

DBS FOUNDATION SOCIAL ENTERPRISE SUMMIT 2016



**HARD TRUTHS &
HONEST CONVERSATIONS:
TOWARDS REAL IMPACT**

REFLECTIONS & SHARING
A Post Summit Report

Living, Breathing Asia

 **DBS** *Foundation*

As the first convening of DBS Foundation's community of social enterprises, "Hard Truths & Honest Conversations" - DBS Foundation's inaugural Social Enterprise Summit, uncovered the real life challenges that social entrepreneurs rarely talk about. At the Summit, we learnt about resilience, arising from mistakes and even failure. Through the dual lenses of social and business models, we invited social enterprise practitioners and fellow change makers to explore the realities of our markets and communities, social enterprise management, skills and know-how and social impact.

This report attempts to capture the discussions at the Summit where over 200 participants comprising leading social entrepreneurs, incubators and capacity-builders from across the region gathered to discuss the realities and challenges of running an SE, including the areas of funding, operations and management.

We hope you find this report useful.

- Team, DBS Foundation



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*We have created a
Social Enterprise
Community.*

PIYUSH GUPTA
CEO, DBS BANK LTD



WELCOME

By Piyush Gupta, CEO, DBS Bank Ltd

It is exciting to see DBS Foundation's Social Enterprise Summit coming alive, as it's something we've tried to do for several years now in the community - a community of people who have the drive, the passion and the vision to create value, and to create it in a meaningful social way. For me, all of you are heroes and so it is a fantastic opportunity to be here this morning with a whole set of heroes.

I want to touch on two things: first is about why DBS is involved in social entrepreneurship, and second, on the genesis for this Summit. So why does DBS do this and what is social entrepreneurship all about?

If you think about how work is defined today, it's mostly around large companies and corporations. But this has not always been the case. If you go back to pre-Industrial Revolution times, around 150 years ago, the nature of work was organised around skilled cottage industries and individual enterprise. The creation of large corporates happened as an outcome of the Industrial Revolution. When Henry Ford created the assembly line to produce motor cars, the idea of mass production and economies of scale was introduced and so was the world of modern capitalism, with large corporations and modern industries.

One profound change happened in the last 20 years, and that's the Internet. Today's technology makes it possible to be able to run global-scale enterprises without creating global-scale infrastructures. Think about Instagram. Instagram was sold for a billion US dollars with only 19 people in the company. Alibaba, which is the largest retail company in the world, employs 30,000 people. Walmart, which is now the second-largest retail company in the world, still employs over 2 million people.

What it means for the future of societies and mankind is that the nature of work is changing and the nature of

jobs is going to change. It seems to me that the single, biggest agenda we need to have is that of driving individual enterprise and entrepreneurship. The idea of entrepreneurship and small groups coming together to propel the engine of economic growth becomes extremely important. But why social entrepreneurship?

That takes us to the second strong belief that we have as a company, and I have in particular.

Besides the problem of jobs, perhaps an equally important, or even bigger agenda that society and mankind is going to face is the problem of inequity, even downright inequality. We know that today, the top 1 percent of the world's population has more wealth than the remaining 99 percent. The last data was that about 50 percent of global wealth is in the hands of the top 1 percent. As you start seeing more of this income inequality and inequity, I think it's going to create a huge amount of social angst. So how do you address it?

Historically, there have been different means. With Karl Marx and the whole Communist agenda, it's quite clear there's a fundamental flaw in that model because it kills the motivation for people to work and for putting in effort. There's a softer version, the social welfare state regime. It worked somewhat better, but it is also a challenge because the resources of capabilities of the government to redistribute efficiently come into question.

So it is our view and belief at DBS that the only answer to this is for the private sector companies to have a meaningful role to play. You cannot leave this in the hands of the State or the government to develop society and get better social outcomes. The private sector should take a proactive role in contributing to the community. Banks like us operate on two licences, one is from the authorities, but the more powerful licence is the one we get from civil society. We



If we can work and create an ecosystem of other companies like ourselves- companies which have been created with a dual agenda, to be able to drive business, but also to be able to drive social outcomes- then we can be a fantastic multiplier.



can only earn that licence from being purposeful and meaningful to communities, and to society at large.

We do that in our own business. We try to make sure that we're a very purposeful bank. Our agenda is to make banking joyful, and we try to drive that in what we do, with the right kinds of products and the right kinds of services. But our question is how do we scale this? How do we make a bigger impact than what we do ourselves?

If we can work and create an ecosystem of other companies like ourselves- companies which have been created with a dual agenda, to be able to drive business, but also to be able to drive social outcomes- then we can be a fantastic multiplier. We can really take this whole sense of creating entrepreneurship, but also creating entrepreneurship which has meaning, purpose and a social impact. That's why we decided to make social enterprise and social entrepreneurship the key pillar of our community engagement.

At its roots, DBS is a company which is founded with a sense of purpose. We were created as a development bank of Singapore to help in the development of this country, and even though over the years, we started working with large companies, helping to build the big buildings and airlines for the country, we're actually helping with a lot of work with the small and medium enterprises (SMEs) to help create a thriving ecosystem. We have entrepreneurship in our DNA, working with small companies, working

with entrepreneurs and working with a social agenda. So in some ways this is a great happenstance- creating a community for social enterprises.

Last year, in Singapore's 50th year, we decided to up the game and dedicate SGD50 million to create this foundation so it could be more agile and align itself to social needs on the ground and forming a network of like-minded people.

I tried to be an entrepreneur, not successfully, 15 years ago. One of my learnings is that while domain knowledge is important, when we're moving to a media space, it helps to start off with people who can tell you a few things. I knew banking, but I didn't know media. When you talk to people you figure out ways to be able to handle challenges somewhat differently.

I've been a banker for a long time so I didn't need a lot of expertise in the financial area but I needed a lot of help in thinking about other elements of the management process. And the best way to think about issues and challenges is to talk to people like yourself who are suffering and facing the same kind of challenges you do. Every time your heart is sinking and you're feeling this is a waste of time and you're not going anywhere, you talk to other people and they help you get on.

I'm a big believer in this notion of putting people together and creating communities, networks and opportunities for people to talk to each other. Such gatherings can also help





to ignite innovation. As a business person, there are two questions you have to ask yourself. The first is, what game do you want to play? And the second is, how do you play the game? Why do people come to you instead of going to somebody else? The answer to the second question rests deeply in this idea of innovation. You have to be willing to reimagine the customer journey, rethink the status quo, and think of a point of difference. What is your point of difference?

To me, the coming together of people on occasions like this Summit allows you to let your creative juices flow and learn from other people to see what works in other countries, and how you can borrow some ideas, or what I call 'steal shamelessly'. This is your opportunity to copy and steal shamelessly from each other, so if you can do that you will achieve a lot of great outcomes.

I started by saying that all of you are heroes, and I mean that. Being an entrepreneur is not easy. Being a social entrepreneur is even more difficult because very few people recognise the social returns. When you're looking for capital, you've got to convince people that there's an economic as well as social impact at the same time. That's not an easy pitch. So for all of you who do that every day, who are trying to make that happen and trying to make a difference, I salute you.

Thank you for everything you do and thank you for giving us an opportunity to be part of your whole personal journey.

OPENING ADDRESS

By Euleen Goh, Chairman, DBS Foundation



*DBS Foundation
is proud to
partner with
Social Enterprises
in Asia.*

EULEEN GOH
CHAIRMAN, DBS FOUNDATION

DBS Foundation was launched some 2 years ago with a vision to shape a better and more inclusive future for Asia by championing social entrepreneurship. In our journey to date, we have worked with Social Enterprises and Social Entrepreneurs in Singapore, India, Indonesia, China, Taiwan and Hong Kong with programmes ranging from venture challenges, learning forums, intensive incubation, project grant support, financing and skilled volunteer mentoring. Indeed, we are proud to have partnered many of you; each of whom have uplifted lives and made a difference to society.

It is our pleasure to host you as we explore the hard truths and real life challenges of starting, managing and scaling up a sustainable social enterprise. Every one of you gathered in this room is a change maker as well as



a social entrepreneur. You are at the forefront of one of the biggest trends in Asia – the explosive growth of social enterprises in Asia. You may be aware of DBS Bank's view of the future of Asia, centered around entrepreneurship, innovation, and impact, and how social enterprises are a promising evidence of these forces coming together, as a new way of doing business with positive community impact.

It is difficult to pin down the number of Social Enterprises in Asia given the diversity in their nature and scope of activities. As such, many organisations may not self-identify as a social enterprise even though they may function as one. We define social enterprises as a business in the first instance, but, a business with a social mission as its core. The social mission for these businesses is not an afterthought, and not just an act of corporate social responsibility. These social enterprises use sustainable commercial models to achieve their social mission and do not rely on philanthropic giving for their operations over the long term.

In Asia, every country's social enterprise ecosystem is at a different stage of development, but growing in breadth and depth. Development of this ecosystem is driven by a number of interrelated factors broadly sitting in 2 realms that social enterprises have to integrate: 1) In the social realm, there are challenges and opportunities of a country's social condition and the vitality of its civil society; 2) In the business realm, social enterprise growth is affected by the state of country's business environment and how it encourages the growth of entrepreneurship and small businesses.

