Start-Up Social Ventures: Blending Fine-Grained Behaviors From Two Institutions for Entrepreneurial Success

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Social entrepreneurs develop market-driven ventures to produce social change; some succeed while others fail. This research advances our understanding of start-up behaviors of ventures that span nonprofit and for-profit institutional boundaries. A rigorous qualitative study of 23 social ventures reveals that entrepreneurs employ a blend of nonprofit and business venture behaviors, suggesting the importance of contextual factors. Only selective behaviors from each institution differentiate the successful from the struggling ventures. But while the higher level organizing tasks and activities of successful and struggling ventures may appear similar, fine-grained analyses of their behaviors show stark differences, emphasizing the need for such analyses.

Introduction

The term *social venture* describes a wide range of initiatives intended to produce social change. Some are launched by traditional donative nonprofits, others by established for-profits seeking to fulfill corporate social responsibilities, and still more by individuals independent of any existing organizations (Dees, Emerson, & Economy, 2002). Some ventures, often started by small groups of cofounders, are entrepreneurial, while others are not. Since entrepreneurs are an indispensable source of societal innovation, progress, and change (Gundry, Kickul, Griffiths, & Bacq, 2011), the study is limited to entrepreneurial social ventures only.

Increasingly, such ventures—regardless of whether they are structured as for-profit or nonprofit entities—are compelled to engage with the market economy. Social ventures share characteristics with earned-income ventures begun by conventional nonprofits since

both are driven by the dual goals of social mission and trade-driven revenues. Although no studies have quantified social venture mortality, most earned-income ventures expire within the first 5 years (Foster & Bradach, 2005), and Kleiman and Rosenbaum (2007) suggest that social venture failures resemble those of small businesses; 40% fail in the first 5 years (Headd & Kirchhoff, 2009). Consequently, social entrepreneurs must purposefully navigate the start-up phases if their ventures are to survive, and position themselves for sustained social change.

Despite mounting calls to improve the theoretical foundation of social entrepreneurship (Alvord, Brown, & Letts, 2004; ARNOVA, 2006; Boschee, 1995; J.G. Dees & Elias, 1998; Haugh, 2005; Nicholls, 2006), the formation and early development of social ventures has been the subject of very few empirical studies (Gras, Mosakowski, & Lumpkin, 2011). This study attempts to answer two questions. First, what actions do social entrepreneurs engage in for the conception, launch, and early development of social ventures? Second, how might the actions of entrepreneurs who succeed—versus those who struggle or fail—differ?

Organizing activities to create a firm differ between conventional nonprofits and business ventures (Aldrich, 1999; Gartner, 1993; Gatewood, Shaver, & Gartner, 1995). Since social ventures are "a hybrid" spanning the boundaries of nonprofit and for-profit organizations, a narrow theoretical approach risks missing important insights about them. This study was part of a larger research project that related specific behaviors in social ventures to the broader elements affecting nonprofit organizational survival, utilizing theories of institutional forces (Bresser & Millonig, 2003; DiMaggio & Powell, 1983), social capital (Bourdieu, 1986; Firkin, 2001; Ndofor & Priem, 2005), and resource dependency (Aldrich & Waldinger, 1990; Larson & Starr, 1993; Pfeffer & Salancik, 2003). However, this study limits its focus to behaviors in order to more fully examine the nature and specificity of behaviors that make a difference in venture success. We first need to understand these characteristics of behaviors in order to guide future research.

This research sought to gain insight by applying the concept of requisite variety (Ashby, 1956), which implies that certain behaviors are needed to meet each of social ventures' dual goals. The investigation profited from insights from several streams of relevant research:

1. Nonprofit and voluntary action studies that discuss organizing behaviors and the effect on early-stage survival of conventional nonprofits (Bobo, Kendall, & Max, 1996; Galaskiewicz, Bielefeld, & Dowell, 2006; Harter, Edwards, McClanahan, Hopson, & Carson-Stern, 2004; Stinchcombe, 1965);
2. Research on entrepreneurial behaviors and venture start-up activities (Aldrich, 1999; Bhave, 1994; Gartner, 1985; Mitchell et al., 2007; Read & Sarasvathy, 2005; Vesper, 1990); and
3. Research pertaining to the survival of entrepreneurial and small business ventures (Amburgey & Rao, 1996; Baum & Singh, 1994; Delmar & Shane, 2004; Hannan & Freeman, 1977; Tornikoski & Newbert, 2007).

The study revealed that entrepreneurs of successful social ventures blend the organizing behaviors of both nonprofits and business ventures. Some behaviors central to the creation and survival of conventional nonprofits did not differentiate successful ventures from those that struggled; the same was also true for behaviors pertaining to business ventures. In addition, although the organizing tasks and activities of both successful and struggling ventures were the same, fine-grained analyses showed significant differences in how the activities were undertaken. For example, entrepreneurs of successful ventures

employed behaviors to diversify and grow their knowledge and networks, whereas the founders of struggling ventures did not. The research advances our understanding of the influence of broad contextual factors in shaping entrepreneurial behaviors. In particular, the research provides insights as to which of the typical behaviors from the social sector may be combined with entrepreneurship for success.

Motivations for Nonprofits and Business Ventures

While organizing for an initiative, individuals are predisposed to act so as to attain their goals; therefore, it is important to understand an individual's intentions and motivations as antecedents to her/his actions. There are systematic differences in the intentions and goals of individuals pursuing nonprofit and entrepreneurial initiatives (Gartner, 1993; Weisbrod, 1997), which implies differences in the organizing actions of each. Nonprofit initiatives involve private action for public good, whereas entrepreneurial initiatives involve private action for private good: The goal of the former is to produce real concrete improvements in the lives of members (i.e., beneficiaries), while the latter's is to accrue economic benefits to the individuals starting the initiative.

The primary reason for an individual to organize a nonprofit initiative is to address the issue with which s/he is dissatisfied, and would like to have changed (Bobo et al., 1996; Kahn, 1982). The motivations to do so include these factors: belief in the cause, joy of giving, liking to be asked, altruism, sympathy, pride, obligation, reciprocity, nostalgia, and commemoration (Mount, 1996; Portes, 1998). Personal, social, and environmental contextual factors that shape these motives (Berger, 2006; Van Slyke & Brooks, 2005) include age, race, income, education, political ideology, religious affiliations, wealth, and taxes. Entrepreneurial initiatives also originate from a combination of personal, social, political, and economic contexts (Bird, 1988; Hayton, George, & Zahra, 2002; Karlsson & Dahlberg, 2003). Personal history, such as poverty, deprivation, and insecurity, as well as other life changes such as the loss of a job or midlife crises, may motivate the individual to pursue entrepreneurial initiatives, as may the attraction created by a partner, investor, role model, or customer (Brockhaus, 1982). Personal and social values developed through friends, family, and individual experiences shape and influence her/his perceptions of the desirability and feasibility of pursuing entrepreneurial initiatives (Shapero & Sokol, 1982). In addition to these, other individual factors such as vision, the need for stability, power, lifestyle, innovation, ego, and the desire for wealth attainment play a significant role when it comes to becoming an entrepreneur (Amit, MacCrimmon, Zietsma, & Oesch, 2001).

Although broader personal, social, political, and environmental contexts influence launching both nonprofit and entrepreneurial initiatives, the motivations themselves as described above—and the axioms and rules associated with the respective institutional contexts—are distinct. Since motivations and goals drive actions, we expect nonprofit and entrepreneurial start-up actions to differ. The study focuses solely on those discrete actions which can be observed by others (also called "behaviors" in this study) since they have direct applications to practitioners.

Start-Up Behaviors of Nonprofits

Nonprofit leaders need to plan for the launch and survival of the nonprofit (Bryson, 2011). Such planning involves translating the motivations into a collection of start-up actions which, upon execution, bring the organization into existence. Defining the purpose or mission of the nonprofit is a start-up action (Brown, 2007) derived from the founders'

motivation of "belief in the cause." For example, a founder's belief that "empowering impoverished adults can help them find quality employment" influences the definition of the organizational mission: Among others, it may be "to assist the impoverished clients in transforming their lives and produce real, lasting success." Nonprofit's mission is at the heart of the organization's identity and has strong implications for managerial behavior (Lewis, 2005). In the absence of a profit motive, nonprofit leaders use the mission statement to articulate their reason for being (Moore, 2000). The only reason for the nonprofit (in the previous example) to exist is to produce transformational, long-lasting success in the lives of the impoverished. Defining the societal cause is, therefore, a critical start-up action.

