

**SOCIAL BUSINESS MODELLING**  
*FROM VENTURE PHILANTHROPY TO IMPACT INVESTING*

*ACE WORKSHOP*

*JUNE 2021*

# AGENDA

- UNDERSTANDING THE SOCIAL TO FINANCIAL RETURN SPECTRUM
- SOCIAL INVESTMENT MOVEMENTS EXAMPLES
- WHAT STRUCTURE IS BEST FOR YOU
- CLARIFYING YOUR THEORY OF CHANGE
- CAN SELF-GENERATED REVENUE FIT INTO YOUR IMPACT MODEL?
- ARTICULATING YOUR SOCIAL BUSINESS MODEL
- WHAT FORMS OF FINANCING ARE AVAILABLE?
- FINAL ADVICE

# WHAT'S YOUR BOTTOM-LINE ?

- Social and Creative Enterprises often occupy the space **between old-school commerce and old-school charity**. What does that mean?
  - Have a clear social, cultural and/or artistic mission
  - Generate the majority of their income through trade;
  - Reinvest the majority of their profits;
  - Autonomous of the state;
  - Majority controlled in the interests of the social mission;
  - Accountable and transparent.



FINANCIAL



ENVIRONMENTAL



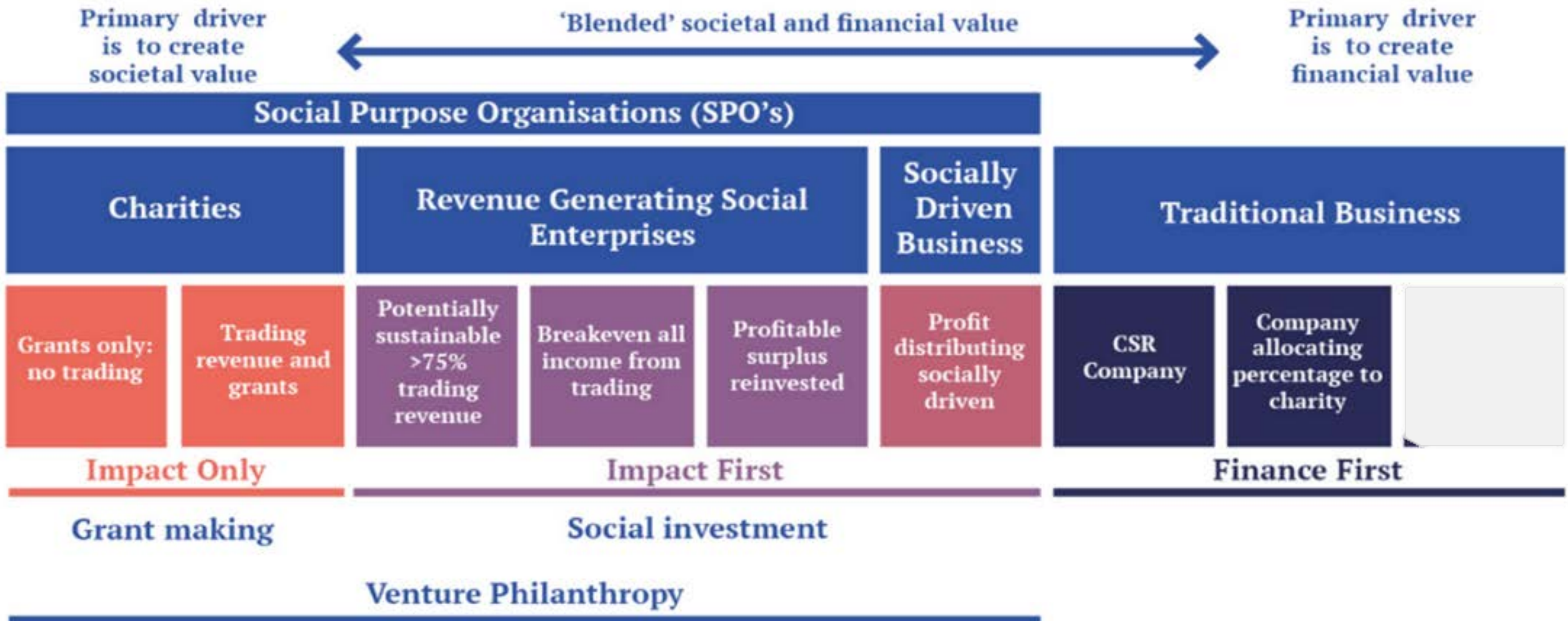
SOCIAL /  
CULTURAL



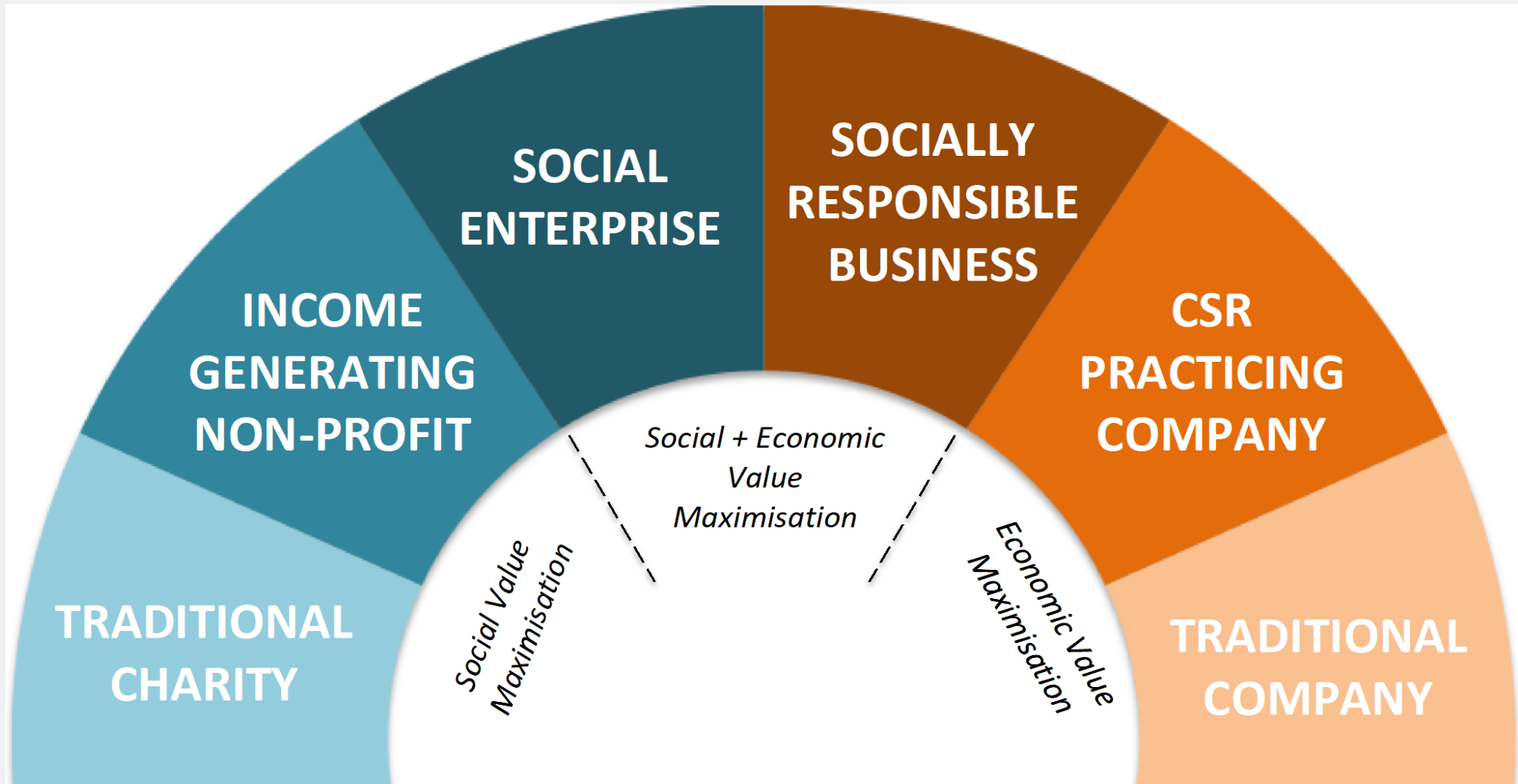
## WHAT'S YOUR BOTTOM-LINE ?

