

# **CENTURY SERVICES: Year II Evaluation Report on the Social Business Enterprise Model**

A Mid-America Institute on Poverty  
Evaluation Report

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## **Mid-America Institute on Poverty**

Heartland Alliance's Mid-America Institute on Poverty (MAIP) serves as a catalyst for the amelioration and eradication of poverty and disadvantage. The Institute prioritizes improving access to quality and affordable health care, housing and human services as a means of promoting human rights.

MAIP's strategies are rooted in:

- o Stakeholder involvement in problem identification and the development and implementation of solutions;
- o Practice-based research and action-oriented analysis and policy development;
- o Diverse collaborations and partnerships to provide full information, a variety of perspectives and whenever possible, consensus implementation;
- o Evaluation toward ever-more effective services and policies; and
- o Heartland Alliance's mission of providing for the human needs and advancing the human rights of impoverished, endangered and isolated populations (particularly the very poor, the homeless, and new immigrants).

## Acknowledgments

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## **Evaluation Overview**

The Mid-America Institute on Poverty is conducting a three-year evaluation of Century Services, a social business enterprise operated by Heartland Alliance's Century Place Development Corporation.

The evaluation aims to provide:

1. A clear understanding of the social business enterprise partnership model,
2. Real time information on the enterprise's impact on employees so that management may make adjustments in implementation as necessary, and
3. An outcomes-based understanding of the Century Services model as an intervention designed to: improve the attitude of employees toward work, help employees develop work skills, and increase the labor force attachment of hard-to-employ persons.

The Year I evaluation (completed January 2001) included an in-depth review of the social business enterprise model, a description of Century Service's program model and operations, and documentation of the initial implementation of the model. The time period covered by the report was December 1999 through June 2000, and included the start-up of the enterprise as well as year one of operations.

This Year II evaluation covers the next phase in the development of Century Services, wherein it acquired new management and shifted its business plan to focus on contracts within Heartland Alliance. Because these changes in Century Services management and business targets altered the nature of the program, this Year II evaluation describes the components of the new Century Services program model and operations and assesses the program's capacity to meet the multiple goals of social entrepreneurship, drawing on program data. In addition, while the program has not been stable long enough to truly indicate its impact on employees' skill development and labor force attachment, this report aims to give a sense of employees' experience at Century Services by describing employee recruitment procedures, training opportunities, chances for transition to living wage jobs, and a rudimentary analysis of employee characteristics.

Information for this report was gathered from literature on the social enterprise model, the Century Services Business Plan and training manual, in-depth interviews with Century Services management, and Century Services employee files.

## **Century Services Program Overview**

Century Services is a nonprofit-owned social enterprise that provides building services with the goal of promoting workforce development by operating as a financially self-sustaining business. It is a business unit of Century Place Development Corporation, a partner of Heartland Alliance for Human Needs and Human Rights. Heartland Alliance was founded in 1888 and for the last century it has worked to improve the quality of urban life with a priority on those displaced and affected by poverty.

The business mission of Century Services is to be a comprehensive provider of building services, including cleaning services, maintenance, and facilities management. Its goal is to satisfy customers' needs through quality, cost-effective building services performed by well-trained,

courteous, and competent employees. Century Services also aims to generate profit through earned income and thereby diversify Heartland Alliance's revenue base.

Century Services' social mission is to help individuals' transition out of poverty and into living wage careers. By applying entrepreneurial techniques in the nonprofit environment, Century Services hopes to create a space where disadvantaged workers have the opportunity to develop skills that will increase their chance at long-term labor force attachment. Ideally, these skills would be developed in a supported work environment. Supported work, an influential model for workforce development, provides the close supervision, continuous training, and social supports that facilitate labor force attachment (Hollister et al, 1984). Century Services combines both the social enterprise and the supported work models.

## **Introduction**

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Examination of the social enterprise and supported work models hints at possible difficulties in their integration. One potential obstacle stems from the conflicting workforce demands of social enterprises and supported work programs. The social entrepreneur hopes to apply the best elements of the business world to social service organizations, making them more effective at accomplishing their social missions. At its core, though, a social enterprise resembles a small business in its financial mission, viability through profits or minimal losses. One of the key success factors of small businesses is the presence of a stable, well-trained workforce over time, drawn from a pool of strong prospects.

On the other hand, supported work programs have an almost entirely social mission. While financial viability of supported work programs is still important, this viability depends not on profits but on government grants and contracts. The social mission, helping as many people as possible permanently attach to the labor force, remains the focal point. Supported work programs will consequently function best (i.e. secure the most contracts) with a transitional workforce. Employees enter the supported work environment, gain skills, habits, confidence, and credentials over a period of six months to one year, and ideally transition to long-term living wage jobs. Furthermore, supported work programs gain the most government and foundation support when they assist very low-skilled, low-income populations dealing with difficulties outside the workplace that affect their performance at work. Therefore, they cannot draw only from a pool of strong prospects, but must also reach out to the hardest-to-employ.

A program that combines the supported work and social enterprise models will therefore face challenges. A social enterprise will have difficulty thriving when it must constantly hire from a pool of hard-to-employ individuals. If an enterprise's mission includes workforce development, it cannot shift to a new labor pool when the business is in crisis. On the other hand, the goal of financial viability requires that the business stay afloat so that it may accomplish its social mission. A central query of this Year II evaluation is thus whether a program like Century Services can successfully balance its social and business missions, and how this kind of balance affects the quality of its outcomes.

## **Literature Review**

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Awareness of the literature's findings on social enterprise and supported work programs enriches understanding of the basis for the Century Services model. This section is a brief synopsis of the basic findings of the literature.

Because the field of social enterprise is relatively new, much of the literature outlines the broad prerequisites for a successful social business enterprise rather than providing concrete information about specific challenges encountered and strategies used by nonprofits that engage in social enterprise. There is not yet enough empirical data and research to provide this kind of information. Prerequisites for success include a commitment to balancing social and business missions (Boschee, 2000; Dees, 1998; Emerson, 1998); awareness of the nonprofit's 'core competencies', including strong connections to sources of business expertise and technical assistance (both within and outside the nonprofit), access to fruitful partnerships, and access to

more and better ways of raising capital (Emerson, 1998); a passionate social entrepreneur leading the venture; solid market analysis; and flexibility (Emerson and Tversky, 1996).