Unlike businesses, nonprofits are often founded on charitable contributions. This requires start-up nonprofits to plan for sources of charitable contributions, both financial and nonfinancial. Nonprofit leaders need to recruit capable and competent board members who subscribe to the mission since they can bring the key resources required for start-up (Brown, 2007). Nonprofit leaders leverage the social ties of the board members to raise start-up funds and to secure other nonfinancial resources; then during start-up, nonprofit leaders design program(s) to bring about the desired social change. The design process requires planning program components, and understanding the skills, capabilities, and infrastructure required to execute the program, as well as a plan to recruit the clients (Bobo et al., 1996). Nonprofits develop a marketing plan upon start-up to market the cause, and recruit donors, volunteers, and clients who will benefit from the program. Leaders approach the start-up activities described above iteratively in small steps, and producing intermediate results (for example, coalescing a ready-to-go volunteer group) build credibility with donors and facilitate the acquisition of financial resources (Bryson, Gibbons, & Shaye, 2001).

Nascent Nonprofit Survival

Of the wide range of actions in which nonprofit leaders engage, during start-up and early organization development, several are especially critical to the survival of the nonprofit. Examples include establishing a demand for the societal issue, mobilizing motivated volunteers, establishing an effective board of directors, diversifying the sources of funding, and establishing a track record of program delivery (Delehanty, 1996; Hager, Galaskiewicz, & Larson, 2004; Singh, Tucker, & House, 1986). Baum and Oliver (1991) and Baum and Singh (1994) suggest that start-up nonprofits are more likely to survive if leaders focus on and succeed at gaining the support of gatekeepers and high-status players in the community. Others argue that structurally embedding the organization by establishing a wide range of social ties allows leaders to ask favors and gain access to the people whose information and resources are necessary for early-stage survival (Galaskiewicz et al., 2006). Actions to establish social ties with diversified financiers and to engage in material exchanges with such individuals and organizations improve the chances of survival at nascent stages (Aldrich & Waldinger, 1990; Fernandez, 2008; Weed, 1991). More recent studies show that leaders' diverse behavioral repertoires benefit nonprofit performance (La Belle, 2010), while micro-level behaviors, such as obsession with details and "taking nothing for granted," help nonprofits manage crises (Roche, 2009), including those at early stages.

Start-Up Behaviors of Business Ventures

An entrepreneurial activity is a set of behaviors that transforms ideas into concrete reality in the form of an organization (Van de Ven, Hudson, & Schroeder, 1984). Based on

research in this area, Gartner, Carter, and Reynolds (2010) developed a comprehensive list of firm-organizing activities. To start a venture, entrepreneurs engage in domains that include personal planning, personal preparation, focusing on the product/service, creating a business presence, creating organizational and financial structure, and product implementation. Examples of actions that span these domains are acquiring the necessary skills and experience, taking seminars, arranging for day care, saving money to invest in the start-up, developing clarity of the business idea, developing a prototype of the product/service, talking to customers, defining the market for the product/service, organizing a team, acquiring physical space, registering the business, opening a bank account, obtaining liability insurance, purchasing raw materials, creating a business plan, and seeking external funding. Once the business is registered, entrepreneurs engage in activities to provide custom contract services, and they continue to do so until they begin to deal with marketing the products/services and finding distribution channels (Van de Ven et al.). This domain requires such actions as hiring a lawyer, establishing supplier credit, acquiring customers, negotiating contracts, developing products/services, beginning to promote the products/services, establishing distribution channels, and receiving income from sales of products/services.

Nascent Business Venture Survival

Although scholars have researched the issue of organizing behaviors for business entrepreneurship, few studies compare the entrepreneurial behaviors of those that succeed and those that fail (Gartner et al., 2010). Delmar and Shane (2004) suggest that activities such as asking for funds, obtaining inputs from external stakeholders, establishing a legal entity, and completing a business plan reduce the hazard of failure. Tornikoski and Newbert (2007) suggest that ventures are more likely to succeed when entrepreneurs engage in behaviors such as making a business plan, initiating marketing, developing a prototype, purchasing raw materials, and opening a bank account. Carter, Gartner, and Reynolds (1996) suggest that the kind of activities entrepreneurs engage in, and the number and sequence of these activities, impacts the entrepreneur's ability to create new ventures. Their research identified three activities which differentiated the ventures that successfully launched from those that disbanded or were still trying to launch: purchasing or leasing facilities and equipment, obtaining financial support, and developing models. In another study, Gartner, Starr, and Bhat (1999) found that, of the 38 organizing activities they studied, three stood out in terms of differentiating survivors from nonsurvivors: working with established suppliers or subcontractors, analyzing potential new entrants, and determining the identity of the new business.

Entrepreneurial actions that focus on building the overall stock of assets (i.e., knowledge, skills, and capabilities possessed either directly by the entrepreneur or those that can be accessed through their networks) help mitigate the liability of newness. This includes actions such as engaging the energies of everyone, creating and sustaining networks, developing relevant knowledge and skills through training and mentoring (Lam, Shaw, & Carter, 2007), participating in the right types of networks and establishing network activities and exchanges (Davidsson & Honig, 2003; McGrath & McMillan, 2000), engaging in storytelling to create belief (Lounsbury & Glynn, 2001), and building network ties to address structural deficiencies (Burt & Celotto, 1992; De Carolis & Saparito, 2006; Obstfeld, 2005). By contrast, employing behaviors that only consume one's stock of assets may cause an irreversible spiral leading to venture mortality (Audretsch & Monsen, 2008; Ndofor & Priem, 2005).

Social Entrepreneurs: Motivations, Organizing Behaviors, and Venture Survival

Like the leaders of conventional nonprofits, social entrepreneurs are concerned about or dissatisfied with *status quo* responses to problems encountered personally, whether in the family or in the community (Guclu, Dees, & Anderson, 2002). They are motivated to change the *status quo* using market economics. Although similar to business ventures with a distinct focus on developing a financially self-sustainable business model, there is a need to emphasize the "other" (i.e., the venture's clients or beneficiaries) to derive organizational power for producing social change (Wei-Skillern, Austin, Leonard, & Stevenson, 2007). One example: An entrepreneur sees an opportunity to break the cycle of incarceration of repeat offenders, launches a retail business, employs ex-offenders, and reinstates them in the regular workforce.

Perrini, Vurro, and Costanzo (2010) have outlined a social entrepreneurship conceptual process consisting of four main clusters of organizing activities:

1. Opportunity evaluation for expected social and economic value;
2. Innovation in products/services, methods, factors, and relations;
3. Organization launching and functioning by developing necessary routines; and
4. Enhancement of societal well-being through direct/indirect employment creation, access to information and knowledge, social cohesion, inclusion, and community and economic development.

However, this and other social entrepreneurship process models (Guclu et al., 2002) do not discuss *specific* entrepreneurial behaviors. Social entrepreneurs, due to their dual social and economic goals, may be influenced by the behaviors of both nonprofits and business ventures to secure the support of mission and business stakeholders (Dart, 2004). Achieving this may not only require developing volunteer groups and building network ties (with gatekeepers and societal actors who support their social mission), but it may also require prototyping products/services, procuring raw materials, and competing effectively to generate sales. In a resource-constrained environment, it is unclear how social entrepreneurs can, in order to successfully create social ventures, effectively execute both the diverse behaviors of start-up nonprofits as well as those of business ventures. Social entrepreneurs benefit from knowing if all start-up behaviors associated with both nonprofits and business ventures are required, or if there are behaviors that are not central to the launch of social ventures. Young (2005) suggests that social entrepreneurs may benefit if they are selective in developing network ties, but at the same time they need to be alert to capitalizing on opportunities to reduce operating costs or create value (Chesbrough & Appleyard, 2007). An imbalance of actions on either side—mission or business—can be fatal. As an example, behaviors with a greater focus on business goals may lead to marginalizing disadvantaged clients (Wallace, 2005), causing immediate legitimacy issues with mission stakeholders.

In addition to the above, the organizing behaviors and decision making of individuals is dependent on their knowledge structures: the founders' skills, capabilities, experience, and personal social networks (Mitchell et al., 2007). Social entrepreneurs with significant work experience are likely to have radically different knowledge structures than persons without such experience: Due to their dominant social work or business background, they may approach start-up tasks and activities in distinctly different ways. It is unclear if and how such past experience influences social entrepreneurs' prioritization of mission and business-related tasks and activities. Finally, social entrepreneurship studies to date have not studied the impact of start-up actions and behaviors on venture launch and early-stage survival (Gras et al., 2011).

