



# The Social Business of Caring

Powering Nursing Organizations  
Through Earned Income

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This publication was developed by NESsT with generous support from the Bristol-Myers Squibb Foundation.

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Design & layout: Jorge Moraga  
Cover photo: Gettyimages  
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ISBN 978-1-930363-42-7

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Through Earned Income

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# Acknowledgements

We are grateful to the following individuals for their support, insight and advice during the development of this publication:

Catharine Grimes, Bristol-Myers Squibb Foundation, for offering input into the types of organizations that would be relevant to interview and for providing insight into the sector.

Graham Perolls, Hospices of Hope, for giving an overview on the financial sustainability challenges of nursing organizations and providing expert feedback on the publication.

Andrea Spital'szky for contributing to the global research of earned-income activities in nursing organizations.

We are also grateful to Bristol-Myers Squibb Foundation for providing its generous support for this publication.



**Bristol-Myers Squibb  
Foundation**

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# Introduction

This publication aims to spark interest in financial sustainability and earned-income business models among nursing organizations around the world. By highlighting successful cases of earned-income activities, the publication sets out to demonstrate that nursing organizations can generate their own revenues and increase their long-term financial independence.

Earned income is one of many strategies that can make nursing organizations more sustainable. In this publication, we define earned income as any nonprofit funding activities that generate self-financing revenues. Nonprofit organizations can pursue many different types of earned-income activities, which NESsT

groups into six categories: membership dues, fees for services, product sales, use of hard assets, use of soft assets and investment dividends (see Table 1).<sup>1</sup>

This publication is the outcome of the project, “*Fostering Financial Sustainability of Oncology Nursing Organizations in Central & Eastern Europe*,” between Bristol-Myers Squibb Foundation and NESsT. The project provided nursing organizations in Central & Eastern Europe with trainings, business coaching and strategic guidance for launching earned-income business models.

The publication is organized into three main parts. Part I provides an overview of the financing trends in nursing organizations. Part II describes and analyzes a variety of earned-income activities undertaken by nursing, health and social service organizations. Part III highlights five case studies of earned-income activities that were selected for their innovation and impact.

The research involved an in-depth analysis into applicable business models for nursing organizations. NESsT approached the analysis through a combination of publicly available resources, interviews and surveys. It employed both qualitative and quantitative methods to identify, describe and showcase earned-income models that apply to nursing organizations and increase their financial sustainability.

A total of 81 organizations were researched online, from which 12 were selected for interviews to analyze their earned-income activities. Two additional interviews were conducted with advisors in the nursing and

TABLE 1: EARNED INCOME CATEGORIES

Method	Method
<b>Membership Dues</b> A fee collected from nonprofit members or constituents in exchange for a product, service or other benefit.	<b>Use of Hard Assets</b> Renting out real estate, space/facilities, equipment, etc. when not in use for mission-related activities
<b>Fees for Service</b> Fees charged by the nonprofit for a service, often capitalizing on staff’s existing skills or expertise.	<b>Use of Soft Assets</b> Generating income from nonprofit-held patents, licensing agreements, and royalties for intellectual property or endorsements.
<b>Product Sales</b> Selling products made by or for the nonprofit’s constituents, or reselling donated products	<b>Investment Dividends</b> Dividends from active or passive financial investments (e.g., savings, endowment, reserve funds, etc.)

<sup>1</sup> “Enterprising Mentality: A social enterprise guide for mental health and intellectual disabilities organizations,” NESsT (2005).



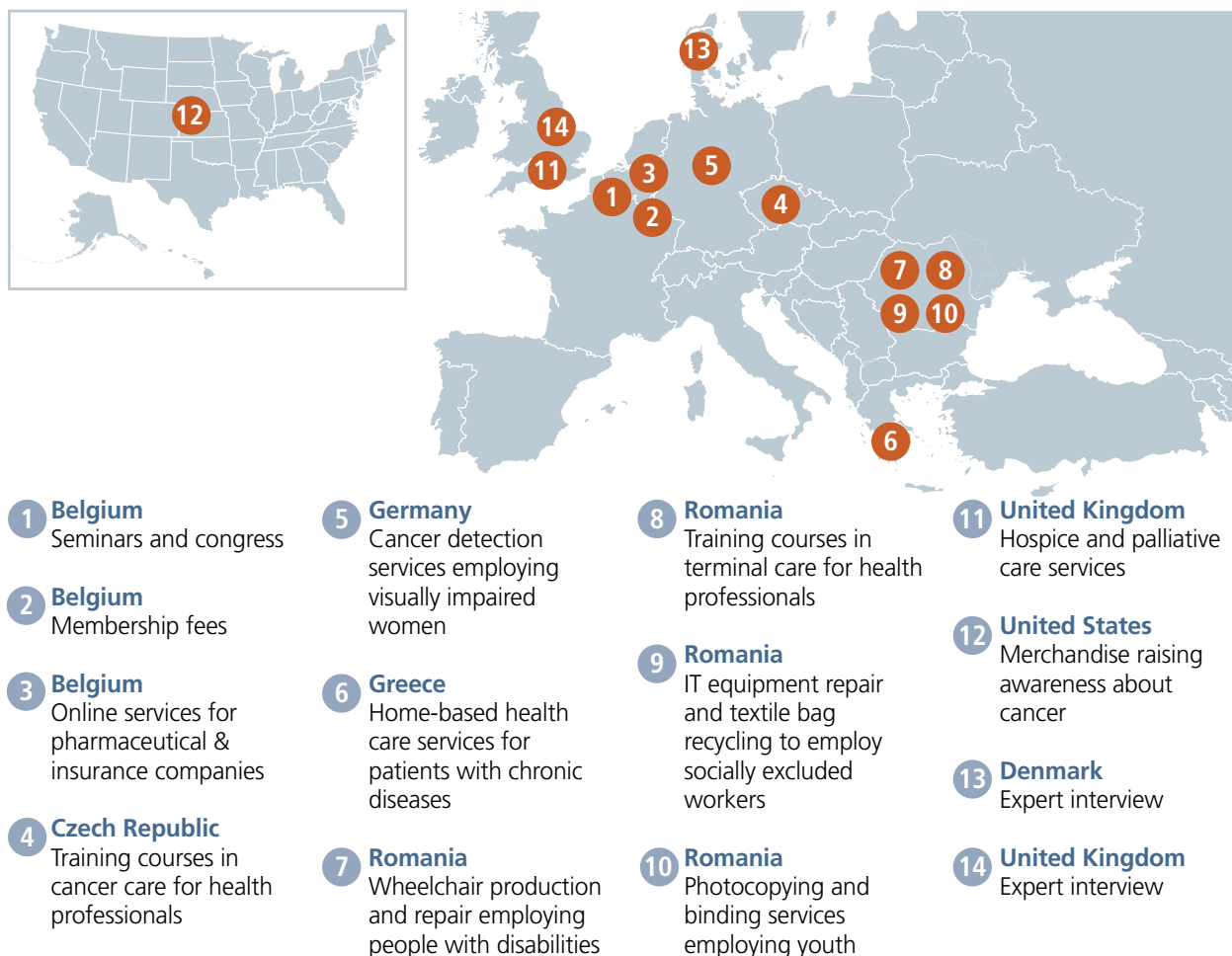
hospice fields, who provided context for the research questions and professional feedback on findings (see Figure 1).

The 12 interviews with organizations form the basis of the earned-income activities profiled in this publication. They were selected based on the type and level of earned-income activity,

affiliation with the nursing and oncology fields, geography (prioritizing Central & Eastern Europe) and innovation.

We conducted interviews across Europe (and one in the United States) where the Bristol-Myers Squibb Foundation's *Bridging Cancer Care*<sup>TM</sup> initiative operates.

