win-win for all, is financially sustainable and we are still achieving our social objectives,” says Fridae’s Stuart Koe. Fridae is also considering selling its condoms in bulk through its online shop.



The Schorer Foundation (Netherlands) sells its own brand of F*ck! condoms online. A pack of 40 condoms and 40 sachets of lubricant costs €12.50. www.schorer.nl

⁷ Source: www.infosem.org/MSM.pdf

- *lubricant*: NAZ Foundation International (NFI) found that in India many MSM felt ashamed to access condoms in regular outlets and that an easily-accessible and affordable water-based lubricant in appropriate packaging was needed in order to promote safer sex practices among MSM. “Price and distribution would need to reflect accessibility for the poorest and the sexually active at locations where sexual activities take place.”⁷ NFI therefore launched a program to develop and field-test a low-cost water-based lubricant sachet. NFI field-tested the lubricant along with a group of partners specializing in social marketing of condoms together with a group

of local community organizations. NFI found that demand was higher than expected for the sachets amongst MSM, transgenders and women sex workers and instead produced three million which were then distributed via 66 community organizations across India. About 20 percent of the sachets were sold and the other 80 percent were distributed for free. The project demonstrated that lubricants should be made part of a basic package of services for prevention for the MSM and transgender community. NFI completed a business plan to operate the lubricants effort as a self-sustaining one “through a for-profit but social business model.”⁸

⁸ Source: www.infosem.org/MSM.pdf

- *medications & health products*: A number of LGBT health organizations operate pharmacies, specializing in the sale of affordable medication (and health services) targeted to the unique health needs of the LGBT community “despite ability to pay.” (see more on sliding scale fee models in “Services” item 2.2, below). Other LGBT and HIV/AIDS organizations have developed social enterprises to produce other health-related products where they are either unavailable or unaffordable for LGBT and/or HIV positive individuals. For example, Pozitive Jump (<http://pozitivejump.blogspot.com>) in Romania had the idea for a farm where they would grow and process immuno-boosting algae. The farm would sell the product to pharmaceutical companies and health stores. Fundamor in Cali, Colombia, also produces healthy organic fruits and vegetables that it serves in its HIV/AIDS residencies and also sells to other HIV/AIDS centers.

1.6 LGBT magazines & newspapers

LGBT magazines and newspapers serve an important purpose in building a sense of community and shared identity and building awareness, particularly in countries where the LGBT community remains underground and invisible. Many LGBT organizations have attempted to operate their magazines or newspapers as financially self-sufficient enterprises through sales, subscriptions, ad sales or a combination thereof.

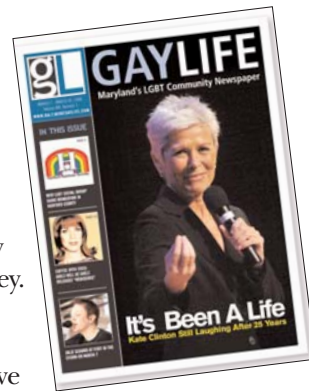


A social enterprise feasibility study for *OpusGay*, the first gay newspaper in Chile, demonstrated potential for commercial viability but nonprofit LGBT parent, Movilh, lacked the capacity, opting instead for a free online version of the paper.

www.opusgay.cl
www.movilh.cl

OpusGay, the first gay-run newspaper in Chile (and verbal taunt of the anti-gay Opus Dei movement in the country) provides an alternative political view and news perspective in an otherwise conservative media largely neglectful of LGBT perspectives. Owned and operated by Chilean LGBT organization Movimiento de Integración y Liberación Homosexual (Movilh), the paper was initially sold in news kiosks in Santiago before settling on an exclusively online (and free) format. An initial feasibility analysis (conducted with the support of NESsT) indicated a market potential to become commercially viable through sales but the Movilh lacked the organizational capacity at the time to implement the venture.

Some LGBT newspapers are free to its readers, generating income instead from the sale of advertising. *Gay Life*, for example, is free for its 40,000 readers. The paper is published every other Friday and is a social enterprise operated by (GLCCB [see profile]. Revenues generated support the GLCCB and, in turn, its myriad services in the LGBT community. “*Gay Life* is a functioning social enterprise which serves us well and provides a valuable community vehicle for news and information,” says GLCCB director Craig Wiley. “Ironically, we’ve been publishing *Gay Life* in one form or another since the late 1970s - and I venture to say before the term ‘social enterprise’ was coined. We never really looked at it that way as we’ve always felt the production of a free paper with valuable, and often critical, information for our community was core to the Center’s mission. That it made money (and not always) was a secondary consideration.”



Gay Life operates as a social enterprise of the LGBT Center, GLCCB, in Baltimore.

www.baltimoregaylife.com

Other LGBT magazines have attempted to remain accessible by giving some copies away to those unable to pay (e.g., LGBT students or lower income LGBT readers) while selling copies to others able to pay. GenderDoc-M’s quarterly LGBT magazine, *Zerkalo* (the “Mirror”), covers international and local LGBT news in Moldova, LGBT health issues, entertainment, etc. The magazine is run “partially as a commercial activity.” *Zerkalo* is sold in kiosks for the symbolic price of approximately US\$1 which covers about 50 percent of production costs. In 2007, GenderDoc-M printed about 500 copies per issue and sold about 300 in news stands. The remaining 200 copies were given away or mailed out to customers for free.

Distribution is a challenge for many LGBT organizations publishing magazines or newspapers. For GenderDoc-M, for example, some news sellers were either afraid or unwilling to sell LGBT material: “The problem has been that not all news stands want to sell it due to stereotypes. Many don’t want to sell a gay magazine,” explains Boris Balanetkii. In the case of Together in Moscow, the challenge was the contrary: people were fearful of having gay publications delivered to their homes for fear of being “outed” or out of fear it would be stolen. Together publishes two monthly Russian-language magazines – *Kvir* (www.kvir.ru) for gay men and *Pinx* (www.pinx.ru) for lesbians. “We sell primarily in kiosks since people in Russia don’t like subscriptions,” explains Together’s director, Ed Mishin, “They’re afraid they’ll be stolen, or the mailman will see they are getting gay mail even if it is in an envelope.”

“The problem has been that not all news stands want to sell [an LGBT magazine] due to stereotypes.”

Several LGBT organizations selling magazines/newspapers indicated that one of their biggest challenges comes from competition with for-profit media companies. This is the case for *Gay Life* that competes with much larger (and better financed) for-profit LGBT publications. But others like *Kvir* have outpaced their for-profit competition. *Kvir* is a 64-page full-color



In order to successfully compete in the market, LGBT organizations found they needed to focus on quality and respond to expectations of their customers for professional and high-quality design and content.

"The LGBT bars and cafes don't buy ads from us - they are only focused on their own survival, unfortunately ... the relationships between LGBT organizations and businesses are still very few."

professionally-designed magazine with a circulation of about 35,000 (primarily in Moscow and St. Petersburg). *Kvir* costs about €3 and only has about 3-4 pages of advertising per issue. "*Kvir* became cheaper even though we added more pages because of the economics with the printer. We even beat out a purely commercial magazine publisher that had started a gay magazine," says Mishin.



In order to successfully compete in the market, LGBT organizations found they needed to focus on quality and respond to expectations of their customers for professional and high-quality design and content. This required a very different mindset from that of a project dependent on grant funding from donors. "For example, there was a lesbian/feminist magazine in Russia that started with grant money," says Mishin. "The founder did the magazine in black and white and printed three issues. But she didn't pay attention to her audience since she already had the donor money, there was no incentive. She didn't pay attention to the design, color, adding more pages or content, etc. She also had to do exactly what she had told her donor she'd do in her proposal and therefore couldn't be flexible to change things even if she wanted as she was going along."

KAOS GL in Ankara has published its journal *KAOS GL* since 1994 to provide a forum for the LGBT community and to increase the visibility of the LGBT community in Turkey. *KAOS GL* relies on a network of volunteer reporters, writers and journalists to contribute articles and content. *KAOS GL* prints about 3000 copies bi-monthly. The magazine is distributed and sold in kiosks nationally through an agreement with a distribution firm. "We currently have about 60-65 subscriptions but also distribute copies for free to HIV/AIDS organizations and prisoners in Turkey," says Guner. The magazine is not yet self-financed. Its full color, professionally printed and designed look is financed through a combination of international donor funding, a limited number of subscriptions, sales, and association membership fees. "We have tried to sell ads in the magazine but it's difficult in Turkey," says Guner. "There are more than 25 LGBT bars and cafes in Istanbul, for example, but they don't buy ads from us - they are only focused on their own survival, unfortunately. The LGBT movement in Turkey is only about three years old and the relationships between LGBT organizations and businesses are still very few."



The Ukraine Gay and Lesbian Association (UGLA) in Kiev has had ongoing problems with the production of its magazine *Odyn z nas* (“One of Us”). Alexander Fesenko, founder of *Odyn z nas*, says: “Publishing of the magazine has entailed great difficulties from the very start. These problems were caused by shortage of stable long-term investments in the magazine. Sadly, new investors lack an adequate experience in the publishing business and have their own (quite strange) view of the magazine publishing and editorial office management.” The magazine was temporarily suspended. Fesenko’s comments address common problems faced by “young gay press,” namely fear of potential advertisers to purchase and place ads in LGBT publications and other economic difficulties.

On a positive note, however, *Odyn z nas* was sold on newsstands and in post offices and apparently only one branch of the national Soyuzpechat Press Agency in Kharkov refused to distribute the magazine. According to its editor-in-chief, Leonid Nefedovich, “This can surely be viewed as a big and important breakthrough in the sphere of accessibility of the information about gays for the wide public and as a token of the on-going democratization of the society.”⁹



“Publishing of the magazine has entailed great difficulties from the very start. These problems were caused by shortage of stable long-term investments.”

⁹ www.geocities.com/WestHollywood/2118/einfo.html

2. LGBT SOCIAL ENTERPRISE SERVICES

LGBT organizations offer and sell a myriad of services to the LGBT community and the general public. In some instances, LGBT organizations are developing new service-oriented social enterprises to respond to growing market opportunities in, for example, LGBT tourism, etc. Also common among LGBT organizations are efforts to create service enterprises to provide employment opportunities (income generating activities) for low income, ill, unskilled or unemployed LGBT people. LGBT organizations are also stepping in to provide critical medical or mental health services tailored to the LGBT community when government or the private sector fail to do so. Frequently, these services are provided free of charge or at a discounted rate to those in the LGBT community who are unable to pay.

LGBT organizations struggling to financially sustain these critical services are finding creative solutions to maintain accessible and affordable services while also recovering all or partial costs from clients able to pay. Some LGBT organizations have recognized that some of their programs or services, particularly those intended to reach the most marginalized LGBT communities, will never be financially viable without grant subsidies. LGBT organizations are universally concerned that the services they provide to the LGBT community remain accessible and affordable to those who need help despite their ability to pay.

LGBT organizations are universally concerned that the services they provide to the LGBT community remain accessible and affordable to those who need help despite their ability to pay.

LGBT organizations have applied one (or a combination) of three fee-for-service approaches:

LGBT Services: To charge or not to charge?		
FREE Services	SLIDING SCALE Fees for Services	FEES for Services
Services provided at no cost to LGBT or other users.	Services provided on an "ability to pay" basis. In some cases services are offered for free or at a "symbolic" rate to LGBT clients with limited or no capacity to pay. In other cases, services are offered at a reduced fee based on clients' level of income or using some other proportional calculation.	Services provided at an established (at or below market) rate to LGBT clients.

2.1 LGBT mental health services

Numerous LGBT organizations provide individual and/or group mental health services, on topics including alcohol and drug addiction, bereavement and loss, coming out, depression, gender identity, self-harm/suicide, sexuality, sex addiction, etc. Many have introduced a sliding pay scale:

The "Face 2 Face Counseling" service of The Lesbian & Gay Foundation (LGF) in Manchester (UK) describes its fee structure as follows: "A sliding scale fee payment system is in operation based on a ratio of £1 charged for every £1000 of income you receive. However, nobody will be denied access to counseling because of inability to pay."¹⁰

¹⁰ Source: www.lgf.org.uk

"It's important for us in the LGBT community not to see ourselves as victims anymore but directly involved in solving our own problems."

ACCEPT Romania's Executive Director, Florentina Bocioc, a trained psychotherapist, changed the organization's policy of offering its counseling and therapy services for free, opting for a fee for service approach. ACCEPT now charges for its therapy services using a sliding scale fee structure but psychological counseling remains free. "The therapy fees are based on the income of our beneficiaries," explains Bocioc, "The lowest is a symbolic fee for low income people and the highest is still accessible (i.e., below market rates). The maximum price is equivalent to about €7 per hour." She explains that their decision to charge for the therapy services was because of "ethics, quality and efficiency." Bocioc sees the fee as an important philosophical issue, based on a guiding principle in psychological services. "The LGBT community needs to take more responsibility for their own improvement and problems and also help make the services accessible for others who can't afford to pay. ... It's important for us in the LGBT community not to see ourselves as victims anymore but directly

involved in solving our own problems. We have been raised with this victim mentality and it's difficult to fight. This is one simple way to help reverse this."

Juan Barajas of the Pacific Center has a similar opinion. The Pacific Center Clinic started offering its LGBT mental health services for free in 1975. But things changed in the 1980s, according to Barajas: "the mental health field got more sophisticated and demand grew, primarily due to the AIDS crisis and a rush of demand. I also think that when services are free people pass it to the garbage. You'd be hard pressed to find free mental health services anywhere now." Now the Clinic generates about 20 percent of the Center's annual budget through its fee income. "We have ideas to make more. But it's a balancing act: we have to prioritize those who can pay but keep slots open for those who can't. But sometimes we're criticized for this and our response is: 'If we can't pay the rent we can't serve anyone.'" According to Barajas, the Clinic's average session fee is about US\$25 but ranges from US\$10-90 (only a few people pay as low as US\$10). "We have steps we follow regarding income and family size to determine where clients fall on the scale. But we have all volunteer mental health providers offering the services so we have no staff costs (apart from managing the clinic) so it also helps to increase income."¹¹

Other LGBT organizations like Kairos in Soho (London) have similar plans to offer a sliding scale fee structure for LGBT psychotherapy services but "we need development money and training to see if it could work," says Kairos' Chief Executive, Jane Standing.

2.2 LGBT health, wellness & beauty services

Access to affordable health care remains a significant obstacle for many LGBT people, and particularly for marginalized LGBT people in highly discriminatory and lower income areas. Many LGBT organizations have developed professional health services specifically tailored to the unique health needs of the LGBT community.

- *LGBT medical services & pharmacies*: Many LGBT persons have experienced misunderstanding and bias in the healthcare setting, which limits their access to quality services. Howard Brown offers comprehensive, "compassionate, nonjudgmental, integrated, and holistic" primary care medical services to the LGBT community in Chicago. Howard Brown has a team of dedicated physicians, nurse-practitioners, nurses, social workers, health educators, and other healthcare providers offering medical services, including primary care, gynecological services, family planning and health screenings/check-ups. Howard Brown Health Center provides services to all persons in need of care, regardless of income. The Center has established a sliding fee scale policy that determines eligibility based

"It's a balancing act: we have to prioritize those who can pay but keep slots open for those who can't. But sometimes we're criticized for this and our response is: 'If we can't pay the rent we can't serve anyone.'"

¹¹ See: www.pacificcenter.org/services.html

ACCION GAY (Santiago, Chile)



ACCION GAY provides mental health services to

LGBT individuals, their partners, friends and family. The service is provided for a voluntary fee of CL\$2000 (approximately US\$4) per session.

www.acciongay.cl

upon household income, insurance eligibility and utilization of public assistance services.

A common health-related LGBT social enterprise is services to people living with HIV/AIDS. While many HIV/AIDS organizations are not focused on providing services only to the LGBT community, LGBT clients represents one of their important beneficiary target groups. Numerous LGBT organizations offer free or low-cost anonymous HIV testing for LGBT people and others. Action for Aids (AFA) in Singapore, for example, offers an anonymous HIV testing service for S\$20.¹² Howard Brown clinic offers anonymous HIV testing for US\$65 but on a sliding scale fee structure.

¹² www.afa.org.sg/testthere.asp

Another social enterprise pioneer, the AIDS Healthcare Foundation (AHF), offers comprehensive HIV/AIDS health services. AHF's mission is "cutting-edge medicine and advocacy regardless of ability to pay." In the USA, AHF operates 14 healthcare centers and 11 pharmacies serving people with AIDS. The healthcare centers and pharmacies represent AHF's largest sources of self-generated income. AHF's pharmacists specialize in HIV medications and work closely with AHF's



AIDS Healthcare Foundation Pharmacy
[see AHF profile]

managed care medical providers to ensure clients get the best care possible.



Los Angeles LGBT Center Pharmacy
www.lagaycenter.org

The Los Angeles LGBT Center operates a medical clinic and a pharmacy. A full-service pharmacy, the Center pharmacy accepts most insurance plans, fills prescriptions and bi-lingual (English/Spanish) staff answer questions about medications and possible side effects, complications, etc.

- *massage therapy*: The Body Electric School in Australia and the USA (www.theBodyElectricSchool.com) has served the LGBT community for 25 years, providing a resource for people seeking to improve their body self-image and to connect with others on a deeper, more meaningful level than simply through sex. Body Electric has reached out especially to HIV positive people who, due to their HIV status, have experienced discrimination, isolation and a poor body/self image. Classes help to "heal" by exploring peoples' erotic potential, involving the mind, the body and the heart in a series of exercises that use breathing, stretching and touching, "awakening the erotic energy that lies within all of us." The School started as a for-profit social enterprise and recently established a nonprofit Body

Electric Foundation (www.bodyelectricfoundation.org) to support the School's programming and mission. The Foundation operates as a separate arm of the School, providing scholarships to make the School's programming available to people with limited means; offering specific programming for the HIV community; providing training and programming for coordinators to increase diversity; supporting other nonprofit organizations with similar missions and goals; providing support for fundraising efforts.

- *beauty salon*: In April 2007, the Blue Diamond Society (BDS), Nepal's LGBT rights organization [*see profile*] opened a beauty salon in Kathmandu's up-scale Lazimpat area, a thriving shopping and gallery district. The "Cutey Beauty Salon" offers haircuts, facials, manicures and pedicures. What is most unique about the salon is that it is fully managed and staffed by young transgenders. Cutey Beauty acts as a training academy for transgenders who want to become professional beauticians. "The salon is an opportunity for transgenders to lead self-supporting and dignified lives so that they can make a living and contribute to the larger society," explains BDS Executive Director, Sunil Pant. Cutey Beauty is not yet a profitable enterprise. Operating the salon as a training workshop incurs additional "social costs" i.e., offsetting the income of the trainees, many of whom currently make a living as sex workers, so they often miss classes. The salon's current limited capacity also hinders its ability to be totally self-sustaining. But Pant believes it could be in the future. "There is currently no profit from the salon – it acts more as a training institute than a business now. We pay the rent and operations of the salon with funding from donors now (about US\$200 per month including rent, electric, water, transport costs for the trainees). This could potentially be paid by customers but we don't have the equipment to open the salon to the public yet. Instead, the trainees are practicing on their friends who get their hair and makeup done at a discounted rate (the cost of materials, creams, etc). They act as 'practice customers' for the trainees and really like to have this work done for them professionally but at a low cost. But once we see it going, we hope it can be transferred to be a for-profit firm and off on its own."

"The salon is an opportunity for transgenders to lead self-supporting and dignified lives so that they can make a living and contribute to the larger society,"



The BDS Cutey Beauty Salon in Kathmandu, Nepal, is currently training 12 LGBT people (3 gay, 4 lesbian and 5 transgender) people to be professional beauticians. [*see Blue Diamond Society profile*]

2.3 LGBT online & media services

The market of online gay "community" and social networking sites is significant and growing. LGBT organizations and for-profit businesses have recognized this trend. But beyond their financial potential, these online communities also provide an important community service. Particularly in countries or communities openly hostile to the LGBT community, these virtual networks are a lifeline of information and social networking for otherwise marginalized and isolated LGBT people. As a result, a number of LGBT community sites have emerged that combine social purpose with



**The Controversial Pink Currency:
An interview with activist
entrepreneur, Stuart Koe,
CEO of Fridae** (Hong Kong, China)

Do you think that the “pink dollar” is an opportunity for LGBT organizations to be more entrepreneurial and sell products and services to the LGBT consumer?

[Koe] “The ‘pink dollar’ hype is a means to an end. It was a way for us to generate significant enough interest from the media to put us on the front page of the *Wall St Journal* and *Far Eastern Economic Review*.

Whether it’s a truth, or a fallacy, it was the bait that made the journalists bite.

“The reality is different. Gays, though significant, still do not represent a large enough market for many mainstream brands and marketers to take note. Some brands that seek an edgier demographic, or hope to capture the imaginations of “trend setters” and “opinion leaders” may do well to test their products on the gay community, who are well known to be first on the block to try something new (and hence equally fickle and not brand-loyal), but I doubt many major

companies can survive just on the gay market.

“Having said that, the gay demographic IS a measurable one. There may be subgroups and subcultures within the gay community, and of course outliers and exceptions. But the gay community does, as a whole, behave with remarkable predictability, at least from a marketing perspective.

“The gay community doesn’t like too much emphasis being placed on the ‘pink dollar’ because it reduces them to a marketing concept and ‘cheapens’ the experience. It makes them feel as if they would not be appreciated if not for their potential economic contributions/benefit, and rightly so. But we’re not discussing human worth here, we’re examining how the corporate world should not ignore the gay demographic, why the ‘pink dollar’ is something they cannot ignore, and in the corporate world, it’s money that makes their world go round.”

financial viability (or even profitability). These social enterprises, whether for-profit or nonprofit in form, have helped to connect the LGBT community itself and to push the LGBT community into the “mainstream,” resulting in greater awareness and acceptance.

Behind the Mask in South Africa has pioneered a similar albeit nonprofit approach to LGBT media and social networking. Launched in 2000, Behind The Mask publishes a news website intended for gay and lesbian affairs in Africa.

Behind the Mask uses communication technology and independent “journalistic activism” to give voice to African LGBT communities and provides a virtual platform for LGBT organizations, activists, individuals and allies to exchange information and ideas. Behind the Mask is currently funded principally through grants from international donors.



www.mask.org.za

The LGBT online community portal created by gay.ru in Russia [*see gay.ru profile*] has a similar purpose

and vision but is completely self-financed. Gay.ru is a place where LGBT visitors can find articles and information on psychological aspects of coming out, coping with homophobia, safe-sex techniques; and find and communicate with LGBT peers. It has grown to more than three million visitors yearly (approximately 30,000 hits per day) and features more than 15,000 articles and documents in Russian and 500 in English and is updated daily. Income from the internet e-business (such as web design, hosting and banner exchange networks) and mail order sales together cover costs of operating the site.

Similarly in Asia, Fridae [*see profile*] is an example of an “entrepreneurial activist” company, founded by Fridae’s founder, Dr. Stuart Koe, a young

“The gay community doesn’t like emphasis being placed on the ‘pink dollar’ because it reduces them to a marketing concept ... in the corporate world, it’s money that makes their world go round.”

Singaporean doctor and AIDS activist with a mission to “empower gay Asia.” Koe saw an opportunity to provide a platform that “bridges cultures, transcends geographical borders and unites the diverse groups into Asia’s largest gay and lesbian community” and to do it in a financially viable and profitable way. Koe sees Fridae as having a very deliberate social mission as a company. Now the largest LGBT information source in Asia, Fridae champions the LGBT cause in three ways: 1) by raising the profile of the LGBT community and giving it a voice in Asia; 2) by financially supporting other LGBT organizations and activism projects; and 3) through their own direct action and implementing projects, research, and enterprises serving the LGBT community. Fridae has strong working relationships with the several AIDS NGOs and works with them to ensure that safe sex messages are prominent in all its communications, including providing free hosted space for safe sex ads/messages on its site. Fridae is also instrumental in research, acting as a crucial channel through which to collect data for HIV-related behavioral surveys to help understand the local epidemiology in order to design more effective prevention campaigns.

Lesbian entrepreneur Puck Verdoes established “cool, creative and queer” Pinqradio in Amsterdam in 2007. Pinqradio is a free, 24/7 on-line non-profit independent radio station made by and for queers and the queer-minded with daily live-shows and new dj-sets, reports and interviews with queer (and other) heroes produced in both Dutch and English and aimed at a global audience. The free LGBT radio is financed almost exclusively through income generated by its commercial sister organization, Pinq.nl, a queer “communitainment” site where LGBT community can promote and share its creative work and interests which can also be licensed and sold. For a membership fee of €5 per month, users can network, publish pictures and movies, share thoughts in a weblog, send and receive RSS newsfeeds, showcase their own sounds or artwork, etc. There is also a free space for activism on Pinqradio “because we think it is important and fun,” says Verdoes. *[see interview, next page]*



Pinqradio, the free LGBT radio based in Amsterdam, is financed almost entirely through income generated by its commercial sister organization, pinq.nl, a queer “communitainment” site.

www.pinq.nl

2.4 LGBT travel & tourism

The significant worldwide growth in LGBT tourism also presents opportunities for LGBT organizations. According to Tourism Intelligence International (2000), some 10 percent of international tourists were gay or lesbians, accounting for more than 70 million arrivals worldwide. As an industry, LGBT tourism has gained tremendous attention from for-profit travel firms, including travel agents, tour companies, cruise lines and travel advertising and promotions companies who market LGBT-friendly destinations and services to the LGBT community. The International Gay & Lesbian Travel Association (IGLTA) (www.iglta.org) was formed in 1983 and is now a network of 1,000+ members dedicated to promoting LGBT and community friendly travel. Major companies in the travel industry have also become aware of the substantial money (i.e., the “pink dollar” or

Pinq Entrepreneur: An interview with Puck Verdoes, founder of Pinq.nl & Pinqradio (Amsterdam, The Netherlands)

What was the primary reason for starting pinqradio?

Just for fun and the love of music, Also because we couldn't find a real queer station with independent and alternative music and opinions. Also as a marketing instrument to promote Pinq.nl.

Do you think LGBT organizations would be better off using a business approach rather than a non-profit approach?

Actually the radio is completely non-profit. I try to make the money to finance it through a community-website called Pinq.nl, where people can become a paying member of a community-site like Facebook or something but then for the cool, creative and queer. On this website people can also license and/or sell their artwork so hopefully everybody's business will improve and it will be easier to find or be found within your own community. Afterall, it is scientifically proven that gay people are way more creative! I also want to gain respect for that.

Will pinqradio be financially profitable and/or self-sustainable?

Pinqradio doesn't make any money nor does any advertisements, the money comes from Pinq.nl. If it goes really really well and we get lots of listeners there is always an option to go commercial with it, but to pay for the rights to play music in a commercial plan is super expensive. To get a non-profit license is also much more

"LGBT and making money should not be an opposite. And if you make enough money you can grow bigger as a company, be taken more seriously in general and hopefully mean more for the LGBT-community. Besides that it will increase visibility."

affordable. Pinq.nl can do advertisement.

What is your overall view vis-a-vis the use of social enterprise by LGBT organizations to generate income?

I think it's ok, and sometimes necessary to be able to exist. LGBT and making money should not be an opposite. And if you make enough money you can grow bigger as a company, be taken more seriously in general and hopefully mean more for the LGBT-community. Besides that it will increase visibility.

I think social enterprise is growing, not yet common, and in some cases successful for years. The big ones I know about are on internet. Of course there are many starting businesses that don't make it. But LGBT is about 10% of humanity so a huge potential.

What implications (positive or negative), if any, do you believe social enterprise activities have on LGBT organizations?

If it goes well it will bring independence and more self confidence, and as I said visibility. Hopefully it can increase knowledge about each other and

through that more solidarity, also from the straight community.

Do you think social enterprise is better suited or appropriate for some types of LGBT organizations more than others?

I guess LGBT organizations are always a



"I'm not sure how the situation is in other countries concerning nonprofit organizations, but I don't want to be dependent on government subsidies ... hopefully ideals and business can be combined."

social enterprise but in case of health-organizations and things like that it is not possible or preferable that they operate in a commercial way. For websites and stores and bars it is fine to be commercial, I think. Otherwise they could not exist.

What role do you think donors can/should play to assist LGBT organizations to diversify their funding base through social enterprise development?

That is very important, I think we should all try and help each other to have a bigger platform and a better position in the world. And we need money for that.

www.pinq.nl

“pink pound”) generated by this niche, estimated as a US\$55 billion annual market.

LGBT organizations worldwide have begun to seize on this growing tourism industry to generate income. Doug Kerr of the Sage Centre & Tides Canada Foundation in Toronto, Canada, sees LGBT tourism as an opportunity not only for “northern” and “western” LGBT organizations but also those in the “global south.” “LGBT tourism in the global south is growing very quickly and I would think that there are opportunities for LGBT human rights organizations to position themselves as tourist support organizations, guides and offering Bed & Breakfasts and cafes for LGBT tourists from wealthier countries... and to tap into the social justice movement in North America and Europe - as a revenue generation stream... people want to travel to Latin America or Asia and would love it if they could park their money with human rights organizations..... so, a huge opportunity for social change here!”

LGBT organizations have begun to recognize the potential for promoting more gay-friendly tourism businesses as well as for generating income for their work through tourist-related social enterprise:

- *LGBT travel services*: A number of LGBT centers are considering or have already begun to offer tourism services to LGBT travelers visiting their cities. Gender-Doc-M in Moldova and Together in Russia have received so many requests for assistance from international gay tourists that they have dedicated links on their websites to respond.¹³ MAGNUS, the gay section at ŠKUC (Students Cultural Centre) in Ljubljana also acts as an “info point” for gay tourists visiting Slovenia. The Durban Lesbian & Gay Community & Health Centre in South Africa also has plans for a “Tourist Advice Project,” first as a database for tourists of all LGBT friendly venues, spaces and activities in Durban. “The project could grow into a tourist office for gay and lesbian visitors.” Others have also been considering offering the service for a fee. Florentina Bocioc of ACCEPT Romania says: “We have an idea for an LGBT travel agency. Every year we organize Gay Fest [pride] in Romania and get a lot of requests from people, mostly gay tourists, for help in finding gay-friendly accommodations, where the fun places are, etc. We haven’t traditionally charged for this. But we want to do a business plan for this and offer it as an on-going service for people from abroad. If we market it right we think there is an opportunity here. But we need help to explore the potential of this idea.”