Research Design

Methodology

The study involved semi-structured interviews[1] with 31 autonomous social entrepreneurs who had (co)founded 23 early-stage social ventures in North America. Their first-person accounts of actions and decisions during venture conception and formation were analyzed. The interviews, lasting 60–90 minutes, asked entrepreneurs to recreate their "lived worlds" (Spradley, 1979) as social entrepreneurs, beginning with the earliest days of their social ventures and continuing until recent times. They described the initial environment, the goals and strategies adopted, events as they subsequently unfolded, and decisions and changes made along the way. These data were subjected to rigorous analysis utilizing a naturalistic inquiry approach (Corbin & Strauss, 2008; Lincoln & Guba, 1985) to gain an understanding of the underlying phenomenon in practice (Babbie, 2007).

Sixteen interviews were conducted face-to-face and fifteen by telephone. Prior to each, data were gathered about the organization from websites and other secondary sources, providing a contextual framework. All were audio-recorded and transcribed by reputable professional services, resulting in over 700 pages of transcribed text. Research methodologies that allowed new conceptual categories to emerge (Charmaz, 2009) included theoretical sampling (Corbin & Strauss, 2008), ongoing interpretation of data, and the application of theoretical concepts not planned *a priori*. Data collection continued as long as newer actions kept emerging from the data, after which it was concluded that theoretical saturation was reached and the range of responses was sufficient to ensure the validity of the underlying phenomena (Maxwell, 2005).

Sample

The sample (see Table 1) consisted of both nonprofit and for-profit organizations founded in North America. Purposeful selection of organizations launched in 2003 or later ensured vivid respondent recall about their experiences. Although the study was open to including organizations serving all types of social missions, the sample coalesced into three general groups: ventures with human services, environmental, and health-related missions. All participating organizations were members of one of the two leading North American social-enterprise practitioner networks, Social Venture Network and Social Enterprise Alliance. Personal relationships with the founders of organizations belonging to these networks were leveraged.

Of the 23 ventures, 13 had a for-profit legal structure and 10 were 501(c)3-registered entities; 18 organizations had human-services missions; 4, environmental missions; 1, a health-related mission; and 58% respondents were women.

Data Analysis

A rigorous three-step open coding process was undertaken (Corbin & Strauss, 2008) while data were simultaneously collected from interviews. Coding was inductive, from the data, rather than from prior theory. Each interview recording was carefully reviewed, and each transcript read line-by-line several times, to identify text of potential significance. Text described by Boyatzis (1998), as "codable moments," was captured and labeled for future reference. The more than 2,500 fragments of text thus captured were subjected to

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1. Interview protocol is available from the authors on request.

Table 1

Social Ventures in the Sample

Org	Product/service	What makes it social	Legal structure	Venture age (years)	Respondent role and gender	Status
A	Long-lasting affordable products such as solar lanterns	Focus is to elevate quality of life for bottom of the pyramid clients in emerging markets	For-profit	2	Cofounder (M) Cofounder (M)	Successful
B	Supplemental education and healthy group recreational programs	Focus is on low-income suburban youth only	Nonprofit	5	Cofounder (M) Cofounder (M)	Struggling (with sales)
C	Certified home compostable food packaging that is safe, durable, and environmentally responsible, and decomposes within 90 days	Uses the design brilliance of nature to make a healthy contribution to the earth	For-profit	5	Founder (F)	Successful
D	Comprehensive and innovative recycling services	Provides life-changing workforce training to formerly incarcerated individuals	Nonprofit	4	Cofounder (M) Cofounder (M)	Successful
E	Makes tiny business loans to deeply impoverished people, mostly women, in developing countries	Focus is on improving the lives of impoverished people	Nonprofit	1	Founder (M)	Too early
F	Tasty and healthy meals and nutrition education to schools	Educate every child about healthy eating and learning about nutritious food	For-profit	4	Founder (F)	Successful
G	Primarily used bookstore	Provides community programs, and mobilizes passionate volunteers to promote literacy in its community and beyond	Nonprofit	2	Founder (F)	Successful
H	Green products such as soy candles	Provides transitional jobs to inner city, homeless, and at-risk young women, between the ages of 16 and 25, and helps them gain the necessary skills to become self-sufficient, successful adults	Nonprofit	2	Cofounder (F) Cofounder (F)	Successful
I	A line of trend-setting, women-made, fair-trade products including stylish apparel, accessories, and gifts	Help women in need worldwide gain economic security	For-profit	7	Founder (F)	Successful
J	Consulting services to develop self-sustaining and alive communities	Environmentally friendly and sustainable communities	For-profit	1	Cofounder (M) Cofounder (F)	Too early
K	Healthy food products	Healthy eating that also supports the adoption of orphaned children	For-profit	5	Founder (F)	Failed (closed)

ID	Product/service	Mission	#	Type	Founder role (gender)	Status
L	Natural earth-friendly personal care products	Provides full-time transitional job opportunities for formerly incarcerated individuals who struggle with barriers to employment	4	For-profit	Cofounder (F) Cofounder (F)	Successful
M	Handcrafted planet-friendly designer products	Provides employment and a platform for better childcare and lifestyle for families in rural areas	2	For-profit	Cofounder (F) Cofounder (F)	Struggling (revisit product/pricing)
N	Comprehensive rehabilitation services	Focus is on long-term care communities	4	For-profit	Cofounder (M) Cofounder (F)	Successful
O	Online educational games	Raise awareness of the millennium development goals while raising funds for specific cause, nonprofit, school, foundation, or business	7	Nonprofit	Founder (M)	Struggling (with opportunity conceptualization)
P	Supportive housing, transitional employment, addiction treatment, recovery management, and education	Focus is on families and individuals experiencing homelessness or crisis to achieve sustainable self-sufficiency	7	Nonprofit	Founder (M)	Successful
Q	Horticulture products	Provides transitional employment and training for individuals facing multiple barriers to securing permanent and unsubsidized employment through experiential learning	7	Nonprofit	Founder (M)	Successful
R	Vermiculture solutions	Raises awareness of families and instills practices to reduce organic waste	2	For-profit	Founder (F)	Successful
S	Handmade packaging and products from natural materials	Provides economic security to artisans	3	For-profit	Founder (M)	Struggling (closed and restarted)
T	Biodynamic and organic foods	Provides farmers with markets in which they can maintain the dignity of their work and the integrity of their farm	5	For-profit	Founder (F)	Struggling (closed and restarted)
U	Sourcing and selling craft items made by their clients	Helps women and their families break the cycle of poverty by providing them steady income and access to education and health care	6	Nonprofit	Cofounder (F)	Successful
V	Software as a service for interactive technology challenges	Increase the interest of girls between the ages of 10 and 14 in math, science, and engineering	5	Nonprofit	Founder (F)	Struggling (revisit social opportunity)
W	Handcrafted planet-friendly products such as soap	Empowers low-income women to create a brighter future by helping them build a foundation for permanent employment	7	Nonprofit	Founder (F)	Failed (closed)

focused coding (Glaser, 1978): Codes from the interviews were analyzed, compared with one another, and then contrasted with theoretical concepts. This process gave rise to 1,173 codes. All codes were subsequently compared, then assigned to either existing or newly created categories.

Concurrently, existing categories were reviewed and analyzed to achieve finer distinctions and to allow the emergence of new concepts from the coded data. The resulting process of splitting, merging, and eliminating finally yielded 63 categories. An iterative process was adopted to allow categories indicating lower levels of concepts and emergent themes to be compared with other conceptual categories, as well as with other theoretical concepts such as social entrepreneurship process models. The purpose of this iterative process was to develop higher level concepts. Research notes, memos, and literature were revisited during this process to establish a deeper understanding of the underlying phenomena and core concepts. In addition, alternate categories were considered when gaps were found in the logic applied. A definition described in the findings section was developed for differentiating successful and struggling ventures. The 63 categories resolved into three major groups representing the first three domains of activities pertaining to the process of social entrepreneurship as defined by (Perrini et al., 2010). Each group consisted of entrepreneurial behaviors of successful ventures and also those of struggling ventures. The three major groups of entrepreneurial behaviors are described below as findings.

Findings

Since the success of a venture during launch and early development equates with the founders' success, the remainder of the paper refers to these terms interchangeably. Ventures classified as successful in the study, 15 in number, were those that had conceptualized social and economic opportunities, developed market-driven products/services, and been fully launched with a functional social-business track record for at least 3 years. Those that either returned to reconceptualizing after launching, or that had closed down due to financial debt or loss of financiers, were classified as struggling. The study consisted of eight such ventures. Entrepreneurial actions were mapped to three domains of activities: conceptualization of social and economic opportunities, exploration of products/services, and launching/administering the social venture. Entrepreneurs of successful and struggling ventures demonstrated distinctly different behaviors, actions, and decisions in each cluster.