FIGURE 1: LOCATION OF INTERVIEWS AND TYPES OF EARNED-INCOME ACTIVITIES





# Earned income in nursing and related organizations

HOSPICE Casa Sperantei  
(Romania)



ADV  
(Romania)



Motivation (Romania)



European CanCer Organization (Belgium)







# Part I. Financial sustainability of nursing organizations

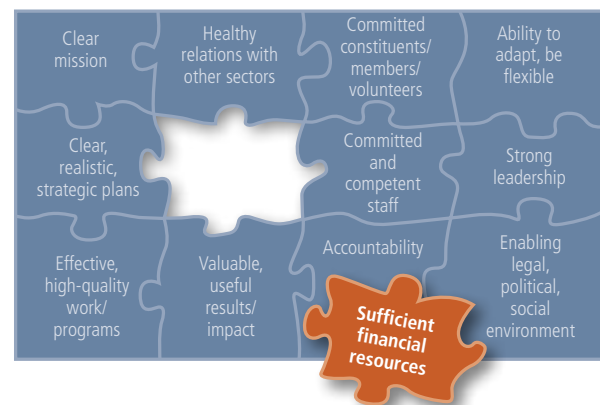
Financial sustainability depends, in large part, on an organization's overall sustainability, which includes strong leadership, systems, governance and stakeholder relations (see Figure 2). While nonprofit organizations and their supporters tend to focus on the financial resources that can maintain and grow impact, it is important to note that non-financial elements also play a critical factor in the long-term success of organizations.

In order to understand the diversity of funding approaches and potential for sustainability among nursing organizations, it is important to recognize the context in which they operate.

Nursing organizations face the same financial challenges as other nonprofits: philanthropic resources are limited and there is a large number of competitors vying for the attention of both major donors and the general public, just to mention these two funding sources. Nursing organizations also experience unique challenges stemming from their stakeholders and self-imposed fundraising rules—such as limiting certain types of corporate donations.<sup>2</sup>

In Central Europe, the recent economic climate presents financial sustainability challenges for nursing organizations, especially in countries with weaker economies that are most affected by the crisis. The obvious impact is on membership fees (since health professionals have less disposable income), the general public's overall capacity to donate and government resources available for projects. Nursing organizations recognize the need to diversify funding sources, despite the challenges that result from generating income across multiple types of funders.

FIGURE 2: COMPONENTS OF ORGANIZATIONAL SUSTAINABILITY



Through the surveys conducted for this publication, nursing organizations identified the following as the greatest challenges they face in terms of long-term financial sustainability:

- Lack of a long-term strategy that integrates financial sustainability
- Fixed operating expenses such as salaries, overhead costs and taxes
- Lack of international funding and long-term financing
- Possibility that project funds may be withdrawn
- Difficulty in obtaining European Union funding given the complexity of proposals
- Dependence on a few donors or funding sources to sustain organizations
- Difficulty in maintaining motivation in light of the effect cancer has on staff and volunteers
- Demonstrating outcomes to show impact

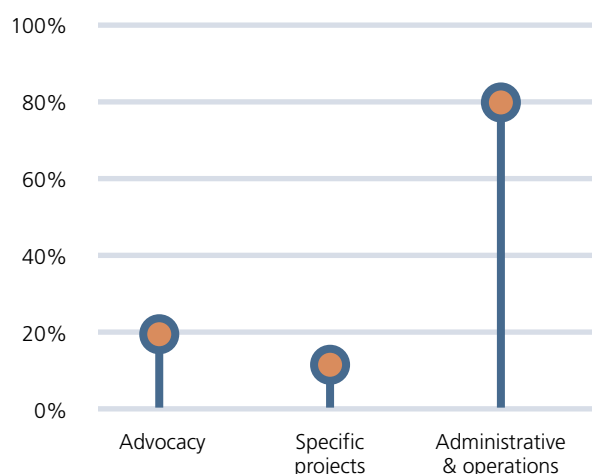
<sup>2</sup> Nursing organizations' donor relationships with pharmaceutical companies can be complex to manage. These are discussed later in the publication.

Across the board, nursing organizations find that the most difficult area to raise money for is administrative and core operational expenses. Organizations also find that advocacy programs are hard to fund (see Figure 3).

The main reason these activities are difficult to fund is that they do not align with donor priorities. Organizations also cite that funders typically only provide resources for short-term projects, which makes it challenging to increase long-term sustainability. In this sense, the funding landscape for nursing organizations is not unlike what other organizations face around the world.

One issue specific to the nursing field is the fact that many organizations operate in the oncology field. Since cancer treatment and prevention have been at the top of the public agenda for many years, nursing organizations benefit from the visibility of this issue, which translates directly into more public spending on treatment and prevention.

FIGURE 3: NONPROFIT ACTIVITIES DIFFICULT TO FUND



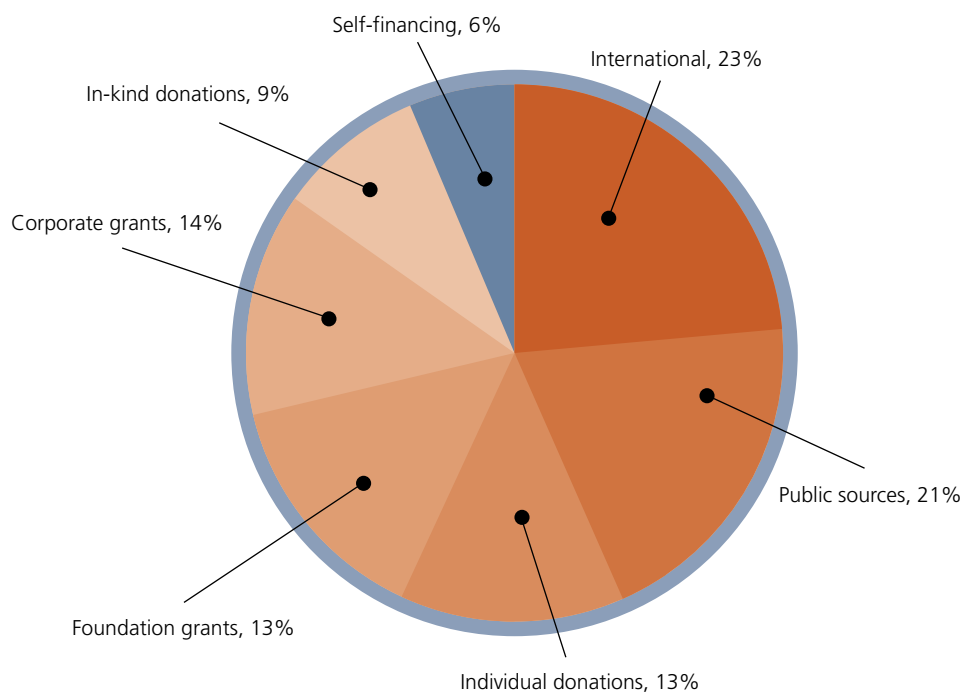
The survey conducted by NESsT and Bristol-Myers Squibb Foundation reveals that the most significant funding sources for nursing organizations include international grants, public government sources, individual donations, foundation grants and corporate grants. Self-financing, or earned income, represents only 6% of these organizations' revenues (see Figure 4).

Public government sources can be difficult to manage. On the one hand, many local government grants have been reduced in recent years by the financial crisis. On the other, nursing organizations cite the potential tension between managing public funding sources while advocating for better working conditions of health professionals, who often are public sector employees. There are new grant opportunities available to further the EU Commission's goal of reducing cancer diagnoses by 50% by 2020. However, EU funds present unique challenges because of their many administrative requirements and reporting processes. Although EU funds can represent significant financial resources, some nursing organizations are exploring other ways—such as earned income—to generate income and avoid complex EU funding processes.

Corporate grants can bring substantial resources and visibility to an organization. Nevertheless, in recent years, the relationship between nursing organizations and the corporate sector has evolved, with both sectors trying to mitigate potential conflicts of interest. Both sectors are clearly concerned about inappropriate funding practices, and the need for transparency has become stricter. Tools such as the Association of European Cancer Leagues' recommendations<sup>3</sup> for collaborating with pharmaceutical companies are useful and aligned with the general consensus



FIGURE 4: COMPOSITION OF FUNDING AMONG NURSING ORGANIZATIONS



on the need for more fundraising guidelines for nursing organizations to manage corporate funds transparently.<sup>4</sup> Corporations increasingly turn to legal advice to determine what is appropriate to fund, which may cause confusion for nursing organizations that can no longer rely on grant guidelines alone to understand corporate funding interests. Nursing organizations that rely on corporate grants for the majority of their funding should consider developing corporate partnerships that create long-term, multiple benefits (not only funding) that can help to mitigate some of the above-mentioned risks.

While nursing organizations do raise individual donations, these represent a small percentage of total income (13%). This level may reflect a more reduced donor pool among private individuals across Central Europe due to the recent financial crisis. At the same time, there are several countries in the region where individual donations account for the majority of financial support in the nonprofit sector, and nursing organizations may benefit from increasing their capacity to tap this funding source.

