

# A Case Of Social Entrepreneurship: Tackling Homelessness

Norman Carroll, Dominican University, USA  
Molly Burke, Dominican University, USA  
Mark Carroll, Cognitive Capital, LLC, USA

## ABSTRACT

*Social entrepreneurship integrates the resourcefulness of traditional entrepreneurship with the compelling drive to mitigate social ills. The focus of this study is on one social entrepreneurial organization that has changed the lives of the poor and homeless in a large urban area. The case study describes the dilemma the organization faces in deciding whether to enter into a joint venture with another non-profit social service entity. The joint venture would increase the number of at-risk people it could serve but threatens to change the unique nature of its operation and could compromise the organization's brand.*

**Keywords:** Change management; Joint venture; Social entrepreneurship

## INTRODUCTION

Eric, the CEO of The Cara Program, was in the program's new offices in Chicago facing a decision that he had to make by tomorrow. Mercy Homes Lakefront was asking the Cara Program to enter into a joint venture to maintain all of the many homes that had been vacated by foreclosure in at-risk neighborhoods in Chicago. There were many things to consider and Eric had to know by tomorrow's meeting of the Board of Directors what his recommendation was going to be. It was a difficult decision because it had the potential of changing the nature of this highly successful program serving the homeless and could alter its ability to maintain the quality controls that are the hallmark of the organization. Recognizing that any lowering of its quality standard would threaten the organization's brand, Eric pondered his decision.

## THE CARA ORGANIZATION

The Cara Program was the brainchild of Thomas, an entrepreneur who had made a small fortune in the information technology field and had then used his entrepreneurial skills to develop human services programs. As Martin and Osberg (2007) stated, a social entrepreneur is "someone who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity." Thomas had the thought that some homeless people, who were numerous in Chicago as in any large city, could find useful employment if someone took the time to work with them. These people seemed to be outside the usual programs available for the unemployed. They were motivated to work but faced significant challenges and thus were often seen as unemployable. Thomas did not understand in detail why people ended up homeless but he thought there must be some way to help many of them to recover from whatever situation had caused their homelessness. Dees (2001) observed that social entrepreneurship ventures "can include ...homeless shelters that start businesses to train and employ their residents..." and this was just what Thomas was starting to think about doing.

As in a market entrepreneurial situation, Thomas sought a way to fulfill the unmet need of this homeless population. He had earlier met Mother Teresa in India and was inspired by her devotion to the homeless and impoverished. He spoke to people in Chicago's social service agencies who had experience in dealing with the homeless and discovered that many of these people had spent time in prison which frequently barred them from future employment. Others whose lives had been damaged by a history of substance abuse were discouraged from looking for work and many came from generations of poverty that left them ill prepared for the labor market. Within

that population however, there is a segment of genuinely motivated individuals, looking to change their situation but unable to do so because of the obstacles they faced.

With this information, Thomas formed a foundation to finance a social services effort to address the employment needs of this homeless population. He sincerely believed that the handicaps that these people faced could be overcome. Though these individuals lacked a healthy network of friends and family to help them redirect their lives, he believed his new foundation could offer the positive and productive support they needed to transform their futures.

Thomas knew he needed to create an organization that could not only provide support services but one which could also supply access to employment and this meant he would need to leverage his own extensive business contacts. He approached Catholic Charities of Chicago with his idea and told them his foundation would support the enterprise. The diocese agreed and in 1991 Thomas started an employment placement program for the homeless under the auspices of Catholic Charities. He named the initiative The Cara Program after the Irish name for friend. He articulated its mission “to assist motivated individuals affected by homelessness and poverty to transform their lives and achieve real, lasting success.”(Cara, 2008)

After a while the program became too large an enterprise for Thomas to manage. He would continue to support the program through his foundation, but he needed an enthusiastic young manager to head the fast growing organization. Thomas was a member of a upscale liberal Catholic parish in Chicago whose membership included many people interested in social causes. On the advice of the pastor, Thomas recruited Eric, a successful young banker who was also a member of the parish. Eric was interested to hear about this new opportunity at Cara because for some time, he had been considering changing his career to a more socially oriented one. He also had all the experience and skills that Thomas knew would be needed in expanding The Cara Program.

In 1996 the program was relocated from the Catholic Charities offices to a space in one of the parish buildings of Old St. Patrick’s Church. The church is located on the near west side of Chicago’s downtown and conveniently accessible to the business community. Eric took on the responsibilities of executive director at the time of the move. Since then, Cara has grown significantly. The current staff consists of 75 full-time people with 115 volunteers. African-Americans make up 55% of the full-time staff and 11% are Latinos. Most of the volunteers come from the business community. The Board of Directors is predominately male and Caucasian. Thomas remains chairman of the Board and his foundation is the major contributor to the finances of the organization.