The more seasoned field of supported work is able to provide concrete empirical data and suggestions about what workforce development strategies are useful. The key components of successful supported work programs are graduated stress (increasing employees' responsibilities over time), close supervision, peer support, social supports, skill development, and a long-term time commitment (MDRC, 1980). More recent research suggests that successful supported work programs provide participants with concrete experience in jobs that are not fabricated simply for their training but rather bring them in contact with real customers and real consequences.

Successful programs should also allow participants to pursue meaningful credentials, and should create relationships with employers so that participants can be transitioned to good jobs (Strawn and Martinson, 2000; Brown, 2001). Finally, the literature emphasizes that social supports such as transportation, access to childcare, and access to health care and relevant treatment programs are absolutely crucial to the long-term success of supported work programs (Strawn and Martinson, 2000).

### **Genesis of Century Services**

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Century Services is a business unit of Century Place Development Corporation (CPDC), which is the housing partner of the Heartland Alliance for Human Needs and Human Rights, an anti-poverty, human rights organization providing housing, health care, and human services to impoverished people. CPDC is a housing development corporation that has developed more than 1,000 units of housing and currently manages more than 600 units of affordable and supportive housing for impoverished Chicagoans. In 1998, CPDC and Heartland Alliance identified employment as a strategic issue for the agency, specifically in terms of preparations of Heartland Alliance participants and residents for employment. Another strategic issue being explored at the time was Heartland Alliance's asset base. It had significantly increased over the past five years due to building ownership and a plan was needed to better maintain these assets.

Through a relationship with a board member, ServiceMaster was approached to begin discussions regarding asset management for Heartland Alliance. After assessing Heartland Alliance's needs, it was determined that the cost of ServiceMaster's assistance with asset management was prohibitive for CPDC. Other avenues of collaboration soon arose, specifically in the strategically important employment arena. ServiceMaster was involved in other similar collaborations and was determined to be a good fit for Heartland Alliance, so a three-year contract was established to collaborate on Century Services. Century Services was then established as a nonprofit-owned building services business with the goal of promoting workforce development by operating as a financially self-sustaining business enterprise.

The business plan of Century Services reflected an awareness of the literature's findings on social enterprise and supported work. Since Heartland Alliance had evaluated its core competencies (including a commitment to the program's social mission, an internal market at the Heartland Alliance, extensive industry contacts through Heartland Alliance business relationships and boards of directors, and the ability to create a business advisory board) and forged a partnership with a leading building services company, it appeared to meet several of the



literature's prerequisites for a successful social enterprise. In addition, Century Services' link to CPDC's housing developments would provide the enterprise with an untapped pool of potential employees.

The initial model for Century Services also reflected the literature's findings on supported work programs. The six key components of supported work programs (graduated stress, close supervision, peer support, social supports, skill development, and a long-term commitment) were all included in the program design. The program intended to gradually increase employees' responsibilities until they are fully attached to the labor market, and to provide close supervision of employees to ensure employees' progress. Workers were meant to work in teams comprised of "job ready" and "less than job ready" workers, where they would receive peer support and a chance to learn from co-workers.

Century Services also intended to provide workers with social supports through contact with caseworkers and employment specialists from the various divisions of Heartland Alliance. As mentioned in the business plan, the triad of caseworkers, employment specialists, and supervisors would form a supportive and coordinated network that would improve the prospects of Century Services employees. Century Services was further designed to include training in both "soft" skills (which include attitudes to work, customer service skills, teamwork skills, and awareness of workplace norms) and "hard" skills (the technical knowledge needed to complete the job). Finally, Century Services was committed to providing employees with the long-term commitment that would enhance their employability so that return to a state of poverty would be unlikely.

### **Status of Century Services in September 2000**

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After the first year of the enterprise, it became clear that, despite the business plan's adherence to the literature's findings on supported work and social enterprise, the organization had mixed success in meeting either business or social service goals. On the positive side, CPDC was able to develop a good model for the enterprise and begin to establish a successful business. Century Services began to develop some expertise and competence in building maintenance, and had success securing contracts despite its inexperience and the difficulties associated with entering this new and crowded market. The enterprise achieved substantial accomplishments in uncharted territory for Heartland Alliance.

However, as discussed at length in the Year I evaluation, the organization faced many obstacles. The structure of Century Service's business contracts and the financial limitations of the infant organization hindered the implementation of the supported work model. Graduated stress was inefficient, and close supervision was restricted by the lack of competent supervisors and the scattered contract sites, which also thwarted the possibility of peer support. The shortage of funds prevented the creation of formalized social support networks and restricted the kind of skill development available to employees. Finally, plans for long-term commitment to employees' development were frustrated by the high rate of employee turnover and the fact that many employees incorrectly viewed Century Services as a long-term employment opportunity rather than a long-term job training or social service program.

The business goals of the program also appeared to be more remote than originally thought. Though Heartland Alliance's business contacts allowed Century Services to secure many external contracts in addition to internal contracts at CPDC buildings, Century Services' inexperience in commercial cleaning and property management led to the dissolution of many of these contracts. It also seemed that Century Services had not adequately analyzed the market for building services, which meant that it was unprepared for labor union issues and the presence of more qualified and larger competitors. The business advisory board proved to lack industry-specific expertise and contracts, and the partnership with ServiceMaster had become difficult to maintain. Furthermore, the labor pool of CPDC residents contained very few job ready workers, which made it difficult to create the teams of "job ready" and "less than job ready" workers meant to provide peer support and on-the-job learning. Finally, the lack of funds meant that Century Services' General Manager was spread too thin and was therefore unable to properly deal with emerging problems and challenges.

Based on these challenges, it seemed that the enterprise would require at least three-to-five years of further grant support, instead of the originally postulated two years. The timeframe for planning and development of expertise had not been sufficient, and this startup strategy had disabled the resulting company. Capital was scarce, and it was especially difficult to find investors. Problems on the operations side further complicated the endeavor.

### **Evolution of Century Services Model**

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From May 2000 to September 2000, the company was without a General Manager and consequently decreased services provided. By the start of December 2000, the company had lost its external contracts, the relationship with ServiceMaster had been damaged, and the operation seemed to have caved. Reevaluation and redesign were crucial to the endeavor's future success.

While Century Services continues to evolve as of this writing, it is useful to document and assess the changes that have been made up to this point. The first thing CPDC did to begin these changes was to divide the responsibilities of the General Manager. The previous manager had been responsible for general management, asset management in CPDC's buildings, and directing Century Services. Under the new scheme, the responsibilities of General Manager and Director of Century Services were given to one new employee (the Director of Training Programs, hereafter referred to as the General Manager), and the responsibilities of the asset manager were transferred to another CPDC employee.