<sup>3</sup> See <http://www.europecancerleagues.org/about-european-cancer-leagues/ecl-publications/ecl-recommendations-with-pharma.html>

<sup>4</sup> Spain provides one extreme example of the funding relationship between nursing organizations and corporations: by law, nursing organizations are not allowed to receive support from corporations.

One funding area where nursing organizations, in particular regional associations, have had success is in hosting events for health professionals who pay for event entrance fees. In addition to bringing resources to the organizations, these events provide important platforms for health professionals to increase their knowledge and share best practices. However, the recent financial crisis has negatively affected participation in these industry events. To address these lower attendance rates, nursing associations have attempted to complement event revenues with sponsorships, which have changed the events' focus toward exhibitions, giving sponsors more visibility. For organizations, the challenge lies in raising the necessary sponsorship revenues without being perceived as too commercially driven.

A widespread funding model—the model most commonly used by nursing associations—is membership dues. For nursing associations, membership dues replace individual donations since these organizations generally don't fundraise within the general public to avoid competing with their member organizations. The main benefit of membership dues is that once they have been

set up, they can provide ongoing revenues in exchange for valuable information and services that associations offer their members. Building a robust, long-term membership model may require organizations to lower their operating costs to decrease the price of their membership and make it more accessible to a wider audience, which in turn would increase overall revenues.

Nursing associations' missions and messaging can have a direct impact on their financial sustainability. Some associations may elect to advocate for better working conditions for health professionals and others for access to better healthcare for the general public. How an association positions its message becomes important for its long-term sustainability: by focusing on a message of improving health care for all, it generates more support from the general public and better alignment with regulatory bodies, which can lead to more funding opportunities.



## Part II. Earned-income activities among nursing organizations

As mentioned in Part I, nursing organizations face a complex and difficult funding environment, which drives them to explore earned income as a more sustainable source of funding.<sup>5</sup> This publication maps best practices in earned income from a variety of organizations and fields related to nursing, health care and other social services, in an effort to provide a comprehensive look at earned-income experiences that nursing organizations can pursue.

In general, developing earned income is a complex area for nonprofits and can be difficult to grasp as it introduces business principles that may be unfamiliar to the organization. For example, the decision to pursue earned income may have tax implications (normally nonprofit organizations are tax exempt, but their earned-income activities may not be), modify legal status, or adapt the organizational culture to one that is more entrepreneurial and market driven (without losing the mission and values of the nonprofit sector).

Our research found numerous examples of nursing and related organizations that strengthen their financial sustainability through earned income. Table 2 presents 12 earned-income activities that were selected for in-depth analysis through desk research and interviews. This chapter provides a summary of these earned-income models in terms of success factors, benefits and challenges, legal implications, as well as a set of recommendations for organizations planning to launch new earned-income activities.

### A. Key success factors for earned-income activities in nursing organizations

An analysis of the 12 earned-income activities highlights some of the key elements that must be in place for earned income to be successful. The first success factor is to know the facts, meaning nursing organizations should dedicate time to research and collect all necessary information before making the decision to launch an earned-income activity. This may entail asking a few strategic questions or producing a full business plan. Regardless of the deliverable, relying on market information rather than intuition can make a big difference. A nursing organization needs to research several areas such as market potential, legal and tax implications, and operations. Depending on the scope of the earned income, seeking good advice can save significant resources down the road.

For example, the Association of European Cancer Leagues (ECL) recently assessed the possibility of launching an earned-income activity. After conducting research, the organization found that it would take too much time to generate earned-income revenues and that this activity may divert ECL from its core mission. The decision centered on the operational requirements of the earned-income activity and ECL's limited capacity. ECL decided that, if it were to pursue such a venture in the

<sup>5</sup> In this report we refer to earned income, self-financing and social enterprise interchangeably. In contrast to fundraising, these activities represent income that is self-generated by an organization. Social enterprise has evolved into a well-defined sector where enterprises and organizations pursue a new way of doing business that continuously brings together the general interest, economic performance and democratic operation of society. These values are defined in Social Economy Europe's Charter of Principles (Social Economy Europe: <http://www.socialeconomy.eu.org/>)

TABLE 2: EARNED-INCOME MODELS

Organization	Mission	Earned Income Description	Earned Income Contribution
<b>ADV</b> (Romania)	Assist HIV-positive people and other at-risk communities to lead productive lives	Photocopying and binding services employing youth with HIV/AIDS	70% of budget
<b>Amelie</b> (Czech Republic)	Support people who live with cancer through psychosocial support and education	Training courses in cancer care for health professionals	Not available (earned income recently started)
<b>Association of European Cancer Leagues</b> (Belgium)	Facilitate collaboration between cancer leagues throughout Europe	Membership dues	80% of budget
<b>Ateliere fara Frontiere</b> (Romania)	Provide suitable employment to excluded individuals	IT equipment repair and manufacturing of recycled bags employing socially excluded workers	45% of budget
<b>Discovering Hands</b> (Germany)	Train and deploy visually impaired women to detect early signs of breast cancer	Licensing of materials (adhesive strips) used for breast examinations	Goal is to reach 100% by 2018
<b>Esperity</b> (Belgium)	Online platform to reduce social isolation and promote empowerment among cancer patients	A business line offering pharmaceutical and insurance companies the opportunity to survey cancer patients; another business line for caregivers to connect with cancer patients via an online platform	Goal to generate 75% of revenues
<b>European CanCer Organization</b> (Belgium)	Uphold the right of all European cancer patients to the best possible treatment and care	Seminars and congress	75% of budget
<b>Galinos</b> (Greece)	Provide services to patients with cancer and chronic diseases	Home-based services for patients with chronic diseases	Not available (earned income just starting)
<b>HOSPICE Casa Sperantei</b> (Romania)	Provide palliative care services for patients with terminal illnesses	Training courses in terminal care for health professionals	33% of budget
<b>John Taylor Hospice</b> (UK)	Ease the personal and financial cost of illness and death	Hospice and palliative care services	85% of budget
<b>Motivation</b> (Romania)	Improve quality of life for people with disabilities	Wheelchair production and repair employing people with disabilities	35% of budget
<b>SMAC!</b> (USA)	Provide tangible support to patients battling cancer	Merchandising to raise cancer awareness	N/A (earned income just starting)



future, the earned-income activity would need to further its core mission of providing access to affordable cancer treatment.

Recruiting and maintaining talent is another important success factor for earned income. For the Greek organization Galinos, whose social enterprise provides home-based care services for patients with chronic diseases, working with health professionals who deliver the highest quality care is critical. Part of Galinos' mission is to raise awareness among local governments about the benefits of providing better health care to cancer patients. Therefore, the organization places special emphasis on service quality, in order to act as role model and to qualify for public sector contracts. Highly trained health professionals are the focal point of this strategy. Galinos monitors the performance of its earned-income staff through organizational assessments as well as evaluations from randomly selected patients.

A third success factor relates to marketing. Earned-income activities are businesses that generate social and environmental benefits. Because they are business activities, marketing plays a crucial role in understanding clients and their willingness to buy the product or service. In Romania, ADV generates the majority of its earned income from photocopying and binding services by employing youth with HIV/AIDS. Its sales shot up after recruiting an experienced sales and marketing team. In the United States, SMAC! is a start-up social enterprise that has completed a successful crowdfunding campaign, developed a brand, and diversified its product line, all in very little time because of its marketing savviness (see Box 1).

The last success factor is an understanding of

the social side. While earned-income activities are businesses, they must connect with the causes they are furthering and the beneficiaries they are reaching. The SMAC! founder's personal story with cancer—her mother passed away from lung cancer—has been critical in connecting with customers and users of the toy monkeys, as their purpose is to address the emotional side of cancer. In Romania, Motivation is a foundation that sells wheelchairs made by people with disabilities. By integrating users in the design and production process—which also provides meaningful work opportunities for a group traditionally excluded from the labor market—Motivation ensures that the product responds to the needs of the target group (see Box 2).

## B. Benefits and challenges of earned income

Our research identified a broad range of earned-income benefits, from the obvious increase in unrestricted revenues to new job opportunities or more engaged health professionals.

Organizations understand that a dependence on donations is both complex and unsustainable given the increased competition for limited resources in a current context marked by rapidly changing donor agendas. This scenario results in the need for nursing organizations to gain independence from donors that may disappear in the future. Earned-income revenues support nursing organizations' missions, such as those of the European CanCER Organization and the Association of European Cancer Leagues, which sustain their activities through fees generated from events and memberships (see Box 3).