### **Structure of the Organization**

The Cara Program became a 501(c)(3) not-for profit corporation in 1999. It is directed by Eric who serves as President and CEO and is supported by a sixteen member board with Thomas as chairman. All the senior executives of the program bring valuable education and experience to their work:

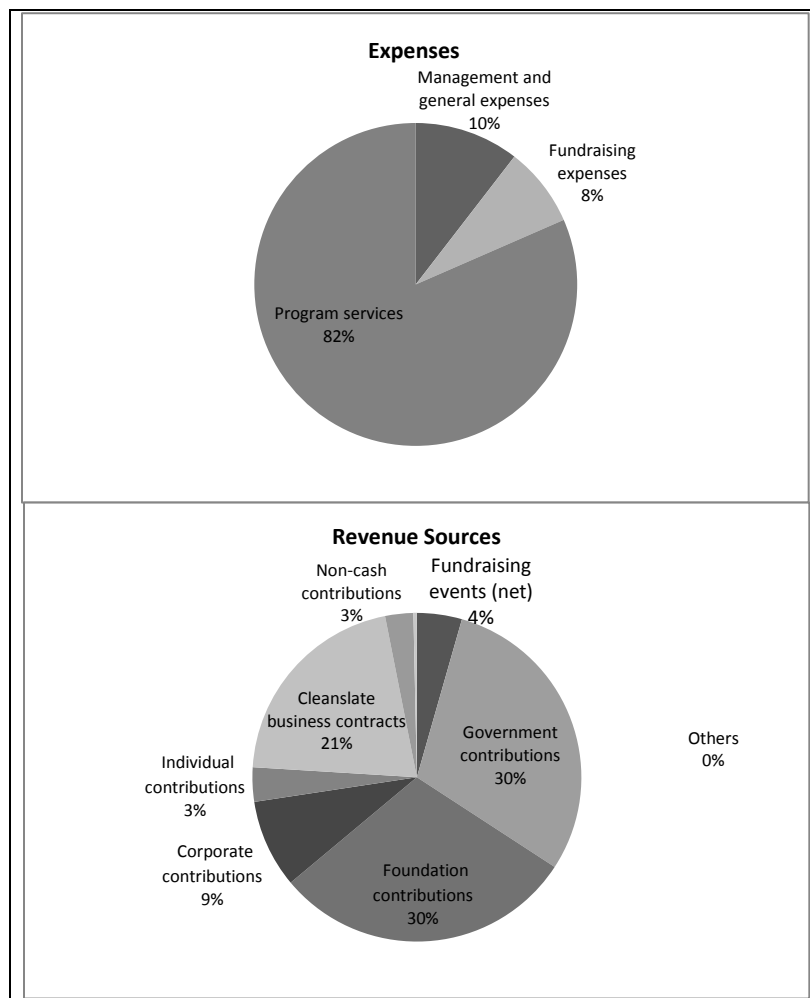
- Eric, President and CEO for thirteen years. Ten years in the financial services industry. BA, Boston College, MBA, University of Chicago, Post Graduate Program, Harvard Business School.
- Maria, Vice President of Resource and Career Development for three years. Thirteen years of communications, budget, project and people management and strategic planning experience.
- John, Managing Director of Cleanslate for three years. Managing the rapid expansion of this social enterprise launched by Cara in 2008. Currently enrolled in Northwestern University’s Kellogg School of Business Executive Management MBA program.

The Cara Program has expanded its reach in recent years, meeting all the challenges of “scaling social impact and growth” described by Bloom and Chatterji (2009). The organization now operates four separate programs: The Cara Program, Cleanslate, the Career Pathways Initiative and the Quad Communities Center for Working Families. Selecting the right staff for these four programs and placing them in the right positions has been a daunting task. After several years of effort however, and some disastrous failures, Cara finally has found the right people for the work to be done.

Still, such rapid growth has taken a toll on the Cara employees. Managing The Cara Program as well as launching three new initiatives has demanded unrelenting effort from every member of the senior leadership team and staff. It has required long days and hard work but even more importantly, it has required grappling with problems and issues never faced before and devising successful solutions. Eric pointed out “We have done a great job of adapting and changing but we are all pretty tired, maybe even a little burned out. Now we need some time to regroup.”

While government, corporate, foundation and individual contributions account for the vast majority of Cara’s operating revenue, Cleanslate business contracts now contribute approximately twenty percent to the annual operating budget. (Fig 1)

**Fig 1**  
**Cara Program Proportions of Expenses and Revenues**



Source: The Cara Program 2008 Annual Report

The operation spends over five million dollars a year on these four programs (Table 1).

