

# 2016 SNAPSHOT: FOR-PROFIT AND HYBRID ECHOING GREEN FELLOWSHIP APPLICATIONS



Since 1987, Echoing Green, a nonprofit seed-stage funder of social entrepreneurs, has disbursed approximately USD 40 million in funding and strategic assistance to nearly 700 emerging leaders around the world through its highly competitive *Fellowship programs*. This year, it received 2,077 applications from 120 countries for its three Fellowships—Black Male Achievement, Climate, and Global—and will select the top 1 to 2 percent.

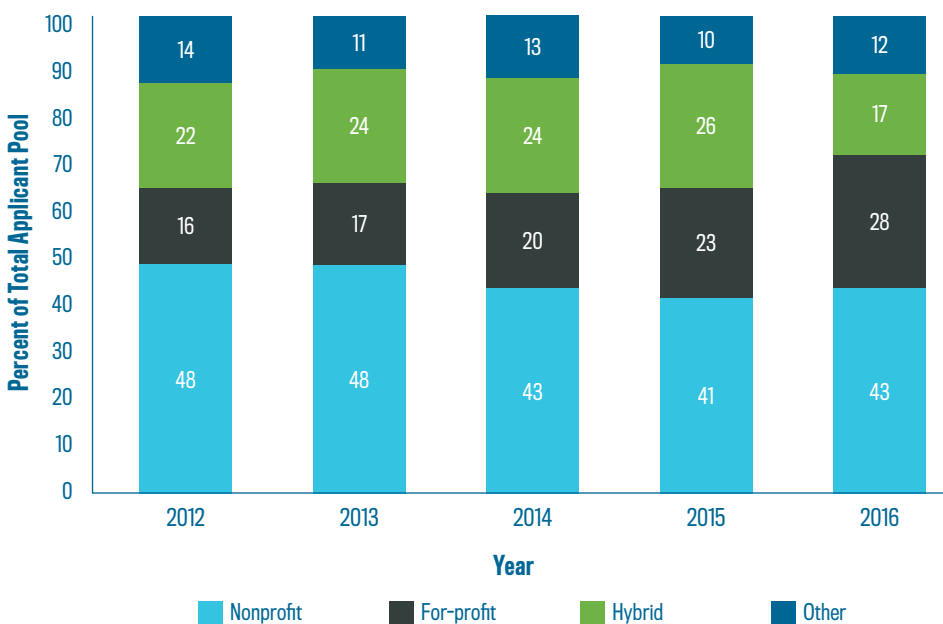
As one of the few seed funders, Echoing Green developed an impact investing program stemming from its experience in selecting, funding, and supporting social entrepreneurs. Impact investments are made with the intention to generate measurable social and environmental impact alongside a financial return.

As part of this program, Fellowship applications proposing for-profit and hybrid business models are highlighted annually to provide a snapshot of emerging trends. Readers should not use these application data to draw conclusions about specific geographies, sectors, organization types, or the broad early-stage social enterprise field.<sup>1</sup> Echoing Green hopes others working with emerging social entrepreneurs will share their data and knowledge to help young leaders succeed, and inform and increase the flow of early-stage impact capital.

## Organization Structure

Hybrids and for-profits compose 45 percent of all 2016 applications, a 30 percent increase since 2006 and a 7 percent increase since 2012, driven by for-profits.<sup>2</sup> Hybrids are defined in the application as both “nonprofit and for-profit.” There was variation across the Echoing Green Fellowship programs: 56 percent of Climate, 45 percent of Global, and 27 percent of Black Male Achievement applicants had for-profit elements.

