

# 2014 ECHOING GREEN SNAPSHOT: FOR-PROFIT AND HYBRID APPLICATIONS



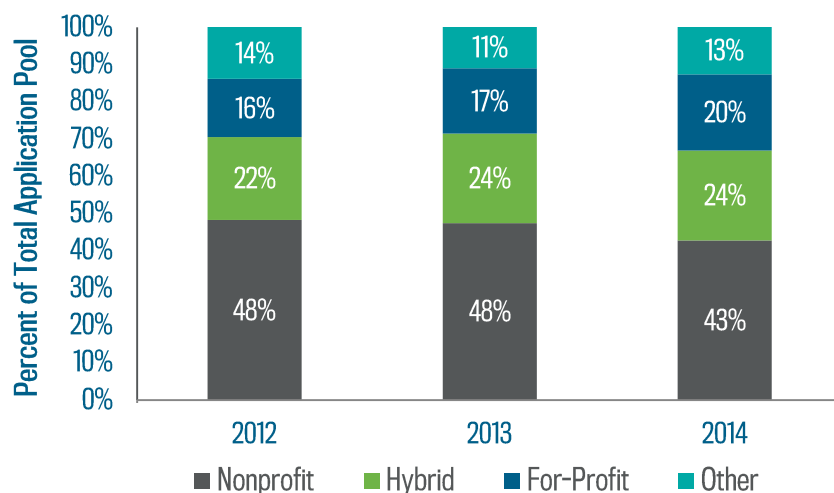
Echoing Green, a seed-stage funder of social entrepreneurs for over twenty-five years, has disbursed USD 33 million in funding and strategic assistance to nearly 600 emerging leaders around the world through its highly competitive [Fellowship Program](#). The application for the 2014 Fellowships closed in early January. Echoing Green received 2,727 applications from 120 countries for its three Fellowship programs. Fellows are selected annually over a five-month period based on [these criteria](#).

As part of its impact investing program, applications proposing for-profit and hybrid business models are highlighted for the first time to provide a snapshot of emerging trends in social enterprise.<sup>1</sup> Read more about overall [application trends](#). However, readers should not use these application data to draw conclusions about specific geographies, sectors, organization types, or the broader field. Echoing Green hopes others working with seed-stage social enterprises will share their data to increase knowledge in the field and help emerging leaders succeed.

## Organization structure

**Hybrids and for-profits compose nearly 45 percent of all 2014 applications, an increase of 7 percent over the last three years.** Hybrids are defined in the application as having “for-profit and nonprofit elements.” The increase has been driven by for-profit organizations. 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.

### ORGANIZATION STRUCTURE AS PERCENTAGE OF TOTAL APPLICATION POOL, 2012-2014



Source: Echoing Green Fellowship applications, 2012, 2013, 2014. "Other" includes those who have not yet decided and a variety of self-reported structures.

## Takeaways

- Applications with elements of for-profit business models continue to increase and now compose almost half of all proposed programs. In 2006, only 15 percent of applications did so.
- 2014 hybrid applications are both younger, in terms of years of existence prior to application, and at an earlier organizational stage than for-profits.
- For-profit applications are increasingly focusing on serving the general population while hybrids are increasingly citing the economically disadvantaged as their target constituency.
- On average, for-profit applications report raising the most funds since launch across all organization types.