**Table 1**  
**Cara Program Expense and Revenue**

<b>Expenses</b>		<b>Revenue and Other Support</b>	
Traditional job training and Placement	\$1,231,715	Fundraising events (net)	\$ 234,520
Retention	\$ 724,844	Government contributions	\$ 1,577,210
Cleanslate (all business related expenses)	\$ 1,729,191	Foundation contributions	\$ 1,570,088
Career Pathways Initiative	\$ 314,659	Corporate contributions	\$ 459,881
Quad Communities Center	\$ 16,099	Individual contributions	\$ 178,438
<b>Total Program Services</b>	<b>\$ 4,166,508</b>	Cleanslate business contracts	\$ 1,108,700
Management and general expenses	\$ 534,501	Non-cash contributions	\$ 146,721
Fundraising expenses	\$ 408,301	Other	\$ 17,936
<b>Total expenses</b>	<b>\$ 5,109,310</b>	<b>Total Revenue/Support</b>	<b>\$ 5,299,500</b>

Source: The Cara Program 2008 Annual Report

As the programs have grown, both in scope and in number of participants, the board and staff recognized the need to establish additional revenue sources and Cara announced its first capital campaign in 2009. The money raised will be used for “capacity building” enabling Cara to serve its ever increasing number of clients. Though fundraising had always been an integral part of Cara activities, beginning a capital campaign to raise 10 million dollars represents a significant new challenge. “Not only is this Cara’s first-ever campaign but it is being launched in a dismal economy,” Eric acknowledges. “I’m told that as CEO, I should expect to spend more than fifty percent of my time on the campaign. That will be hard, but we’re all neurotically productive here so we’ll figure it out.”

The Cara Program alone collaborates with more than 100 community social service organizations to identify and enroll individuals who will benefit from the services that Cara offers. After several years experience working with the population which the program was designed to serve, very specific admission criteria have been established to identify those individuals who are motivated to take the necessary steps to transform their lives. Candidates must complete a phone screening, attend one-on-one interviews, pass a drug test, and remain clean and sober before being accepted as “students.” Cara receives more than 1500 inquiries each year, but only one-third are accepted into the program.

Cara deliberately uses such terms as “students” or “graduates” to underscore that its participants are not “clients” or “cases” but individuals who are in a learning environment and actively seeking to develop their skills. In cooperation with the feeder community organizations, the program provides wrap around services that are effective and efficient. Realizing that the participants need both career training and life skills development, the program offers intensive personal coaching and mentoring to all those who participate.

### **The Cara Program - 1991**

This is the original and core program which provides support for the students who may also participate in the other programs. A carefully designed and challenging eight week curriculum develops students’ basic life skills in such areas as conflict management, personal responsibility and teamwork. They are also given experientially-based, specialized employment training in basic computer skills and customer service to help them be competitive in the workplace despite their weak job histories and poor educational background. Realizing that individuals can only “transform their lives and achieve real, lasting success” (Cara, 2008) when they find a job that pays a living wage, students are also provided job-readiness training which focuses on job search techniques, interviewing skills and professional appearance. After students secure employment, The Cara Program continues to work with them for a full year in a highly structured program of intensive support services.

Almost 60 percent of the participants are women and more than half of the participants have a previous criminal conviction. Approximately one-quarter of the students are victims of domestic violence and almost a third lack a high school diploma or GED. Almost 50 percent are in recovery from substance abuse. Only half of the students complete the challenging program. It is demanding and requires accountability. The rigor of the program distinguishes it from other similar programs but also signals to prospective employers the high level of motivation and commitment these students have to become successful and productive employees.

The Cara Program achieves its objectives by helping the students it accepts to create change in their lives by addressing the root cause of their past predicaments, whether it was homelessness, poverty, incarceration, domestic violence or addiction. It does this in a number of ways, beginning with life skills training and morning “Motivations” or pep-talks.

Life-skills training is presented in classes that are focused on transformation in self-esteem, conflict management, responsibility, team building, time management, and forgiveness. Students are expected to incorporate these concepts and lessons into their daily lives, their job searches and beyond.

Students and staff also apply these transformation concepts as they gather every morning for an invigorating program called Motivations, which might include songs, poems, or inspirational anecdotes. One question drives each morning Motivation such as “Tell us about a challenge or obstacle you have overcome that will motivate someone else.” As students and staff share highly personal stories of the tragedies and triumphs in their lives, a cohesive bond is forged. Listening to the often painful experiences of their classmates and hearing their resolve to overcome these situations creates a deep sense of camaraderie. Through Motivations, students and staff become friends and mentors to each other, all invested in helping the group as a whole find success. The community is united, inspired and energized through each individual response.

Specialized employment training gives participants marketable skills, enabling them to compete successfully for entry level positions in the banking, health care, office services, manufacturing, environmental services and hospitality industries. Many students choose to participate in internships or training offered by Cara’s external training partners, enabling them to learn the specific skills that the employment partners expect and demand.

Job readiness preparation integrates those aptitudes gained in life skills and employment skills training and enables students to be placed in permanent jobs. Students are considered “job-ready” only after they have completed the following steps: prepared a sample job application and résumé and had it approved; secured stable housing and childcare; completed an interview class and class homework; prepared an interview prep folder; achieved a minimum score during two mock interviews with staff or four with volunteers; had their criminal background verified and documented; had their health documented and give evidence of following physician advice; adhered to professional dress code standards and demonstrated adequate conflict management skills.