### ORGANIZATION STRUCTURE AS PERCENTAGE OF TOTAL APPLICATION POOL, 2012-16



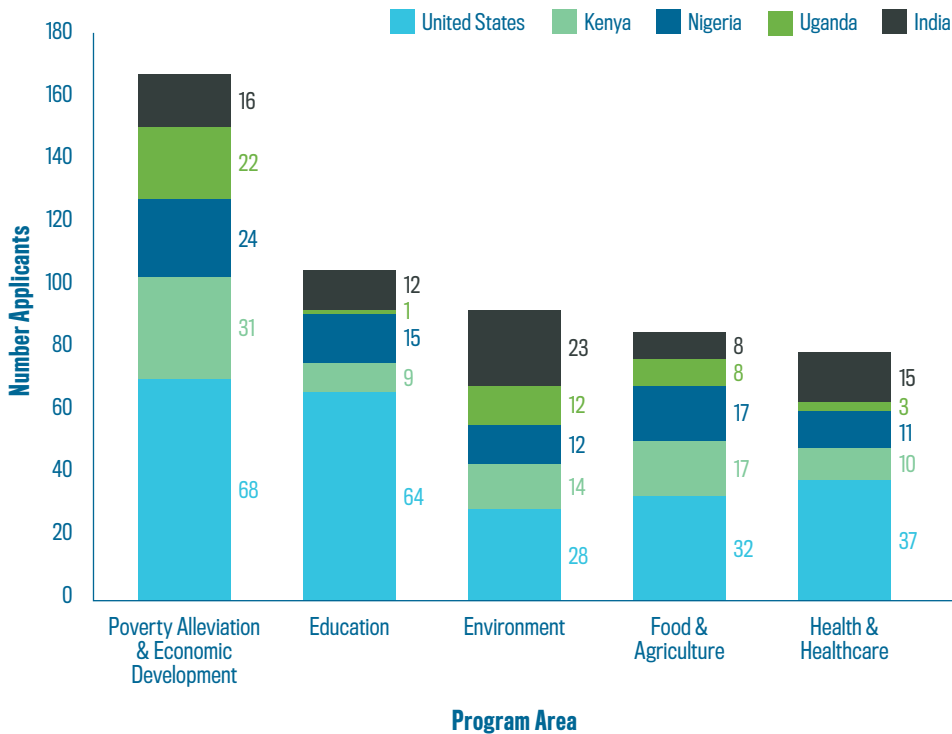
Source: Echoing Green Fellowship applications, 2012-16. “Other” includes those who have not yet decided and a variety of self-reported structures.

## Takeaways

- Fellowship applications with elements of for-profit business models held steady from last year at nearly half of all applications.
- The top countries of focus were the United States, Kenya, Nigeria, Uganda, and India, which matches the composition of the overall applicant pool.
- The Climate Fellowship, which began in 2014, again received the highest proportion of applicants with for-profit elements, at 56 percent.
- In 2016, as in the past four years, for-profit and hybrid applications have been most likely to focus on national (those serving more than one part of the same country) rather than local or international operations; Food & Agriculture leads among top program areas of focus, with over half of applicants focusing nationally.
- On average, for-profits and hybrids working in Health & Healthcare again reported the highest average funds raised at USD 61,000.

# Program Areas and Primary Countries of Impact

## PROGRAM AREAS OF HYBRID AND FOR-PROFIT ORGANIZATIONS BY PRIMARY COUNTRY OF IMPACT, 2016



Source: Echoing Green Fellowship applications 2016, for-profit and hybrid organizations only. The graph displays the five most cited program areas in the five most cited primary countries of impact. Applicants self-identified their primary country of impact. The other program areas, selected by less than 16 percent of this subset of applications, were Arts & Culture, Civil & Human Rights, and Public Service & Civic Engagement.

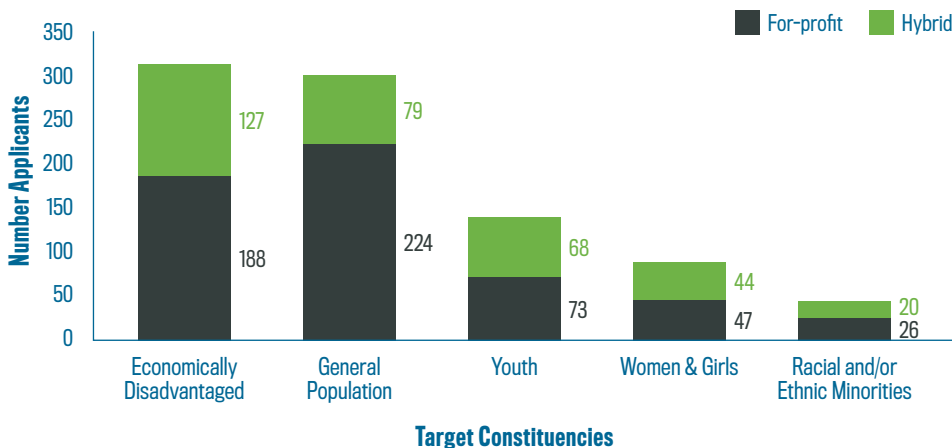
The top five program areas of focus by for-profits and hybrids remained the same year-over-year (YoY), with Poverty Alleviation & Economic Development again the most commonly cited. Food & Agriculture was the only program area with small increases in both for-profit and hybrid applications; distribution across the other program areas stayed similar YoY.