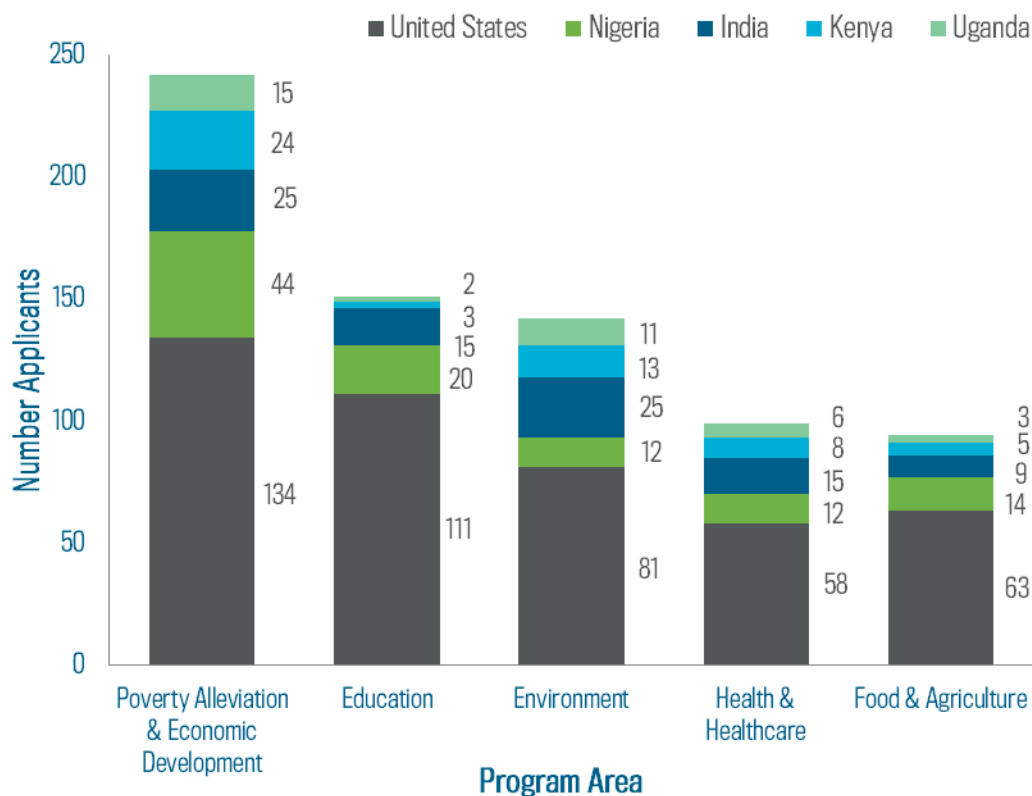
## Program areas and applicant citizenship

**Poverty Alleviation & Economic Development was the top program area across all hybrid and for-profit applications in 2014.**

Most for-profit or hybrid applications came from citizens of the United States, Nigeria, India, Kenya, and Uganda, reflecting the makeup of the overall applicant pool. Overall, applications from U.S. citizens decreased by 14 percent from 2012 to 2014. Similarly, U.S. citizen-founded hybrids decreased 16 percent, whereas those applying with for-profit models increased 4 percent.

Among the top program areas, the number of for-profit applications focusing on Education had the biggest decrease year-over-year (YoY) by 17 percent, while those focusing on Environment increased the most, by 53 percent. Among the top program areas targeted by hybrid applications in 2014, those focusing on Education declined the most YoY by 15 percent, while those focusing on Food and Agriculture increased the most, by 12 percent.

PROGRAM AREAS OF HYBRID AND FOR-PROFIT ORGANIZATIONS BY APPLICANT CITIZENSHIP, 2014



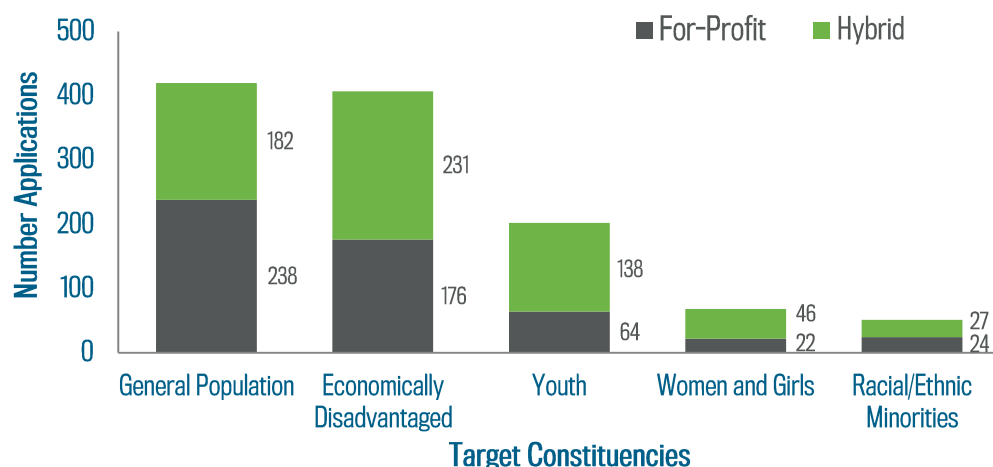
Source: Echoing Green Fellowship applications 2014, for-profit and hybrid organizations only. The graph displays the five most cited program areas by the five most cited countries of citizenship. The other program areas, selected by less than 16 percent of this subset of applications, were Arts & Culture, Civil & Human Rights, and Public Service & Civic Engagement.

