

## **Growing Plants and People**

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*Bill Frye, Director of Myrover-Reese Fellowship Homes rehabilitation center, knew for a fact that sustainability was a huge problem! He also recognized that doing more with less was not a viable option if the expectation was to offer more services to an increasing population of men and women. What he did know was that it was his responsibility to find key answers to some of the “How to” questions and solve them in a satisfactory way. While formulating a sustainability plan, he inadvertently began to use elements of “micro social entrepreneurship.” This case explores social entrepreneurship at both the macro and micro level. Students are invited to merge knowledge from various disciplines to seek out creative solutions for social and business problems.*

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### **INTRODUCTION**

Bill Frye, Director of the Myrover-Reese Fellowship Homes rehabilitation center, had a recurring and agonizing problem. He knew that the halfway house he ran was underfunded and its staff of dedicated professionals was overworked. He and his staff were charged with providing a supervised, structured environment for 69 male and female recovering alcoholics and addicts. They also provided on-the-job training for these individuals. What he couldn't figure out was how to do more with less. Perhaps the answer could be found if he tapped into the entrepreneurial spirit of his staff and residents. To do that, he needed to find answers to a few “how to” questions:

- How to reach a level of financial sustainability;
- How to gain more autonomy in the decision making process;
- How to create an adequate revenue stream;
- How to gain control of funding sources;
- How to maintain adequate cash flows; and,
- How to expand services for training, education and rehabilitation.

He had so much to accomplish with limited and unpredictable funding that he felt his only option was to “grow” the organization. Bill was influenced by the idea of “social enterprise organizations, which are characterized first and foremost by their social mission, as well as by their innovative combinations of social and commercial approaches” (Dees, J. 1998). If only he could develop a coordinated and interconnected model that

provided rehabilitation services and that could be sustained by using a micro social entrepreneurship approach.

## **HISTORY/SETTING**

Myrover-Reese Fellowship Home, located in Fayetteville, North Carolina, was chartered in 1961 and is the oldest halfway house in the state of North Carolina (See Appendix B). In the 1960s, attitudes about addiction were far different than in the twenty-first century. Most addicts were put in jail, committed to mental institutions, or given a bus ticket out of town. Only a few with addiction problems had access to treatment facilities, and even fewer were actually able to return as contributing members of society.

In 1981, Bill Frye was a young contractor who got into trouble with the IRS and became addicted to alcohol. As part of his rehabilitation, he went to Myrover-Reese to put his life back together and start over. While there, he became good friends with Pat Reese. Pat worked for a Fayetteville, North Carolina, newspaper for forty years and began developing drug and alcohol education in the 1970s at nearby Ft. Bragg, home of the U.S. Army's 82nd Airborne Division. Pat asked Bill to use his knowledge from his career as a general contractor to help build a residential facility for recovering addicts. When Bill was a contractor, he gained experience in dealing with regulatory agencies, managing human resources, and running a business. These skills were transferrable to his job managing Myrover-Reese. In 1981, they had property but no facility. Since then they have obtained a total of 31 acres and built three facilities. Bill's plan was to get back on his feet and leave the facility, but Pat kept asking for just one more thing and then another. Bill says, "He played the ultimate practical joke on me. He never told me I could leave."

Almost thirty years after arriving at Myrover-Reese, Bill is the General Manager and has made some significant improvements and changes. Currently the facility employs five full time and five part time administrative staff, including a certified substance abuse counselor, managers of two houses and a supervisor for the greenhouse. In 2008, the facility expanded its mission to include treatment of women as well as men. The proximity of the opposite sex provided its own new set of problems.

## **ORGANIZATIONAL STRUCTURE**

Myrover-Reese Fellowship Home has a Board of Directors of sixteen people who are charged with setting policies and overseeing the facilities. They are organized as a 501(c)(3) organization and qualify for tax-exempt status. Bill convinced the Board of Directors that the future of state and federal funding levels was uncertain and might not be adequate for the survival of the facility. He told them that governments will build new jails but not treatment centers. Even when the government chose to build treatment

facilities, funding for operating expenses was always a problem. Bill knew that he had to find a way to generate funding if they were going to stay in business.

Funding had traditionally been provided by contract revenues from state and local agencies, but with a questionable economy, these sources of funding were increasingly unpredictable. In 2007, contract revenue provided 58% of total support, in 2008, this had gone up to 74%, and by 2009 it had increased to 75%. (See Appendix A for further information.)

**TABLE 1**  
**Contract Revenue**

	2009	2008	2007
Contract Revenue	\$295,849	\$214,620	\$119,147
Total support and revenues	\$392,821	\$289,660	\$204,500

From 2007 to 2008, donations were holding steady at between \$44,000 and \$45,000 and were meeting less than 14% of the total needs of the organization. By 2009, donations had increased to almost \$58,000, but they were still funding less than 15% of the total organizational needs. Expenses were always greater than revenues, and costs had already been cut to critical operational levels. A creative long term solution for revenue generation needed to be found.

