

HOMEBOY INDUSTRIES: REDEFINING SOCIAL RESPONSIBILITY

R. DUNCAN M. PELLY
McMurry University

YANG ZHANG
University of Texas at El Paso

STEPHEN J.J. MCGUIRE
California State University, Los Angeles

“We don’t hire homies to bake bread. We bake bread to hire homies.”
Father Boyle

“There’s no question Greg Boyle is a saint, but even saints need good businessmen.”
Richard Riordan, former Mayor of Los Angeles

Established in 1988, Homeboy Industries was a non-profit organization that offered alternatives to gang activity and assisted former gang members and prisoners to reintegrate into society. Father Gregory Boyle, the Jesuit priest and founder of Homeboy Industries, had initially focused on job placement for ex-gang members. However, the growing number of “homies” quickly outpaced the number of available jobs, so in 1992 Homeboy Industries began to launch its own businesses in order to provide employment. Thomas (“Tom”) Vozzo joined as CEO in 2012 to manage and grow the portfolio of businesses and service programs. By 2018, Homeboy had 10 businesses – some profitable and some not – as well as several ongoing education, support, and job placement programs. Within Homeboy, there were conflicting definitions of success, which added to the complexity of strategic choice for the business units.

Homeboy Enterprises was a combination of social programs and business units. The business units, or social enterprises, in theory were to be self-sufficient; that is, make enough profit to keep going without additional assistance. Father Boyle tended to prefer social programs over social enterprises, reasoning that *“we don't want to balance our budget on the backs of the people we're trying to serve.”*

Homeboy's programs included: Tattoo Removal, Mental Health Services, Legal Services, Education, a specific training and certification program for Solar Panel Installation, Case Management of Trainees, Workforce Development and Job Placement services. Despite its entrepreneurial successes, Homeboy remained dependent on outside financial support for its social programs.

Homeboy's social enterprises were in four broad categories: Kitchen and Bakery, Grocery, Apparel and Merchandise, and Electronics Recycling. Some businesses were brick-and-mortar and others were online. The largest businesses in terms of revenue were the bakery and the then the silkscreen and embroidery business.

During the 2008-2010 recession – a period in which the number of homies served increased while Homeboy Industries received fewer donations – Father Boyle's model proved untenable. In April 2010, Homeboy Industries had a \$5-million deficit¹ and was forced to lay off more than 330 of its approximately 425 employees, including senior staff and administrators.²

Former KB Home CEO Bruce Karatz began volunteering at Homeboy Industries in April 2010 as an informal advisor to Homeboy's board of directors.³ Homeboy Industries benefitted from Karatz' business acumen. He provided a much-needed infusion from his personal funds and from donations from his circle of wealthy friends.⁴ The 2010 recession's impact on Homeboy Industries was alleviated thanks to Karatz' efforts. Tom Vozzo, Homeboy's first CEO in 2012, controlled costs aggressively and expanded Homeboy's business to the online market. By 2014,

Homeboy earned \$15 million in total revenue and social enterprises contributed to 34.7% of revenue.⁵ The remaining funds were acquired from individuals, foundations, corporations, events, and the government. In 2017, total revenue topped \$18.3 million, and the portfolio of social enterprises contributed 31% of that, or \$5.6 million.

Vozzo was convinced that the organization could succeed in various different businesses *because of* – not in spite of – the hard work of the homies. He remarked:

“I was struck by the fact that the rest of the business world needs to understand that these folks who’ve faced barriers and overcame them are good hard workers, and they should be employed. So it became our vision to not just have our nonprofit Homeboy businesses, but to push the frontier and have a set of for-profit enterprises that employ the same folks and prove to the world that this model can be successful.”

Divergent or Convergent Visions?

Despite Vozzo’s efforts, Homeboy Industries’ existence was precarious due to its dependence on donations, and its business model was not projected as financially sustainable. Both Father Boyle and Tom Vozzo wished to achieve the greatest good for the greatest number of potential clients, but the specific mix of business units and their respective strategies had not been agreed upon. Conventional wisdom indicated that a business that did not have a clear strategy was destined to fail. But was Homeboy Industries a *business*? If so, did it have to follow conventional business rules?

Father Boyle’s development of the different services at Homeboy Industries focused on personal and spiritual development of homies, with profit as a possible – but not necessary – outcome. Under Father Boyle’s model, Homeboy Industries resembled a charity. In contrast,

Vozzo's pragmatic approach had its roots in his corporate background. Vozzo believed altruism could not financially sustain the organization. His vision was to create a portfolio of strategic business units and encourage income-generating activities to subsidize Homeboy's social mission. Furthermore, the act of providing employment to clients and holding them accountable for the value they extracted from Homeboy was a form of social responsibility. Therefore, each homie should generate enough profit to finance a portion of his/ her rehabilitation.

Which strategy should Homeboy Industries pursue and what type of organization should it become? Should Homeboy Industries continue to follow Father Boyle's vision of a charitable organization? Should Homeboy follow Vozzo's vision of a social enterprise that used business practices to help the community? Or could the ideal strategy be a blend of the two?

Exhibit 1. Homeboy Industries, Los Angeles, CA

Source: HubPages, Homeboy Industries



Hope Has an Address

During the 1970s, street gangs emerged across California, with 95% of California cities with populations of 100,000 or more reporting gang problems.⁶ Father Boyle entered the order of the Society of Jesus (Jesuits) and was ordained a priest in 1984.⁷ He began working at the Dolores Mission Church in Boyle Heights, a neighborhood of Los Angeles, in 1986.⁸ Boyle Heights had at least seventeen gangs⁹ and more than 10,000 gang members.¹⁰ Father Boyle realized that most of the teenagers he met had either dropped out or were expelled from school with no place to go and few job opportunities.¹¹ He began a job training and employment referral center for at-risk youth at the church, called *Proyecto Pastoral*.¹²

In 1992, *Proyecto Pastoral* expanded and was re-named Homeboy Industries (HBI). The organization's primary program was, "*Jobs for a Future*," which used a multi-service approach to assist clients – including at-risk youth, ex-gang members, and former Los Angeles County jail inmates.¹³ HBI provided vocational training, work experience, job referrals, and placement. HBI's motto was, "*Nothing Stops a Bullet like a Job*."¹⁴