## Target constituencies

**In 2014, for-profit and hybrid applications most commonly targeted serving economically disadvantaged and general populations.**

The number of applications targeting general populations increased YoY, largely driven by for-profit organizations working in the Environment program area. Over 2012-14, for-profit organizations have trended toward serving general populations, while hybrid organizations have trended toward serving economically disadvantaged populations.

TARGET CONSTITUENCIES OF HYBRID AND FOR-PROFIT ORGANIZATIONS, 2014



Source: Echoing Green Fellowship applications 2014, for-profit and hybrid organizations only. The graph displays the five most cited constituencies. The other options, selected by less than 6 percent of this subset of applications, were Immigrants and Refugees, Men and Boys, Persons with Disabilities, Senior Citizens, and Sexual Minorities.

## Organization age

**At the time of application in 2014, the average for-profit organization had been in operation longer than its hybrid counterpart.** Across all organization types, applications reported being in operations for a longer period of time compared to 2013. This year 55 percent of for-profit and 65 percent of hybrid applications reported they were not yet operating or less than one year old. Since 2012, each year's for-profit applicant pool has trended older; those in operations for one year or more composed 45 percent of this year's for-profit group, up 6 percent from 2013.

After holding steady at 26 percent in 2012-13, those in operations for one year or more composed 35 percent of this year's hybrid group, up 9 percent from 2013. Across organization types, operation length trends are similar; those in operations for one year or more increased by 8 percent to 43 percent of the total application pool YoY.

## Funds raised

### By program area ►

This year, among for-profit applications, those working in Health & Healthcare reported the most average funds raised since launch, while among hybrids those working in Environment, followed closely by Food & Agriculture, were most successful.<sup>ii</sup>

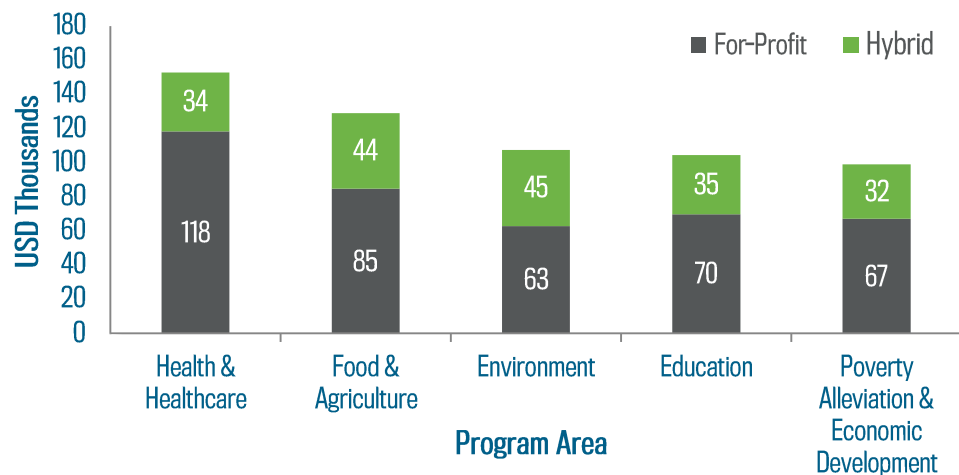
### By organization type ►

**On average, in 2014 for-profit applications reported raising more money than hybrids and nonprofits, at just over USD 72,000.** Hybrid applications' average raise stayed relatively steady at USD 36,000. Nonprofit applications reported raising an average of USD 62,000 in 2014, continuing an upward trend since 2012. Across all organization types, of those that reported raising funds since launch, the average amount raised trended slightly up 2012-14.