**TABLE 2**  
**Donations**

	2009	2008	2007
Donations	\$57,598	\$44,976	\$44,426

## **SOCIAL ENTREPRENEURSHIP**

“Social entrepreneurship is all about mobilizing the necessary resources to pursue opportunities. The pursuit of earned income opportunities by an existing nonprofit is often enhanced by leveraging the organization’s key assets. The starting point is to identify those elements that are key to its current success such as its core capabilities, infrastructure or reputation.” (Wei-Skillern, Austin, et al p. 143)



Most social entrepreneurship has been focused on large-scale projects that meet the needs of major segments of the economy. In recent years, some individuals have stepped forward with ideas to provide for small niches of society that have been overlooked or underfunded. These individuals promote micro social entrepreneurship with the hope of filling unmet needs for a particular segment of society. "Many traits and behaviours of successful social entrepreneurs appear to mirror those of entrepreneurial businessmen and women in the profit-seeking sectors" (Leadbeater, 1997).

Bill saw that Myrover-Reese had a unique opportunity to apply the theory of social entrepreneurship at a micro level. As with most theories, the problems arose when he tried to make the transition from theory to reality. Bill was guided by the belief that "we don't discard anyone's ideas. If we provide people with the tools to succeed, they will."

### **THE GREENHOUSE VENTURE**

Several years ago, the Board of Directors and Bill began talking about building a greenhouse. They had land and felt that with a greenhouse they could grow most of their own food as well as provide productive work for the residents. The United Way helped build their first small greenhouse, and one of the residents went to Fayetteville Technical Community College for horticultural training. This relationship with the local college provided training for the residents and also introduced Bill to a faculty member who joined Myrover-Reese's Board of Directors. In order to get more community support, another resident with computer skills helped them begin an e-mail campaign to raise funds. The e-mail campaign was successful, leading Bill to say, "We did not know how to do this. So we had to have friends with experience and expertise."

Three years ago, a local farmer had a 300-foot greenhouse that he was no longer using for tobacco plants. He made Bill the deal that if his group dismantled 100 feet of the greenhouse, they could keep a fifty foot section for free. The United Way and Days of Caring volunteers joined with residents to dismantle and reassemble the thirty foot by fifty foot greenhouse on Myrover-Reese property and the residents began growing plants from seeds and plugs.

During the first year of the greenhouse operation, fundraisers were held on certain weekends. The residents and staff sold plants and raised some money, but never enough. Then tragedy struck. The resident who had gone to horticulture school was killed in an automobile accident and again the greenhouse staff was without leadership. One of the facility's volunteers who was disabled and unable to work full time had a degree in horticulture. He saw a need and stepped in to provide assistance. In telling the story, Bill finished by saying, "Again, it fit right into the budget." This volunteer suggested that they begin what he termed "horticulture therapy." Together, the residents and staff planted, worked together and watched things grow. This proved to be a most effective technique for making money while providing much needed structure and purpose for the lives of the residents. Bill accomplished several of his goals in this venture, including

socialization of residents. Therapeutic activities helped the residents learn job skills and work habits that would aid them as they moved back into the larger society.

The greenhouse didn't provide the solution to all their problems. Everything was a struggle because of a lack of money. Another issue facing them was turnover – not only staff turnover, but also resident turnover. The average length of stay for residents was about six months, although they could stay in the residential facility for up to two years. Training and retraining became a way of life and the facility operated much like a school. Experienced staff and residents were always training new staff and residents. As a result of their training, some former residents were able to get jobs at local seed stores and a local farm supply store. These connections then helped extend the volunteer base for Myrover-Reese in the community.

### **THE THRIFT SHOP VENTURE**

Not long after starting the greenhouse venture, Bill decided that they should open a thrift store to sell items donated to the facility. The first year was less than impressive since they actually lost money in the thrift store. Bill convinced the Board of Directors to continue for a second year, and in that year they earned a small profit. The store provides socialization skills and jobs for residents. These jobs help prepare them for reentry into the larger society and give them a sense of responsibility and control.

With this new venture Bill has at least two more challenges that have to be addressed. The first challenge involves the human resource side managing the business. This entails the selection, placing, training and managing the people who run this operation. Fortunately, this provides an opportunity for Bill to assist the workers in further developing skills that they may use when they leave Myrover-Reese. Another challenge involves the nonhuman, business side of the new business, in which residents learn marketing, advertising, storage and logistics. Bill must also direct his attention to overall management, accounting and financing in order to assure the sustainability of the organization.