Father Boyle was a positive change agent who confronted personal danger. He experienced drive-by shootings and other dangerous incidents in Boyle Heights, and in March 2003 he was diagnosed with leukemia, necessitating a medical leave of absence.¹⁵ After a series of chemotherapy treatments, his leukemia was in remission.¹⁶ Father Boyle's primary concern wasn't his health; instead, he wished to help as many people as possible in Boyle Heights for as long as he was able to do so.¹⁷

Father Boyle's efforts positively affected Boyle Heights. In 2014, Homeboy Industries provided programs and services to 9,033 homies, helping redirect their lives to become contributing members of society.¹⁸ By September 2015, Homeboy Industries had assisted 120,000 former

gang members.¹⁹ UCLA professor Jorja Leap, who studied gangs and intervention programs, spent nearly five years tracking 300 Homeboy clients. She found low levels of recidivism, reduced levels of traumatic stress disorder, and that the majority had found full- or part-time work and had rekindled family ties. Professor Leap described Homeboy Industries as follows: *“There is no one like them for one-stop shopping.”*²⁰

A Second Chance at Life

Rasheena was born and raised by her grandmother in Los Angeles. Her parents were drug addicts and career criminals. Rasheena was also sexually abused by one of her brothers. She joined a gang because it provided a sense of love and protection. Eventually, Rasheena was sentenced to 6 years and 8 months in prison, leaving her daughter alone – just as her mother had done to her. Despite realizing the error of her ways, Rasheena could not secure employment and needed guidance. During Homeboy’s 18-month training program, she gained life and employment skills. She believed Homeboy was a true safe-haven, and described her experience:

*“You’re not alone, your life is a precious gift. Never again will I allow the horrors of my past to define me. I’ve broken through my barriers victoriously and these victories define the woman I am today.”*²¹

Another Homeboy client, Ramon, described Homeboy Industries’ spiritual, professional, and personal support:

“I decided to make my life better through Homeboy about half way through my prison sentence. Another convict owed me money for drugs I sold him, and he didn’t have it. I knew I would have to kill him, and I didn’t want to do it. I prayed for three days for God to give me a sign. Father Boyle came to the prison the next day and told me about how he could help me when my sentence was over. He was the sign. I decided not to kill my fellow inmate, and the next week he paid me my money. At this point, I decided to make the change.”

*"Homeboy clients come in broken. Father Boyle lifts us up. Father Boyle recognized that gangs are a tool of Satan, and people were addicted to the gang lifestyle. He recognized that it's tough to break the continuous cycle of gangs and prison, when we have no references, no work history, and no education. Father Boyle gives us a safe place to work where we can get strong, and prove not only to ourselves, but also to employers, that we can contribute."*²²

Exhibit 2. Homeboy Clients

Source: Homeboy Industries 18-month model



Social Enterprise Journey

The reason nonprofit organizations existed, according to some researchers, was because of a market or governmental failure to provide needed services, or because clients are unable to accurately evaluate certain kinds of services and thus required organizational forms in which they could place trust.²³ A social enterprise was normally explained as a rational and functional solution to public sector funding and philanthropic resource constraints.²⁴ Spanning both nonprofit and for profit fields, a social enterprise took social concerns into account and created value in innovative ways.

Homeboy's slogan changed from, *"Jobs for a Future"* in 1988 to, *"Jobs not Jails."*²⁵ Homeboy helped the formerly gang involved and the previously incarcerated by offering hope, training,

and job skills. Homeboy's goal was to help former gang members redirect their lives and become contributing members to their families and community.²⁶ Homeboy Industries did not expect perfect, but it did expect improvement. *"We expect people to work on themselves here,"* explained Father Boyle.²⁷

"Father G offered me a job and I said, 'I don't want a job.' He said, 'Yes, you do, you're hired,'" recalled Stephanie Lane, who worked in the Homegirl Café for more than four years.

Homeboy young clients struggled with little education, an unhappy childhood, and poverty. To serve these troubled youths, Homeboy encouraged individuals under the age of 21 to attend Homeboy's Learning Works Charter High School. This school had an independent-study curriculum tailored to the needs of those who had dropped out or were expelled from traditional schools.²⁸

Homeboy Industries' Social Programs

Annually, Homeboy Industries provided programs and services to more than 5,500 community members. Most of those helped were formerly gang-involved and previously incarcerated men and women in Los Angeles County. Homeboy helped them to redirect their lives and become contributing members of the community. In 2018, Homeboy provided services in the following broad program areas:

- Tattoo Removal
- Mental Health Services
- Legal Services
- Education
- Solar Panel Training
- Case Management

- Workforce Development and Job Placement

Tattoo Removal

Tattoo removal was Homeboy's busiest program because it provided services to both homies and members of the community at large. The service was particularly important because tattoos in visible areas such as the face, neck, and hands were serious impediments to employment. Homeboy had two senior staff members operating the department/medical office; one manager and an assistant manager. Three Homeboy trainees and two rotating volunteers assisted in the medical office. There were 35 volunteer doctors, physician assistants, and nurses who provided the actual tattoo removal sessions. In 2017, Homeboy provided over 11,834 tattoo removal treatments.²⁹

Mental Health

In 2017, 24 therapists at Homeboy Industries provided 3,670 therapy sessions.³⁰ Therapists met one-on-one with Homeboy clients to help them deal with events in their past as they transitioned toward work. Therapists also facilitated group support sessions for members of the community. Transcendental Meditation (TM) was introduced at Homeboy Industries in 2017 because of a gift of long-time supporter, Jim Carrey. Trainees learned a healthy, positive way to deal with life's stress by learning to practice TM.

There were also programs for substance abuse support, caring for babies and children, and domestic violence intervention services.

Legal Services

Ten volunteers – lawyers and paralegals – provided legal services to Homeboy Industries' clients, from basics such as payment of traffic tickets to more complicated matters, including family reunification.