Every student who participates in The Cara Program is guaranteed a quality, permanent job after the successful completion of their program. Great effort is expended to make sure that this guarantee is met. Rather than finding “just any job” for its students, Cara works with companies that commit to offering competitive wages and reasonable benefits as well as the potential for advancement. Deliberate efforts are made to match employment to students’ interests. During the past year, the industries in which Cara graduates found employment include: Food Service - 9 percent; Transportation -14 percent; Health Care - 15 percent and Facilities Management - 29 percent. (CARA, 2008)

Cara’s placement staff includes “corporate account managers” who are responsible for working with the more than 125 partner companies to facilitate student placements. These companies, such as Pitney Bowes Management Services, ABM Lakeside, JP Morgan Chase and the University of Chicago, have established strong relationships with The Cara Program and regularly employ Cara graduates whom they have found to be both qualified and motivated. They have committed to paying starting wages that are significantly above the federal minimum wage, offer the potential for benefits and provide a minimum of 32 hours work per week. Currently, more than 70 percent of employed Cara participants remain on the job for at least one year indicating the placement process works well both for students and the firms employing them.

Helping students to becoming gainfully employed is one of The Cara Program’s goals but employment alone does not “transform their lives to achieve real, lasting success.” (Cara, 2008) Realizing that more is needed, The Cara Program provides a full year of intensive support services. Cara’s Individual Development Managers (personal and professional coaches) work with participants on a wide variety of issues such as goal setting, financial management, housing and career development and advancement. Employing a strategy termed “aggressive

outreach” the Individual Development Managers are intimately involved in helping participants navigate the challenges of their new jobs, and also consult with the employer to anticipate and proactively resolve any obstacles to employment success.

A financial literacy program helps participants open bank accounts, establish credit histories and even begin to save money. An incentive program that matches the participants’ savings up to \$1,000 encourages them to save, even as little as \$20 each month. Client Support Specialists also help participants who are interested in learning about homeownership opportunities for low-income individuals. Brandon, Vice President of Program Services at The Cara Program pointed out that while the Cara program “works with individuals to help them achieve lasting success, our impact goes far beyond these individuals by themselves. ...It extends deep into the community. The core of our mission is empowering families to stop the transfer of poverty from one generation to the next.” (Cara, 2008)

**Cleanslate – 2005**

Cleanslate is The Cara Program’s social entrepreneurship enterprise. It offers internships, on-the -job training and transitional support services for Cara students who face significant obstacles to employment) Cleanslate provides neighborhood beautification services, including litter abatement, light landscaping, and snow removal to eleven Chicago neighborhoods and for many Chicago festivals and events throughout the year. It operates in the Illinois Medical District which includes two medical schools and three hospitals, Uptown, Lincoln Avenue, West Town, Bucktown, State Street, Quad Communities, Hyde Park, South Shore, Auburn Gresham and Pullman. It also provides city wide services for the Department of General Services. This initiative brought a new dimension to Cara. As Dees has explained, “(A) number of non-profits are beginning to commercialize the core programs through which they accomplish their missions; that is, they are looking for ways to make these programs rely less on donations and grants and more on fees and contracts.” (1998)

Since its founding, Cleanslate has experienced incredible growth and unparalleled success. The program which began in June, 2005 with ten interns has grown dramatically and provided almost 800 transitional jobs. Currently, Cleanslate has a staff of 21 employees, 19 of whom are former Cleanslate interns. John, Managing Director of Cleanslate, explained “After just a few years in business, Cleanslate has contracts all over Chicago. It’s our hope that we will continue to grow.”(Cara, 2008)

Each year the business has realized more revenue, topping \$1.1 million in 2008. (Table 2)

**Table 2**  
**Outcomes of Cleanslate Property Services**

<b>Indicator</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Permanent Jobs Created	10	50	65
Total Homes Served	250	650	1,050
Total Potential Market Share for the Venture	\$946,758	\$4,659,798	\$7,970,509

Source: Cleanslate Property Services Proposal to The Chicago Community Trust

The fees collected from providing these services account for most than 20 percent of Cara’s revenue and provide funding for the direct employment of Cara students. These jobs are considered transitional as the students establish a work record that makes them eligible for permanent jobs elsewhere. Since its inception, Cleanslate has provided 765 temporary jobs and these have provided a foundation for 276 permanent jobs. (Cara, 2008)

**Career Pathways - 2007**

As a supplement to The Cara Program’s traditional services, the Career Pathways Initiative delivers job training and employment opportunities to job seekers from the Mid-South neighborhoods. Created in partnership with the University of Chicago and the City of Chicago’s Department of Community Development, the service was launched in October, 2007. At its inception, The Career Pathways Initiative hoped to place at least 50 residents from

Woodlawn and the surrounding communities into quality, permanent employment over the course of eighteen months. By the end of December, 2008, just fifteen months after opening, that goal had been far surpassed: 121 area residents had found quality employment and 493 had received career training through the program.

Four members of The Cara Program staff provide recruitment, training and job placement services at the Career Pathways Initiative. While their primary objective is to connect local residents to employment opportunities at the University of Chicago and the University of Chicago Medical Center, they also find opportunities through U of C vendor and supplier networks. In addition, the Career Pathways Initiative serves as a referral partner to The Cara Program, recommending to Cara motivated individuals who will benefit most from its signature life skills, job training and job placement programs.