### **THE FARMERS' MARKET VENTURE**

The greenhouse experience has created an entrepreneurial spirit among those who work in it. This effort represents an opportune and logical extension for the greenhouse products. They are able to grow vegetables for their own consumption and also sell vegetables and plants at the Fayetteville Farmers' Market on Wednesdays and Saturdays. They pay \$5 per week to sell at the farmers' market and are making a profit from the sales. Once again, Bill demonstrates his talent for recognizing and seizing a business opportunity. Not only does it provide a place to sell produce from the greenhouse, but it also offers an arena for communicating the Myrover-Reese mission, goals and objectives. This venture epitomizes the spirit and practice of "Growing Plants and Growing People."



They take literature with them about the work of Myrover-Reese Fellowship Homes and have gained some funding and volunteers. One summer there was an abundance of cucumbers and some of the residents made pickles which they also sold. When asked about regulatory agencies, Bill answered, "I'm really not sure; we'll figure it out as we go." This Christmas they may sell fudge!

### **THE FUTURE**

While the scale of Bill's ideas is small, he is planting seeds for many possible entrepreneurial activities that may provide growth for both plants and people. Bill's hope is that residents will learn skills and will be so busy that they will be less likely to relapse into addictive behavior. Both the greenhouse and the thrift store have paid for themselves and made a small profit. In the summer of 2010, a local resident donated a second greenhouse which the residents dismantled and reassembled on the Myrover-Reese premises. When asked about their mission and business plan, Bill said, "Our mission is to succeed. How? We don't know."

### **QUESTIONS FOR STUDENTS**

1. Identify the entrepreneurial characteristics exhibited by Bill Frye.
2. Apply the stages of organizational growth to this enterprise.
3. What is the value of planning at the strategic, tactical and operational levels? Prepare guidelines that can be used by Myrover-Reese.
4. Differentiate between a mission statement and a vision statement. Does Myrover-Reese need both or could one statement suffice? Evaluate the strength of the mission statement given.
5. Explain the difference between goals and objectives and prepare guidelines for preparing them. Use Bill's "How To" questions in your answer.
6. Evaluate the financial importance of the greenhouse and other entrepreneurial activities. Include percentage increase and decrease for greenhouse sales.
7. There does not appear to be a succession plan in place for Myrover-Reese. What advice would you offer?
8. Research and report on other small (micro) and large (macro) social entrepreneurial firms.

## **APPENDIX A**

### **Myrover-Reese Fellowship Homes, Inc. Selected Financial Information**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Support and Revenue:			
Contract Revenue	\$295,849	\$214,620	\$119,147
Rent	\$23,281	\$27,118	\$36,357
Donations	\$57,598	\$44,976	\$44,426
Interest	\$3,298	\$3,550	\$4,324
Greenhouse/ store sales	\$12,742	\$2,675	
Loss on disposal of assets	(\$3,314)		
Sundry income	\$53	\$35	\$246
Total support and revenues	<u>\$392,821</u>	<u>\$289,660</u>	<u>\$204,500</u>
Expenses:			
Program services	\$353,466	\$300,429	\$256,728
Management and general	\$23,584	\$20,848	\$22,708
Total expenses	<u>\$377,050</u>	<u>\$321,277</u>	<u>\$279,436</u>
Increase/(Decrease) in unrestricted net assets	\$15,771	(\$31,617)	(\$74,936)
Net assets - beginning of year	\$712,678	\$744,295	\$819,231
Net assets - end of year	<u>\$728,449</u>	<u>\$712,678</u>	<u>\$744,295</u>

## **APPENDIX B**

### **Myrover-Reese Fellowship Homes, Inc.**



Myrover-Reese Fellowship Homes, Inc. is a non-profit 501(3)(c) organization chartered and licensed to do business in North Carolina. We operate three half-way houses in Fayetteville, providing structured residential living for people in need of our help because of their addiction to alcohol and other drugs. We were chartered in October, 1961. The first home, located on Quality Road, was named the Flynn Christian Fellowship Home in honor of Father Flynn of Baltimore, MD, who established the first halfway house in America. The name of our organization was changed in 1971 to Myrover-Reese to honor two local men (recovering alcoholics themselves) who were instrumental in establishing the facility.

There was no definitive substance abuse program in local communities in North Carolina when we opened. We had no money, just a lot of love and faith. The people of Fayetteville and surrounding areas responded when we asked for food and money to keep the home alive during those first years. Our fundraising efforts have continued to this very day to keep the Homes open.

Today, we have three halfway homes and we have completed another vital part of the dream, the Friendship Hall. The three homes we operate are the Pat Reese Home (est 1991), the Ashton Lilly Home (est in 1995), and the Myrover-Reese Fellowship Home (est 1968).

It is important that you understand these homes do not belong to some private company. They do not belong to any local, state or federal government agency. They belong to the people of Cumberland County and the board of directors are the caretakers. There is no profit or financial gain for anyone on the board of directors. Almost all of the monies we receive go to pay for operation and maintenance.



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