This all means that for social enterprises like yours, working hard to grow your business and your social impact, the resources and opportunities to help you must come from all fronts. DBS Foundation sees that we can play a part in bringing those resources to bear, and we have designed our strategy and programmes to partner you on your growth journey.

You are at the forefront of one of the biggest trends in Asia – the explosive growth of social enterprises in Asia.

We have the permission of quote some social enterprises, whom we have worked with. Lets step into their shoes as we reflect on the pathway for ventures with a social mission at heart.

Society Staples, a social enterprise in Singapore that uses sports and team building activities to encourage greater empathy and understanding of persons with disability, participated in the DBS-NUS Social Venture Challenge Asia (SVCA) in 2015. As a young social enterprise, it was looking for improvement of its business model, learnings and inspiration from other social enterprises, and the very important startup seed funds to help them grow from idea and prototype, to a sturdy operating business. It was also important to gain some visibility to generate more leads and business opportunities.

Society Staples, won the prize for top Singapore social enterprise, gained media coverage, networked and exchanged with other young social enterprises through this experience, and received valuable feedback from judges and mentors to refine their model. DBS is proud to have contracted Society Staples as a service provider for the Bank's signature community activity, PaddleForGood, which raised over \$200,000 SGD for charity through sporting simulation activities. If any of you have need for a provider to craft inclusive sporting activities, look out for Society Staples.

PUKI Design, based in Shanghai run an innovative platform that breaks graphic and web design projects into smaller jobs, which can be done by the hearing impaired, remotely, online. They have developed a stable business model that is providing steady income opportunity to those they employ. Their challenge now is to grow their business, and seek out further market opportunities beyond the current steady stream of design projects. Should they penetrate the corporate marketplace deeper? Do they have the skills/competencies for this, and can the leaders take time away from current operations to strategise and seek resources for future development, when current operations have just gained stability? What are the implications of the chosen path ahead?

With such challenges in mind, wouldn't it be great to have partners to help identify the choices ahead, assess the enterprise's strengths and weaknesses, and help build its capacity to pursue the choice that has been made? It is why DBS Foundation is privileged to partner with capacity-builders, incubators and accelerators through Asia, bringing much needed support to social enterprises for their next stage of growth. We take a holistic approach to support beyond advocacy and seed money financing to include business expertise, coaching, mentoring and networking.

We have programmes that "Reach & Engage" early stage social enterprises and help build awareness and advocacy for the social enterprise sector. To nurture high potential social enterprises, we offer programmes that "Innovate & Incubate" social enterprises amid a backdrop of changing social needs. And then for the more mature social enterprises ready for scale, which can include regional growth, we offer more customized support. We also do our best to "Walk the talk" and integrate the support of social enterprises into our culture and operations through special banking and financing packages, procuring goods and services from SEs and encouraging our employees to volunteer their time and skills to support the growth of SEs.

In fact, the event company managing this summit is also a social enterprise: Adrenalin - which employs over 30% of their workforce from underprivileged backgrounds. We have witnessed Adrenalin start and grow stronger in



The growth story of social enterprises in Asia does not tell us how many social enterprises have stumbled and failed along the way, nor how many social enterprises came close to failure perhaps due to a mistake, misjudgement or lack of information.



Singapore over the last six years and handle some very prominent events with top corporate and the Government as well. I hope to see more like them in Singapore and across Asia.

Like Adrenalin, TWare, is a mature social enterprise who has led the vanguard for this sector's development in Singapore. Several years ago, they began with innovation in technology to help persons with autism carry out daily activities with more confidence – a smartphone controlled pressure sensitive jacket that effectively gives personalised hugs on demand. TWare did very well among users that have sensory disorders or recovering from trauma, and gained customers in countries beyond Singapore. However, it also identified a market opportunity of extending into lifestyle and travel market which can offer diverse and growing revenue streams. What should they

do? How should TWare grow its business and achieve its social mission at the same time?

These questions, as well as the ones that would have been voiced by Society Staples, PUKI Design, Adrenalin – would have, I'm sure, been asked amongst you. Questions that may lead to tough choices in growing your business, challenges in managing teams, marketing your organisation, and scaling your social impact. Sometimes, the answer may not be what we, in our idealism, want to hear. Sometimes, the path chosen do not lead to the outcomes we expected.

The growth story of social enterprises in Asia does not tell us how many social enterprises have stumbled and failed along the way, nor how many social enterprises came close to failure perhaps due to a mistake, misjudgement or lack of information.

We believe that there is untapped value in examining and extracting the lessons from failures and challenges encountered by social entrepreneurs. It is for that reason that we have organised this summit around the theme "Hard Truths and Honest Conversations". In the coming two days, you will have an opportunity to explore many of these questions in the sessions ahead. We look to uncover the real life challenges that few social enterprises talk openly about in order to learn from mistakes and failures as well as successes. This is especially important because the ecosystem surrounding social enterprises is becoming increasingly complex and it is more important than ever to explore the realities of when things do not go as planned.

I know the experience of overcoming challenges and making mistakes resonates with many of you. This is why learning and interaction among the SE community is so valuable – and I am happy to see the SEs we have supported over the years, come together.

Let's take the first steps together to help look clearly at the paths ahead for social entrepreneurs so that you can stride forward with ambition and resilience. We hope that these conversations will catalyse the growth that comes from learning of successes and failures of others, and be the spark for younger social enterprises. We wish you a two fruitful days and thereon Carpe Diem – seize the day.





DBS Foundation Social Enterprise Summit 2016





SOCIAL IMPACT

Featured Social Enterprise - **3S India**

NO WASTING YOUR CHANCES



RAJEEV KHER
FOUNDER, 3S INDIA

Who gives a crap about toilets and sanitation in a vast country of one billion people with myriad social problems?

Rajeev Kher was on his way to a promising corporate career in the United States but he smelled an opportunity, which led him to abandon that plan to sell portable toilets in India. This pioneering effort has become a revolutionary concept and has created a phenomenal social business model.

“Everybody’s complaining about how much it smells, and I realised that somebody had to do something about it. I wanted to provide sanitation to people in India, make an impact in a way that I can reach out to more people and make a profitable business,” said Kher. “When there’s a need, there’s an opportunity.”

In 1999, he founded 3S India, the country’s first portable sanitation and liquid waste management company providing affordable and accessible sanitation solutions, reaching out to millions in India’s unserved communities. Since then, the company has also made its foray into providing bio digester and bio toilet waste treatment systems with innovative technology, making the organisation a total sanitation and waste management solutions provider.

Today, 3S India has now grown into a USD6 million revenue company, reaching almost all of India and annually



I wanted to provide sanitation to people in India, make an impact in a way that I can reach out to more people and make a profitable business. When there's a need, there's an opportunity.

manages 155 million litres of liquid waste. Kher hopes that in three to five years, it will be acquired by a larger mainstream company or it will seek a listing, which will give it the added ammunition to further scale its businesses and social impact.

"In India, this industry is not yet defined. Until the industry gets defined or gets a status of an industry, we will still continue to be a social enterprise," he said.

There are encouraging signs that the issue of sanitation is gaining traction. Kher has also found an unlikely ally and brand ambassador in his social endeavour. His goals are nicely aligned with the Clean India mission, a government campaign announced by Prime Minister Narendra Modi which aims to eliminate open defecation by 2019.

3S India has also attracted investments from social impact venture capital fund Avishkaar as well as Zurich based ResponAbility, the world's largest impact fund.

From a business standpoint, his challenges have been the two perennial issues of financing and getting talent, said Kher.

Financing

"We have a very conservative banking system in India where interest rates are much higher than other parts of the world and it is difficult for small companies to get loans," he said. "If you have the confidence of a good business model, debt is great. I've grown the company on debt. We pay huge interest rates, but we still succeed."

"We have close focus on our topline but at the same time

delivering solutions to people," said Kher, who aims to grow revenue to USD20 million from the current USD6 million in the next two years.

"Creating a corporate structure makes things easier whether it is to scale, to get capital, or to get people. So if you organise your company more towards the commercial side, it is a lot easier to grow the company and create impact."

"Sometimes when you're too reliant on grants you tend to get lazy and complacent when you get money for free. But when you get money which needs to be given back, everybody is working hard. I like to take that because we know we can return it."

Talent

In order to attract talent, Kher overhauled the company's public image and perception.

"No one wants to work for a toilet company. But if you want to make an organisation really grow, you need good people to handle the finances, marketing, and they cost a lot of money. So you've got to strategise and make it a little more glamorous," he said.

"We have created this aura with the impact we've created. We've made sure that the waste that was going into rivers, canals and dams has been contained, and now we're collecting that waste and disposing it off into a treatment plant or generating treated water out of it. So we say with pride that we're providing sanitation solutions that has a huge environmental impact."