While the new General Manager's revamp of Century Services attempts to meet the same social service and business goals as its previous incarnation, its format is quite different. Its components, which were developed partly in response to lessons learned in Year I, include: dedication to customer service, development of entrepreneurial spirit, communication of the business's mission, the development of expertise in the internal Heartland Alliance market, the commitment to training and employee development, the pursuit of financial stability, and the cultivation of rewarding and well-defined partnerships. Many of these components were a part of the old Century Services, while others are a contribution of the new management.

### ***1. Dedication to customer service***

Century Services would be unable to meet its social mission without a successful business groundwork to support it. To this end, the General Manager has attempted to position Century Services as an independent small business. The assumption is that certain values adopted by small businesses are ideal for a social enterprise like Century Services. One of these core values is dedication to customer service, which stresses the importance of results and accountability. Rather than focus on securing contracts, Century Services is now attempting to focus on the needs of customers and find ways to meet those needs, understanding that customers buy not services but outcomes. Such a commitment to customer service could enable Century Services to satisfy customers' needs, establish its reputation as a cleaning services company, and fulfill part of its social mission by increasing participants' employability (employees who are aware of a customer service ethos, who understand the importance of the results of their work, will be more employable).

In the case of Century Services, customers include not only future contracts but also the CPDC board, funders, business contacts, and even participants. By considering all of these groups to be customers, Century Services hopes to ensure that it properly assesses and responds to their various needs.

### ***2. Maintenance of an entrepreneurial spirit***

Another important value of small businesses is an entrepreneurial spirit. Entrepreneurs learn as much as possible about the markets they will come in contact with, gaining expertise and knowledge about the needs of those markets and finding ways to meet those needs. They also make contacts with people throughout the industry that may be important in ensuring a venture's viability in the changing market. This is especially important for a young venture like Century Services, whose awareness of and experience in the building services industry is limited. Although Century Services is a program of a large nonprofit, taking the entrepreneurial stance of an independent small business may improve its prospects.

### ***3. Communication of mission to employees and customers***

For Century Services' commitment to business and social goals to have meaning, they must be communicated to employees and customers. Both employees and customers are made aware of Century Services' social mission, its commitment to customer service, and its identity as a small business. Employees who are aware of these things may have a greater sense of ownership and accountability to the enterprise. Customers who are aware of these things may be more likely to support Century Services' activities and allow it to expand its capacity and operate independently and entrepreneurially despite its connection to a large nonprofit.

### ***4. Development of expertise in the internal market***

Century Services' struggle to secure and maintain external contracts in Year I led the management to reevaluate its marketing strategy. In Year II, rather than seek out new contracts, Century Services management decided to develop expertise and capability in building services through the internal Heartland Alliance market. By developing the internal market, Century Services could both develop its residential building maintenance skills and even gain commercial cleaning experience through work in some of the Heartland Alliance's administrative offices.

The business intended to nurture the internal market as much as possible before venturing again into the external market. In addition to gaining competence in the industry, this strategy allowed Century Services to focus on its social mission. Whereas past pressures to meet external contractual agreements hindered the creation of a supported work environment, the reduced urgency of internal contracts may make it easier to achieve this kind of environment.

### ***5. Commitment to training and employee development***

Cultivating a well-trained, competent workforce is critical to meeting both the business and social service goals of a social enterprise like Century Services. The new General Manager has therefore made training Century Services' top priority. Training follows the supported work model, where employees are given graduated stress, close supervision, peer support, social support, skill development, and a long-term commitment. That is, training is brief but thorough, providing employees with important practical and theoretical skills and useful credentials. Following the training, a 3-6 month period apprenticeship period is available to those who are hired as temporary employees, where skills will be further honed and employees gradually attach to the labor force. Employees have many opportunities for human development, including developing leadership skills and taking on increased responsibility. Adequate supervision and support are emphasized as key throughout this process.

### ***6. Pursuit of financial stability***

While the old Century Services model viewed securing new contracts as an end in itself, the new model emphasizes the creation of a financially stable business as a means to social service ends. A financially stable organization will likely allow Century Services to meet its social mission and provide a solid foundation from which to eventually expand the business. This same philosophy applies to employee development; it makes sense to hire a job ready workforce in the early stages of the business and then increasingly recruit individuals who are harder to employ. The job ready workers serve as mentors or "anchors" for the enterprise, stabilizing it so that it can increasingly fulfill its social mission.

### ***7. Cultivation of rewarding and well defined partnerships***

Century Services' collaboration with ServiceMaster may not have been a good match and may have hindered the enterprise's development, according to the Year I report and interviews with the current management. The experience with ServiceMaster indicates that while technical and strategic assistance is important, it is far more important that industrial collaborators view social enterprises as colleagues rather than clients. Collaborators should reaffirm the enterprises' path and mission while providing honest advice about how they should approach their specific market. The ideal collaborator is reliable, dependable, and committed to the organization rather than its own self-interest. Most importantly, partnership agreements should be well defined, with clear terms and built-in adaptations to changes in partnership demands. Century Services' has tried to base current industrial collaborations on these principles, and feels that any future industrial collaboration must be based on these principles rather than simply the pursuit of credibility within the industry.

While the relationship with a nonprofit partner is somewhat different from that with industrial collaborators, nonprofit partners must possess many of the same characteristics as industrial collaborators. They should be supportive, reliable, and committed to the success of the

enterprise. In addition, nonprofit partners must be willing to allow enterprises to grow as independent small businesses despite their connection to large nonprofit bureaucracies. The mostly positive experience of the partnership with Heartland Alliance indicates that the partnership is a good match and should be maintained and improved upon.

### **Analysis of Implementation of Model**

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The components of the new Century Services seem well positioned to meet the enterprise's business and social service goals, based on the lessons learned from the Year I evaluation and an understanding of the literature on social enterprise and supported work. Discussion of how well the model has met business and social goals follows in the next sections.

The impact of inadequate financial resources on the enterprise resonates through the analysis, impeding the enterprise's progress toward both business and social service goals. An overall evaluation recommendation is that as the organization continues to grow, locating more and better financial resources will be crucial.

### ***Social Service Mission***

As mentioned above, Century Services' social mission is to help individuals transition out of poverty and into living wage careers. It hopes to do this by maintaining a supported work environment, where participants would benefit from graduated stress, close supervision, peer support, social supports, skill development, and long-term commitment.

