

Introduction to Social Enterprise and Social Business

Module



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Introduction to Social Enterprise and Social Business Planning Module

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Overview

This module presents a range of models of responses to social problems, focusing especially on the funding and sustainability issue. People usually see the social problems (poverty, access to education, health etc) as issues that can be addressed by policies and activities of certain actors, e.g. government, the private sector, NGOs, CBOs or other non-profit organisations.

This module introduces the concept of a 'social enterprise' created by a motivated individual/group, a "social entrepreneur". The module emphasizes the possibility of using strategies, models, methods, skills usually identified with business as a way of achieving financial sustainability, i.e. escaping the trap of dependence of the program on the goodwill of funders. The module also identifies what it takes to be such a "Social Entrepreneur".

Three models of "Social Enterprise" are presented here, with case-studies, examples and videos. The module emphasizes the model referred to as Social Business, i.e. a profit-making (and therefore financially independent) enterprise, run along 'business' lines but established for a social purpose and utilising its profit for social goals rather than for return to investors.

Who is this module for?

This module is of general interest to all who are interested to understand the ideas of social enterprise, social entrepreneur and especially social business.

It will be useful for those who may have an idea or a plan to set up some kind of new community service or program, help them reflect on which model to choose (especially in terms of being fully funded or relying on generating income), and how to build the qualities and skills needed for launching such a program..

How to Use the Module?

This module contains the following:

- Learning materials for you to study (i.e. this book)
- Links to short videos
- Self testing activities with answers provided
- Reflection activities designed to cause you to form your own opinion

A bank of case-studies of Social Enterprises (SE) is provided in FLD website (section "Resources", Introduction to Social Enterprise")

The module is arranged as a series of "**topics**"; in each topic, you will find Self Testing activities, and/or Reflection Activities, and usually Assessment Activities.

The module is aimed to be practical and for this reason it is provided with a bank of case-studies to give you the opportunity to learn more from real Social Enterprises, i.e. the Entrepreneur's background, the inspiration or starting 'idea', and the strategy of 176 Social Enterprises. The bank of case studies is produced by the Schwab Foundation for Social Entrepreneurship and can also be found at: http://www.schwabfound.org/pdf/schwabfound/SchwabFoundation_ProfilesBrochure2011.pdf

The **updated** bank of case-studies can be seen, project by project here:

<http://www.schwabfound.org/entrepreneurs>

Different approaches to serving the community

1. Introduction

This module is about Community Service Organisations and Programs and introduces the idea of a Social Enterprise.

In daily life, we all live in social group(s) (e.g. family, village, religious group), some of them may be referred to as communities. They may be provided with services by government organisations (e.g. education, healthcare). Services may also be provided by businesses and non-government organisations (e.g. NGOs, INGOs or CBOs) (e.g. private bus companies, private schools and private hospitals).

2. What is a Community?

In sociology, the concept of community has led to significant debate with no agreement on a definition of the term. Traditionally a "community" was a group of interacting people living in **a common location**. However, the word is often used to refer to a group that is organized around **common values** and **social cohesion** so that, increasingly, the location factor becomes less important to the idea of community. The word can also refer to the national community (meaning the whole population of a country) or global community (meaning all the countries of the world or all the people of all the countries of the world).

Types of communities:

A number of ways to think about different types of community have been proposed; e.g. geographic communities and cultural communities:

Geographic communities

Range from the local neighborhood, suburb, village, town, or city, region, country or even the planet as a whole. These refer to communities of location.

Communities of culture

Range from the ethnic group, religious group, sub-cultural group, e.g. the Christian community, the Buddhist community, the Muslim community, the Khmer community, the American community but also e.g. communities of similar identity, occupation or need e.g. "farmers", "the deaf", and even sub-culture groups such as football-club fans, hip-hop fans etc.

Community organisations

Range from informal family networks, to more formal registered associations, decision making structures, economic enterprises, professional associations and range from small, local to large, national or international in scale (e.g. a village women's organisation, Youth Committee in a town, a Farmers Group in a province ...etc.).

3. What is Community Service?

Services are provided to communities by government agencies, businesses, or by individuals and sometimes by small or large Non Government Organisations (NGOs).

Sometimes, community members join together to provide services for their community (e.g. running a library, providing a community pre-school, an environment protection project in a city...). This is sometimes referred to as "community services"; sometimes it is provided by paid staff and sometimes by volunteers who are not paid for their "service". Sometimes services are provided free, and sometimes for a fee.

4. Non-governmental organisation (NGO) and INGO

NGO is a term that has become widely accepted referring to an organisation created with no participation or representation of any government. In many cases, NGOs receive funding from governments but the NGO has no government representatives in the organisation.

People working in NGOs may be volunteers, or paid staff (local people or expatriates).

An international nongovernmental organisation (INGO) is an NGO that works worldwide or regionally, i.e. in more than one country (e.g. Oxfam, MSF, Save The Children...)

5. What is Civil Society?

Civil society is a term used to cover the totality of community groups, organisations and institutions that are not connected with the government sector or the business sector of society.

Civil society is usually thought of as including e.g. registered charities, development organisations, community groups, sporting associations, women's organisations, youth organisations, faith-based organisations, professional associations, trade unions, self-help groups, social movements, business associations, advocacy groups or lobby groups. It is usually thought of as not including political parties, and there is continuing argument about whether it includes "community organisations that have been initiated or controlled by government (GONGOs i.e. Government-Organised NGOs). .

6. A different approach for serving the community: Setting up a Social Enterprise

An entrepreneur is an owner or manager of a business enterprise who makes money through risk and initiative. The word has a second meaning referring to someone who is a promoter e.g. of an entertainment group.

A **social entrepreneur** is somebody who has identified a social problem or issue and has tried to find an innovative, immediate, small- or large-scale solution through a program of activities, and often using business skills and experience. In brief, social entrepreneurs, are usually thought of as people who are “promoting something for the good of the society” but many people believe this term should be limited to cases where the social entrepreneur is doing this by applying business skills and strategy.

Though motivated to help the community, they will use management and planning skills for example that are also needed by business people, in order to run the project, deal with problems, manage finances, and also to generate income, i.e. make and sell products and services. In most cases they want to provide a long-term solution, to run the project on a long-term or sustainable basis.

Social Entrepreneurs can be said to build Social Enterprises. This will be the focus for Topic 2.

Topic 2 - Three models of Social Enterprise

1. What is a Social Enterprise?

Social Enterprise: definition

In broad terms, a social enterprise can be defined as an organisation that seeks to achieve a social goal; this is a very broad definition that would include many NGOs. This usually works on the basis of a **“Funded program” model**.

To tackle social problems, people may build civil society groups, community organisations, NGOs etc to run an innovative social program.

In most of these cases, the outcomes and impact of their actions in the long term will depend on achieving on-going support from donors.

Some people like to limit the idea of social enterprise to **‘organisations that use business strategies to achieve their social goals’** since the term enterprise is commonly associated with private enterprise meaning business.

An example of Social Enterprise that uses business strategies

Here is a brief presentation of a small scale local ‘Social Enterprise’. It is a project designed by a student of OLSET (*) training, organized by FLD and a local partner in 2010 in Myanmar.

(*) Online Learning and Social Enterprise Training

Providing function catering services in Dawei (Myanmar) to support Monastic schools

L.Y. (nickname “Lwin”) is a 20 years old woman living in the provincial centre of Dawei. She has been involved with a local voluntary organisation, which had worked to raise money for orphans sheltered by local Buddhist monasteries.

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Monastery schools in Myanmar mostly cater to poor families and many orphans, often in very makeshift accommodation and with little in the way of equipment and teaching materials. Lwin found that orphans in the local Monastery schools needed some support as, for example: there is not enough stationery and there are no professional teachers. In addition, for orphans who do manage to complete their schooling and have the capacity to go on to university, there are no part-time jobs that would allow them to earn enough to be able to attend the university.