Education

Homeboy Education offered 40 weekly classes for Homeboy trainees and community clients, most of which were free and open to the public. Academic, life skills, substance abuse, wellness, arts, and work readiness classes were offered, among many others.³¹ Appendix C includes a schedule of classes offered by Homeboy. In 2017, 21, 451 class sessions were offered.³²

Since 2010, Homeboy Industries had a partnership agreement with the Learning Works Charter High School. While the high school prepared youths academically and helped them to get their high school diploma, Homeboy Industries prepared the students for jobs. The high school had an annex office at the Homeboy Industries headquarters in Boyle Heights.

Solar Panel Installation Training and Certification

A specific type of education promoted by Homeboy Industries was solar panel installation, which prepared homies for an occupation with high demand in Southern California. Homeboy Industries placed clients in the 4-month Photovoltaic Training program at East Los Angeles Skills Center, and paid for clients' tuition and material costs. Homeboy also provided tutoring to help clients pass a national credentialing test to become certified installers. Homeboy Industries had served nearly 1,000 clients since the program began, and bragged of a 92% graduation rate with a 70% placement rate within 90 days of graduation.³³

Case Management: The 18-month program

Homeboy offered an 18-month trainee and placement program that started with training and ended with a job. About 300 clients per year benefitted from the program, and the organization spent more than \$3,000 per month for each trainee. Roughly one trainee entered the program per week, via a lottery system. All potential trainees underwent a screening process and drug testing. After the first several months, clients were funneled into one of the social enterprises. Each client worked with a case manager to develop individual goals for learning and development. From the start, trainees were paid slightly more than minimum wage.³⁴ There were many more potential clients for the 18-month program than there were slots available. *"There's twice and three times as much demand out there,"* CEO Thomas Vozzo said. *"We have the know-how, we just don't have the finances."*³⁵

Vozzo, however, had faith in the quality of the training provided and in the abilities of homies, and he urged employers to give them a shot:

"If I get on a soapbox, I just want businesses, especially small to midsize, [to realize that] our folks come through with the Good Housekeeping Seal of Homeboy. Give them a chance. They're good workers. Don't judge them by some of the tattoos they still have on their face ... Come be our partner."

Workforce Development and Job Placement

Homeboy's employment counselors helped clients uncover talents and aptitudes, get ready for jobs, look for jobs, and find work. Counselors were intermediaries between employers and Homeboy clients (both trainees and community clients). Homeboy offered a weekly series of workshops to help clients find jobs and get ready for them. And of course, Homeboy provided job placement services – it worked hard to help potential employers find homies, and Homeboy trainees to find employers who would take a chance on them.³⁶

Homeboy Industries' Business Portfolio

"We have a portfolio of businesses," Vozzo noted.

"Some are pure job-training grounds, some provide jobs and opportunities and probably break even, and others make money that offsets the costs of the other businesses. We can triple our volume of bread out of this facility. There's a big business opportunity if we focus on restaurants that want artisanal bread. We're going to come up with a new menu soon to drive more people in for breakfast."³⁷

In 2015, Homeboy Industries ran a deficit. In 2016, it broke even and in 2017, through aggressive control of costs, its revenues exceeded its operating costs. Exhibit 3 shows the financial statements of Homeboy Industries from 2014 to 2017. Tom Vozzo focused on improving client retention, promoting homies to management positions, and creating a trauma-informed community.³⁸ He noted that,

"We have a very expensive model. We pay people to come get themselves healthy. We pay them for eight hours [per day], and most of that time, in the early months of their tenure, they're working on themselves and then a few hours of work in the businesses. Our businesses probably carry three times as much labor as a for-profit business."

A Homeboy Industries business was considered to be successful if it generated meaningful employment and allowed homies to learn skills that would help them get jobs. Nonetheless, Vozzo expected each business unit to make a profit – if one removed the cost of labor. Vozzo told homies that, "We're going to hold you accountable for the bottom line. If you take out labor, you need to be making money." In 2017, Social Enterprises at Homeboy Industries generated \$5.6 million, or 31% of all money brought in. (See Exhibit 3.)

Exhibit 3. Homeboy Industries 2014-2017 Financial Statement*Source: Homeboy Industries' Annual Reports*

Revenue (in \$Millions)	2014	2015	2016	2017
Social Enterprise	5.2	7	6.1	5.6
Foundations & Corps	4.5	2.8	2.3	3.5
Individuals	3.2	4.3	4.2	4.5
Events	1.6	1.9	2.3	2.6
Government	0.5	0.6	1.7	2.1
Total Revenue	15	16.6	16.6	18.3
Expenses	2014	2015	2016	2017
Re-entry Programs	4.5	5.4	6.4	6
Social Enterprise	3.8	3.2	3.4	3.3
Trainee Compensation	3.5	4	3.3	3.1
Administrative	1.3	1.8	2.1	2.1
Fundraising	1.2	1.4	1.4	1.7
Total Expense	14.3	15.8	16.6	16.2

In 2018, the social enterprises run by Homeboy Industries were grouped in four broad categories: Kitchen and Bakery, Grocery, Apparel and Merchandise, and Electronics Recycling. The largest businesses in terms of revenue were the bakery and then the silkscreen and embroidery businesses.

Kitchen and Bakery Businesses

Kitchen and bakery provided the largest source of revenue, approximately \$3.1 million in 2017, and the most jobs. These social enterprises included the Homeboy Bakery, Homeboy Gluten-Free Bakery, Homegirl Café, Homegirl Catering, Homeboy Diner at City Hall, Homeboy Café and Bakery at LAX, Farmers Markets, and Homeboyfoods.com.

Homeboy Bakery was Homeboy Industries first social enterprise, founded in 1992. The bakery produced fresh bread, cakes, pies and snacks every single day for sale to the public directly, as a wholesaler, and through the Homegirl Café.

Homeboy Gluten-Free Bakery. In February of 2017, Charles and Janice Lavine generously donated their business, Breakaway Bakery on W. Pico Blvd., to Homeboy Industries. The bakery, which was re-branded as the Homeboy Gluten-Free Bakery, served gluten-free, vegan, and kosher products made daily on-site.³⁹

Homegirl Café. The café was in the ground floor of Homeboy Industries' headquarters. It served farm-to-table breakfast and lunch dishes with Latino flavors, as well as a brisk coffee and pastry business at the counter.