### **Realization of the social mission in Year II**

#### ***- Provision of graduated stress***

Much progress has been made in providing workers with a graduated stress experience. Because external contracts have been abandoned in favor of less-geographically-dispersed internal Heartland Alliance contracts, management has more control over employees' experiences. During the training, workers are taught basic skills and given the opportunity to practice those skills in the workplace. Trainees who are hired as temporary workers are eased into their job placement. They work closely with a team for as long as needed and some are then promoted to permanent positions. As they become more competent, workers are given increased responsibility and some workers are even given certain supervisory responsibilities. Workers who develop competence are also given the chance to work in newer, more challenging sites and learn building maintenance skills in addition to janitorial skills. The problem of employee attendance is much less severe than in the old Century Services, due partly to the manager's efforts at providing employees with transportation to the workplace. This facilitates the implementation of graduated stress.

#### ***- Close supervision***

The provision of close supervision has improved, but there is much room for improvement. Supervision has improved due to both the smaller number of sites and the efforts of the General Manager, who has adopted the methods of "management by observation". This involves supervision and constant corrective action to ensure that workers have properly acquired technical skills. Though he is guided by this philosophy, the manager cannot spend as much time with trainees as he might like and can therefore provide only limited guidance. He therefore must enlist past trainees to help new trainees learn technical skills. Trainees visit all of Century

Services' worksites, where they meet up with more experienced workers and practice maintenance techniques. Unfortunately, the limited funding of the business means that these workers cannot be officially titled or compensated as trainers or supervisors, and their role is therefore limited. Once the trainees are hired as employees, they are less likely to receive frequent supervision. The General Manager is the only one with real supervisory responsibilities, and time and cost factors make it impossible for him to give all employees adequate supervision. This problem is slightly mitigated by the fact that employees work in teams of newer and more experienced workers whenever possible. Development of formalized supervision must be a priority as Century Services continues to evolve.

- *Peer support*

The development of peer support through a teamwork approach is a major priority of the current Century Services management. Because financial considerations limit the development of adequate supervision, the manager has placed increased emphasis on giving people the opportunity to work in teams. He has tried to find ways to have employees work in teams even in small buildings. Teamwork allows workers to hone their technical skills by learning from one another and helps them improve their interpersonal and leadership skills. The creation of teams of workers also promotes the development of mentors, more experienced employees with expertise and leadership. Mentors are likely to develop greater confidence in their own abilities as they assist other workers, which increases everyone's potential for labor force attachment.

- *Social supports*

Though the new Century Services management is committed to providing employees with social support, it does not yet have the infrastructure to furnish this support. In the old Century Services, many of the employees had case managers from other parts of Heartland Alliance, but the relationships between the General Manager and the case managers were not formalized. The General Manager was often unaware of employees' difficulties outside Century Services, and there was no mechanism for the release of employee information to case managers. These difficulties suggest that it would be ideal if Century Services had in-house case managers who are aware of employees' progress, the obstacles that hinder their workforce attachment, and the social supports available to help them.

Because the cost of providing such case managers is prohibitive, the General Manager has had to provide a range of supportive services himself. In addition to his administrative duties, the manager must often contact employees' doctors, get their healthcare cards, buy them shoes and collect clothes for them from charity, help with time sheet issues, help find childcare, write resumes, access emergency food, and link them to various Heartland Alliance services. Providing these services spreads the General Manager very thin, and highlights the need for greater funding and staff for supportive services.

- *Skill development*

Skill development has been a central focus of the new Century Services. When Century Services was initially designed, the decision was made to train the manager in technical skills and have him transmit his knowledge to the employees through on-the-job training. According to the present General Manager, much of the knowledge did not trickle down to the workers, and many of the employees who remained in September 2000 lacked both technical skills and awareness of

safety concerns. Furthermore, the absence of funding prevented the teaching of “soft skills”, so many of the employees had not developed interpersonal and customer service skills.

In response to these difficulties, the new General Manager has made training a priority. Employees are trained in hard (technical) skills, safety awareness, and soft skills. Significantly, the General Manager made the decision to provide the training directly to employees rather than train them via management. Though limited finances make it impossible to train every group of trainees in this manner, the first group of new trainees (trained in January 2001) was trained by ServiceMaster along with the General Manager (who also served as a translator in training sessions). This gave the first group of employees a more direct knowledge of maintenance techniques, which gave the business a solid technical base in its initial stages. After the first group of employees had been trained, the General Manager administered the future trainings with some assistance from past trainees. ServiceMaster was not involved with these trainings, although their training materials were used. The training program teaches students the skills of Environmental Control Technicians (ECTs).

The technical portion of the ECT training teaches the seven step cleaning process, which includes chemical mixing, preventive maintenance (walk-off matting and dust mopping), routine maintenance (damp mopping, spray buffing, and burnishing), periodic maintenance (spray cleaning and shower scrubbing), restorative maintenance (total finish removal), and carpet appearance maintenance. Students were also familiarized with various cleaning products and their proper use. The training is eight hours a day over a four-week period, and is divided into 4-5 hours of discussion and 2-3 hours of practice. This training is most effective in small groups where trainees can receive one-on-one attention.

The training also has a substantial safety component, which is integrated into technical training. The safety component includes instruction about personal protective equipment, back injuries, the hazards of workplace chemicals, blood borne pathogens, proper equipment shutdown procedures, and fire safety. Safety is emphasized throughout the training.

Soft skills (customer service and leadership) also compose a large portion of the training. The General Manager followed a customer service/leadership development program known as the WE S.E.R.V.E. Customer Service Program, which encourages trainees to consider the identity, feelings, and needs of customers and other workers. Serve follows five principles which form the acronym S.E.R.V.E.: “We Smile”, “We Encourage Other People”, “We Respect”, “We Value Our Work and Others”, and “We Exceed Expectations.” It also outlines how employees should recover from customer service mistakes, such as missed opportunities and perceived poor service, so that customers are satisfied.

Those who successfully complete the training (whether hired or not) are given a certificate that attests to their competence in building maintenance, signed by the General Manager, the director of CPDC, and the president of Heartland Alliance. The certificate indicates the cross-organization commitment to employee development, and therefore has value in employees’ future job searches.

Because Century Services gives trainees a 3-6 month apprenticeship period if hired as temporary employees, the manager is able to observe their absorption of the skills learned in training. The shortage of resources limits this supervision, as mentioned above, but it is still an important component of the employee development process. Skill development continues throughout the apprenticeship period, and even afterwards, but this again depends on resources. The apprenticeship period is crucial, since the four-week training is not really enough to prepare employees for work in this field.