**Quad Communities – 2008**

In mid 2008, The Cara Program assumed management of the Quad Communities’ Center for Working Families. This center serves as a site for direct service to the community, providing career and employment counseling, education and training referrals, access to income supports, and financial counseling that includes tax assistance. The Tax Assistance program, run in cooperation with the Center for Economic Progress has already had measurable impact on the community. The Quad Communities Center for Working Families staff and volunteers helped complete a total of 1,251 2008 Tax Returns for area residents, totaling \$1,909,924 in cumulative returns that could be reinvested in the community. It too serves as a referral partner for The Cara Program’s core activity providing life skills, job training and placement.

**A RECORD OF SUCCESS**

In Illinois, 1.4 million people live in poverty and almost three-fourths of a million live in extreme poverty, with incomes below the federal poverty line. (Heartland Alliance, 2008) The recent economic crisis has increased these figures. In Chicago, the jobless rates have climbed to alarming levels, reaching 10.7 percent in July, 2009. (Field-White, 2009)

This staggering figure indicates the significant need for The Cara Program’s job training, placement and support services but at the same time, it signals increased competition for quality entry-level opportunities in the city. This increased competition for jobs is especially significant for students from The Cara Program, who already face substantial barriers to employment. As noted above, more than a quarter lack a high school diploma or GED, more than half have criminal records, almost half have a record of substance abuse and nearly all have limited or no prior work experience.

Despite these formidable barriers to success, The Cara Program has established itself as a highly regarded workforce development program and its social enterprise, Cleanslate, has become a preferred provider of neighborhood beautification services that restore neighborhood pride and reclaim neighborhood identity. Regularly assessing the effectiveness of its programs each quarter, Cara gathers specific data that demonstrate how very effectively it is achieving its goals: (Table 3)

**Table 3  
Cara Program Outcomes**

<b>Dimension</b>	<b>Outcome</b>
Jobs	2,500+ students placed into quality jobs since 1991
Retention	73% in initial placement at one year
Wages	Average starting wage of \$10.88 per hour (3.00 higher than federal minimum)
Benefits	68% eligible for benefits at inception of employment
Savings	Savings rate more than 3 times US average for Individual development Accounts
Housing	78% in permanent housing at one year (verses 12% at admission)
Earnings	\$4,967,534 earned by employed students
Taxes Paid	\$745,130 paid in taxes by employed students

These figures from the 2008 Annual Report clearly illustrate that Cara is providing its students with the skills and confidence they need to secure and sustain quality jobs, find stable housing, and become contributing members of their communities. (Cara, 2008) The personal stories of four Cara graduates give even more concrete evidence of how Cara empowers its students to lead lives of personal and professional success.

### **Earnest's Story**

Before he came to The Cara Program, Earnest's long-term battle with substance abuse and addiction had created such a rift in his family that his marriage dissolved and his relationships with family members became strained. At one point, he was living on the streets behind McCormick Place, a convention facility on Chicago's near south side. Eventually, Ernest found his way to Olive Branch Mission which helped him in his recovery and ultimately, referred him to The Cara Program.

From the day Ernest walked into the Cara offices, Ernest worked to build his self esteem, confidence and skills. After just two short months, he secured employment at the Tribune Company, a job that has since evolved into a decade long career. Since joining the Cara community ten years ago, Earnest has reclaimed his life on many different levels. Professionally, his career at the Tribune continues to advance. Over the years, he has moved up through several positions, from his first job as a Janitor to his current role as an Admission Specialist, where he manages an ad insert operation. This is a job with significant financial and client impact and a job that perfectly suits this detail oriented, responsive and dedicated employee.

Thanks to his career success, Earnest is now the proud owner of a three-story home in North Kenwood, which he cares for with his wife, whom he remarried when he got his life back on track. Over the past decade, Earnest has referred his sister and his cousin to The CARA program, both of whom remain at the jobs in which The Cara Program placed them several years ago. Earnest also referred Arthur, whose recovery he sponsors, and who was hired into a permanent job as a Grounds Associate with the Cleanslate program in 2008. Earnest believes in the idea that we transform our lives by aiding in the transformation of others.

### **JaShawn's Story**

In March, 2007, JaShawn graduated from Sister House, a recovery home on the west side of Chicago, and was ready to become an advocate for women suffering from addiction and abuse. JaShawn came to The Cara Program and enthusiastically committed herself to the personal and professional skills she wanted to learn. When she became qualified for a transitional job through Cleanslate, she said "I swept those streets like they were paying me \$1 million to do it." (Cara, 2008) She was thrilled to have found a meaningful channel for her energy and the companionship of others who had had similar experiences.