Panel discussion on
The Social Impact Gap: Desire vs Reality

NO 'ONE SIZE FITS ALL' APPROACH FOR MEASURING IMPACT



Moderator: Warren Ang, Director, East Asia, The Global Development Incubator, Hong Kong **in conversation with**
Panellists: Alfatih Timur, Kitabisa, Indonesia; Erwin Huang, Founder, WebOrganic, Hong Kong; Johnny Wang, CEO, iHealth, Taiwan; Neil D'Souza, Founder, Zaya Learning Labs, India; Rajeev Kher, 3S India, India



Looking beyond inspiring social mission statements, every social enterprise needs to ask itself honestly if the social impact created was what it set out to achieve. The realities of operating conditions, markets and community readiness are harsh challenges that confound our original mission. How can we narrow the gap between the social impact desired and actually created? What do we need to do differently to create real transformative impact?

The social mission lives inside the social entrepreneur. Social entrepreneurs start out with an undertaking but reality is always somewhat mixed. The realities of operating conditions, market forces, policies and community readiness are harsh challenges that can threaten to confound or derail the original mission.

Social entrepreneurs need to be prepared that, sometimes, in order for the company to survive, the course may change along the way, and compromises have to be made. Chances are, the journey will also be fraught with a number of false starts, failures or unexpected breakthroughs.

This panel of Asian social entrepreneurs drove home this message while they shared personal accounts of how to bridge the gap between desire and reality when it comes to achieving social impact.

Know your customer

Sometimes there is no lack of clarity on the mission, but market realities tell a different story, resulting in a misalignment between initial ideals and market realities. This requires a shift in the business and operations of social enterprises.

While a clear sense of purpose is especially integral to a social enterprise, because its intentions are central to its identity and brand, social entrepreneurs must be business savvy and be able to identify the “market” for their product or service.

Indonesia crowd-funding platform *kitabisa.com* started out of idealism to be a “good-deed changemaker” wanting to bridge donors and organisations. But that didn’t work

out as the platform did not have a donor database. The company was not able to justify the five percent charge which was part of the business model, according to co-founder and CEO Alfatih Timur.

“We had to keep experimenting the customer segment,” he said. “It is more important to listen to customers and focus on what matters to them than what matters for us, because the market will try and correct what we do.”

For Johnny Wang, founder and CEO of *iHealth* in Taiwan, which is creating a decentralised healthcare service system to eliminate health inequity, the biggest mistake starting out was having the wrong set of expectations, which required changes to its business model.

The company initially adopted a ‘disruptive’ approach of providing their service directly to end-users, which was

It is more important to listen to customers and focus on what matters to them than what matters for us, because the market will try and correct what we do.



essentially a 'Business-to-Consumer model'. But he soon realized it was very difficult to break into the consumer market. This was because "trust is very important in the healthcare services industry, so it is hard to change behaviour," said Wang.

To navigate past this challenge, Wang came up with the solution of working with other organisations, such as nursing homes and elderly facilities to build trust, which then made it easier to form alliances and partners. Having gained that support and trust, iHealth is now planning to expand the service to more rural areas and ally with other strategic partners to reach more end users, eventually hoping to provide individualised service based on each patient's needs.

Measuring social impact

"Numbers have a powerful way of bringing you into the reality of things," said Warren Ang, East Asia Director of the *Global Development Incubator* in Hong Kong.

But tracking social impact can be difficult and challenging as social enterprises struggle with having a clear definition of their target and impact, he said. While there is no one size fits all approach, social enterprises need to move out

of their traditional silos and assess their accomplishments in relation to the market they are operating in.

To create transformative impact, more rigorous tools and metrics are needed to inform social enterprises of the gap between their vision and reality.

Instead of measuring impact from the perspective of their own organisations, social enterprises should be looking at it in terms of the percentage of the problem size they are solving, and whether their approach is the most cost effective way to achieve that desired impact or outcome, said Ang.

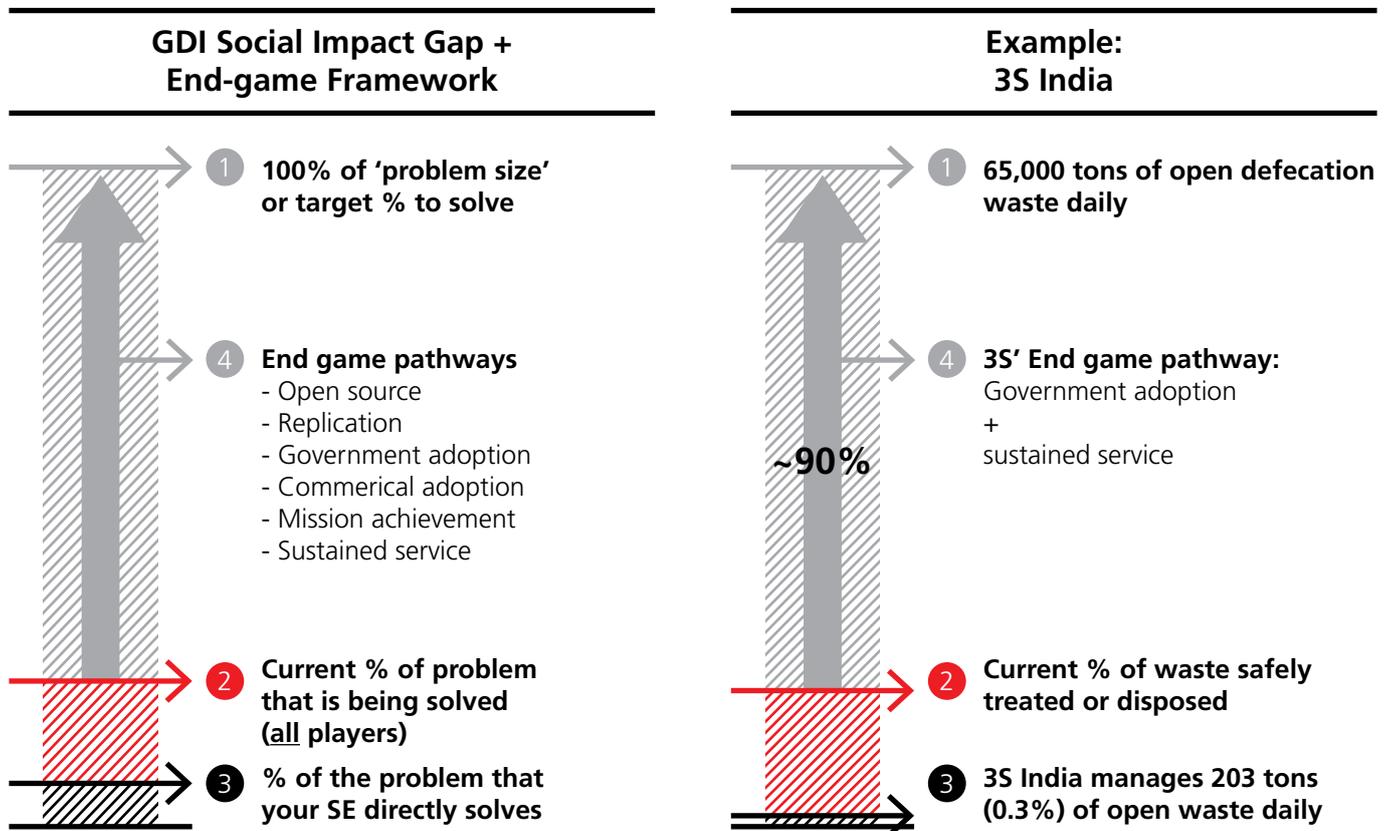
Neil D'Souza, founder of *Zaya Learning Labs*, which started out as a non-profit before turning it into a social enterprise, said his biggest learning was to let the customer define the impact for themselves.

"Let them decide how and what to measure, what matters to them, and we become an enabler for it," he said. "Sometimes we build products, then we measure the impact based on the perceived behavior we want people to have with our product. That's the problem, because you can't control behavior."

Instead of being bogged down by metrics that is difficult



Quantifying the social impact gap helps us to test and inform our desire vs. reality



Source: Global Development Incubator

to measure or has little meaning, the company decided to switch its metrics to "to focus on customer satisfaction and subscription renewals, which is the easiest quantifiable metric as a business," according to Neil D'Souza. "As long as customers don't like your product, nothing else matters. Every measurement fails."

Profit is not a dirty word

The relationship between profit and purpose has been a much debated issue. Building social good and achieving commercial viability are by no means mutually exclusive. Social impact should be embedded in operational metrics, such that the more successful or profitable the social enterprise, the more impact it is able to make.

"Profit is not a bad word. If you generate the profit and put it back into the business, your social enterprise will only grow," said Rajeev Kher, founder of 3S India, a sanitation and waste management company. "So while the work we do has a lot of social reach; it has to be for profit."

Being dependent on external funding can be uncertain in the long run, said Erwin Huang, founder of *WebOrganic*, a Hong Kong social enterprise which promotes digital inclusion by helping under privileged students gain access to online learning. "If the money can only last two years and there is no business model to sustain operations, the business will die. The funding allows social enterprises to get to a point where they can self-sustain, but if there is no profit and loss account, it won't survive."