Lwin and some friends did some fund-raising and that gave them the idea to establish a small business for the benefit of the orphans and also to provide employment and empowerment of local youths. She thought she had not enough skills to run such enterprise, she thought it is only her dream. After a period of time spent talking with people, thinking, attending trainings, Lwin came up with a very creative insight into opportunity for a local service business. She noticed that there were no commercial providers of 'function catering' e.g. for wedding parties. Lwin's plan is to start by sending some young people for catering training so as to be able to provide a local wedding catering service as a social business to provide employment and to generate funds for the orphans.

"Social Business" model

In the example described above in Myanmar, people wanted to promote a new idea to try to solve a social problem, and will set up their own project. Lwin and her friends chose from the start to try to run it as a business that will generate profit to be used for social purposes.

"Hybrid social enterprise" model

In many cases, the group launching a project may like the idea of achieving independence from external funders, but fear their project can't depend only on income generated through business activities or because the program requires up-front outlay of funds.. They therefore feel they will need to be supported by external donors as well. This blended approach is called "hybrid social enterprise" a mix of funded program and income-earning program. .

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The funded program, the social business and the hybrid social enterprise, all may grow from an original idea, a new approach, and the vision for a project that can help solve a social problem. In all these 3 cases, people want to provide a long-term solution, and make people able to support themselves, to continue to run the project or to use the skills for a better life.

All these 3 models (detailed further page 28) will need strategic planning and management skills e.g.

- using creativity, innovation, risk-taking,
- finding appropriate models or methods to find income, either finding a source of funds or generating income in the program itself (as shown in the two Myanmar examples above) and therefore needing business skills.

However, in discussion about 'what is a social enterprise, some people will include the 'fully funded program, and others will not.

For this module, we will focus on the idea of social enterprise as an organisation that seeks to achieve a social goal **and** either uses business strategies **or** at least seeks to generate income so as to lessen dependence on funders.

The focus is therefore on social business or the hybrid.

Why this emphasis on business strategies and income generation?

It is all about sustainability.

2. What is sustainability?

It is the ability to be sustained, i.e. to be kept going over time or continuously. Building up a project's sustainability requires having a strategy and the resources to produce results that will last.

There are two important aspects of sustainability that are of importance in community organisations and projects. :

- a) The sustainability of the outcome of a project.
- b) The sustainability of the organisation and its work.

Here are two examples that refer to the issue of sustainability of the outcome of a project: First, a non-sustainable outcome and second, a sustainable outcome.

A village has been equipped with water pumps to irrigate fields. However, villagers were not trained to repair the pumps, and nobody had money to buy spare parts. So the expected result of providing water from pumps was initially successful but then came to a stop and became finally a failure.

Another village has been equipped with a water supply system, and local people were trained to fix it, and agreed to work as volunteers when repairs were needed. The NGO also trained the villagers to form a Savings Group, and they were able to save some money to be used to buy some spare parts in case repairs were needed. This way the outcome of the project has been sustainable.

This example of achieving or not achieving sustainable outcomes, is a problem related to project design. Projects can be designed to achieve sustainable outcomes.

Now here is an example which refers to the sustainability of the organisation and its projects and programs (rather than their outcomes).

Example:

Innovative project to alleviate poverty in rural areas of Cambodia

Sopheap is a 32 years old man living in Battambang (Cambodia). He has been working for 6 years in an INGO to help people in rural areas to escape poverty. Sopheap thinks more and more about trying to set up a local CBO with friends so as to launch an innovative project to help villagers. Sopheap feels disappointed with the NGO approach -- he felt his NGO has operated in a rather bureaucratic way and was often disappointed by the lack of effectiveness of the projects run by his INGO and by lack of sustainability of the outcomes.

Sopheap and his friends formed their own organisation, officially registered it and managed to secure funding for a small work-space and funding for what they believe is a very innovative and practical project which will be able to achieve sustainable outcomes at the village level. All goes well until the end of the funding period, and now Sopheap and his friends are afraid their organisation and its work will collapse because the funder has said they cannot provide another round of funding. Without external funding, the work of their organisation and its programs are not sustainable, even if their projects were successful and had sustainable outcomes.

Applying business strategies and focusing on income generation is a strategy for achieving sustainability for the organisation and its programs and projects rather than sustainability of outcomes.

3. Form and status of a Social Enterprise

In accordance with our use of the term Social Enterprise, a Social Enterprise can be either:

- a Community based organisation or NGO which usually runs fully funded social programs but **now wants to try to generate income** so as to achieve greater independence,
- a private company with a distinct social goal, or a a non–profit organisation set up by an individual (or a group) **to improve or solve a social problem using business methods.**

In some cases the Social Enterprise may be formed through a partnership between a profit-oriented business and an existing social enterprise e.g collaboration between Grameen Bank and Danone Corporation (a well-know French dairy products company) forming Grameen Danone as explained further in Topic 4). Or it may result from an NGO launching a new unit to be run as a business to generate funds, (e.g. restaurants and souvenir shops of “Friends International - Cambodia”).

4. What is a Social Entrepreneur?

Having introduced the idea of social enterprise, especially emphasising business strategies and income generation, now we want to focus on the idea of a **social entrepreneur**.

What is the meaning of ‘entrepreneur’?

The word entrepreneur comes from the French language and means simply 'to respond to an opportunity', One of the keys to being a successful entrepreneur is the ability to recognize and seize an opportunity.:

What does it take to be an 'entrepreneur'?

Seeing opportunities

The entrepreneur always sees change, responding to it, trying to see how to exploit it as an opportunity. Entrepreneurs see the opportunities rather than the problems created by change. This is a necessary characteristic of the personality of an entrepreneur because very often the entrepreneur will face things not predicted and have to find a way to manage the situation (e.g. a key supporter may 'disappear', the banker who was so agreeable may not sign the loan agreement at the last minute, a storm may have damaged the whole village where the project was building a new school or clinic.).

Being optimistic

Social Entrepreneurs need to be optimistic people to face difficulties in a positive and constructive way.

We all know the old question: "Is this glass half empty or half full?" An optimistic person will say the glass is half-full, and the pessimistic will feel it is half-empty.

*Ellen Langer, psychologist did a study about the attitudes of schoolchildren toward people with disabilities. In the first classroom, she posted a picture of a person in a wheelchair and asked, "Can this person drive a car?" The answer was an overwhelming "no," along with lots of reasons why not. In the second classroom, Langer asked, "**How** can this person drive a car?" After a brief pause, students came up with lots of creative ideas about how a person in a wheelchair could drive a car.*

Creating value

An entrepreneur creates value through creative, productive activities, e.g.

- generating more income by making and selling wooden furniture rather than selling only logs,

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- helping other stakeholders to make profit (e.g. working with suppliers, shop-keepers etc),
- creating job opportunities by hiring staff,
- contributing to citizens' well-being through payment of taxes,
- being a positive example or role model for other people, especially youth
- etc

What does it take to be a Business Entrepreneur?

Business entrepreneurs have the qualities and characteristic of an entrepreneur described above but usually they are primarily motivated by making profit.

Thinking about making profit is not necessarily a bad thing. It is always celebrated as creating jobs, it also has a social role at a local level (e.g. trading keeps customers chatting with shopkeepers and sellers, it sometimes make them feel less lonely) and is a very major forum for social interaction and communication.

However, when more and more businesses are focused only on profit, or on short-term profit it can also be destructive, e.g. where the globalized economy (products and services can be found cheaper in other countries) destroys jobs for many local communities.

