# Business as a change-agent for social responsibility: Measuring societal impact of Working-to-Give

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**ABSTRACT**

This real-world case allows students the opportunity to explore the evolution of Working to Give, LLC, a for-profit business that follows one simple rule: to reinvest fifty percent of the business net profits in its employees through higher wages and growth, and the other fifty percent of the business net profits in multiple philanthropic ventures. As the company matures, stakeholders are becoming increasingly interested in improving the frameworks for developing and assessing the societal impact of the company's philanthropic ventures. Students are challenged to recommend frameworks and to consider new business models to enhance measurements of the societal impact of investments. The case is suited for undergraduate students in any discipline and aligns with ESG curriculum and societal impact initiatives.

Keywords: societal impact, corporate social responsibility, ESG strategy, ESG reporting initiatives, development ethics

## INTRODUCTION

Entrepreneur Matthew Holguin began with a vision for using business to make a difference in communities at the local level. Today, Matthew is CEO and Founder of Working to Give, an enterprise that grew from a single food cart selling gelato at California State Fairs to a corporation overseeing multiple food carts operating in Downtown Disney in Anaheim, California and Disney Springs of Walt Disney World in Orlando, Florida. In addition, Working to Give owns and operates a non-profit organization involved in hundreds of humanitarian relief efforts across the globe. With an estimated 300 employees, the success of Working to Give does not come from unique product offerings, trade secrets, or valuable resources; but rather, from Matthew's vision that business is a change agent meant to "give and give more" to society and humanity (Westover, 2010; Holguin, 2020; Holguin, 2022).

Matthew's goal was always to generate the most profit possible so the most money possible can be given away (Holguin, 2014 1:02). Guided by a vision statement, he developed the "50/50" business model for his company: 50% of net profits invested back into the organization and 50% of net profits given to address the societal needs of the global community (Holguin, 2014 1:08). During Working to Give's infancy, contributions from the organization had been minimal. Matthew personally had donated whatever minimal profits his company made, hoping those modest donations would make a difference. As the company grew, its contributions increased. But Working to Give is now a medium-sized corporation and is making a substantial impact within communities globally. Yet tracking and evaluating the use of funds and the impact of investments and donations within the local areas also has created a challenge. Matthew has sought to better measure that societal impact, find more effective ways to assess his business model, and monitor his organization as an agent of positive change within communities (Antadze & Westley, 2012).

## BACKGROUND

In 2003, Matthew Holguin began to design a business model he believed was necessary for societal impact in his master's thesis. Inspired by his numerous humanitarian and mission trips as a young man, Matthew created a unique ethos that would guide a company to be profitable and impact society (Morris, 2012; Allen, 2013). As indicated, Image 1 (Appendix) is a documented photo of Matthew outlining his vision on a white board.

Matthew took two years off to work and save money after graduation. The time off allowed for the exploration of business models and industries that could provide the flexibility to build a business that could contribute to the global needs of society (Holguin, 2020). After substantial research, he decided to move into the food service industry. In 2005, Matthew officially started Working to Give (Holguin, 2014 0:49). His initial business plan highlighted a mobile gelato business that would travel to different county fairs across California. He approached 27 banks over two years seeking a $100,000-dollar small business loan but was turned down by all (Morris, 2012; Allen, 2013; Holguin, 2020).

By 2008, as Matthew continued to approach banks for a small business loan, the global financial system seemed to be on the verge of collapse. Finally, Matthew's parents stepped in and agreed to guarantee finance for the start of his company (Morris, 2012; Holguin, 2020). Working to Give at last materialized in the summer of 2008 with Matthew's purchase of a gelato truck to serve state fair customers across Southern California (see Image 2, Appendix). For the following two years, Matthew would spend nearly 40 weeks traveling and serving gelato. Matthew's breakthrough came when a regular customer, impressed by his business philosophy and vision, introduced him to the Director of Downtown Disney operations for the Disney Corporation in Anaheim, California (Allen, 2013; Holguin, 2020).

Matthew learned that a quick serve food kiosk within the Downtown Disney strip was unprofitable due to problems with its product offering and operational systems (Holguin, 2022). The Downtown Disney Director was hopeful Matthew could introduce a profitable product and promote a *purpose-driven* ethos across the Disney brand.