Of for-profit applications that reported raising funds, the median amount raised was USD 20,000. Of hybrid applications, the median was lower, at USD 8,000.<sup>iii</sup>

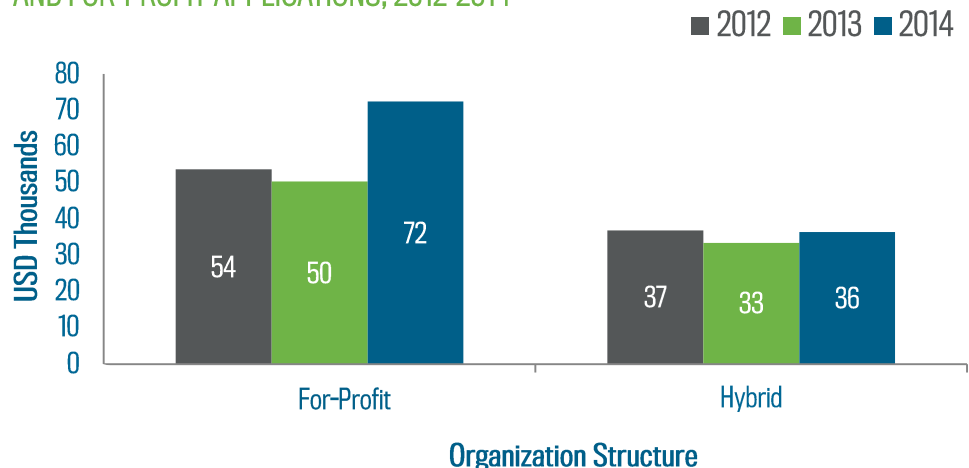
Part of the difference in amount raised by organization type could be attributed to organization age, as noted above, but a full explanation requires additional analysis.

**FUNDS RAISED (AVERAGE USD) BY PROGRAM AREA OF HYBRID AND FOR-PROFIT ORGANIZATIONS, 2014**



Source: Echoing Green Fellowship applications 2014, for-profit and hybrid organizations only. The graph displays the five most cited program areas. 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.