- NGOs create **social value only**, while social and creative enterprises will normally aim for sustainability in the financial, social and/or environmental sense.
- Social Enterprises differ from traditional business in that they often respond to **market failures** versus **market opportunities**

# THE ENTERPRISE SPECTRUM



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**LEXI Cinema** (UK) – a

social enterprise cinema that works with the local community and provides all its profits to charities

**The Darb Al Ahmar Arts School**, educating children and youth between the ages of 6-18 in Cairo's Darb Al-Ahmar district in percussion, circus arts, and brass instruments

## EXAMPLES OF SOCIAL ENTERPRISES IN THE CREATIVE INDUSTRIES

**Yadawee Handicrafts** (Egypt) –

trains locals artisans, showcases their work, and sell their traditional handicraft goods nationally and internationally

**Indigo Africa (Uganda)** A social enterprise that partners with groups of artisan women in Rwanda & Ghana to create a range of handcrafted products

**Think.Web** (Indonesia) -

Creates meaningful impact for brand & social through technology & creative innovation

**PR:EPARe**, a video game developed by the Serious Games Institute designed to help teenagers deal with sexual coercion during adolescence

**Ketemu Project** (Indonesia) is a transnational art collective and social enterprise hybrid based in Singapore.

**Theatre for Life (UK)** - a social enterprise theatre group that raises the aspirations of young people through live theatre

**FACE** - the Foundation for Arts

Culture and Education (Pakistan) an organization whose mission is to strengthen, empower, and educate communities through the arts and through cultural interactions

**Brainjuice** (Singapore) – A social enterprise design agency that reinvests into the community

**Earthen Symphony (India)** a

decorative art and design studio in Bangalore,

India, provides untrained women with

employment opportunities as designers, artisans,

and craftsman

# HOW CAN ENTERPRISES BE STRUCTURED?



The Profit Generator Model



The Trade-Off Model



The Lock-Step Model



## THE PROFIT GENERATOR MODEL



Enterprise focuses solely on achieving a financial return that has no specific or direct social impact. Profits from the endeavour are then reinvested into a separate social impact initiative

## THE TRADE OFF MODEL

Enterprise's trading activity is focused on generating a financial return AND creating social impact. The enterprise could increase its social impact by decreasing financial returns, or vice versa. In other words, there is a trade-off.





## THE LOCK STEP MODEL



Social impact and the financial return are inextricably linked. If you increase your financial return, you automatically increase your social impact, as they move in parallel

# BREAKOUT SESSION I

- Identify where you are now on the spectrum and think about where you want to be.
- Which model best describes your organisation

**TIME FOR A BREAK**

**TAKE 10 MINUTES**

**BACK AT 16:05**

# THEORY OF CHANGE

•WHAT IS THE  
PROBLEM  
THAT YOU  
ARE  
ADDRESSING?



•WHAT IS  
YOUR VISION  
FOR THE  
FUTURE?

## BREAKOUT SESSION 2

NAME 5 ORGANISATIONS OR ENTERPRISES  
THAT ARE SUCCESSFUL IN YOUR EYES

WHAT DO THEY HAVE IN COMMON?

## THE 20/20 EXERCISE

*Imagine if you were going to describe, in 20 words or fewer, what your organisation does, but only have twenty seconds with which to do it, what would you say?*



## OTHER KEY T.O.C. QUESTIONS

•What impact do you want to achieve?



Who/what would be impacted?



How could you reach/influence/impact the identified groups?

## VISUALIZING OUTCOMES & SUCCESS

What  
indicators will  
you use to  
measure  
achievements?