The factors that differentiated successful entrepreneurs from those who struggled were as follows: establishing a societal issue as the first activity, creating a business concept to bring about social change, carefully selecting products/services, acquiring skills, growing social contacts, and creating support for the social business. Intense personal involvement to acquire firsthand knowledge and diversifying social contacts were characteristic of successful entrepreneurs; on the other hand, virtual communication, delegation, and restrictive homogeneous social contacts were typical of struggling entrepreneurs.

The comparison of behaviors of successful and struggling entrepreneurs in each of the three domains is summarized in Tables 2a, 3a, and 4a. Column two in each of these tables describes the behavior; column three and four list the number of successful and struggling ventures, respectively, where the behavior was evidenced; and the last column identifies if specific behavior was differing or not for successful and struggling ventures: "Y" representing they differed and "N" stating they did not differ. Comparative quotes illustrating the behaviors in each domain are summarized in Tables 2b, 3b, and 4b, respectively, with

Table 2a

Conceptualizing the Social and Business Opportunity: Behaviors of Successful and Struggling Entrepreneurs

Behavior number	Behavior	Number of successful ventures	Number of struggling ventures	Differing behavior
1	Conceive a social opportunity for a societal issue	15 of 15	8 of 8	N
2	Conceive an economic opportunity for the envisaged social opportunity	15 of 15	7 of 8	N
3	Refine the social and economic opportunity through seeking extensive and diverse feedback	15 of 15	1 of 8	Y
4	Conduct field studies and volunteer with organizations dealing with prospective clients	13 of 15	1 of 8	Y
5	Personally interact with prospective clients	15 of 15	4 of 8	N
6	Hold in-person interactions with leaders of organizations dealing with prospective clients	15 of 15	2 of 8	Y
7	Diversify and expand personal networks to include both social mission and business-related experts	15 of 15	2 of 8	Y
8	Develop relationships opportunistically	15 of 15	2 of 8	Y
9	Identify and initiate new relationships	15 of 15	2 of 8	Y
10	Secure pro bono and financial resources for product/service exploration	15 of 15	2 of 8	Y
11	Create belief with potential financiers through storytelling and in-person interactions	15 of 15	2 of 8	Y
12	Depend on familiar earned income examples for economic opportunity	1 of 15	2 of 8	Y
13	Conceive economic opportunity before envisioning a social opportunity	0 of 15	4 of 8	Y
14	Change the social opportunity at any time in the venture creation and post launch	0 of 15	2 of 8	Y
15	Seek feedback on social and economic opportunity from few and narrow group of people	0 of 15	8 of 8	Y
16	Hands-off approach while sharing ideas and seeking feedback	0 of 15	3 of 8	Y
17	Virtual/documentation-based communication preferred over in-person communication	0 of 15	3 of 8	Y
18	Prefer to ignore unfavorable or unexpected feedback and continue with the original approach	0 of 15	3 of 8	Y
19	Network with people who possess similar skills and expertise	0 of 15	6 of 8	Y
20	Prefer to stay with existing social contacts and avoid diversification of networks	0 of 15	6 of 8	Y
21	Delegate new relationship development or assign this task low priority	0 of 15	7 of 8	Y
22	Prefer to self-finance the venture as against gaining support of potential investors and financiers	5 of 15	5 of 8	Y

cross-reference to specific behaviors from the respective table. The behaviors for each domain and the comparative quotes are discussed below as three major findings.

Behaviors Set-1: Conceptualizing Social and Economic Opportunity

Successful and struggling entrepreneurs approached the conceptualization of the social business through distinctly different actions. Successful entrepreneurs (Table 2a) started with an initial concept of social change based on personal, family, or community experiences, and then developed an economic opportunity concept to bring about the social change. The economic opportunity concept at the industry level was based on past professional experience, or was driven directly by the social issue under consideration—for example, selecting a manufacturing or retail industry to create employment for

Table 2b

Conceptualizing the Social and Business Opportunity: Comparative Quotes

Successful entrepreneurs	Struggling entrepreneurs
"It had been my interest to move in [social enterprise] direction to be able to create a business that transformed this workforce development concept into something hands-on . . . offer an opportunity to create an effective [business] for on-the job coaching and mentoring . . ." **1, 2, Org H**	An entrepreneur with nonprofit background said, "We started seeing it about a year and a half ago, we said, 'What could we do to generate business income?' . . . that's where we came up with the idea of a resale shop . . . every day that the store is open, we would have cash coming in . . . so we can spend it on whatever we need to spend it on . . ." **12 Org B**
"[It] was important to us that we not just duplicate what other people were already doing . . . we talked to about 40 literacy groups around the city . . . in some cases volunteering with, in some cases helping raise money for them . . . [By then] we had a really good idea of which programs were needed and what we could do well (e.g., Adventures in Creative Writing Field Trips)." **3, 4, 5, 6 Org G**	An entrepreneur with for-profit background said, "I've worked my whole career in the sewn-goods producing industry, [I had] an amazing opportunity to work with people [from a developing country] that had a lot of personal problems, drug abuse and decided to launch boutique products . . . [these people] were participating in making the bags." Two years into the business the entrepreneur faced difficulty with sales and operations, and said, "all of a sudden, I had no product . . . trying to start to rebuild my business again, [she said] this could be a great opportunity to be able to employ people with disabilities." The entrepreneur subsequently relaunched the product line with disabled people locally. **13, 14 Org M**
"[Initially] we were looking at anything from do they need more curriculum? . . . do they need consulting services? . . . we spent a lot of our time in schools . . . every day at lunchtime, we would go to a different school and watch what kids were eating for lunch and talk to the kids about it and talk to the school leaders about it, as well . . . we would come back and compile our findings and brainstorm . . . what we heard over and over again is that they actually needed better food . . ." **3, 4, 5, 6 Org F**	"I started calling some of my peers [nonprofit leaders] in the field that I knew had started resale shops . . . we started looking at some of the numbers, and there was some pretty lucrative dollars that some of these agencies were getting . . . one of the best ones in the area was getting 30 percent of all of their income off of three resale shops." **15 Org B**
"There were a couple of [potential suppliers] that we had known within the community that [a local museum] had been working with . . . we had heard their names and seen their names in articles and references . . . so [we approached] them initially . . ." **7, 9 Org R**	"My process is, if an idea comes to mind, I do a summary or a concept paper, I speak with [the stakeholder] briefly . . . I follow up with an email . . . perhaps I even put the concept online and then wait for their feedback . . ." **16, 17 Org O**
"[The cofounder] met somebody somewhere in the south, they were antique dealers, it was a mother/daughter team . . . they met at some event that [the cofounder] was speaking at, and they called me, and asked for more information . . . [later on] they helped get a free booth for us . . ." **7, 8 Org U**	"I emailed [a stakeholder] about a project, and his simple reply was, 'Not interested' . . . and then, [another stakeholder] replied saying, 'Interesting project, but my students are busy' . . . and she said, 'Try other departments.' " **16, 18 Org O**
"I talked to the Illinois Department of Corrections, and I said, 'Listen, I want to create a business that would hire former offenders to work as [manufacturing job description] and then develop other skill sets.' And they were like, 'Really?' And I think they were so desperate, quite frankly, for ideas for former offenders for jobs, they were like, 'Okay, we'll give you some money.' " The entrepreneur secured $140,000 from them. **10, 11 Org L**	"In the early stages I think it was more like it was small groups that I was connecting with, and they would encourage what I was doing. It was very personal, so they felt a personal connection to me . . ." **19, 20 Org S**
	"We then went and hired—I can't remember what company the guy was with . . . to help me find some investors and/or a buyer." **21 Org K**
	"I guess early on I never felt comfortable with asking [potential investors] for investment because of a number of reasons . . ." **22 Org S**

disadvantaged clients, and over time transitioning them into the regular workforce. By dedicating time and effort to seek feedback from a diverse group of people, successful entrepreneurs were able to refine their concepts, and in doing so they expanded their social networks to include social mission and business experts. Finally, these entrepreneurs leveraged their social contacts to secure pro bono resources and financiers in order to explore viable products/services. Intense personal involvement in the form of volunteering, field studies, and interactions with high-status community members and leaders of organizations characterized all of the successful entrepreneurs studied.