Similarly, the most targeted countries of impact for those submitting for-profit or hybrid applications stayed consistent. Echoing Green received for-profit and hybrid applications focusing on 11 new countries YoY.<sup>3</sup> Among the most popular countries of focus, the percentage of for-profit applications focusing primarily on the United States decreased the most, from 49 to 36 percent, since 2013. During the same time period, those focused on Kenya have seen the most gains, doubling from 4 to 8 percent. Likewise, since 2013, the percentage of hybrid applications focusing primarily on the United States has steadily decreased from 34 to 23 percent, while those focusing on Kenya have increased the most, increasing from 6 to 10 percent.

Interestingly, across the top five countries of focus, in 2016 new data collected show that applicants who are also citizens of their targeted primary country of impact raise considerably less average funds than non-citizens, except those in the United States.

# Target Constituencies

## TARGET CONSTITUENCIES, 2016

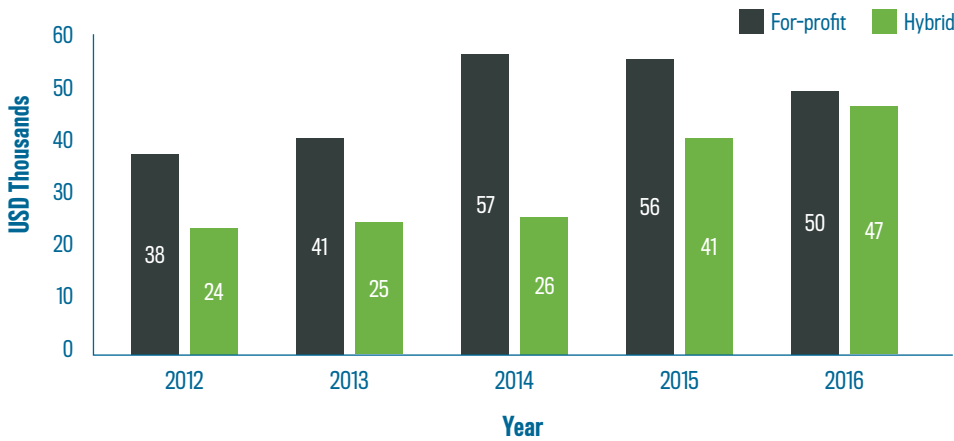


Source: Echoing Green Fellowship applications 2016, for-profit and hybrid organizations only. The graph displays the five most cited constituencies. The other options, selected by less than 5 percent of this subset of applications, were Immigrants & Refugees, Men & Boys, Persons with Disabilities, Senior Citizens, and Sexual Minorities.

Over the past five years, for-profits have trended toward serving general populations, while hybrids continue to focus on targeting economically disadvantaged populations. The largest increase YoY was in applicants serving Women & Girls, by 3 and 5 percent, respectively, to 8 and 12 percent of the for-profit and hybrid applicant pools.