Homegirl Catering was a woman-run business that provided full-service catering for small (10 people) to large (1,000 or more people) events, with customized box lunches or a full menu served by the Homegirls.

Homeboy Diner at City Hall. Right in the City Hall of Los Angeles, The diner sold grab-and-go sandwiches, salads, desserts, coffee, tea and other items direct from Homegirl Café and Homeboy Bakery.

Homeboy Café and Bakery at LAX. The organization had an opportunity to open a café at Los Angeles International Airport (LAX). However, two reasons hindered the expansion. First were the security checks at the airport. LAX would not accept HBI employees with criminal records. Second, public transportation to and from the airport was inconvenient; homies would have to spend more than three hours getting to LAX.⁴⁰ Because of these issues, Homeboy Industries entered into a license agreement with Florida-based Areas USA in September 2010. Areas USA staffed and operated the café at the airport. (See Exhibit 6.)

Exhibit 6. Homeboy Café & Bakery at LAX

Source: BackroadsTraveler.blogspot.com



Homeboyfoods.com. Homeboy Industries had an online market, where it sold freshly made cookies, cakes, pies, jams and preserves, coffee, granola, and other treats from the Homeboy Bakery.

Farmers Markets. Fresh baked bread, salads, and baked goods from Homeboy Bakery and the Homegirl Café were sold at several local farmers markets in Los Angeles and nearby cities by the Homeboy Farmers Market teams.

Grocery Business

Bruce Karatz' first action as a Homeboy volunteer was to broker a distribution deal for HBI's chips and salsa through Ralph's grocery stores.⁴¹ Grocery items were made by Snak King, a snack food manufacturer who offered private label service.⁴² Homeboy salsa, chips and Guacamole were sold at over 250 Ralph's locations in Southern California, as well as at some Walmarts, Gelson's Markets, and at the Homegirl Cafe. (See Exhibit 5).⁴³ Royalties from grocery sales exceeded \$1.1 million annually.

Exhibit 5. Homeboy Grocery Items

Source: Homeboy Industries.org and Google images

**Apparel & Merchandise Businesses**

The apparel and merchandise group of businesses was the second largest source of revenue, at about \$1.4 million. It included the Homeboy Silkscreen & Embroidery business, the Homeboy store, and online sales.

Homeboy Apparel & Merchandise had a brick-and-mortar retail operation at Homeboy Industries headquarters on Bruno Street as well as an online business at www.homeboyindustries.org. Items included T-shirts, hoodies, books (including books written by and about Father Boyle), artwork, and an assortment of other apparel and objects, typically emblazoned with the Homeboy logo.

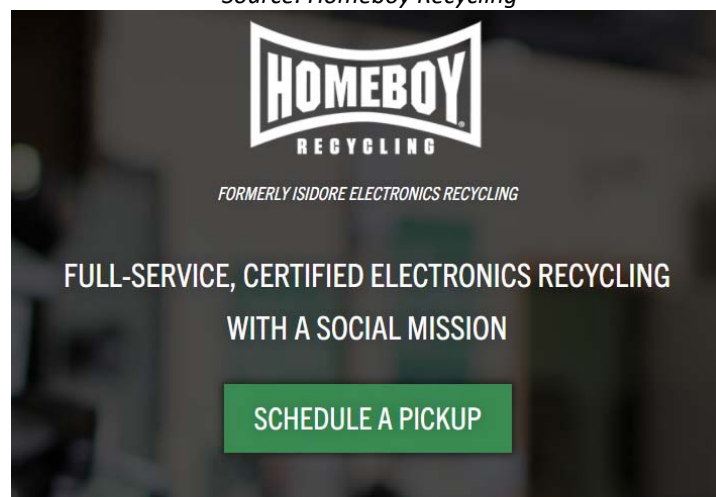
Homeboy Silkscreen & Embroidery. This business personalized all kinds of items for companies, schools, and teams using silk screens and embroidery: T-shirts, hoodies and jackets, pens, mugs, cups, umbrellas, aprons, water bottles, backpacks, lanyards, notebooks, flash drives, and many other products.

Homeboy Electronics Recycling

In 2017, Homeboy launched a new business venture related to recycling and repair of electronics, secure data destruction, IT asset recovery, and prop rental. Homeboy Industries purchased Isidore Electronics Recycling, located a few blocks away from the nonprofit's facilities (See Exhibit 7). Kabira Stokes, CEO of Isidore Electronics Recycling, imagined hiring people out of the Homeboy training program for entry-level jobs, like dismantling computers, then moving them up to more managerial roles. Stokes added that, *"It's very clear that the government cannot – and perhaps, in the case of this new administration, will not – do so, and the nonprofit sector can't do it alone."* The Homeboy Recycling model, Stokes says, *"is the future of capitalism."*⁴⁴

Exhibit 7. Homeboy Recycling

Source: Homeboy Recycling



For every 75,000 pounds of recyclables we collect, we create 1 job.

Homeboy Brand and Business Model

Clearly, Homeboy's brand was valuable. However, the brand value may not have originated from Homeboy's successful business model, but rather from its good deeds and Father Boyle's reputation. In a 2012 interview with *Entrepreneur*, Father Boyle admitted that a few years ago, ". . . there was no business plan at all. Zero."⁴⁵

Homeboy's brand brought in charity donations and income to ensure current and future financial stability. The next necessary steps were brand building and expansion. In 2015, Homeboy's senior leadership included four former trainees and seven professional managers. Homeboy's brand value didn't ignite Father Boyle's interest, instead he wished to focus on the expansion of Homeboy's business model.