JaShawn watched and cheered as her fellow Cleanslate interns found permanent, quality employment. In those moments, JaShawn explained: "The Cara Program made me realize that I am the only one who can put limits on how successful I can be in my life." (Cara, 2008)

In August, 2007, JaShawn was offered a job as a receptionist for Cabrini Green Legal Aid. Although her position was part time, she was confident that it would be a good stepping stone to the career she wanted. One year later, with continued guidance from her Individual Development Manager (personal and professional coach) at The Cara Program, JaShawn was offered a promotion. She is now the Office Manager at Cabrini Green Legal Aid, working full time with benefits and even tuition reimbursement. JaShawn recently started classes in social work at Northeastern Illinois University. She credits the support services of The Cara Program for inspiring her to further her education, increase her savings and advance her career.

### **Cathy's Story**

In January, 2007, Cleanslate hired Cathy as a Crew Chief, to lead a Cleanslate crew in the beautification of 79<sup>th</sup> Street in Auburn-Gresham. As a student of The Cara Program, Cathy was fully committed to her internship at Cleanslate, even stepping up to fill in for her Crew Chief when she was ill. When a full time position opened up,



Cathy proved to be the best candidate for the job. For two and one half years, Cathy enjoyed leading her crew and earned the respect of her interns because she could identify with their experiences. Cathy excelled at her job, especially because of the time and energy she put into the coaching relationship she had with each of her interns.

Although she enjoyed working with Cleanslate, when an opportunity opened up at Cara's Career Pathways Resource Center (CPRC) on the University of Chicago campus, Cathy enthusiastically applied for the job. Her application was successful, and Cathy was soon promoted to Community Resource Specialist at CPRC. She now focuses on helping south side residents find access to employment. Cathy loves assessing job seekers' needs and helping them to identify the best opportunities for themselves available through The Cara Program and Cleanslate, as well as other community resources. Further, Cathy's successful promotion created a job opportunity for another motivated Cleanslate intern to find permanent, quality employment at Cleanslate.

### **Shandra's Story**

When Shandra came to The Cara Program in the spring of 2008, this mother of three young children was separated from her husband and in emotional distress. The Cara community helped her to gain access to critical resources so she could move her life in a new direction. As she developed new skills and perspectives through The Cara Program's rigorous training curriculum, Shandra began counseling and started meeting with a tutor to achieve her goal of securing her GED. In early July, Shandra was very excited to gain employment the Sutton Place Hotel in downtown Chicago.

Securing this job was just the beginning of positive changes for Shandra. Throughout her year of post-employment support, she worked to improve her childcare situation, opened a savings account, purchased furniture for her new apartment, and dealt with a major credit issue. After several months of employment, Shandra faced a cutback in hours at her hotel job, and was forced to reevaluate every penny in her already tight budget. She pressed on. Through post-employment meetings with her Individual Development Manager (personal and professional coach), she worked to stretch her income and even developed a plan for regularly saving money.

Shandra recently celebrated her one-year employment anniversary at the hotel and soon after, she was promoted from her part-time position to full-time employment. Shandra is thrilled by the start of this new chapter in her life, and knows that with the stability that she gained in her year of post-employment support, she will truly excel in her new position.

### **MERCY HOUSING LAKEFRONT**

The Cara Program, through its Cleanslate social enterprise, is now considering undertaking another new initiative. Cleanslate has been asked to offer property maintenance services in a joint venture with the not-for-profit organization Mercy Housing Lakefront. This organization is a subsidiary of Mercy Housing, a national affordable housing organization headquartered in Denver, Colorado. Mercy Housing is a not-for-profit public benefit corporation was founded in 1981 by the Sisters of Mercy of Omaha and now has a presence in 41 states, serving more than 127,000 people on any given day.

Since its start, Mercy Housing has participated in the development, financing or operation of more than 37,000 homes. About 69 percent of Mercy Housing's portfolio is rental units and the remaining 31 percent is homeownership. Mercy Housing serves families, seniors and people with special needs, particularly the formerly homeless, people with HIV/AIDS and the developmentally disabled. (Mercy Housing, 2009)

Mercy Housing Lakefront is one of Mercy Housing's newest and largest operations. It was created in 2006 when Mercy Housing Midwest merged with Lakefront Supportive Housing in Chicago. Presently, it operates more than 1,400 homes, mostly located in the Chicago area and serves more than 2,000 residents with an average income of \$10,395. These organizations, which had been providing housing support services in at-risk neighborhoods in Chicago for two decades, merged with the purpose of further expanding their services (Mercy Housing Lakefront, 2009). They have created and developed a carefully conceived program that not only offers single unit occupancy housing but also provides a supportive structure of activities, where people who were formerly homeless can gain

the skills and support they need to stabilize and improve their lives.

Mercy Housing Lakefront drew positive reviews in Chicago when it opened the Margot and Harold Schiff Residences, a 96-unit apartment building designed by architect Helmut Jahn. Located in the Near North neighborhood, the Schiff Residences provide permanent, affordable housing and on-site support services for formerly homeless and disabled adults. This cost effective and nationally recognized approach to preventing homelessness incorporated major design innovations and each unit has a private bath, kitchen, central air and heat as well as abundant common areas and outdoor space.