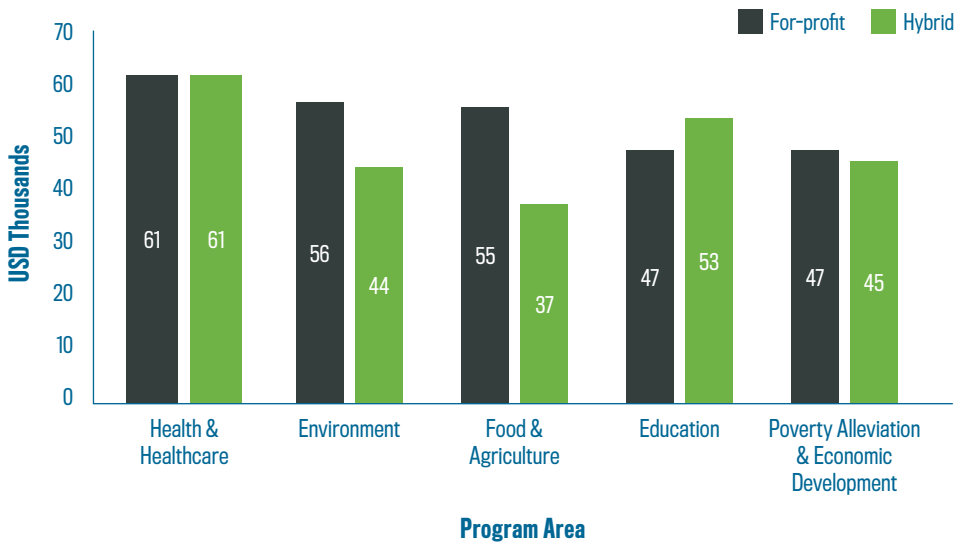
# Funds Raised

## FUNDS RAISED (AVERAGE USD) SINCE LAUNCH, 2012-16



Source: Echoing Green Fellowship applications 2012-16, for-profit and hybrid organizations only. Data has been restricted to organizations that reported raising less than USD 1 million since launch to the time of application. Over 2012-16, less than 1 percent of applications reported raising more than USD 1 million since launch, and 28 percent reported raising USD 0.

## FUNDS RAISED (AVERAGE USD) BY PROGRAM AREA, 2016



Source: Echoing Green Fellowship applications 2016, for-profit and hybrid organizations only. The graph displays the five most cited program areas. The other program areas, selected by less than 15 percent of the subset of applications, were Arts & Culture, Civil & Human Rights, and Public Service & Civic Engagement.

## By organization type

In 2016, for-profit and hybrid applicants reported similar average funds raised since launch. The median amount raised by for-profits was USD 0 and by hybrids was USD 23,500. Among applicants that reported raising funds, the median was USD 35,200 for for-profits, while for hybrids it was USD 24,350.<sup>4</sup> Most of the funds raised by for-profits and hybrids were by those in operations two years or less.

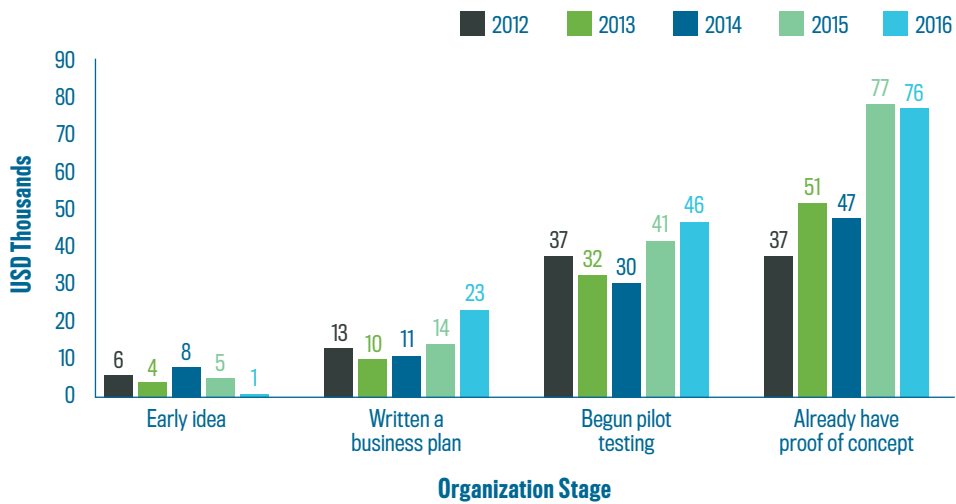
There was a YoY increase in the percentage of applicants that reported they had raised USD 0; in 2015, 24 percent of for-profits reported raising no money, while in 2016, 51 percent did. Hybrids reporting the same also increased to 50 percent, up from 28 percent in 2015. Echoing Green hypothesizes that this jump is partially due to the increase in application rigor around financials.<sup>5</sup>