### BOX 1: BATTLING CANCER WITH TOY MONKEYS

SMAC!, a US-based start-up, is a for-profit social enterprise founded by Jennifer Windrum. SMAC! is an acronym for Sock Monkeys Against Cancer and involves toy monkeys that provide support to people battling cancer. Ms. Windrum came up with the concept when her mother was diagnosed with lung cancer. Relatives, care givers and hospital staff purchase the toy monkeys for cancer patients during their treatment and recovery. The social enterprise has produced 1,000 monkeys by raising US\$35,000 in donations through crowdfunding. SMAC! uses savvy marketing, mostly through social media, to promote the toy monkeys, and is diversifying its product line with SMAC! t-shirts. SMAC! addresses the emotional side of cancer by marketing products that provide comfort to patients.

### BOX 2: DESIGNING FOR PEOPLE WITH DISABILITIES

Motivation seeks to improve the quality of life of people with disabilities by manufacturing and selling wheelchairs. Other earned-income activities include adapting cars for people with disabilities—to date 200 have been commercialized—and managing a printing service business. In total, these three earned-income activities generate 35% of Motivation’s revenues and also provide employment opportunities for people with disabilities.

One opportunity that earned income offers is the development of new partnerships, as discovered by Amelie in the Czech Republic (see Case Study 1 in Part III). The organization’s earned-income activity provides training in cancer care for health professionals. Amelie has built a strong reputation in the cancer treatment field in the Czech Republic through the recognition it has gained as a result of its earned-income activity, which has led to new collaboration opportunities with other organizations in the field.

Another benefit of earned income relates to the increased visibility and stronger brand recognition it generates, particularly when the social enterprise is well managed and focuses on service quality. In Romania, HOSPICE Casa Sperantei’s earned-income activity contributed to positioning the organization as a “center of excellence,” where doctors and nurses can receive high-quality training on palliative care. The social enterprise’s reputation and positive image supports HOSPICE Casa Sperantei’s fundraising campaigns and activities (see Box 4).

Furthermore, some social entrepreneurs, such as the founder of SMAC!, may find that a pursuit of their mission goals through earned income aligns more closely with their values and knowledge of the business world. For such individuals, starting up initiatives as businesses with a social purpose provides more opportunities for leveraging their business skills and networks.

The research also identified a number of challenges relating to earned income. The challenges can be quite specific depending on the organization, and include financial planning (profit analysis and cost control), product/service development, business planning, operations, sales and marketing, to name a few. While



they are all surmountable, they require careful planning to ensure success. Below is a summary of the most common challenges for nursing organizations.

Nursing organizations face a challenge in demonstrating that they can commercialize high-quality products and services. In many countries, public perception may associate nonprofit work with low quality, yet many nursing organizations such as John Taylor Hospice (see Case Study 5 in Part III) or Amelie provide paid services of high value, which compete with private sector companies.

An internal challenge faced by nursing organizations is managing the extra workload that earned income generates. The majority of the 12 organizations researched manage their earned-income and mission programs with the same staff, which may cause additional work and burnout. For example, HOSPICE Casa Sperantei's staff coordinates both the earned-income activity (training for health professionals) and program activities such as research and writing publications.

A final challenge relates to public perception. Nursing organizations feel positive about the public perception of their social enterprises. Nevertheless, the general public needs more information to understand the role that earned income plays in furthering the work of nursing organizations. It may be difficult for nursing organizations to articulate the reasons for their enterprise activities; yet clear messaging can prevent misinterpretation from stakeholders about the intent of earned income. Governments can play an important role in raising awareness about earned income and social enterprise in their countries.

### BOX 3: CAPITALIZING ON LARGE-SCALE EVENTS

The European CanCer Organization (ECCO) provides a platform for cancer societies and organizations to work together and improve cancer patient outcomes. One of ECCO's main activities is organizing the largest multidisciplinary cancer congress in Europe, together with other founding member organizations, bringing together more than 18,000 stakeholders in oncology. The event generates significant revenues to sustain ECCO's advocacy activities and its publication, the European Journal of Cancer. The financial contribution from the congress, seminars and smaller meetings can generate up to 75% of ECCO's annual budget.

### BOX 4: TRAININGS THAT INCREASE VISIBILITY

HOSPICE Casa Sperantei is a foundation that provides care to children and adults suffering from cancer through day-care centers and home-based services. The organization runs training courses in terminal care for health professionals. The trainings are commissioned by donor institutions to address the lack of awareness on palliative care in Romania. Another set of trainings targets volunteers working with children and adults diagnosed with incurable illnesses. The organization has begun the certification process for these trainings, which currently generate close to a third of the organization's income.

## C. Legal and regulatory environment affecting earned-income activities

Across Europe, the regulatory environment for earned-income activities is quite diverse; therefore, an in-depth analysis of the regulatory environment can only take place at the country level. Nevertheless, the interviews indicate a consensus on the favorable direction that most countries are taking to promote earned income, though implementation differs from one country to the next.

One of the recurring regulatory issues facing nursing organizations' earned income is taxation. Nursing organizations should research taxation in their countries to understand the taxes to pay on earned-income revenues. For example, when nursing associations organize conferences to generate income for their organizations, they select the event's location based on country taxation: some countries tax conference fees while others do not.

VAT is another tax system that may affect nursing organizations' earned income. In many countries, VAT rates are the same whether they apply to a business or to a nonprofit that operates earned-income activities. In Greece, Galinos, a nonprofit organization, pays the same VAT as businesses for providing home-based services to patients with chronic diseases and cancer. In other countries, nursing organizations are exempt from paying VAT until their earned income reaches a certain level; after that, organizations pay the business rate. Properly addressing these aspects of earned-income taxation requires time on the part of nursing organizations.

The regulatory environment may also affect the types of earned-income activities that nursing organizations can do. In the UK, for example, social enterprises can only provide palliative care services paid by the public health insurance, whereas in Germany the same types of services are covered by both public and private insurance. However, in Greece, these services are provided at no cost through the public sector and faith-based organizations, making it difficult for nursing organizations to sustain any type of fee-based services since end users typically do not pay. Galinos, which sustains home-based services through public contracts, has been advocating for subcontracting schemes by local governments that would facilitate hiring social enterprises to bring better health care to cancer patients.

While the regulatory environment for nonprofit earned-income activities is improving, further progress is possible. Regulations do not recognize that the enterprise activities of nursing organizations, as well as other nonprofits, benefit vulnerable groups—such as patients with chronic diseases or terminal illnesses, youth with HIV or people with disabilities. These activities require high-touch services that increase costs. Yet governments often regulate nonprofit earned income just like any other business, despite the many benefits for society. Some countries like Romania are considering reforming the legal and regulatory environment for social enterprise, which would provide an incentive for more organizations to go down this path.



## D. Conclusions and recommendations

This publication demonstrates that earned income is widespread among nursing organizations and institutions operating in similar fields. Earned-income activities vary from membership fees to events, social services, trainings, products and merchandise. All organizations interviewed positively evaluate their experience with earned income, though they recognize that several challenges can slow down growth.

A number of conclusions can be drawn from the interviews and research, which are detailed below.

1. A move towards financial sustainability and income diversification is a strategic decision, and the role of nursing organizations' Boards of Directors is critical to plan for the long term, leverage business skills and pursue innovative income-generating activities.
2. Earned income requires time and resources to understand the context in which to sell products and services, such as knowing customers, prices and costs. Asking questions such as *"how and where can I find the funds to deliver the new demanded services?"* will help to present earned income in a more convincing way and generate more willingness for support from potential funders.
3. For associations that rely on membership dues, diversifying revenues can be challenging. It may be necessary to provide new services to members if an association wants to increase both membership and revenues. An example of a new service is training and professional development for nurses, which can also further the mission. Associations should balance any new earned income with their overall strategy to ensure alignment between the two.
4. Nursing organizations have opportunities to develop their earned income with European Union funding programs, such as European Social Fund or Social Business Initiative, which can provide funding for start-up expenses, business planning and new pilots (though the project management requirements may be high).
5. The nursing sector can benefit from a more widespread adoption of social enterprise. Fundraising poses challenges for many organizations that compete for limited resources, and self-generated income can have many benefits. As more nursing organizations engage in earned-income activities, they will stimulate increasing interest from donors, policymakers and the public in their financial sustainability, which will lead to a more favorable environment and new opportunities.