Contrary to this, struggling entrepreneurs (Table 2a) in some cases did not begin with a social issue and the need for social change; instead, they conceptualized an economic opportunity based on their past professional experience, then explored a social issue that the business could also address. These entrepreneurs were capable of changing the social issue at any time, even several years into operations. In other cases, struggling entrepreneurs started with a social issue and a concept based on past experience, but depended on the earned-income supplemental income approach of conventional nonprofits for the economic opportunity. For example, in addressing the issue of job readiness for disadvantaged clients, struggling entrepreneurs (like conventional nonprofits) provided workforce training, and for supplemental income operated a retail store rather than achieving social change by employing the clients in a retail store.

Regardless of the origin of the social and economic opportunity concept, struggling entrepreneurs rarely sought feedback, and when they did, it was from a narrow group of people. Some were seen to ignore feedback that was unexpected or perceived as unfavorable. Struggling entrepreneurs did not expand their networks to include diverse experts, failed to fill acknowledged gaps in their skill sets, or only remedied their lack of access to expertise "in hindsight" post launch when faced with issues. Finally, struggling entrepreneurs preferred to self-finance the venture versus securing the support of potential financiers. In many cases, a hands-off approach that involved virtual communication or delegation characterized the struggling entrepreneurs. The entrepreneur for one among the eight struggling ventures, despite having established a legal entity for 3 years, was still conceptualizing the social-business model and did not explore or launch specific products/services.

For both successful and struggling entrepreneurs, conceptualization implied an underlying business model where (1) clients were either employees or contractors, or (2) clients were customers (i.e., consumers of the products/services). In only one case were clients neither employees nor customers. The behaviors of successful and struggling entrepreneurs are summarized in Table 2a, and Table 2b provides comparative illustrative quotes cross-referenced to the specific behaviors.

Behaviors Set-2: Explore Product/Service

With an understanding of the economic opportunities, entrepreneurs engaged in actions to identify, innovate, select, or develop revenue-generating products/services. As an example, the entrepreneur who decided to employ ex-offenders and to reinstate them in the community explored a range of alternatives from manufacturing, retail, distribution, and services, taking into account the low academic attainment of the ex-offenders. Another entrepreneur who decided to provide solar lanterns to address the quality of life issue of the villagers (that were not on the electricity grid) had to innovate an affordable lantern suited for local conditions.

Successful entrepreneurs (Table 3a) were alert to information shared during formal and informal interactions, connected disparate information, and exploited the opportunities

Table 3a

Explore Products/Services: Behaviors of Successful and Struggling Entrepreneurs

Behavior number	Behavior	Number of successful ventures	Number of struggling ventures[†]	Differing behavior
1	Ideate revenue-generating products/services	15 of 15	7 of 7	N
2	Maintain alertness to information shared during interactions and potential opportunities thereof	15 of 15	1 of 7	Y
3	In-person interactions with personal network members to seek and share products/services ideas	15 of 15	6 of 7	N
4	Refine products/services for market demand through seeking feedback and acting on it	15 of 15	1 of 7	Y
5	Conduct extensive hands-on activities such as meeting with experts, field studies	15 of 15	1 of 7	Y
6	Develop prototype and share with industry experts, prospective customers, investors, and financiers	16 of 15	1 of 7	Y
7	Secure pro bono and financial resources for the venture launch	15 of 15	2 of 7	Y
8	Create belief about the business with potential financiers through storytelling, on-boarding customers, and in-person interactions	15 of 15	2 of 7	Y
9	Possess fixed ideas of products/services with no past experience	0 of 15	6 of 7	Y
10	Spend less time in seeking feedback and ignore unexpected/unfavorable feedback	0 of 15	6 of 7	Y
11	Acknowledge gaps in product/service knowledge post launch when faced with issues	0 of 15	6 of 7	Y
12	Change product line post launch	0 of 15	4 of 7	Y

[†] One struggling venture did not explore products/services. The entrepreneur, despite being in existence for over 5 years, was still conceptualizing the social business opportunity. Hence, the number of struggling ventures here is reduced to seven.

presented. They developed product/service ideas and discussed them with experts from both social mission and business domains. During this process, successful entrepreneurs were open to discarding ideas and looking at new ones to arrive at those offering market potential. In many cases, pilots and prototypes were demonstrated to prospective customers, investors, and industry experts, then refined based on the feedback. Successful entrepreneurs proactively planned for, and were alert to, expanding personal networks to include potential suppliers, partners for sales and marketing and nonprofit partners to provide additional client services, and forming the coalitions required to produce long-term change. Through storytelling during in-person interactions, they secured pro bono resources, such as office space, help with specific marketing activities, and customer referrals, and also secured financiers for the venture. Once again, personal involvement in all these activities was characteristic of successful entrepreneurs.

Struggling entrepreneurs, on the other hand (Table 3a)—despite lack of skills and access to experts—displayed behaviors that did not invite, anticipate, or respond to negative feedback. For example, an entrepreneur with no experience with artisan products decided to launch a gift item product line for his venture. In most cases, these entrepreneurs did not prototype the product/service and decided to launch it directly. In cases where a prototype shared with stakeholders generated negative feedback and total lack of support, the entrepreneurs decided to go ahead with no changes to their products/services or business model.

Table 3b

Explore Products/Service: Comparative Quotes

Successful entrepreneurs	Struggling entrepreneurs
An entrepreneur who wanted to employ ex-offenders recognized the low skills' base, and was exploring urban bee-keeping and honey-based products business. The entrepreneur said, "[I was looking at] something that anybody can work with, no matter what your academic attainment is . . ." **1 Org L**	"I went on my own, and as it turned out, the guy who I sourced tea from, I had known him from my previous life . . . the place where the spices come from is a famous biodynamic, organic community . . ." This entrepreneur then decided to start a biodynamic and organic foods business. **9 Org T**
"We got very close to making air filtration equipment, furnace filters—that type of thing . . . in this building where we've been located this whole time, there was a computer refurbisher . . . one day the landlord comes and says, 'I've got to evict these guys. I need you to help me . . .' This led to conceptualizing an electronics waste recycling business." **1, 2 Org D**	Upon sharing prototypes with prospective customers, channel partners and investors this entrepreneur decided to ignore the feedback and launch the product "we met with the [state] Nutritional Council . . . we set up a sampling, went up and presented to the [state center for] school board . . . they said kids would never eat it . . . we set up a luncheon at a nice restaurant, and we invited maybe six or seven people from the [city school boards] . . . they weren't interested either because they said kids would never eat it." **10 Org K**
"When [we] decided to research [the product], we made a lot of phone calls to some very high-end [product producers] . . . they all gave way too much information . . . the person in Boston [a friend of the cofounder] he's a wholesaler, and he knew that we had a completely different model than him . . . we'd be selling to different people . . . and we did sign a contract with him that we would not sell in the Boston area that that could be his territory . . ." **1, 3 Org U**	An entrepreneur who wanted to provide market access to artisans in remote villages with the goal of improving their quality of life decided to start with products (gift items) the artisans were good at. The entrepreneur did not pilot the products with prospective clients. Once the venture became operational, the entrepreneur said, "when we were selling . . . one of them was embroidered bags . . . we sold a bunch of those . . . but then styles come and go, and I was never so good at that . . . I realized that I shouldn't really be selling gift things 'cause I don't know what to get . . . then we moved into custom packaging." **11, 12 Org S**
"I met people at [large food chain] and just a cross-section of industries, and showed them the prototype and I said, 'What do you think?' . . . the head of packaging for [a large cosmetics company] said, 'All of your materials are as natural as possible . . . you are making a case for doing the right thing . . . we ship liquids . . . how does it do with liquids? . . . It might be sustainable and might be the best product, but unless we can integrate it, economically, into our product line, it won't work.' " The entrepreneur subsequently changed her product idea. **4, 5, 6 Org C**	"One main wholesaler dropped out or just wanted the products so inexpensively that I just—I couldn't afford to produce them . . . I had to be more innovative and more creative . . . a friend of mine owns a Focus salon . . . [working with her] we took their materials and turned them into scissor cases for hairstylists for their industry, out of their materials . . ." **8 Org M**
To secure raw materials free of cost, this entrepreneur required the support of the mayor. The entrepreneur said, "[we] went to the mayor's office . . . [he] remembered who we were . . . [we said] we want a contract . . . everybody throws this stuff, [we want] to recycle it . . . that's how we settled on [this business contract]." **7 Org D**	
"[Our] business is social when it functions . . . we function by selling our [products] to [villagers] . . . [when we] pitch[ed] to a VC, the social mission slide [came] towards the end because everyone gets that there's a social mission, but they kind of want to say, 'Okay, how distracted are they by doing good, and how much are they going to make sure that they don't run out of cash? So how much are they going to guard their survival versus trying to selling as at as low a cost as they can?' " This entrepreneur was able to gain investor financing. **7, 8 Org A**	

Struggling entrepreneurs acknowledged (Table 3a) gaps in their knowledge, or lack of access to expertise regarding the product/service, only after launch when faced with operational and quality issues. In such cases, few struggling entrepreneurs changed the products/services, while one entrepreneur responded to the feedback and did not actively engage in launching the venture. Given the lack of stakeholder support, the entrepreneur decided to take another look at the social-business opportunity and the mission, and said, "[B]ecause of that, it really forced me to look at what our niche was . . . [and] where are we in the whole landscape, . . . because I think when we started, we really didn't want to compete with other groups . . . [but] wanted to leverage other groups and be a platform for other groups, and so it was some soul-searching, definitely. . . ."