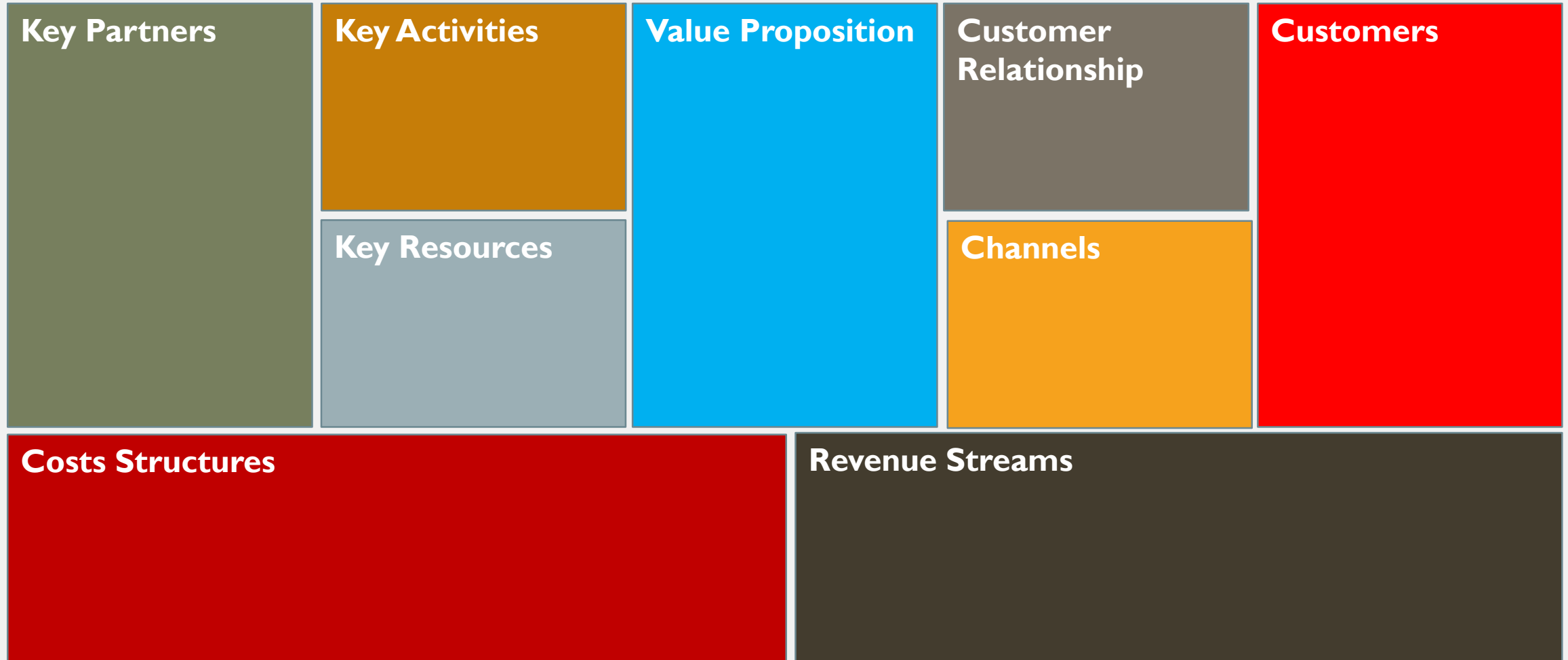
How will you  
know when  
you have  
succeeded?



## MOVING FROM VISION TO VALUE:

- The Business Model Canvas is a strategic management and lean start-up template for developing new or explaining and visualising existing business models.
- This is perfect for prototyping new endeavours
- Allows you to try out new ideas as a group on paper before investing more time and money into it.

# THE BUSINESS MODEL CANVAS



# FINANCING OPTIONS

- Understanding the options available and the right chance to take when talking about financing is an important step on your journey towards growth and scale
- There is rarely a one size fits all approach and a lot depends on your organisation, your registration, your market, your financial model, your geography, and your ambitions for the future.

# FINANCING OPTIONS

Your choice of what financing to consider can be helped by understanding where you are on your path to scale:

- **Idea/Early Stage**
  - *Best placed applying for grant funding, that is often available through accelerator programmes, trusts and foundations*

# FINANCING OPTIONS

- **Growth Stage**

- *Can also apply for grants from trusts and foundations. The grant size will normally go up based on greater requirements and a stronger track record.*
- *0% interest loans (normally from trusts/foundations/VPO/etc)*
- *Impact/Angel investors can be approached at this stage but be careful as you really need to know your business, your market and your potential*

- **Scale Stage**

- *Impact/Angel investors, either willing to provide funding in the form of low-interest loans, equity, or other forms of capital funding*
- *Potentially limit them to asking for a return **OF** investment instead of a return **ON** investment*
- *You can also consider approaching banks for business loans*





## FINAL ADVICE

**STICK TO YOUR VISION** – be stubborn about why you're doing what you're doing

**AIM HIGH** – It's important to be realistic, to be smart, to set milestones - but no one achieves anything great by dreaming small

**FAIL QUICKLY** – There's no shame in failure, but be ready to admit it and pivot quickly.

**VALUE YOURSELF** – Your time is not limitless, and you can't run a business on goodwill alone.