Panel discussion on
Marginalised Communities: Challenges facing true inclusion

PROMOTING INCLUSION THROUGH SOCIAL INNOVATION



Moderator: Karen Ngui, Board Member, DBS Foundation **in conversation with Panellists:** Alvin Lim, Bizlink Centre Singapore; Rubby Emir, Director, Saujana and Kerjabilias.com, Indonesia; Stephen Wong, Head of Public Policy, Our Hong Kong Foundation; Zachary Gomes, Chief Operating Officer, Hilltribe Organics, Thailand



Many social enterprises in Asia seek to create inclusive opportunities for those who are marginalised and discriminated against. Income generation opportunities are the most common channels, but the reality is community integration and true inclusion has remained elusive. Hear about the successes and challenges from social enterprises that have made inclusivity their calling.

Social enterprises are an important driver for inclusive growth, offering the opportunity for employing vulnerable and marginalised groups. The aspect of inclusion also plays a key role in tackling social and economic challenges. But even as inclusion has turned into a buzzword, it is a means to an end, and not an end in itself.

Beyond just espousing the “goodness” of inclusion as a whole, social enterprises need to think about the degree and type of inclusion, as well as why and how such a form of inclusion can take place within their own organisation.

“Don’t just say inclusion is good. You actually need to ask how much inclusion, or what type of inclusion,” said Zachary Gomes, Chief Operating Officer of *Hilltribe Organics*, Thailand, an organic egg farming company that works with ethnically marginalised communities.

Gomes offers a different, more nuanced take on inclusion. From his experience, some of these communities have intentionally opted for exclusion for various reasons, such as avoiding an extortionary labour system. Rather than “forcing inclusion into the equation as a universal good”, which may not deliver their needs of a better income and quality of life, Gomes believes in “economic inclusion for these culturally separate groups without assimilation.”

In terms of his organisation’s work, this means offering opportunities for “physically, ethnically and culturally marginalised communities to participate in a joint economy and receive benefits from this participation”, but at the same time not to be forced to give up their homes, way of life, or subscribe to dominant culture, he said.

Don’t just say inclusion is good. You actually need to ask how much inclusion, or what type of inclusion.

Recognising abilities beyond disabilities

Being inclusive is never just a checkbox item or a charitable act. Rubby Emir, Director of Kerjabilitas.com, an online portal in Indonesia dedicated to helping differently challenged professionals find a job match, said: “Employers are not yet willing to pay for our service as most of them still perceive hiring PWDs (People with Disabilities) as charity, instead of something that is of value and benefit to their company.”

The country introduced a one percent job quota for PWDs in 1997 but few are even aware about the existence of the law, he said. His hope is that PWDs can be given the chance to prove their skillset and capabilities, and for employers to look beyond their disabilities and recognise them for their abilities.

“We do have an exclusive approach to achieve that goal,” he said. “Job seekers with disabilities in Indonesia face difficulty in getting placements, so we provide an exclusive channel for them to get information and learn how to make themselves marketable, while also pushing the idea to employers that being inclusive is in everyone’s interest.”



Innovation and partnerships key to inclusion

"If you don't have true social innovation, it is hard to have true social inclusion," said Stephen Wong, Head of Public Policy at *Our Hong Kong Foundation*. "I do think a good social business should have innovations that can turn a disadvantage into valuable assets."

Developing a methodology and benchmark to review and measure social cost and benefit, also known as Social Impact Assessment, can help companies in their push for social inclusion, he added.

"From a business perspective, you can't manage what you can't measure," he said. "Being able to measure results and impact is also important in making improvements to existing programmes and processes as well as in accountability."

Inclusion can't be achieved just by the government alone, added Wong, citing Hong Kong as an example where the government accounts for just 20 percent of Gross Domestic Product. It requires other organisations in the ecosystem to do their part. Social enterprises which lack the resources need to be able to mobilise community resources and forge partnerships.

"Some inclusion can be achieved by big businesses together with NGOs, social businesses and the government. The whole network needs to come together," he said. "When businesses change, society will change."

Some corporations have been quick in adopting innovative solutions to take up added social responsibilities. Singapore's POSB, part of the DBS Group, takes pride in being the "People's Bank" and has to serve all segments of the community, including a large segment that is actually loss-making from a business perspective, according to Karen Ngui, Board Member of DBS Foundation.

"This forces us to find more creative, innovative, and low cost ways to serve them," she said. "And I think this is a good way to infuse and inculcate a culture of innovation throughout the entire organisation."

If you don't have true social innovation, it is hard to have true social inclusion.





The dream is that there will be no social enterprises in future because all businesses would be social enterprises.

In another instance of innovating for inclusion, a partnership was formed to hire and train seniors to help fellow seniors who need help with using internet banking, mobile banking and even the cash machine.

“They are able to empathise with the people they are serving,” said Ngui. “It’s a really nice situation where the community benefits and the bank is able to do its part in a socially innovative manner and also migrate some of the customers to more mass and low-cost channels.”

In the ideal situation, social enterprises should not exist as a category in itself, said Wong. “The dream is that there will be no social enterprises in future because all businesses would be social enterprises.”



Market

KNOWING YOUR "REAL" CLIENT

Balancing the needs of the beneficiary and customer can be difficult, even if they are one and the same person. Ruchi Widge, Director of UnLtd India, navigates this conundrum alongside three social entrepreneurs Abhinav Girdhar, Founder, Bodhi Health Education, India; Dr Banny Lam, Founder, Paris Café, Hong Kong and Leonardo Kamilius, Founder, Koperasi Kasih Indonesia, Indonesia



Social enterprises (SEs) aim to achieve both financial sustainability and social impact, in what is otherwise known as the double bottom line. Focus too much on one, and you may lose sight of the other.

Losing sight

For Leonardo, founder of *Koperasi Kasih Indonesia (KKI)*, a microcredit and savings facility catering to poor women in Indonesia, this could not be more clear: “Initially we were set up more like an NGO because we didn’t think about profit or revenue that much. All we thought about was our social impact and how to achieve it”. Unfortunately, it proved to be unsustainable – they could not afford to deliver weekly training lessons to their beneficiaries at no cost.

The women were both the customer and beneficiary in KKI’s case, but this mistake could happen in more clear-cut situations as well, as Abhinav, founder of *Bodhi Health Education*, illustrates. The SE creates technology-based products in medical education, which he predicts will generate immense value for frontline medical staff. He did not see, however, that the government, their customer, would be unwilling to invest in technology. “They won’t listen to us at all – it hit us ... we were so attached to the idea that you don’t want to tell yourself that this failed”, remarks an exasperated Abhinav.

At the same time, you should be careful not to neglect your beneficiaries while serving your customers. Dr. Banny, founder of Paris Cafe – a cafe that employs the hearing-impaired – was eager to increase its operational efficiency. However, using slips of paper for communication purposes can compromise that. WeChat became the answer to do so while serving both customers and beneficiaries. However, that may not always be the answer, as Abhinav has discovered.

The right balance

Abhinav sums up the lesson he has learnt from the episode: depending on the context, striking the right balance involves dealing with meeting customer needs as the first hurdle to overcome, and then getting an acceptable product for the beneficiary.

Crossing the first hurdle can require a lot of effort – KKI’s later success is attributed to the various discussions and observations they made on the ground. However, it was not always this straightforward.

KKI offered both loan services and periodic training (free-of-charge) to its customers – however, they only wanted the loan, not the training, even though the training would prove to be more useful. Leonardo pre-empted his customers’ needs and attempted to convince them to take both. It was a difficult ask – “Sometimes people understand but they don’t do. Sometimes they do but they don’t understand what or why they’re doing it”, explains Leonardo. In the end, he had to embed the training into KKI’s loan services.

We were so attached to the idea that you don’t want to tell yourself that this failed

KKI did not start out targeting poor women – they only did so when they found out from research conducted by Grameen bank that women channel 70% of their income into the family, as opposed to 30% for men. Since then, they have stuck with the target audience to achieve maximum social impact.

Accounting for indirect beneficiaries

Knowing the indirect beneficiary can also help the SE in other ways. Abhinav mentions that the healthcare chain / hospital could also be seen as an indirect beneficiary – in the end, they get a better-trained workforce. The additional value the customer gets from the project can help boost the partnership.

Ultimately, to balance the needs of the customer and beneficiary, Bodhi Health Education ensures that it adds value to every step in the journey to ultimately impact the end beneficiaries. Sometimes, a simple strategy is all you need.

Impact

MAKING A THEORY OF CHANGE REAL



Moderator: Prof Wong Poh Kam (WPK), Director, NUS Entrepreneurship Centre, Singapore **in conversation with** Irvan Kolonas (IK), Founder, Vasham Kosa Sejahtera, Indonesia; Neil D'Souza (ND), Founder, Zaya Learning Labs, India; Pamela Chng (PC), Founder, Bettr Barista, Singapore



SEs often face a trade-off between achieving impact and achieving business growth and profitability or satisfying other stakeholders. How do they manage this trade-off? When it comes to satisfying other stakeholders, each of them employs a different approach. Pamela Chng of Bettr Barista bootstraps her business, taking no external investment. Irwan Kolonas of Vasham and Neil D'Souza of Zaya Learning Labs have investors, but different types of investors look for different things – and are likely to tell the social entrepreneur what direction they should take. How does an SE manifest its theory of change amid all this?