## Part III. Earned-income case studies

### CASE STUDY 1

## Amelie Training services for health workers



### Background

Pavla Ticha, a 36-year-old disabled cancer survivor, created Amelie in 2006 in the Czech Republic. Drawing from her own battle against cancer, Pavla felt the overwhelming need to change the patient care system in the country. Using her years of experience in project management and marketing, she founded Amelie as a nonprofit organization with a mission to “humanize” cancer patient care.

Amelie’s core activity is free-of-charge psychological support to people suffering from cancer in four treatment centers located in Prague, Rakovník, Píbram and Olomouc. In these Amelie-managed centers, patients have access to psychotherapists and social workers for individual or group counselling. In addition, the organization runs a volunteer program in its treatment centers and in three separate hospitals to provide care tailored to patients’ needs. Amelie complements these services by operating



a phone and e-mail advice line and supporting the patients' reinsertion into work-life following their treatment.

The organization employs 15 people and reaches approximately 1,000 beneficiaries, including patients, their relatives and professionals in the field of oncology.

### Earned income description

Amelie's earned-income activity consists of an educational agency that sells innovative, state-certified training courses on appropriate cancer patient care. Courses target social and health sector employees throughout the country. Before launching this activity, Amelie developed a business plan to assess the economic feasibility, the demand side and the risks, both internal and external, associated with this entrepreneurial idea. The business plan prepared Amelie's team to identify the financing needed to launch the services and successfully sell to new customers.

Amelie launched its earned-income activity in 2011. The organization faced initial challenges in finding the appropriate educational partner. While the activity is now fully operational and working well, it is growing at a slow pace. Amelie offers 4-, 8- and 16-hour courses. Social workers, nurses and other professionals working in the cancer field can pay to take the courses and increase their knowledge about patient-centered care. At the end of the course, they receive a government-accredited certificate that counts toward their professional training and educational career.

For the organization, the benefits of operating an earned-income activity are multiple, including

the potential to generate untied revenues, strengthen Amelie's brand, and increase the knowledge and visibility of health sector professionals who care for cancer patients. An indirect benefit arises from the employment opportunities for course lecturers, including Amelie team members who also receive extra income for their contributions.

One of the drawbacks of offering fee-based training courses is the competition that Amelie faces from other training programs. This competition, new to the Amelie team, comes from several sources, such as seminars sponsored by pharmaceutical companies and other training programs offered free of charge for participants. In the current economic climate, competing with free training programs is a significant challenge for Amelie.

### Sustainability

Amelie has an annual budget of 5 million Czech Crowns or approximately EUR 180,000. Eighty percent comes in the form of project grants from public sources including government, ministries, municipalities and the European Union. The remaining 20% comes from foundations and individual donations. Since the earned-income activity is still in the start-up phase, the financial contribution to the overall budget is small.

Nevertheless, Amelie's attempt to increase its financial sustainability through earned income is pioneering for Central Europe—and other emerging economies. Amelie's perception is that once Ministries of Health, Labor and Social Affairs commit financial resources for supporting earned-income activities, initiatives like Amelie will grow to become successful quite quickly.



## Social impact

The training courses generated immediate opportunities for Amelie to collaborate with other organizations. Course participants, who expressed their satisfaction with the quality of the trainings, spoke highly of Amelie's work, which in turn increased its brand recognition. Amelie built a strong reputation in the cancer treatment field in the Czech Republic through the recognition gained by the earned-income activity.

From an institutional perspective, offering training courses has led Amelie to become more efficient as an organization in order to more effectively allocate staff to programs or training courses. Amelie also revamped its fundraising efforts by segmenting donors based on their giving focus and alignment with the organization's training courses or other programs.

Amelie feels that the public perception of its earned-income activity is positive: the public supports an organization that pro-actively generates its own resources and increases its financial sustainability. On the other hand, Amelie recognizes that in the Czech Republic, public awareness of earned-income activities, social enterprise or similar approaches is limited. The organization has a role to play in promoting the concept—notably on its website—and could do more to maximize the new opportunities that the training courses offer.

## Challenges and success factors

An important factor (and also a challenge) in growing Amelie's training courses is the ability to develop course offerings for new markets.

Amelie has identified two new potential markets for cancer trainings: the first is primary school employees, who need to educate students and the community at large about prevention, although approaching this market would require an additional accreditation to sell to schools; and the second corresponds to corporations, who would in turn educate their employees about cancer prevention and treatment.

The main challenges to developing new markets are Amelie's small team, which has limited time, and the lack of experience selling services to corporations. The corporate market would require growing the team with the right skill set and experience.

Amelie has identified several success factors for its earned-income activity. The first and most critical factor is having interesting and relevant training course content that responds to the needs of professionals in the health care field. The second one is pricing, which has to be affordable since training participants have a limited capacity to pay.

The third success factor includes hiring good lecturers for trainings, particularly recognized experts in the field. Amelie found out that surrounding good lecturers with multidisciplinary teams enriches course content and delivery.

The last critical success factor is investing in marketing and advertising. The challenge is that nonprofit organizations such as Amelie lack budgets for marketing and advertising since their earned-income activities do not generate enough cash to sustain these types of expenses, especially early on. Furthermore, grants to fund marketing and advertising are very limited.





## Conclusions

While running for a few years, Amelie's earned-income activity is still at the beginning stages, which illustrates the long-term commitment organizations should be willing to invest to increase their financial sustainability. Amelie is continuously planning and learning along the way.

Amelie is committed to growing its training course enterprise through the identification of new opportunities and continuous performance improvements. For the organization, the earned-income activity is a strategic pillar supporting long-term financial sustainability and Amelie will continue to look for new target markets and new grant opportunities to support the growth of the activity.

Amelie's lessons learned from this process are threefold: First, its earned-income activity has generated unanticipated benefits that should provide incentives for other organizations to launch earned-income activities. Second, identifying seed and startup grants before launching the activity is critical, otherwise the implementation process might take longer than expected due to a lack of resources. Finally, for Amelie the earned-income activity is an innovative way to bring its mission of better cancer patient care in the Czech Republic and the activity provides new perspectives for reaching impact.

*Editor's Note: Since the completion of the research for this publication, Amelie's founder Pavla Ticha has passed away.*

CASE STUDY 2

## Ateliere Fara Frontiere Sustainable employment integration



### Background

Ateliere Fara Frontiere (AFF), which means Workshops without Borders in English, is a Romanian non-profit organization created in May 2008 with the mandate to work on social and professional integration. Its overall mission focuses on fighting exclusion by promoting local development, education and environmental protection.

AFF beneficiaries are individuals who face a number of difficulties, including those with

drug and/or alcohol addictions, people with disabilities, the homeless, low-income single mothers, orphans, minorities, and people with AIDS. AFF assists these groups by providing them employment opportunities in the organization's various social enterprises. As soon as they are hired, beneficiaries are referred to as 'disadvantaged workers' who are now on a work integration pathway.

AFF employs 33 people in total, including staff and 20 disadvantaged workers with work integration pathways. In addition, AFF has



supported almost 1,500 schools and nonprofit organizations through its different programs. Since 2008 the organization has reached more than 200,000 beneficiaries.

### Earned income description

AFF implements two earned-income activities (social enterprises) to support social integration. The first enterprise recycles and refurbishes IT equipment and employs 12 disadvantaged workers. The IT equipment is donated to schools and nonprofit organizations or sold at a modest price to individuals who cannot afford new equipment.<sup>6</sup>

The second earned-income activity is a sewing upcycling workshop that collects, transforms and reuses advertising billboards. It employs eight disadvantaged workers who process and sew the recycled billboards to produce bags and other accessories that AFF sells to retailers and corporations. For this social enterprise, AFF created a new brand, Remesh, to raise awareness about waste reduction and ethical consumption of products that provide employment opportunities to vulnerable individuals.

### Sustainability

AFF's annual budget is approximately EUR 400,000; 55% comes from grants and donations and the other 45% from the two social enterprises. The majority of the enterprise revenues are derived from refurbished IT equipment since the Remesh operations are young and still small. Furthermore, AFF receives revenues on refurbished IT equipment from an eco-tax on the sale of electronic products.

Although AFF is increasing its sustainability through two earned-income activities, the organization continues to complement its budget with grants. The hybrid model it has developed, consisting of a mix of grants and earned income, may be common in some Western and even Central European countries, yet it is still new and innovative in Romania. AFF recognizes that if it wants to further reduce dependency on grants, it will need to improve operations of both social enterprises to generate more profits.