Even for small business, the 'profit first' mentality can have negative effects. Quality of products and services may become less important than quick or high profit. So many businesses may adopt tough methods to manage staff (staff being asked to work hard or for less and with constant fear they can lose their job etc). This leads many people to feel stressed, depressed, and feeling that their job and/or life are meaningless..

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To be profit-oriented is a business necessity. It is also a measure of success. Profit, however, cannot be 'everything', and needs to be balanced by objectives which also include consideration for consumers (quality of products), the environment, the well-being of staff and a perspective that goes beyond short-term profit. Increasingly, in many places, creative people are using business principles in order to produce goods and services designed to solve or improve social problems. **These people are called Social Entrepreneurs.**

Video "Social Entrepreneurs: Pioneering Social Change"

(Duration: 9 min) (transcript in appendix)

http://www.youtube.com/watch?v=jk5LI_WcosQ



What does it take to be a Social Entrepreneur?

Individual(s) aiming for social change

Social entrepreneurs, like business entrepreneurs, need inspiration, creativity and courage, to seize opportunities but in this case primarily towards social goals, e.g. to address poverty, unemployment, lack of access to healthcare etc.

While a business entrepreneur may see opportunity in the creation of new markets and a new source of profit, the social entrepreneur is looking for an opportunity to achieve some social purpose that will ultimately benefit society.

Social entrepreneurs as a group represent an opportunity for social change on a large scale if the model is duplicated or adapted to various social sectors.

Social entrepreneurs are individuals, or groups of people who are motivated by the unacceptability of social problems (e.g. poverty, unemployment, lack of access to education...) and seek to establish a programme or a project to address that problem. They may feel that the problem is not (or can't be) solved by the government or public services (e.g. public hospital). They may find out no NGO or INGO seems to be able solve the situation, i.e. the approach is ineffective or is absent from the area in focus..

It all starts with a challenge and an original and innovative idea

The social entrepreneur(s) are people who see a problem and are willing to engage with it as an opportunity. They will seek to see the problem in a new way and may come up with a very new idea (innovation), or a development of an idea they have seen in another context, another country, province etc.

They will think about the shape of such a project and set out to find other people interested to work with them (as future managers, employees, partners ...) and the way to find the necessary money to implement the project (grant, private donors, relatives and friends, support from NGO...). Sometimes social entrepreneurs will seek to set up the project as an incoming-generator so that it will in the end pay for itself, or even generate funds for other social actions, find the way to get money from the project itself. But it still will need initial investment funds to get it started.

In Topic 3 we will consider more about what it takes to be a Social Entrepreneur, i.e. personal qualities, abilities etc



Reflection activity 2.1

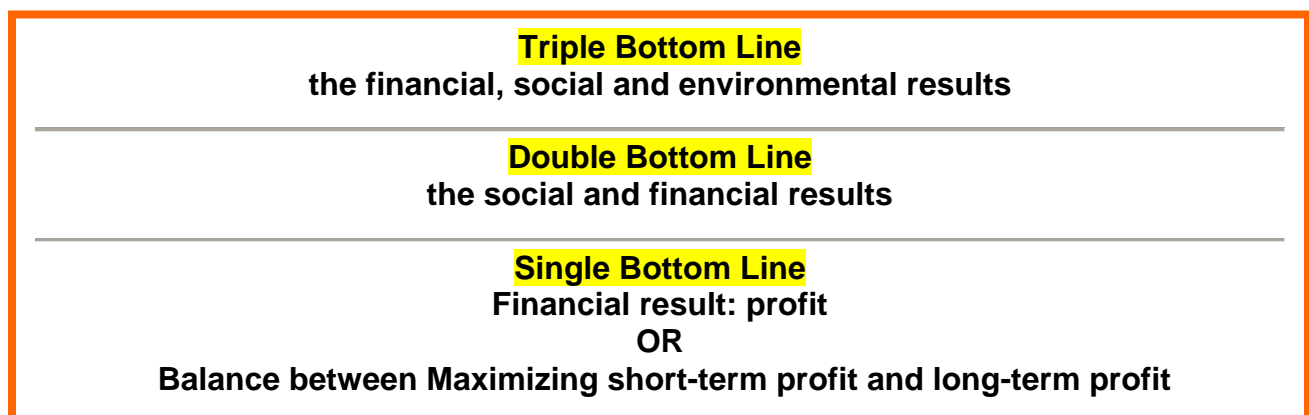
Try to identify a Social Enterprise that has been started in this way – a problem that has generated an idea for a new program -- in your country or your community.

5. Social Enterprise and the Triple Bottom Line (TBL)

Businesses traditionally judge their own performance against one “bottom line” (i.e. result --- bottom line is a term that refers to the bottom line in a business financial statement, the bottom line shows the profit!): the financial one, i.e. they want to maximize profits. However, more and more they are under public pressure to consider their performance from other perspectives, e.g. what result have they achieved for the environment and for their staff and consumers.

Social enterprises will consider from the beginning a so-called Double Bottom Line, i.e. social result as well as financial result..

In some cases, social enterprises will self-consciously consider a Triple Bottom Line model, considering the **financial, social and environmental results**.. This means they will have the objective to tackle a social problem, handle funds effectively (to attract grants/investments or generate income), and will also be committed to achieving good environmental results (e.g. saving energy, avoiding pollution, using eco-friendly production standards etc).



Three models of Social Enterprise

We describe below 3 models of social enterprises: fully-funded, social business, and hybrid (mix between fully-funded and social-business).

***Note:** We have simplified the discussion by referring in each model to “The Social Entrepreneur”, i.e. an individual. However, as mentioned before, the ‘entrepreneur in many cases will be a group.*

The Fully-funded program or project

The entrepreneur sets up such an enterprise to launch an innovative project addressing a need not currently met in the community (healthcare, education, unemployment, poverty ...).

This model assumes that full funding is needed to run the program that provides the service (from an individual, a foundation, a company ...) and the program itself does not seek to generate income from its clients. The long term project sustainability of such a program can be enhanced because of the commitment of the many partners who share the vision and objectives of the enterprise and confidence in being able to find willing funders.

Social business

(The Social Business model is discussed in detail in Topic 5)

A social entrepreneur wants to tackle an identified social problem and comes up with an idea for a business that can fulfill a need not currently met in the community using a business approach. The intention from the start however will be to ensure financial and project long-term sustainability by generating income that will cover costs (and profits to be put back into the social business so that it can grow and reach more people in need).

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Example: *a retail shop selling handicrafts made by poor villagers so as to improve their income, and generating income from sales to cover costs and make profit to be put back into the business or to provide more income for the villagers.*

However, compared with the usual business model, the main aim is not to maximize financial profit for the business owners or investors, but to address the problem of poor villagers.

Wealth accumulation for investors is not a priority. However, investment funds will be needed to start the business; for example from people or organisations who are interested in addressing a social need and who do not expect to profit from their investment. Profit will instead be returned to the social business or used for social purposes..

The Hybrid social enterprise (part funded, part income generating)

An entrepreneur starts a program to fulfill a need not currently met in the community and seeks full funding to run the program.. However, efforts are made to generate income by selling a product or a service (e.g. Internet Café in a town poor district, tuition fees for English courses etc) in order to minimise the dependence on external funding to continue the program.