In order to facilitate training, the General Manager has established a makeshift “CPDC Industrial Job Training Institute” in CPDC’s Leland building, where training is held. Unfortunately, the lack of resources has suspended new training for the time being. The last training group was trained in February 2002. Because new trainees are essential to furthering the social mission of the enterprise, it is hoped that training will resume at some point. Ideally, a training should be done twice yearly.

If trainees are interested in advancing to the positions of Maintenance Worker or Property Manager, the General Manager provides a short additional training module. If Property Managers are hired through a general hiring process, they undergo a compressed version of the ECT training plus the additional training module.

- *Long-term commitment*

The long-term commitment of the program has been more successful in Year II. Turnover has been fairly low, so that employees are able to benefit from the extended apprenticeship. Nonetheless, the shortage of resources and Century Services’ identity as a small business limits the commitment that can be provided to employees. Employees who are not performing well, even after receiving a lot of support and training, will be a hindrance to the business and must be let go. “Though it is important to give everyone a chance,” says the manager, “continuing to employ sub-par workers would be financial suicide.”

- *Employee transition to living wage jobs*

This has been one of the most difficult goals to meet through the Century Services model. One difficulty is the fact that Century Services itself is unable to provide employees with a living wage. While maintenance workers (who have a larger skill set) receive a relatively high wage, environmental control technicians (janitors) do not. This is largely due to the lack of resources. Furthermore, Century Services is unable to provide full time employment. Because of this, many workers often have to look elsewhere for jobs.

As mentioned above, Century Services provides all trainees with a signed certificate of completion. It is hoped that this certificate will have value and facilitate the transition to living wage jobs. Unfortunately, Century Services cannot afford to hire a job developer to provide workers with assistance in their transition, and the General Manager does not have time to assist them.

Two Century Services employees have done very well on the job and moved into other employment. Though they had no job development assistance from Century Services in making their transition, they were able to find new jobs on their own. In another case, the General



Manager was able to locate a non-maintenance job for a worker who had many good skills but was not suited for work in Century Services. He has also provided long-term employment for some of the strongest workers so that they may serve as mentors, and compensated them slightly more. Ideally, these workers will receive a promotion when funds are available. Many of the trainees who are not hired by Century Services have also been successful in finding permanent jobs, and some have actually declined a position at Century Services in favor of higher-paying jobs. Though many participants have been able to find good jobs, none have found living wage jobs. This indicates that more resources must be devoted to transitioning employees into living wage employment.

- *Employee recruitment and hiring*

Though the old Century Services recruited workers directly from Heartland Alliance programs, especially CPDC facilities, the new model has tried to follow the principle of financial stability. That is, instead of recruiting from a pool of mostly hard-to-employ workers, it has tried to kick off the enterprise with mostly job ready workers and, after the program is somewhat stable, begin to recruit less-job-ready workers. Unless the enterprise is stable, it will be unable to provide an environment that will promote labor force attachment. This strategy also allows the creation of mentors, since it lets Century Services create a strong and competent worker base that will be valuable in training harder-to-employ individuals. It is especially important since Century Services cannot afford formal supervision.

The General Manager therefore fired the least competent employees from the old Century Services (he retained one, who had been performing better) and recruited the first group of trainees from his own contacts. He recruited from pools of people from businesses and social service agencies with which he had already established relationships, reasoning that his familiarity with this population would make it easier for him to develop a functional program. For example, he recruited several people from a soup kitchen in which he had once worked. Though these workers were somewhat more job-ready than the CPDC pool, they had also had difficulty securing employment due to language barriers, inexperience, and family responsibilities. Many among this initial group of trainees were women, and most of them were Latino or African.

Since this first group of trainees, the manager has begun to recruit more extensively from the Heartland Alliance (including CPDC, Chicago Health Outreach, Chicago Connections, and the Kovler Center). Over time, he felt he had developed more knowledge of the needs and strengths of the CPDC population (which is mostly African American as opposed to Latino), and is more effective in training them. More importantly, the first training group contained an African American man who has been very successful, moving from a CPDC client to an Environmental Control Technician to a Property Manager. The presence of such a role model is crucial to motivating new participants.

Trainees are hired as temporary Century Services Environmental Control Technicians (ECTs) based largely on their performance in training. If trainees demonstrate technical skill, awareness of safety issues, and soft skills at the end of the six-month apprenticeship period, they may be hired as regular ECTs. Though hiring only the best trainees raises the possibility that the hardest-to-employ are not being adequately served, this danger is mitigated by the fact that all trainees

have an equal chance to perform in training and are informed at the start of training that only the best will be hired.

The manager has also advertised for employees outside Heartland Alliance. Though the building maintenance and property management staff have largely been hired from outside, all the ECTs have been hired directly from the training groups. As mentioned above, even people hired through a general hiring process must undergo some form of training and skill development.

Employee retention has not been as much of a problem in Year II as it had been in Year I. In general, turnover has been low, with only one employee out of thirteen being fired and two moving on to other jobs. Employee numbers within the enterprise continue to be low. Out of the seventy people that have gone through the four-week Century Services training, thirty-five found some kind of job after training. Twenty-three of them found employment outside Century Services, and twelve were employed within Century Services. If the business earns more revenue in the future, it will be able to hire more trainees.

- *Employee characteristics*

The initial Century Services was intended to provide employment opportunity and workforce development to the hardest-to-employ, and expected to hire from a pool of mostly African American CPDC residents. The new Century Services has, as mentioned, recruited from a more varied pool of workers from both within and outside Heartland Alliance. This has resulted in a more diverse group of workers. Though creating a diverse workforce may not be a stated program goal, it undoubtedly has benefits for the workers.

The previous program had a 100% male workforce, approximately 90% of whom were African American. Approximately 40% of the current Century Services workforce are women, and 60% are men. The racial composition is also more diverse, with 40% Latino workers and 60% African or African American.

Century Services has also been able to maintain some diversity of experience among workers. Though none of the workers had steady work before coming to Century Services, about 80% of them had done some kind of temporary work in the past. As the enterprise grows, it is hoped that the mix of more and less experienced workers will become more balanced.