### Social impact

In addition to the earned income that social enterprises generate, and that contribute to AFF's financial sustainability, they also further the organization's mission by providing meaningful work opportunities to disadvantaged workers.

These activities also increase AFF's visibility and opportunities to connect with stakeholders and potential donors, who can contribute resources or donated IT equipment and advertising banners.

### Challenges and success factors

The first challenge for AFF is to raise awareness about social enterprise and to explain the benefits of this approach to corporations and the general public, who are unfamiliar with earned-income in the nonprofit sector.

Another challenge centers on the legal and regulatory environment. Local authorities in Romania and much of Central Europe lack awareness about nonprofit earned-income

<sup>6</sup> The IT donation equipment programs, to which organizations apply, are national in scope.

activities and may be reluctant to grant organizations permission to engage in such activities. Furthermore, nonprofits are taxed like any other business on their earned income, which fails to take into account the social benefits created by employing vulnerable individuals.

For earned income to be successful, the model requires a commitment from multiple stakeholders. This includes the individuals who are initially employed by the enterprise at the minimum wage (due to their initial lack of qualifications and work experience) and who will need to keep up their motivation until they can grow their job skills to find better paid jobs at the end of their work integration pathway.

In terms of key success factors, AFF must build its market reputation through high-quality products and services, which require strong operational processes and control systems.

Also critical to success is a good promotion strategy. AFF is aware of the need to communicate constantly and to be as visible as possible to gain the trust of its IT and Remesh customers. Good communication and the participation of clients in the process help to convince them to make responsible purchases.

## Conclusions

Ateliere Fara Frontiere demonstrates that earned income can strengthen the sustainability of nonprofit organizations while fostering their social mission. Although for AFF, generating 50% of its income through earned income has taken a lot of effort, the mission benefits are so significant that the organization is developing a new earned-income activity in the organic food sector. This new social enterprise will offer new employment opportunities to vulnerable individuals.

AFF's recommendation to other nonprofits considering earned income is to balance financial and social goals to avoid mission drift. For example, an organization that prioritizes financial goals may compromise on the types of jobs it can provide to beneficiaries. Furthermore, advocacy should play a part in promoting earned income since this is a new concept and the nonprofit sector needs to raise awareness of its benefits to earn trust and credibility among public sector officials and donors. This joint effort will eventually benefit the entire social sector.



CASE STUDY 3

## Discovering Hands Fight breast cancer blindly



### Background

“In Germany, breast cancer is the most common cause of death for women between 40 and 44 years of age. Roughly 71,000 women are newly diagnosed with breast cancer every year; for 18,000 of these cases the illness is fatal. Early detection and treatment significantly increases women’s chance of survival and quality of life for those on treatment.”

Discovering hands® (DH) is a nonprofit limited company incorporated in Germany in 2012, with the mission of training visually impaired women—with their highly developed sensory skills—to detect the early signs of breast cancer. The core activity of the organization is providing a new type of employment opportunity to blind people.

The organization employs five people and

operates in close cooperation with four stakeholder groups: 1) visually impaired people who move from disability to capability; 2) breast cancer examination patients who benefit from the new service (10,000 examinations have been implemented to date); 3) the German Public Pension Fund (Deutsche Rentenversicherung), which benefits by saving on disability pensions for visually impaired individuals employed through DH;<sup>7</sup> and 4) private and public health funds, since the early detection of cancer reduces long-term treatment costs.

### Earned income description

Dr. Frank Hoffmann, the founder of DH, started formulating the idea for a social enterprise in 2005, and developed the entire model by 2012. The model is based on training blind and visually impaired women as “Medical Tactile Examiners” (MTEs). Their training course lasts for nine months. It consists of six months of theoretical study, followed by a theoretical exam and a three-month internship, and ends with a final practical exam. The courses take place at four qualified vocational training centers across Germany<sup>8</sup> and at partnering gynecological hospitals and practices.

MTEs, who perform breast examinations only as medical assistants and therefore never diagnose, conduct examinations at doctors’ offices under doctor supervision. MTEs are capable of detecting 5-8 mm breast tissue alterations versus 10-15 mm and up from non-visually impaired examiners.

Doctors pay MTEs for the service and they work as part of the medical team, carrying out other regular daily tasks of medical assistants, including the maintenance of medical records. The German government funds MTE trainings via vocational training organizations focusing on the professional rehabilitation of people with disabilities.

DH receives income from two sources. The first and most significant one comes from selling patented haptic orientation strips (see picture on previous page), used to help the MTE coordinate the examination on the upper torso of her patient. The system consists of five adhesive strips placed on patients’ bodies with both braille-like and color coordinates that allow any abnormality/lump detected by the MTE to be pinpointed by two-dimensional coordinates. This allows the MTE to carry out breast examinations with complete autonomy.<sup>9</sup>

The other income source comes from the sale of MTE training materials to the vocational training centers across the country.

DH is currently developing a social franchise system to replicate its model to other countries. The organization plans its first international expansion to Austria through a separate legal entity that will map the local health system. An expansion to Latin America in cooperation with the Latin American Development Bank (CAF)<sup>10</sup> will follow suit.

7 In Germany and many other countries, people with disabilities receive pensions (or payments) to compensate for their inability to work; once work is secured, the pension typically stops.

8 BFW Düren, BFW Halle an der Saale, BFW Mainz and bbs Nürnberg.

9 Ashoka, Frank Hoffmann Fellow Profile, 2010. See <https://www.ashoka.org/fellow/frank-hoffmann>.

10 Corporación Andina de Fomento.





## Sustainability

DH is growing rapidly: it expects to become 100% sustainable within three years. The sale of haptic orientation strips generates more than 80% of revenues. DH continues to fundraise until it can be completely financially sustainable as it continues to explore replicating the model to other countries. For example, DH raised EUR 525,000 as seed money for pitching its model to the business community,<sup>11</sup> and it received EUR 110,000 in donations for scientific research. DH receives research grants and donations and owns a for-profit company that is responsible for the sale of the strips and training materials.

In Germany, the cost per examination is EUR 46.50, including the strips, which costs less than a mammogram. Insurance companies play a significant role in the business model: to date, eight public and all private health care funds cover the cost of the examination, making the MTEs' service available free of charge for roughly 6 million women in the country. DH expects to face challenges in growing the model in Germany since, as a federal system, each state has different regulations and stakeholders.

In Austria DH expects the cost of examination to be around EUR 80. DH also expects the model to work differently than in Germany since Austria operates a uniform, national health system. Austria offers a good opportunity for piloting the social franchise given the similar language, culture and political system to Germany, which minimizes difficulties in adapting the model.

## Social impact

Since 2012 DH has created employment opportunities for 24 MTEs. The objective is to add 10 new jobs per year.

In addition, DH's impact increases the probability of early cancer detection, recovery and survival. A preliminary evaluation of DH's model shows that MTEs detect roughly 30% more<sup>12</sup> and approximately 50% smaller tissue alterations in the breast than doctors. Evaluating the impact on the German health care system can be complex. Studies in the U.K. estimate that early detection leads to EUR 57,000 in savings per case found in Stage 1 instead of Stage 2 cancer—hence DH's model may lead to significant savings.

DH's impact also includes the improved quality of medical attention delivered by MTEs. In Germany, preventive breast cancer diagnosis is either offered through mammogram—which is expensive and therefore only routinely available for women over 50—or a superficial manual breast examination available to all women, performed by doctors who do not employ a standardized technique. Instead, DH's model—which trains only female MTEs in an effort to facilitate acceptance of the service by breast cancer patients—humanizes medicine by giving more attention to patients through individual contact and longer, more personal examinations: 30 to 50 minutes are spent on each examination.

DH recognizes that the public response to the model is overwhelming. DH's founder, Dr. Frank Hoffmann, who has received several awards for

11 Solely to be used for the expansion to Austria.

12 A clinical Study at the University of Erlangen is currently underway and expected to be published mid-2015.



this idea, acknowledges that the interest in DH has been “particularly amazing for a doctor such as himself who had not worked in the social field previously.”

### Challenges and success factors

One of DH’s challenges is to develop relationships with large corporations to offer the service to their employees, who would be a new client group for the organization.