In this model, income is generated for several reasons:

- It may be needed to support activities that can't be covered by external funding or that have been added to the original program
- The Social Entrepreneur wants to show the donor that the program can be sustainable without requiring external funding forever
- It may be seen as a strategy for transition towards a Social Business model



Self-testing activity 2.1 (answer at the end of topic 2)

Identify the model of each of the Social Enterprise described below:

a. Yameca is a SE in Africa providing access to medicine in isolated villages through creation and management of small “Yameka drug-stores”. The Social Entrepreneur, Yaounde Bissiko started 5 years ago. This rich man asked a few friends to join together and use some of their savings to start the project. Step-by-step, by selling medicine and also other goods in “Yameka drug-stores”, the project succeeded to generate enough profit to pay all its costs, the rental of drug-stores, staff salaries etc

b. BDA is a successful SE located in India. BDA is making more than 2000 pairs of glasses every year, sold at very cheap price to underprivileged people. The 32 years old Social Entrepreneur, Manesh, got a grant from USAid to launch the project in a small factory and necessary equipment. Even though BDA generate money by selling glasses, additional donors allow BDA to pay most of expenses.

7. Comparisons between the 3 models of Social Enterprise and the standard profit-making business model

The table below details and compares the characteristics of the 3 models of SE and the model of an ordinary profit-oriented business.

	Fully-funded social enterprise	Hybrid social enterprise	Social business	Profit-oriented Business
Motives and goal for the entrepreneur	Aims to solve a social problem and relies on external funding	Aims to solve a social problem relies on a mix of external funding and income generation	Aims to solve a social problem and to generate enough income to cover costs	Aims to make profit for the owner or investor
Primary beneficiaries	Pay nothing	pay nothing or an affordable price (full or reduced) for all or some of the products or services	pay an affordable price (full or reduced) for the product or service; with shortfall covered by other business activities.	Considered as customers, pay market price
Secondary beneficiaries	As funding is provided by donors, they are expected to benefit only indirectly	People who need the service and can afford a higher price may be targeted as additional beneficiaries to generate income and also to benefit from the service.	People who need the service and can afford a higher price may be targeted as a means to generate the necessary income to allow the business to cover its costs	
Customers	As funding is provided by donors, clients rather than customers are targeted.	Buy products made by beneficiaries, use services provided by SE (e.g. Internet Café)	Buy products made by beneficiaries, use services provided by SE (e.g. Internet Café)but on a sliding price scale – some at market price, some at below market price	pay market price

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<p>Capital and financial sustainability</p>	<p>Donations, grants from</p> <ul style="list-style-type: none"> • institutional sources (e.g. corporate, foundation, NGO etc) or • individual sources (relatives, friends, wealthy individual donor, local company director etc) <p>Financial sustainability can only be achieved by ensuring continuing donations and grants.</p>	<p>Combination of donation/grants (institutional and individual sources) with some income generated fees from beneficiaries, sale of products/services etc).</p> <p>The entrepreneur(s) may also provide 'own' funds to start or face unexpected expenses or as part of agreement with funder.</p> <p>If the SE is confident enough to rely on grants, income generation through SE activities may be only a means to cover additional expenses not covered by grants, or to start other small projects, or because the organisation believes its service will not be valued if provided free.</p>	<p>Several modes :</p> <p>a) Start-up capital from investors (individuals, corporates) which will be paid back (Yunus SB model).</p> <p>b) Start-up capital from donors which is not expected to be paid back.</p> <p>In both cases a) and b), the entrepreneur(s) may also provide 'own' funds to start or face unexpected expenses or as part of agreement with funder.</p> <p>The SE must set up from the beginning an effective business model to achieve financial sustainability after start-up capital is finished.</p>	<p>Usual capital for business (personal funds, banks, investors, shareholders etc).</p> <p>The business retains part of the profit in the business to ensure financial sustainability but distributes 'dividends' to investors.</p>
<p>workforce</p>	<p>Paid staff, external resource persons (experts, consultants), external partners' staff. May include non-paid volunteers.</p> <p>(salaries are based on market-rate)</p>	<p>Paid staff, , external resource persons (experts, consultants), external partners' staff. . May include non-paid volunteers.(salaries are based on market-rate)</p>	<p>Paid staff, external resource persons (experts, consultants), external partners' staff. May include non-paid volunteers.</p> <p>(salaries are based on market-rate)</p>	<p>Paid staff (market-rate salaries)</p>
<p>suppliers</p>	<p>In-kind donation from suppliers or individual donors (e.g. a desk may be offered by the store, or by a private donor)</p>	<p>In-kind donation from suppliers or individual donors and/or</p> <p>special discounts and/or</p> <p>full-price goods/services</p>	<p>In-kind donation from suppliers or individual donors and/or</p> <p>special discounts and/or full-price goods/services</p>	<p>Market-price or discounts</p>

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profit	No profit generated	Making profit is not a necessary purpose. If some profit is generated, it is put back into the SE.	A social business needs from the beginning to work as profit-making activity. It will be especially necessary to reach and strengthen the stage of financial sustainability. Generated profit is put back into the social business.	Making profit is necessary for the business sustainability and maximizing profit will be most of the time wanted by the business entrepreneur. Part of the profit will be put back into the business, part distributed to owners, investors.
Entrepreneur compensation / salary	<p>The social entrepreneur may or may not play a significant role after the project started.</p> <p>The entrepreneur may live on sufficient personal savings or another paid job, i.e. he/she may not ask to be paid by the enterprise.</p> <p>In other cases, he/she may include a budget line in the grants proposal for a certain role (e.g. manager, director etc).</p>	<p>The social entrepreneur may or may not play a significant role after the project started.</p> <p>The entrepreneur lives on sufficient personal savings or another paid job, i.e. he/she may not ask to be paid by the enterprise.</p> <p>In other cases, he/she may include a budget line in the grants proposal for a certain role (e.g. manager, director etc).</p>	<p>The social entrepreneur may or may not play a significant role after the project started.</p> <p>In many cases, the entrepreneur may have another source of income.</p> <p>In other cases the entrepreneur may be paid for a role in the activities, but will expect that like all staff, in the long run enough income will be generated to cover all salaries.</p>	<p>The business entrepreneur needs from the beginning (business plan) to aim getting enough profit to get some income for him/herself. Then, if more profit is generated, he/she can choose to keep a part to increase his/her income.</p>



Self-testing answer 2.1

- a. Yameca is a Social Business: Yaounde use his own funds and borrowed money to make a start capital. Then year after year, he generates enough money to cover cost and become sustainable.
- b. BDA is a hybrid SE: Manesh got a grant to start, and even if he generates income, the sustainability still depends on donor.

Topic 2 - Income generation and challenges for Social Enterprises

1. Several approaches to generate income

A Social Enterprise will consider several options to combine, integrate ideas of income generation with its own “social goal”.

Below are presented some options that can be adopted by:

- Hybrid Social Enterprise,
- Social Businesses,

Various combinations of these ideas can also be found in the bank of case-studies (Schwab Foundation) provided with this module.

Finally, we introduce also income generation ideas for a profit-oriented business conscious of social responsibilities.

Income generation ideas which combine business strategy with social goals

Creating a Business related to “social programs”

An NGO which normally relies on funding for its activities may seek to generate income to supplement its funds and to integrate an income-generating small business in its “social programs”. E.g. the NGO which sets up a souvenir shop and hires some of the local people involved in its funded project activities. The products sold in the shop may also be made by the local people (e.g. souvenirs made locally by the villagers) and purchased from them..

In that way, the SE provides jobs and income to the producers which contribute to the success of the NGO’s development work in the village.

The shop and souvenir making business will compete with other profit-based businesses, but promoting the business as an example of helping local people in a sustainable way could attract more- or a different type of- customers than the competitors.

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Creating a Business not related to “social programs”

Seeking to generate income to fund its activities, the NGO in the example above could instead choose to create a Business, e.g. a souvenir shop, but in this case, the employees are not the beneficiaries of the NGO's project and its activities are purely intended to raise funds for the NGO.

Benefit people from your skills

At some stage, a funded NGO may become mature enough and experienced enough to offer training for a fee or provide consultancy services for a fee in order to raise funds for the NGO.