The senior leadership at Mercy Housing Lakefront includes:

- Cindy, President. Twenty-five years experience in mission-based real estate development and property operations. Extensive experience in purchasing foreclosed homes, rehabbing and repositioning them in the marketplace. Graduate of Harvard's Advanced Management Program.
- Larry, Regional Vice President for Mercy Services Corporation. Lead Trainer, Foreclosed Property Maintenance. A nationally recognized housing management expert.

### **Proposed Cleanslate property services program**

In the City of Chicago, there has been an 86 percent increase in foreclosures since 2006 and there are currently almost 20,000 vacant foreclosed properties in the area. (EForeclosure Magazine, 2009) These vacant properties threaten the vitality of Chicago's neighborhoods because each abandoned dwelling reduces neighboring property values, attracts vandalism and crime, which then propels an exodus by residents who feel unsafe.

The Chicago Tribune recently described the impact of these foreclosures: "In the past, when banks auctioned off foreclosed homes, buyers lined up to snatch real estate at bargain prices. But given the states of the housing and credit markets, almost 99 percent of homes lost to foreclosure in 2008 went back to lenders – a total value of 1.9 billion in Chicago according to data provided by the Woodstock Institute, a think tank located in Chicago" (Chicago Tribune, 2009) As the Tribune article pointed out, banks do not have the interest or ability to serve as either landlords or realtors and so all these properties remain vacant since there are no buyers expressing interest. .

The Cara Program and Mercy Housing Lakefront are considering working together to help provide a solution to the housing crisis in Chicago, while each organization substantively increases its reach within Chicago's most affected neighborhoods. Already, the geographic areas of Cara's Cleanslate initiatives and Mercy Housing Lakefront properties significantly overlap but the joint venture would also enable each organization to expand its services to additional areas experiencing significant need.

To affect this joint venture, a new entity would be created entitled Cleanslate Property Services. Cleanslate Property Services would provide comprehensive property maintenance services to various financial institutions, lenders, developers, government agencies, and the newly formed Chicago Neighborhood Stabilization Corporation to secure and maintain abandoned or foreclosed residential homes and buildings. It would subcontract to The Cara Program's Cleanslate service for three comprehensive property maintenance services: clean-out, board-up, and ongoing maintenance. Cleanslate Property Services would also contract with other vendors on a fee-for-service basis to provide additional services as required by the property owners.

To provide this service, Cleanslate Property Service would need to hire approximately 125 at-risk individuals over a three year period for transitional and permanent jobs from the impacted areas. This would require over half million dollars a year in an annual budget of close to two million dollars. (Table 4) It has the potential to generate almost 14 million in revenue in the same three year period.

**Table 4**  
**Cleanslate Property Services Projected Program Budget**

Salaries/Wages	\$617,663
Fringe Benefits	\$19,097
Contract Services/Professional Fees	\$883,828
Office Space	\$2,863
Equipment/Supplies	\$130,556
Staff/Board Development	\$25,448
Travel/Related Expenses	\$11,452
Indirect Costs	\$144,714
Other	\$8,206
Total	\$1,843,827

Source: Cleanslate Property Services Proposal to The Chicago Community Trust

While doing this valuable work to stabilize Chicago's poorest neighborhoods, the individuals hired would also be gaining the skills and confidence that comes from successful employment. Having established a positive job history, they would then be equipped to seek other quality jobs in the future, establish themselves in stable housing, further their education, and lead personally rewarding lives.

## CONCLUSION

As Eric thinks through the implications of this proposed joint venture, he sees many advantages but also sees potential problems. His biggest concern is the impact the selection of the proposed 125 new hires would have on the Cleanslate operation and the mission of The Cara Program. If the project were successful, in three years, it would significantly increase the number benefiting from Cleanslate employment opportunities. But is the Cara organization ready for this? Would Mercy Housing Lakefront have a voice in the selection and training of these new hires? Should they be subject to The Cara Program's signature life skills, employment and job readiness training and Motivation programs? If not, what would be the result?

Could this new venture dilute the mission of Cara or overwhelm Cleanslate? Maria explained: "We have to make sure that this proposal makes 'mission sense' just as much as it makes 'business sense.' Cara is a very adaptive organization, very nimble, and always sensitive to exploring new possibilities. There are really good reasons to take advantage of this opportunity created by the tsunami of foreclosures, as it has been called, but we have to be sure to look at all the issues so we make a balanced decision."

There are an abundance of issues to evaluate. In this terrible economic climate, where would The Cara Program get the seed money to fund this proposal? Could The Cara Program still maintain its commitment to respect participants' varied career interests if some Mercy students are required to work for Cleanslate Management Services? Would the joint venture take away from the Cara brand or the reputation its students have earned as top quality employees? Would working with Mercy distract the Cara and Cleanslate staff from their core businesses?