WPK: *Let's start by each of you telling us about your SE and your theory of change. What is the impact you want to achieve and how do you achieve it through the SE?*

IK: I started my company 2 years ago because I wanted to tackle the problem of small farms. When we started we realised that most small farms sell simple local staple foods and do not earn a premium for quality, organic products. A lot of development money has been invested into, but no interventions have been truly effective thus far.

When we started we wanted to a business model that groups smaller farms together and equips them with training, loans and farming inputs. That's my theory of change - our impact targets are 30% annual increase in income, measured twice a year.

PC: Our theory of change was dealing with some of the first world issues we have here in Singapore. A lot of people from marginalised communities are falling through the cracks. They have access to opportunities to get out of their predicament - looking at the landscape and level of assistance out there, a lot of it is given, but mostly in the form of skills training, and only vocational skills training. The key problem with that is that you can give someone the skills to do something, but that doesn't help them to stay in the job, because it's much more than just mechanical or vocational skills required. One needs the ability to have emotional resilience and an understanding of how to cope with and rise above their challenges while staying employed.



You can give someone the skills to do something, but that doesn't help them to stay in the job, because it's much more than just mechanical or vocational skills required



Bettr Barista's programme works with marginalised women and youth at risk in Singapore. It uses coffee as a vehicle of change. So we give them physical and emotional training - a sought-after skill of being a coffee professionals - and we pair that with emotional training. This emotional resilience training is structured and customised by clinical psychologists to give them the emotional tools and skills to cope with challenges. We also do physical training such as yoga, rock climbing etc, to instill discipline, endurance, teamwork and other soft skills required to thrive at work. We try to change their mindsets and their behaviours.

Why coffee? Well, 6 years ago, the coffee market was growing, and today it is still growing. A growing market means job opportunities. We could collaborate closely with the coffee community to provide them with job opportunities and internships. Coffee is also a medium to touch the consumption-end of things - if we can create



If a parent is paying 10 dollars a month, and there are 60 kids in a class, but the school pays the teacher 90 dollars a month, couldn't I disrupt this industry using technology?

a thriving enterprise in the coffee-consuming countries, then we have the ability to work directly with farmers in their communities and pay them well, as well as give them training and opportunities to upgrade their skills. So, all along the supply chain the ecosystem gets developed.

ND: To understand Zaya's theory of change well, first of all you have to understand that in India the quality of education provided by the government is poor. Secondly there's a shortage of teachers. Because of the shortage, a lot of parents are pulling their kids out of government schools and putting them in affordable low-cost private schools. Though the quality of teaching in government schools and low-cost private schools is about the same. So they're paying more for similar quality.

So, when starting Zaya I wanted to re-examine and disrupt teaching.

If a parent is paying 10 dollars a month, and there are 60 kids in a class, but the school pays the teacher 90 dollars a month, couldn't I disrupt this industry using technology? So we went to the school, asked for 10 dollars a month for a personalised learning technology solution. The combination of the teacher and our tool will give them a teaching standard that would cost \$500 a month – which they'd never be able to afford. So they get a high quality teaching standard, save money using our tools' consistent

reliable technology. We now have 50,000 students in our programme. Teachers may not have studied beyond high-school level but with our tools they are able to deliver very high outcomes to students.

The original vision was to improve the quality of education. Our approach was - take Starbucks as an example – they don't create the world's best baristas, but produce decent, consistent cups coffee by using the right tools which are universally the same in all their stores. We believe we could do that to teaching.

Zaya provides the operating system for a classroom that allows a semi-skilled educator to work with the tool to deliver a top quality teaching standard.

WPK: *What were some challenges that each of you faced while trying to achieve the impact? How did they manage to resolve the trade-off between growth, profitability and impact, especially if they when you had other stakeholders who have a different theory of change/role?*

IK: I come from a big business family and it was very difficult for my parents to understand why I wanted to start a social enterprise. Secondly, it was very difficult for them to understand that my company's was not going to be profitable till 2018. I chose to go impact first (before profit), so my parents decided to stop funding me.



So I went to look for impact investors. I did know the agriculture business but (in the beginning) I didn't know the challenges farmers were facing.

We got two investors – a venture capital fund called UnitedSepac and an NGO called RiceCrops. I wanted to have 2 different kinds of impact investors. In terms of growth, profitability and impact, we started with a baseline to improve by 30%, and design a business model around that. Could we have gone straight to 100%? Yes. But then investing so much upfront would have made us go bankrupt. So instead we started with 30% and tried to improve that to 100% over the year. We understood that investors look for growth - so we had to be able to invest in certain things quickly to grow very significantly. The approach was to focus on certain things first.

If you are able to grow and scale very quickly, and have the platform to scale, then you can raise more money and use it to improve the products and services you already have, and increase the impact you have.

PC: We bootstrapped from day one meaning we had no investors. Why? First, we were trying to prove our own theory of change - executing and testing this business model without any outside investment. The first two years was about the social, making sure the model was robust and that it created the impact we expected. In year 3, we figured we were running out of money and needed to start focusing on the business. So we convinced ourselves that what we were doing (the social impact) was needed, and was something we needed to continue doing.

Betr Barista Academy runs barista courses for the public and corporations and those who train the public and earn our revenue also train our beneficiaries. This means that every hour our trainers spend training our beneficiaries they are not earning revenue. So this was a constant trade-off between social impact and making money. To address this we expanded physically (getting more trainers, for example) to avoid this trade off. Because we had focus on making our company profitable - we cut our intake of beneficiaries down from 4 to 3 per annum, so we could spend more of our time and energy trying to make money. I don't have a background in coffee, but what really convinced me to try it was because I already had 8 years

of business experience prior to this - I had gone through the fire and trials of the business. For SEs, we're doing business, and we're doing social. The learning curve is very steep for both. I had to learn about coffee from scratch.

ND: I had an interesting journey. Zaya started out as a non-profit. I accidentally stumbled onto the idea to bring technology to rural areas to enable learning while working on another project. But the impact of the idea was very clear. We generated enough revenue on our own that I didn't need investors or donors. It became a problem because more than 80% of our operating budget came from our revenue, which disqualified us as a non-profit. So we had to turn it into a company.

At the time a lot of investors were attracted to the fact that we had tech. Many wanted to invest. It was tempting, and we took it. Investors would tell us to just keep doing what we were doing and keep investing in research and development. We had enough to last us two years. What I've realised is: it's most important to build the business first.

WPK: To conclude I'd like to echo what the three social entrepreneurs here have said which can be inspiration to us all. You don't need to know everything before you create change, but you must apply business skills in order to make your theory of change real.



If you are able to grow and scale very quickly, and have the platform to scale, then you can raise more money and use it to improve the products and services you already have, and increase the impact you have.



Management

LEADING WITH A PURPOSE

The main reason why social entrepreneurs start their enterprise is because they believe deeply in a 'purpose'. They have a vision of how the world should be and are drawn into it. However, reality soon jumps in and challenges present themselves. Leadership here is all about how they manage these realities while balancing their ideals. The session tried to explore what it is like to be leading and growing a social enterprise. Is there a better way to manage a social enterprise sustainably without running your life to the ground? The two social entrepreneurs: A 50-year-old, experienced serial social entrepreneur in Hong Kong and a 25-year-old founder of a fast growing social start-up in Indonesia share their experiences on leading with a firm purpose.

Moderator: Shiao-Yin Kuik, Nominated Member of Parliament; Co-Founder, The Thought Collective, Singapore **on a fireside chat with** Erwin Huang (EH), Founder, WebOrganic, Hong Kong and Alfatih Timur (AT), Co-Founder, Kitabisa.com, Indonesia.





At what moment in your social enterprise journey did you feel you were actually leading?

EH: I never felt fully in control. My philosophy in management is to be hands-off. In Chinese I follow the Lao zhi model where I focus on building the ecosystem and let everyone take their role in it. Soon the team doesn't need me around and work takes its course. There are many external disturbances that affect the working of an enterprise and as a leader I should be going out to defend the work that the enterprise is doing. So I spend more time in protecting the ecosystem. Also finding the right team has been my priority. I believe in getting the brand and the values right before starting any new project. Yes, I do need to know if KPIs are met, stakeholders are happy and if the media likes us. Though I am hands-off, I do keep an eye on social media and check on any references to us to ensure that our businesses are well understood by all.

AT: I believe that when the 'why' is strong the 'how' is easy. In the earlier days of my start-up, I lost people from the team as they thought of me being too dominant and egoistic. It was shaken and almost let go of my venture. But my mentor supported me and I continued on the path by hiring a new team. Since then I think I have been doing good on the leadership scale. I can convince my team on the power of 'why' without being constantly repetitive. I realise that one-way communication never works so I kept all channels open for the team. I have seen that when there are enough collective experiences then the team stays together. And that's when they also believe in the vision that you have set. I know my team is super awesome and I have to listen and learn from them too.

Every leader has an idea of this ideal world, but reality has something else to offer. How do you deal with this gap between your vision and reality?