In the fall of 2010, Matthew opened his first gelato stand in Downtown Disney called "Colossal Gelato," operating under the corporate umbrella of Working to Give (Holguin, 2022). But in 2011, Colossal Gelato proved to be a failing business. The gelato manufacturing and storage costs had outpaced the revenues from what customers were willing to purchase (Holguin, 2022). Matthew abandoned his gelato product and shifted to a new product – cinnamon rolls (Holguin, 2022). While the manufacturing and storage costs were less than gelato, cinnamon buns failed to sell.

The Director of Operations for Downtown Disney scheduled in the spring of 2012 a meeting with Matthew regarding the future of his cart. As Matthew walked into the meeting, he was prepared to defend the cart despite the two failed ventures; however, the meeting turned into a strategic planning session where they discussed the profit margins of the various product offerings from food vendors in Downtown Disney (Holguin, 2022). After several hours, they decided Matthew's new product would be churros (Holguin, 2020). At the close of the meeting, Matthew asked the Director why she did not terminate the contract. She highlighted his service record, ethos, and business model, stressing that all critical components were present, but the product needed to change (Holguin, 2022).

With the unanticipated shift to churros as the new product, Matthew went to work with a renewed sense of confidence to prove that the model was viable and sustainable. Matthew debuted California Churro underneath the Working to Give corporate umbrella (Holguin, 2022; Weinberg, 2022). During its first year of operations, California Churro realized a gross sales of 500,000 dollars (Holguin, 2022). A picture of a Churro Cart can be seen in Image 3 (Appendix).

In the second year, gross sales increased to $800,000. As the business had proven successful, Disney granted the corporation rights to operate at Disneyland and Disney World in Florida two more churro carts, a corndog cart, and a popcorn cart (Holguin, 2022). In addition, at the end of 2017, Matthew acquired rights for a funnel cake cart and a cotton candy cart (see Image 4 and 5, Appendix).

By 2018, Matthew owned thirteen food carts in Downtown Disney in Anaheim, California, and Disney Springs in Orlando, Florida, each cart generating an average of $1.5 million in profit a year (Holguin, 2022). Over seven years, Matthew had learned how to take a failing business and turn it into a profitable venture. Working to Give was on track to expand rapidly into its first international market by adding ten more food carts in the newly constructed Disneyland Shanghai. Matthew and the rest of the Working to Give team witnessed exponential growth in their business.

## THE COVID-19 PANDEMIC

The onset of COVID-19 created massive, unexpected disruptions for Working to Give. In March 2020, the theme parks closed and 100% of Working to Give's operations abruptly halted for four months (Lewis & Cohen, 2020; Elliott, 2021; Holguin, 2022). The theme parks remained closed. But Disney Springs and the downtown Disney area of Walt Disney World reopened in July 2020. Working to Give shifted employees and operations to carts positioned within these two areas. By the end of 2020, Working to Give had canceled four carts, and all operational plans for internationalization ceased (Holguin, 2022). The operational strategy had shifted to economic survival during the Pandemic. Contributions toward the Give initiatives decreased but Working to Give still maintained its business model and mindset throughout the Pandemic. All available resources were used to navigate the turbulent business environment.

On July 11, 2020, the Disney Corporation reopened the Walt Disney World theme park (Davis, 2020). Working to Give prepared for this reopening by ordering extra supplies, hiring more employees, and optimizing their point-of-sale areas (Michaelsen, 2020; Holguin, 2022). Disneyland remained closed for a year (Benveniste, 2021). By the end of 2022, Working to Give made 60% less revenue than in 2019; however, by the end of 2021, revenue exceeded the pre-pandemic days, and they were on track for one of the best financial years throughout the company's history. Working to Give proved its ability to navigate the turbulent business environment and increase its business revenues.

While giving had decreased during the Pandemic, Working to Give still gave 50% of net profits made in 2020 and devoted time to securing resources that Working to Give could not financially provide. The increased business and revenue created an opportunity to impact the communities across the country and the globe devastated by the Pandemic. By the end of 2022, Working to Give made $2 million in net revenue, with $1 million reinvested back into the company and $1 million being donated (Holguin, 2022).