Eric wonders aloud: "We are talking about adding another business to the three ventures Cara already has undertaken in the past four years. Will this be too much too soon? For the first fourteen years, we put unlimited effort into revising and refining Cara's signature program and made it an unquestioned success. Now we are considering a fourth program and I just wonder what that could do to this overworked staff. Our people are putting in week after week of ten-hour days and then taking work home with them on weekends. Cleanslate is already growing so fast. Will it be a de-stabilizing factor if Cleanslate needs to manage another kind of program?"

There are still other factors to consider, however. How could these two organizations not join together when they share such a worthy common goal and are driven by the same commitment to prevent homelessness and to transform lives? Eric reflects on how the service areas of their organizations already overlap, about how they serve the same populations and benefit from the same governmental and philanthropic supporters. As he walked around the still-packed boxes in Cara's bright new offices, he asked "How many more people could be helped? How many more permanent jobs could be created in this period of staggering unemployment?" He ponders how many

more lives would be transformed if he were to recommend that the Board consider supporting the proposed joint venture? What might he and his staff learn by working with such a successful national organization that might ultimately, help The Cara Program? And, how would he feel if they pass up this opportunity?

### **DISCUSSION QUESTIONS**

1. The Cara Program has been tremendously successful where other social service and government agencies have failed. What accounts for this success as you consider their mission, governance structure and management strategies?
2. In its first fourteen years, the Cara Program worked hard to establish a top quality program that is recognized across the city of Chicago for its excellence and effectiveness. Since 2005, they have undertaken three new ventures. Should they now consider embarking on a fourth? Why or why not?
3. Cara's senior management describes their organization as "nimble" and their staff as "neurotically productive." Should such an innovative entrepreneurial social entity partner with a large national social service agency? What might be the challenges of this joint venture? What might be the benefits?
4. As you consider the history and operations of Cara and of Mercy Housing Lakefront, does the proposed partnership make "mission sense"? Does it make "business sense"?
5. Having seen the number of employment opportunities Cleanslate created for Cara students, the Cara staff recognizes that responding to the "tsunami of foreclosures" will provide hundreds of additional transitional and permanent jobs in this depressed economy. What will happen when the mortgage crisis is over?
6. Should Cara pursue the joint venture with Mercy Housing Lakefront? What are the reasons to go ahead with Cleanslate Property Services? What are the reasons not to? What would you recommend? Why?

### **AUTHOR INFORMATION**

**Norman E. Carroll**, PhD is Professor of Business and Economics in the Brennan School of Business at Dominican University. He is also Provost Emeritus of Dominican University. He holds a doctorate from The Illinois Institute of Technology. His research interest is in the area of organizational structure and change. He is currently studying the entrepreneurial dimension in organizational effectiveness.

**Molly Burke**, PhD is Associate Professor of Management in the Brennan School of Business at Dominican University and is Dean Emerita of the Brennan School. She completed a PhD at Northwestern University. Her research examines the impact of effective leadership on organizational growth. She is currently involved in the study of social entrepreneurship in educational organizations.

**Mark Carroll**, JD is a principal in Cognitive Capital LLC. He earned his JD at Northwestern University. He was formerly a managing director of Goldman Sachs. He spent a Goldman fellowship year working with The Cara Program in developing the Cleanslate initiative.

### **REFERENCES**

1. Ahmed, A. and Little, D. (2009, February 22). Foreclosures spur neighborhood ghost-towns: Chicago beset with a staggering number of vacant homes. *Chicago Tribune*, 2A
2. Bloom, P. N. and Chatterji, A. (2009). Scaling social entrepreneurial impact. *California Management Review*, 51 (3) 114-133.
3. The Cara Program (2008) Our Community: Annual Report.
4. Dees, J. G. (1998) Enterprising nonprofits. *Harvard Business Review*, 76 (1) 54-67.
5. Dees, J. G. (2001, May 30). The Meaning of Social Entrepreneurship. Retrieved from <http://www.caseatduke.org/about>
6. EForeclosure Magazine (2009, March 5) Foreclosures by State: Chicago Puts Illinois High on Lists of Foreclosures by State. Retrieved from <http://www.eforeclosuremagazine.com/foreclosures-by-state-put-illinois-high-on-lists-of-foreclosures-by-state/>
7. Fields-White, M. (2009, October 22) Metro Jobless Rate at 10.1%. *Crain's Chicago Business*. Retrieved from <http://www.chicagobusiness.com/cgi-bin/news.pl?id=35895>.

8. Heartland Alliance for Human Needs and Human Rights (2008) *Realizing Human Rights in Illinois*. Retrieved from <http://www.heartlandalliance.org/whatwedo/advocacy/reports/2008-report-on-illinois-poverty>.
9. Martin, R and Osberg, S. (2007) Social Entrepreneurship: The Case for Definition. *Stanford Social Innovation Review*. 5 (2) 28-39.
10. Mercy Housing. (2009) *Affordable Housing and Solutions: Mercy Housing*. Retrieved from <http://mercyhousing.org/>
11. Mercy Housing. *Mercy Housing Lakefront*. Retrieved from <http://mercyhousing.org/>

**NOTES**