The behaviors of successful and struggling entrepreneurs are summarized in Table 3a, and Table 3b provides comparative illustrative quotes cross-referenced to the specific behaviors.

Behaviors Set-3: Social Venture Launch and Functioning

Entrepreneurs of 20 ventures in the study (Table 4a, columns 3 and 4) had engaged in concrete actions to launch the ventures and create functioning organizations. Depending on the business model employed, successful entrepreneurs (Table 4a) had engaged their clients as employees or contractors, or had sold products/services to them. They held in-person interactions with the leaders of organizations that serviced the client base, and formed partnerships to recruit them. These entrepreneurs personally designed programs for their clients that included, for instance, goal-setting, performance management, and basic job skills orientation for disadvantaged clients.

In order to effect long-term change in clients' status, successful entrepreneurs partnered with nonprofits to deliver basic services. For example, to improve the quality of life of women artisans engaged as contractors, one venture partnered with healthcare providers and educational institutions to provide such services to the women and their families. Successful entrepreneurs also participated in advocacy initiatives to create awareness of the social issue and to create more supporters. On the business side, they were personally involved in creating marketing opportunities through social contacts, while at the same time capitalizing on the opportunities presented, particularly access to media outlets with the potential to generate a positive ripple effect. Successful entrepreneurs leveraged their social contacts to secure the first few sales and to create alternate sales channels, maintaining hands-on involvement in product/service development and delivery to ensure customer satisfaction. Finally, all successful entrepreneurs, regardless of the legal structure of the social venture, created opportunities to lower their cost of operations by leveraging social contacts and securing pro bono resources such as office space.

Struggling entrepreneurs (Table 4a), on the other hand, faced severe challenges after launching their ventures, and all described more than one operational issue attributed to a lack of skills or access to industry experts. Well into the operations, two could not survive and had closed their ventures, two had temporarily shut down due to financial debt and had just restarted, two went back to the drawing board to revisit social opportunity and product/service offerings, one was still struggling with sales, and one was struggling with opportunity conceptualization. While six out of the eight were able to make some sales, and hence service a few clients, none described providing additional services to the clients themselves or through nonprofit partnerships.

All described several failures with business operations, such as entering into informal verbal contracts with customers that were subsequently revoked, resulting in financial

Table 4a

Launch and Functioning: Behaviors of Successful and Struggling Entrepreneurs

Behavior number	Behavior	Number of successful ventures[†]	Number of struggling ventures[‡]	Differing behavior
1	Hire or contract with clients (if clients are producers in the business model)	6 of 14[§]	3 of 6	N
2	Conduct in-person interactions with leaders of organizations who deal with the same client base	14 of 14	2 of 6	Y
3	Design and deliver client programs to effect long-term change to the client situation	14 of 14	6 of 6	N
4	Personally design and deliver the client program(s)	14 of 14	5 of 6	N
5	Form partnerships with organizations to provide client services required for long-term change (for example, health care, education, banking, legal)	14 of 14	2 of 6	Y
6	Market the products/services	14 of 14	5 of 6	N
7	Leverage personal networks to create marketing opportunities	14 of 14	4 of 6	N
8	Opportunistic in developing marketing partners	11 of 14	1 of 6	Y
9	Personal involvement in specific marketing activities	14 of 14	5 of 6	N
10	Recognize and capitalize ripple effect marketing opportunities	8 of 14	0 of 6	Y
11	Sell products/services	14 of 14	5 of 6	N
12	Personal involvement in sales activities	14 of 14	4 of 6	N
13	Leverage personal networks for initial sales	14 of 14	4 of 6	N
14	Develop and diversify sales channels both opportunistically and proactively	14 of 14	0 of 6	Y
15	Create and leverage opportunities to lower operating costs	14 of 14	0 of 6	Y
16	Acquire pro bono resources from personal networks	14 of 19	1 of 6	Y
17	Use cost-conscious approaches like contract negotiations, cost-benefit, and return on investment calculations during decision making	14 of 14	0 of 6	Y
18	Deliver high-quality products/services and manage customer satisfaction	14 of 14	2 of 6	Y
19	Hands-on involvement in all aspects of business operations	14 of 14	4 of 6	N
20	Seek help for products/process quality from experts	14 of 14	1 of 6	Y
21	Create awareness and advocate for social change	14 of 14	2 of 6	Y
22	Acknowledge lack of expertise or access to expertise only when fatal situations are encountered	0 of 14	5 of 6	Y
23	Weak control on business operations (as determined by issues faced)	0 of 14	6 of 6	Y
24	Enter into customer and supplier contracts that are informal and pose risk	0 of 14	5 of 6	Y
25	Enter into new domains like import/export with no previous experience or access to experts	0 of 14	5 of 6	Y
26	Market and sell within restrictive personal networks only	0 of 14	5 of 6	Y
27	Accept increasing financial debt or withdrawal of investor/financier support	0 of 14	5 of 6	Y
28	Ignorant to cost implications of operational issues and decisions	0 of 14	5 of 6	Y
29	Keep trying despite financial losses	0 of 14	5 of 6	Y

[†] One successful venture was relatively new (less than a year old) and was not fully functional yet. Hence the number of successful ventures is reduced to 14.

[‡] Two struggling ventures despite being in existence for over 5 years were not fully functional. Hence, the number of struggling ventures is reduced to six.

[§] In the case of 7 of the 14 successful ventures that were functional, clients were producers of products/services. For seven of the remaining ventures, clients were consumers, and in the case of one venture, clients were neither consumers nor producers.