Utopia
Homo Page

Utopia was founded in Bangkok, Thailand, in 1994 with the goal of creating positive social alternatives for gays and lesbians in the Asian region. In addition to an internet portal providing pan-Asian LGBT travel information, Utopia published a series of LGBT travel guides for Asia. Utopia also

“There is huge potential for nonprofits and NGOs working on human rights (LGBT and otherwise) to tap into the social justice movement in North America and Europe – as a revenue generation stream.”

¹³ See, for example:
www.gay.md/eng/travel.php
<http://english.gay.ru/travellers/russia/faq>
www.gaycentre.org.za/about.asp



The Utopia Guide to China, the first printed guidebook to the gay and lesbian scene in 50 Chinese cities.

www.utopia-asia.com/utopiai.htm



The **Kairos in Soho (KiS)** Historical Walking Tours of Lesbian & Gay Soho stops at the bronze statue of Oscar Wilde which doubles as a bench opposite Charing Cross Station.

www.kairosinsoho.org.uk/tours.asp

¹⁴ www.gaycenter.org/program_folders/YES/camp.html



www.camptenoaks.org

opened Southeast Asia's first LGBT center. The Utopia complex featured an LGBT gift and book shop, café, mixed gay/lesbian pub, and guest-house. The center went on to host author readings, women's workshops, AIDS/HIV education and fundraising, and Bangkok's first International Lesbian and Gay Film/Video Festival. In 1995 Utopia launched the Utopia-Asia.com website, a portal providing up-to-date pan-Asian information in a "non-pornographic" format.

- *LGBT tours: Kairos in Soho (KiS)* offers a unique LGBT tour of London every Sunday at 2:00pm, rain or shine: "An historical stroll through streets that have witnessed the fascinating and sexy secrets, trials, and triumphs of gay life for nearly a thousand years." The tour is £5 per person and all proceeds help support KiS. The tour starts in the center of gay London on Old Compton Street at the iconic gay Admiral Duncan Pub (site of the infamous 1999 bombing). A volunteer guide trained by KiS then leads the group around Soho and nearby neighborhoods, offering a glimpse of the lives of contemporary and historic London gay men and lesbians and events. The tour is not simply intended as a money making opportunity for KiS. It also serves as a means of maintaining and promoting the diverse and rich LGBT history of London. "We haven't been marketing [the tour] a lot but we have done it every Sunday all year. We get about 5-10 participants each week, about 250 a year (at £5 ticket each, this means about £1250). We also offer some special rates for groups. It has potential but we can't get a donor to fund it. Getting development money to turn it into a product is difficult," says KiS Chief Executive, Jane Standing.

- *LGBT summer/tourism camps:* One travel opportunity that has gained increased interest in recent years among LGBT organizations is the idea of LGBT youth summer camps and adult tourism camps. Most LGBT organizations have developed interest in camps as a means of providing fun, safe and empowering social experiences for LGBT youth or adults. The LGBT Center in New York, for example, offers a free summer camp for LGBT youth.¹⁴ However, an increasing number of for-profit (e.g., www.campcamp.com) and nonprofit camps have sprung up. LGBT organizations are recognizing the market viability of offering camps on a fee-for-service basis while keeping them accessible for those unable to pay.

For example, Camp Ten Oaks, based in the Ottawa-Gatineau region of Canada was established in 2005 to "engage and connect children and youth from LGBT communities through programs and activities rooted in play." The first of its kind in Canada, the camp is designed for children of LGBT and/or non-traditional families, youth who are themselves LGBT, and their allies. Completely volunteer-driven, the camp was founded in response to the lack of services for the children and youth of the LGBT community. A needs assessment survey in 2004 was distributed amongst LGBT parents, youth and community members and 81.6 percent of

respondents asked for a camp tailored specifically for the LGBT community. The camp is a not-for-profit program, run by the Ten Oaks Project by a volunteer Board of Directors and staff and funded by individual donations, fundraising events and grants. The one-week camp is offered to campers and families on a “pay-what-you-can,” sliding scale fee. According to the Camp Ten Oaks website: “We believe that, regardless of their or their family’s income, every child deserves a summer camp experience.”

KAOS GL in Ankara, Turkey, hosted an “International Rainbow Summer Camp” in an effort to make money but also to offer a fun LGBT community experience. In its first year, the camp attracted 25 Turkish and international participants, each paying US\$150 for a weeklong excursion to a beautiful wooded, mountainous area. The camp was not profitable, according to KAOS GL president Umut Guner, because of a lack of marketing. “We started to market too late in the season,” he says, “And due to varying expectations among participants, some found it too expensive while others wanted more high end accommodations”. KAOS continues to offer shorter, two-day excursions for smaller groups as well as LGBT picnics in and around Ankara.



The KAOS (Turkey) LGBT summer camp was not profitable but served an important community-building objective (see *KAOS GL profile*).

The Ukrainian Gay & Lesbian Association (UGLA) (www.ugla.odessa.ua) in Odessa, Ukraine organized an international gay summer camp “Let’s Unite!” on the Southern Shore of Crimea in August 2004. The camp was for 14 participants, only gay men above the age of 18. Participation was offered on a competitive basis. Travel to/from the camp was the responsibility of participants. UGLA charged a camp fee but offered a limited number of scholarships to partly or fully cover expenses of the accommodation (in a private boarding house), meals and program events. The eight-day camp included training, cultural & entertaining events, excursions to beaches and other activities.

Other LGBT camps in the USA include Camping.OUT (www.campin-gout.org), a project of the Triangle Foundation, Michigan’s leading LGBT organization. Camping.OUT is designed for LGBT to encourage them to become leaders in their community and to improve their leadership skills. Camp Ten Trees (CTT) (www.camptentrees.org) is an overnight summer camp located in Washington State. It features one week for LGBT youth and their allies, and one week for the children of LGBT and/or non-traditional families. CTT is a fiscally-sponsored project of the Seattle LGBT Community Center/Queen City Community Development, a nonprofit organization. CTT has grown to over 200 campers. The CTT website states that: “We understand the financial stresses that many of our families face. At the same time, we are a fiscally-sponsored project of a nonprofit organization. Camp fees are used to cover the costs of running a high quality camp program. We believe that all children and youth deserve to have a



Positive Jump Association in Bucharest, Romania, operates an “Outward Bound” style ropes course through which their peer educators teach young people about HIV/AIDS.

“We believe there is no contradiction between running an efficient business and fulfilling our social mission.”



Beyond donations and membership fees, the Gay Men's Chorus of Los Angeles (GMCLA) generates income from ticket sales, selling merchandise and DVDs and CDs of its performances.

www.gmcla.org



camp experience regardless of their personal or family's ability to pay. Because of this, Camp Ten Trees has implemented a sliding scale registration fee. The scale runs from US\$50 to US\$800, depending on family size, income, number of campers and how many sessions the camper attends.”

2.6 LGBT Community Entertainment

Many LGBT cultural organizations, among them LGBT choruses, dance groups, film festivals and sports organizations sell tickets to their events, an important source of support. They have also explored other merchandising and products sales to generate income.

- *LGBT choruses*: One entrepreneurial example is the Gay Men's Chorus of Los Angeles (GMCLA). Founded in 1979, GMCLA now has over 200 singing members. In addition to providing highly professional and entertaining musical performances, the chorus serves an important community service - a social and support network for its members, a channel for promoting original works of LGBT composers, and an open display of LGBT pride to audiences and the general public. Following a recent tour of

South America, GMCLA is also providing support to seed gay men's choruses in other countries, including a fledgling group in Rio de Janeiro, Brazil. To help cover its own costs, GMCLA members each pay an annual membership fee, on average US\$150 per singer per year (based on a sliding scale of ability to pay). GMCLA also generates about US\$300,000 per year in ticket sales for its performances, representing approximately 30 percent of its annual operating budget (the chorus provides free and discounted community tickets for LGBT youth and other community organizations to attend each performance). GMCLA donates proceeds from some of its concerts to other deserving LGBT organizations. GMCLA also sells merchandise, including

DVDs and CDs with recordings from its performances and other repertoire, generating an additional US\$20,000 per year in earned revenues. “We believe there is no contradiction between running an efficient business and fulfilling our social mission,” says GMCLA Executive Director Hywel Sims. “That's why we use social enterprise amongst other things to diversify our income, cover our costs and to ensure that our performances remain accessible to as many people as possible.” The GMCLA is exploring other socially-driven income generating activities. Through its youth project, for example, GMCLA hopes to market its music education curricula to schools on how to use music to promote diversity.

- *film festivals*: LGBT film festivals have grown more commonplace over the years in nearly every major (and some smaller) cities round the world. Many film festivals are sponsored with donations or corporate sponsorships and often partially self-financing through ticket sales.

In South Africa, for example, the lesbian-run Out in Africa (OIA) Gay and Lesbian Film Festival generates income from its festival but, according to Jon Campbell of Hivos it is not clear if they are profitable. “They also get donor funding from the European Union, etc. as sponsorship to organize the festival. But they are motivated to make a profit. They run other film festivals too (e.g., documentary film festivals) that are genuinely money-making enterprises.” To ensure wide participation from disadvantaged groups, OIA has an outreach program that sponsors transport and tickets for those who cannot afford to pay their way.



Out in Africa Gay & Lesbian Film Festival is run as a money-making enterprise but offers tickets and transport to those unable to pay. www.oia.co.za

- *LGBT social events*: Many LGBT organizations organize social events to provide a fun and safe venue for LGBT people to meet and socialize. In some cases these events also serve an educational purpose (e.g., raising awareness about safer sex practices). Whether for fun or for educational motivations, LGBT organizations have found creative ways to use these events to generate income for their work or, at the very least, to be financially self-sustaining.

GenderDoc-M in Moldova, for example, has made its ongoing series of Safe Sex Parties a self-sustaining if not profitable activity. They rent out space in a local disco each Friday and charge a symbolic entrance fee. The fee covers costs incurred for the performers in the drag show, contest prizes, and production of GenderDoc-M’s “safer sex packs” for both men and women (including condoms, tubes of lubricant, information on safer sex, etc). “Most discos charge about US\$5-6 entry and we charge only about US\$2 because the young crowd is an important target for us,” explains GenderDoc-M’s Boris Balanetkii. “We first tried seminars but only about 15 people would come. But this is the only gay disco in Moldova and therefore a popular locale for the LGBT community.” Switching their strategy from that of a “project mentality” (i.e. offering seminars) and shifting instead to an entrepreneurial approach where they responded to the preferences of their market resulted in a far greater response, even though they began to charge for attendance. “It became a popular event that people wanted to attend, they almost forgot it was an educational event and, even more, that they were paying to attend!” Annually, the parties attract over 1000 LGBT youth from Chisinau and other towns and bring in a surplus (i.e., profit) of about US\$500 for GenderDoc-M.

[see GenderDoc-M profile]

Similarly, Pietermaritzburg Lesbian and Gay Network (PLGN) in South Africa rents a bar in a gay-friendly local hotel and organizes “Pink Thursdays” where they watch rugby games, have competitions and prizes, etc. People pay an entrance fee and purchase drinks from PLGN at a marked up price from the reduced priced offered to PLGN by the hotel



qSPORT (Zagreb, Croatia)

The Society for Sport Recreation (Društvo sportske rekreacije) in Zagreb was established to organize a strong and sustainable community of queer sport enthusiasts, athletes and their friends who take active part in shaping of society and engage in issues of LGBT human rights and queer culture.

LGBT entrepreneur Zeljko Blace is determined to make qSPORT self-sustainable by offering professional services to its members, marketing qSPORT’s services to “mainstream” sport organizations and non-members, offering services for local “pink businesses,” and internationally marketing of qSPORT to offer training expertise and know-how through courses, seminars and consulting.

www.qsport.info

“Switching strategy from a ‘project mentality’ to an entrepreneurial approach resulted in a far greater response, even though we began to charge for attendance.”



Lambda Istanbul organizes its LGBT party "Twenty" in one of the most famous clubs of Turkey.

www.lambdaistanbul.org

"I see more opportunity for generating income through consultancies, as the contracts we've had show ... First you need to gain credibility, show quality of product before you can shift from a project to a consulting approach."

owner. PLGN generates nearly a third of their income through these events." (Source: Jon Campbell, Hivos)

On the first Wednesday of every month, Lambda Istanbul (www.lambdaistanbul.org) organizes its LGBT party in one of the most famous clubs of Turkey, called "Twenty." The party is intended primarily as an LGBT social event. It takes place from 9:00pm-1:00am and Lambda Istanbul charges an entrance fee. The surplus income (after paying the club space rental) is used to support Lambda's activities, including its LGBT cultural center, film screenings, "solidarity lunches," LGBT library, etc.

- *Catering services:* "Catering for a Cause" is the headline on Housing Works' "The Works" Catering website (www.theworkscatering.com). The Works is a social enterprise owned and operated by Housing Works in New York, providing professional catering and events services from small intimate dinners to large gala events. Founded by Housing Works in 1997, The Works contributes 100 percent of its profits to provide medical care, job training and social services to more than 20,000 homeless New Yorkers living with HIV/AIDS. Among the clients of The Works are ABC Networks, MAC Cosmetics and the United Way, "proving that great food and philanthropy belong on the same menu."

The Forum for the Empowerment of Women (FEW) in Johannesburg, South Africa (www.few.org.za) operates several programs to create economic opportunity for lesbian women in the community. One of the income generation program ideas considered in 2006 to provide employment to FEW's lesbian members was offering catering and entertainment events services to clients.

2.8 Professional Services & Consulting

LGBT organizations are offering a wide array of professional services to paying clients, capitalizing on practical skills or, in some instances, on intellectual property:

- *research services:* OUT LGBT Wellbeing in Pretoria, South Africa, provides its mental health and medical services for free to the LGBT community but charges for its professional consulting services to government and corporate clients. One of their HIV research programs is financed through the President's Emergency Plan for AIDS Relief (PEPFAR) together with the Centers for Disease Control (CDC) in the USA. "We've been criticized by some for taking money from the US government but I don't have a problem," says Dawie Nel, Director of OUT. "We're able to do good and useful work with this money. I'm not a purist. I would rather take the money and do the work that needs to be done." In another case, OUT has developed a guidebook for service providers and a foundation hired them to adapt a more generic version of it for other audiences.

“Again, this was more of a consultancy. I see more opportunity for generating income through consultancies, as the contracts we’ve had show. For example, the provincial government’s education department has been working with us.



The project has been funded by money we have raised from donors. But now that we have a track record and credibility we could go to them and say they have to pay us for these services. First you need to gain credibility, show quality of product before you can shift from a project to a consulting approach.”

- *design/writing services*: ACCEPT Romania has offered research and writing services to paying clients. For example, ACCEPT was subcontracted by another NGO to write and design a newsletter on discrimination and human rights issues in Romania. ACCEPT had to identify, write and edit stories. They have also done workshops and trainings for other NGOs on advocacy techniques and on lobbying parliament. While these are not a direct benefit to their LGBT constituents, they have generated unrestricted income.

- *LGBT workplace discrimination consulting*: A number of LGBT organizations offer free services to corporate and government clients to raise awareness of LGBT issues, discrimination and sexual orientation in the workplace. Some LGBT organizations have hesitated to charge for these services, worrying that corporations and government would not be willing to pay for them and therefore miss an opportunity to interact with important partners. However, some LGBT organizations have demonstrated that this is not the case, charging fees for workshops, trainings and presentations on LGBT human rights discrimination issues in the workplace.

For example, Stonewall, the UK’s largest LGBT organization, sells diversity packages to companies. Responding to demand from both employers and employees, Stonewall has produced a training package specifically geared toward increasing understanding of lesbian and gay workplace issues. The training package is designed “to help employees work successfully with LGBT colleagues, customers and service users by creating a comfortable climate at work which benefits everyone.” Stonewall’s “Diversity Champions Programme” (www.stonewall.org.uk/workplace) also charges corporations an annual membership fee to be approved as a gay-friendly employer. Members of the Diversity Champions program are entitled to a discount when purchasing the diversity training package. The package contains both DVD and VHS components and a self-study guide, including: up-to-date information on existing legislation; an overview of key issues pertaining to sexual orientation in the workplace; real-life case studies of lesbian, gay and bisexual staff; an investigation of best practice in the workplace; and dramatised scenarios that explore relevant issues.

Enterprising Africa: An interview with OUT’s Dawie Nel (South Africa)

Overall what do you think of the idea of LGBT social enterprise?

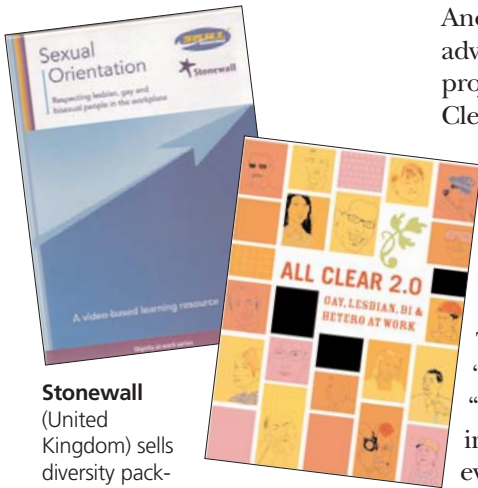
“Overall, it’s a good concept, the real question is how does one do that especially in the context of a place like Africa. I don’t know of great examples of social enterprise in South Africa. I haven’t seen any organizations systematically generating their own money.

“We do charge for some of our psychological support services but we don’t get a lot of income from our constituents buying services. None of these programs cover their own costs. There is a sliding scale fee based on clients’ ability to pay. We have a policy that money shouldn’t stop people from accessing our services. In some cases we even pay transport for people to attend our events and a volunteer will drive and return them. We also have an underlying principle that you need to give something in return. It doesn’t have to be money. So, for example, someone could volunteer in return for access to a service.



“Some members of our Board have expressed interest to increase self-generated income. But we have not operationalized it. Our tradition has been fundraising. But some funder relationships will come to an end within five years, and we need to start making different plans. But it’s not seen as a priority right now.”

www.out.org.za



Stonewall
(United Kingdom) sells diversity packages to companies.
www.stonewall.org.uk

The **Fritt Fram** “All Clear” employer handbook on workplace non-discrimination. www.frittfram.se

Some LGBT organizations have hesitated to charge for services, worrying that corporations and government would not be willing to pay for them and therefore miss an opportunity to interact with important partners.

Another example, Fritt Fram (“All Clear”) in Sweden, is a booklet giving advice to employers, trade unions or employees on how to start and run a project aimed at improving the situation for LGBT people at work. “All Clear 2.0 - Gay, Lesbian, Bi & Hetero at Work” is a training tool (handbook and DVD) with ideas, new methods and films for discussion on how to create an open and non-discriminating working environment with equal opportunities for all. The projects are co-funded by the EQUAL program through the European Social Fund. Fritt Fram sells for SEK 7.50 per item plus shipping.

The LGBT Excellence Centre Wales also charges clients for its “Equality Training Courses” to companies on workplace discrimination. “Hearts and Minds” workshops aim to raise awareness and understanding of sexual orientation and general issues faced by LGBT people in every-day life. The “Employment Equality” course explains the implications of sexual orientation regulations in the workplace, defines the various types of discrimination, and shares best practices for employers in addressing their policies and practices to meet the needs of LGBT people they employ. The Centre has developed a training and toolkit around “GFS Discrimination” aimed at explaining the repercussions of LGBT discrimination in the provision of Goods, Facilities, and Services. Employers can assess whether their outputs are discriminatory and define a course of action to fight discrimination and promote LGBT equality. The “Equality Impact Assessment Training” helps organizations that have to meet statutory and legal duties to comply with Equality Legislation by undertaking a Policy Impact Assessment and developing models, policies, and practice to deliver better equality to their employees, their clients, stakeholders, and the public. [See *LGBT Excellence Centre Wales profile*]

- *speakers bureaus*: In addition to providing professional consulting services on LGBT equality issues, a number of LGBT organizations have started to capitalize on the growing number of invitations they receive to speak. As an outgrowth of their mission is “to educate, end discrimination & break down stereotypes about the LGBT community,” numerous chapters of the Parents, Family and Friends of Lesbians and Gays (PFLAG), for example, offer “speakers bureaus.” Their trained volunteers speak to school and university groups, civic and business institutions and churches about their experiences as LGBT individuals or as the parents of LGBT children. The income from speakers’ honoraria are used to support ongoing PFLAG activities. Another example is SpeakOut, the first national LGBT speakers bureau in the USA. SpeakOut works “to create a world free of homo-bi-trans-phobia and other forms of prejudice by telling the truths of people’s lives.” The organization conducts educa-



SpeakOut, based in Boston, is the first national LGBT speakers bureau in the USA.
www.speakoutboston.org

tional programs about LGBT lives and issues; trains individuals and organizations to use public speaking as a means of creating positive cultural change; shares LGBT lives and experiences publicly in order to support those struggling with sexuality and gender identity; and educates within LGBT communities about issues that divide us. Every year, SpeakOut volunteers conduct informal, interactive speaking engagements in hundreds of settings, including high schools, colleges, businesses, government agencies, churches, synagogues, youth groups, and community service organizations. SpeakOut asks engagement sponsors to pay an honorarium to help defray the operational costs associated with outreach, training and scheduling of speakers. Suggested fees are based on a sliding scale. No engagement is turned down because a sponsor is unable to pay.

3. HARD ASSETS

Many LGBT organizations remain without a permanent home, under constant threat of eviction due to intolerant landlords, burdened by increasing rental costs, or cramped in space insufficient for their needs. The acquisition and use of “hard assets” (i.e., buildings/real estate, equipment, etc) is perhaps even more important for LGBT organizations than others, in their efforts to create a safe space for themselves and the LGBT community. Numerous LGBT organizations, particularly LGBT centers, have purchased buildings, offices or apartments to ensure they have a safe and permanent place for their offices, for hosting LGBT social and program events, and as a long-term investment. LGBT organizations have found very creative ways for generating income from these hard assets. The most common income generating opportunities from LGBT owned (or rented) real estate include: rental/letting space to other nonprofit or business/retail clients; establishing LGBT-friendly bars, cafes or discos; and building and/or managing affordable LGBT elder care and housing facilities, etc. Almost without exception, LGBT organizations that are able to acquire a real estate asset have found themselves on far stronger financial footing, increasing their capacity to focus on their mission.

3.1 Space rental

- *space rental*: ACCEPT Romania bought the building in which it has its offices in 1999 with grant money from the Dutch Embassy. “The building has increased in value twenty times or more,” says Bocioc, “It is our most valuable asset.” ACCEPT has two rooms in the building that are available for rental. One is currently rented out by another NGO and the second to NGOs and companies for meetings and workshops. One local psychotherapist, rents out the space for LGBT group work sessions once a week. “He sees this as another way for him to help the LGBT community by giving us the money for it rather than to somewhere else,” says Bocioc.

The acquisition and use of “hard assets” ... is perhaps even more important for LGBT organizations than others, in their efforts to create a safe space for themselves and the LGBT community.

LGBT Real Estate

Benefits for LGBT organizations owning real estate:

- an appreciating asset;
- a safe community meeting place;
- stability and protection from eviction by intolerant landlords or neighbors;
- a source of income from subletting or renting out space;
- greater visibility in and integration with the surrounding community.

Sisterspirit is a nonprofit feminist and LGBT-supportive bookstore and cafe located at entrance of the DeFrank LGBT Center in San Jose, California. The bookstore/café is all-volunteer-run and offers a selection of pride items, as well as gay-themed books, CDs, and DVDs (for purchase and rental). The store also sells fine jewelry, cards, rainbow gear, T-shirts, sweat shirts, magnets, stickers, incense and other gift items.

www.sisterspirit.org



Some LGBT centers have selectively rented space in their buildings to other LGBT nonprofits in order to create a sense of community and to provide more affordable rent to them. Other LGBT centers have rented to LGBT-friendly businesses (e.g., GLCCB rented to an LGBT bookstore) or rented space to other businesses to add to the creation of a lively LGBT community space (e.g., the San Francisco LGBT center rents out space on its ground level to an outside contractor to operate a café). Still others have rented to purely for-profit retail companies as a way of increasing their rental income. The Center on

Halsted in Chicago has done both. *[see profile]* The Center developed a partnership with Whole Foods Market, the world’s largest retailer of natural and organic foods, wherein Whole Foods would be the anchor retail tenant on the ground floor of the newly renovated Center building. Whole Foods provided US\$5 million in rent upfront, representing a quarter of the US\$20 million needed to build and renovate the center space. This income also allowed the Center to offer reduced rental space to other area LGBT nonprofits in its building. Having a supermarket in the Center building has also increased traffic to the center from the surrounding community, creating more interaction between center staff and LGBT visitors with “straight” neighbors. This has also helped to dispel doubts that LGBT centers are contributing to a “ghetto-ization” (isolation) of the LGBT community.

Having a supermarket in the building has increased traffic to the center from the surrounding community, creating more interaction between center staff and LGBT visitors with "straight" neighbors. This has also helped to dispel doubts that LGBT centers are contributing to a "ghetto-ization" (isolation) of the LGBT community.

LGBT Center Space Rental Policies, Pricing & Procedures

LGBT Center (City) *LGBT Centers have developed unique pricing and marketing approaches to take advantage of their space. Links to some examples:*

San Francisco	http://www.sfcenter.org/programs/roomrentals.php
Los Angeles	http://www.lagaycenter.org/site/PageServer?pagename=YC_FR_Room_Rentals
New York City	http://www.gaycenter.org/program_folders/mcs
Salt Lake City	http://www.glbtcu.org/index.php?option=com_content&task=view&id=24&Itemid=41
London	http://www.kairosinsoho.org.uk/hire.asp
Manchester	http://www.lgf.org.uk/about-us/room-hire-at-the-lgf/
San Jose	http://www.defrank.org/services/facility/index.html
Chicago	http://www.centeronhalsted.org/rentals/COH_Rental_Book.pdf

- *affordable LGBT senior housing*: LGBT seniors are increasing seeking out affordable, gay-friendly retirement housing and care services that provide a safe and social environment tailored to their unique needs. Gay & Lesbian Elder Housing (GLEH) is a nonprofit organization dedicated to building and operating high-quality affordable, multicultural housing developments which include a community space used to provide social and recreational services for GLBT older adults (www.gleh.org). In 2007, GLEH held the grand opening of the USA's first low-income affordable housing development, Triangle Square. An on-site activity center provides social and recreational services to GLBT seniors. The 103-unit building, located in Hollywood, is designed to house individuals of mixed incomes under an affordable housing model; and roughly one-third of the units are designated for seniors living with HIV/AIDS, are homeless or are at risk of being homeless.



- *bar/disco*: While it seems many LGBT organizations have considered the idea of owning or operating an LGBT bar, pub or disco, few have done it successfully. COC Netherlands itself is one of the few success stories, though their LGBT bar in Amsterdam, popular and profitable in the 1970s and 80s, ultimately closed. According to Arjos Vendrig of COC, the income from the bar was used to purchase the COC office building in Amsterdam and invested in other real estate. "The COC bar was very important at the time not only for financial reasons but also because at that time society was still not accepting of LGBT people and landlords would often kick out LGBT renters. Also, the bar was an important place in the community for LGBT people to meet." The bar ultimately closed due to competition from more commercial LGBT clubs that came into the city. Furthermore, the location of the COC bar was not in the new "gay area" of the city so LGBT people going out bar "crawling" wouldn't easily come across it. "They'd need to ride their bicycles out to reach it, so it wasn't very convenient anymore. Also, LGBT bars overall have suffered since more LGBT people meet over the internet and don't need to come to physical places like the bar to meet others."

LGBT youth organization, Magnus, in Slovenia operated an LGBT bar-club up until July 2006. However, the club was forced to close as a result of new legislation that stated that NGOs were no longer permitted to sell alcoholic drinks (even to their own members) without a proper bar license. Reorganizing to acquire such a permit would require additional employees and tax burdens so Magnus discontinued the club. "Should we open a bar which will make profit, we have to outsource this service to a private entrepreneur," says Miran Solinc of Magnus, but he also points out a split within the organization about making the club into a commercial entity. "Older activists in the organization have a very different way of thinking and can't understand this new approach because they say we

The growing market for affordable LGBT senior housing

Because many gay seniors find traditional retirement communities unprepared or unwilling to meet the needs of GLBT residents, the demand for gay retirement communities is growing.

Reports estimate three million LGBT seniors currently living in the USA and this number is expected to more than double over the next 25 years as the 'gayby boom' generation fully transitions into retirement.

Source: National Gay and Lesbian Task Force and US Census Bureau
www.prnewsnow.com

"... activists in the organization have a very different way of thinking and can't understand this new approach because they say we work for a 'non-profit' NGO."

work for a 'non-profit' NGO. They say there is conflict of interest and there is no trust. They always thought that I as a bar manager put money in my private pockets because they think having a bar is a big profit even if prices of drinks are very low. They interfered with the club policy and management too much. Now, after six months they miss the bar." Solinc also believes that to succeed the club would need to relocate to a different space: "I don't like the location anymore because we were too exposed to harassment from drunk visitors of other clubs in the neighborhood. Maybe it will open again in the future as a day cafe, cyber cafe or something similar, who knows. At the moment the city [Ljubljana] is without a gay bar, local gay men and gay tourists miss it."

- *cafés*: Numerous LGBT organizations, particularly LGBT community centers, are operating (or accessing the feasibility of starting) cafes both as a means of generating income and for creating a safe and social LGBT community meeting place.

Many of the cafes started by LGBT centers begin initially as ad hoc efforts with little to know planning or preparation, merely an informal place for the LGBT community to socialize and meet.

For example, ACCEPT Romania operated a coffee shop in its building for about a year. Initially, the café wasn't a planned enterprise activity which Bocioc believes is the main reason it failed. "There was no business plan, no marketing and it needed to be more planned to succeed," she says. The idea was initiated by a gay restaurant owner who proposed to use the space in the ACCEPT office to make the café. "They had a one-year contract with us and it worked well for the first three months or so with people coming, mostly gay and lesbian, though it was also open to the general public. They did no advertising and only had coffee and juice and some beer. But then people stopped coming." According to Bocioc, even before the café opened LGBT people used to come to "hang out" at the ACCEPT offices and drink coffee, etc. "But once the café was formalized and they had to pay for the coffee they were drinking they weren't accustomed to this. After six months, the ACCEPT members started to ask if we were making money and questioning the idea. But people want to make money fast rather than build community. People really questioned



ACCIONGAY Café (Santiago, Chile)
ACCIONGAY is a community social movement working to improve the personal development and social inclusion of gay people in Chile.