*"We decided, maybe five years ago, after fielding so many requests, that HBI would not franchise and become the 'McDonald's' of gang intervention programs (Over 5 billion gang members served!!). But we now have a Homeboy network of twenty-eight programs in the United States, born and modelled after HBI. From Spokane to Miami, we have offered technical assistance—we have gone there and they have come to us. Rather than airlift HBI into St. Paul or Wichita, programs have been 'born from below' and modelled on our approach. This allows more ownership on the part of each city and is more organic, sensible, and sustainable because of it."*⁴⁶

Competition with Other Organizations

There were some well-known organizations similar to Homeboy Industries, such as the Young Men's Christian Association (YMCA), the Salvation Army, Goodwill Industries, and D.C. Central Kitchen. These institutions competed with Homeboy for clients, donations, media attention, and business. In the United States, the YMCA had 2,700 local chapters in 2018. The USA YMCA's goal was,

*"To enhance its member associations' ability to effectively carry out the Y's mission in their communities and partner with all Y's to achieve the movement's collective goals and priorities."*⁴⁷

The Salvation Army provided support for four groups: adults, children, families, and those who needed disaster relief.⁴⁸ Prison ministries was one of the sections under support for adults. In prison ministries, the Salvation Army played a growing role in prison rehabilitation and crime prevention. In some jurisdictions, prisoners were paroled to the direct custody of the Salvation Army. Services included Bible correspondence courses, pre-release job-training programs, and employment opportunities in cooperation with parole personnel, material aid, and spiritual guidance to prisoners and their families.⁴⁹ By the end of 2014, the Salvation Army was the only charity to offer services in every ZIP code in the United States and served more than 30 million Americans every year.⁵⁰

Goodwill Industries offered job training and access services to former-inmates re-entering the community. The services were available to men, women and young adults committed to getting their lives back on track.⁵¹ More than one in four people served by Goodwill through face-to-face services were youth or young adults 24 years of age or younger, and more than 101,000 of these were described as at-risk youth.⁵² Goodwill provided job training in industries that included retail, banking, hospitality, food service, packing and assembly, manufacturing, and health care. Goodwill counselors worked one-on-one with individuals to identify training needs and provide the support services for every person to achieve the most from their abilities.⁵³ *“Every 23 seconds of every business day, a person served by a Goodwill agency earns a good job.”*⁵⁴

D.C. Central Kitchen’s (DCKK’s) was a culinary training program founded by nightclub owner Robert Eger to fight hunger, strengthen bodies, empower minds, and build communities. Its motto was, *“Combating Hunger, Creating Opportunity.”*⁵⁵ Since 2008, ninety percent of DCKK graduates found jobs despite recessions. DCKK CEO Mike Curtin said, *“We are not just alleviating hunger. We are feeding the soul of the city.”*⁵⁶ In 2014, D.C. Central Kitchen recovered 807,534 pounds of food and purchased 200,100 pounds of produce from local farmers. This food was made into 1.7 million partner agency meals and 876,000 school meals.

DCKK also trained chronically unemployed, homeless, and previously incarcerated individuals for culinary careers. Instead of offering a hand-out, DCKK's 14-week program provided a hand-up through culinary training, social services, internships, and job placement assistance. In 2014, there were 89 graduates, with an 89% job placement rate. Over the course of a year, graduates earned a collective \$1.7 million in wages and paid approximately \$339,000 in payroll taxes. DCKK also provided on-going programs for its graduates. According to Mike Curtin, *"Our Culinary Job Training program didn't just help people find a job; we helped them keep those jobs by investing in long-term evaluation and follow-up services."*⁵⁷ In 2013, DCKK opened its first subsidiary in Los Angeles, L.A. Kitchen, which was 7 minutes away from Homeboy Industries. In 2014, D.C. Central Kitchen earned \$13.92 million. The social enterprises revenue compromised more than 60% of D.C. Central Kitchen's total revenue in 2014.

Homeboy Industries was a noble organization serving former gang members during their transition to community members. How should Homeboy execute its mission going forward? Should it pursue Father Boyle's charity model and help homies irrespective of cost? Alternatively, should Homeboy pursue a social enterprise model grounded in financial stability with a portfolio of profitable businesses, as advocated by Tom Vozzo? Or, should the ideal strategy be a combination of the two?



R. Duncan M. Pelly

is an Associate Professor of Entrepreneurship at the Johnson School of Business, McMurry University.



Yang Zhang

is a Ph.D. student in Human Resource Management and Organizational Behavior at the University of Texas, El Paso.

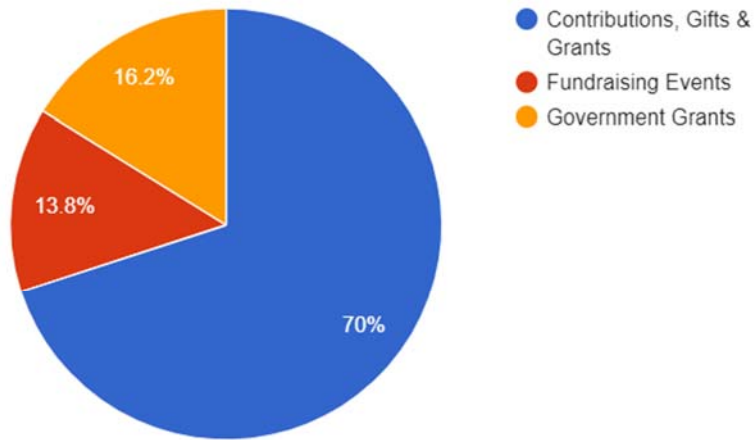


Steve McGuire

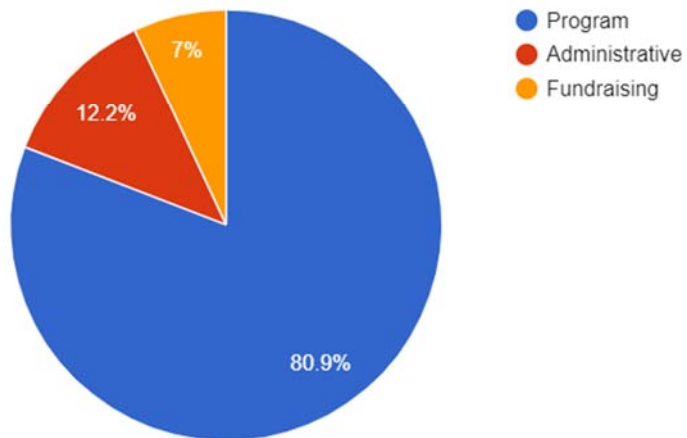
is Professor of Management and Director of Graduate Studies at the College of Business and Economics, California State University, Los Angeles.