Table 4b

Launch and Functioning: Comparative Quotes

Successful entrepreneurs	Struggling entrepreneurs
"[When] we opened a facility in an area, we would start doing outreach to all the potential [client] referral sources, which would be hospitals. We'd come in and do a presentation and show them pictures and talk about what we do and how if they elected to utilize our resources, would it significantly increase their chances of success. And then also educating the counselors and management at those facilities to consider us as a resource versus other resources out there that weren't equivalent." **1, 2 Org P**	"There were all kinds of challenges I had with the stocking model business, like knowing what to carry and what size and what color . . . so I realized I wasn't really good at predicting what to stock . . ." Later on, this entrepreneur changed the product line. **23 Org S**
"In the first couple years [the clients] would go on the farm and they'd just be farm hands . . . besides I realized we needed a training staff and a curriculum so that [the clients] would divide their time between farming and learning hands-on skills and the classroom work so that they'd learn a lot of different skills. Most of the people who go through the program aren't going to be farmers . . . so we need to give them a broad range of skills and the main thing is the job experience that prepares them to go work somewhere else." **3 Org Q**	"I've bootstrapped this entire thing, it's like I can only get so far to the—it's just hand to mouth . . . there are days that I don't know that the social enterprise is going to survive." With the help of a consultant, the entrepreneur started working on relooking at the approach and said, "in our stakeholder summit, we sort of brought everyone together . . . they broke off into little groups and they were going through about all the things what's going on and how this is gonna happen." **23 Org M**
"We run four literacy programs right now . . . the first one that we ever did, I volunteered on because of course I wanted to see it in action." **4 Org G**	"Not being in the food business for a long time, I never dreamed that the trucks would get left out on the dock and the food would all melt and turn into bad food." **24, 26 Org K**
"[The company] works with the other non-profits to local NGOs to create school programs . . . if there's a school close enough for [the children of our clients] to get to or if we need to start a school in their area." **5 Org U**	"The ironic part was when I actually did show [the product specially manufactured] to [the customer], they're like, 'Oh, no, they're too expensive. We're not interested.' So it's like, 'Can I get my money back?' . . . I borrowed the money to even get them made." **24, 25 Org M**
Quoting one opportunistic incident an entrepreneur said, "Someone blogged about us . . . which then The Chicago Tribune picked up on . . . they came out to one of our client's homes . . . and they covered that . . . then Channel 7 news came out . . . pretty much unsolicited." These opportunistic yet high visibility marketing generated a pipeline of sales prospects. The entrepreneur further said, "All of a sudden we were getting calls from all kinds of directions and then we just sort of grew." **6, 9, 10, 14 Org R**	"Initial stage it was really simple because it was just buying a bunch of things and then selling them . . . I remember going, selling to one woman, and she was then passing my information onto her friends and networking and talking about things like that." **27 Org S**
"Another market that our product is visible in is the incentive industry . . . we went to [one of the largest incentives companies in Chicago] to sell our products, for them to carry it and warehouse it . . . we were able to go in front of all of their customers that they manage incentive programs for and have it be a product that's carried." **11, 13, 14 Org H**	Operational issues affected the venture to the extent that this entrepreneur had to dissolve the venture, "my pockets were pretty deep. I invested a ton of money in it, but they weren't deep enough to sustain." **28, 29 Org K**
"As a chief operating officer of one of the prominent non-profits in [the city], I knew a lot of the other CEOs and COOs of the other non-profits. So we reached out to them to try to sell our service to them . . ." **11, 12 Org N**	In the case of this venture, drop in sales affected stakeholder confidence and eventual dissolution, "70% of my funding comes from foundations, corporate sponsors, special events, 30% comes from the sale of the product . . . The bigger and the more stable and the better the program I have, the more funders I'm going to draw to it . . . because sales have been down, I don't need as many people to produce them, which has resulted in fewer women going through the program, which then funders look at and say your program is shrinking at a time when it needs to be expanding because there's more people who need your services . . . So it's sort of this spiral." **28, 30 Org W**
"[We] have many, many pro bono services . . . our office space . . . our computers . . . our law firm . . . we also have brand ambassadors that do things for us for free . . . they're friends of friends." **15, 16 Org U**	

Table 4b

Continued

Successful entrepreneurs	Struggling entrepreneurs
"Through research [on which marketing events to go to] . . . we'd look at the number who's their average attendee, do they fit our demographics, what's the sales number we need to hit to cover the cost." **15, 17 Org I**	
"The kerosene lamps emit carbon every year, about 100 kilograms per house . . . and when we replace the kerosene lantern, and it's in use every night, then we are effectively offsetting carbon output." The entrepreneur was able to secure their support and reduce cost of operations, "we're partnered with [the bank], to develop a carbon credit program . . . we can monetize [offsetting of carbon output] as carbon credits and use that to lower the product cost." **15, 18 Org A**	
We do a lot of business training, give a lot of feedback . . . like we just had some scarves come in from India, and they were definitely set with some sort of petroleum product, they smell like kerosene or gasoline . . . you know really teaching [the client] about, this is not marketable because nobody will buy something that smells like this . . . just trying to help [the client] bullet proof their product quality, but also improve their business practices because it's most beneficial to them . . . **19, 20 Org I**	
"It takes a little bit more explaining when some people hear rugs from a non-profit in [developing country] . . . they don't instantly think oh, wow, the quality's gonna be fantastic . . . so when you're working with designers, you basically have to explain how much effort we have put into quality, and how unbelievably sustainable, and innovative, and design friendly these rugs actually are." **19, 21 Org U**	
"We're dealing with our local [government agencies] . . . [they] consider our job subsidized employment . . . we feel it's a real job . . . we have to compete in the marketplace . . . I can't say well, I'm sorry, I didn't deliver the product on time because we were doing job readiness . . . So that's my battle, but often, they're very unmoving . . . I'm very opposed to the stipend work because people don't earn unemployment insurance and FICA . . . there's a lack of creative thinking around what we're doing." **22 Org D**	

losses for the ventures. All described some aspect of business operations such as technical know-how, import/export procedures, and vendor management where they had no previous experience and faced nearly fatal issues. Several struggling entrepreneurs preferred to market and sell within their restricted personal networks. Finally, struggling entrepreneurs accepted entering into constantly increasing financial debt to the extent that they had to shut down the operations. The behaviors of successful and struggling entrepreneurs are summarized in Table 4a, and Table 4b provides comparative illustrative quotes cross-referenced to the specific behaviors.

Discussion

This inquiry aimed to understand the start-up actions of social entrepreneurs by conducting qualitative research, then comparing their actions to nonprofit and business

venture start-up actions as defined in the respective literatures. Key objectives were to explore the relevance of the observed behaviors and those previously identified in the respective literatures in the context of social entrepreneurship, and to determine whether certain start-up behaviors tend to characterize successful launches, as opposed to failed launches. To this effect, the main contribution of this study lies in its ability to identify behaviors that differentiate between successful and struggling new ventures. It does so in the context of social ventures, and finds that such context does matter, with some behaviors appearing to be as important as they are to business ventures versus other behaviors that are quite different. These findings indicate that broad contextual differences have an important influence on which entrepreneurial behaviors are most critical to success. Perhaps most importantly, it is only at a fine-grained level of behavior, usually not achieved in entrepreneurial research, that these distinctive behaviors are revealed.

In particular, the study shows that social entrepreneurs blend behaviors from non-profit and business ventures, and do not undertake all of the start-up actions associated with both institutions. Despite forming a nonprofit legal entity, social entrepreneurs do not prioritize typical nonprofit start-up activities, such as establishing an effective board of directors, forming a motivated volunteer group, and developing a fund-raising plan. While social entrepreneurs engage in almost all of the business venture start-up activities identified in the business entrepreneurship literature, an activity such as developing a business plan was not found to be central to social venture launches. The study also highlights that, although the overall tasks and activities of both successful and struggling ventures are the same, fine-grained analyses of the behaviors show stark differences; this can be seen, for example, in the diversification of personal networks versus their confinement to homogenous groups. Such behaviors may be used to predict start-up social venture performance.

The findings suggest that the start-up actions of social entrepreneurs can be grouped into three main domains—(1) conceptualizing the social and business opportunity, (2) innovating products/services, and (3) the launch and ongoing functioning of the venture. The first domain involves establishing a societal issue and corresponding social opportunity, defining an economic opportunity, creating a business model to address the social issue, forming and expanding the network of potential stakeholders, creating belief regarding the social business opportunity, and securing resources to explore the venture's products/services. The second domain involves ideating revenue-generating products/services, establishing products/services demand, developing prototypes, creating belief regarding the business (with financiers, customers, suppliers, and industry experts), and securing resources to launch the venture. The third domain involves hiring or contracting with clients (i.e., beneficiaries), designing and establishing client programs, forming partnerships with nonprofits to effect long-term social change, marketing and selling the products/services, and establishing new sales and marketing channels.

Customizing Entrepreneurship to the Context by Blending Behaviors

Organizations are rewarded by, and increase their chances of survival by, conforming to the social expectations of the institution to which they belong (Baum & Oliver, 1991; DiMaggio & Powell, 1983; Hannan & Freeman, 1984). Analyses of these literatures suggest that social entrepreneurs may be influenced to employ a large set of diverse start-up behaviors derived from both nonprofit and business venture institutions. Entrepreneurs react to external stimuli based on the values and norms of the institution, and often decide to act in conformity either because (1) they believe in these values and norms, or (2) they fear sanctions from stakeholders who possess the resources (Bresser &

Millonig, 2003). Among all behaviors across the three domains, those that conform to the institutional needs of nonprofits include the following: conceptualizing a societal issue, designing programs to serve the mission, marketing the venture, knowing and engaging the gatekeepers or experts, maintaining a positive image, engaging in exchange relationships with other nonprofits, and advocating for social change (Behaviors 1, 3, 4, 10, 11 in Table 2a, and Behaviors 1, 3, 5, 16, 21 in Table 4a). The study supports the suggestion by Chesbrough & Appleyard (2007) that entrepreneurs need to capitalize opportunities to reduce costs (Behaviors 8, 10 in Table 2a; Behavior 7 in Table 3a; and Behaviors 5, 8, 10, 14, 15, 16 in Table 4a). Behaviors conforming to the institutional needs of business ventures include conceptualizing an economic opportunity, ideating products/services, developing and sharing models, securing financiers, and marketing/selling/delivering the product/service (Behavior 2 in Table 2a; Behaviors 1, 3, 4, 5, 6, 7, 8 in Table 3a; and Behaviors 6, 10, 11, 14, 18 in Table 4a).