On the policy side, DH feels that MTE training and services would accelerate with the adoption of the model by the German public health system. Furthermore, the high level of bureaucracy in Germany’s federal system can slow down some processes. DH has found that, in the medical arena, its nonprofit status is an asset to engage in discussions about cancer treatment and the employment of visually impaired women; however, its earned income has required incorporation of a for-profit entity for selling the strips to avoid losing charitable status.

Success factors relate mostly to finding enough people with the right profile to train as MTEs. The right candidates should demonstrate various qualities, including motivation to participate in the training and to secure work, as well as good communication skills with patients. The number of blind women in Germany is 17,000 and DH expects to reach 600. DH’s expansion plans include training visually impaired individuals in fields other than breast cancer diagnosis.

### Conclusions

With DH’s model at work and generating impact on a local scale, DH is turning its attention to evaluating possible alternatives to replicate the earned-income model on a global scale. The organization is developing a handbook for the social franchise to document and systematize its model before replication.

Replicating the model may require new expertise, requiring the addition of professionals with the necessary business skills to tackle the complex operational and financial issues involved in executing the franchise system on a larger scale.

DH recommends that organizations developing earned income seek professional support as early as possible to avoid “re-inventing the wheel”. DH also recommends planning for earned-income activities but at the same time following instincts, since many implementation issues are new and require making decisions with limited information available.



## CASE STUDY 4

# Esperity Cancer patient empowerment



## Background

Esperity is a multilingual network for cancer patients aiming at reducing social isolation and promoting patient empowerment. The company was founded in 2012 by Mitchell Silva, a PhD in Bio-Engineering specialized in bio-signal processing (monitoring health conditions using sensor data), and Erard Le Beau de Hemricourt, a medical specialist in nuclear medicine with a special focus on cardiology and cancer. They called the Brussels-based company Esperity to represent their goal of giving hope to cancer patients suffering from isolation and lack of information.

Esperity's mission is to contribute to the fight against cancer by giving patients a tool to empower themselves, share information and learn from each other. The main goal is to break patients' social isolation and understand the relationships between treatment outcome, quality of life and genetic indicators.

Esperity achieves its mission through a free, online platform for cancer patients and caregivers. The platform is available in English, French and Spanish, and users connect and seek information from all over the world – including

Europe, Latin America and the United States Esperity employs six people and has a five-member Scientific Advisory Board. The company is incorporated as a private limited liability company.

### Earned income description

The Esperity online platform enables cancer patients to talk among themselves in a secure, anonymous environment, and to keep track of their health conditions over time. They can log their quality of life indicators and symptoms, schedule medication intake, and follow their physical activity through the platform's Activity Tracker. The platform also offers a medical lexicon to explain commonly used words in cancer diagnosis and treatment. In addition, patients receive dedicated news about cancers and clinical trials.

Esperity is open to cancer patients, patients in remission, caregivers and any person concerned by cancer and its effects. The platform provides a channel for people to share their stories, listen to each other, or ask questions to patients who have been through similar cancer conditions. Currently Esperity is focusing on cancer, but will soon expand to other pathologies.

Esperity is free for patients and caregivers. The company operates three business lines to support the platform. The first business line is a marketing service that focuses on patient-driven innovation. The Esperity platform allows the distribution of surveys and questions aimed at getting better insight into patients' unmet needs. Through these surveys, clients such as pharmaceutical companies can collect patient information about specific drugs and side effects. Furthermore, other clients such as insurance companies and patient associations can

commission Esperity to customize the platform for their constituencies and provide them with information about specific pathologies.

The second business line is an online tool for hospitals, nursing organisations and specialists to connect to patients at home, measure their adherence to medication and treatment, and follow their evolution over time. The online tool, still in development, allows care providers to track the evolution of patients in between consultations, allowing for better follow-up. In addition, caregivers can leverage the tool to distribute targeted education materials to patients.

The third business line is research and development. Esperity actively participates in research and development projects focusing on real-time, quality of life situations. These projects are typically funded by grants from organizations interested in a learning agenda. For example, Esperity is currently managing a European Union grant, called Careware, to research the effect of wearable technology (i.e., sensors) on the quality of life and lifestyle of cancer patients. Esperity provides the central platform to collect all the sensor data and add the meta-data to interpret all of the signals from the wearables. Esperity will use these data to derive a model to optimize lifestyle and make tailored recommendations to Esperity users and the European Union.

### Sustainability

Esperity has been in the start-up phase since it officially launched the platform in March 2014. Currently the company sustains its operations through the research project Careware. In addition, since the platform's launch in 2014, two foundations, the Fournier Majoie Foundation and Caring Entrepreneurship Fund, invested in



Esperity. The investments aim to grow the free online platform as well as to launch the three business lines, which are all under development. Esperity anticipates that the business lines will generate 75% of the company's revenues within 12 months of their launch.

The design of the three business lines was the result of market research undertaken by the company to understand the needs of various stakeholders (patients, patient associations, hospitals, insurance and pharmaceutical companies) and develop an offering that would generate fees to sustain the organization. Esperity is focusing on growing the platform's user base—which is already significant—to reach critical mass and attract paying clients. Until critical mass is achieved, Esperity anticipates that it will be challenging to convince clients (insurance and pharmaceutical companies) to purchase one of Esperity's business line products to get more market insights directly from patients.

The company believes reaching scale is possible, as there is a growing trend in the health sector to use technology to improve patient information management. As more caregivers use technology to monitor patients remotely—not only in clinical or ambulatory environments—caregivers collect more data and can make better decisions in the treatment process.

One factor hindering Esperity's sustainability is the limitations on grants applicable to the company, since most of them only focus on nonprofit organizations (Esperity is incorporated as a business). The company is currently evaluating the possibility of registering a nonprofit organization to grow its research and development program.

## Social impact

Esperity's target social impact objective is to improve the health and health outcomes of patients, both in terms of physical and mental health. Esperity achieves this objective by reducing patient's isolation (by connecting patients to one another and to caregivers); giving patients tools to improve their health and adherence to treatments; and providing information on global clinical trials, in particular for people with rare forms of cancer.

Esperity communicates its impact through traditional channels, including social media, newsletters, press releases and conferences. The platform operates a blog that collects news about cancer from a variety of sources on a wide range of topics, including lifestyle, nutrition and treatments, among others.

The next stage of development for the company includes a greater focus on patient lifestyle and quality of life. The soon-to-be-released hospital online tool will allow care providers to track patient conditions remotely: providers will then be able to suggest specific actions to improve patients' quality of life.

Another future development includes aggregating different types of patient data to understand how lifestyle, patient profile, genetics and treatments influence health outcomes. The Esperity platform and business lines have the capacity to collect and analyze patient-generated data, while still protecting patient privacy. For example, in the future, Esperity aims to analyze the profiles of patients with similar lifestyles and their relationships to different types of cancer. Similarly, the company is interested

in understanding how lifestyle can influence targeted therapy that uses genetic coding for tailoring treatments for individuals.

### Challenges and success factors

The main challenge to sustaining Esperity has been proving the credibility of the platform. Esperity has focused its efforts on growing the user base to provide access to a maximum number of cancer patients and at the same time demonstrate the commercial value of the platform to potential clients.

Esperity identified three key success factors to developing its business model. The first one is pitching the company to potential investors. This exercise provided valuable feedback to clarify the business model and its value proposition. The second success factor is assembling a strong scientific advisory board to build its credibility with external audiences. The third success factor is growing the platform to 4,500 users in less than a year, which demonstrates the Esperity management team's execution capacity.

Esperity also participated in and received several awards to increase its visibility in the health field. Awards include best prototype from the Microsoft Innovation Center and best social platform by the British Chamber of Commerce in Brussels. These marketing opportunities gave Esperity many corporate and donor audiences in addition to generating media coverage.

### Conclusions

Esperity realized the value of its platform and the importance of growing the user base before developing an earned-income model. The company developed its business lines by mapping the needs of various stakeholders for cancer patient information. To sustain its operations while its earned-income model is under development, Esperity is managing a European Union research grant and secured two foundation investments.

To build the sector, Esperity recommends stimulating the use of open collaboration platforms for data sharing between care organizations such as hospitals and medical centers, while respecting the privacy of users. This will generate more transparency on patient outcomes and will lead to better patient information, from diagnosis to treatment and medication.

Furthermore, Esperity believes that patient organizations can more effectively leverage technology to guide patients through the various stages of cancer disease and treatment. Esperity can collaborate with patient organizations to develop platforms for various cancer communities, thereby creating a bridge between patients and organizations to improve information and communication.