Example: An organisation working on environment protection could provide paid consultancy services for people wanting to promote from its experience gained from a program that promotes ecotourism

Selling affordable products used for positive social effects

As shown further in Topic 4 through the example of IDE India, some SE specialise in producing affordable technologies or products to be made available to poor beneficiaries, as a means to improve incomes and escape poverty. The challenge will be not only to create quality and affordable products, but also to promote and train beneficiaries to use them. Similarly a funded NGO may consider selling affordable solar lamps so that unsafe and more expensive kerosene lamps can be replaced..

Using a successful Social Business to generate start up funds for more social businesses.

A social entrepreneur who has succeeded in creating a successful social business, but wants to tackle other social issues, may need additional start-up funds. In this case, the strategy may be to expand the already successful social business primarily in order to generate start-up capital for the new social businesses..

Business Entrepreneurs may also support social goals.

We introduce here approaches that may be chosen by business entrepreneurs who are in business primarily for income/profit but who may also feel a sense of social responsibility, and see the way to support social goals..

- **A social entrepreneur’s need to balance personal income and serving the community**

Starting a Social Enterprise may not easily earn a living for the entrepreneur. One solution may be to create a business designed primarily to make a profit (and earn the entrepreneur an income!), but at the same time having a social purpose, e.g. opening a small business and have a policy of hiring people from among the underprivileged, discriminated or disabled etc. This is an example of a “business enterprise with a social outcome”. It might be useful as a way to provide the social entrepreneur with income and to learn/develop skills in order, in the future, to move towards a more purely Social Business approach.

- **Creating a profit-oriented business but which also has positive social outcomes**

An example is DMT in Nigeria, a company that saw the opportunity for a profitable business renting mobile toilets for concerts, sports events etc.. However, although it was not motivated by a social goal, it is in fact providing services to the public where there were none..



Reflection activity 3.1

Think about the different approaches described above. You may know already such examples of organisations using them

2. Social Enterprise: Challenges and limits

More challenging than a traditional business

Starting a social enterprise based on income generation can be both exciting and satisfying, but it may be also full of challenges. Social enterprises have to compete in the commercial market and face the same challenges and risks as all businesses.

For your social enterprise to be successful, you need to work to a 'double or triple bottom line' - social and/or environmental and financial - and success in the market. This can be a challenge when competing against traditional businesses working to a purely financial bottom line.

It will require creativity and drive to achieve social and/or environmental as well as financial aims without relying on grants to succeed. However, your independence will also free you from working within the bureaucratic environment of a large organisation and may allow you to achieve change and innovate more quickly than if you worked within a funded project.

Considering the competitors

In UK, some experts studied a number of SE set up by charity organisations. They noticed these SE were often engaged in simple income generating activities (e.g. turning vacant land into a fee-based car park, second-hand shops using donated goods etc). What they noticed is such enterprises are quite easy to replicate, which meant there was a big risk that competition would emerge from other charity organisations also wanting to generate income. If this occurs, it simply repeats the old pattern of competition for grants and donations which, then defeats the purpose of moving from a funded program/organisations to an income-generating model.

Remuneration/compensation of the Social Entrepreneur

As previously mentioned, the Social Entrepreneur needs to carefully plan his/her own strategy regarding how to earn an income **if** they see it is necessary to work for free in order to get the social enterprise started. For example, they may need, e.g. a paying job. In this case, the workload needs to be carefully estimated and time needs to be managed very carefully because the entrepreneur is essentially taking on two jobs.

3. Characteristics of social entrepreneurs

What makes Social Entrepreneurs different?

Social entrepreneurs think and behave differently from traditional businessmen and managers of funded organisations/programs in the following ways:

- Adopting a mission to create and sustain social value. For social entrepreneurs, the mission of social improvement is critical, and it takes priority over generating profits. Instead of going for the quick-fix, social entrepreneurs look for ways to create lasting improvements.
- Recognizing and always pursuing new opportunities to serve that mission. **Where others see problems, entrepreneurs see opportunities!** Social entrepreneurs have a vision of how to achieve their goals, and they are determined to make their vision work.
- Engaging in a process of continuous innovation, adaptation, and learning. Social entrepreneurs look for innovative ways to ensure that their Social Enterprise creates social value and obtain needed resources and funding as long as they are creating value. They learn from any situation, learn from doing mistake, learn from listening to others etc

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- Daring to do something with courage and confidence without being limited by the few resources currently in hand. Social entrepreneurs are skilled at doing more with less and at attracting resources from others. They explore all resource options, from pure philanthropy to the commercial methods of the business sector.
- Showing a high sense of accountability (i.e. responsibility and commitment) to the beneficiaries and for the outcomes created. Social Entrepreneurs seek to provide real social improvements to their beneficiaries and their communities, as well as an attractive social and/or financial return to their investors.

Social Entrepreneurs are willing to try fundamental changes in the way that things are done in the social sector. They recognise opportunities to improve society, and they take action. They are willing to try to attack the underlying causes of problems rather than simply treating symptoms. And, although they may act locally, they are often motivated by the need to stimulate global improvements, whether that is education, health care, job training and development, the environment, the arts, or any other social endeavor.

Becoming an entrepreneur...

People learn to be entrepreneurs over the course of their lifetimes. They develop the necessary characteristics and skills over time. Similarly, if you are not now a social entrepreneur, you may yet become one, and if you are one already, you can **learn** or **improve your skills** quickly and easily by simply focusing on the areas that need work. Besides, if you plan to set up a Social Enterprise with a group of people, they may have skills you don't have (yet). In addition, if you want to run a small-scale and simple SE (e.g. start to propose villagers to make handicrafts to sell in a nearby shop, you may not need the same characteristics

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and skills than the person who wants to set up a dental-care clinic for underprivileged people living in the whole province).

Below are listed the main characteristics of a social entrepreneur.

- **Personnal qualities**

Vision

Social entrepreneurs have a vision of what the future could be like for them, their organisations, and society. And, more important, they have the ability to implement their dreams. Vision is the ability to see ahead, where the project is going, what outcomes, and impacts he/she wants to achieve. The vision may be related to ideal goals not easy to reach, and more realistic goals easier to reach.

Innovative

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. This mean they are creative in thinking, have the ability to use or develop new methods or original ideas. In several cases an innovative person use ideas which worked successfully in another place and adapt them to his/her own project. For example, an innovative person may use "micro-credit" projects/models in other countries, to adapt to the local context.

Measured risk-taking

Social entrepreneurs who want to start a project need to be willing to take risks. However, they need to have the skills to assess the level of risk, and to know (when possible) how to reduce it.

E.g. buying an expensive and modern machine to produce goods is taking the risk to engage most of your budget. Then, sharing the purchase with someone else, or consider to buy a more simple and simple machine may be good ways to reduce the risk.

Mobilization of resources

In addition, entrepreneurs have the ability to mobilize the resources of others to achieve their objectives. E.g. asking recommendations from an expert (for free or not), gathering friends or relatives to help the entrepreneur in the project, emailing some experts, mobilizing a network of people to raise (or give) money to start the project

Delegation

Social entrepreneurs distribute responsibility and credit to key stakeholders who are critical to the success of the efforts. They give others a sense of ownership in their activities.

Other qualities

Persuasion, ability to communicate, determination, dedication to their project and confidence are other qualities of a Social Entrepreneur.

- **The entrepreneur and the community**

Commitment to the community

The social entrepreneur will work to make sure the social enterprise project is based on sustainable development, consideration of the environment, and respect for consumers and staff. Whereas the business entrepreneur's work may be designed to benefit his or her self, the social entrepreneur is primarily motivated by desire to benefit the wider community, by creating useful products and services, jobs, and community improvement.