\*\*\*Still need to include more precise employee statistics if possible

***Business mission***

Century Services' business mission, as outlined at the start of this report, is to be a comprehensive provider of building services, including cleaning services, maintenance, and facilities management. Its goal is to satisfy customers' needs through quality, cost-effective building services performed by well-trained, courteous, and competent employees. Century Services also aims to generate profit through earned income and thereby diversify Heartland Alliance's revenue base.

*Realization of the business mission in Year II*

- *Service provision*

While there continue to be gaps in knowledge, Century Services has gained some expertise in the provision of environmental control (janitorial) and building maintenance services. This has been easier in Year II than in Year I because all of the contracts were in Heartland Alliance buildings. Working only in these buildings, Century Services staff was able to build some expertise in residential building maintenance before expanding into a commercial cleaning environment. So far, the feedback on Century Services' work has been positive. Employees and residents of the buildings, many of which had been in very bad shape, have commented that the buildings have been transformed since Century Services has begun working there. Service provision capabilities could be developed even further if improvements are made in asset preservation and supply inventory systems in the CPDC buildings; these adjustments will depend on the joint efforts of CPDC and Century Services.

The General Manager stresses that a lot of the improvement in service provision is due to the development of a specific work technique and a focus on outcomes. Maintenance steps are clearly defined for each work environment, and workers are placed in teams of four or more whenever possible (even in small worksites). In addition to ensuring that mentors are present in teams, the General Manager visits the worksites often to inspect employees' work.

- *Contracts*

As outlined earlier, Century Services has focused in Year II on developing internal Heartland Alliance contracts. Internal contracts are a good place to establish skills and a track record. The three Heartland affiliates look at Century Services as a possible service provider for their sites. Because Century Services works from within the organization, it is possible to expand within the organization. When the present General Manager began, contracts were set up to clean the residential areas of all CPDC buildings and a couple Chicago Connections sites. Within a few months, a contract was added to clean the administrative offices in these buildings.

At this point, there is no plan to begin seeking external contracts. Century Services' operational capacity has improved in Year II, with improvements in supply, personnel, quality control, and training. Though there is still room for improvement in payroll and accounting systems, as well as formalized supervision, the General Manager thinks that Century Services will soon be capable of taking measured steps into the external market. Markets he is investigating include medical laboratories and social service agencies. The decision of whether to eventually pursue these contracts will ultimately lie with the board and management.

Because Century Services has focused on internal contracts, it has not had to encounter the difficult union issues that plagued Year I. Unions have a very large impact over the building services industry in Chicago. While Heartland Alliance workers organize under the United Auto Workers, most janitorial staff organize under the Service Employees International Union (SEIU). Due to this discrepancy, it was difficult for the old Century Services to secure larger unionized building services contracts. If Century Services plans to seek external contracts in the future, Heartland Alliance must develop better relationships with the unions. It is important not to see unions as a barrier to the work that Century Services is trying to do, but rather as potential allies in helping Century Services employees successfully attach to the workforce. The manager is working with Heartland Alliance's Human Resources department to explore ways to modify the approach to unions.

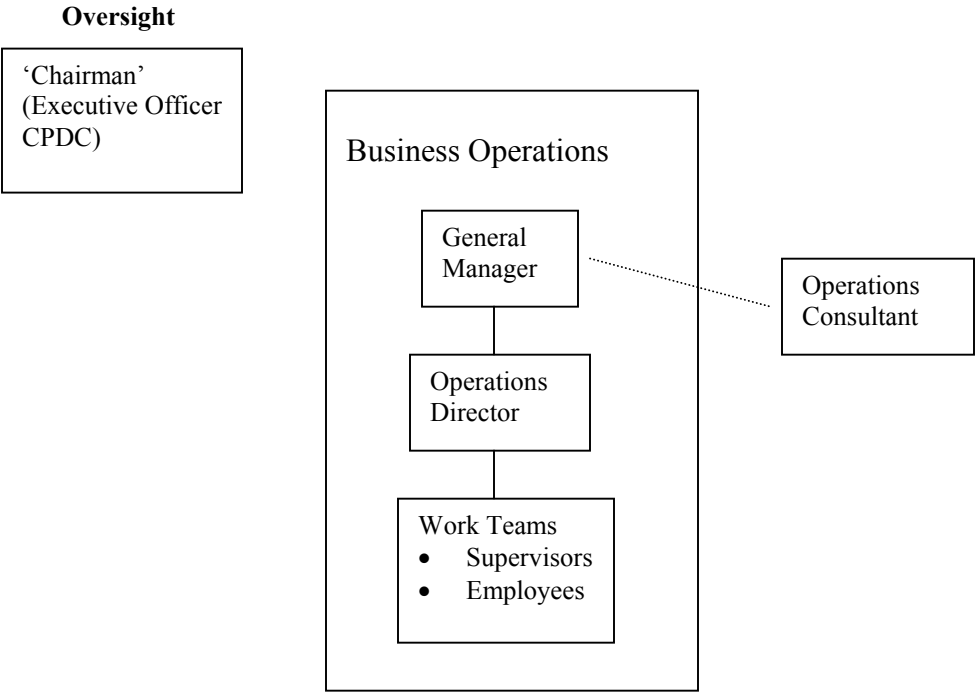
- *Personnel*

The organizational structure of Century Services has continued to change since its modified form at the end of Year I (See Organizational Charts). As described above, Century Services has made great improvements in creating a mix of personnel in work teams. This has been especially true among the Environmental Control Technicians (ECTs). However, supervision has not been developed at all; Century Services continues to function without an operations supervisor, who was supposed to have helped the business develop. Furthermore, though the Year I plan mentioned the presence of maintenance supervisors, Century Services cannot afford to hire these kinds of direct supervisors until the enterprise is more financially stable. As mentioned above, the General Manager has had to fulfill this role, along with the help of experienced employee mentors, as much as possible. Currently, the job titles at Century Services are:

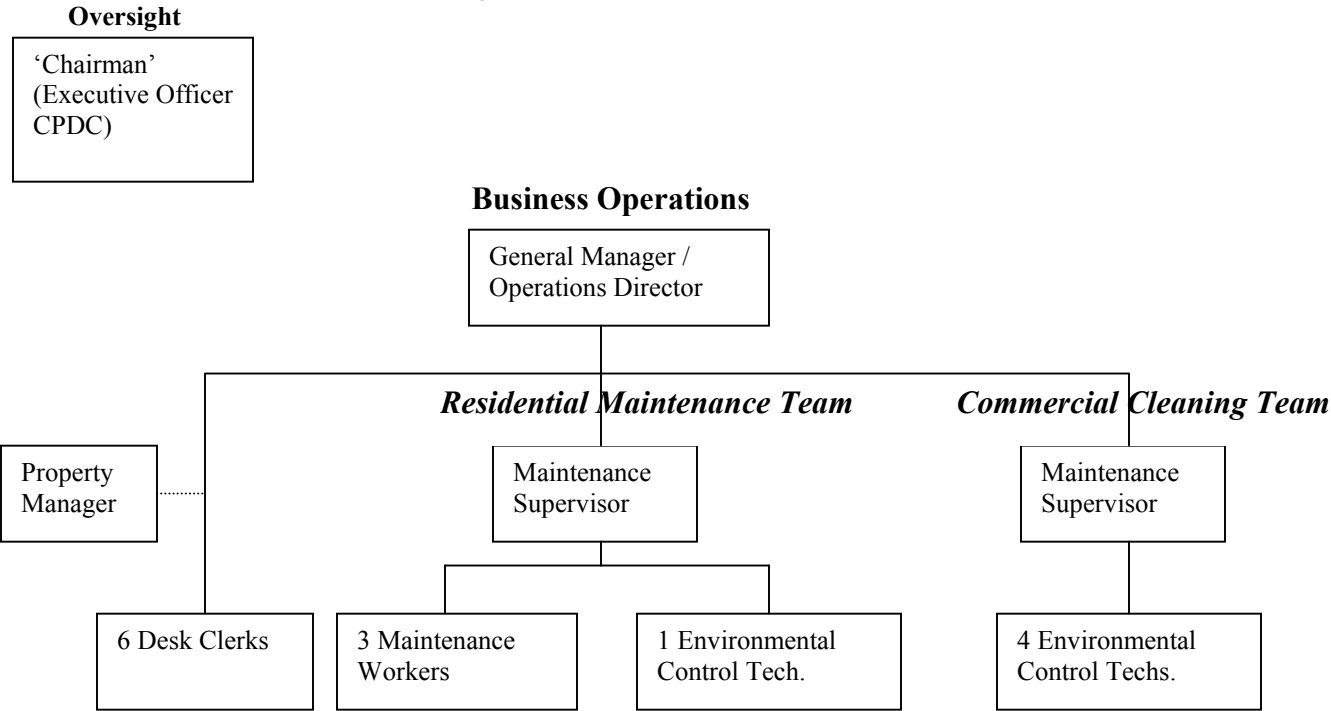
- General Manager (1): also known as the Director of Employment Programs
- Asset Manager (1): not a direct employee of Century Services but in charge of CPDC assets
- Property Managers (4): either hired through a general hiring process or promoted from existing Century Services staff
- Maintenance Workers (4): one hired through general hiring, the others from the training groups. The workers work in a team when possible
- Environmental Control Technicians (6): Five work in a team in CPDC buildings, while the sixth works mostly independently at Chicago Health Outreach's Antonia building

As the following Organizational Structure charts indicate, there is currently one large Residential Maintenance Team composed of five ECTs and four Maintenance Workers. A Commercial Cleaning Team has not been fully developed or integrated into the rest of Century Services, and at the moment has only one ECT at the Antonia building.

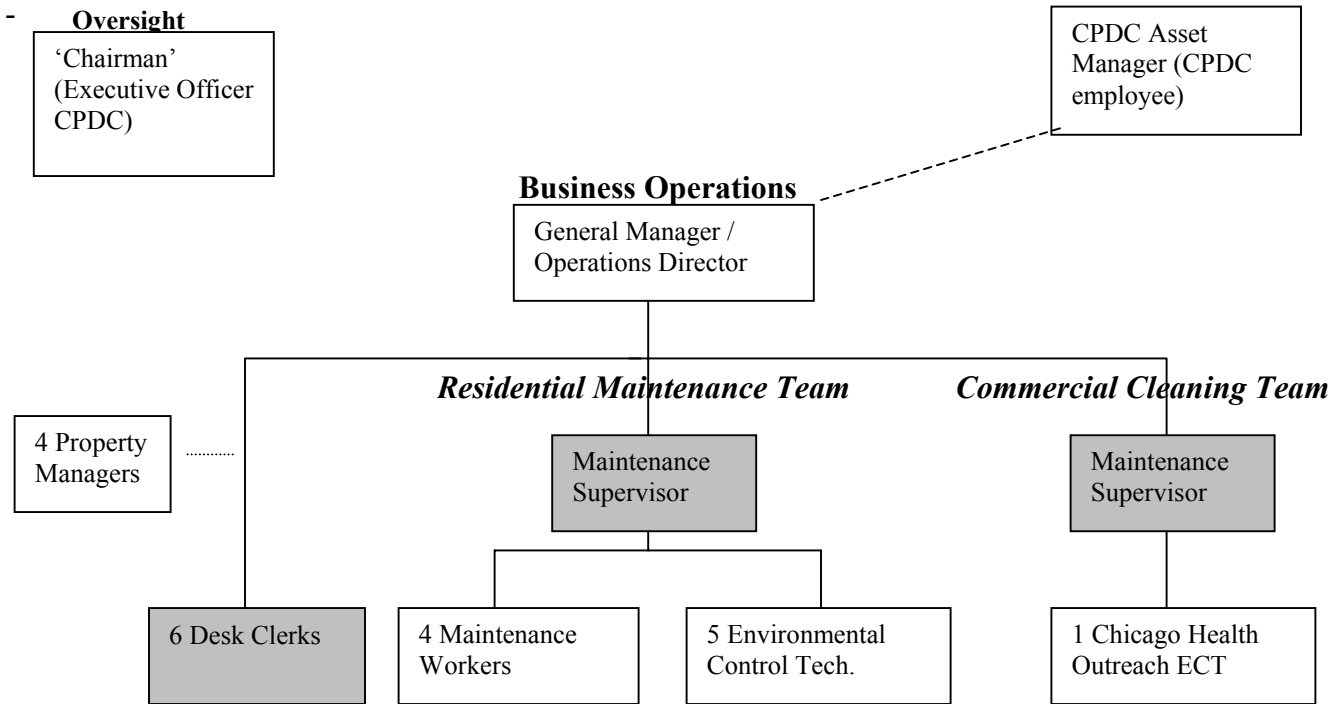
# Planned Organizational Structure at Start of Century Services



# Actual Organizational Structure at end of Year I



## Organizational Structure End of Year II \*\*



\*\* Shaded Areas indicate positions that remain unfilled at the end of Year II (salary not in Century Services budget)

- *Collaborations*

- Since the relationship with ServiceMaster has been phased out, Century Services has had to seek out new, more compatible industry collaborators. Recently, Century Services has developed a relationship with Jones, Long, and LaSalle (JLL), a building services firm with expertise in building maintenance. The relationship was developed through a member of the CPDC board of directors. JLL will provide assistance with occupational health/safety and maintenance issues. Though the relationship is new, JLL has affirmed the progress of Century Services and treated it as a colleague rather than a client. They are interested in helping Century Services grow in a way that makes sense for it as a social enterprise, including helping it develop its own operational model.