In 2022, as Working to Give was emerging from the COVID-19 Pandemic, Matthew considered the organization's potential for a much greater societal impact. He finally had the operational capacity to invest substantial time and money into his business model. Matthew had always dreamed of giving away a million dollars. He accomplished that goal in 2022 when Working to Give donated its first one million dollars to organizations, charities, non-governmental organizations (NGOs), and individuals across three different continents.

## WORKING TO GIVE BUSINESS MODEL

The organization from its outset was created to generate revenue through profit-driven business and to address societal concerns by giving away half of the net profits. The business model of Working to Give is based on the "50/50 Mindset." At the end of every fiscal year, 50% of the business's net profits are reinvested into the company for continued growth. The other 50% of net profits is given away (*About-Working to Give*, 2021; Holguin, 2014 0:58). In this model, the "Work" side of the organization is comprised of Fabes Gelato, California Churros, Sunshine Churros, and Blue Ribbon Corn Dogs (*Experiences-Working to Give*, 2021). The "Give" side of the model consists of GIVE Ventures, GIVE Homes, and GIVE Relief (*Engagements-Working to Give*, 2021). Figure 1 (Appendix) illustrates the business model.

The "Work" side reinvests revenues into operational development employee and well-being. All employees, both full-time and part-time, are paid wages above average for California and Florida. Each hourly employee is given a 401K plan and health insurance benefits (Holguin, 2022). Additional investments of net profits include equipment maintenance, employee training and development, and leadership training. Figure 2 (Appendix) highlights the net profit distribution.

The “Give” side strategically invests in three key aspects of societal investment. The first area encompasses microloans, microfinancing, and small business loans for entrepreneurs seeking to build sustainable businesses in different regions of the world (*Engagements-Working to Give*, 2021). The second area of societal investment involves housing development for adults with developmental disabilities (Holguin, 2022; *Engagements-Working to Give*, 2021). Working to Give purchased 25 acres of land in Florida to develop "forever homes" for adults living with developmental disabilities. The organization broke ground on this project in 2022. The third area of societal investment donates to disaster relief efforts and invests in food and water initiatives in impoverished areas of South America and Africa.

Working to Give also constructs orphanages throughout the world so local communities can provide children an opportunity to live their life (Holguin, 2022). Additionally, Working to Give partners with several organizations work to combat human trafficking and to help victims. Table 1 (Appendix) further illustrates these initiatives by Working to Give. Table 2 (Appendix) illustrates the contributions of Working to Give since its inception.

## CURRENT CHALLENGE

Giving away such large sums of money has presented Working to Give with a crucial challenge. A key question has arisen for Matthew and the organization's other stakeholders regarding the efficacy of the distributed funds. The Board of Directors and Matthew seek to measure the organization’s impact as an agent of positive change within the local communities and for their socioeconomic systems. As a result, Matthew and the Board have been re-evaluating the outcomes of Working to Give’s business model. As Matthew stated: “It is easy to measure your efficiency as a business based on a profit/loss metric. That system is binary, but how do you measure the impact of your investment into a community when the outcomes are not as straightforward?” (Holguin, 2022). Working to Give therefore faces the current challenge of determining how to evaluate and measure the societal impact of its donations, investments, and humanitarian relief efforts within each local community. The Working to Give team is currently reviewing the Durand, Rodgers, and Lee (2019) framework and would like to develop a new social impact strategy that incorporates better measurement and assessment of outcomes.

## DISCUSSION QUESTIONS

1. Define societal impact as it relates to corporate social initiatives and describe why it is important.

2. Describe three or more approaches to measuring societal impact (Durand, Rodgers, & Lee, 2019, pgs 12-20). Discuss how each approach makes social impact more efficient and accountable.