Experience in social or community work

It is preferable for the Social Entrepreneur to build the project not only on solid skills and innovative ideas, but also to have some years of experience in social

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work or helping the Community (i.e. worker in NGO, INGO, CBO, volunteer in a group helping the Community, village-committee member, etc).

- **Useful skills**

Money ability

A social entrepreneur needs to develop a sense of when to save money, and when to spend. He/she must look at each of the decisions in operating your business or project, and determine how they affect the finances.

Administration

Especially when starting and growing a new project, the Social Entrepreneur must be able to consider the critical details (e.g. estimate a detailed budget, read carefully a legal document before buying a land, writing a letter to the authorities etc).

Good and careful administration needs to be done by the entrepreneur in the early stages of the business or project. Frequently, really creative, energetic entrepreneurs with a passion for the project don't enjoy the basic administration work.



Reflection activity 3.2

Think about how well you have the characteristics described above. List 5 characteristics you already have. List 5 others characteristics which would be important for you to improve/develop, and describe how you could improve/develop them. In grey shading are indicated examples.

5 important characteristics you already have

Commitment to the community
Confidence

5 important characteristics you want to improve/develop	how you could improve/develop these 5 important characteristics
Money ability	Read books learn with some friends

Topic 4 - Social Business

1. What is a Social Business?

Overview

There are several different concepts of social business (SB). In this module, we will present the model which has been developed and improved over several years, first in developing countries (e.g. Bangladesh) and more recently in developed countries (e.g. USA, UK). This model has emerged as a result of collaboration between academics, non-profit organisations and businessmen in association with the Grameen foundation, established by Professor Muhammad Yunus.

Professor Yunus has long actively promoted the creation of 'Grameen social businesses', as what he sees as the answer to the many problems left unsolved in the world by government, NGOs and business.

The brief story of Professor Muhammad Yunus

In 1974, Muhammad Yunus was an economics professor at Chittagong University in Bangladesh when a combination of war, natural disasters and an international oil crisis toppled his country into a devastating famine. Yunus created Grameen Bank to make low-interest loans to the poorest of the poor, people with no collateral or credit history. Today it serves more than 8 million people-97 percent of them women-in every village in Bangladesh, extending more than \$100 million a month in loans averaging about \$200. In 2006, Yunus and Grameen bank were awarded the Nobel Peace Prize for their accomplishments.

Seeking new ways for the power of the market to help the poor, Yunus came up with the concept of "social businesses." These companies operate like any other, competing in the marketplace to make a profit, **with two big exceptions:**

- The investors agree not to take any money from the company beyond the return of their original investment, and

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- the goal is to deliver a social benefit to people in need.

Grameen now operates dozens of social businesses in Bangladesh. These companies provide affordable nutritious foods, extend telecommunications services into isolated rural areas, export hand-loomed traditional fabrics, and much more.

2. Example of a Social Business

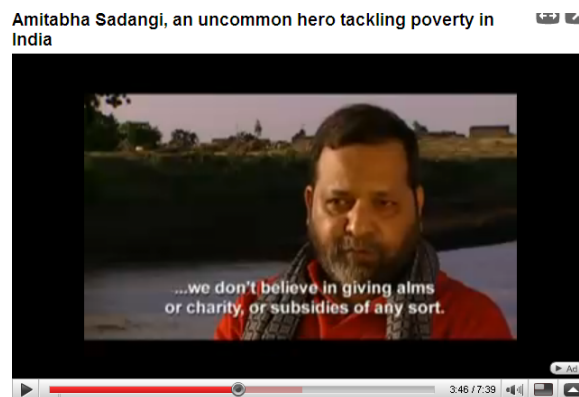
This example will help to understand what is a Social Business.

IDE India (International Development Enterprise India)

(Source: <http://www.ide-india.org>)

Please watch the video "IDE India" (video with English subtitles).

<http://www.youtube.com/watch?v=qkcVOWpfGvk>



Geographic Area of Impact: India

Model: Social Business

Focus: Rural Development, Agriculture, Water

Background

In rural India, as in many countries in Asia, the small and marginal farmers have limited access to land and capital and have low farm incomes. If they are to

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try to optimize productivity with limited resources, the standard modern approach of e.g. using electric or petrol-driven pumps may not be a practical option, because it is rather expensive to buy or rent the pumps and pay for power or fuel..

The Innovation: social program idea

As there is a relation between rural poverty and lack of access to water, IDEI has identified micro irrigation solutions as a strategy to help overcome poverty. It designs, develops and delivers small plot irrigation technologies (e.g. the treadle pump as shown below) that are commercially viable (viable: doable, capable of working successfully).



The products are sold to farmers at a very low (but not subsidized) price, i.e. in this case only 20% of the cost of its competitors. For some farmers, a micro-credit program helps to purchase the pump, and 90% succeed to pay back the loan. After a few years, the program has been successful and copied in a number of African countries.

Social Business Strategy

In order to offer products at an affordable price and still be sustainable, IDEI needs to generate a significant profit to reinvest in exploring and producing new products. To do this, IDEI needs to sell large numbers of products (to a large number of farmers). That way it can create the investment funds needed to create other products to benefit farmers and reduce poverty and design quality and affordable products.

. IDEI use business principles such as:

- marketing,

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- advertising,
- creating the demand for their product,
- quality control
- developing a network of retailers (i.e. shops) at a village level

IDEI also train farmers to use their products.

Successful results

60% of treadle pumps have been sold to farmers who had previously not been able to afford any irrigation technology. 40% of treadle pumps have replaced diesel pumps across Eastern India for which farmers had to pay annual rentals of more than US \$70. In addition, throughout the years, IDEI achieved to be sustainable.

A different perspective on the villagers

Too often, small and marginal farmers are considered as in need of charity' or at best, 'beneficiaries of a poverty relief project' i.e. in need of a handout. IDEI views the small and marginal farmer as a potential 'customer'. IDEI believes that a farmer, however poor, has the capability and enjoys the dignity to purchase a range of affordable products. IDEI has shown that through the use of such products, farmers can increase their earnings by more than 100% within one cropping season.

An effective product that addresses the social goal and effective commercial strategy that addresses sustainability of IDEI.

The IDEI technologies make them particularly attractive to small-scale farmers; they are low-cost, manually powered, appropriate for small landholdings, and have a high rate of return. IDEI strives to make the technologies accessible to even the poorest farmers by addressing the following factors:

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Product

IDEI identifies and develops appropriate technologies that help small farmers overcome agricultural constraints.

Price

Every effort is made to design and produce a technology that is affordable for as many small farmers as possible. Price competition is encouraged through the contracting of multiple manufacturers and distributors. IDEI also works in cooperation with agencies that provide access to affordable credit for the poorest farmers.

Demand

IDEI stimulates demand for its products in rural areas by raising awareness through demonstration plots, promotional activities, and marketing campaigns – to show that its affordable products work.

Availability

A private-sector supply chain (manufacturers, distributors, retailers, and installers) is established, equipped, and encouraged by IDEI through research and development, training, quality control, and logistical support. The manufacturing and distribution system is decentralised to make the technology more easily available in remote locations.



The establishment of a commercial marketing channel make sure that all products are available at the village level. IDEI does not involve itself directly in selling. Rather, it ensures sale of its pumps through the private marketing channels comprising village-based distributors, dealers, government sales depots.



Reflection Activity 4.1

You may be aware of a small scale project/organisation using also business/industrial principles for achieving a social goal. Describe briefly its activities.



Reflection Activity 4.2

For IDE India, another approach for providing affordable equipment for poor farmers could be to find donors to support their project. This may make IDE less focused on doing so many things to reduce cost and price. In your opinion, what may be the disadvantages of involving donors in the project strategy?