Century Services' partnership with Heartland Alliance (especially CPDC) has continued to be fruitful in Year II, as the organization has been supportive of Century Services throughout its evolution and has provided it with a large internal market. While Century Services accrues many benefits from its linkage with the well-established Heartland Alliance, being a part of a large social service organization means that it must also expend a lot of energy satisfying bureaucratic requirements. Though the General Manager has conceived of Century Services as a small business, the enterprise's connection to Heartland Alliance makes it difficult for it to assert its independence. The fact that Century Services is administered from a downtown office makes it difficult for the enterprise to develop the spatial and organizational capacity needed to operate as an independent small business. A functional building services company requires an appropriate infrastructure, including administrative staff and a space from which to conduct. It may be possible, through cross-Alliance staff-sharing agreements, to help Century Services build some of this organizational capacity. Therefore, it will be important to carefully nurture the partnership between Heartland Alliance and Century Services so that remains beneficial to all parties.

- *Financial status*

At the end of Year I, it seemed that the enterprise would require at least three-to-five years of further grant support, instead of the originally postulated two years. The Year I evaluation anticipated that Century Services would need at least five large contracts to break even. Despite these predictions, Century Services has actually managed to turn a small profit in Year II. The improvement in financial status is due not to increased revenues, however, but to the drastic cost cuts that occurred in Year II. As outlined above, staff numbers have been greatly reduced, since there are no longer Front Desk Clerks or Maintenance Supervisors. In addition, because the partnership with ServiceMaster had dissolved, Century Services was able to seek out more cost-efficient cleaning products. Because ServiceMaster had also provided supplies and chemicals to CS, the termination of the collaboration forced the General Manager to find new suppliers. After a lot of searching, he found a business that sells less toxic chemicals and more advanced technology at lower prices.

While Century Services' profits are positive, it must be remembered that these profits have occurred largely due to limiting supervision and social supports for employees. Though financial stability is important, it cannot be at the cost of Century Services' social mission. In the next year of operations, it will be important to balance financial stability and social service provision.

More time is still needed to raise new investment dollars so that Century Services can spend more on the supported work component of the enterprise while remaining financially stable. Success of the enterprise continues to rely on investment. Finding this kind of investment is difficult due to the reluctance of foundations to fund the newly developing strategies of social business enterprises. It will be important to continue to seek out advocate for this kind of funding if Century Services is to meet its social and business missions.

Do we need to list the current contracts?

Do we need to list the hours/week worked at each of the sites?

Do we need a chart outlining the current standing of the business, as in the Year I report?

### **Lessons learned and recommendations**

- **While the enterprise has made gains on the business front, fulfilling the social mission continues to be a challenge.**
  - Hire Century Service-specific case managers and employment specialists, or formalize the relationship between Heartland Alliance case managers and CS through mechanisms such as the release of information and regular meetings/staffings
  - Institute a regular training program with trainings at least twice a year to replenish the workforce and facilitate employee transition out of CS; hire a part-time training coordinator to organize training and in-services
- **Employee development is crucial to the business's success**
  - Employees need long term training (3-6 months); people cannot be trained well for work in this field in a couple of weeks
  - Hiring maintenance supervisors for the various teams is essential. Currently, there are candidates for these positions, but their salaries are not in the budget
  - Teamwork must continue to be facilitated. It is possible to work in teams at small worksites if a good system is devised
  - Being able to find and prepare good employees quickly continues to be a critical factor needing attention
  - Mentors are an effective tool for employee development, and should be compensated for their additional effort and expertise (perhaps by instituting a new "team leader" position)
- **Employee recruitment strategies need to be refined**
  - It is important to initially consider business stability and gradually incorporate hard-to-employ populations
  - It is important to find effective strategies for recruiting workers from throughout Heartland Alliance, as well as establish guidelines for external recruitment
  - Recruitment among CPDC building residents will be most successful if there are internal mechanisms for reaching residents (such as tenant associations)
- **Business operations continue to be a weak point. The management and operations of the enterprise must be improved and stabilized**
  - Internal systems continue to need improvement, including supply inventory systems and asset preservation in residential buildings



- Administrative staff and an independent space (in one of the CPDC buildings) from which to conduct business may be important to the enterprise's business development. If Century Services-specific administrative staff are not economically feasible, cross-Heartland Alliance staff-sharing arrangements should be explored
- **Developing an internal market is an effective strategy for stabilizing social enterprises**
  - Service provision capabilities need to be developed gradually by slowly incorporating different maintenance environments
  - Developing the internal market has thus far allowed CS to avoid union barriers to contract negotiations, but the business's future success may require formally engaging the unions in discussion
  - Branching into external markets (particularly medical laboratories and social service agencies) may be possible at this point, although these contracts must be pursued carefully
- **Collaborations have great risks and potential**
  - Collaborations with industrial collaborators must put the social enterprise and the collaborator on an equal footing. The collaboration with Jones, Long, and LaSalle should continue to be nurtured
  - Collaboration with a nonprofit partner must be balanced by a commitment to give the social enterprise freedom to operate as an independent small business. It is important to take advantage of the nonprofit's infrastructure, especially when developing human resources and payroll capabilities, but transactions should be clearly defined to avoid conflict between the needs of the business and the practices of the nonprofit
  - The terms of any further collaborations must be well-defined
- **It continues to be difficult to find investors willing to fund the newly developing activities of social business enterprises**
  - Advocacy is needed to persuade investors of the potential of social enterprises
  - Requests to foundations must be specific and clearly demonstrate how a particular investment will further the enterprise's social mission

**Boschee, Jerr (2000) Dees, Gregory (1998) Emerson, Jed (1998));**  
(Emerson, Jed and Fay Tversky (1996)).  
(Manpower Development Research Corporation, 1980  
**(Strawn, Julie and Martinson, Karin, 2000; Brown, Amy, 2001).**