This study proposes that mission and business stakeholder support is achieved through these conforming actions, suggesting that nonprofits' other behaviors (e.g., developing a fund-raising plan, establishing a board of directors, or mobilizing volunteers [Harter et al., 2004; Pakroo, 2009]) and those of business ventures (e.g., developing a business plan—[Carter et al., 1996; Delmar & Shane, 2004]) may not be central to the creation of social ventures. It is noteworthy that the evidence for a number of start-up behaviors (identified by prior nonprofit and business venture studies) was missing in the case of social ventures studied. Consider further, not all launches included the creation of a board of directors, whose traditional role in the case of nonprofits is to establish ties to gatekeepers and high-status players, and thus secure financial resources critical to the nonprofit's survival (Hager et al., 2004; Stone, Bigelow, & Crittenden, 1999). Sixteen ventures were fully dependent on business income, while the remaining seven had low to medium dependence on grants and donations to cover their operating expenses, confirming that social ventures primarily depend on business income for their survival, and as a consequence experience a diminished need for a board. While most business venture start-up actions were observed in this study, there was a lack of evidence regarding the development of a full-fledged business plan. In 9 of the 23 ventures, business plans were created, but as stated by the participants, at best they were "sketchy." The study proposes that mission and business support is achieved through the selective employment of actions conforming to each nonprofit and business venture institution, while at the same time deselecting conforming actions with reduced relevance (due to the core assumption of financial self-sustainability of social ventures).

Although not identified as a determinant of nonprofit survival by previous studies, planning for and establishing nonprofit partnerships to produce long-term social change differentiated the successful and struggling ventures (Behavior 5 in Table 4a). On the other hand, the determinants of survival for business ventures, such as initiating marketing activities (Delmar & Shane, 2004), did not differentiate successful from struggling ventures, instead the predecessor behaviors differentiated them. For example, successful entrepreneurs recognized knowledge gaps and spent more time acquiring expertise (e.g., whom you know and how to approach them) through "learning-by-doing" (Malecki & Tootle, 1996) before beginning marketing (Behaviors 4, 5, 6 in Table 2a). Contrary to this, struggling entrepreneurs marketed despite skills deficiencies, which were acknowledged as gaps only in hindsight (Behaviors 9, 10, 11 in Table 2a). The study reemphasizes Chrisman and McMullan's (2004) findings that actions, when done after the acquisition of tacit knowledge, improve the chances of success. As evidenced in this study, a selective combination of start-up actions from nonprofit and business venture literatures is proposed as potential determinants of social venture success.

Importance of Fine-Grained Analyses of What Entrepreneurs Do

The research confirmed that all ventures, whether successful or not, engaged in three broad domains of tasks and activities corresponding to the first three of those defined in the social entrepreneurship process by Perrini et al. (2010). Likewise, a number of the more specific actions of successful and struggling ventures were similar (for example, Behaviors 1, 2 in Table 2a; Behavior 1 in Table 3a; and Behaviors 1, 3, 6, 7, 11 in Table 4a). However, analyses at this more specific level also revealed important behaviors that differentiated successful from struggling ventures (for example, Behaviors 3, 4, 6, 7, 11, 17, 18, 21 in Table 2a; Behaviors 4, 5, 6, 10, 11, 12 in Table 3a; and Behaviors 2, 5, 10, 14, 20, 22, 24, 25, 26, 29 in Table 4a). Eighteen successful entrepreneurs in the study had only single-sector experience. Arguably, they had started with a restricted and homogenous stock of initial capital, dominant on either the mission or business side; however, behaviors such as 3, 4, and 7 in Table 2a allowed them to gain new knowledge firsthand, build new social contacts, enhance trust and cooperation, create a shared vision, and convey commitment to stakeholders. Successful entrepreneurs were active agents in growing and transforming their stock of knowledge and personal contacts (Krackhardt & Brass, 1994). For example, conducting field studies exposed them to new knowledge, and using prototypes to seek stakeholder feedback (and following up with interactions showing that stakeholder feedback had been accommodated) helped gain the trust of stakeholders.

Nine of the ten struggling entrepreneurs had a single-sector background. Contrary to the successful ones, their behaviors (such as 13, 15, 19, 20, and 21 in Table 2a) did not enable them to acquire new knowledge; it also potentially raised questions about their skills, experience, and commitment, and led to the depletion of their already restricted homogeneous stock of skills. For example, overreliance on email-based interactions or delegating initial relationship-building to other persons may have raised doubts regarding the entrepreneur's commitment to the societal issue. The contrast suggests that entrepreneurs can overcome the lack of familiarity with mission and/or business domains, and with specific functional domains—such as marketing, business operations, and collaboration to achieve effective collective action—and increase the chances of success through specific behaviors.

Social entrepreneurs require heterogeneous knowledge and networks because they need to deal with diverse mission and business constituencies; the initial knowledge and networks affect their behaviors (De Carolis & Saparito, 2006; King, 2004). An acknowledgment of the structural gaps in their knowledge and networks may be the first step toward enabling social entrepreneurs to address their deficits. The behaviors of successful entrepreneurs facilitated the acquisition of both tacit and explicit knowledge (Chrisman & McMullan, 2004; Malecki & Tootle, 1996), thereby enabling them to develop new and diverse social contacts, develop trust, and secure resources. Contrary to this, the behaviors of struggling entrepreneurs suggest they were either blind to the structural holes in their knowledge and networks, or they underestimated the impact on their ability to perform critical tasks. This study, therefore, concludes that greater insights into social venture start-up behaviors are possible by studying actions that go deeper than high-level tasks, viewing such activities through fine-grained analyses of the behaviors displayed.

Limitations

The domain of social entrepreneurship is broad, spanning several different types of enterprises, and the approaches to and challenges of creating social ventures may differ significantly between the two. Because autonomous social entrepreneurs constitute a large and growing group, the study was limited to ventures started by them; however, it included

both for-profit and nonprofit legal entities. Further research is required to generalize the findings to other types of social ventures—for example, those undertaken by established nonprofits, corporate social responsibility-related initiatives in for-profit corporations, ventures with emerging legal structures such as L3C (Low-profit Limited Liability Company), and those from outside North America or from the arts and crafts sector, etc. In addition, the sample for this study was small due to its in-depth and nonrandom qualitative nature, and it required respondents to reconstruct past events. Longitudinal studies that observe actions and their impact in "real time" are, when feasible, best suited to research objectives such as those of this study. Finally, although every effort was made to eliminate researcher bias, note that the principal researcher is, in fact, a social entrepreneur.

Implications for Research and Practice

This study is one of the first to examine entrepreneurial behaviors in the creation and early development of social ventures. Empirical evidence from 23 successful and struggling ventures was employed to gain insights into entrepreneurial behaviors, and the impact on venture success and failure. The findings are based on a qualitative study, and tenets should be empirically validated for causality. For example, empirical studies can be used to explore relationships between entrepreneurial behaviors used to diversify networks and acquire skills relevant to venture creation. In addition, longitudinal studies that capture the quality of social entrepreneurs' actions in real time, and observe venture outcomes over time, can establish the causal relationships when there is a time lag between actions and results, which strengthens the model.

The study has several implications for practice. Its findings may influence social entrepreneurs with prior dominant social work background to focus their effort on a number of specific behaviors in the areas of markets, industry, and customer management. At the same time, they should be aware that not all nonprofit start-up behaviors may be relevant while starting a social venture. Social entrepreneurs with dominant business experience can recognize the significance of defining the societal issue first, before any other significant start-up activity. Knowing and removing blind spots (or structural deficits pertaining to know-how and social contacts) facilitates effective action. And, all founders of social ventures should engage in specific behaviors that enable them to seek and respond to critical feedback through ties to key stakeholders.

Regarding research in entrepreneurship, this study points to the importance of uncovering specific sets of behaviors required to successfully launch a social venture and to reveal those that may lead to failure. Entrepreneurial theory can advance via a series of studies that explore the sequence, relative effort, and pacing of behaviors, to understand the process of emergence. This study suggests the importance of broad but contextually specific forces in play, particularly the norms and expectations of each nonprofit and business institution. As entrepreneurship becomes more prominent in settings beyond the business sector, such as the social sector, it will be important for entrepreneurial research to establish which of those forces are most relevant in determining entrepreneurial behaviors, and which behaviors are critical for survival and success.

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