Appendix A
Homeboy 2016 Revenue and Expense Breakdown
Source: Charity Navigator

Contributions Breakdown (FYE 12/2016)



Expenses Breakdown (FYE 12/2016)



Appendix B
Ralphs Chips and Salsas List

Source: Ralphs South Atlantic Blvd, Los Angeles

Brand	Salsas		Chips	
	Size (oz.)	Price	Size (oz.)	Price
Homeboy Industries	16.0	\$ 3.99	14	\$ 2.99
Mission	15.5	\$ 2.49	20	\$ 2.99
Del Real	16.0	\$ 3.99	(-)	(-)
Tostitos Cantina	15.5	\$ 3.49	(-)	(-)
Calidad	(-)	(-)	12	\$ 1.79

Appendix C Homeboy Industries Class Schedule

Source: Homeboy Industries Education Office

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
9:00am-11:00am: Employment Services: Orientation (community clients) (Career Resource Center)	9:00am-10:30am: Employment Services: Job Search (community clients) (Career Resource Center)	9:00am-1:00pm: Employment Services: Computer Skills (community clients) (Career Resource Center)	9:00am-10:30am: Employment Services: Interview Prep (community clients) (Career Resource Center)	9:00am-12:00pm: Employment Services: Resume Building (community clients) (Career Resource Center)
9:00am-10:00am: Monday Morning Meditation (Classroom A)	9:15am-11:15am: "La Classe" Art Academy** (Febian's Art Studio Downtown) (Classroom A)	9:00am-9:30am: Homeboy New-Hire Orientation (Classroom A)	9:15am-10:30am: enrollment required G.E.D. Prep: Math (Classrooms A & B & Group Therapy)	9:00am-10:00am: Solar Panel Orientation (Group Therapy)
9:00am-10:00am: enrollment required G.E.D. Prep: Language Arts (Writing) (Classroom B)	9:15am-10:30am: enrollment required G.E.D. Prep: Math (Classrooms A & B & Group Therapy)	10:00am-11:00am: *trainees only Homeboy 101** (Classroom A)	10:30am-12:00pm: enrollment required G.E.D. Prep: Language Arts (Classroom B & Lab & Group Therapy)	9:00am-11:00am: Baby & Me (Classroom A)
10:00am-11:00am: *trainees only Homeboy 101** (Classroom A)	10:30am-12:00pm: enrollment required G.E.D. Prep: Language Arts (Classroom B & Lab & Group Therapy)	10:00am-11:00am: Al-Anon "Circle of Hope" (Classroom B)	10:30am-12:00pm: Narcotics Anonymous (Classroom A)	10:00am-11:00am: Griminals & Gang Members Anonymous (Classroom B)
10:00am-12:00pm: enrollment required D.V. Intervention for Men (Classroom B)	10:30am-11:30am: enrollment required Parenting (Classroom A)	11:00am-12:00pm: *trainees only Anger Management (trainees only) (Classroom B)	12:00pm-1:00pm: Yoga (Classroom B)	11:00am-12:00pm: Homeboy 12-Step Study (Classroom A)
11:00am-12:00pm: Pathways to College Workshop (Career Resource Center)	11:30am-12:30pm: Alcoholics Anonymous (Classroom A)	1:00pm-2:00pm: N.A. Women to Women (Classroom B)	1:00pm-2:00pm: enrollment required Parenting (Classroom B)	11:00am-12:00pm: Healing Circle (Classroom B)
11:30am-12:30pm: A.A. / N.A. (Classroom A)	12:00pm-1:30pm: enrollment required Project Fatherhood: Phase 1 (Classroom B)	1:00pm-3:00pm: Tutoring w/ Ms. June (drop-in) (Group Therapy)	1:00pm-2:30pm: Building Positive Relationships for Women (Peace Over Violence) (Classroom A)	12:00pm-2:00pm: enrollment required D.V. Intervention for Men (Classroom B)
1:00pm-3:00pm: Tutoring w/ Ms. June (drop-in) (Group Therapy)	12:30pm-1:30pm: enrollment required Anger Management (community clients only) (Classroom A)	1:30pm-3:00pm: enrollment required Project Fatherhood: Phase 2 (Classroom A)	1:00pm-3:00pm: GED Exam Prep Tutoring (drop-in) (Career Resource Center)	1:00pm-2:00pm: Men's Group (Classroom A)
1:30pm-2:30pm: enrollment required Substance Abuse: Phase 1 (Classroom A)	1:00pm-3:00pm GED Exam Prep Tutoring (drop-in) (Career Resource Center)	2:00pm-4:00pm: enrollment required D.V. Intervention for Women (Classroom B)	2:30pm-3:30pm: enrollment required Anger Management (community clients only) (Classroom A)	3:00pm-4:00pm: enrollment required Substance Abuse: Phase 2 (Classroom A)
2:30pm-3:30pm: enrollment required Relapse Prevention (Classroom A)	1:30pm-2:30pm: enrollment required Substance Abuse: Phase 2 (Classroom A)	3:00pm-4:00pm: enrollment required Substance Abuse: Phase 1 (Classroom A)	2:30pm-3:30pm: Four Agreements (Classroom B)	3:00pm-4:00pm: *trainees only Homeboy Tour Guide Prep (Classroom B)
2:30pm-4:30pm: New Opportunities Adult H.S. (Break Room)	2:30pm-4:00pm: A.V.P. Mini-Session (Alternatives to Violence Project) (Classroom A)	3:00pm-5:00pm: New Opportunities Adult H.S. (Group Therapy)	3:30pm-4:30pm: Odyssey Artists' Workshop (Classroom A)	7:30pm-9:00pm: Narcotics Anonymous (Classrooms A & B)
3:00pm-5:00pm: Street Poets Writing Workshop (Classroom B)	6:00pm-7:30pm Narcotics Anonymous (Classrooms A & B)	4:00pm-5:00pm: Typing (Career Resource Center)		
3:30pm-4:30pm: Odyssey Artists' Workshop (Classroom A)				

Appendix D Home Industries Catering Review

Source: Yelp and Homeboy website

 11/30/2015

This review is for the catering portion of Homegirl, as we used them for our recent wedding a few weeks ago.