In 2007, ACCIONGAY completed a business plan for the creation of an LGBT cafe in central Santiago. The cafe has three primary objectives:

- improve the quality of life of the gay population, providing a safe and enjoyable social meeting place;
- promote greater sensitivity among the non-gay community about LGBT diversity through a public venue;
- generate financial resources to sustain the organization.

Based on the business plan, the ACCIONGAY team estimated a net profit from the enterprise, approximately CL\$29 million (approximately US\$64,000) over five years. However, the primary goal, according to ACCIONGAY, is the opportunity the cafe presents in relation to the mission of the organization.

ACCIONGAY was selected as a finalist in the NESSt-ABN AMRO Foundation Social Enterprise Business Plan Competition 2007 and received a venture planning grant to further develop and complete their cafe business plan.

www.acciongay.cl

why the café should continue. They decided to make an open call for proposals for new café management but received no applications, so we closed it.” ACCEPT is now renting out the space for meetings/trainings, etc. For the café to succeed, Bocioc argues, “we need a business plan, a strategy, and knowledge of what money we need to invest in this and when it will generate a return. But we don’t have these skills. Few of the GA members have this experience either with business. We need to invest money and time to make money. They need to understand this.”

Similarly, KAOS GL opened a small LGBT café out of the apartment of the cultural center in Ankara. Volunteers operated the café which offered coffee, drinks and light food as well as computer trainings and English language classes. “It wasn’t a professional café per se,” says Guner, “but at that time it was the only LGBT meeting place in Ankara and people loved it.” Guner took out a small bank loan to purchase the equipment needed to start the café. For a year and a half the café generated enough resources to pay the apartment rent, the center’s administrative costs, and to repay the bank credit. “But it was difficult to operate the café and the center out of the same apartment. We didn’t have enough space to organize the cultural activities and to manage the café.” KAOS GL also ran into difficulties with the local municipality who closed down the café since the apartment building was not licensed to operate a public venue. Six years later, there is still no LGBT café in the entire city of Ankara. Guner believes this would still be a great opportunity for KAOS GL “but we have no money!” he says. “We learned a lot from our previous experience. If we had the resources to do it again and this time do it more professionally in a different location then I have no doubt it would work.”

Housing Works in New York also operates its used bookstore café with volunteers and generally keeps regular hours, and in 2007 it increased revenues by 24 percent in 2007. The café/bookstore generated revenues of US\$1.5 million in 2007 (up from US\$500,000 in 2006) to support Housing Works HIV/AIDS programs. The café is located in a well-located chic area of Soho in Manhattan in a former warehouse space with comfortable armchairs and offers baked goods, soups, coffee & tea, and a selection of beer and wine. Houseworks has added a number of marketing tools, including branded bookmarks, event calendars, refillable gift cards and a membership program for frequent customers. Housing Works also opened a smaller satellite café at New York University. Special events at the café brought in an additional US\$50,000 in 2007.¹⁵

The LGBT Center in San Francisco has a café on the ground floor of its building but the café is operated by an outside contractor who rents the retail space. While the café still provides a social setting for the LGBT community the Center generates income from the space rental rather than from operating the café itself.

“For the café to succeed, we need a business plan, a strategy, and knowledge of what money we need to invest in this and when it will generate a return. But we don't have these skills. We need to invest money and time to make money.”

“We learned a lot from our previous experience. If we had the resources to do it again and this time do it more professionally, in a different location near other cafes. Then I have no doubt it would work.”

¹⁵ See: www.housingworks.org/usedbookcafe

"The priority should be income generation at both the organizational level and the individual level."

- Carla Sutherland, Ford Foundation (Kenya)

"The [social enterprise] is an opportunity for [trans-genders] to lead self-supporting and dignified lives so that they can make a living and contribute to the larger society."

- Sunil Pant, Blue Diamond Society (Nepal)

"I think social enterprises (and particularly income generating activities) are incredibly empowering for LGBT communities to generate their own money."

- Sara Buchanan, Sigrid Rausing Trust (United Kingdom)

The GLCCB recently completed a business plan for a café on the ground level of its Baltimore building with assistance from MBA students at the local business school. [see *GLCCB profile*] "Our [proposed business], "Cee Bee Café" was intended to generate resources to sustain GLCCB's organizational capacity while also directly supporting LGBT constituents by employing and empowering Baltimore area LGBT youth. Our venture idea sought to provide a new and popular eatery to the midtown landscape while serving some of our most vulnerable youth and providing them with education and opportunities to empower them." Wiley was unsure if the projections were realistic or accurate: revenues of approximately US\$500,000 by year three. Of even greater concern to Wiley was that the business plan did not adequately focus on the 'social' end of the social enterprise, i.e., the at-risk youth who would staff the business. And who would provide the estimated US\$126,000 in start up capital to launch the café?

4. LGBT INCOME GENERATING ACTIVITIES

A number of LGBT organizations are using social enterprise as a means for creating employment opportunities (i.e., "income generating activities (IGAs)") for LGBT people, particularly those who are discriminated against and excluded in their communities (e.g., MSM or transgenders), those in very low income areas, those who are unable to work full time due to physical disability or illness, or for those who are unskilled or unemployed. In these cases, social enterprise has a dual purpose: to generate economic benefit for the LGBT organization and, perhaps even more importantly, for its beneficiaries. [See box, next page, for examples of LGBT income generating activities].

Due to their direct relation to the social mission of many LGBT organizations, i.e., to improve the quality of life for LGBT people, income-generating activities tend to avoid many of the "philosophical" questions that other social enterprise models might raise. However, social enterprises that focus on creating income-generating opportunities for LGBT constituents also come with their own set of unique challenges:

- income-generating activities much reflect the needs and capacities of constituents: The Pelangi Foundation in Malaysia, a former home started for MSM and other homeless people living with HIV/AIDS, started a Dragon Fruit farm to generate income and provide employment for its residents (both the home and farm are now closed). At first the farm worked well but soon the physical requirements of managing and operating the farm were a poor match for some clients with weak immune systems. Sunil Pant of Blue Diamond Society in Nepal also learned that income generating activities have to be designed with the needs and realities of the people they are intended to benefit in mind. As a result, Cutie Beauty had to provide

INCOME GENERATING ACTIVITIES: LGBT social enterprises creating employment for beneficiaries

Examples of LGBT social enterprises operating (or planned) for the purpose of income-generation for LGBT people:

- **Association pour le Respect des Droits des Homosexuels** (Burundi): LGBT cyber center, employing beneficiaries, includes a kitchen, sale of internet services, meeting room rental, producing stationery with computer center equipment.
- **Behind the Mask** (South Africa): Women's Computer Skills Program designed for women survivors of verbal/physical abuse, many denied an education. In addition to technical training, classes include training on money management and job seeking. A beadwork program is an offshoot of the training and helps students gain income during the course.
- **Blue Diamond Society** (Nepal): The Cutey Beauty Salon provides transgenders skills and training to work as professional beauticians. The salon is a training center (less a business or money-making opportunity) to provide independent livelihood for transgender people, many currently making livings as sex workers.
- **Forum for the Empowerment of Women (FEW)** (South Africa): One of FEW's efforts to create economic opportunities for lesbian women in the community is an income-generating program. The first two projects, started in 2002, were a beadwork project in conjunction with Behind the Mask and another to produce AIDS ribbons for World AIDS Day for corporate customers. In 2006, FEW also began experimenting with catering and paid entertainment events.
- **Fundamor** (Colombia): Fundamor operates a network of enterprises, through which it provides employment to its HIV positive clients and to their families and friends. The enterprises include: an organic fruits and vegetable farm, a household cleaning products business, a school and work uniform clothing production enterprise, and a cookie company.
- **GLCCB** (USA): The LGBT center's "Cee Bee Café" was intended to generate resources to sustain GLCCB's organizational capacity while also employing and empowering Baltimore area LGBT at-risk youth.
- **Housing Works** (USA): Employs former Housing Works clients (all HIV positive), including graduates of the Housing Works Job Training Program, at all levels of staff and management. Housing Works' Print Positive, a social enterprise selling silk-screening services (T-shirts) to outside customers. Clients learn the marketable skills of silk screening. Revenues from the printing enterprise support Housing Works' Second Life Job Training Program.
- **Pelangi Foundation** (Malaysia): A former home for MSM living with HIV/AIDS. Besides residential care, Pelangi also started an alternative job program to provide income for HIV positive residents, including starting a dragonfruit farm and a printing shop.
- **LGBT Excellence Centre Wales** (UK): "Pink Pound Wales" is a program that empowers people to gain new skills and experiences to develop services and products needed by LGBT communities around Wales. Pink Pound Wales enables individuals and groups to create, plan, and deliver innovative projects that bring employment opportunities to those people that because of their sexual orientation or gender identity might have missed out on having the same opportunities as others.
- **Positive Jump** (Romania): A lot of young people were infected with HIV in the late 80s/early 90s through blood transfusions in Romania. Now they are unable to find employment because HIV and syphilis tests are required for employment. Positive Jump plans to start a farm enterprise where HIV positive people would work to grow an immuno-boosting algae. The farm would sell the product to pharmaceutical companies, health stores, etc.

In these cases, social enterprise has a dual purpose: to generate economic benefit for the LGBT organization and for its beneficiaries.

Income generating activities have to be designed with the needs and realities of the people they are intended to benefit in mind.

flexibility and income supplements to transgender participants in its training since few were economically able to forgo their only source of income as sex workers on the streets of Kathmandu. Similarly, Craig Wiley of GLCCB in Baltimore rejected a plan for a cafe partly because it “did not adequately focus on the ‘social’ end of the social enterprise - the at-risk youth who would staff the business,” and instead turned attention to a printing enterprise that could better provide job skills to LGBT youth.

- can't rely on people's good will alone: Brian Lariche, Executive Director of The Liaison Combination (TLC) in Kuala Lumpur (www.liaison-combination.com) believes that LGBT social enterprises employing their constituents have to have a quality product and a strong marketing strategy, LGBT organizations can't rely on public sympathy to motivate them to buy products. “You need a good market to sell the products. People won't buy for sympathy alone, that doesn't work, that's not a business model.”

Koe agrees that in order to succeed LGBT social enterprises can't rely on their social mission to convince customers to purchase their products and services. “You need a good business idea and sense. It can't be that you just start a business for business sake. Success hinges on the success of the business – activism is the icing on the cake.”

- constituents need to “own” the income-generating activity and feel empowered: Juan Barajas of the Pacific Center emphasizes that “you really need to connect clients and mission of the LGBT organization with the social enterprise. A good example is job training where the beneficiaries are

involved and get employment or make money too.” But Lariche believes that being employed in a social enterprise isn't enough, “clients need to be not only physical laborers but also be involved in the intellectual process of it, learn skills, learn business, learn marketing, etc. in order to own the enterprise,” he says, “It's not just about teaching a man to fish, it's about teaching me how to market and sell them after I've caught them.” Pant agrees that to succeed, income generating activities need to empower as well as employ. Therefore, participants that “graduate” from the Cutey Beauty salon training gain the skills needed to return as teachers to other transgender trainees. “We hope to do a

Forum for the Empowerment of Women (FEW) (South Africa)

FEW is a nonprofit networking, empowerment and support organization of and for black lesbians in and around Johannesburg.

FEW was founded in January 2002 by a group of Gauteng-based lesbians in response to the need for a social and political space for black lesbians in Johannesburg and its surrounding townships.

One of FEW's efforts to create economic opportunity for lesbian women in the community is an income generation program. In June 2002, the members started their first income-

generating project, a beadwork project, in conjunction with Behind the Mask (www.mask.org.za), a nonprofit LGBT online media website for Africa. In November 2002, FEW launched their second income-generating project, the production of AIDS ribbons for World AIDS Day for corporate customers. In 2006, FEW also began “experimenting with catering and paid entertainment events.”



www.few.org.za

training-of-trainers to replicate Cutey Beauty once we have the new 'graduates' ready. Our dream after the second group of trainees is to help five or six of them to team up and to run a salon of their own," says Pant. Federico Federico at LGBT Excellence Centre Wales agrees and has developed the Centre's "Pink Pound" program with the same line of thinking: "The program is designed to empower local individuals to develop innovative ideas that create local employment and further the individual entrepreneur's employability and business skills while also helping the Centre to fund its current activities."

"LGBT social enterprises can't rely on their social mission to convince customers to purchase their products and services ... Success hinges on the success of the business."

Chapter 3: Key Challenges for LGBT social enterprises

The previous chapter includes a myriad of examples of LGBT social enterprises and illustrates the many existing ideas and great potential for social enterprise among LGBT organizations. Not all LGBT social enterprises have been successful and even those still operating and flourishing face significant obstacles. Like for-profit enterprises in the private sector, LGBT social enterprises must overcome many risks and unknowns when entering the marketplace. But LGBT social enterprises face even greater obstacles than those of their for-profit peers. This chapter examines the unique financial and organizational risks LGBT organizations encounter when operating social enterprises. Although there is no way to completely eliminate these risks, it is important nonetheless to anticipate them in order to mitigate them.

Each LGBT social enterprise is unique and particular to an LGBT organization's capacity, experience and surrounding circumstances. It is impossible to derive an equation for success or a formula for replicating successful models.

"Part of me feels sad about having to adopt an economic system that many of us are fighting against. I come at this from a strong social justice perspective and it's difficult to reconcile."

It is clear from the diversity of models presented in the previous chapter that each LGBT social enterprise is unique and particular to an LGBT organization's capacity, experience and surrounding circumstances. It is impossible to derive an equation for success or a formula for replicating successful models. However, the cases herein point to several common challenges LGBT organizations face in the process of developing social enterprises and this chapter attempts to identify these in an attempt to help overcome or mitigate them.

We've organized the challenges into two main categories:

- *"internal" obstacles*: (i.e., those related to the management of human and financial resources and organizational capacity of LGBT organizations);
- *"external" obstacles*: (i.e., those related to the surrounding policy, regulatory, and general public environment in which the LGBT organizations and their enterprises function).

1. Internal Obstacles

Many of the challenges LGBT organizations face in operating social enterprises arise regarding support and commitment within the organizations themselves:

1.1 Philosophical concerns about social enterprise and conflicts between the social change and profit-making "cultures"

Social enterprise sometimes causes an "identity crisis" for LGBT organizations. A commonly cited obstacle to social enterprise for LGBT organizations is the philosophical clash between non-profit and for-profit cultures within the organizations themselves.

- *concerns over the incompatibility of social enterprise and LGBT social change*: LGBT organizations' staff often possess a set of values and principles that may be fundamentally at odds with an entrepreneurial approach. Many who have chosen careers in social change have done so for the purpose of linking their work to a "greater good" and their commitment to LGBT equality. Accepting private-sector, market-oriented approaches to generating resources may therefore seem simply unethical – the veritable antithesis of social change values. The introduction of formal corporate management styles into an LGBT organization for the purpose of "maximizing profits" through social enterprise may not only disengage the LGBT staff philosophically from their organizational vision but, on a very practical level, may also lead to an irreconcilable tension between two organizational objectives: mission and resource generation. This is particularly an obstacle for those who maintain that the market itself is the cause, not a solution, of LGBT (or any type of) inequity.

Karen Zelermyer of Funders for Lesbian and Gay Issues, for example, is concerned that social enterprises not distract LGBT organizations from their original social mission. "If there were social enterprise models that

really work that don't distract organizations from their mission, and that are not inconsistent with the mission, then I think it's ok. I don't have any ideological problem against it. But part of me feels sad about having to adopt an economic system that many of us are fighting against. I come at this from a strong social justice perspective and it's difficult to reconcile."

Jane Standing of Kairos in Soho shares these concerns and worries that social enterprise may not be aligned with the social change agenda of LGBT organizations. She worries that social enterprise (at least as it is currently defined and practiced in the UK) is not aligned with the social change mission of LGBT organizations. "I do have an inclination to social enterprise. I've read a lot about it and have seen a lot of organizations do it. But there is something wrong with it in this country. Social enterprise works but it doesn't push the edges of social change. There has to be a middle way somewhere between combining philanthropy and trading. But not the current way. We need to strive to develop an alternative. Social enterprise is being abused in the UK, particularly around progressive issues."

Stuart Koe of Fridae sees a division in the LGBT community between those who embrace the entrepreneurial approach and others, typically LGBT activists, for whom profit and financial gain are "dirty." Not surprisingly, the greatest criticism of his firm Fridae has come from LGBT activists: "Initially we felt like an island, getting criticism from all corners of the LGBT world," says Koe. "I'm not one to go out and explain myself. I'd rather let our actions speak for themselves. But it's difficult to convince some LGBT activists that our intentions are sincere and that just because we're a business doesn't mean we've 'sold out' and given up our principles." Marjan Sax also believes this philosophical argument is unfounded: "This '70s approach' that the marketplace is evil is silly. They aren't being objective. It's the conditions under which you do the social enterprise that matter." Patricia Evert at the Gill Foundation agrees: "Just as some 'lefties' won't take money from corporations, some may have reservations about a market or commercial approach like social enterprise. But I don't think we should stand ground uniformly against an opportunity like this. If you want to do some good in the world you can't do it without money. Let's give it a shot. Take off your high hat about capitalism and change the dialogue and culture!"

- *concerns about LGBT "mission drift"*: Some LGBT organizations are concerned about engaging in social enterprise activities that are contrary to their mission or that would detract them from focusing on their mission. They are concerned that adopting a market approach might mean they lose sight of their original target group (particularly marginalized groups in the LGBT community) by focusing instead on those who can pay for products and services.

"Personally, I think [social enterprise] is a great idea and I want us (collectively) to do more in this area," says Juan Barajas of the Pacific Center. "But I think this comes with push back from the community. Some believe

"Social enterprise works but it doesn't push the edges of social change. There has to be a middle way somewhere between combining philanthropy and trading. But not the current way. We need to strive to develop an alternative."

"It's difficult to convince some LGBT activists that our intentions are sincere and that just because we're a business doesn't mean we've 'sold out' and given up our principles."

that we're becoming too capitalistic; that we're losing sight of our mission; that we're closing out those who can't pay; and it also raises some critical race and class issues here."

Maxim Anmeghichean of ILGA-Europe also worries that many LGBT people in Eastern Europe "live in poverty" and that when you introduce a pay scale "there is a major fear of closing off access." Karen Zelermyer echoes this: "Fees for services have worked for some LGBT organizations and this makes sense as long as those who can't pay aren't left out from accessing those services."

Others believe that the LGBT community needs a more balanced view and needs to get away from a "welfare" mentality that promotes dependence. Forentina Bocioc of ACCEPT Romania believes that part of the problem is people's sense of entitlement. "We knew when we started that it would be at least a year for people to get used to paying for products since they used to get everything for free. We still want to offer some services for free for those who can't afford them. But the LGBT community here in Romania is used to free services. They think we should work for them to solve their problems. This is not just an LGBT problem but a common Eastern European or Romanian perception that people expect the state to provide for them, so this still is in the minds of NGOs too."

"Some LGBT organizations are afraid to charge money for products or services since they think it will attract fewer people or exclude people. But it's possible to avoid this with a sliding scale fee structure."

Arjos Vendrig of COC Netherlands agrees: "Some LGBT organizations get funding that may hinder their social enterprise development since they continue to have a 'project' mentality that comes from being dependent on donors for funding. And, they are sometimes afraid to charge money for products or services since they think it will attract fewer people or exclude people. But it's possible to avoid this with a sliding scale fee structure. In the Netherlands and Western Europe generally there is now more acceptance of charging for services provided and the social enterprise concept as a whole. Before the government was seen as being responsible for paying for activities that benefit the public. Consequently, LGBT organizations put all their efforts into getting public funding. This 'victim asking for help' approach has luckily been replaced."

Richard Young of IGLHRC says the hesitation to charge may be a symptom of LGBT people's desire for acceptance. For example, LGBT organizations hesitate to charge speakers fees to speak at corporate events about LGBT discrimination and diversity. "Unfortunately, we as gay people tend to speak for free rather than charge since we want to get the word out. It's a 'Catch 22.'"

Robin Brady of Crusaid faced more of a challenge educating his Trustees about social enterprise than his staff. "The biggest challenge, I think, is the Trustees' miscomprehension of what a professional social enterprise is all about. A for-profit company would be really happy with a 15 percent profit. But our Trustees are not seeing this as an opportunity. They are scared of turning Crusaid into a business. They are very focused on grantmaking,

outputs and impact. The Trustees think a charity should do everything for free and give everything away to charity. Business people get that. I have to constantly remind the Trustees to bring their business skills to the board meetings and not to leave it at the door.”

- *ethical concerns in LGBT social enterprise*: LGBT organizations operating social enterprises in the public arena face the added challenge of effectively communicating their motives and goals to stakeholders and the public at large. LGBT social enterprises may face greater public scrutiny than other social enterprises or for-profit firms. They must work to ensure an ethical approach and transparent use of resources. This has implications not only for preserving the reputation of the organization itself but also for the LGBT community as a whole. “Clearly we should avoid reprehensible business models ... organizations that have more radical or social justice focus may find it harder to find things they can do,” points out Zelermyer.

LGBT social enterprises may face greater public scrutiny than other social enterprises or for-profit firms. They must work to ensure an ethical approach and transparent use of resources.

Others raised concern that LGBT social enterprises not replicate some of the questionable practices in the media that promote a stereotyped image of the LGBT community as merely defined by sex. This concern was raised regarding LGBT tourism. Some expressed concerns that LGBT organizations promoting tourism services could be perceived as promoting “sex tourism.” Others also worried that the rush of interest in LGBT tourism would contribute to the stereotyped portrayal of LGBT communities in mainstream tourism promotion campaigns. Jane Standing of KiS is concerned about the way that the LGBT community is portrayed in advertising and marketing campaigns, primarily the use of distorted sexual images. “We need to challenge this portrayal. Gay men are victimized in sexual imagery.” KiS has challenged the GLA (London tourism agency) regarding marketing to the gay community. “They only promoted naked men, clubs and sex as ‘Gay London’ in tourism ads,” says Standing.

This was also concern about the sale of “gay-themed” or “gay-friendly” products and that LGBT organizations should avoid selling sex toys or pornographic material. Ed Mishin of gay.ru in Moscow, for example, said that his Indigo stores reflect the organization’s philosophy of community: “We don’t sell erotic DVDs or sex toys.” For some, even the sale of condoms and lubricant was troubling since they worried that this might be perceived as “promoting” sex if taken out of context (despite the real intent to promote safer sex practices and prevent the spread of HIV or other STDs).

1.2 Lack of LGBT “business mentality” and entrepreneurial spirit

Although Chapter 2 indicates that LGBT organizations have been very entrepreneurial in identifying opportunities and trying (albeit not always successfully) many social enterprise approaches, some feel that LGBT organizations simply lack the business mentality and entrepreneurial spirit necessary to succeed. Richard Jung of IGLHRC says “I don’t think LGBT organizations have enough information or skills for doing social enter-

prise right. It is implied that organizations should have entrepreneurial spirit but we're unrealistic about what they can do."

Florentina Bocioc of ACCEPT Romania finds this to be a daily challenge but sees entrepreneurial potential in the younger LGBT generation: "A part of our organizational culture is that we're not good in business. I'm challenging this every day. Within ACCEPT itself some see us as an NGO that is different from a business and we therefore see ourselves as 'humanitarian' – particularly those who have been in NGOs for a longer time, not the younger generation who are perhaps more entrepreneurial."

Robin Brady of Crusaid believes that the LGBT community is very entrepreneurial and points to the tremendous success of LGBT entrepreneurs in the private sector as one indicator of the potential for LGBT social enterprise. "I think there could be more social enterprises in LGBT community given that we're really very entrepreneurial. There is an active gay business association and an association for gay professionals in the UK. And there are many successful gay businesses and LGBT entrepreneurs. For example, one of our former trustees bought out the partners in a financial investment firm and he's not even 40 and many of his wealthy clients are also LGBT. Another of their patrons is a manager of a real estate company in one of the most expensive parts of London and many of his employees are also LGBT."

"I think there could be more social enterprises in LGBT community given that we're really very entrepreneurial ... there are many successful gay businesses and LGBT entrepreneurs."

Asked why he hasn't seen more LGBT social enterprises in Asia, Stuart Koe of Fridae responds: "I've been hearing more about social enterprise, but not so much in Asia. Maybe Thailand and Indonesia there are more cases, but not necessarily in the LGBT sector. Maybe we (LGBT people) are too decadent and hedonistic and we leave the business ideas to the heterosexuals!" he jokes: "But seriously, look: most of the businesses tapping into the LGBT community are not even gay owned." Koe has found straight businesses and investors more willing to support LGBT enterprises since they don't have the fear of being "outed" but instead focus on the market potential of a business not its social objectives.

- is LGBT social enterprise more suited to certain countries or geographic regions?
The cases and interviews indicate varying opinions about whether social enterprise is more appropriate or suited for certain communities, countries or regions. According to Maxim Anmeghichean at ILGA-Europe, the entrepreneurial spirit has been stunted in Europe due to a heavy reliance on public financing: "What's lacking is the business mentality. I think LGBT people are generally not good with money. Worldwide, I think social enterprise is most successful in the Western countries, especially America. Many NGOs have very highly developed enterprises. But here in Europe we are more accustomed to the welfare state model and having public services subsidized. When the government is providing millions of Euro, there is no incentive to be entrepreneurial." But he believes that European countries further east may be more entrepreneurial: "In Russia most of the LGBT movement comes from the business sector or has moved to the busi-

ness sector to support themselves. The LGBT movement in Russia started earlier than other Eastern European countries. In the 90s there were lots of opportunities for business and profit and therefore many LGBT organizations used project funding to invest in business and didn't need much to get the business going and profitable. For example, most gay night clubs in Russia are owned by people who were in front of the LGBT movement and set them up as businesses. They saw the clubs in part to support the community but also as a business opportunity. By nature of their character they are more business oriented in Russia. But of course in Russia they have a market of 100 million+ people and also can reach a wider Russian-speaking audience beyond Russia itself. So there is more market opportunity for them than in a smaller European country."

Others pointed out that several of the most entrepreneurial cases of LGBT social enterprise have originated not in countries with the most developed economies but in those where dire economic circumstances and hostile environment for the LGBT community leave no other option for LGBT organizations but to be "self-sustaining." The income generation cases outlined in Chapter 2, many of which were developed in the "Global South," pointed to this. Arjos Vendrig of COC agrees: "I think you have to adjust the social enterprise to the capacity of each organization and to fit the work they are doing. But overall, potential may be higher in countries where there is more tolerance for LGBT people/issues but this can also be the opposite. For example, the COC bar was more profitable when the society was less tolerant and there was more of a demand for such a safe LGBT community place."

- is social enterprise more suited for certain types of LGBT organizations?

Service delivery and community-focused (e.g., centers) and HIV/AIDS organizations are often mentioned as being best suited for social enterprise. Maxim Anmeghichean at ILGA-Europe believes that for "service-oriented LGBT organizations [social enterprise] could be an obvious fit since they have the strongest link to the community. Pride organizers, LGBT culture and sports organizations also could be good. And those promoting safe sex since this is not popular among donors and it's hard to get money for this so they may be especially interested in social enterprise."

Juan Barajas believes space-based LGBT organizations may also be well suited for social enterprise but questions whether they are necessarily more entrepreneurial: "I think LGBT Centers can do well with social enterprise since we're pretty generic and open places. A lot of LGBT Centers have opened coffee shops in their buildings. But I haven't seen a lot of them take off and do well."

Jon Campbell of Hivos South Africa agrees that LGBT organizations involved in provision of services, providing safe space and opportunities for social interaction (e.g., drop-in centers, bars, etc.) may be best positioned for social enterprise. "For the activities involving events, meetings, etc., people expect to pay something which makes it easier to generate

"Several of the most entrepreneurial cases of LGBT social enterprise have originated not in countries with the most developed economies but in those where dire economic circumstances and low levels of support for the LGBT community leave no other option for LGBT organizations but to be 'self-financed.'"

"LGBT social enterprise will depend on the situation in a country, i.e., if there clients willing to buy services or a market for selling products (and if customers are willing to be seen and associated with LGBT products or services. In effect, social enterprise is a reflection of how open a society is."

- Marjan Sax (The Netherlands)

income. On the other hand, for organizations offering legal services the expectation is often that people will get the service for free.” Marjan Sax in Amsterdam believes the opposite: that LGBT advocacy organizations should focus more attention on social enterprise opportunities in order to generate income that they control and that allow them to remain independent and autonomous voices in society. “Health related LGBT organizations, on the other hand, should keep their services more accessible and low cost. Health is not a money making thing, especially at a time when health services are getting more and more expensive.”

"I'm not sure I see it as more appropriate for advocacy organizations versus direct service organizations but maybe the latter are better able to tug on the public's 'heart strings.'"

There is repeated concern that LGBT advocacy, policy and activist organizations are least prepared for social enterprise because they lack both a “marketable” product and the organizational capacity. Richard Jung of IGLHRC expresses it this way: “I think that [LGBT legal rights] organizations shouldn’t be doing things that take their time away from doing the legal cases. How do you make money off gay marriage anyway? It doesn’t equate to something that’s marketable nor that has a wide market.”

Anmeghichean agrees but believes that LGBT organizations lack access to examples of social enterprises that succeed in creating financial and social benefits. “I think that for policy/political LGBT organizations it is hardest. It’s very difficult to convince them that a cafe is a good use of their time. But maybe they don’t see that it could work or haven’t seen cases and examples. Many suffer from lack of community support as they focus too much on politics. If a social enterprise could help reconnect them with the community it might be an opportunity.”

Barajas sees social enterprise as difficult but not impossible for advocacy organizations: “An advocacy organization might have a hard time. But then, look at HRC [Human Rights Campaign], for example, that has shops and income from merchandise.” Roger Doughty of the Horizons Foundation agrees “I’m not sure I see it as more appropriate for advocacy organizations versus direct service organizations but maybe the latter are better able to tug on the public’s ‘heart strings.’”

- are larger LGBT organizations more suited to social enterprise than smaller organizations?

"Larger more structured LGBT organizations may have more expertise and access to resources but less formal LGBT organizations may perhaps be better positioned for social enterprise. The less developed they are the more flexible and entrepreneurial they are."

Some of those interviewed believe that larger (and older more established) LGBT organizations have an advantage in social enterprise development over their smaller, volunteer-run peers. Several pointed to the successes of the large LGBT organizations like HRC (USA) and Stonewall (UK) but others disagree. “Larger more structured LGBT organizations may have more expertise and access to resources but less formal LGBT organizations may perhaps be better positioned for social enterprise. The less developed they are the more flexible and entrepreneurial they are,” says Sara Buchanan of the Sigrid Rausing Trust in London. Richard Jung of IGLHRC believes that because some larger LGBT organizations “have more sophisticated fundraising capacity” there is less of an incentive for social enterprise: “What’s the value-added for them to spend the money

up front for social enterprise? In the US the LGBT organizations that can afford to do social enterprise are already doing it and doing it well (for example HRC has deep pockets and has their products, shops and branding).” But he adds that it’s these same organizations that have the greatest opportunity: “Overall the LGBT community hasn’t been very innovative except those that have the resources to do this. And they tend to be in the cities and have access to resources, bigger markets, etc.”