EH: I think vision is something that you define together so it's not just a one person led belief. The vision should be simple that everyone can understand. I don't believe in having very lofty ideas. I do think we must under promise and over deliver when it comes to social ventures. The



by having a network of ventures, you will be able to avoid disappointments, learn to multi task, do a lot more while being happy.

persistence is an emotion that helps me stay on course. You don't have to be smart but you need to be strong enough to stay on during the bootstrapping days till the day, someone believes in you and the capital comes through



team should be empowered to do their best but they should also know that you have their back. I am very clear that as a leader, one must take the blame for things that don't go right. We subscribe to high levels of governance and ethics at work. We never discuss any other ways of doing our work other than the right way. It's okay if we have disappointments but we will still do it the right way. When I was younger and worked in the Silicon Valley I was told that I must give 150% of my attention to my start-up.

Today, I am older and I feel that it wasn't the right way to work. When you put all your eggs in one basket and are so focused on one single venture, you compromise on all other aspects of your life such as your family and health. But by having a network of ventures, you will be able to avoid disappointments, learn to multi task, do a lot more while being happy. You also create an environment when one venture can help the other.



Apart from hard capital – funding, networks etc, how do you build this social and emotional capital? Leadership is emotional and what is that emotional habit that has served you well during a tough time?

EH: I am an optimist. I don't remember bad things. That keeps me young as well. If I face a very strong emotional day, I just go to bed and forget about it. It's not about being indifferent. Because I do care about what my team and community goes through. I get angry with injustice I see around. I have my rules, I am an ecosystem player so during a tough time I give myself some space and then I come back to handle bigger challenges.

AT: Since we are in the business of raising funds for social causes through our website, one of the emotions that I want to keep building in the team is that of empathy and storytelling. I always talk about the positive stories of the projects that have been made possible with our efforts. This positivity helps my team to be more involved in their work and do their best. For me personally, persistence is an emotion that helps me stay on course. You don't have to be smart but you need to be strong enough to stay on during the bootstrapping days till the day, someone believes in you and the capital comes through.

Closing remarks by Moderator:

Leadership is actually about range and knowing how to change gears and gain that whole range of behaviors that enable you.

When you are young, you don't have that much experience of changing gears yet. You cannot rush it and it will develop through age. The ability to shift gears that helps you decide whether you negotiate first or be forceful; I can go from fear to ambition; I can be flexible or persist – that is a range that you can master only through time and experience.

Leadership is not about ego. At the end of the day if things get done without you, don't worry about it and you must be able to go on and do something else. Your purpose

must be broad enough to allow you to move on and keep doing good.

There is personal purpose and an Organisational purpose. If you set up multiple organisations, you have multiple organisational purposes. But there is always your central purpose and while these organisations can change or fail, you don't fail in the personal purpose that you set out with. You are the most important system that you can lead and manage. You are the most crucial aspect you need to take care of.

Remember you are a part of mighty wheel of change and the road ahead is hard. Social enterprises are what we get to do and not what we have to do. Sometimes we get caught up into the nuances of impact assessments and social impact measurements. Don't be so hard on yourself. If you are in it and managed to make a difference to even one person, that is significant impact enough.



Know How

MEASURING SOCIAL IMPACT

Prof. Jasjit Singh, INSEAD, Singapore facilitates a workshop with a case study of Sampurn(e)arth Environment Solutions Pvt Ltd, India. Debartha Banerjee, Co-Founder of Sampurn(e)arth joins the discussion.



Social enterprises are businesses with an impact agenda built into them. But how do you measure both the business and impact sides and why is measuring of social impact important? “We measure impact because we care about impact, and the hope is that by measuring impact, that feeds back into our system and helps us improve - so that we can create (event) more impact,” says Prof Jasjit Singh.

We still should measure the business imperatives like profit, revenue etc. But the extent to which you feel there is a need to measure social impact on top of just selling products and services varies depending on the SE.

The Playpumps Lesson

Clean drinking water can be hard to come by in many parts of Africa, so a social entrepreneur called Trevor Field set up Playpump. The idea is that kids play on a merry-go-round-like device. The motion of the playground equipment powers a water pump that draws water out of the underground bore-hole and is stored. The problem it was trying to solve was that of difficulty in getting water. Women and girls who had to walk long distances to fetch water via hand pump. By the time they'd walked the long way, they didn't have any energy left to pump the water manually. In theory Playpump solved this problem and provided a free playground for kids.

The business plan was to receive donor funding to install the Playpump, and then to fund maintenance of the equipment, the pumps came with billboards. Earnings would be derived from advertising revenue.

A simple business model that provides water, lets kids play and funds itself. But it was problematic.

To begin with, entrepreneur Trevor Field invested his own money in setting up 2-3 pumps. They were doing well and he was tweaking the pump to improve it. Then in 1999, Nelson Mandela visited a school which had a Playpump installed, and suddenly, Playpump's visibility skyrocketed. Playpump received a World Bank grant, as well as funds raised by other foundations.



*To show impact,
show positive affects.
Prove to me that lives
are really better.*



This ironically was the onset of Playpump's downfall. As more donor money kept coming in, there was more pressure to scale up. But in reality the pumps were not as efficient as hand pumps and up to four times the cost. Unfortunately, this important detail was overlooked. To generate enough water to support a community, a single Playpump needed to be running for 27 hours every day. Nobody did the math. Had this been measured early on, the pump could have been redesigned to be more efficient. That was not all! The ad revenue profit model also tanked. Advertisers were also not interested in remote locations where the pumps were needed most. To them, a billboard in the middle of nowhere didn't reach their target market and was not worthwhile.

Playpumps, while great in theory failed in practical – both in social impact and profit model. The SE suspended new installations, focused on maintaining the 1200 existing pumps. At some point, they wrote off 4 million worth of inventory and gave it to charity.

The lesson from Playpumps is not to scale-up too fast. Because of the influx of donations & investment, the agenda got hijacked by well-meaning donors. The metric

donors were looking at was how many pumps were being installed a month. Sadly, to keep up with demand, Playpumps were going into communities with functioning hand pumps, digging them out, and putting in play pumps. Due to the lack of early-stage testing and maintenance, Playpumps operated on two assumptions. The first was that if the first 3 or 4 had worked, then the remaining 100 would work. The second assumption was that if it worked in South Africa, it would work in the rest of Africa as well. Both assumptions proved false and were not tested.

Just because we're well-intentioned and running a SE doesn't mean that we stop looking at cost-effectiveness. According to Prof Singh, SEs still need to go back to the core strategy by asking what is the basic value you are creating? The primary question is: Who is your customer. The secondary question is: How do you monetise the product or service you're providing? Once those two questions are answered, early-stage testing is necessary.

Prof Singh went on to say to show impact, show positive affects. "Prove to me that lives are really better. Have in mind what is the counterfactual - what would have happened in their lives if not for your social enterprise?"



Success Story: Sampun(e)arth Environment Solutions Case

Many people wonder why Sampun(e)arth – a solid waste management company based in Mumbai – chose this particular area of social impact. The answer is simple: necessity. Solid waste is a very visible problem in India - there are dumping grounds with piles of trash almost 60m tall. These are sometimes next to rivers, and are often fire hazards. It is also financially draining – in Mumbai more than 400 million dollars is spent on solid waste management. At the same time, a huge number of informal sector workers, known as waste-pickers, help clear rubbish and work under poor conditions. Between 1-2% of the city's population are waste-pickers.

In founder Debartha Banerjee's own words: "Our solution is to decentralise waste management and design waste management solutions. First of all, we train people to segregate waste (eg paper, plastic, food waste.) Then, we develop products that can process the waste at the source like biogas, compost, electricity. Metals we take away to be recycled. We provide services such as housekeeping, and collection of waste from individual homes."

The model also has a potential to generate employment opportunities - training people to run biogas plants and in segregation. In the short-term, Sampun(e)arth increases income for waste pickers - primarily women.

Sampun(e)arth measures impact with a triple bottom line: Economic; Ecological; and Social.

For the economic bottom line, they ensure that our decentralised model saves money for the city council while also generating revenue. Ecologically, Sampun(e)arth cuts down greenhouse gases, water pollution, and carbon emissions from transportation. Socially, they engage the informal sector, by providing social security which was not there before. In addition, these workers are relieved of their 'outcast' status. The Indian SE also promotes environmental awareness in the forms of segregation practices and getting people to invest in such systems.

"How we measure this output is through a series of outcomes. We measure greenhouse gas reduced in the form of metric tons of carbon dioxide being released;



*The primary question is:
Who is your customer.
The secondary question is:
How do you monetise the
product or service you're
providing?*



economic impact through amount of money saved and money made out of waste; and, for social impact, we measure how much more income, savings, social security and benefits the waste pickers get. We cannot monetize how much respect they get, but we make a few case studies of these," Banerjee explains.

In conclusion, measuring social impact is crucial to an SE's success, it not only helps to improve business and increase impact but also it is important to stakeholders such as investors, employees and partners.





BUSINESS IMPACT

Featured Social Enterprise: **IMPCT, Taiwan**

FAILING THE WAY TO SUCCESS



It's important to seem successful, but there's a real difference between what people see and what we experience as entrepreneurs.

TAYLOR SCOBBIE
CEO OF IMPCT

For any entrepreneur, the idea of failing is an unwelcome thought.