My husband and I chose them after reading about them on a wedding blog, and finalized our choice once we also understood the rehabilitation aspect of their organization. It was a big bonus for us, to know that the money we were spending on a wedding necessity was also going back into a pretty awesome program. From the start, their coordination staff was pleasant and consistent in their communication, often answering me within a few hours of an email or phone call. The menu was thoroughly vetted and combed over to ensure we had enough food, and all of our guests were accommodated (they have a bunch of veggie options).

On the day of, we couldn't have been more pleased. They were there on time and set up for our afternoon start. Our guests loved the food, and made it a point to tell us so. The ladies that were there from Homegirl to set up/look after the food were so sweet and nice as well. Again, many of our guests would go on to tell us how wonderful they were. And that's pretty much all you can ask for, really great quality food and service with a positive attitude.

Appendix D cont.
Home Industries Catering Review

 8/21/2015

 2 check-ins

Restaurants are a dime a dozen. We find them everywhere on LA. And nonprofits are plentiful, but most do not accomplish direct results on their clients.

But this is not the case with Homeboy Industries and Homegirl Cafe. As a social worker, I have researched this place. I've also have talked to clients of the agency. Both of which give me such a great feeling about this place. Homeboy transforms lives every single day. I have bought their baked goods at my local farmers market and donate everytime I do so.

On my list was Homegirl Cafe. After coming here twice (breakfast and lunch), I could honestly say I will continue to come back every single time I am in the area (and maybe sometimes when I am far away). The quality of the food is superb. I have not tried anything that has been short of excellent. The fish, soups, salads, sandwiches, flavored waters, pastries everything is great.

Add to all this the fact that the individuals preparing your food, serving you and ringing you up are all Homeboy clients who are eager to make your day great is the cherry on the sundae. I love this place and I am sure you will as well.

Appendix E

Goodwill's Mission and Results

Source: Goodwill Industries

Goodwill strives to enhance the dignity and quality of life of individuals and families by helping people reach their full potential through education, skills training and the power of work.

Goodwill meets the needs of all job seekers, including programs for youth, seniors, veterans, and people with disabilities, criminal backgrounds and other specialized needs. Last year, Goodwill helped more than 26.4 million people train for careers in industries such as banking, IT and health care, to name a few — and get the supporting services they needed to be successful — such as English language training, additional education, or access to transportation and child care.

Our Mission

Goodwill works to enhance the dignity and quality of life of individuals and families by strengthening communities, eliminating barriers to opportunity, and helping people in need reach their full potential through learning and the power of work.

Our Results

Our Mission Results in 2014

- 89 million total employment and community services
- More than 318,000 people placed into employment
 - As a result of the educational credentials attained, these individuals increased their collective lifetime earnings by more than \$11 billion
- 26.4 million total persons served
 - More than 2 million people received job training and placement services through Goodwill agencies
 - More than 24 million people used Goodwill mobile and online learning to improve their skills or accessed virtual services, which constituted an increase of nearly three times the number from 2013

How We Did It

- Total revenue generated by Goodwill organizations: \$5.37 billion
- Total revenue spent directly on programs: 83 percent
- Total number of donors (includes repeat donations): 90 million
- Total number of retail stores: More than 3,000 and an online auction site, www.shopgoodwill.com

Revenue Sources Breakdown

- Retail sales: \$3.94 billion
- Industrial and service contract work: \$666 million
- Government grants: \$104 million
- Corporate and foundation grants: \$33 million
- Individual gifts/Endowments/Fees for services: \$48 million
- Government support for mission services: \$393 million

Appendix F
Goodwill Southern California Profit Statement 2016

Source: Goodwill Industries

	Total
Revenues:	
Operating revenues	\$ 114,344,315
Sales from stores	3,622,852
Commodities sales	7,395,591
Contract services	12,511,489
Workforce development revenues	502,990
Other	138,377,237
Other revenues and support:	
Contributions	4,649, 249
Contributions to capital campaign	25,794
Interest and dividends	381,922
Contributed goods	75,829,516
Loss on sale of property, plant, and equipment	(18,540)
Net assets released from restriction	-
Total revenues and support	219,245,178
Expenses:	
Program services	207,988,107
Fundraising	1,493,472
General Administrative	10,855,987
Total operating expense	220,337,566
Changes in net assets from operations	1,092,388
Other changes in net assets:	
Realized and unrealized gains and losses	927,519
Changes in net assets	164,869
Net assets, beginning of the year	27,843,585
Net assets, end of year	\$27,678,716

Endnotes

- 1 Money woes come at Boyle and Homeboy high points. <http://articles.latimes.com/2010/may/15/local/la-me-0515-homeboy-boyle-20100515>
- 2 L.A.'s Homeboy Industries Shows Signs of Recovery. <http://www.neontommy.com/news/2010/09/amid-economic-woes-la-s-homeboy-industries-shows-signs-recovery>
- 3 Bruce Karatz Sentenced To 8 Months Home Detention, 5 Years Probation in Backdating Case. http://www.huffingtonpost.com/2010/11/10/bruce-karatz-sentenced-to_n_781922.html
- 4 How Bruce Karatz avoided jail time. http://www.laobserved.com/biz/2011/03/how_bruce_karatz_avo.php
- 5 Homeboy 2014 annual report. http://50.116.6.194/hb_adm/img/news-events/Homeboy-Industries-Annual-Report_2014.pdf
- 6 History of Street Gangs in the United States, page 12. <https://www.nationalgangcenter.gov/content/documents/history-of-street-gangs.pdf>
- 7 About Our Founder and Executive Director, Father Greg Boyle. <http://www.homeboyindustries.org/fatherg/>
- 8 Iwata, Edward, "Homeboy Industries goes gang-busters," USA TODAY (July 10, 2005); Crogan, Jim, "Gangs' priest caught in melee: parish demands Jesuits return Boyle - Father Greg Boyle," National Catholic Reporter (March 12, 1993)
- 9 "Reducing Gun Violence: Operation Ceasefire in Los Angeles," U.S. Department of Justice, <http://www.ncjrs.gov/pdffiles1/nij/192378.pdf> (February 2005) pgs. 7-8
- 10 Morrow, Carol Ann, "Jesuit Greg Boyle, Gang Priest," St. Andrew Messenger, <http://www.americancatholic.org/Messenger/Aug1999/feature1.asp> (August 1999)
- 11 Interview with Ramon "Monxi" Flores, Coulter, Steve, "Father Knows Best," New Angeles Monthly (September 2007)
- 12 Raskin, Sarah and Aaron Kat, "A Promising Strategy for Youth Gang Violence Prevention," CYD Journal (Fall 2005)
- 13 Homeboy Industries brochure
- 14 Homeboy Industries brochure
- 15 Father Boyle, Interview, Fresh Air from WHYY (September 10, 2004)
- 16 Father Boyle, Interview, Fresh Air from WHYY (September 10, 2004)
- 17 Father Boyle, Interview, Fresh Air from WHYY (September 10, 2004)
- 18 Homeboy 2014 annual report. http://50.116.6.194/hb_adm/img/news-events/Homeboy-Industries-Annual-Report_2014.pdf
- 19 Homeboy Industries: A Positive Force against Gang Violence. <http://www.benjerry.com/whats-new/homeboy-industries>
- 20 Homeboy Industries is a struggling success story. <http://search.proquest.com.mimas.calstatela.edu/latimes/docview/1491562700/7B8F1AB1D9584A58PQ/9?accountid=10352>
- 21 "Victories define the woman I am today." <http://www.homeboystories.blogspot.com/2012/08/victories-define-woman-i-am-today.html>