**FUNDS RAISED (AVERAGE USD) SINCE LAUNCH BY HYBRID AND FOR-PROFIT APPLICATIONS, 2012-2014**

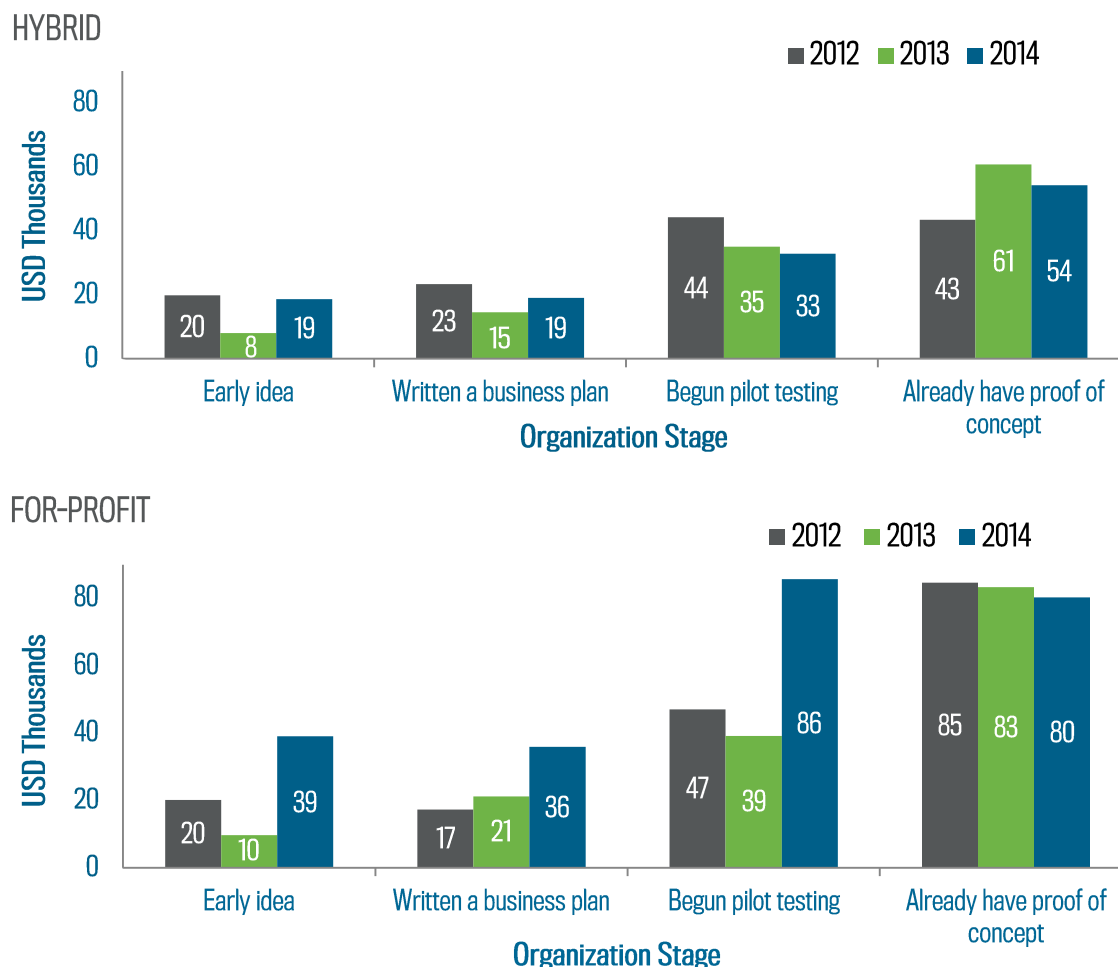


Source: Echoing Green Fellowship applications 2012, 2013, 2014, for-profit and hybrid organizations only. Data has been restricted to organizations that reported raising more than USD 0 but less than USD 1 million since launch to the time of application. In years 2012-14, 0.6 percent of applications reported raising more than USD 1 million since launch and 27 percent reported raising USD 0.

## By organization stage ►

**For-profit applications reported more average funds raised across organization stages than hybrids over 2012-2014.** In the same time period, the gap in average funds raised between for-profit and hybrid applications has increased as they began pilot testing.

## FUNDS RAISED (AVERAGE USD) BY ORGANIZATION STAGE OF HYBRID AND FOR-PROFIT ORGANIZATIONS, 2012-2014



Source: Echoing Green Fellowship applications 2012, 2013, 2014, for-profit and hybrid organizations only. Data has been restricted to organizations that reported raising more than USD 0 but less than USD 1 million since launch to the time of application. In years 2012-14, 0.6 percent of applications reported raising more than USD 1 million since launch and 27 percent reported raising 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](#).
- Learn about Echoing Green's Fellowship [selection criteria](#).
- Read the interactive 2013 [Year of Impact report](#).

This snapshot was made possible with support from The Rockefeller Foundation.

<sup>1</sup> Data in this snapshot spans Echoing Green's 2012-2014 Fellow application cycles, which utilized consistent wording of application questions and question picklist options. All data is self-reported by applicants. Hybrids are defined in the application as having "for-profit and nonprofit elements." Each application cycle was open to the public for approximately one month. In 2012 and 2013, Echoing Green offered the Global Fellowship and the Black Male Achievement Fellowship. In 2014, Echoing Green also began offering a Climate Fellowship.

<sup>2</sup> Ibid.

<sup>3</sup> Data has been restricted to organizations that have raised more than USD 0 but less than USD 1 million since launch to the time of application. In years 2012-14, 0.6 percent of Echoing Green applications report having raised more than USD 1 million since launch to the time of application and 27 percent have reported USD 0.