3. Social Business (SB) concept

The planning and launching of a Social Business begins with the important role, trust and understanding of an investor, or several investors: it could be a network of friends, a group of generous businessmen, a corporation, or an NGO or charitable foundation. With a Social Business the investor is willing to try to help beneficiaries and therefore to invest without making any personal financial gain.

The Social Business is a business because it must be self-sustaining, i.e. it is expected to generate income to cover costs and make profit which will be returned to the business or used for social purposes.

Initial investment is necessary to launch the Social Business. The SB manager and the investors will need to have agreed on a period of time (e.g. 3 years) in which the business is expected to become viable.

After starting, the Social Business is managed to generate income to be used only for the SB (i.e. not profit for investors), and to achieve the social objectives.

After some time, the Social Business will have achieved viability, as a business, when it can generate enough income to cover its own continuing operation and costs. If the SB managers and the investor believe SB is now viable, they may agree that no further investment is needed. If SB managers and the investor think that achieving viability may need more time or by making adjustment to the business plan, they may decide to renew the investment.

7 principles

Here are the 7 principles which according to Muhammad Yunus, social businesses need to follow to achieve their goals:

- 1. The objective will be to overcome one or more social problems which threaten people and society, not maximize profit**
- 2. The aim will be to attain financial sustainability**
- 3. When Investors lend money to launch the Social Business, they may expect to get back their investment, but no dividend is paid. In many cases, investors may provide their investment as a donation, and do not expect to get it back.**
- 4. When the initial investment is spent and investors who loaned money have been repaid, any profit stays with the company for expansion and improvement or for a social purpose.**
- 5. A Social Business will be environmentally conscious**
- 6. A Social Business will provide their workforce with market-level wages and with better working conditions**
- 7. Those involved with the social business will work with joy !!**

Social Businesses and profit

Part of the economic surplus created by the SB is invested in expanding the business, and a part is kept to cover unexpected situations or expenses. So, the SB can be described as a company dedicated entirely to achieving a social goal, but using business methods (e.g. IDE India using marketing, quality control, advertising, network of retailers etc). The idea behind the normal business model of making profit for an investor is not part of the SB concept. If the investor provides investment funds as a loan rather than donation, it will be repaid after an agreed period of time but without making profit.

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Usually the investor will expect the return of their investment funds when the SB has become viable, meaning financially self-sustainable.

Social Business: an unique model

A SB is distinct from either a traditional profit-maximizing business, or a funded program which relies on donor funds to cover its operations. Its goal is to solve a social problem by using business methods, including the creation and sale of products or services.

A Social Business may be initiated by a foundation or NGO

A charitable organisation uses funds from a donor to create social benefits, but it is not financially sustainable. So the organisation is always seeking another grant from the donor or from a new donor. In the worst case, its projects will stop because of lack of funding. Although NGOs carry out a lot of good work, there is always this weakness, dependence on donors. It is this which could make the SB model an attractive alternative offering financial sustainability. This allows the SB to focus on increasing benefits rather than repeatedly finding grants. It also make beneficiaries feel a greater personal dignity and autonomy as they don't depend (or don't feel dependant) on charity. Obviously not all of the work of NGOs could be replaced by a SB, e.g. the case of disaster relief operations. In addition, there may be many cases where it is simply not possible to invent a social business solution for specific social problems.

However, a foundation or NGO which usually runs funded programs, could start one or more social businesses. Such a foundation might even provide the investment money to launch a SB, which can take care of some aspect of the foundation's work creating social benefits and becoming a financially self-sustaining program. The foundation/NGO following this path might need to

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establish the SB as a separate legal entity for accounting, tax and other legal purposes.

A SB is not the same as a cooperative.

Many cooperatives are run as profit-maximizing companies, designed to make profit for the cooperative's owners. However, a cooperative could be run as a social business.

Social Businesses have two approaches to using profit

All profits are used for expanding and improving the business which creates goods and services which are socially useful..

Profits are used to provide benefits for a specific target group or the community.

Social Business versus profit-making Business

Social Business managers have to think and behave differently from the usual business managers—they are using business models but considering always social issues and aiming to reach social goals as well as managing a sustainable business.

Running a Social Business represents a great learning process, as Social Business entrepreneurs are usually trying to do things which never were done before, and think in a way which was never done before!

4. Case-study:

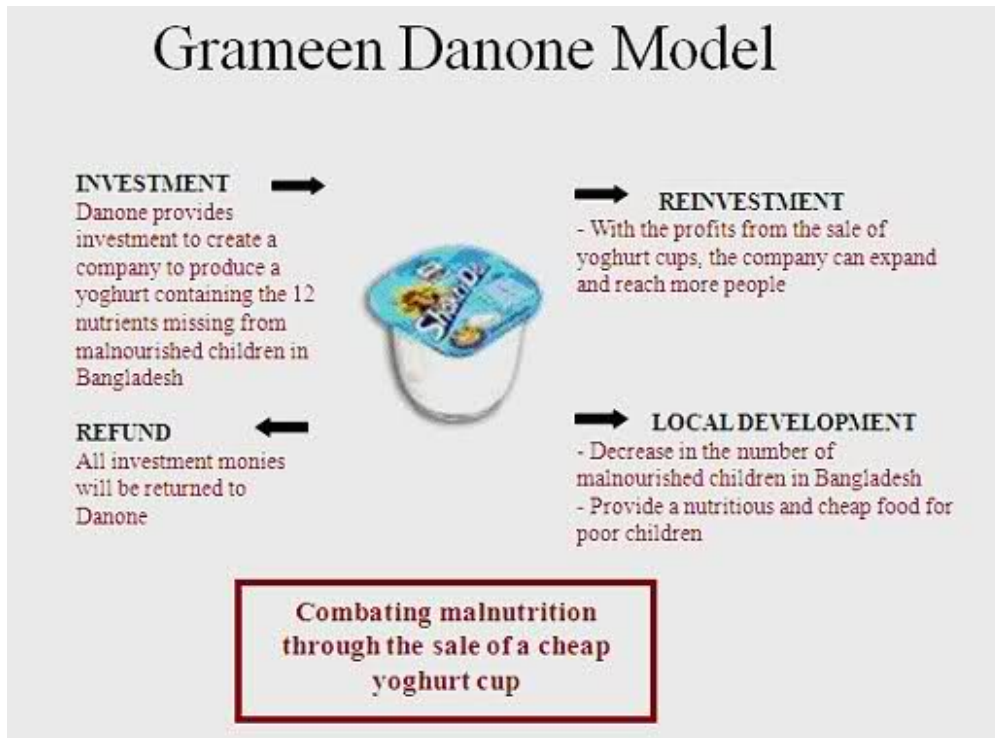
Grameen Danone: combating malnutrition through the sale of a cheap cup of yoghurt

The Birth of an Idea

As in most developing countries, malnutrition among children is a chronic issue in Bangladesh. Most children are fed a nutrient deficient diet consisting mainly of white rice after the lactation period. This lack of proper nutrition not only contributes to problems in children's immune systems, thereby affecting their ability to fight diseases, but also hampers the children's physical and mental development.

But what would happen if this obstacle were removed?

One day in 2005, Professor Yunus met with Franck Riboud, the chairman of Danone, the French company famous for its dairy products. Professor Yunus explained this malnutrition problem and also his idea about 'social business'. The two decided to join forces and create a social business that would produce and distribute a highly-fortified, highly-affordable yogurt for Bangladeshi children. Grameen-Danone became the first multinational social business with its social objective being the elimination of malnutrition in Bangladesh. Its secondary social objective is to reduce local poverty by employing villagers and locally purchasing the agricultural inputs for the yogurt.