## By program area

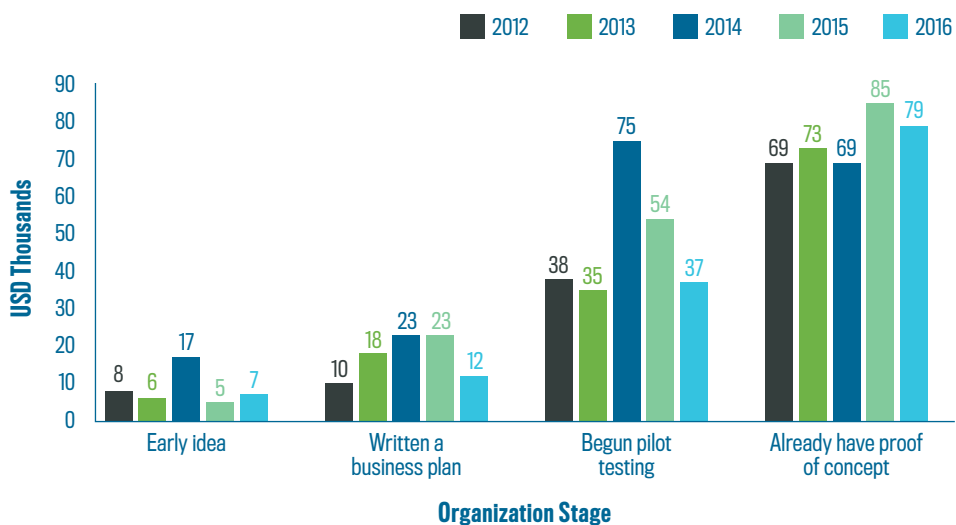
This year, as in the past three, applicants working in Health & Healthcare reported the highest amount of average funds raised since launch. All of the top program areas of for-profit and hybrid applications saw increased reported funds raised.

## FUNDS RAISED (AVERAGE USD) BY ORGANIZATION STAGE, 2012-16

### Funds Raised by For-Profit Organizations



### Funds Raised by Hybrid Organizations



Source: Echoing Green Fellowship applications 2012-16, for-profit and hybrid organizations only. Data has been restricted to organizations that reported raising less than USD 1 million since launch to the time of application. Over 2012-16, less than 1 percent of applications reported raising more than USD 1 million since launch, and 28 percent reported raising USD 0.

## By organization stage

Over the past five years, as in the overall applicant pool, hybrid and for-profit applicants have reported increasing years of experience. Those that reported being at the earliest idea stage with no existing operations decreased slightly to 11 percent YoY, and those noting they already have proof of concept increased to 43 percent, up 9 percent YoY. In 2016, on average, for-profits reported raising more funds at the middle stages of growth, while hybrids outperformed in the early-idea and proof-of-concept stages.

<sup>1</sup> In 2015, Echoing Green implemented a series of changes to the Fellowship application focused on streamlining the review process and improving its ability to make data-informed decisions. The application was consolidated from a two-phase process into a single, more robust, and longer application with added help-text and definitions for terms used. Echoing Green hypothesizes that the length of the application led to fewer applications received, but with more complete and accurate data. It also hypothesizes that modifications to application questions also led to changes in responses by applicants' self-identified organization structures, particularly that of hybrids, and locations of impact.

<sup>2</sup> It may be interesting to note that, according to an Echoing Green trend analysis performed by Harvard Business School, in 2006 only 15 percent of all applications proposed programs with some element of a for-profit business model.

<sup>3</sup> The 11 new countries of focus since 2013 by 2016 for-profit and hybrid applications are: Benin, Congo (Democratic Republic), Cote d'Ivoire, El Salvador, Gambia, Kiribati, Micronesia, Iraq, Lao People's Democratic Republic, Saint Kitts and Nevis, and Slovakia.

<sup>4</sup> Nonprofit applications reported raising an average of USD 46,900 in 2016.

<sup>5</sup> Due to its 2016 application changes and increased rigor around applicants' financial reporting, Echoing Green reclassified several data points from its 2012-15 data set. These reclassifications mean that there are minor discrepancies in YoY fundraising data tables between this publication and previous For-Profit and Hybrid Snapshots, particularly because this Snapshot includes data points from those who raised USD 0 given over half of 2016 for-profit and hybrid applicants reported raising USD 0, whereas in 2012-15, less than 28 percent reported USD 0.

## About Echoing Green

Echoing Green's mission is to unleash next-generation talent to solve the world's biggest problems.

- Read more about our [impact investing work](#) and view the 2015 For-Profit and Hybrid Snapshot and our other [impact investing publications](#).
- Learn about Echoing Green's Fellowship [selection criteria](#).
- Read the [2015 annual report](#).

This snapshot is a publication of Echoing Green and was created by Min Pease and Ben Beers. They acknowledge Lindsay Booker, Liza Mueller, and Janna Oberdorf for their contributions.