"I think business is a lot of talking about success all the time and we never talk about failure. They craft this narrative that 'I'm always winning', because you want a message to your stakeholders that you're successful," said Taylor Scobbie, co-founder and CEO of Taiwan-based IMPCT. "It's important to seem successful, but there's a real difference between what people see and what we experience as entrepreneurs."

Scobbie's venture into social enterprise started as a "lucky occurrence" when his team beat 26,000 other teams to win the USD1 million Hult Prize, the world's largest student business competition, with their plan to empower women in urban slums to own and operate their own preschools.

"We had this idea of what we believed quality education should be, and for us, it was kids in a classroom. It was about having teachers, materials, interaction, nutrition and safety, the things we had as kids," he said. "Quality early education is expensive and urban slums notoriously don't have any money to spend on anything, let alone quality education."





Especially in the start-up stages of a social enterprise, if you in-house everything, your overheads will be massive and that will lead to true failure



Turning this vision into reality is far more complex than in theory. Practical challenges such as lack of basic amenities, local politics and tight finances stand in the way of effective implementation. IMPCT's first school that it built in El Salvador's La Cuchilla district, an informal community where most people live in shacks, did not have a door.

"The truth is that we fail a lot more than we succeed. It's probably a 100 to 1 ratio, and we fail in all sorts of different ways. We come up with ideas that are bad. We tried different building models, different kinds of curriculum and different ways to raise capital."

IMPCT is preparing to implement an aggressive scaling plan to achieve its vision of building 5,000 schools over the next five years. That vision has not changed, although the journey there will, for instance having to finance schools in a different way, said Scobbie.

Using the Playcare franchise and a Montessori curriculum, IMPCT trains teachers and caregivers to run the school for their community. After building two schools in El Salvador, the company went on to establish a presence in South Africa and Guatemala.

"There are so many markets that I think can use the solution. But for us, it's about building a foundation of sustainable schools. So the first and second markets have to be ones we think we can succeed," said Scobbie. "Subsequently we'd like to enter riskier markets, because the riskier markets have the children who need it the most. But going into the riskier markets first is tough from a business perspective as we have to answer to investors."

To increase the quality and capacity of IMPCT's work, capital is needed at terms that make sense, so the company came up with its own set of solutions to that.

It is at the stage of developing a new financing model it calls the demand dividend investment platform that lets people invest in these businesses that they care about as a return bearing investment, said Scobbie. "It's never been done, so we're trying to do it. It is legally complicated but we're really excited about this as a new way to finance businesses in urban slums," he said.

To finance the construction of another school in a rural village in Guatemala, the company is developing a range of IMPCT products, starting with coffee which is sourced from the local communities they work with. All of the profits are plowed back into building a school or providing scholarships for the kids in schools which are already built.

His advice is to share the burden and find local partners for your social mission.

"Especially in the start-up stages of a social enterprise, if you in-house everything, your overheads will be massive and that will lead to true failure," he said. "You will also need local knowledge. In every community and every country you work in, the solution needs to be changed, either a little or a lot. The only way to know how you need your solution to be different is to hire people from the local place and do your learning."

"If you can get past how hard it is, it will be the most rewarding thing," said Scobbie. "The feeling of walking into the classroom on the first day and seeing kids learn when they've never had an opportunity before- that's the reward and that's why we keep persevering through all failures."

"You can only fail your way to success. But you only really fail if you quit, so it's just an attitude."

Panel discussion on
Giving up for the right reasons

THE HARD TRUTHS ABOUT NOT GIVING UP



Moderator: Richardo Chua, Adrenalin Group of Social Enterprises, Singapore **in conversation with Panellists:** Taylor Scobbie, Co-founder and CEO, IMPCT, Taiwan; Leonardo Kamilius, Founder, Koperasi Kasih Indonesia, Indonesia; Yves Zuo Yu, Pionovasion, China



After the euphoria of the new start-up adventure wears off, the realities of operating the enterprise hits hard. The following years are harsh and test commitment and courage. Are you truly ready to face the hard decision of whether your SE, your team, are able to go the distance? Hear how social enterprises deal with the reality that confronts them at these crucial junctures.

Being a social entrepreneur is more about sacrifice than about freedom, money and recognition. The journey is fraught with struggles, some of which can be deeply personal, according to social entrepreneurs at a panel session on the second day of the DBS Foundation Social Enterprise Summit where they discussed the harsh realities they were confronted with and the hard decisions they had to make.

While some poured in personal investments in the form of time, money, and sweat, others gave up high paying corporate jobs, stable income and medical benefits in exchange for uncertainty, long hours and even went without salary for extended periods.

Leonardo Kamilius left his management consulting job and founded *Koperasi KASIH Indonesia (KKI)*, which empowers the poor to exit poverty through a combination of microfinance services and motivation-mindset training. He said he was often close to giving up in his first year of business.

“We bootstrapped our capital and I didn’t take a salary for one and a half years, so it was really tough. It was also physically demanding having to make frequent trips to the urban slums, taking about 3 hours each time.” He also struggled with having to depend on his single mother, who was initially skeptical of his move.

“Before I even had the chance to make her happy, I quit my job and she needed to subsidise me. I used to think, there will always be poor people, but my mother will not always be there. Every two months I thought of giving up,” he said.

I used to think, there will always be poor people, but my mother will not always be there. Every two months I thought of giving up

Most social entrepreneurs must also be prepared to grind it out and embrace the nitty gritty. Even with his co-founder and CEO status, Taylor Scobbie of IMPCT, which empowers low-income entrepreneurs in urban slums to build preschools for their communities, was not immune to doing daily chores and administrative tasks that comes with establishing operations across different continents.

“It can be frustrating when you end up spending too much time on administrative tasks that you don’t even understand in the first place. It’s about getting past that part to the part which you signed up for, which is making a cool product that actually helps people,” said Scobbie. The CEO’s job is hardly prestigious when you end up doing all the tasks that falls through the cracks, including cleaning up graphic design collaterals and even cooking for his team to make their lives easier, he added.

The dilemma of playing ‘Nice’

For Yves Zuo Yu, CEO of Pionovasion, a thin-film solar power company in China, one of the most difficult decisions he



Efficiency is so important for social enterprises as we have to take care of both revenue as well as impact. It's also about being accountable to other people on the team

struggled with was having to let go of employees who were not productive and detrimental to the team's morale.

"As social enterprises, we always try to be nice to everyone, to try to help others. So it was difficult for me to fire someone," said Yu. "But efficiency is so important for social enterprises as we have to take care of both revenue as well as impact. It's also about being accountable to other people on the team."

Conversely, the struggle is consistent when it comes to hiring talent. IMPCT's Scobbie was faced with a "moral quandary" when friends and supporters who chipped in financially during the crowdfunding exercise wanted to join the company.

"Hiring is always a challenge for us. I know very talented people who want to work for IMPCT, but it's always a challenge whether I can afford the overhead and create a position for them," he said. "I want to do right by my friends and do right by the people who supported us, but at what point do I draw the line?"



Sacrificing extra profitability for greater social impact

Funding and cash flow were also always at the top of every social entrepreneur's mind. Beyond making a profit, they have the additional goal of solving social problems and harnessing market forces to create positive knock-on effects within the community.

Naturally, there were also instances where the desire to do good and the desire to remain sustainable came into conflict.

Kamilius once turned down a potential investor who asked to take out the education and savings component of the microcredit as these social components of the loan makes the business less profitable.

"It was tempting to accept the offer but we went back to why we are doing this, which was to help the poor, and we know that microcredit alone is not enough," he said. "It's about how we want to help first, then followed by how that can bring us revenue."

Similarly, Pionovasion could have been more profitable if they sold their products to certain customer segments, such as urban factories but they chose to sell it to people in the rural areas who needed it more, even though the process was more time consuming, said Yu.

Ultimately, survival and success boils down to the power of conviction to the cause and finding creative ways of solving problems to help weather storms. The gratification of seeing how their business impacts lives makes it hard to just throw in the towel.

"Sometimes doing good is way harder than you anticipated," said Scobbie. But there's "this exponential effect in empowering people in additional ways, which I don't think businesses have," he added.

Said Kamilius: "We all struggled, and if we didn't persist, we would not be where we are today. If you really want to do it, then you're going to find a way. If that one way doesn't work, you will find another way, and another way."



If you really want to do it, then you're going to find a way. If that one way doesn't work, you will find another way, and another way

Market

MARKET EXPANSION WITH A SOCIAL FOCUS



Moderator: Warren Ang, Director, East Asia, The Global Development Incubator, Hong Kong **in conversation with**
Panellists: Anna Meloto-Wilk, President, Human Nature, Philippines, Irvan Kolonas, Founder, Vasham Kosa Sejahtera, Indonesia



While many social enterprises have achieved early success locally, many stumble when they attempt to expand overseas. How can we begin to navigate the regulatory and cultural complexities between markets? How do social entrepreneurs find the right balance between growing business objectives and maintaining their social mission?

Set a strong foundation and processes

It can be tempting to pursue growth opportunities when an attractive offer comes along, but don't be afraid to turn it down if your social enterprise is not ready to deliver at a larger scale. "We were approached by one of the country's largest supermarket chains, but decided to postpone getting into retail as we didn't have the knowledge or investment capacity since our initial business model was focused on direct selling," said Anna Meloto-Wilk, President of *Human Nature*, a social enterprise that offers affordable organic local beauty and household products that benefit farmers in the Philippines.