Standing raises further concerns: “The idea of the small LGBT organizations going into trading makes my hair stand on end. What would they sell?!” But she also believes larger LGBT organizations shouldn’t necessarily be held up as social enterprise role models: “They have a very business and competitive mindset, they are very competitive even with the smaller LGBT community organizations.”

1.3 Lack of sufficient business planning and preparation

It appears more an exception than the norm that LGBT organizations have prepared business plans or conducted even rudimentary market research prior to launching their social enterprise. In fact, many admitted that their social enterprises started “accidentally,” or began as a program and not a “business,” or were run as ad hoc activities rather than professional businesses. The majority of LGBT social enterprises appeared to suffer from this lack of sufficient preparation and planning. Challenges such as insufficient knowledge of a particular market or industry, difficulties with product development, pricing, marketing, anticipating operational or financial requirements of social enterprise might have been avoided had they completed a more rigorous market analysis and preparation.”

Vendrig of COC Netherlands believes LGBT organizations “need to be more focused on the market and who will actually buy their products/services.” Richard Jung of IGLHRC agrees that LGBT organizations need a better understanding of the market and to think creatively about products and services that respond to the needs and wants of the market: “It really depends on what an organization decides to do. What are the financial implications (short and long-term) for the social enterprise? What input of resources are required to make it work? Organizations need to be clear on these beforehand. ... Also, without the inherent product to make it work how can you make sense of it to donors and members? What can they sell that makes sense? For LGBT organizations it doesn’t make sense to design and sell a T-shirt online when everyone else is already doing this. It’s like the Lance Armstrong thing – everyone is selling the wrist bands now. If that’s the perception of social enterprise amongst LGBT organizations then we have to rethink this. Where’s the creativity? It’s much less cutting edge than it is ‘follow the leader.’”

With few exceptions, LGBT organizations interviewed were unable to respond definitively when asked about their break even point, the number of units sold in a given year, the rationale behind their pricing decisions,

It appears more an exception than the norm that LGBT organizations have prepared business plans or conducted even rudimentary market research prior to launching their social enterprise.

“For LGBT organizations it doesn't make sense to design and sell a T-shirt online when everyone else is already doing this ... If that's the perception of social enterprise amongst LGBT organizations then we have to rethink this. Where's the creativity? It's much less cutting edge than it is 'follow the leader.'”

PERSPECTIVE: Challenges for LGBT Social Enterprises

(Arjos Vendrig, COC Netherlands)

- financial risks;
- running an NGO is a different skill than running a business;
- NGOs sometimes think their idea is good just because it's important to them but in a business you need to be realistic and really know the market;
- although some NGOs are risk takers in their social program area this doesn't always translate to their business practices;
- the social enterprise should be in line with the LGBT mission and must not contradict the mission.

their financial goals for future years, etc. Karios in Soho has no business or marketing plan for its LGBT tours of London. KAOS GL and ACCEPT Romania both indicated their café enterprises were operated on an ad hoc basis and would have benefited from a business plan and a more professional examination of the market and true costs involved. “The café wasn't a planned enterprise activity,” says Bocioc, “which is one of the main reasons it failed. There was no business plan, no marketing and it needed to be more planned to succeed.” she says. “We need a business plan, a strategy, and knowledge of what money we need to invest in this and when it will generate a return. But we don't have these skills.” Michael Weinstein of the AIDS Healthcare Foundation (AHF) believes that in retrospect he could have planned better. “We didn't have a business plan per se and we've learned from our mistakes as we've gone along.”

1.4 Insufficient organizational/staff capacity and/or management skills

Lack of sufficient human and organizational resources also impedes the social enterprise efforts of many LGBT organizations. New social enterprise burdens are put upon already overworked LGBT staff or volunteers; internal financial management systems are often inadequate; and LGBT organizations find it difficult to attract and retain qualified staff or to access outside expertise. While the LGBT field attracts creative and strategic thinkers, dynamic leaders who have problem-solving abilities and empower and organize LGBT communities, they are not necessarily motivated by or skilled in enterprise development or management.

Maxim Anmeghichean of ILGA-Europe believes the small staffs of most LGBT organizations in Europe are already over-stretched. Many organizations, especially those in Eastern Europe, are volunteer run with no full-time staff. “Few people in the LGBT movement, especially in CEE NGOs, have capacity or expertise for this.” Vendrig of COC Netherlands worries that “The biggest concern, I think, is that social enterprise can ‘absorb’ NGOs as they require a lot of resources (money and time and capacity).”

Few people are sure how best to acquire the enterprise skills and capacity they need to plan for and manage social enterprises. Barajas believes that “you also really need the right person to run such an enterprise – the right person with the business skills and the political savvy to maneuver that too.” Weinstein felt the greatest challenge for AHF was finding and retaining talented executive management for the social enterprise. Bocioc faces similar challenges: “We lack business skills. I took a training here on enterprise development but we don't have other business expertise within ACCEPT.” Stuart Koe of Fridae believes that within LGBT organizations may not be the best place to find or build this necessary expertise: “In my experience, it's easier to get LGBT business people to give back to the community and run an LGBT social enterprise than it would be to train (or convince) activists to start a business.” But this isn't necessarily the case. Blue Diamond Society's Cutey Beauty Salon proved that staff motivation can go a long way in overcoming these limitations. One of the BDS

human rights officers was the first manager of the salon and training program. Although she had no business expertise, she was transgender herself and therefore understood well the practical hardships the program trainees faced and this made her even more passionate about making the enterprise successful. Many other LGBT organizations relied heavily on outside volunteers to offset their staff capacity. The volunteers were not necessarily skilled in operating an enterprise which made it challenging. Under One Roof in San Francisco found its store volunteers were critical but insufficient to grow the enterprise and hired a full time professional managing director with retail experience.

Marjan Sax in Amsterdam believes that for LGBT (or any) social enterprise to succeed it must be physically separated from the social side of the organization: "It can only work if it's a separate structure. You can't have volunteers running both the organization and the business. It needs dedicated staff. When it's all mixed up it never works. It has to be treated seriously."

Some believe that the short term capacity challenges of social enterprise make it impossible for LGBT organizations to recognize its long-term benefits. The additional planning, patience and capacity allocations that social enterprise requires is beyond what some LGBT organizations are prepared for. "I recall the NESST workshop on social enterprise at the ILGA conference in Budapest," says Maxim Anmeghichean. "I think participants saw social enterprise as a very long-term opportunity. It would take too long to bring benefits. Most people lacked this long-term vision and mentality for social enterprise. The negatives are that social enterprises are very time consuming to set up and many LGBT organizations think that in the priority of things that it's 'easier' and more 'profitable' to just write a proposal for money than to start up a business that in a year is uncertain to generate income and unsure of the outcome. So they are reluctant or give up mid-stream. I think that if I were a director of an LGBT organization in CEE I'd have a difficult time saying it's a priority to do a social enterprise." Dawie Nell of OUT agrees: "Our tradition has been fundraising. I guess we've assumed it's much harder work to do social enterprise. People are already stretched. I may be ill informed, but I'm not sure we have the capacity to do social enterprise. As the Executive Director I don't have time and we are now lucky with good, long-term funding relationships with donors and this covers our budget. But some funder relationships will come to an end within five years, and I know we need to start making different plans. But it's not seen as a priority right now."

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2. External Obstacles

The challenge of undertaking LGBT social enterprise also requires coping with a number of external obstacles, risks and threats:

2.1 Limited access to start-up, working or expansion capital

Lack of ready access to capital hinders the efforts of many LGBT organizations to start up their social enterprises or stabilize and expand them. LGBT organizations lack the seed capital required to even sufficiently research and develop their ideas. Furthermore, due to limitations in their legal status, lack of assets/collateral or credit history, LGBT organizations typically do not have access to mainstream capital resources - whether for start-up, expansion, cash flow or to simply compete with better-financed competitors. Instead, they rely heavily on piecemeal strategies such as gathering resources from individuals within or close to the organization or diverting other donor project funds.

LGBT organizations lack the seed capital required to even sufficiently research and develop their ideas.

Although building internal capacity is needed, LGBT organizations found this alone is not sufficient when there is no funding available for launching even well-planned and staffed social enterprises. “Just providing capacity-building and business development support without the funding won’t work,” says Maxim Anmeghichean. “The LGBT NGOs need to know that there is money available. It’s very practical but true – otherwise they will remain skeptical and they won’t make the next step in the process.” Richard Jung of IGLHRC agrees: “Oftentimes despite good social enterprise ideas, the lack of money and capacity can derail the social enterprise before they even start.”

Many of LGBT social enterprises relied on subsidies of some form or another (e.g., donor funding) in order to start up or to cover some of the “social costs” associated with the ongoing operations of the enterprise. Anmeghichean confirms this: “In Eastern Europe, the social enterprises I’ve seen have been subsidized, they don’t really work like businesses,” he says. “In Romania, for example, ACCEPT bought its building with EU funds and then put a cafe on the first floor.” Blue Diamond Society (BDS) also relied on grant funds from international donors to support the start up of the Cutey Beauty Salon. Cutey Beauty it is not yet a profitable enterprise as BDS is subsidizing the “social costs” involved in operating the salon as a training workshop – i.e., providing partial living stipends to the transgender trainees in order to offset the income they forego as sex workers to participate in the training course.

Many of LGBT social enterprises relied on subsidies ... to start up or to cover some of the "social costs" associated with the ongoing operations of the enterprise.

But another limitation BDS faces is that the scale of the salon is currently insufficient to cover operating costs. Pant believes that shortly they might be in a position to replicate the Cutey Beauty Salon franchise and would require expansion capital. “Now we see a great potential for market and for growth. Other cities around Nepal (and elsewhere) are now asking us to train transgenders there to open a salon but we don’t have the capacity yet. We hope to do a training-of-trainers to replicate Cutey Beauty once we have the new ‘graduates’ ready.... And then we want to replicate this in

other cities – there is a huge potential transgender market in India and Africa.”

Access to expansion capital is also a challenge for Crusaid in the UK. According to Brady, Crusaid considered opening a second charity shop. “Start-up costs are relatively minimal. It would take about 18 months to get up and running,” he says. However, the Crusaid Trustees rejected the idea since they have a reserves policy for the organization that requires three months of reserves. A new start-up would have required they tap into this reserve. “It’s not a lot of money, really,” says Brady, “but we have to be very savvy with our trading.”

2.2 Limited market research or marketing strategy

Many LGBT social enterprises suffer from the lack of a comprehensive marketing strategy or from lack of sufficient resources to implement one. Barajas experienced this first hand in a previous position operating a social enterprise: “it failed after six months and we lost thousands. Primarily I think it wasn’t promoted well, it was in a poor location and we suffered from lack of planning.” Vendrig had a similar experience with COC Netherlands and their efforts to sell “Embrace Pink” bracelets at Amsterdam gay pride. “We tried to make quick cash but it failed. You need to sell a high quantity of these in a short time to be successful; and in order to do this you have to create ‘hype’ around them through creative marketing. We didn’t do this. There was also a lot of competition for attention during pride from others selling products.”

Koe believes that creative branding and marketing is one of the keys for LGBT social enterprises to differentiate themselves in an increasingly competitive market: “In the internet world we really have to focus on our product and making it most relevant to our audience and stay at the forefront... identity and marketing expertise has also helped to be quality oriented and differentiate Fridae.” The importance of marketing was also raised by KiS in regards to better positioning their LGBT tour of London against other for-profit competitors. The quality of design and branding was also an important issue for many of the LGBT magazines to compete against for-profit publishers.

2.3 Overcoming ambivalent or hostile public perception

LGBT social enterprises face an added challenge in their efforts to operate in the marketplace. Many LGBT organizations found that the public response to their social enterprises at best ambivalent or skeptical and at worst negative and potentially dangerous. LGBT social enterprises were under greater scrutiny than others. LGBT organizations found they had to work hard to gain the public’s trust by ensuring transparency regarding the use of income from enterprise activities. This has implications not only for preserving an individual organization’s reputation but also the perception of the LGBT community at large. LGBT organizations operating in less tolerant countries or regions, for example, sometimes found it difficult to cooperate with other vendors, clients or businesses. GenderDoc-M

"Some of the credibility of social enterprise can be damaged by being associated with LGBT ... It's a constant fight for credibility. Everything gay happens on the margins."

LGBT organizations operating in less tolerant countries or regions, for example, sometimes found it difficult to cooperate with other vendors, clients or businesses.

Fridae has used the “pink pound” or “pink dollar” as a “stick” to, in effect, beat the market, companies and government into recognizing the importance and legitimacy of the LGBT community.

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found it difficult to distribute its Mirror magazine because local news stand owners wouldn't carry it “due to stereotypes - they don't want to sell a gay magazine,” says Boris Balanetkii. Blue Diamond Society had initial difficulty finding professionally trained beauticians to act as teachers in its salon since “even straight women found it difficult to understand the unique culture of the transgender trainees.” BDS has repeatedly been forced to relocate its office due to intolerant landlords. KAOS GL found that even gay and gay-friendly businesses were unwilling to purchase ads in its magazine.

But Fridae's Stuart Koe believes that LGBT social enterprises present a new opportunity for LGBT organizations to reach and educate new audiences and interact with them through the market. Fridae has used the economic rationale (i.e., the “pink pound” or “pink dollar”) as a “stick” to, in effect, beat the market, companies and government into recognizing the importance and legitimacy of the LGBT community. Given the conservative nature of Asian society, the LGBT community has traditionally been hidden and difficult to reach. Still, Fridae's efforts have created a brand awareness in Asia. “We adopted the tagline ‘Empowering Gay Asia’, because we believed that in doing so, we would also be greasing the wheels of even greater gay activism by the community,” says Koe. “From day one, we were political with a small ‘p’, choosing to eschew loud public protests in exchange for taking the time to build and provide a platform for the nascent gay communities in Asia to find its footing and voice.”

Patricia Evert at the Gill Foundation also believes that social enterprise “can help to de-stigmatize and demystify the LGBT community by breaking down barriers between the LGBT and community at large.” Sara Buchanan of Sigrid Rausing Trust agrees: “I think social enterprise has great potential for building links between the LGBT community and other groups in society. If you trade with someone it's a very different kind of relationships (versus advocacy which is a relationship of adversity). For example, from my work with immigration rights I found a similar parallel. People who were most prejudiced against immigrants are the same ones who go to their restaurants and corner shops but don't make the connection that these are the same people. I think it's similar for LGBT people who don't have a high profile in society. If people started interacting with them in a ‘safe’ commercial context perhaps they'd also start to overcome their prejudicial views of LGBT. In Kenya, for example, now there is a lot of negative media of LGBT so there is fear of the media and public attention. But there is a potential, I think, for overcoming this marginalization through trading.”

2.4 Increased competition from for-profit businesses

LGBT organizations operating social enterprises have found strong competition from both LGBT and “straight” businesses.

Several LGBT organizations selling magazines/newspapers indicated that one of their biggest challenges comes from competition with for-profit

media companies. This is the case for *Gay Life*, GLCCB competes with much larger (and better financed) for-profit LGBT publications. But others like *Kvir* in Moscow have outpaced their for-profit competition. “We even beat out a purely commercial magazine publisher that had started a gay magazine,” says Ed Mishin of gay.ru.

Richard Jung expressed concern the LGBT social enterprises may not be nimble and quick enough to compete against faster, better-capitalized and opportunistic for-profit firms. For example, in a previous works at a grant-making foundation he helped to fund the development of a client database system that an HIV/AIDS organization would ultimately sell. “We gave them money to set it up but it didn’t get off the ground quickly enough and in the meantime another commercial entity stepped in and they lost the opportunity.”

Jon Campbell of Hivos believes that there is an opportunity for LGBT organizations to use commercial activities in South Africa “where large groups of wealthy LGBT people are good targets for income generation (e.g., magazines, websites, festivals, etc.). But commercial entities are moving more quickly to address this market.” Arjos Vendrig of COC Netherlands agrees: “There is indeed a growing commercial interest in the LGBT market amongst for-profit firms and therefore more LGBT commercial players are entering the market. This indicates increased potential but also increased competition which might make it harder for LGBT NGOs to enter the market. The LGBT movement is not proactive enough to respond to the market opportunities – the commercial firms are taking up these opportunities more quickly. So, we also need to investigate opportunities to cooperate and partner with LGBT commercial firms on business development.”

But Jane Standing of KiS isn’t convinced LGBT businesses would even be receptive to such cooperation since they are motivated more by economics than equality: “Even here in Soho, the so-called ‘gay capital’ of London, 80 percent of the businesses catering to the LGBT market are straight owned.”

2.5 Unclear regulatory (legal/tax) environment:

The legal environment for social enterprise varies widely from country to country. But the legality and tax treatment of social enterprise activities is almost universally unclear, particularly in “developing” countries. This results in a variety of practical and ethical challenges for LGBT organizations. Even those LGBT organizations with the best of intentions find insufficient, inconsistent or inaccurate information, and few, if any, tax incentives for social enterprise. Furthermore, the lack of clarity in the law presents ethical dilemmas for LGBT organizations as they struggle to promote and preserve a reputation of transparency and accountability while also trying to identify the most favorable tax treatment for their social enterprise activity.

“The LGBT movement is not proactive enough to respond to the market opportunities -- the commercial firms are taking up these opportunities more quickly. So, we also need to investigate opportunities to cooperate and partner with LGBT commercial firms on business development.”

Community Interest Company (CIC)

(United Kingdom)

The UK Government has created a new form of limited liability company specifically for social enterprises: the Community Interest Company (CIC). Community Interest Companies (CICs) are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. The CIC complements existing legal forms for social enterprise, such as the Company Limited by Guarantee or Shares and the Industrial & Provident Society. CICs are a new type of limited company designed specifically for those wishing to operate for the benefit of the community rather than for the benefit of the owners of the company. This means that a CIC cannot be formed or used solely for the personal gain of a particular person, or group of people. CICs can be limited by shares, or by guarantee, and will have a statutory "Asset Lock" to prevent the assets and profits being distributed, except as permitted by legislation. This ensures the assets and profits are retained within the CIC for community purposes, or transferred to another asset-locked organisation, such as another CIC or charity. A CIC cannot be formed to support political activities and a company that is a charity cannot be a CIC, unless it gives up its charitable status. However, a charity may apply to register a CIC as a subsidiary company.

Excerpted from:
www.cicregulator.gov.uk

In other instances, LGBT organizations were faced with challenging requirements for specific licenses or permits for their social enterprise. In Ankara, KAOS GL's café was closed down by the municipality since their apartment building was not licensed to operate a public café. LGBT youth organization Magnus in Slovenia faced a similar challenge with its LGBT bar/club which it operated in Ljubljana until July 2006. "Because of new legislation that NGOs can't sell drinks, even only to members anymore. Everything has to be in order with the law, the bar has to have a license, staff has to be employed, pay taxes etc."

In some countries, LGBT organizations are simply not allowed to operate social enterprise (i.e., business) activities within their nonprofit legal entity. This is a real concern for Blue Diamond Society in Nepal: "We're a nonprofit now and by law in Nepal we are not able to generate profit. But this could also be a company." Maxim Anmeghichean also has this concern about legislation: "Some Eastern Europe countries don't allow social enterprise for LGBT organizations. We first need to overcome these difficulties too." In the UK, Crusaid established a separate trading entity (a company limited by guarantee) through which it runs its shop as well as sells its Christmas cards. The LGBT Excellence Centre Wales registered their social enterprise as a new Community Interest Company (CIC), a new legal form created in the UK specifically for social enterprises. [see sidebar]

For some, the question of whether an LGBT social enterprise is registered as a nonprofit or a for-profit entity is irrelevant. This debate arose primarily in regards to the media-related LGBT social enterprises. The UK's *Pink News*, for example, though registered as a commercial entity, refers to itself a "community based social enterprise." (www.pinknews.co.uk) Some are of the opinion that, apart from pornography and purely commercial publications, all LGBT-focused magazines and newspapers serve an important community service, whether they are published by a nonprofit LGBT organization or a for-profit business. Stuart Koe (Singapore) and Ed Mishin (Russia) both chose a purely for-profit legal entity for their enterprises, *Fridae* and *gay.ru*, respectively, both of which are financially viable if not profitable. Nonetheless, both Koe and Mishin see their firms as having a very deliberate social mission.

As more LGBT organizations pursue social enterprise activities, increased discussion and debate is taking place on the implications of various legal forms will emerge.

Chapter 4: Donor perspectives on LGBT social enterprise

As important financial and moral supporters of LGBT organizations, donors are a critical partner in efforts to help LGBT organizations diversify their funding base, generally, and to foster LGBT social enterprises, specifically. This chapter examines some of the opinions donors have of the idea of LGBT social enterprise and the potential role they can or should play in fostering such activities amongst their LGBT grantees or partners.

“We’ve been exploring many ways to help diversify their funding and encouraging other donors to give. Social enterprise hasn’t been part of the equation so far but only because it hasn’t been suggested until now.”

The donors interviewed for *end of the rainbow* all supported, in principle, the use of social enterprise strategies as one way for LGBT organizations to diversify their financing. Donors generally agreed that it was in their own best interests (and a part of their responsibility) as donors to encourage and inspire grantees to identify more sustainable sources of financing. “It could be great if it’s a good model and it works and generates money but could also be a mess,” says Roger Doughty of the Horizons Foundation in San Francisco. “But it’s part of our responsibility in the philanthropic community to try to increase resources available to the LGBT community and to help LGBT organizations figure this out for themselves so they can focus beyond just paying the rent... We want to help to develop ways to increase the financial stability of our grantees and thus also their power.” Steve Foster of Overbrook Foundation in New York agrees: “I’ve known many organizations that have imploded on themselves due to dependency on government or other donor funds that didn’t last.” The risk of donor dependency is even greater in “developing” countries, according to Gerald Kraak of Atlantic Philanthropies in Johannesburg whose grantees in South Africa are almost exclusively dependent on international donors: “Our problem at Atlantic is that we won’t be around in 10-15 years since we’re a spend-out fund and so the sustainability of our grantees is really important to us. We’ve been exploring many ways to help diversify their funding and encouraging other donors to give. Social enterprise hasn’t been part of the equation so far but only because it hasn’t been suggested until now... I can’t think of a single model of social enterprise started by an LGBT organization in South Africa - perhaps this is due to the fact that organizations are overly reliant on international donor funding.”

But even in so-called “developed” countries, LGBT donors have not been exposed to a lot of social enterprise activity. Cindy Rizzo at Arcus Foundation says none of their LGBT grantees has ever requested support for social enterprise development. “Some LGBT social enterprise is happening here in the US, especially among LGBT community centers, but I haven’t heard much more than this. I don’t feel its been a huge percentage of revenues.”

“We need to get the idea of social enterprise across. To be only dependent on grants is not the way to achieve social change.”

Jon Campbell of Hivos believes donors need to inspire their grantees to pursue new financing options like social enterprise. “[LGBT organizations in South Africa] talk about social enterprise (a lot) but very few actually do it. There’s still a lot of money floating around for them, so it’s easier to get grant money.” Marjan Sax in Amsterdam puts it plainly: “Regardless of whether we’re talking about LGBT or any other organization, we need to get the idea of social enterprise across. To be only dependent on grants is not the way to achieve social change.”

- *social enterprise represents an opportunity for employment generation*: Several donors, particularly those working in “developing” countries emphasized that social enterprise presents an opportunity to generate

employment and economic benefits to marginalized LGBT people. “In a desperately poor country like [Kenja] there is massive unemployment and even the well-educated have difficulty finding jobs. There is limited capacity here for job creation, entrepreneurship, micro-credit. Young people often find themselves excluded and therefore the idea of social enterprise is less attractive to be an activist but rather for the potential economic opportunities,” says Carla Sutherland of the Ford Foundation in Nairobi. Kraak finds the same is true in South Africa: “Many here in the LGBT community are poor and likely unemployed, seeking opportunities to make an income. Organizations like Forum for Empowerment of Women (see case, Chapter 2) have found that building the self-esteem of black lesbians in South Africa is directly linked to whether they have employment and are therefore focused on creating at least interim employment opportunities and building skills.” Foster agrees that social enterprise might be more appropriate for LGBT organizations that work with “clients” of some kind since such organizations “see as a part of their mission to see [clients] economically or otherwise self-sufficient.”

- *social enterprise should not replace LGBT philanthropy*: One important point, raised by Karen Zelermyer of Funders for Lesbian and Gay Issues, is that before promoting a social enterprise approach we must recognize that philanthropy will and should always play a role in sup-

“I’ve always thought about this notion of nonprofits being self-sustaining once donor funding disappears. And donors often pressure their grantees about this -- what will they do when our money is gone since we can’t be there forever?”

DONOR PERSPECTIVE: Carla Sutherland of the Ford Foundation on the importance of LGBT income generating activities (Nairobi, Kenya)

“As far as I know, there are no successful LGBT social enterprises here in East Africa. Some organizations host social events and parties that have some potential for being income generating activities. Often I think the frameworks used are not very imaginative. Tailoring and carpentry, for example. And these might not be appropriate for the urban activists. The priority should be income generation at both the organizational level and the individual level.

“People can’t access the resources, particularly the start up capital. Normally, in this case people would go to their immediate family network for assistance and support. But for LGBT people this is even more difficult since they are very marginalized - completely alienated from their

families and they are kicked out of their schools because their gay and can’t keep a job either.

“For the last three years we’ve been trying to support the nascent LGBT movement here which operates in a very hostile context. But LGBT organizations are starting to form now and need funding. More young people are coming out and making LGBT part of their identity. Therefore they need to own their own space to come out.

“The timing for such a social enterprise project as this is perfect. It’s a long-standing problem and more people are coming to this. It needs wide dissemination and we need donor coordination.”

“The priority should be income generation at both the organizational level and the individual level.”

“Anything that develops sustaining sources of revenues to support the social missions of LGBT organizations is a good thing.”

porting LGBT organizations. “Frankly, I have mixed feelings about [social enterprise]. My roots are in fundraising so I completely understand the attractiveness of the idea. I’ve always thought about this notion of nonprofits being self-sustaining once donor funding disappears. And donors often pressure their grantees about this – what will they do when our money is gone since we can’t be there forever? But, honestly, donor money shouldn’t disappear.”

- *social enterprise must not compromise the social mission*: Several donors expressed concerns that LGBT organizations should pursue social enterprises only so long as they didn’t compromise or detract from the organization’s social mission. “As long as they [social enterprises] are not contrary to the mission and values of the organization it’s fine,” says Roger Doughty of Horizon Foundation. “Even better, if they are in line and the social enterprise advances their mission, all the better. Anything that develops sustaining sources of revenues to support the social missions of LGBT organizations is a good thing.” Foster agrees: “To the extent that social enterprise enhances the mission, is parallel to or flows organically out of the work of an organization rather than an unrelated business (a restaurant, for example), I think it’s a great way to advance self-sustainability. But it really depends very much on the entrepreneurial skills of the LGBT organization and its ability to find something they are comfortable with that isn’t a big leap from their mission. An income-generating enterprise, like the salon in Kathmandu [see *Blue Diamond Society profile*], for example, makes a lot of sense in this regard. To the extent there are clever people out there to make those connections, this is more important than any individual business opportunity.”

“Current financing models for financing LGBT organizations sustainably don’t work. We need to stretch ourselves.”

- *donors have limited experience in supporting LGBT social enterprises*: From the interviews it appears that few LGBT donors have experience in supporting social enterprises. “The fact I can’t give lots of examples is indicative of the problem,” says Doughty. Roger Jung at IGLHRC believes that donors are interested but perhaps unprepared to support social enterprise: “I’ve heard people talk a lot about it but I haven’t seen them actually doing much. I think others have dissuaded them from it.” Doughty believes donors need to push themselves to explore this new opportunity: “This is not just about dollars but more. Current financing models for financing LGBT organizations sustainably don’t work. We need to stretch ourselves. I think now as a foundation we are required to make grants only to nonprofit organizations rather than a stand-alone business. But we’d be interested to explore how we could. We need to be smarter.”

Some donors have funded social enterprise indirectly through general organizational support to an LGBT grantee or funded projects that ultimately evolved into social enterprise activities. Maxim Anmeghichean at ILGA-Europe says that some donors “have funded income-generating activities of some kind but not that were social

enterprises from the start.” This was the case with Blue Diamond Society’s Cutey Beauty salon that used general project support from the Norwegian Embassy in Nepal, the Oslo-based Norwegian National Association of Lesbian and Gay Liberation, and the Sigrid Rausing Trust in London, to purchase its basic salon equipment.

Jon Campbell of Hivos has had similar experience with LGBT organizations in South Africa submitting proposals that had an income generation component to it but the income generation wasn’t central to the proposal. “Hivos has no problem with providing seed capital as long as the organization has a track record and that it shows it’s willing to put resources into the project.”

But Campbell has had some bad experiences as well: “One organization submitted a proposal for a computer training project. Hivos put in US\$6,000 and the Department of Social Services US\$100,000. Sure enough, the organization ran into problems: there’s a strong leader who doesn’t want to share; a group of staff that doesn’t get paid much; lack of accountability; poor financial management; complaints from users of the computer center (about the skills of trainers). So while they generate money from the project, they charge people from the community to use the computers for training classes and internet access, the project is facing difficulties.”

- donors need to recognize the unique financial and capacity needs of social enterprises: Donors need to be careful not to apply a traditional project grantmaking approach if they want to really help LGBT social enterprises succeed. Juan Barajas from the Pacific Center believes that if donors want to invest more in the sustainability of LGBT organizations it will require “a really big shift from a ‘donor’ to an ‘investor’ mentality.” Zelermeyer believes that donors also need to understand the opportunities and potential risks of the social enterprises before investing: “If there are models that are opportunities, then yes. Donors can give capital for social enterprises but also help give access to business plan support.”