- 22 Homeboy Interview. December 2015
- 23 Dart, R. (2004). The legitimacy of social enterprise. *Nonprofit management and leadership*, 14(4), 411-424.
- 24 Dees, J. G., Emerson, J., and Economy, P. *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*. New York: Wiley, 2001.
- 25 Our History and Homeboy as a Model. <http://www.homeboyindustries.org/why-we-do-it/>
- 26 What does Homeboy do? <http://www.homeboyindustries.org/what-we-do/faq/>
- 27 Finally catching up with Homeboy Industries' Father Boyle. <http://articles.latimes.com/2011/may/01/local/la-me-0501-lopez-gregboyle-20110501>
- 28 Homeboy 2014 annual report. http://50.116.6.194/hb_adm/img/news-events/Homeboy-Industries-Annual-Report_2014.pdf
- 29 Homeboy 2017 Annual Report, https://homeboyindustries.org/hb_adm/img/news-events/HB_AnnualReport.pdf
- 30 Homeboy 2017 Annual Report, https://homeboyindustries.org/hb_adm/img/news-events/HB_AnnualReport.pdf
- 31 Homeboy 2014 annual report. http://50.116.6.194/hb_adm/img/news-events/Homeboy-Industries-Annual-Report_2014.pdf
- 32 Homeboy 2017 Annual Report, https://homeboyindustries.org/hb_adm/img/news-events/HB_AnnualReport.pdf
- 33 Homeboy Solar Panel Installation program, <https://www.homeboyindustries.org/what-we-do/solar-panel-installation-training-certification-program/>
- 34 Meet the Company Creating Jobs for Former Gang Members. <http://www.entrepreneur.com/article/229399>
- 35 Homeboy Industries looks to create jobs and profits with recycling venture. Retrieved from: <http://beta.latimes.com/business/la-fi-homeboy-industries-recycling-20170208-story.html>
- 36 Pelly, R. Duncan & S. McGuire (2018). "Homeboy Industries: Stopping Bullets with Jobs," in Michael Pirson, Jyoti Bachani and Robert J. Blohme (Eds.), *Humanistic Management: Social Entrepreneurship and Mindfulness, Vol. II Foundations, Cases and Exercises* (Ch. 2, pp. 23-45). New York: Business Expert Press.
- 37 Meet the Company Creating Jobs for Former Gang Members. <http://www.entrepreneur.com/article/229399>
- 38 Thomas Vozzo, CEO, Homeboy Industries. <http://www.envisionnonprofit.com/bootcamp/speakers>
- 39 Homeboy 2017 Annual Report, https://homeboyindustries.org/hb_adm/img/news-events/HB_AnnualReport.pdf
- 40 Interview with Alison.
- 41 Meet the Company Creating Jobs for Former Gang Members. <http://www.entrepreneur.com/article/229399>
- 42 Snak King. <http://www.snakking.com/>
- 43 Homeboy Industries pins hopes on chips and salsa. <http://www.latimes.com/food/la-fo-homeboy-chips-20110217-story.html>
- 44 Homeboy Recycling Helps Formerly Incarcerated Workers Get on Their Feet With E-Cycling. Retrieved from: <https://www.fastcompany.com/3068115/homeboy-recycling-helps-formerly-incarcerated-workers-get-on-their-fe>
- 45 Meet the Company Creating Jobs for Former Gang Members. <http://www.entrepreneur.com/article/229399>
- 46 Tattoos on the heart. http://books.simonandschuster.com/Tattoos-on-the-Heart/Gregory-Boyle/9781439153154/reading_group_guide

47 YMCA. <https://en.wikipedia.org/wiki/YMCA>

48 Salvation Army: Doing the Most Good. <http://www.salvationarmyusa.org/>

49 Prison Ministries. <http://www.salvationarmyusa.org/usn/prison-ministries>

50 The Salvation Army 2014 annual report

51 Find a Job if You Have a Criminal Background. <http://www.goodwill.org/blog/career-and-financial-advice/find-a-job-if-you-have-a-criminal-background/>

52 Goodwill Industries 2014 annual report.

53 Training and Work Opportunities for Goodwill Program Participants. <http://www.goodwill.org/training-and-work-opportunities-for-goodwill-programs/>

54 Goodwill Industries 2014 annual report.

55 D.C. Central Kitchen. <http://www.dccentralkitchen.org/>

56 Mission and Programs. <https://www.dccentralkitchen.org/mission/>

57 D.C. Central Kitchen 2014 annual report.



Journal of Case Research and Inquiry

Peer-Reviewed Cases, Notes and Articles

A publication of the Western Casewriters Association

Vol. 4
December 2018

ISSN 2377-7389