The First Taste

The Grameen Danone factory was built in Bogra (Bangladesh). After one year of research and development, the first cup of Shakti Doi ("fortified yogurt") was produced in 2006. The yogurt contained the vitamins, minerals, and other nutrients that Bangladeshi children often lack, and tasted quite similar to traditional Bangladeshi yogurt. The establishment of the business also attacked poverty: it created over 1000 jobs both in and outside of the factory by employing villagers and it purchased the milk -- the primary ingredient for yogurt -- from Bogra villagers.

Outreach and Availability

Shakti Doi was created to reach and benefit the disadvantaged families of Bangladesh. As such, it was thought that conventional advertising techniques used for the general public would not be as effective for this particular product. Marketing consultants were hired to formulate a special marketing strategy and

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brand image. To promote the product in the rural areas, Grameen Danone holds weekly community events to discuss the nutritional benefits of this yogurt. There are plans also to have television advertisements to increase Shakti Doi sales in the urban areas

In rural villages, Grameen sales-women go door-to-door selling Shakti Doi. They earn a commission for each yogurt unit sold on top of a set weekly wage. Grameen Danone understands the importance of employing local villagers and promotes this in its business model. The average price of Shakti Doi in the rural areas is BDT 6 compared with BDT 12 in the urban areas. *This means the urban consumers subsidize rural consumers to maintain the yogurt's affordability for the targeted rural consumers.*

Appendix

Transcript of the video “Social Entrepreneurs: Pioneering Social Change”

(Duration: 9 min)

http://www.youtube.com/watch?v=jk5LI_WcosQ

M. Yunus

“I wanted to find a solution to a problem, and I wanted to do whatever it takes to end that problem.”

Speaker

“In the mid 1970s, Bangl. Was racked with poverty and famine. Greedy money lenders victimized local villagers who wanted to start small businesses. In one village, Mo Yunus counted 42 people who needed just 27\$ to break out of poverty. “

M. Yunus

“So an idea came to my mind: If I give this \$27 to all these 42 people, they can return the money to the money lenders and they will be free. And that’s what exactly I did. And the happiness that it brought to them caught me, and I asked myself the question: If you can make so many people to be so happy with such a small amount of money, why shouldn’t we do it more?”

Speaker

“Since that first bet, the bank M Yunus started has made nearly 5 billion \$ in loans. It’s a model that has been copied all over the world, spawning a movement known as micro-finance.”

Stephan Chambers – Skoll Centre for Social Entrepreneurship

“People are demonstrably better off in the world today by virtue of that simple insight that small unsecured loans can really make a difference.”

Martin Burt – Fundacion Paraguaya

“Micro Finance, during the past 25 years, has demonstrated that millions and millions of people can participate in society in a normal way.”

Speaker

“In 2006, M. Yunus won the Nobel Peace prize, testimony to the role of a new kind of change agent, the social entrepreneur.

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Sally Osberg – Skoll Foundation

“Social Entrepreneurs like M. Yunus see opportunities where other people see hopeless failures, they see the potential when other people see tragic consequences. They see a future that others can't even begin to imagine.”

Jacqueline Novogratz – Acumen Fund

“In this moment in history, where government has, at least in some tight places, failed to provide basic goods and services, the thing that society needs really to allow individuals to thrive; Social Entrepreneurs are tackling those very big problems.”

Speaker

“Problems that reach beyond Micro Finance, such as educational opportunities, children's health, housing, clean water, climate change.”

John Elkington – Sustainability

“And the problem is, if you look at what the current business organisations and governments are doing in this sort of space it really doesn't add up to a coherent solution of the scale that we need. And therefore I think entrepreneurs are going to be profoundly necessary because these are the people who sort of break up the concrete.”

Martin Burt – Fundacion Paraguaya

“Most people have to see to believe, but I think that Social Entrepreneurs believe and then they see. Social Entrepreneurs have seen that end result before it even got started.”

Speaker

“And they've done so all over the world. In Mozambique, Blaise Tujasato, transformed healthcare by providing reliable medical services to millions of villagers who had never previously been reached. In India, Bunker Ruiz Barefoot College teaches people with no prior training to build and install solar electric technologies. And in US, Dorothy Stoneman has shown how young people can change their lives and their communities through job training and education.”

Dorothy Stoneman – YouthBuild USA

“We had 300 abandoned buildings in East Harlem where I lived, we had hundreds maybe thousands of young people standing on the corners with nothing to do and lots of homeless people. So I looking at that, and said there's something wrong with this picture, someone should hire these young people to rebuild these buildings and create housing for the homeless people and that's what we set out to do.”

Bill Drayton – Ashoka

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“What’s the most powerful force you can bring to bear ? It’s a really big idea but only if it’s in the hands of a really good entrepreneur. It’s that’s combination that changes the world.”

Speaker

“Today, thousands of Social Entrepreneurs are tackling a range of problems in all corners of the globe. But until recently, few of them saw themselves as part of a larger movement.”

Brizio Biondi Morra – Avina

“Some 20 years ago, Social Entrepreneurs were working alone. Fundamentally they had no idea, many times, that other Social Entrepreneurs existed. They had an experience of essentially going against the stream, very hard, these are very tough people but still, alone.”

Stephan Chambers – Skoll Centre for Social Entrepreneurship

“I think Social Entrepreneurs have always existed, but because they have not always defined as Social Entrepreneurs, because we’ve not always recognize them as such, they’ve had no collective identity. They have been lone pioneers.”

David Bornstein – Author

“And now what you see in the world are a whole framework of supports that are coming up coalescing very quickly to say “hey, Social Entrepreneurship is really viable”.

Stephan Chambers – Skoll Centre for Social Entrepreneurship

“Oxford recruits about 300 highly talented MBA students each year. Students want to know how to change the world. They want to know how the skills they learn in business school can help them change the world.”

Keely Stevenson – Bamboo Finance

“You see Social Entrepreneurs, and regardless of how many problems and challenges that they have, they don’t give up, they just push forward and they push forward and that’s inspiring to me.”

Speaker

“Today, Oxford is just one of the many universities teaching Social Entrepreneurship, and providing homes where practicing entrepreneurs can meet and learn from each other.”

Stephan Chambers

“The point of supporting the Social Entrepreneurship movement is to create a home for those people to make them less maverick and more of a movement.”

Introduction to Social Enterprise and Social Business Planning Module

Bill Drayton

"The more we wire the field together from local to national to global means that ideas go from Bangladesh to the US and Brazil, Poland to South-Africa; that was not happening 10 years ago. Well that's a function of the increased productivity of the field."

John Elkington – Sustainability

"I think the key thing that we have to come back to time and time again is these entrepreneurs can not do this on their own, they need support, they need support from funders clearly but they need strategic partnerships with mainstream business. And they need the support of government and policy makers."

Jacqueline Novogratz – Acumen Fund

"What's so exciting to be alive at this moment as a Social Entrepreneur connected to thousands of Social Entrepreneurs around the globe is that within all of us there is this growing movement and that there is hopefulness in starting to look at the problems we have as our problems."

Stephan Chambers

"My hope for the future is that by virtue of the stories that we tell about reasons for optimism, by virtue of the small pieces of success, we build some big pieces of success. So that in a decade's time, we can say this movement began with one very demonstrable success story and that was called Micro Finance but very quickly it built a series of other success stories and look at the effect they've had on the world."

Sources

Topic 1

No specific source

Topic 2

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Topic 3

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<http://www.ribm.mmu.ac.uk/symposium2009/Papers%2009/Nkala,%20Makhosi.pdf>
- **ENTERPRISING NONPROFITS: A TOOLKIT FOR SOCIAL ENTREPRENEURS**
Authors: J. Gregory Dees, Jed Emerson, and Peter Economy (2001)

Topic 4

- **"Building Social Business – The new kind of capitalism that serves Humanity's most pressing needs"**. Author: Muhammad Yunus. Editor: Public Affairs – 2010
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