Roger Jung from IGLHRC agrees donors (and LGBT organizations themselves) need to increase their capacity and understanding in order to effectively support social enterprises. “If a donor is going to try to help an organization to diversify its funding then they really need to know what is entailed and need to give resources and tools to help the organization do it right. Unfortunately, there are not enough professionals out there now who know how to do this right. Meanwhile, donors tell LGBT organizations to diversify! and then the organizations feel obligated to do it and they try and fail and then are reluctant to do it further.” Kraak agrees: “A potential danger of setting up a for-profit venture relates to whether the LGBT organization has the capacity to actually implement it. This means a business plan and certain business ‘acumen’ that may not exist in the organization. They

“Donors can give capital for social enterprises but also help give access to business plan support.”

Pros & Cons of Social Enterprise:

Jon Campbell, Hivos (South Africa)

Pros

- generate income
- less reliant on donor funds
- unrestricted income
- can help with the development of the organization (e.g., people can volunteer and engage in the organization because of new products/services).

Cons

- takes enormous amounts of time and energy
- can be drain on organization management, on time and effort
- can lead to mismanagement
- can be difficult to manage volunteers and their level of commitment

Role of donors

- put money into it
- offer support through expertise
- donors can incentivize by setting targets/benchmarks for social enterprises to meet, including matching funds (e.g., a donor can say that if the organization raises 25% for the social enterprise, the donor will provide the other 75%)
- donors should demand results
- make available loan finance

“We need to learn from others who have already done this. If we can demonstrate this has worked in other places its more compelling.”

Hitting the wall: Karen Zelermyer, Funders for Lesbian and Gay Issues (New York, USA)

“I think there has always been interest in social enterprise because most LGBT organizations are pushed by their funders about how to sustain themselves. But most people ‘hit a wall’ - the models and examples just aren’t there. There hasn’t been a lot of creative thinking about this idea in the LGBT community. Most organizations don’t have the capital anyway nor the time to explore it due to other priorities. And some see it as a distraction from those other priorities.”

therefore need outside assistance. But we also need to understand the relative money they would generate from an enterprise versus what they could expect to raise from donors. In other words: is it viable?”

Anmeghichean believes that donors must be prepared to make a significant commitment for the social enterprise to succeed: “I also think that donors would need to provide 70-80 percent of the start up money an LGBT organization would need since it’s too difficult to find the rest from other sources. And if LGBT organizations didn’t get sufficient capital then they’d de-prioritize the social enterprise for other more urgent things. There really needs to be sufficient capital there for it to be worthwhile.”

- *donors can help provide capacity-building, networking and sharing lessons learned:* Arjos Vendrig of COC Netherlands thinks donors should focus on inspiring LGBT organizations about social enterprise. “Donors should also make LGBT organizations aware of the potential risks and potential. Donors can also help by connecting LGBT organizations around social enterprise, share good examples, connect with microfunding, and connect with organizations like NESsT to get skills and training for social enterprise. COC Netherlands has already been doing this, for example, by supporting the NESsT workshop to introduce this to LGBT organizations. And we hope it will help to bare fruit.” Foster agrees LGBT organizations need access to professional consulting support: “I have a great appreciation of how difficult and sometimes daunting it is to run an NGO especially in the LGBT area. Many young LGBT organizations face huge challenges. Just as some need assistance to strengthen their fundraising capacity, I’d suspect in social enterprise they need support to develop their organizational capacity.” Rizzo believes donors can help grantees develop these capacities by providing support for business planning, training on managing and operating a social enterprise, providing start up funds (whether through grants, loans or program-related investments (PRIs) and by hiring outside consultants. Anmeghichean agrees that donors need to help grantees gain access to others who can help provide skills and support but warns that “they need to understand the local situations and context, as well as the laws and customs,” he says.

Kraak believes that learning and sharing lessons learned from LGBT social enterprise in other countries is important: “In addition to seed capital, donors could provide funding to grantees to hire consultants to assist with developing a social enterprise business plan. We need to learn from others who have already done this. If we can demonstrate this has worked in other places its more compelling.” Sax agrees: “We need a lot of education to make people aware of the benefits of social enterprise to show that it can help LGBT organizations to generate money, to become more independent, and to interact with the mainstream community more.”

- *donors need to recognize that social enterprise is a long-term, not a short-term approach:* Several people made the point that donors pressure their grantees to be “sustainable” and yet set unrealistic expectations and timelines for what their grantees can accomplish without providing support to enable them. “Donors sometimes have unrealistic expectations of what LGBT organizations can do and how demanding it is,” says Jung. “They don’t know really how to run an organization day-to-day nor of the implications, resources and time required to do it right. Nor do the organizations themselves. If LGBT organizations and donors don’t make a long-term commitment, they’ll give up if it fails after a few months and drop it.” Anmeghichean agrees: “Donors need to provide long-term money, engaging for two or three years as opposed to one-year projects so they have commitment. If a donor would work with us and provide some money and was really looking long-term with us, then maybe the shift would happen. Most donors look for immediate results and outputs but we need longer to make such things work. And, we need donors who are open to the reality that some of the social enterprises will fail!”

“There could be a whole segment of the ‘new wealthy LGBT donors’ who are attracted to this concept of venture philanthropy.”

- *LGBT social enterprise represents an opportunity for leveraging corporate donors and entrepreneurial philanthropists:* Some donors see social enterprise as an opportunity to encourage the more investment-minded philanthropists or corporations to give to LGBT issues. Evert sees an

DONOR PERSPECTIVE: Sara Buchanan of the Sigrid Rausing Trust on LGBT social enterprise as advocacy (London, United Kingdom)

“Many LGBT organizations in Africa, for example, are very ‘informal’ and therefore seem very open and entrepreneurial about generating money because they have to be. They have a very pragmatic approach born from necessity of living, they don’t have regular jobs and need to create an alternative living and social space for themselves. Therefore, for this community, I think social enterprise (or income generating activities) is incredibly empowering for them to generate their own money.”

“I think social enterprise has great potential for building links between the LGBT community and other groups in society. If you trade with someone it’s a very different kind of relationships (versus advocacy which is a relationship of adversity). For

example, from my work with immigration rights I found a similar parallel. People who were most prejudiced against immigrants are the same ones who go to their restaurants and corner shops but don’t make the connection that these are the same people! I think it’s similar for LGBT people who don’t have a high profile in society and if people started interacting with them in a ‘safe’ commercial context perhaps they’d start to overcome their prejudicial views of LGBT. There is a potential, I think, for overcoming this marginalization through trading.”

“I also think social enterprise is a creative way to do advocacy for LGBT. It’s a way of being out in the open and playing a legitimate role in society.”

“I don’t think even in the UK the two

“I think social enterprise is a creative way to do advocacy for LGBT. It’s a way of being out in the open and playing a legitimate role in society.”

worlds -- LGBT and social enterprise -- have met, at least not with the more informal NGOs. I think many are so used to being seen as non-profit that they are not able to see themselves as professional. But then, less formal organizations are perhaps better positioned for social enterprise. The less developed they are the more flexible, perhaps versus the very structured organizations.”

“The real opportunity here is that if by developing a business model LGBT organizations can develop other activities or products that attract and engaged business people who aren’t attracted to the traditional NGO orientation, then social enterprise can help LGBT organizations to enlarge the community.”

Working across sectors: Patricia Evert of the Gill Foundation’s Leverage Center (Colorado, USA)

“I don’t believe that a more business approach or outcomes approach to philanthropy is necessarily a bad thing. I think NGOs can learn to be more responsive and articulate better their mission, goals, timeline outcomes, successes, impact, metrics etc. LGBT organizations need to be smarter in communicating and in using this language to satisfy the needs of the business community. We should be able to create a winning relationship all around. We are stronger and more effective as a community when we work across coalitions. We were able to do this with HIV/AIDS but not elsewhere in the LGBT movement. We have to reach out and not be so insular.”

opportunity to engage with and develop new partnerships with corporate donors: “US and global corporations are looking for a more strategic approach to philanthropy versus just the one-off benefits or charity causes. They want to get beyond this and have a more substantive relationship, i.e. to marry their corporate strategy and strengths with their giving.” She and others believe the same could be true for the entrepreneurially-minded individual philanthropist: “There are lots of successful LGBT business people and our research shows currently a small number of them are giving. The philanthropy of the successful ‘tech entrepreneur’ who just also happen to be gay is influenced by their business approach. ‘What’s my return on investment,’ they say. They want their money to be used wisely but the ‘return’ can be to create social change. Social enterprise could be one way to facilitate these relationships.” Zelsermyer agrees: “There could be a whole segment of the ‘new wealthy LGBT donors’ who are attracted to this concept of venture philanthropy.” Sax also believes that entrepreneurial individual donors can have entrepreneurial skills, expertise that an LGBT organizations needs. “Social enterprise could be a way to bridge the gap with LGBT entrepreneurs and philanthropists. But there has to be a willingness of LGBT advocates to be more ‘business like,’” she says.

Doughty agrees but is concerned about the implications: “The younger LGBT donors seem to have more interest in alternative forms of philanthropy like this. But there is always the concern about the arrogance of business people who proclaim to have the solutions for everything.” Vendrig agrees: “The real opportunity here is that if by developing a business model LGBT organizations can develop other activities or products that attract and engaged business people who aren’t attracted to the traditional NGO orientation, then social enterprise can help LGBT organizations to enlarge the community. But this can also cause friction since by doing this you also get people with different values that can cause internal conflict too.”

Barajas wonders if LGBT organizations are really ready or willing to have this type of “investor” more engaged in their work. “I’m certainly open to it, though I’m not sure I want them to be too involved in my work. For example, if we talk about selling merchandise I’d need up front money to buy it. As it is now, I wouldn’t go to one of our donors to ask for money until we had a clear sales plan. And it’s too risky to lay out money for buying merchandise until you have a clear sales plan.”

- social enterprise is not for all donors: “It all depends on what kind of donor you are,” says Arjos Vendrig of COC Netherlands. “There is certainly a need for more micro-funding for LGBT social enterprises. However, I don’t think all LGBT donors should shift over to supporting social enterprises since this will take money away from other LGBT projects. Instead, donors should be open to this and make connections with other micro-funding organizations to support LGBT social enterprises and to help LGBT organizations to find funding for this.”

Sara Buchanan of the Sigrid Rausing Trust agrees: “I think it depends on the kind of donor. Some are more focused on seed funding, for example. Our Trust does some project funding but one of our principles is to provide core support and long-term support to help organizations develop institutionally. If we saw social enterprise as a part of a broader strategic plan or organizational development strategy then it makes sense. I could see us being more interested in providing training or capacity building to organizations to be able to engage in social enterprise. I also see the need to get business people involved in providing mentoring and skills.”

Foster shares this perspective: “It depends on the mission the donor feels its pursuing. Our issue hasn’t been economic empowerment per se. When we make grants they are to organizations that will advance the issues we care about and we seek out those that have the capacity to do it. We’re a small staff and therefore taking on new investment activities is daunting. Finding the best organizations to support is hard enough and so I’d imagine finding and assessing viable social enterprises is even harder. There is no prohibition in our bylaws that would preclude us from supporting social enterprises but there would be a very big learning curve.”

In the end, Sax believes, “donors have to be open for what LGBT organizations want and need and then to determine how they can help them to be most effective.”

“Finding the best organizations to support is hard enough and so I’d imagine finding and assessing viable social enterprises is even harder ... there would be a very big learning curve.”

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Chapter 5: Fostering LGBT social enterprises

It is impossible to derive an equation for success or a formula for replicating successful LGBT social enterprises. However, the examples in *End of the Rainbow* point to several key opportunities for fostering LGBT social enterprises. In this concluding chapter, we outline the opportunities for LGBT organizations and their supporters to foster LGBT social enterprises by: increasing awareness of the benefits, risks and opportunities of LGBT social enterprise; increasing access to capacity-building tools and training for LGBT social enterprises; increasing access to capital for LGBT social enterprise start-up and expansion; increasing cooperation between LGBT organizations and the LGBT business community; and increasing incentives and support for LGBT social enterprises in key market sectors where appropriate and lucrative opportunities already exist.

LGBT social enterprise is already widely practiced, can be highly effective, and is deserving and in need of greater recognition and support.

LGBT organizations worldwide are under-resourced, constantly struggling to identify sufficient financial resources to sustain or expand their activities. Current efforts to expand this pool of resources for LGBT organizations has almost exclusively focused on encouraging corporations, foundations and individuals to provide additional philanthropic support. While important, philanthropy alone will never be sufficient to address the growing financial needs of LGBT organizations to address the challenges of the day. LGBT organizations and the donors who support them need to support the development of LGBT social enterprises in order to tap into the far greater pool of resources: the market.

The examples and profiles in the previous chapters demonstrate that LGBT social enterprise is already widely practiced, that it can be highly effective, and that it is deserving and in need of greater recognition and support. While social enterprise may not be the panacea for the myriad of challenges facing LGBT organizations, the entrepreneurial LGBT organizations in *End of the Rainbow* that are operating social enterprises illustrate that when done well, social enterprise can generate much-needed resources to improve the financial stability of LGBT organizations. Even more important, social enterprise can also further the social impact of LGBT organizations by creating economic opportunities and employment for marginalized LGBT individuals; by providing safe spaces for LGBT individuals to organize, meet and socialize; and by increasing interaction between LGBT organizations, the general public and the business community. While *End of the Rainbow* clearly shows opportunities it also unearths challenges and risks. Like any enterprises in the for-profit sector, LGBT social enterprises must overcome many obstacles. There is no way to completely eliminate these risks, but access to capital, business management tools and training would enable LGBT organizations to better plan for and professionally operate social enterprises.

It is impossible to derive an equation for success or a formula for replicating successful LGBT social enterprises. However, the examples in *End of the Rainbow* point to several key opportunities for fostering LGBT social enterprises:

Access to capital, business development training and tools would enable LGBT organizations to better plan for and manage social enterprises.

- increase awareness of the benefits, risks and opportunities of LGBT social enterprise: There is a tremendous need to increase awareness of the opportunities and challenges of LGBT social enterprise among LGBT organizations, donors, businesses and policymakers. This can happen through the dissemination and discussion of the examples and findings of *End of the Rainbow*, through presentations at LGBT conferences and donor networking events, through articles in LGBT press, and through LGBT associations and online networks. Social enterprise needs to be integrated into the standard offerings of LGBT fundraising events and curricula as a recognized and accepted strategy. Efforts also need to be made to reach policymakers to better inform them of

the benefits of social enterprise (for economic development and public good) in order to foster a more enabling policy and regulatory environment for social enterprise development - and to recognize that LGBT social enterprise can be an effective way of addressing LGBT discrimination, exclusion and poverty, particularly in “developing” countries.

- increase access to capacity-building tools and training for LGBT social enterprises: Most LGBT organizations are developing their social enterprises in relatively ad hoc ways with little to no previous experience, planning or support. There is a great need for training curricula and tools tailored to the unique needs of LGBT organizations to help them flourish and avoid typical pitfalls and risks. LGBT social enterprise managers need access to professional training and development opportunities to improve their management skills to better plan for and professionally run their businesses. Peer sharing is also needed in order to learn from the experience of existing (or failed) LGBT social enterprises. LGBT social enterprises also need access to legal and regulatory information (and advice) to better understand the possibilities for social enterprise under the law, as well as the tax implications and other pros and cons of various legal entities.

- increase access to capital for LGBT social enterprise start-up and expansion: LGBT social enterprises lack access to both sufficient start-up and expansion capital. There is a great need to increase access to LGBT social enterprise financing both from existing LGBT donors as well as from new private and public funding sources. Existing LGBT donors need to be educated as to the benefits and opportunities of social enterprise development and experiment with ways of deploying their capital (from both grantmaking and investment portfolios) to support LGBT social enterprises. Donors also need to be more engaged in leveraging their networks to help attract co-financing for LGBT social enterprises from the private and public sectors. Mainstream private sector banks with records of support for the LGBT community need to extend debt financing to LGBT social enterprises for working capital or expansion. Governmental donors (both national and international/multi-lateral) also need to integrate LGBT social enterprise into their education, health, economic and social development programs to foster opportunities for LGBT organizations and people.

- increase cooperation between LGBT organizations and the LGBT business community: The LGBT business community represents a tremendous (but as yet largely untapped) resource of both financing and pro bono professional capital for LGBT social enterprises. There is a need to increase the involvement of LGBT business professionals in joint-venturing and providing financial and advisory support to LGBT organizations running social enterprises. LGBT business professionals with accounting, law, management consulting, banking and investment industries would be particularly useful advisors and supporters for LGBT social enterprises. LGBT social enterprise represents an unique

LGBT donors need to experiment with ways of deploying their capital (from both grantmaking and investment portfolios) to support LGBT social enterprises.

There is a need to increase the involvement of LGBT business professionals in joint-venturing and providing financial and advisory support to LGBT social enterprises.

opportunity to reach out and engage the LGBT business community through associations such as the International Gay and Lesbian Chamber of Commerce (IGLCC), networks of LGBT accounting professionals (e.g., Pride@KPMG, bEYond at Ernst & Young), and LGBT Peace Corps Alumni. LGBT organizations should also engage the passion and talents of LGBT business students by developing relationships with LGBT MBA student networks (e.g., Reaching Out and other LGBT clubs at leading business schools).

Some sectors represent distinct opportunities for LGBT social enterprise where social and financial returns can be maximized, for example: income-generating opportunities, real estate and LGBT tourism.

- increase incentives and support for LGBT social enterprises in key market sectors where appropriate and lucrative opportunities already exist: *End of the Rainbow* confirms that some sectors represent distinct opportunities for LGBT social enterprise where social and financial returns can be maximized. There is a need to provide additional incentives and support for LGBT organizations seeking to start-up or expand social enterprises in the following key sectors:

- social enterprises that create economic opportunity, *income generating opportunities*, job training and/or permanent professional employment for low income, unemployed or otherwise marginalized LGBT individuals;
- *real estate opportunities* that create permanent, safe places for LGBT individuals to live, meet, organize or socialize. Real estate also helps LGBT organizations to get on a stronger long-term financial footing by acquiring an appreciable asset. Deliberate efforts should be made by donors to help LGBT organizations purchase and upgrade real estate for social enterprises, including community centers, cafes, restaurants, pubs, discos and affordable LGBT housing;
- *LGBT tourism enterprises*: LGBT organizations need help to tap into the lucrative and growing LGBT travel and tourism industry. New partnerships need to be developed with the LGBT travel and tourism sector, including LGBT travel associations (e.g., the International Gay & Lesbian Travel Association (IGLTA), tour companies, and travel guide and online promoters, linking them with LGBT social enterprises for joint-venturing and sponsorship.

Social enterprise is not an end in itself but a means to a greater end.

The LGBT social enterprise “sector” is not new but it is in a nascent state. There is much to do to tap into this opportunity. A deliberate and strategic investment now will result in tremendous benefit for LGBT organizations around the globe. But the ultimate goal is not simply the pot of gold at the end of the rainbow, i.e., sustainability. Social enterprise is not an end in itself but a means to a greater end. Social enterprise is only useful in so far as it furthers the social impact and mission of LGBT organizations and supports the greater goal of

enabling LGBT people to lead safe and rewarding lives free from economic and social discrimination, exclusion and poverty. As Crusaid's Chief Executive Robin Brady put it: "Social enterprise can be a useful strategy for generating income to finance important social work but we should not see 'sustainability' as an end itself but a means to a greater end. Not all charities should turn into social enterprises and not all charities should be set up in perpetuity. We are set up to solve problems and fix something and then shut down once it's fixed."

Appendix:

LGBT social enterprise profiles

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Profile: **ACCEPT Romania** (Bucharest, Romania)

A prolific lesbian entrepreneur battles the mentality of entitlement through LGBT social enterprise



Mission: ACCEPT Romania is a national organization that protects and promotes the rights of LGBT persons as human rights.

www.accept-romania.ro

"We didn't do the coffee shop for the money, rather for creating a safe meeting space for LGBT community ... But people want to make money fast rather than build community."

For a psychotherapist with no business training, Florentina Bocioc has taken some bold steps and set some impressive goals for making Romania's national LGBT organization more financially independent. She's been on the job as Executive Director of ACCEPT Romania for less than a year, and explains that only about five percent of ACCEPT's annual budget of US\$350,000 comes from social enterprise activities. It's not for lack of trying, she explains, but for lack of consensus, business skills, and a long-term vision. There is the now-closed ACCEPT café; income from renting space in the building they own and in which they have their office; income from their on-line store selling pride products; and consulting services and fees for services to the LGBT community.

The ACCEPT strategic plan for 2006-2009 includes four key goals of which the first is the development of organizational capacity. Bocioc and her team of five full time and two part time staff have set as a priority to "be a stable and sustainable organization." One of the top objectives to achieve this goal is to "diversify the funding resources, stressing on economical or productive activities (café, making the magazine more profitable)." Says Bocioc: "Our general feeling here is that in order for us to survive and be sustainable we need to sell services and expertise."

- *coffee shop*: Bocioc explains that ACCEPT's coffee shop, now closed, wasn't a planned enterprise activity which she believes is the main reason it failed. "There was no business plan, no marketing and it needed to be more planned to succeed," she says. The idea for the café was her predecessor's who had contact with a gay couple that ran a restaurant and who proposed to use the space in the ACCEPT office to make the café. "They had a one-year contract with us and it worked well for the first three months or so with people coming, mostly gay and lesbian, though it was also open to the general public. They did no advertising and only had coffee and juice and some beer. But then people stopped coming." According to Bocioc, even before the café opened LGBT people used to come to "hang out" at the ACCEPT offices and drink coffee, etc. "Once the café was formalized they had to pay for the coffee they were drinking. They weren't accustomed to this. After six months, the ACCEPT members started to ask if they were making money and questioning the idea at our General Assembly of members."

At the next General Assembly, the ACCEPT staff presented the café financials (which were "really bad," according to Bocioc). "The ACCEPT staff argued to the general members that we didn't do the

coffee shop for the money, rather for creating a safe meeting space for LGBT community. Volunteers would stay late to hang out and others would come after work in the evening. But people want to make money fast rather than build community. People really questioned why the café should continue, why we should use the same contractors again after the contract ended. Instead, they decided to make an open call for proposals for new café management but received no applications, so we closed it." ACCEPT is now renting out the space for meetings/trainings, etc. For the café to succeed, Bocioc argues, "We need a business plan, a strategy, and knowledge of what money we need to invest in this and when it will generate a return. But we don't have these skills. Few of the GA members have this experience either with business. We need to invest money and time to make money. They need to understand this."

- *space rental*: ACCEPT owns the building in which it has its offices. They bought it in 1999 with grant money from the Dutch Embassy, soon after they officially registered as an NGO. "The building has increased in value twenty times or more," says Bocioc, "It is our most valuable asset." ACCEPT has two large rooms in the building that are available for rental. One is currently rented out by another NGO and the second they rent out to NGOs and companies for meetings and work-

shops. One such customer, a local psychotherapist, rents out the space for LGBT group work sessions once a week. "He sees this as another way for him to help the LGBT community by giving us the money for it rather than to rent somewhere else," says Bocioc.

- *online shop*: ACCEPT's online shop offers a selection of LGBT pride products (bracelets, T-shirts, a calendar/planner, rainbow flags, umbrellas, pins, etc.). The shop has limited turnover: in 2006 they sold approximately 40 T-shirts, 30 flags, and "many" bracelets. The calendar/planner they design and print themselves is their best-selling product: they sold about 200 in 2007. Start up funds for the development and production of the products was financed from

"For the café to succeed, we need a business plan, a strategy, and knowledge of what money we need to invest in this and when it will generate a return. But we don't have these skills. Few of [our] members have this experience either with business. We need to invest money and time to make money."



The ACCEPT building in Bucharest

In her own words: Florentina Bocioc on the necessity of being entrepreneurial

“Our general feeling here is that in order for us to survive and be sustainable we need to sell services and expertise. But one of the biggest problems for us with social enterprise is that most of our members are not used to paying for things. We still want to offer some services for free for those who can't afford to pay. But most of the LGBT community here in Romania is used to free services. They think we [ACCEPT] should work for them to solve their problems. This is not just an LGBT problem but a common Eastern European or Romanian perception that people expect the state to provide for them. This still is in the minds of NGOs too.

“Also, we lack business skills. I took a training here on enterprise development but we don't have other business expertise within ACCEPT. A part of our organizational culture is that we're not good in business. I'm challenging this every day! Within ACCEPT itself some see us as an

NGO that is different from a business and we therefore see ourselves as 'humanitarian' -- particularly those who have been in NGOs for a longer time. The younger generation who are perhaps more entrepreneurial.

“We need to make more money that is not donor restricted. And, particularly to access European Union (EU) funding we need to have matching resources, sometimes as much as 20 percent of the project budget. Therefore we need new enterprise ideas, services, space rental, etc. Enterprise is a necessity even if we don't like it!

“We have an idea for an LGBT travel agency. Every year we organize Gay Fest in Romania and get a lot of requests from people, mostly gay tourists, for help in finding gay-friendly



Florentina Bocioc,
Executive Director,
ACCEPT Romania

accommodations, where the fun places are, etc. We haven't traditionally charged for this. But we want to do a business plan for this and offer it as an on-going service for people from abroad. If we market it right we think there is an opportunity here. But we need help to explore the potential of this idea.”

“A part of our organizational culture is that we're not good in business. I'm challenging this every day! Within ACCEPT itself some see us as an NGO that is different from a business and we therefore see ourselves as 'humanitarian.'”

unrestricted individual donations and membership fees. They didn't have access to any donor funding for these start up costs. The online shop is not yet a profitable enterprise. Part of the problem, Bocioc believes, is people's sense of entitlement. “We knew when we started that it would be at least a year for people to get used to paying for products since they used to get everything for free. We have to teach them to pay!” She believes they are still learning about the

market and demand for their products. With better planning, Bocioc expects they could start to cover their costs at the end of the coming year. “We printed too many of the planners, for example. But now we know the demand and will make less next year in order to sell them all.”

- *consultancy services:* ACCEPT has also offered research and writing services to paying clients. For example, ACCEPT was subcon-

tracted by another NGO to do a newsletter on discrimination and human rights, including identifying, writing and editing stories. They have also done workshops and trainings for other NGOs on advocacy techniques and on lobbying parliament. While these are not a direct benefit to their LGBT constituents, they have generated unrestricted income.

- fees for services to LGBT community: As a trained psychotherapist (who volunteered her services to ACCEPT prior to becoming its Executive Director), Bocioc has a thing or two to say about how to make its LGBT psychotherapy services more effective and financially viable. She is marketing their services more widely, including presenting at the trade fair of the Psychotherapy Association of Romania and offering workshops on LGBT issues for psychotherapists to promote their services. She has also changed ACCEPT's previous policy of offering both its counseling and therapy services for free. ACCEPT now charges for its therapy services using a sliding scale fee structure. Psychological counseling remains free. "The therapy fees are based on the income of our beneficiaries," explains Bocioc, "The lowest is a symbolic fee for low income people and the highest is still accessible (i.e., below market rates). The maximum price is equivalent to about €7 per hour." The psychotherapists are paid part time through ACCEPT's HIV/AIDS project but they work more hours

voluntarily and the fees collected for these hours go to ACCEPT. Bocioc hopes that ultimately the therapists will be paid for all of their work and still generate sufficient income to cover ACCEPT's costs. She explains that their decision to charge for the therapy services was because of "ethics, quality and efficiency." According to Bocioc, "Our clients started to ask us if they could pay! And, well, we needed the money so we said, 'ok!'" She sees the fee also as an important philosophical point, based on a guiding principle in psychological services. "The LGBT community needs to take more responsibility for their own improvement and problems and also help make the services accessible for others who can't afford to pay. It is also a way for them to express their civic responsibility in general and to the LGBT community specifically. It's important for us in the LGBT community not to see ourselves as victims anymore but directly involved in solving our own problems. We have been raised with this victim mentality and it's difficult to fight. Social enterprise is one simple way to help reverse this."



ACCEPT's bi-monthly LGBT magazine *Inklusiv* was initially sold for 8.40 lei but since 2006 it is available free of charge at Romanian gay clubs and at ACCEPT's offices.

"It's important for us in the LGBT community not to see ourselves as victims anymore but directly involved in solving our own problems. We have been raised with this victim mentality and it's difficult to fight. Social enterprise is one simple way to help reverse this."

Profile: **AIDS Healthcare Foundation (AHF)** (Los Angeles, California, USA)

Social enterprise comes out of the closet through the pioneering work of AIDS Healthcare Foundation



"Our self-financed activities are key to our growth and survival. Unrestricted funds make us independent. We need to generate our own revenues to support our mission. And our domestic profits help to fund the deficits in our global programs."

Based in Los Angeles, AIDS Healthcare Foundation (AHF) is the nation's largest provider of HIV/AIDS medical care. It offers medicine and advocacy, regardless of ability to pay to more than 65,000 people in the United States, Africa, Central America and Asia. Domestically, AHF operates 14 healthcare centers, 11 pharmacies, a disease management program in Florida serving the state's HIV/AIDS Medicaid population and the first capitated Medicaid managed care program for people with AIDS in California. AHF supports research and operates a network of 22 "Out of the Closet" Thrift Stores throughout California and Florida. Internationally, AHF Global brings lifesaving anti-retroviral therapy to developing and resource-poor countries including: China, India, South Africa, Swaziland, Ukraine, Uganda and Zambia.

AHF's President and CEO Michael Weinstein is quick to point out that AHF is not an "LGBT organization" per se. "The Foundation does not serve LGBT people exclusively but many HIV positive and at-risk in the LGBT community do benefit from our programs." And, while its tremendous size may not be directly relevant to smaller LGBT organizations, the fact that nearly 80 percent of AHF's US\$200 million annual operating budget is self-generated is an inspiring social enter-

prise story. "Our self-financed activities are key to our growth and survival," says Weinstein. "Unrestricted funds make us independent. We need to generate our own revenues to support our mission. And our domestic profits help to fund the deficits in our global programs."

The three main sources of AHF's self-generated income are its managed care contracts through its outpatient Healthcare Centers in California and Florida, its network of thrift stores and, by far the largest, its network of pharmacies (see Chapter 2). The network of

In his own words:

Michael Weinstein, CEO and President, AIDS Healthcare Foundation

"The social enterprise approach affords nonprofit organizations maximum independence.



Government grants are highly restrictive and do not cover administrative overhead and growth. Foundation and corporate donors often don't want

to fund existing programs but only program expansion. Also, social enterprises can increase visibility and even out cash flow."

11 pharmacies across California and Florida serve primarily those clients receiving care from medical providers in AHF Healthcare Centers. Services are marketed primarily to these existing clients. AHF's pharmacists specialize in HIV medications and work closely with AHF's managed care medical providers to ensure clients get the best care possible. AHF works with most insurance plans and offers free home delivery or pick-up at AHF Healthcare Centers.