CASE STUDY 5

## John Taylor Hospice The first social enterprise hospice in the UK



### Background

John Taylor Hospice (JTH) is an organization in the United Kingdom that has been providing palliative and end-of-life care for over 100 years. JTH eases the personal and financial cost of illness and death for patients in Birmingham and the West Midlands. For many years JTH provided hospice

services as part of the National Health Service (NHS), and in 2011 it became an independent company registered as the first social enterprise hospice in the UK.<sup>13</sup> JTH is now a Community Interest Company (CIC), which is a hybrid legal form allowing companies to attract investment and distribute dividends but with some limitations based on the social mission of the business.<sup>14</sup>

13 The National Health Service is the publicly funded healthcare system for the UK. Launched in 1948, it provides free health services for UK residents, representing more than 64 million people. Funding for the NHS comes directly from taxation. See <http://www.nhs.uk>.

14 The core features of any company holding CIC status are twofold: Assets owned by the company are held in an asset lock, which secures those assets to applications for the good use of community; Limitations applied to dividend and interest payments made to shareholders and financiers to ensure a profit can be made, but the primary focus remains on achieving benefit for the community. Both of these features are regulated by the Community Interest Company Regulator. (<http://www.cicassociation.org.uk/>)

JTH employs roughly 150 people and reaches 600 patients at any one time. The organization estimates that this translates into approximately 10,000 beneficiaries between patients and their relatives. JTH has an annual budget of 5 million pounds.

### Earned income description

JTH provides a series of palliative and end-of-life patient care services. The hospice provides patients and their families a place to receive treatment, ranging from pain alleviation to personal care, psychological and spiritual support, as well as keeping patients' household and finances on track. At the hospice, patients also have access to specialist pain management and clinicians with the right expertise to alleviate pain. Furthermore, JTH works on rekindling possibilities for patients to get a little bit of life back: *"we will be alongside you, for as long as you need us,"* JTH states.

Patients staying at JTH's hospice can engage in social activities such as debates and films, work with participatory artists, and participate in cultural and neighborhood events. The hospice provides a place for conversation, treatment and rehabilitation, friendship, nourishment and relaxation.

JTH also provides home-based services for people living with terminal illnesses. JTH's team coordinates closely with doctors, general practitioners, medical consultants and hospitals to ensure the different treatment and care aspects work together. In addition, patients receive confidential advice, as well as information

and receive support from trained professionals to monitor health and symptoms, help with personal and nursing care, medication and therapies.

A multi-disciplinary professional team coordinates patient care including appointments with therapists, treatment plans and pain relief. The team offers support and helps families with benefits, finances or planning ahead.

### Sustainability

As a social business with the legal form of a CIC, JTH needs to generate its own income to sustain patient services. JTH is contracted by the NHS to provide palliative care to patients, free of charge. Currently NHS payments represent the main source of income for the organization.

The impetus for JTH's creation of a social enterprise was to gain more flexibility and control over their services and overall management. Since becoming an independent social enterprise, JTH has also been able to diversify its income. Previously it depended 100% on NHS payments, and today that number has decreased to about 85%. The other 15% corresponds to donations that JTH started raising in 2011 to complement NHS payments whenever services may go beyond what is stated in NHS contracts. Many other service providers use a similar donation strategy to complement their earned income.

To raise donations, JTH set up a charitable subsidiary because its CIC status does not allow claiming the additional 25% the UK





government provides on individual donations.<sup>15</sup> JTH's goal is to reduce NHS payments to about 50% of revenues by continuing to raise donations for services not covered by NHS and to continue gaining flexibility over its approach to patient care.

### Social impact

JTH provides services to patients and their families who might need to take leaves of absence from work, resulting in potential financial hardships. To address this issue, JTH provides financial and housing support to patients and their families. JTH's social impact also consists of providing employment opportunities to patients' families and the broader community by engaging them in volunteer and internships positions.

In addition, JTH attempts to expand its impact by commissioning other social businesses for services such as gardening.

### Challenges and success factors

One significant challenge for JTH is the management of human resources, particularly as service provision grows with demand. The organization has been developing a database of professionals that can be tapped when JTH needs to increase its capacity to deliver services.

A new challenge for JTH is how to engage with the community. Given its long history of contracting with NHS, JTH did not previously need to engage directly with the community, but has since introduced appropriate programs to do so. Today engaging with the community has become critical to increase donations and generate more local employment opportunities through its database of professionals.

### Conclusions

Changing status to become a social enterprise can be challenging since new skills are necessary, for example to negotiate new contracts. Good planning is essential to identify the systems, processes, and skills that should be adapted to an enterprise activity.

JTH is continuously looking to diversify its services, for example from end-of-life health care health towards broader health care services. In the process the organization maintains an entrepreneurial culture where service-delivery innovation maintains a leadership position and grows the number of clients served.

<sup>15</sup> In the UK a charity can claim an additional 25% on every donation made by individuals, a process called Gift Aid. See <https://www.gov.uk/claim-gift-aid/overview>. A CIC cannot apply for Gift Aid status.





## About the partners

**Bristol-Myers Squibb** is a global biopharmaceutical company whose mission is to discover, develop and deliver innovative medicines that help patients prevail over serious diseases such as cancer, cardiovascular disease, hepatitis C, HIV and others. The Bristol-Myers Squibb Foundation promotes health equity and helps improve the health outcomes of populations disproportionately affected by serious diseases and conditions by strengthening community-based health care worker capacity, integrating medical care and community-based supportive services, and mobilizing communities in the fight against disease. The Foundation's *Bridging Cancer Care*<sup>™</sup> initiative seeks to reduce cancer morbidity and mortality in Central and Eastern Europe –where cancer mortality rates are significantly higher than those of Western Europe– by improving oncology nursing skills and strengthening partnerships between nurses and the community.

Through grants and other forms of support, the Foundation helps grow and replicate successful oncology nursing programs and associations throughout the region in order to produce sustainable improvements in patient care.

**NESsT** is a nonprofit organization that invests in social enterprises solving critical social problems in emerging market economies. It combines the tools and strategies of business leadership with the mission and values of nonprofit entrepreneurship.

Over the past 17 years, NESsT has supported over 160 social enterprises impacting 400,000 vulnerable individuals and creating 30,000 employment opportunities. NESsT Enterprises all have a double bottom line approach: they produce an impact on marginalized groups and also generate their own revenues to reach long-term sustainability.

NESsT Consulting is a business unit within NESsT focused on helping corporations, foundations and governments to achieve their strategic social impact objectives. NESsT Consulting's unique approach employs a mix of research, capacity support and competitions to identify, sustain and scale the most promising enterprises, producer groups, inclusive businesses and civil society organizations. For this project, NESsT Consulting researched, planned and implemented self-financing programs for oncology nursing organizations in Central and Eastern Europe. To date NESsT Consulting has implemented over 150 projects in more than 50 countries.

## The Social Business of Caring: Powering Nursing Organizations Through Earned Income

Nursing organizations can use an earned income strategy to generate their own revenues and increase their long-term financial sustainability. This publication describes financing trends and earned-income activities undertaken by nursing organizations and highlights five case studies of innovative earned-income activities.

Through extensive research of 81 organizations, 12 interviews and 10 surveys of innovative organizations in the nursing and oncology fields, mostly in Central & Eastern Europe, this publication identifies their different funding approaches and maps best practices. Although they face many of the same financial challenges as other nonprofits, such as limited philanthropic resources and stiff competition for donor attention, they also face unique challenges in terms of fundraising limitations.

The recent economic crisis has led to a need to diversify funding sources. While certain health-related areas such as cancer treatment and prevention are at the top of the public agenda, public funding can be difficult to manage. Corporate grants can bring substantial resources and visibility to an organization, but also potential conflicts of interest. Individual donors are few and far between. Currently, self-financing, or earned income, represents only 6% of these organizations' revenues.

What are some of the ways that nursing organizations can increase their earned income? What are some of the unique challenges they face in terms of long-term financial sustainability? What are the most difficult areas for nursing organizations to fund? How do they overcome operational and motivational challenges? These are some of the questions that this publication addresses, as it delves into the key success factors and benefits of earned income for nursing organizations, but also its challenges. It hopes to serve as a guide for nursing organizations that want to diversify their funding sources and take a step towards long-term financial sustainability.

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