3. What are the challenges in measuring and assessing the societal impact of social initiatives? (Durand, Rodgers, & Lee, 2019, pgs 32-56)

4. Develop a social impact strategy for Working to Give to address the concerns expressed by Matthew in the case. (Durand, Rodgers, & Lee, 2019 strategic framework, pgs 58-86)

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## APPENDIX

**Figure 1.** Working to Give model


**Figure 2.** Net profit distribution breakdown

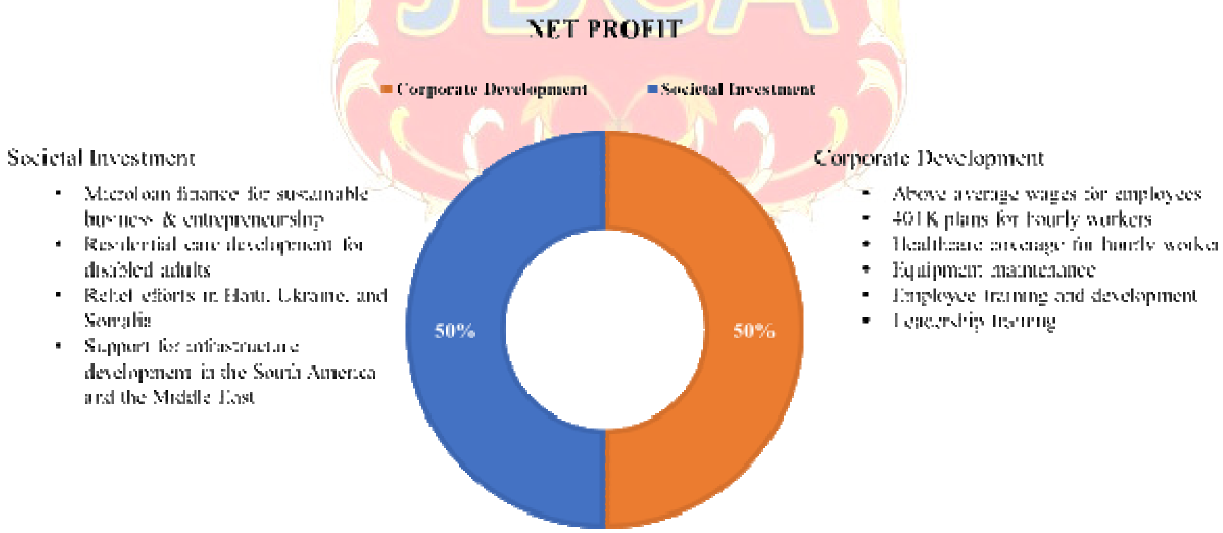

**Table 1.** Working to Give initiatives

| GIVE INITIATIVES | FUNDS DONATED |
|---|---|
| GIVE RELIEF To be a solution to the problem of the devaluation, discreditation, and the fear of giving. To show the necessity, joy and freedom of giving. | $19, 361 |
| MISSIONS-Going to the ends. Where no one else goes. We partner with children, families, and their communities to reach their full potential by tackling the causes of poverty and injustice. | $63,418 |
| FOOD & WATER INITIATIVES-Every child and family deserves access to safe water and quality nutrition. | $24,900 |
| MICRO-LENDING-Engage and empower nations of entrepreneurs to build sustainable business | $15,107 |
| FOREVER HOMES Providing the very best family care to children orphaned or abandoned, we are raising a generation who understands they are a beautiful gift to our family and the world. We do this through offering the highest quality, family-based, holistic care in our Forever Homes | $141,454 |
| HUMAN TRAFFICKING-The vision is to make justice unstoppable. Meaningful partnerships that rescue & restore victims, bring criminals to justice, and strengthen justice systems | $21,000 |
| DISASTER RESPONSE Meeting critical needs in the world's most troubled regions, often working through ministry partners already on the scene in crisis | $190,125 |
| SPECIAL GIFTS-Partnerships that achieve the mission of Working to Give | $89,807 |

**Table 2.** Working to Give contributions

| **Year** | **Contributions** |
|---|---|
| 2008 | $10,000 |
| 2009-2020 | $500,000 (over the course of 10 years) |
| 2021 | $334,000 |
| 2022 | $503,000 |
| 2023 (Forecast) | $1,000,000 |

**Image 1.** Matthew Holguin creating his vision for Working to Give


**Image 2.** The first trailer and truck purchased to serve gelato across California

**Image 3.** Working to Give California Churro Cart

**Image 4.** Working to Give California Sunshine churro product offerings


**Image 5.** Working to Give cotton candy product offerings