Currently about 300 full time staff and 20 volunteers work on AHF's

social enterprises (healthcare centers, thrift stores and pharmacies). "One of our biggest obstacles is finding and retaining executive-level management," says Weinstein. While the enterprises generate an impressive return for AHF (15 percent profit margin) and have enabled the organization to expand its services to the community, Weinstein believes in retrospect they could have planned better. "We didn't have a business plan per se," he says, "and we've learned from our mistakes as we've gone along."

"One of our biggest obstacles is finding and retaining executive-level management."

OUT OF THE CLOSET THRIFT STORES



Out of the Closet, "the world's most fabulous thrift store," is a chain of thrift stores in Northern and Southern California owned and operated by AIDS Healthcare Foundation (AHF). Out of the Closet Thrift Stores generate income that helps fund the medical services AHF provides. In addition to regular retail operations, three locations also offer free HIV testing and counseling in a private area of the store. There are 22 Out of the Closet thrift Stores

locations in San Francisco, Los Angeles and Wilton Manors (near Fort Lauderdale), Florida. Together they generate 30,000 donations and nearly one million shoppers a year. The stores

carry donated books, clothing, electronics, furniture, housewares, kitchenware, music/videos, sporting goods, etc. Out of the Closet Thrift Stores prides itself on being "renowned for donations made by today's most popular celebrities and major television and film studio production houses," including film production companies and celebrities the likes of Elizabeth Taylor, Ellen Degeneres, Carol Burnett and Richard Gere.

www.outofthecloset.org

Profile: **Blue Diamond Society** (Kathmandu, Nepal)

Transforming themselves: Blue Diamond Society's Cutey Beauty Salon provides employment and independence for Kathmandu's marginalized transgender community



Mission: The Blue Diamond Society (BDS) was founded in 2001 in an effort to address the needs of sexual minorities. BDS' mission is to create an acceptance of sexual minorities in the society, reduce stigma and discrimination of sexual minorities in Nepal, reduce high-risk sexual behaviors and increase Sexually Transmitted Infections (STI) service utilization among sexual minorities for prevention of STI/HIV infection in Nepal, and to provide care and support for those sexual minorities who are HIV positive.

www.bds.org.np

“Transgenders are perhaps the most marginalized and stigmatized in Nepal. They are often poor, have had very limited access to formal education and have a very difficult time finding employment. So we thought about ways to help them to have more independent livings, not just as sex workers but in legal, professional employment.”

¹ “Meti” is a slang term for a man by birth who identifies as a woman)

In April 2007, an official from the Norwegian embassy inaugurated a new beauty salon in Kathmandu's up-scale Lazimpat area, a thriving shopping and gallery district. The salon's offerings are not particularly unique – haircuts, facials, manicures and pedicures. But what is undeniably revolutionary about the “Cutey Beauty Salon” is that it is operated by the only Nepalese nonprofit LGBT rights organization, Blue Diamond Society (BDS) and is fully managed and staffed by young “metis”.¹ Cutey Beauty also acts as a training academy for transgenders who want to become professional beauticians. “The salon is an opportunity for them to lead self-supporting and dignified lives so that they can make a living and contribute to the larger society. This is a first of its kind in Nepal,” explains BDS Executive Director, Sunil Pant.

According to Pant, “After six or seven years of working with the community in Nepal, we've learned that transgenders are perhaps the most marginalized and stigmatized in Nepal. They are often poor, have had very limited access to formal education and have a very dif-

ficult time finding employment. So we thought about ways to help them to lead more independent lives, not just as sex workers but in legal, professional employment.” Pant and his colleagues came up with the idea for a hair/beauty salon where the metis could be professionally trained and find employment. “There seemed to be a real market opportunity in both men and women beauty services and fashion. Few of the transgenders had the skills but they were very interested in the salon idea because they are focused on their own beauty, hair and makeup,” says Pant.

At first it was difficult to get the start up money for the idea but Pant soon came across an opportunity from Norway for money to train transgenders. Ultimately, with support from the Norwegian

Embassy in Nepal, the Oslo-based Norwegian National Association of Lesbian and Gay Liberation, and the Sigrid Rausing Trust in London, BDS was able to purchase the basic salon equipment. At first the salon was managed by one of the BDS staff members, a human rights worker. Although she had



The BDS Cutey Beauty Salon in Kathmandu, Nepal, is currently training 12 LGBT people (3 gay, 4 lesbian and 5 transgender) people to be professional beauticians.

no business expertise, Sophie, a transgender herself, was passionate about the enterprise and understood the hardship her peers faced. Sophie explains that “metis like to use beauty aids and are naturally drawn to the beauty business. Since most are illiterate, not able even to sign their names, a salon is one business they can run on their own. They are also interested in other fashion-related activities, like boutiques. But such projects would need more capital.”

Although there was a lot of interest on the part of the press and no shortage of possible trainees, completing the training was difficult for the first class of metis. “We first got a trainer from a beauty studio, and found that the transgenders were very fast learners,” Pant says proudly. “But it was difficult for them to come every day for class because they work as sex workers and their availability for class depended on whether or not they had sex clients, which would change daily. They couldn’t give up their sex work since it was their only source of income. So we found that we needed to help offset the cost of their lost sex work income.” With some of their donor funds, Blue Diamond Society paid for the trainees’ transport to the class based on individual need. “But it was difficult to retain them. In the first year we had 10 who started the program but only six finished. Four dropped out and all of them are sex workers. The training should take about three months but because of they could



only come part time it takes about four months at least,” Pant explains, “we have to keep it flexible to give them the opportunity to finish.”

Cute Beauty has generated a lot of interest and its second year class of trainees has doubled to include two teams of about 10 (nearly 20 total) and is now managed by one of the graduate trainees from the previous year program. “Marketing has mostly been word of mouth and from BDS since we’re very community-based. It was not difficult,” explains Pant. “On the contrary, we’ve had to tell a lot of gays and transgenders to wait since we have limited capacity. The media has picked up on this so we have had a lot of local and international coverage. BDS had already received a lot of attention for our human rights work but this Cutey Beauty was an interesting story for the press.”

Bhumika Shrestha, transgender winner of PINK Beauty Pageant 2007, helps to train in the Cutey Beauty Salon.

"It was difficult for [the transgenders] to come every day for class because they ... couldn't give up their sex work since it was their only source of income. So we found that we needed to help offset the cost of their lost income."

In his own words: Sunil Pant on the opportunities and obstacles for LGBT income-generating enterprises in Nepal

"When we started, we didn't see Cutey Beauty Salon so much as a business or money-making opportunity for BDS as we did as an opportunity to provide independent livelihood for the transgenders. At first we simply wanted to find income-generating activities for transgenders. Given the opportunity, they can make independent livings and contribute to society. This is a very positive and compelling message.

"We're a nonprofit now and by law are not able to generate profit. But this could also be a company."

Key challenges for success of the Cutey Beauty Salon:

- **permanent space:** finding a permanent space for our office and hospice. Our neighbors complain about us and soon we have to move again. The salon opened in a marketable neighborhood but now will be in the BDS office when we move;

- **paying clients:** getting clients who can pay full price for the service;

- **finding and retaining skilled**

trainers: finding the first trainers since none of the transgenders were skilled; and retaining other trainers. At first we found women but they left after a few weeks. They were uncomfortable with the culture and difficult realities of the transgender students;

- **advanced training/technical knowledge:** We also need more sophisticated training skills: there are very unique issues for the transgenders that are different from 'typical' beauty salon clients, i.e., how to grow their breasts in a healthy way, natural alternative to silicone implants; more training in healthy hormone treatment, etc.;

- **social costs and flexibility:** the training period is hard but once the students are trained, they are happy to work full time in a professionally run salon. But we learned a lot -- they need to have their basic needs covered in order to participate. In training they



Sunil Pant, Blue Diamond Society Executive Director

"Our donors are very happy -- [they] said this was 'one of the best investments we have ever made in development.'"

need 3-5 months of supervised training and financial assistance;

- **educating donors:** at first it was difficult for donors to understand why we had to be so flexible. Many transgender trainees are still working as sex workers, so the three-month course takes up to five months for some (they've been thrown out by their families, have to earn money to pay rent and service their sex clients so they drop or miss classes).

- **investment for equipment:** we need more investment for equipment (e.g. to do laser technology, and the disinfection machine to sterilized tools for re-use, a towel warmer, a chair for facial massage, hair dryers, etc).

Cutey Beauty is not yet a profitable enterprise. The "social costs" involved in operating the salon as a training workshop (i.e., offsetting the income of the trainees) and the salon's current limited capacity don't allow it to be totally self-sustaining. But Pant believes it could be in the future. "There is currently no profit from the salon – it acts more as a training institute than a

business now. We pay the rent and operations of the salon with funding from donors now (about US\$200 per month including rent, electric, water, transport costs for the trainees). This could potentially be paid by customers but we don't have the equipment to open the salon to the public yet. Instead, the trainees are practicing on their friends who get their hair and

makeup done at a discounted rate (the cost of materials, creams, etc). They act as ‘practice customers’ for the trainees and really like to have this work done for them professionally but at a low cost. But once we see it going, we hope it can be transferred to be a for-profit firm and off on its own.

“Our start up was not planned per se. We had to rent space and add equipment. It took about a month to start and we needed about US\$10,000. Donors had given money to us for our general work and human rights work so we allocated a portion of their grants to the salon. Our donors are very happy – the Norwegians, for example, said this was ‘one of the best investments we have ever made in development.’ Now we see a great potential for market and for growth. Other cities around Nepal (and elsewhere) are now asking us to train transgenders there to open a salon but we don’t have the capacity yet. We hope to do a training-of-trainers to replicate Cutey Beauty once we have the new ‘graduates’ ready. Our dream after the second group of trainees is to help five or six of them to team up and to run a salon of their own and to find other donors or companies who can loan to them to start up. There is no plan or funding yet. And then we want to replicate this in other cities – there is a huge potential transgender market in India and Africa! BDS could send trainers and provide technical support to help but it will only work if locals take ownership.”



Trainer Tulasa Lama, 25 (above far left in white), works with trainees in the Cutey Beauty Salon.

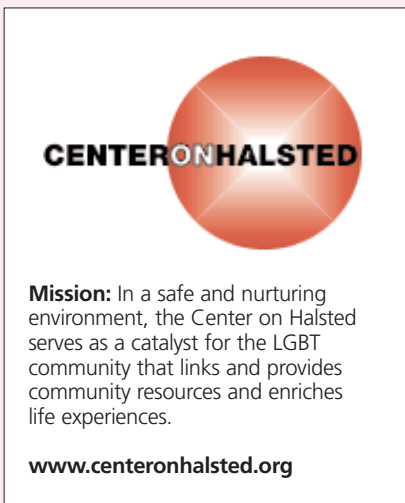


“Cutey Beauty is not yet a profitable enterprise. The ‘social costs’ involved in operating the salon as a training workshop (i.e., offsetting the income of the trainees) and the salon’s current limited capacity don’t allow it to be totally self-sustaining ...

But once we see it going, we hope it can be transferred to be a for-profit firm and off on its own.”

Profile: **Center on Halsted** (Chicago, Illinois, USA)

Creating new markets: The Center on Halsted demonstrates that real estate can generate real benefits for the LGBT community



The building and renovation of the Center on Halsted is a unique LGBT social enterprise story. It illustrates that through the effective use of real estate assets and corporate partnerships, an LGBT center can expand its services to the LGBT community, ensure its own sustainability and create wider economic benefit for its surrounding community.

The Center on Halsted is not just one LGBT organization but rather a home to more than 10 LGBT community organizations. Together they provide LGBT social and health services - including youth, psychotherapy and anti-violence support as well as recreational, cultural, and educational programs. Center on Halsted is Chicago's oldest and largest social service provider for the LGBT community. The three-story Center includes meeting and office space, a theater, a cyber center, a gymnasium and a rooftop garden. The building and renovation of the Center is a unique LGBT social enterprise story. It illustrates that through the effective use of real estate assets and corporate partnerships, an LGBT center can expand its services to the LGBT community, ensure its own sustainability and create wider economic benefit for its surrounding community.

Founded in 1973 as a volunteer-run organization (Horizons Community Services), the Center had long searched for a permanent place to house its many programs benefiting the LGBT community. In 2000, an abandoned 1920s building and parking lot was purchased from the city in Chicago's East Lakeview neighborhood (near "Boys Town," the area designated by the mayor and city council to celebrate the contribution of the LGBT community to

the city). The building was purchased "with donations from a 'well-healed' Board member at a great rate," according to Colin Moore, Center on Halsted's former Director of Development. The building's historic façade was salvaged and restored.

In September 2003, the Center announced that Whole Foods Market, the world's largest retailer of natural and organic foods, would be the anchor retail tenant on the ground floor of the new Center building. The retail anchor would provide enhanced financial stability to support the costs of operations and programs of the Center. The Center and Whole Foods agreed that Whole Foods would provide US\$5 million in rent upfront. This represented a quarter of the US\$20 million needed to build and renovate the center space.

"Whole Foods was looking for a location in this neighborhood and the Center had space and Whole Foods approached us," says Modesto Tico Valle, Center on Halsted's Executive Director. "When Whole Foods approached us some critics asked why we needed this? There had already been two previous failed attempts to build an LGBT center and there were lingering doubts. But once Whole Foods got involved, the entire campaign for creating the Center took on a new dimension

and we saw that we'd actually succeed in reaching our goal. The relationship with Whole Foods also helped to draw other big name donors (firms, foundations and individuals). Surprisingly, the biggest support early on came from the city and other 'non-gay' donors and companies," explains Valle. "At first, the LGBT community didn't understand what the Center was going to be and couldn't visualize it. And because of our early successes with fundraising, critics thought the Center would only serve the upper-income white gay males. But this has not proven to be the case. We serve over 200 at-risk youth, 30 percent of whom are homeless."

The decision of Whole Foods to lease the Center's ground level space was not an act of charity. Although the company was openly supportive of their LGBT landlord there were also economic benefits. "Whole Foods selected the space because it was a good location. There was no supermarket on Halsted at the time and people had to walk to find a market. It's also near to Wrigley Field [baseball stadium] and there's lots of traffic. Secondly, Whole Foods wanted to make inroads into the LGBT community," says Valle. A press release on the Center's website quotes the regional president of Whole Foods Markets Midwest, Inc. as saying: "This project would allow Whole Foods Market to enter East Lakeview in a way that also supports the community. We couldn't



feel better about the opportunity to help the Center on Halsted become a reality.”*

The Center's annual budget has doubled to nearly \$4.7 million since the building was opened. They are now a staff of about 45 (ten of whom are dedicated to maintaining the building itself). About 12 percent of the Center's annual budget is self-generated, excluding the income from Whole Foods. The Center has other tenants besides the market. Other nonprofit tenants in the building get discounted rates for rent and share office administration costs (e.g., meeting room, copy center, etc). The Center also rents out conference room space to outside firms and organizations on a commercial basis. "Because the Whole Foods rent was prepaid there's minimal financial risk for the Center," says Valle. "Of course if they were to vacate it would be hard to get another supermarket to move in. But it's really unlikely this would happen. Whole Foods invested a lot into the research,



Street-view rendering of the Center (top) and an aerial view (above).

“What is replicable for others perhaps is that if you have a group of struggling LGBT organizations together under one umbrella and you sell the social enterprise idea that way it has more likely appeal.”

* See "Center on Halsted announces plans for Whole Foods Market" (September 29, 2003) at: www.centeronhalsted.org

LGBT Center on Halsted receives award for being a good and green neighbor.

In February 2008, the Center on Halsted won the Richard H. Driehaus Foundation Award for Outstanding Non-Profit Real Estate Project, recognizing its partnership with Whole Foods to turn around a condemned 1920s building and parking lot into a 100,000-square-foot community center. The award is given to a non-profit for a real estate project that meets community needs, involved local residents in the planning process, overcame obstacles and demonstrated creativity in its design and financing.

One additional major highlight of the Center on Halsted is its green design. The benefits for building green include the long term cost-effectiveness, the alignment that an environmentally sustainable design has with the Center's own mission. Staff, clients, program participants and volunteers enjoy natural ventilation, natural daylight, and carbon dioxide monitoring. The Center earned a silver rating in Leadership in Energy and Environmental Design (LEED).

Center on Halsted's Executive Director Modesto Tico Valle (right) is presented with the prestigious Richard H. Driehaus Foundation Award for Outstanding Non-Profit Neighborhood Real Estate Project.



One additional major highlight of the Center on Halsted is its green design.

move and the space itself and I can't imagine they'd move. It's really a true partnership here, they are really dependable. But yes, if they moved out, it would harm us financially because of the lost income but also because Whole Foods is the 'anchor' for others. Perhaps the biggest benefit from the Whole Foods relationship is that we've created a sort of common space in the lobby of our Center that brings together the staff and LGBT organizations together with the Whole Foods staff and outside (straight allies)

customers who come to eat in the prepared foods area. It's really an interesting crossroads of people."

Valle believes that while the specific circumstances of Center on Halsted may be unique, there are lessons for other LGBT centers looking to replicate the model. "Chicago is unique. Our system of 'Aldermen' [representatives of each city ward] is unique and when you have the Alderman on your side you can get a lot done. When they see the economic benefit for the community, then they'll back it. Our Alderman just also happens to be openly gay but that's almost irrelevant in this case. We're just outside of the gay area (Boys Town) so we're creating economic benefit in another part of the city, which they liked. But the city was behind us even before Whole Foods came to us. Even if Whole Foods hadn't come we would have been successful, perhaps just not on the same scale. The city liked that the Center would benefit lots of LGBT organizations (10 in our storefront), not only us."

"There are so many types of LGBT organizations. But if you looked even at us ten years ago, I'm not sure you'd say we were well suited to spearhead something like this! But as an umbrella we were able to pull together lots of other LGBT organizations and offer lots of benefits. That was key. So what is replicable for others perhaps is that if you have a group of struggling LGBT organizations together under one umbrella and you sell the social enterprise idea that way it has more likely appeal."

Profile: **Crusaid** (London, United Kingdom)

The crusaiding entrepreneur: The challenges of getting the Board on board for social enterprise.



Mission: Crusaid directs money, knowledge and support to poor and marginalized people and communities affected by HIV/AIDS in the way that best meets their needs and helps them achieve a decent quality of life.

www.crusaid.org.uk

Crusaid was founded in 1986 as a direct response to the destructive nature of AIDS. Crusaid is now funding prevention and education projects in the UK and Africa:

- helping people struggling with poverty in the UK through the Crusaid Hardship Fund;
- funding UK information, education projects and services that help people living with HIV;
- making grants to organizations providing life-saving treatment, education and support in Africa; and
- funding the search for better treatments through research.

“Not all charities should turn into social enterprises and not all charities should be set up in perpetuity. We are set up to solve problems and fix something and then shut down once it’s fixed.”

For many, the term “charity shop” conjures up images of stale second hand clothing and unwanted products from grandma’s closets. Not the case with the Crusaid charity shop, a unique “boutique” shop located in the upscale neighborhood of London’s Westminster. The shop was established in 1991 as a way for people to donate and buy items to raise funds for Crusaid’s work. Individuals and leading design companies such as Ralph Lauren and Nicole Farhi support the shop by making donations of high quality products, including antiques, fine art, music and vintage fashion. All of the items sold in the shop are donated with the exception of Crusaid’s charity cards (see Chapter 2). “Buying high-quality items is a large outlay and the only new items charities like us can afford are complete crap,” says Crusaid Chief Executive, Robin Brady. “But in addition to the high quality items in our shop, what’s unique about us is that our shop clients are very diverse – from the very poor to the bargain shoppers to the wealthy of Kensington.”

While Brady sees that Crusaid’s charity shop, and social enterprise in general, can be a useful strategy for generating

income to finance important social work, he warns others not to see “sustainability” as an end itself but a means to a greater end. “Not all charities should turn into social enterprises and not all charities should be set up in perpetuity. We are set up to solve problems and fix something and then shut down once it’s fixed...The motivation to start the shop was opportunistic,” says Brady. “At the height of the HIV/AIDS tragedy, Crusaid became dependent on legacy gifts from donors and friends who died and left their estates, both financial bequests and possessions, to Crusaid.” Today Crusaid’s annual turnover is about £2 million a year. “The financial goal of the charity shop is to cover Crusaid’s operating costs. We’re about two thirds of the way there,” says Brady. Currently the shop brings in about £135,000 a year and costs for operating it are about £40,000 a year (including the shop’s staff salaries, rent, etc.).” The shop has one full-time staff member, a part-time manager (four days a week) and 10-12 volunteers. Crusaid doesn’t own the shop space. “We pay about £20,000 a year in rent which is an incredible bargain, especially in such an excellent location.” The landlord has kept the rent capped the last five years. “I don’t believe it has anything to



Robin Brady, Crusaid’s Chief Executive: **“The demands on us are much higher than a normal business.”**

do with the fact that we're a charity. We're just a good tenant." The shop is run through Crusaid's separate trading entity (a company limited by guarantee). Through this trading arm they run the shop as well as sell their Christmas cards.

"Our Trustees unanimously support the shop but they believe it's ubiquitous - 'all charities have shops and trading,' they say. But there isn't consensus about the shop's future and its growth. Most Trustees believe we should remain focused on our grantmaking. I don't disagree. But I'm trying to make them see that we could do more grantmaking if Crusaid had more self-generated income. Four years ago when I started as chief executive, the Trustees set the goal to cover the operations of Crusaid from the shop. The biggest challenge, I think, is the Trustees' mis-comprehension of what a professional social enterprise is all about. A for-profit company would be really happy with a 15 percent profit. But our Trustees would shut it down if we only got 15 percent! The demands on us are much higher than a normal business."

According to Brady, Crusaid considered opening a second charity shop. "Start-up costs are relatively minimal. It would take about 18 months to get up and running," he says. However, the Crusaid Trustees rejected the idea since they have a reserves policy for the organization that requires three months of reserves. A new start-up would have required they tap into this reserve.

"It's not a lot of money, really," says Brady, "but we have to be very savvy with our trading."

Last year Crusaid's trading company grew by 40 percent. "But the Trustees are not seeing this as an opportunity. They are scared of turning Crusaid into a business. They are very focused on grantmaking, outputs and impact." Crusaid gives about £1.1 million in grants each year and needs £1.5 million to cover costs and to keep their reserves in tact. "That's a 50 percent profit! But the Trustees think a charity should do everything for free and give everything away to charity. They don't understand that you need professionals to do the work and do it well. You need to invest to grow the organization. Business people get that. I have to constantly remind the Trustees to bring their business skills to the board meetings and not to leave it

"Most Trustees believe we should remain focused on our grantmaking ... I'm trying to make them see that we could do more grantmaking if Crusaid had more self-generated income."

The Crusaid Shop website: www.crusaidshop.co.uk

Crusaid SHOP

‘Crusaid SHOP is the Harvey Nichols of charity shops. I always find something to pop in my basket. I love it!’
- ALAN CARR, COMEDIAN

HOME

19 Churton Street, Piccadilly, London, SW1V 2LX Tel: 020 7233 8738

Welcome

ABOUT THE SHOP
Established in 1991 as a way for people to donate and buy items to raise funds for the charity's work supporting people living with HIV and AIDS. The Crusaid SHOP is often described as London's favourite charity shop. Located in SW11 and with royal patronage - Kensington Palace were early donors - it quickly gained a reputation for being more than your average charity shop.
Companies such as Ralph Lauren, Nicole Farhi and EMI have supported the shop by making repeated donations but equally valued

NEWS
Keep up to date on everything that's going on at Crusaid SHOP. This includes forthcoming shopping evenings where you'll be able to meet...

OUR WORK
Crusaid is a leading UK charity dedicated to helping poor and marginalised people affected by HIV and AIDS. Since 1990 Crusaid has...

WHO DONATES?

OPENING HOURS
Monday 10am - 6pm
Tuesday 10am - 6pm
Wednesday 10am - 6pm
Thursday 10am - 6pm
Friday 10am - 6pm

THINKING OF VOLUNTEERING?

Profile: **Fridae** (Hong Kong, China)

The entrepreneurial LGBT activist: Fridae's founder and CEO Stuart Koe empowers gay Asia



Mission: Through innovative media channels and world-class events, Fridae is building Asia's largest gay and lesbian community - united in diversity, and transcending geographical borders. Fridae empowers gay Asia to: come together, stay connected, be informed, overcome discrimination, nurture personal growth, and foster healthy relationships.

www.fridae.com

"In trying to describe my own business philosophy, about a decade or so ago I combined two definitions from the Webster's Dictionary to define 'Entrepreneurial Activism': Assuming the risk of a business venture with the purpose of creating political, social and economic force in service of a cause."

When talking to Dr. Stuart Koe, it's impossible to easily categorize him as either an "activist" or an "entrepreneur." On the one hand, he lists his occupation on his Friendster site as "changing the system." On the other, he leads Asia's largest LGBT internet media company. For Koe, the two are not mutually exclusive. He has been referred to as a "capitalist pragmatist" and refers to himself as an "entrepreneurial activist." Born in Singapore, Koe, the founder and CEO of Fridae, is also a Doctor of Pharmacy, specializing in HIV medicine. He has been a longtime AIDS activist, is a Director of AIDS Concern in Hong Kong and Trustee of the Action for AIDS Endowment Fund in Singapore, and has collaborated with various AIDS organizations across Asia, Australia and the USA. In an attempt to explain his scientist-cum-activist-cum-entrepreneur persona, Koe says: "In trying to describe my own business philosophy, about a decade or so ago I combined two definitions from the Webster's Dictionary to define 'Entrepreneurial Activism': Assuming the risk of a business venture with the purpose of creating political, social and economic force in service of a cause."

In many ways, the 36-year-old Koe and his enterprises are emblematic of the shifts that are taking place for LGBT people in Asia.

"Sometimes, we ask ourselves: 'Is it futile? Should we just move to New York where people get it?' It's gratifying to see the changes and be a part of it," says Koe, who has been openly gay since he was a teenager, spent six years studying in the United States before returning to Singapore in 1995. First, he worked for the Singapore Economic Development Board, exploring opportunities to increase economic opportunities in his country. Then in 2000, he saw an opportunity to create a credible media that reaches out to the gay and lesbian communities in Asia. Fridae was thus born with a mission to "Empower Gay Asia," providing a platform that "bridges cultures, transcends geographical borders and unites the diverse groups into Asia's largest gay and lesbian community." Fridae also organized the iconic 'Nation' mega-parties until public gay parties were banned in Singapore in 2004. The company underwent a major shift in focus towards LGBT advocacy in late 2006, announcing that it would no longer be organizing large regional circuit parties.

Now based in Hong Kong, Koe has built Fridae into a diversified media and services company, covering the internet, broadcasting, publishing and events. As the gay media leader in Asia, the site now attracts over 400,000 unique browsers and 60 million page

* www.notesfrombangkok.com

impressions (as audited by Nielsen//Netratings). Fridae provides access to the diverse and hard to reach LGBT market in the region. Given the conservative nature of Asian society, the LGBT community has traditionally been hidden and difficult to reach. Still, Fridae's efforts have created a tremendous amount of brand awareness and many in and outside of the LGBT community regard Fridae as the authority on "pink-related" activities, interests and issues in Asia. In effect, Fridae has enabled gay Asia to collectively come out of the closet.

Getting to this point was not an easy journey for a Doctor of Pharmacy with no business experience or training. "I've definitely been learning as I go along and I've made tons of mistakes," says Koe. "We didn't know anything about business, especially not an internet model. The real challenge has been scaling it. I've relied heavily on 'gut instinct' and our team. But we're still a small staff of 14 people (we'll be 20 by the end of the year)." The initial US\$1.5million used to start up of Fridae was provided by a group of individual Hong Kong-based angel investors. "Our investors supported us for purely business reasons, not because of our mission as a company. They are mostly straight. When we took the idea on a road show to prospective investors, the gay investors were too worried about the potential backlash from such a venture, worried about being too open. We've generally had a much

Fridae has enabled gay Asia to collectively come out of the closet

The name "Fridae" is inspired by "Man Friday" from Daniel Defoe's novel *Robinson Crusoe*. Koe has stated "as a man Friday or girl Friday, we wanted a site that could be your indispensable assistant."

Fridae is a hybrid of magazine portal and social networking sites available in English and Chinese. Key features include a 'magazine' section which is updated daily with relevant LGBT news; a high-tech 'personals' section which allows users to send emails, SMS replies, and real-time chat; a 'fotos@fridae' section with picture archives from LGBT events across Asia; and online 'forums', 'Shout!' (a regional calendar of events updated by users), and 'iso?ads' - Fridae's classifieds section.

Fridae's advertisers have included Spain Tourism, Qantas, Visit Britain, Singapore Airlines, Air New Zealand, British Airways and several tourism boards in Asia and Europe to promote their destinations to gay tourists.

www.fridae.com

easier time with heteros who may not have the same hang-ups or closeted fears. They looked at the potential from a business perspective and saw that what we were offering was unique. No one else was doing it in the market at that time." Koe admits that he was also "in the right place at the right time" (they started at the peak of the internet bubble) and that they weren't asking for a lot of money. "Most of our investors are surprised that we're still around!," he jokes. "Fridae is now generating more than US\$1million/year in

"Our investors supported us for purely business reasons, not because of our mission as a company. They are mostly straight ... the gay investors were too worried about the potential backlash ... We've generally had a much easier time with heteros who may not have the same hang-ups or closeted fears."

Fridae has a very deliberate social mission as a company. "It's difficult to quantify the social impact we're having. But lots has changed in the seven years since we started and I'd like to think we contributed to that. But it's hard to measure."



Fridae has strong working relationships with the region's AIDS NGOs, including Action for AIDS, Malaysian AIDS Council, and the Hong Kong AIDS Concern. Safe sex ads like the one here are hosted free of charge on the site.

www.fridae.com

Do NOT brush your tooth immediately before oral sex: your gums might bleed.

Do NOT suck his dick if you have cuts, ulcers, or infections in your mouth

[find out more]

business and growing rapidly as its brand of social networking spreads virally across the region.”

And Fridae is doing well against its competition. “In the internet world we really have to focus on our product and making it most relevant to our audience and stay at the forefront...I also love branding and am very critical of other companies, so this identify/market-ing interest and expertise has also helped to be quality oriented and differentiate Fridae.”²

Good Fridae: a mission-focused business blending LGBT business with social activism

Koe sees Fridae as having a very deliberate social mission as a company. “It’s difficult to quantify the social impact we’re having. But lots has changed in the seven years since we started and I’d like to think we contributed to that. But it’s hard to measure.” Fridae champions the LGBT cause in three ways:

- by raising the profile of the LGBT community and giving it a voice in Asia;
- by financially supporting other LGBT organizations and activism projects; and
- through their own direct action and implementing projects, research, and enterprises serving the LGBT community.

- raising the LGBT profile and voice in Asia: Koe recognizes that as the

largest and most trusted LGBT information source in Asia, Fridae plays an important role in the fight against AIDS. Fridae’s commitment to AIDS work began with the company’s inception, with strong working relationships with the region’s AIDS NGOs, including Action for AIDS (AfA), Malaysian AIDS Council, and the Hong Kong AIDS Concern. Whether through serious, fact-based features and news or more light hearted, lifestyle entertainment pieces, Fridae aims to ensure that safe sex messages are prominent in all its communications. Fridae works directly with AfA, AIDS Concern, and other NGOs in Asia as a channel through which these organizations can disseminate their education campaigns, including providing free hosted space for safe sex ads/messages on its site. [see side bar] Fridae is also instrumental in research, acting as a crucial channel through which to collect data for HIV-related behavioral surveys to help understand the local epidemiology, a bedrock of designing effective prevention campaigns.

- financing for LGBT organizations and projects: Koe believes that the grassroots has to mobilize and take action even if public policy lags behind. As a result, Fridae has been active in financing numerous LGBT and HIV/AIDS projects throughout Asia. “This is only one of many instances where private monies are being used to fund what ought to be a public health initiative.” Fridae’s early circuit party events raised funds for local

² Koe also owns a graphic design firm: www.s2d10.com

safe-sex groups like AfA who received a portion of ticket sales. A part of Koe's vision is to create a foundation supporting LGBT activism in Asia. "When we were just starting up and before breaking even we weren't able to give financial support to LGBT organizations, instead we were focused on giving the LGBT community a voice. Now after seven years we're starting to be in a position to provide financial support to LGBT organizations and projects. For example, we've given a few thousand dollars each in sponsorship to the various pride events around Asia. I'm looking forward to creating a foundation to support other LGBT advocacy work which has been one of my dreams from the start."

- direct action and implementing projects and enterprises benefiting the LGBT community: Koe is not an activist only in words. He was one of the 2007 recipients of the "Favourite LGBT Activist Singapore" award along with a group of fellow activists who organized a landmark parliamentary petition and publicity campaign to protest Singapore's penal code which criminalizes gay sex. "In my personal capacity, I used to serve on the Executive Committee of AfA. Today, I am a Trustee of the AfA Endowment Fund, and am often called upon to advise on strategic matters. I am currently a Director of AIDS Concern in Hong Kong, and have been serving for the past two years." Koe's activism has extended into Fridae's philoso-

phy as a company. Not only has Fridae been active in fundraising and implementing AIDS prevention strategies, the company has also taken the initiative to mass produce and distribute its own 'Combat AIDS' condoms. *[see photo, right]* "As we've become more successful, we've also been able to start other enterprises that benefit the LGBT community, for example, our condom enterprise," says Koe. He found that huge profits were being made by the leading condom brand firms, yet the cost of manufacturing was a fraction of the retail price. Fridae therefore manufactured its own brand and sold them at close to the manufacturing cost (with a slight mark up to cover administrative costs) keeping them very affordable. "As a result, the sauna owners who before complained about making condoms available to customers because of the high cost are now distributing them. It's a win-win for all, financially sustainable, and still achieving our social objectives."

Koe sees a very distinct, but unnecessary, division in the LGBT community between those who embrace the entrepreneurial approach and others, typically LGBT activists, for whom profit and financial gain are "dirty." But in his own efforts at Fridae, he's found a comfortable balance: "As a business person, I try to design all our programs so that they are at least self-sustaining. That is the key to long term success," he says. Perhaps not surprisingly, the greatest criticism of Fridae has come



Fridae sells its COMBAT AIDS condoms at close to cost to Action for AIDS and Aids Concern, as well as to gay saunas around the region. They are also considering selling them in bulk through the Fridae online shop.

"As a business person, I try to design all our programs so that they are at least self-sustaining. That is the key to long term success ... But it's difficult to convince some LGBT activists that our intentions are sincere and that just because we're a business doesn't mean we've 'sold out' and given up on our principles."

“Running an enterprise is not necessarily the right strategy for everyone, in the way that not everyone is a business person. It is a way of being sustainable, but certainly not the only one. In turn, Fridae tries to support causes that may not have the means and wherewithal to raise their own money.”

In his own words: Stuart Koe explains why he started Fridae as a for-profit venture instead of a nonprofit to achieve his goal to “change the system.”

"I believe social activism takes many forms, and in each manifestation, has its pros and cons. Fridae's brand of 'entrepreneurial activism' was one of the fundamental principles upon which the company was founded. I have personally been a gay and AIDS activist for several years before co-founding Fridae.com, and when the opportunity arose to start a company with the vision to become a leading gay media company in Asia, it didn't escape me that Fridae could become a vehicle through which to effect change. We adopted the tagline 'Empowering Gay Asia', because we believed that in doing so, we would also be greasing the wheels of even greater gay activism by the community. From day one, we were political with a small 'p', choosing to eschew loud public protestations in exchange for taking the time to build and provide a platform for the nascent gay communities in Asia to find their footing and voice.

"Though my shareholders may disagree, profit for the sake of profit has never interested me. I may be an activist at heart, but at the same time, I'm a pragmatist, and firmly believe in achieving long-term sustainability. We are able to do the work we now do because the community is able to support us as a business, not as a charity. In return, we give back by supporting the arts, activists and HIV organizations. We are on the forefront of legal reform and advocacy. And now, Fridae is



Dr. Stuart Koe, Founder and CEO, Fridae

regarded by the press and media as a credible resource and we are regularly asked for our opinion on gay issues.

"Running an enterprise is not necessarily the right strategy for everyone, in the way that not everyone is a business person. It is a way of being sustainable, but certainly not the only one. In turn, Fridae tries to support causes that may not have the means and wherewithal to raise their own money. Having a steady cashflow certainly enables us to plan long term and not worry about 'next year's source of funding.'"

from these same LGBT activists: “Initially we felt like an island, getting criticism from all corners of the LGBT world,” says Koe. “I’m not one to go out and explain myself. I’d rather let our actions speak for themselves... But it’s difficult to convince some LGBT activists that our intentions are sincere and that just because we’re a business doesn’t mean we’ve ‘sold out’ and given up on our principles.” Koe doesn’t deny there is a place for nonprofit LGBT organizations: “Charities certainly have a place to do things that business can’t, including not being motivated by the bottom line. This is important. But personally, to be effective, I find it really tough to have to keep raising money for this work. We’ve found it a luxury here to have a steady cash flow to support our work.” Asked why he hasn’t seen more LGBT social enterprises in Asia, Koe responds: “I’ve been hearing more about social enterprise, but not so much in Asia. Maybe Thailand and Indonesia there are more cases, but not necessarily in the LGBT sector. Maybe we (LGBT people) are too decadent and hedonistic and we leave the business ideas to the heterosexuals!” he jokes, adding: “But seriously, look: most of the businesses tapping into the LGBT community are not even gay owned.”

“On the other side, the commercially minded LGBT people don’t seem to mind our social activism,” says Koe, “and our social purpose may or may not effect their pur-

chasing decisions.” Nor has Koe found his investors adverse to Fridae’s activist approach to business. “First, they have to be assured that there is nothing to fear and that what we are doing will not run the risk of us being shut down by the authorities. With the press and government we can’t be seen as activists per se. We do our change through our community, not through direct action/lobbying. Second, we demonstrate to [our investors] that whatever we do to strengthen the LGBT community strengthens the company too and that empowering the community ultimately helps the bottom line.”

In the end, Koe believes that for LGBT social enterprises to succeed they “need a good business idea and sense. It can’t be that they just want to start a business for business sake. And from my experience, I also think it’s easier to get LGBT business people to give back to the community and run an LGBT social enterprise than it would be to train (or convince) activists to start a business... Success hinges on the success of the business – activism is the icing on the cake. I think there are only things to be gained by more LGBT social enterprise. I’m not doing it for the money. It’s fun.”

“For LGBT social enterprises to succeed they need a good business idea and sense. It can't be that they just want to start a business for business sake ... Success hinges on the success of the business -- activism is the icing on the cake.”

Profile: **Gay, Lesbian, Bisexual, & Transgender Community Center of Baltimore (GLCCB)** (Baltimore, Maryland, USA)

A pioneering LGBT center seeks financial and social returns through social enterprise



Mission: The GLCCB seeks to achieve equality, understanding, and respect for the diversity of the greater Baltimore LGBT community while also providing quality support services, facilities, and professional resources for the development and well-being of individuals and groups.

www.glccb.org

As a social enterprise of the community center, revenues generated by *Gay Life* support the GLCCB and, in turn, its myriad services in the LGBT community.

* www.lgbtcenters.org
* www.baltimoregaylife.com

In January 2006, GLCCB Executive Director, Craig Wiley, posted the following message in the newsletter of CenterLink (formerly The National Association of Lesbian, Gay, Bisexual and Transgender Community Centers): “The GLCCB is interested in hearing from any centers that have either retail operations or social enterprise ventures which generate revenue for their programs. Retail operations could include bookstores, cafes, or merchandise for sale online. Social Enterprise ventures might include any type of fee-for-service activity that operates as a self-sustaining program or directly supports other programming.” Unfortunately, Wiley didn’t receive much response. A pity, since Wiley’s peers would have much to learn from him as the GLCCB is undeniably a social enterprise pioneer among LGBT centers.

Of the GLCCB’s modest 2006 budget of US\$304,306, more than 70 percent was self-generated income: a combination of fees for services, income from the rent of the ground floor of their building (to an LGBT bookstore), and 57 percent from

product sales (primarily from ad sales for the *Gay Life* LGBT newspaper).

Gay Life: an historic LGBT social enterprise

The GLCCB published newspaper, *Gay Life*,⁺ is published every other Friday with distribution throughout the mid-Atlantic region. As a social enterprise of the community center, revenues generated by *Gay Life* support the GLCCB and, in turn, its myriad services in the LGBT community. Begun as a monthly newsletter, the *Baltimore Gay Paper* has been continuously published by the GLCCB since 1979. Now published bi-weekly under the name of *Gay Life*, it has a readership of over 40,000. “*Gay Life* is a functioning social enterprise which serves us well and pro-

vides a valuable community vehicle for news and information,” says Wiley. “Ironically, we’ve been publishing *Gay Life* in one form or another since the late 1970s - and I venture to say before the term ‘social enterprise’ was coined. We never really looked at it that way as we’ve always felt the production



GLCCB’s bi-weekly LGBT newspaper *Gay Life* generates over half of the Center’s annual income.

of a free paper with valuable, and often critical, information for our community was core to the Center's mission. That it made money (and not always) was a secondary consideration." According to Wiley, *Gay Life* operated at a net loss in 2006 but the center still sees it as an important part of its mission. "It instills an entrepreneurial spirit in our staff across the entire organization," he says. One of the challenges for GLCCB with *Gay Life* is that "we compete with much larger and better financed (for-profit) publications. Production costs are also market-driven and hard to contain."

Exploring new LGBT ventures

Wiley admits that the GLCCB team lacks some of the business skills and expertise required to make their enterprises more competitive and to assess new venture opportunities. But this hasn't stopped him from exploring new enterprising opportunities. "I think we now have the social enterprise 'bug' and are always looking for new income generating activities," says Wiley. "We're in the midst of a sea change right now concerning many of the services we used to provide for free. Mostly because our operating expenses increase year after year, but also because we find that we do offer services people are willing to pay for. That we did so much for

The GLCCB building in Baltimore



"We're in the midst of a sea change right now concerning many of the services we used to provide for free ... That we did so much for free for so long is a miracle, but times are different today. If we're going to remain relevant and viable we need to be in a better place (financially) so that we can try new things and offer more to the community, even if they appear risky or unproven."

"Ironically, we've been publishing *Gay Life* in one form or another since the late 1970s - and I venture to say before the term 'social enterprise' was coined. We never really looked at it that way as we've always felt the production of a free paper ... was core to the Center's mission. That it made money (and not always) was a secondary consideration."

free for so long is a miracle, but times are different today. If we're going to remain relevant and viable we need to be in a better place (financially) so that we can try new things and offer more to the community, even if they appear risky or unproven. LGBT community centers are unique beasts, and I don't think there's an instruction manual anywhere!"

Wiley participated in a semester-long program, offered by the University of Baltimore (UB), Merrick School of Business in 2006, to get professional assistance exploring a new enterprise idea making better use of the lower level space in the Center's building. The "Baltimore Social

Enterprise Program," supported by the Annie E. Casey Foundation, The Goldseker Foundation of Maryland, Open Society Institute and the Alvin and Fanny B. Thalheimer Foundation, was designed to enable Baltimore non-profit organizations "to gain the essential tools, expertise and guidance towards realizing mission while creatively increasing unrestricted revenue." The GLCCB, along with nine other nonprofits, worked with business students to develop business plans and marketing strategies for their enterprise ideas. "Our [proposed business] was a small café, replacing the LGBT bookstore to whom we currently lease the first floor of our building (sadly, they are closing),"

GLCCB "Cee Bee Café" Objectives

We seek to deliver our style of fast, convenient, and high quality food to our clients whether they be walk-ins or catering customers. By using high quality deli meats along with the freshest baked gourmet breads we seek to create and become the alternative to the major sandwich chains in the area in midtown Baltimore. While seeking to enhance the neighborhood's dining experience and offer more breakfast and lunchtime options to thousands of day workers, Cee Bee also creates opportunities for youth and young adults to develop lives of promise.

Cee Bee Cafe seeks to achieve the following goals:

1. Cash flow self sufficiency by the end of the first year.
2. Sales of US\$200,000 in the first year.
3. Sales of more than US\$500,000 by the third year.
4. To create a gourmet deli whose goal is to fill the void in food choices within the area and to exceed customers' expectations.
5. To increase the number of customers by at least 20% per year through superior performance and word-of mouth referrals.
6. Have a customer return rate of 90% by end of first year.
7. Become an established community destination by end of first year.

(Excerpted from Cee Bee Café draft business plan)

says Wiley. “Cee Bee Café,” was intended to generate resources to sustain GLCCB’s organizational capacity while also directly supporting LGBT constituents by employing and empowering Baltimore area LGBT youth. Baltimore’s LGBT youth at risk suffer from higher levels of attempted suicide, homelessness, victimization, abuse, drugs, and low education achievement than their heterosexual peers. “Our venture idea sought to provide a new and popular eatery to the midtown landscape [an excellent location in the downtown area] while serving some of our most vulnerable youth and providing them with education and opportunities to empower them to create better futures.”

Wiley was not satisfied with the final business plan product, unsure if the student’s projections were realistic or accurate: revenues of approximately US\$500,000 by year three. Of even greater concern to Wiley was that the business plan did not adequately focus on the ‘social’ end of the social enterprise - the at-risk youth who would staff the business. And who would provide the estimated US\$126,000 in start up capital to launch the café? “More recently, and due to space demands for programming and staff, we are considering scaling down the café to allow space for our cyber café (which we already have located elsewhere in our building), offices, and a more welcoming reception area. Like many of our classmates at UB, we have the plan and the spirit, but the

start-up capital was elusive in the end.”

Wiley continues to pursue other social enterprise ideas that would bring financial and social benefits to GLCCB. He’s explored opportunities with a local business that does printing, signs, web design and screen printing exclusively for nonprofits. “Through the process of getting a bid for volunteer t-shirts for our Pride festival, they asked if we would be willing to consider partnering with them - to the extent that we would house and manage the business while their staff handle the actual creative end of things. We could earn income while serving other nonprofits, and perhaps provide job skills to LGBT youth at the same time... Fortunately, we have an under-utilized basement which would be perfect for a sign/t-shirt shop, and it may also be a good place to plug in some of our wayward LGBT youth who may want to learn graphic design or screen printing... While our newspaper is more directly controlled by us and is more closely tied to our mission, I’m thinking we might consider this arrangement under an LLC [limited liability company].”

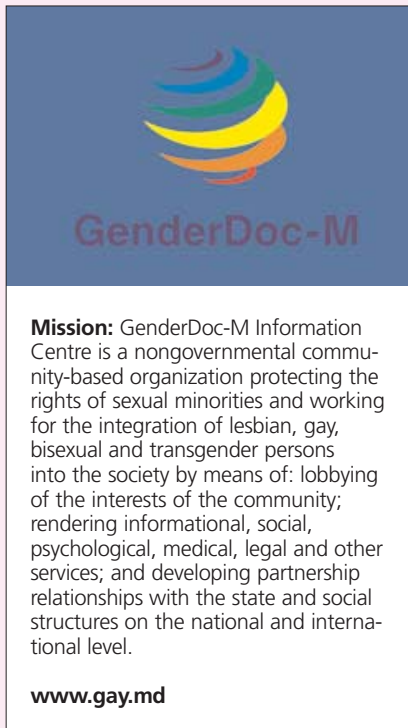


Craig Wiley
Executive Director
GLCCB

“We could earn income while serving other nonprofits, and perhaps provide job skills to LGBT youth at the same time.”

Profile: GenderDoc-M (Chisinau, Republic of Moldova)

GenderDoc-M's journey: shifting from a project mentality to an entrepreneurial strategy and increasing impact along the way

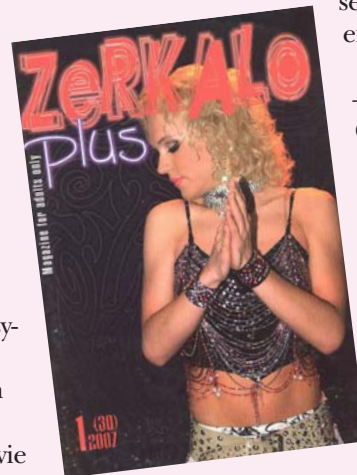


In 2008, GenderDoc-M will celebrate its 10th anniversary - an impressive achievement. At first glance, GenderDoc-M is not a very "enterprising" organization. Its funding has been from international donors (primarily from the Netherlands, Sweden, UK and USA) and its 2006 annual report includes no mention of non-donor sources of income. But a discussion with GenderDoc-M Executive Director Boris Balanetkii uncovers a very different story. Balanetkii confirms that many services, including awareness raising campaigns, advocacy, HIV/AIDS, health and mental health programs are offered to their LGBT beneficiaries for free. But in nearly every aspect of GenderDoc-M's work, Balanetkii is looking for entrepreneurial opportunities.

at the center. According to Balanetkii, *Zerkalo* is run "partially as a commercial activity." It is sold in kiosks, primarily in Chisinau and Belz, for the equivalent of approximately US\$1 which covers about 50 percent of GenderDoc-M's production costs. "The price is symbolic," says Balanetkii, "especially considering the quality - which is very good!" In 2007, they printed about 500 copies per issue and sold about 300 in news stands. The remaining 200 copies were given away or mailed out to customers for free (this is nearly double reported in the 2006 GenderDoc-M annual report which indicates 250 copies produced per issue, 150-160 sold, and 100 given away for free). "The problem has been that not all news stands want to sell it due to stereotypes. Many don't want to sell a gay magazine," he explains.

"The problem has been that not all news stands want to sell [our magazine] due to stereotypes. Many don't want to sell a gay magazine."

- *Zerkalo*
("Mirror")
Magazine:
GenderDoc-M's quarterly LGBT magazine *Zerkalo* covers international and local news, LGBT life stories, letters, psychological counseling and health issues, entertainment, LGBT movie and books reviews, and GenderDoc-M activities and events



Sales of GenderDoc-M's quarterly magazine, *Zerkalo*, covers about 50 percent of production costs.

- *Safe Sex Parties:*
GenderDoc-M has also tried to make its ongoing series of Safe Sex Parties a self-sustaining, if not profitable, activity. They rent out space in a local disco each Friday and charge a symbolic fee to cover expenses, primarily costs incurred for the performers in the drag show, contest prizes, and production of

GenderDoc-M's "safer packs" for both men and women (including condoms, tubes of lubricant, dental sheets, gloves, cards and information materials about safer sexual behavior; how to correctly use the condom and the lubricant, etc). "The parties attract mostly young LGBT people who can't afford to pay much," explains Balanetkii. "Most discos charge about US\$5-6 entry and we charge only about US\$2 because this young crowd is an important target for us. GenderDoc-M started the safe sex parties 5-6 years ago when the HIV/AIDS trend were changing due to increased drug and sexual transmission. "We first tried seminars but only about 15 people would come. But this is the only gay disco in Moldova and therefore a popular locale for the LGBT community." Switching their strategy from that of a "project mentality" (i.e. offering seminars) and shifting instead to an entrepreneurial approach where they responded to the preferences of their market resulted in a far greater response, even though they began to charge for attendance. "It became a popular event that people wanted to attend, they almost forgot it was an educational event and, even more, they were paying to attend!" says Balanetkii. The parties now reach more than 100-150 people each week except in summer when this drops to about 50 per week. In winter, and especially at New Years and the International AIDS Day and Pride events, numbers can be as high as 200. Annually, the parties attract



over 1,000 LGBT youth from Chisinau and other towns (Balti, Tiraspol Comrat, Cahul), and bring in about US\$500 in annual "profit" (each generates about US\$20 above cost). "It's not much but it's still worthwhile for its purpose. This money are spent also to cover disco expenses like drug queen performers' costumes remuneration of volunteers, DJs and MCs, who help us in organizing the parties," says Balanetkii. "The Safe Sex Parties are fun but have an important educational purpose. We distribute materials on HIV/AIDS and promotion of safe sex, condoms and lubricants. We have interactive contests for attendees with educational content. For example, quizzes on how and why to use a condom, or maybe a contest for the best safe sex slogan. Then we incorporate the winning slogans into our safe sex campaigns in the discos and people pay attention more because they see their ideas getting used."

GenderDoc-M and EU supporters protest in Chisinau during the Pride Festival in April 2007.

"Switching strategy from that of a 'project mentality' and shifting instead to an entrepreneurial approach resulted in a far greater response, even though we began to charge for attendance. It became a popular event that people wanted to attend, they almost forgot they were paying to attend!"

"Social enterprise is a good source for self support but it depends on the circumstances and the ability of the LGBT beneficiaries to pay for things."

"Developing LGBT businesses is possible but you need to find the right approach. You need to find the niche you can fit to cover unmet needs in the market."

In his own words: Boris Balanetkii on finding a social enterprise niche

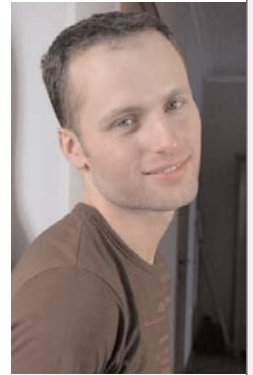
"Social enterprise is a good source for self support but it depends on the circumstances and the ability of the LGBT beneficiaries to pay for things. In Moldova, people are not really ready or able to pay since they don't have much disposable income. Here, outside of the LGBT sector there are a few NGOs, like NGO resource centers, that offer trainings for a fee. There are also some commercial LGBT friendly businesses in Moldova and we collaborate with them. But for them, the main point is to make a profit. They don't care about who is the client. If we started to charge more for our other services, I think we'd lose many students and young people, and especially those outside of the capital where income is much lower. But in the case of the disco for our safer sex parties we have to charge since we don't have money to cover the costs otherwise.

"In larger cities like Moscow, for example, one of the biggest cities in the world, people have higher salaries and are also used to buying things. Also, a lot of LGBT tourists go to Moscow from around Russia and internationally so they have more customers there too. In every coun-

try, gay people strive to live in a big city and therefore it attracts more gay people who earn more.

"Developing LGBT businesses is possible but you need to find the right approach.

You need to find the niche you can fit to cover the unmet needs. There used to be a gay bar and lesbian bar but there were problems with the police, complaints of noise, and they were closed. The other place closed for bankruptcy and another changed from LGBT to straight profile. But the straight consumers are still not open to gay people and products. Some straight businesses refuse to work with us because of the LGBT 'stigma'. For example, an office supply salesman wanted to work with us to advertise to our magazine but then they realized it was LGBT and pulled out."



Boris Balanetkii
GenderDoc-M
Executive Director

- *real estate:* GenderDoc-M currently occupies two offices in Chisinau. One with six rooms is administrative which they bought five years ago, a conference room for their library and meetings and for the Community Center. But they quickly outgrew the space with their 15 staff, so they rented another

space for the LGBT center where they offer the counseling services, etc. "We're using all of the space we own and we don't have enough money to buy more space now," explains Balanetkii, "since the prices for real estate have gone up a lot over the last few years."

Profile: KAOS GL (Ankara, Turkey)

Finding opportunity in Kaos: An entrepreneurial LGBT organization aspires to sustainability through social enterprise



"Social enterprise is also important because LGBT people in Turkey are not visible. Social enterprise is one way for us to interact more with others through the market."

* Special thanks to Semih Varol of KAOS GL for his translation help and patience completing the interviews for this profile.

The KAOS GL Cultural Center* is a converted, rented apartment in Ankara. "Before the cultural center was opened, LGBT life in Turkey was confined to private homes, clubs and Turkish baths," says Umut Guner, President of KAOS GL. "We realized that to foster the recognition of the LGBT community, we had to create a place of our own that extended beyond the ghettos that marginalized us by our sexual orientation. We simply needed a place to gather to discuss LGBT issues." The apartment is now the home to LGBT cultural activities and films, a meeting room, and also holds the first LGBT library in Turkey. KAOS GL has a staff of seven working on its various human rights, sexual health, HIV/AIDS projects, its magazine, etc. It operates on a modest annual budget of approximately US\$100,000. "Most of our funding comes from international donors. Apart from dues from our association members we don't have any national support for our work," explains Guner. "For this financial reason, social enterprise is very useful for us. But social enterprise is also important because LGBT people in Turkey are not visible. Social enter-

prise is one way for us to interact more with others through the market."

- *KAOS GL Magazine:* KAOS GL has been a registered NGO since October 2005 but has published its quarterly journal KAOS GL since it was first founded in 1994. In 2001, KAOS GL also briefly published a monthly newspaper, *PARMAK* ("Finger"). The journal was started to provide a forum for homosexuals to share their ideas, observations and problems and to increase the visibility of the LGBT community. It was also intended to present "alternatives to heterosexism" and an "independent homosexual perspective." According to Guner, "We molded the magazine with our hands. We had no money, and we borrowed. We had no computer,

and we prepared it in our offices in secret." The magazine includes articles on the LGBT liberation movement, personal experiences, stories and poems. KAOS GL relies on a network of volunteer reporters, writers and journalists (about 20) to contribute articles and other content and has two professional paid staff who work on the magazine and website (alongside other projects). KAOS GL



KAOS GL has published its quarterly magazine KAOS GL since 1994. The magazine is distributed nationally and sold (for about US\$4) in kiosks in most cities across Turkey.

prints about 3,000 copies bi-monthly. Initially, the magazine was only sold in Ankara and Istanbul but now is distributed nationally and sold in kiosks (for about US\$4) in cities across the country through an agreement KAOS GL has with a distribution firm. "We currently have about 60-65 subscriptions but also distribute copies for free to HIV/AIDS organizations and prisoners in Turkey," says Guner. More than half of the 3000 copies are returned unsold, "but the numbers are increasing each month as we get wider national distribution and our profile increases."

The first editions of *KAOS GL* were photocopied but it is now a subscription-based, full color, professionally printed journal, replete with a trendy design and rich visuals. This change is thanks in part to funding received two years ago from a Swedish donor. But stylish design is secondary for Guner who is adamant about maintaining the social mission of the magazine: "We have made no editorial concessions. The magazine maintains its strong voice against heterosexism, homophobia and all kinds of discrimination." The magazine is not yet self-financed, however. In addition to the Swedish donor support, KAOS GL finances the production of the magazine through other donations, a limited number of subscriptions, sales and association membership fees. "We have tried to sell ads in the magazine but it's difficult in Turkey," says Guner. "There are more than 25

LGBT bars and cafes in Istanbul, for example, but they don't buy ads from us - they are only focused on their own survival, unfortunately. The LGBT movement in Turkey is only about three years old and the relationships between LGBT organizations and businesses are still very few."

- *LGBT cafe*: In autumn 2000, KAOS GL opened a small LGBT cafe in one of the rooms of the center office (an apartment). Volunteers operated the cafe which offered coffee, drinks and light food as well as computer trainings and English language classes. "It wasn't a professional cafe per se," says Guner, "but at that time it was the only LGBT meeting place in Ankara and people loved it." Guner took out a bank loan to purchase the equipment needed to start the cafe. For a year and a half the cafe generated enough resources to pay the apartment rent, the center's administrative costs, and to repay the bank credit. "But it was difficult to operate the cafe and the center out of the same apartment. We didn't have

The KAOS GL office also doubled as an LGBT cafe in Ankara.

"There are more than 25 LGBT bars and cafes in Istanbul, for example, but they don't buy ads from us - they are only focused on their own survival, unfortunately ... the relationships between LGBT organizations and businesses are still very few."





Umut Guner and Semih Varol
of KAOS GL.

"We learned a lot from our previous experience. If we had the resources to do it again, and this time do it more professionally ... Then I have no doubt it would work."

enough space to organize the cultural activities and to manage the cafe." KAOS GL also ran into difficulties with the local municipality who closed down the cafe since the apartment building was not licensed to operate a public cafe. Six years later, there is still no LGBT cafe in the entire city of Ankara.

Guner believes this is a great opportunity for KAOS GL. "But we have no money!" he says. "We learned a lot from our previous experience. If we had the resources to do it again and this time do it more professionally, in a different location, then I have no doubt it would work. In Ankara there is no competition for such a cafe and the LGBT community here needs and wants it. We could organize lots of other community activities around the cafe. It would also be very attractive to the growing number of international gay tourists who come to Turkey. If we open an LGBT cafe, it will work." Unlike the first ad hoc cafe, Guner doesn't believe a bank loan would be the right type of financing: "a professional cafe needs more financial resources to start up and a loan is too big of a risk for KAOS GL at this time."

- rainbow summer camp: In 2005, KAOS GL hosted an International Rainbow Summer Camp in an effort to make money but also to offer a fun LGBT community experience. The weeklong LGBT camp attracted 25 people - a mix of gay men, lesbians and transgenders from Turkey and three from outside Turkey (Argentina, Germany and Italy). The cost was US\$150, including breakfasts and dinners and accommodations in a cabin in a wooded, mountainous area.

Although the camp was successfully organized in its first year, the camp was not a great income generator and the KAOS GL team decided to discontinue the program when registration was even lower in the second year. "One problem is that I think we announced and promoted it too late," says Guner. "But it was also difficult to find a happy medium for the participants. Some people found the price too high while others wanted to stay in a nicer hotel. They had very different views of what the experience should be." The following year, KAOS GL offered a shorter, two-day excursion for 10 people to a gay-friendly four-star hotel in Antalya-Kemer. They have also organized fun LGBT picnics each year to different locations. "We need to create more fun and gay-friendly social opportunities for the LGBT community in Turkey."



KAOS GL rainbow summer camp advertisement.

Profile: **LGBT Center "Together"** (Moscow, Russia)

A man with a mission: Russian gay entrepreneur and business mogul Ed Mishin's quest for sustainability



Mission: LGBT Center 'Together' is a public, nonprofit organization whose aim is to fight for equal rights for Russian gays, lesbians & transsexuals, to secure the right to privacy, to help create long-term relationships, and to promote involvement in gay community life.

<http://english.gay.ru>

"The gay.ru portal is self-sustainable. Income from the internet e-business (such as web design, hosting and banner exchange networks) and mail order sales together cover costs of operating the site."

Ed Mishin has been called Russia's "gay entrepreneur" and "gay business mogul." As founder and director of Russia's National LGBT Center "Together," the editor-in-chief of the Russian Queer Magazine *Kvir*, operator of the website *Gay.ru*, and owner of *Indigo*, a chain of LGBT shops, the titles seem only appropriate for this prolific and controversial gay 33-year old.

Founded by Mishin and a group of LGBT activists in 2000, Together has a permanent office in Moscow, 15 employees and more than 30 volunteers both in Russia and abroad. Together offers a number of informational, cultural, educational, social and legal assistance services to the LGBT community in Moscow and, to a lesser extent, across the country. They still lack a permanent open community space for lack of funds. But, according to Mishin, "all of Together's activities are commercial and self-sustainable" except for its support groups and hotline:

- *LGBT psychosocial support groups* are offered weekly for free (in a secret location) and supported through donated space by volunteer coordinators.

- *LGBT hotline* is available for free for individuals to call for information on safe sex or to talk about the difficulties of coming out. Expenses are minimal as the hotline is staffed by volunteers except for one paid supervisor and telephone bills. Mishin explains that "We wanted [the hotline] to be self-sustaining from the start but this program is more difficult to be completely self-sustaining. We asked for and received WHO funding to start it up but that funding is over now."

- *gay.ru and lesbi.ru* – LGBT portals and Together's most wide-reaching program was started in 1996 building upon a small online discussion group (FIDO) where Russian-speaking gays could discuss their

problems. It is now a place where LGBT visitors can find articles and information on psychological aspects of coming out, coping with homophobia, safe-sex techniques; and find and communicate with LGBT peers. It has grown to more than three million visitors yearly (approximately 30,000 hits per day) and features more than 15,000 articles and documents in Russian and



Together's monthly gay magazine, *Kvir*, is a 64-page full-color professionally-designed magazine with a circulation of about 35,000.

500 in English and is updated daily. According to Mishin, the gay.ru portal is self-sustainable. Income from the internet e-business (such as web design, hosting and banner exchange networks) and mail order sales together cover costs of operating the site.

- *Kvir and Pinx*: Together also publishes two monthly Russian-language magazines – *Kvir* (www.kvir.ru) for gay men and *Pinx* (www.pinx.ru) for lesbians. *Kvir* is a 64-page full-color professionally-designed magazine with a circulation of about 35,000 (about 60 percent in Moscow, 40 percent in St. Petersburg or elsewhere, including some shipments outside Russia purchased online by credit card). “We sell it primarily in kiosks since people in Russia don’t like subscriptions,” explains Mishin, “They’re afraid they’ll be stolen, or the mailman will see they are getting gay mail even if it is in an envelope.” *Kvir* costs about €3 (a bit more than *GQ* or *Mens Health* do in Russia) and typically has 3-4 pages of advertising per issue. “*Kvir* became cheaper even though we added more pages because of the economics with the printer. We even beat out a purely commercial magazine publisher that had started a gay magazine,” says Mishin.

- *Indigo shops*: Mishin operates two LGBT shops, focusing on the sale of “gay-friendly” books, movies, underwear, buttons, flags, etc. The first shop opened in 2005 in Moscow in the Together office, directly across from the Moscow

City Duma, followed by a second in St. Petersburg in 2006. They are eager to expand to other cities, focusing on those of over one million inhabitants in Russia and other Russian speaking cities like Kiev, Ukraine. “Indigo reflects the organization’s philosophy of community,” explains Mishin. “We don’t sell erotic DVDs (this is not allowed by law in Russia).” The DVD and CD selections are loosely gay-themed, and they carry a small and eclectic collection of English-language literature, guides on HIV/AIDS, etc. They do not sell sex toys, explains Mishin, “since we learned that people are apprehensive to come to a shop that has sex products openly displayed. So we sell toys in our online shop and people can request to see them in the stores.” According to Vladimir Shapovalov, a salesman at the store, the interesting people and sense of community at Indigo are most important. “I am here for my soul and not for money,” he says.¹

Early on in the launch of Together

The **gay.ru** online shop sells books, cologne, clothing, magazines, gay pride items, sun glasses, and other gift items.

<http://ushop.gay.ru>

"I think that if a person can't earn money on a commercial basis from an activity then they will not spend donor money effectively. Many projects die after donor support ends. It's very common."

¹ See the Moscowtimes.com article: "Gay Rights, One Step at a Time" (December 12, 2006) at www.asylum-law.org/docs/sexualminorities/Russia121206.pdf

In his own words: Ed Mishin on the limitations of donor financing

"We realized that by using the commercial approach it was an even better way to promote our ideas, through sales not projects. We started publishing books, later started the lesbian magazine (*Pinx*). It was a much better way than getting things done through grants. Ironically, later we started to get grants but they were like 'children we don't like'! We didn't like this kind of money since with projects you can't do the work as effectively as you can commercially. You can't work as you want and as is best since you are restricted by the guidelines of donors.

"Getting grants is the same amount of work as doing things commercially except that you still have to persuade people (i.e., the donors) that you've accomplished your objectives. In a commercial transaction, you do the work and someone pays you for it or for a product -- two people are involved in the transaction. In a grant, it's a different formula and

"We realized that by using the commercial approach it was an even better way to promote our ideas, through sales not projects."



Ed Mishin, gay.ru founder.

only one person controls it by giving money to the other. You have to have a personal relationship, you have to continually call the donor and promote the relationship, make people remember you, etc. It's a lot of work."

"I think LGBT organizations can be more effective and manage their money better if they have commercial activities."

and its various programs, Mishin recognized the value of an entrepreneurial approach. "When we started in 1997, it was just for fun, not for business," Mishin explains. "After a few years we started to get more advertising on the gay.ru site. After five years we thought it would be a good idea to start a gay magazine (since there hadn't been one in Russia for about 10 years). We first looked for outside partners to help with the magazine but none would agree to help finance it. So, we started to look instead for a commercial partner and realized it

wasn't as expensive as we had thought to get it going. After two more years we opened the Indigo shops in Moscow and then St. Petersburg. Our hotline and support groups continued as non-profit projects."

"All of our projects are now self-sustainable or profitable and cover their own costs. They are all separate enterprises but they benefit and help each other. For example, the shop pays the magazine for advertisements. All together they make things stronger than apart." Mishin explains that for each enterprise they established separate and sometimes different types of legal entities depending upon the goals and tax benefits of each (even the Indigo shops in Moscow and St. Petersburg are registered separately as the tax systems outside of Moscow are different).

"I think that if a person can't earn money on a commercial basis from an activity then they will not spend donor money effectively. Many projects die after donor support ends. It's very common. For example, there was a lesbian/feminist magazine in Russia that started with grant money. The founder did the magazine in black and white and printed three issues. But she didn't pay attention to her audience since she already had the donor money, there was no incentive. She didn't pay attention to the design, color, adding more pages or content, etc. She also had to do exactly what she had told her donor she'd do in her proposal and therefore couldn't be flexible

to change things even if she wanted as she was going along.”

“I think LGBT organizations can be more effective and manage their money better if they have commercial activities. In Russia people don’t want to be involved in non-commercial entities. We learned here in the post-communist era that the non-commercial entities spend money and do nothing. Also, it is much more difficult to get donor money here for gay organizations and projects than in, say, the USA.”

“Overall it’s just much easier as a commercial entity,” says Mishin. “For example, we have an HIV partner organization here in Russia (a nonprofit organization) and it’s much more difficult for them to exist. They ask us for a loan each time they run out of grant money. I don’t understand this approach. I can’t work this way. It is easier for me to work, earn money, and then donate it to the organization I want to than to spend my time trying to get grants. We’ve stopped looking for grant money actively since it takes so much time. We have ideas for other projects and mention them to donors we are in contact with. But I don’t spend time trying to convince them if they aren’t immediately interested.”

Mishin recognizes that his entrepreneurial successes may not be replicable for all types of LGBT organizations. “We started as both nonprofit and commercial at same time. I think it is possible for



www.asylumlaw.org/docs/sexualminorities/Russia121206.pdf

Together’s Indigo shop in Moscow carries books, DVDs and other “gay friendly” items.

LGBT organizations to do both but harder for some, like HIV/AIDS organizations, for example. What will they sell? But other gay organizations absolutely can. Even an LGBT library can rent books or DVDs. Support organizations can offer some programs for free and others on a commercial basis. It’s good to mix them.”

“I’m quite happy with our level of income. We have enough to sustain the work and to live, and even a little extra. But I don’t earn money to earn money, I earn money for fun.”

“We’ve stopped looking for grant money actively since it takes so much time. We have ideas for other projects and mention them to donors we are in contact with but I don’t spend time trying to convince them if they aren’t immediately interested.”

Anti-Commercial GayRussia: A different perspective

Not all LGBT organizations in Russia share Mishin’s zeal for the commercial LGBT approach. In 2005, Project GayRussia, an LGBT advocacy group launched a new LGBT internet portal, claiming a “lack of serious queer information in Russia.” The rules of conduct of GayRussia* specifically state that its projects are funded by private Russian donations, not enterprise activities: “We do not have any commercial activities. Our publications do not include neither porn

material nor any material that could be considered illegal according to the law of the Russian Federation.” They go on to say that “Our purpose was to offer something different than what was done before. From the very beginning, we decided to ban commercial activities and to focus on gay rights and advocacy.”

www.gayrussia.ru

* See www.gayrussia.ru/en/project/origins/

Profile: **LGBT Excellence Centre Wales** (Swansea, Wales, United Kingdom)

Multiplier effect: The LGBT Excellence Centre Wales' support to LGBT entrepreneurs empowers a community at large



Mission: The LGBT Excellence Centre Wales is a social enterprise and a charity that aims to promote equality, diversity and human rights for the public benefit. In particular, it aims to: eliminate discrimination on the grounds of sexual orientation or gender identity; advance education and raising awareness in equality, diversity, and human rights; promote activities to foster understanding between people from diverse backgrounds; conduct or commission research on equality, diversity and human rights issues and publish results to the public; and cultivate a sentiment in favor of equality, diversity and human rights.

www.lgbtexcellencecentre.org.uk

"With enterprises I believe in the theory of 'spinning plates' - you have to get as many things going as you can and some will succeed, others will fall and smash."

"Generally voluntary organizations have difficulty to raise sufficient funds for their work. LGBT organizations suffer even more," says Federico Podeschi, Managing Director of the LGBT Excellence Centre Wales. Podeschi has developed a unique business/charity hybrid approach to financially sustaining the work of his organization benefiting the LGBT community. "There aren't a lot of social enterprises here in Wales. It's still rather taboo. Some donors are becoming more open to supporting it but you still have to present a very convincing rationale to them to demonstrate the need in the LGBT community."

Federico Podeschi was born and spent the first 19 years of his life in his native San Marino, a small landlocked 'microstate' completely surrounded by Italy. "I was discriminated against a lot growing up and learned early on how to be independent." He moved to Wales to study and also worked at Stonewall as a Discrimination Law Officer where he set up a Helpline to advise LGBT people of their rights in employment discrimination cases, and training on Sexual Orientation Discrimination for advice providers. "The project was funded by the government for a year and then the funding came to an end. We were unsuccessful in getting additional funding to continue." Podeschi proposed to

Stonewall to create a trading arm to offer these services in a self-sustaining way while also covering the costs of his position. "But they didn't have the capacity or the resources to do this and so I had to leave." Determined to show his self-financing model could work, Podeschi approached the volunteer-run LGBT Cymru Helpline in Swansea, Wales with the idea. "They had no money at the time and we applied for project funding. The idea has morphed many times. With enterprises I believe in the theory of 'spinning plates' - you have to get as many things going as you can and some will succeed, others will fall and smash."

Podeschi reconstituted and rebranded the LGBT Cymru Helpline charity into the LGBT Excellence Centre Wales Ltd. The Center is established as a limited company as well as a charity and the Helpline has become a subsidiary of the Centre. The Helpline

The **LGBT Cymru Helpline** is a free and professional caring service for Lesbian, Gay, Bisexual & Transgender people in Wales aiming to counteract feelings of individual social isolation and strengthen connections between LGBT communities in all our areas. We also provide information on LGBT services, and support LGBT families and friends as well as free-of-charge counselling.

www.lgbtcymruhelpline.org.uk

will carry on in providing free services in the areas of information, advice and counseling to LGBT people, but it will also provide further support and information on “gay friendly” goods facilities and services such as traders, lawyers, holiday cottages. On the other end, the Excellence Centre will focus on maximizing opportunities for sustaining the charitable outputs. This will be achieved by effectively becoming a marketing and networking hub for a variety of services and products such as the provision of expertise services, training, advice, and support on sexual orientation and gender identity issues to small and large businesses, voluntary and governmental institutions. “All our profits are to be re-invested in the services that we provide. Our goal is that the Centre will support itself through trading, primarily its training expertise and consulting services. We want the Centre to be self-sustaining and also to generate support for other voluntary organizations in Wales.”

The Excellence Centre Wales works with governments, the Commission for Equality and Human Rights, and other organizations to provide advice, information and support facilities for people dealing with the pressures of being LGBT. It also works to promote and deliver good practice and awareness of rights about equality, diversity and human rights and works to eradicate discrimination, harassment and hate crime. The Centre has two primary

activities:

- *services to LGBT individuals*: support and advice for LGBT individuals in Wales around sexual orientation, gender identity, equality, diversity, and human rights,. This builds on the activities of the Helpline (mostly emotional support for LGBT youth coming out to their friends and families). They added an employment and legal advice service for LGBT people in employment discrimination cases. “We’ve build partnerships with other people and organizations in Wales with expertise in these areas, not only LGBT people, and this also has helped open their minds to LGBT equality issues.” Whilst the LGBT Cymru Helpline contin-

"All our profits are to be re-invested in the services that we provide. Our goal is that the Centre will support itself through trading, primarily its training expertise and consulting services. We want the Centre to be self-sustaining and also to generate support for other voluntary organizations in Wales."

LGBT Excellence Centre Wales Goals

The LGBT Excellence Centre Wales was developed in order to achieve better financial viability and sustainability for LGBT community and public services to be developed and maintained without the need to rely on public funding.

Some of the services offered aim to:

- address the high volume of requests for training on LGBT awareness and LGBT legislation received from the former LGBT Cymru Helpline and other partners.
- provide stable and continuous funds for the Centre, community groups and other partners, not to rely on public and restricted funding.
- bring together expertise, knowledge, projects and programs into coordinated, efficient, and effective operations that will address the above points.
- ensure financial sustainability for the LGBT community and the voluntary sector by identifying opportunities for earned income.
- increase first time employment opportunities for those on the margins of the labor market (long term un-employed and those with physical, learning, or mental health disabilities).
- serve as a model for public service delivery, both as a way to engage in the externalization of local authority services and to develop local suppliers.
- assist entrepreneurs to bring social and environmentally produced goods and services to niche markets and solutions where there is market failure.
- achieve corporate social responsibility goals for the private sector.
- create new models of employee ownership and participation in the private sector

www.lgbtexcellencecentre.org.uk



Federico Podeschi, Managing Director,
LGBT Excellence Centre Wales

"We have a clear charging policy now but we still will negotiate with clients who have limited capacity to pay or may decide to offer the service for free as needed..."

ues to provide free services to the LGBT community (or negotiate subsidized or discounted rates wherever possible), Podeschi introduced a charging policy for all other training and expertise services.

- *business services*: professional consultants and freelance trainers who affiliate themselves with the Excellence Centre to deliver services for the public, private, and voluntary sectors. Products and services include a range of training courses on equality, diversity, and human rights; leadership and management development programs; consultancy services for organizations that wish to address their diversity policies and procedures; support for individuals or groups that want to develop social enterprises and ventures to benefit different communities. Podeschi has developed a network of over 100 people, including barristers, counselors, advisers and trainers. The Excellence Centre serves as a "hub" to connect them to clients/customers. The affiliated consultants offer their services to clients, get paid, and pay a commission to the Excellence Centre for the referral. Or if the affiliate consultants use training materials or curricula developed by the Excellence Centre itself or vice versa there is a reciprocal commission agreement. "We have a clear charging policy"^a now but we still will negotiate with clients who have limited capacity to pay or may decide to offer the service for free as needed or on a Time Banking^b

basis," says Podeschi.

LGBT Excellence Centre already has a track record of achievements and successes and has created many connections and networking opportunities with Welsh Assembly Government, the Equality and Human Rights Commission, the voluntary sectors, trade unions, local health boards, police forces, fire services, and the private sector. One recent development is the attempt to secure funding to do training in schools on homophobia and to set-up a partnership for all LGBT organizations in Wales through bids. The Centre would build partnerships with other LGBT organizations to do the training as well as to maximize opportunities for increased sustainability. "It's a win-win scenario and one that we need here in Wales where LGBT organizations are constantly in competition for the same pot of money."

- *Pink Pound Wales*: Another successful project is the Centre's "Pink Pound Wales" program. In October 2007, the LGBT Cymru Helpline received a grant of £10,000 from the Better Swansea Compact Development Fund to launch Pink Pound Wales - a new initiative that assists LGBT people in Swansea and throughout Wales create their own jobs. "Pink Pound Wales is an innovative program that introduces a new way of thinking about employment and sustainability. It brings employment opportunities to those people in Wales that because of their sexual

^a www.lgbtexcellencecentre.org.uk/modules/businessservices/index.php?pagenum=2

^b See: www.timebanks.co.uk or www.timebanks.org

orientation or gender identity might have missed out on having the same opportunities as others," says Podeschi.^c The program is designed to empower local individuals to develop innovative ideas that create local employment and further the individual entrepreneur's employability and business skills while also helping the LGBT Excellence Centre and its LGBT Cymru Helpline to fund its current activities and guarantee future free services for LGBT communities in Wales. The Centre acts as an incubator to test different entrepreneurial models for fundraising, through hands-on experience and mentoring. By visiting the Centre's website, people with a viable idea can submit their proposals for initial consideration. "If someone in the community has an idea for a project or enterprise that can develop revenue - for the Centre and for themselves - then we provide them with mentoring and business development support. Once it's up and running, sustainable and making money, it creates employment, economic benefit and empowers the community."

Podeschi says the Centre has six different Pink Pound enterprises under development currently. "We have many more ideas but not enough capacity at the moment and some are not viable or feasible." The program seeks out ideas, in particular internet and new-technology-based models, that have not been tested before. One such project under development is an innovative online lottery enter-

prise that Podeschi sees has great potential financially but also in raising awareness of human rights issues.

The Centre's overall budget in its first year was £40,000 of which approximately £15,000 was generated through its trading (primarily training) activities. The remaining £25,000 was raised from donors for specific projects. Podeschi's goal is to raise the Centre's budget to £1,000,000 in three years time (he has already secured £40,000 in project funding for the Centre's second year from the Equality and Human Rights Commission). He is currently the only full time employee of the Centre, which depends heavily on its 40+ volunteers, four Board members and network of professionals to implement its programs and services. "The Centre is the only social enterprise in Wales to provide advice and support services to LGBT people. Through our more entrepreneurial and business-minded approach it will allow us to eventually become self-sufficient and independent from very limited public funding."



Federico Podeschi, right, accepting a donation for the LGBT Excellence Centre

"Pink Pound Wales is an innovative program that introduces a new way of thinking about employment and sustainability. It brings employment opportunities to those people in Wales that because of their sexual orientation or gender identity might have missed out on having the same opportunities as others."

^c <http://sewlgforum.blogspot.com/>

Profile: Under One Roof (San Francisco, California, USA)

From ad hoc event to professional retail business: One shop is generating millions to benefit 35 HIV/AIDS organizations



Mission: The mission of Under One Roof is to generate unrestricted funds for agencies that provide HIV/AIDS education and support services.

www.underoneroof.org

"The inflection point was when we decided to move into our own store ... This is when we went from being an event to being a business."

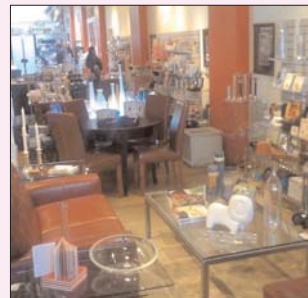
In 1990, a group of friends joined together in San Francisco intent on stopping the AIDS epidemic ravaging the gay community. The group's idea was a small retail shop, the proceeds from which would support local nonprofit AIDS organizations. They first opened a temporary holiday season storefront on Market Street. "It was truly a grassroots effort of a group of gay men," explains Under One Roof General Manager, Mark Burns, "One member of the group knew a lot about the Christmas decoration business and opened a temporary kiosk in San Francisco to sell ornaments and give the money to local AIDS organizations. They made about US\$100,000 in the first six weeks of the holiday season. Their immediate goal was to get money to people who urgently needed it to pay the rent, get the medicines they needed, etc. Under One Roof was born."

Two years later, Under One Roof opened a year-round store, dedicated to "providing unrestricted funding to AIDS organizations that had limited internal fund-raising capabilities." The store gave 100 percent of its profits to participating nonprofits who came together to sell merchandise.

Volunteers ran and staffed the store, corporate partners provided funding, vendors donated goods to be sold, and customers shopped for an important cause. Today, Under One Roof operates a retail gift store in San Francisco's Castro district, generating hundreds of thousands of dollars annually - over US\$4 million since 1990 - to support 30 AIDS nonprofits in the Bay Area.

The start up of Under One Roof was financed by a group of participating AIDS organizations themselves. "Each invested money into procuring inventory," Burns explains. "Then, depending on the level of money they put in, they'd get that percentage of the net earnings. Basically, we worked on consignment by taking the AIDS organizations' money, buying merchandise on their behalf and selling for them." Under One Roof distributes 100% of the net proceeds (after covering operating

costs) back to the participating agencies. The idea is that this allows the nonprofits to raise funds without having to spend their own operating funds, staff or marketing. "Our favorable payment terms, freight terms and pricing from wholesalers as



The new Under One Roof shop is situated in the heart of San Francisco's Castro district

well as generous merchandise donations, allow us to give higher profit margins back to our participating agencies. On average, each participating non-profit receives a 40-50% annual return on their investment in wholesale merchandise."

The retail business hasn't been easy.

"There was a definite turning point," says Under One Roof Board Chair, Derek Barnes. "The inflection point was when we decided to move into our own store. It was first on Market Street where we shared space with another AIDS organization and then in 2000 we moved to a permanent location on Castro Street. This is when we went from being an event to being a business. It is still a work in progress but we've changed and expanded a great deal. We have a great brand now in the San Francisco market. But our mission remains to generate unrestricted money for AIDS organizations. It doesn't say we're a 'retail store,' so therefore we're open to looking at other opportunities to achieve our mission and generate money, but currently that model is primarily retail operations."

Both Barnes and Burns agree that



The Under One Roof shop sells new, unique, and high quality donated merchandise, including gift items, housewares, furniture and decorative accessories.

Under One Roof has great potential for growth and replication. Burns was brought on specifically for this task. "We

have been growing organically and are very interested in further expansion but need to continue building a comprehensive business plan first," says Barnes. "We're interested in raising capital from the financial markets and the private sector to fund our expansion.

But before we can go out and seek investment money, we need to fine tune our 'pitch'. We are primarily a volunteer-run business that happens to be a non-profit and this presents some definite pros and cons."

"Another inflection point within the last three years was when the Board made the commitment to professionalize, scale and take the organization to the next stage. Last year our focus was on stabilizing and improving operations to prepare for future growth. Now we've brought Mark on board who has a strong business background with both big and small enterprise. Our new Board members also bring a wealth of diverse business acumen."

"Our mission remains to generate unrestricted money for AIDS organizations. It doesn't say we're a 'retail store,' so therefore we're open to looking at other opportunities to achieve our mission and generate money, but currently that model is primarily retail operations."

In his own words: Entrepreneur and philanthropist Derek Barnes on the value proposition of LGBT social enterprise for investment-minded philanthropists

"Generally speaking, I think more and more nonprofit organizations are interested in models that generate income. It's taken off among LGBT organizations too and more are doing it, especially facing the reality of 'donor fatigue' and decreased government and corporate funding.

"It's much more challenging for smaller LGBT organizations to leverage a business idea. The barriers to entry are greater. It's daunting, the idea that not only do they have to raise money but they also have to get money to run a business. First, many are rooted in a 'nonprofit' culture and mindset and are being 'forced' to adopt a business approach because of dwindling funding. Second, they need the flexibility to be able to pull resources from one side of the organization to another in order to run the social enterprise well. Also, few have the business acumen required to manage, market, and operate a social enterprise and focus on productivity, address the inefficiencies, etc. You see a very talented Executive Director of an LGBT organization suddenly required to adopt a social enterprise approach and faced with the reality that 'I'm not a business person!' Finally, where can small LGBT organizations go to get start up capital for social enterprise? It's a lot easier for an organization that has access to a pool of external funding or are them-

selves sitting on an internal reserve fund they can use as working capital.

"Having said this, although the larger LGBT organizations don't have the same barriers to entry that smaller organizations do, some of the larger organizations may find it more difficult to adopt a new entrepreneurial approach.

"If done well, social enterprise can create an additional revenue stream for LGBT organizations. If done well, it can help them become more sustainable -- but only if they plan, market properly, have selling ability, respond to market shifts. It also is a way of addressing larger macro issues in the cities/states that face cuts in funding for LGBT programs and fill in the gaps in public and philanthropic funding.



Derek Barnes,
Ignition Point
Ventures and Chair
of the Board,
Under One Roof

"These days, more donors have very clear guidelines for giving to LGBT initiatives and focus their giving on certain causes, projects or organizations. As an individual donor I see that whether LGBT organizations like it or not, their livelihoods are increasingly in the hands of their donors and therefore they have to treat their donors like customers. And they need to reach out to new and more customers.

As in any business, if 80% of your income is coming from only a very few customers you're in trouble and you need to broaden your customer base to include new customers -- especially

"I see social enterprise as very compelling for donors and individual philanthropists, particularly those of us in the business sector. Donors are increasingly asking 'what is the ROI on my donation? Is my money going to create a sustainable program -- generating return again and again?' ... that is a great value proposition."

as donor 'fatigue' sets in and donations are diminishing."

"But I see social enterprise as very compelling for donors and individual philanthropists, particularly those of us in the business sector. Donors are increasingly asking 'what is the ROI' on my donation? Is my money going to create a sustainable program, generating return again and again?' If I can give US\$100 to a funding pool that will 'teach a man to fish,' in effect, that is a great value proposition. Not all donors fit into the same category, but I see a lot of opportunities for support and funding for this. You could easily take this to corporate America or socially-minded private equity and venture capital firms and show this as a way to apply sustainable business practices to their social goals and get them to throw in the start-up capital for creating these kinds of LGBT social enterprises."

* ROI = "return on investment"

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For additional resources on social enterprise, visit www.nesst.org/publications

About NESsT

NESsT works to solve critical social problems in emerging market countries by developing and supporting social enterprises that strengthen civil society organizations' financial sustainability and maximize their social impact. The NESsT Venture Fund currently operates in ten countries in Central & Eastern Europe and Latin America, providing capital and capacity-building support to social enterprises in Argentina, Brazil, Chile, Croatia, Czech Republic, Ecuador, Hungary, Peru, Romania and Slovakia. The NESsT University promotes innovation, leadership and professionalism in the social enterprise field through a combination of research, conferences, workshops, and publishing. NESsT Consulting offers professional training and consulting services in social enterprise development to clients worldwide, including corporations, international organizations, foundations and trusts.



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About COC Netherlands

Founded in 1946, COC Netherlands is the oldest Lesbian, Gay, Bisexual and Transgender organisation in the world. Since its foundation, COC Netherlands has been instrumental in bringing about considerable social and legal changes for gays and lesbians in the Netherlands and abroad. As one of the largest lesbian and gay organisations in the world, COC Netherlands is devoted to a society which does full justice to each individual irrespective of sexual preference. Operating on the basis of the Universal Declaration of Human Rights, COC Netherlands has successfully devoted itself to a greater measure of visibility, tolerance and recognition of lesbians and gays, and to information, acceptance, equal rights, pension rights, parenting options and AIDS prevention.



www.coc.nl

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About Hivos

Hivos is a Dutch non-governmental organisation inspired by humanist values. Together with local organisations in developing countries, Hivos seeks to contribute to a free, fair and sustainable world in which citizens - women and men - have equal access to the resources and opportunities for their development. And where they can actively and equally participate in decision-making processes that determine their lives, their society and their future.



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end of the rainbow: increasing the sustainability of LGBT organizations through social enterprise

Maneuvering the road to sustainability is a frustrating journey for most LGBT organizations, particularly those outside of the world's LGBT "capitals." The mythical pot of gold we seek sits at the end of a rainbow just beyond our grasp, it seems. Philanthropy alone has proven insufficient to sustain, let alone to expand, the important work of the many deserving and needy LGBT organizations.

End of the Rainbow is intended more as a challenge to LGBT organizations than as a manual. We don't presume social enterprise to be the *panacea* for all the financial woes of LGBT organizations. On the contrary, we aim to present a balanced view, by includ-

ing diverse cases and opinions and by examining the many challenges of social enterprise. But we do intend to present social enterprise as an *opportunity*. Entrepreneurship is very much alive (if not blossoming) among LGBT organizations worldwide. It's a story that has gone largely untold (or simply overlooked) despite the inspiring efforts of many LGBT organizations. These pioneers have demonstrated that it is possible to increase their social impact and their financial sustainability through entrepreneurship.

We hope their stories and others found in *End of the Rainbow* will inspire others to think and act outside of the box.



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