She only decided to take up their offer after two years when *Human Nature* had established its hybrid model of direct selling and retail. Today, they have 33 branches in the Philippines and their products are available in Singapore, Malaysia, Indonesia, Abu Dhabi and America.

For Irvan Kolonas, founder of *Vasham Kosa Sejahtera*, putting the right internal processes in place and building a strong core working team are crucial pre-requisites to scale. This is particularly so for service and labour intensive companies like *Vasham*, which improves the livelihoods of staple crop farmers in Indonesia by providing them with inputs, training, loans, market access and resources.

Both entrepreneurs also agreed that functions like finance and accounting are immensely important as they form the building blocks of a successful business. Social enterprises need a sophisticated way to track their books (e.g. cash flow, balance sheet) and should set strong performance metrics that are tracked on a routine basis.

Social enterprises need a sophisticated way to track their books (e.g. cash flow, balance sheet) and should set strong performance metrics that are tracked on a routine basis.

"But, if you're starting up and your processes are not strong, you can counteract this by hiring managers with a strong entrepreneurial mind set," said Irvan.

Hire and retain the right people

These first hires are often the most crucial to set social enterprises on the path to scale and one of the biggest bottlenecks to growth is recruitment. Irvan often tells his employees that "recruitment is everybody's job, not just limited to the human resource department. Everyone should be a recruiter and trainer."

Additionally, hiring and retaining people with both the right competencies and character can be difficult. According to Anna, "offering incentives for successful referrals work best because 'like attracts like' and people in the same circles tend to have similar values."



If external funding is required, both parties must be aligned on expectations of returns and the level of involvement for a relationship to be successful

On her personal approach to hiring, she tries to hire those who are “smarter than us (the founders) but don’t have egos and will still listen to us as we are the ones who have the responsibility of protecting the values of the company.”

Know your markets and localise where needed

Anna reiterated the importance of local knowledge rather than relying on assumptions about market demand.

“A challenge we had was that our advocacy did not resonate overseas (e.g. pro-Philippines products). When we expanded to the US, we had to change our message to be more focused on environmental impact and focus on universal values like social justice that resonate with everyone,” she said.

For social enterprises in the agricultural industry, scaling is a means to diversify your ‘portfolio’ and spread your risk as the success of crops is dependent on weather conditions, a lesson Vasham learnt from being badly affected by the El Nino climate pattern two years ago.

“When we expanded to another region, we took a long time to build relationships and understand the farmers, players and value chain there. Initially, we tried to standardise too much and ended up re-doing the processes every 3 months, which is incredibly hard when things are always shifting,” said Irvan.

Find the right partners and funders

One of the recurring themes of the session was that social entrepreneurs should not attempt to ‘go it alone’, but instead look for partners with the same vision. Anna advises entrepreneurs to take the time to get to know prospective partners and compares the process to “a long courtship.”

“You’re not physically there so you need to fully trust them and also be able to push them towards your goals,” said Anna.

There are also countless funders and financing options available including impact investors, grant makers, banks and even self-financing. “We used our savings at the





Investors will keep challenging your business and ask you questions you don't want to answer. It's about self-reflection and admitting what works and what doesn't



start and made wise decisions about how to re-invest the money (like not prematurely venturing into retail). You have to be very discerning and it can be enticing to find investors when you are struggling, but bootstrapping is equally important because it helps set the character and build the processes yourself," noted Anna.

Human Nature only took their first loan from a bank when they opened their own factory 2 years ago, citing predictable interest rates as a key factor. If external funding is required, both parties must be aligned on expectations of returns and the level of involvement for a relationship to be successful.

When it comes to approaching an investor, Irvan favours funders who not only provide financing, but also mentorship and connections. He also advised start-ups to map out their investor options and be prepared to have their assumptions challenged when pitching for funds.

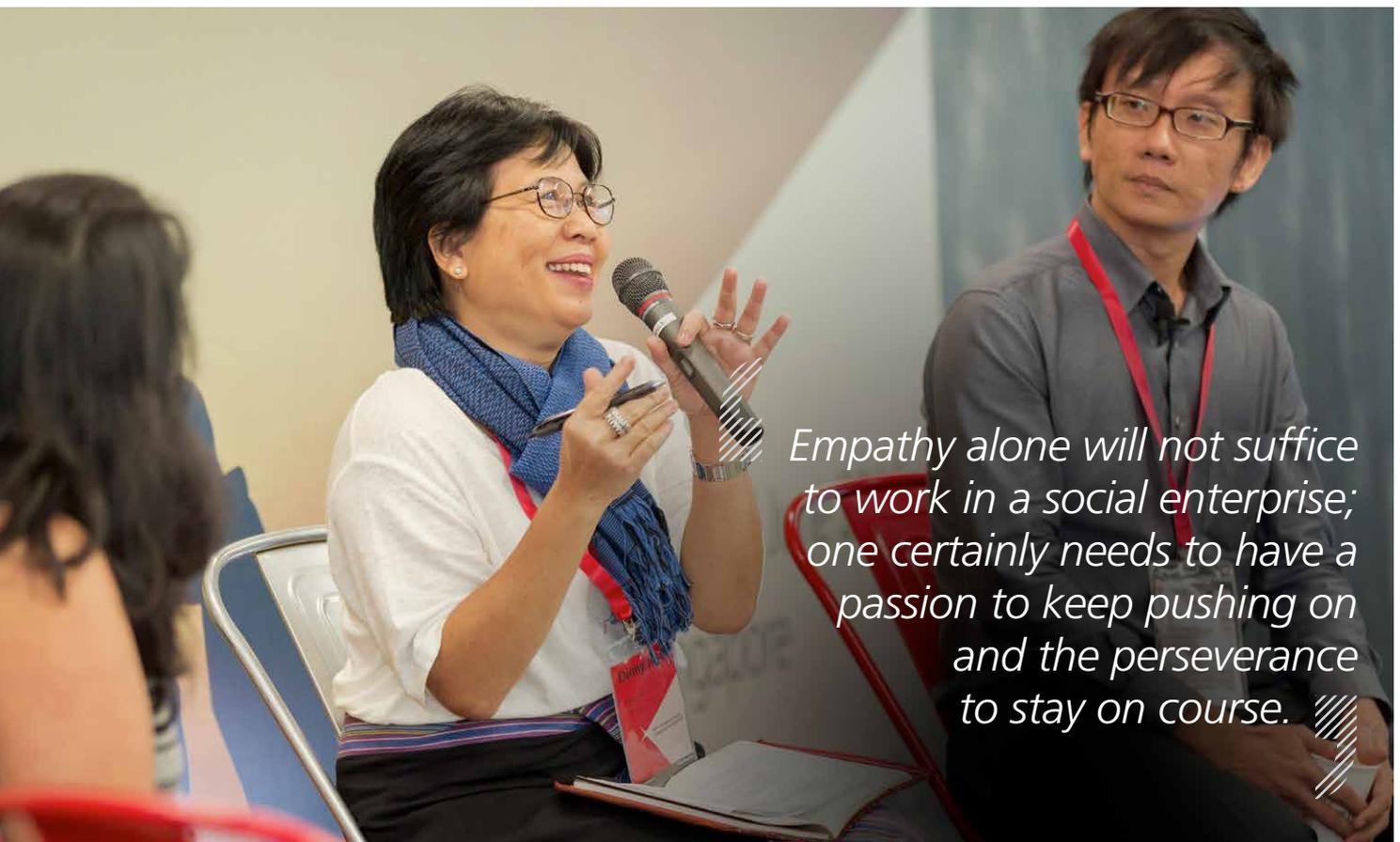
"You need to remember that it's about more than an idea. It's about the execution and operations. You need to prepare projections, budgeting processes and present strategic issues when pitching. Investors will keep challenging your business and ask you questions you don't want to answer. It's about self-reflection and admitting what works and what doesn't," he said.

"At the end of the day, I want to prove that social businesses can scale without sacrificing our values. All of us are trying to prove that there is a better way and that social entrepreneurship is a more holistic approach to business."

Management

TEAM WORK MAKES THE DREAM WORK

This session discussed the transition from founder-led social enterprises to the formation of teams. We explored the dynamics and nuances involved in managing the teams while keeping the chemistry working towards the greater purpose and vision of the social enterprise.



Empathy alone will not suffice to work in a social enterprise; one certainly needs to have a passion to keep pushing on and the perseverance to stay on course.

Moderator: Ruchi Widge, UnLtd India **in a fish bowl style dialogue with Panellists:** Dinny Jusuf, CEO, Toraja Melo, Indonesia & Lin Wei Liang, CEO, TWare, Singapore with several other entrepreneurs joining the conversation.



I am a mother, a wife, a sister and a dreamer', quipped Dinny Yosuf, Founder of *Toraja Melo* when asked to introduce herself. After a stressful banking career and with an inkling to retire, Dinny made a trip to the Toraja region of Indonesia. She was taken by the plight of women weavers in the region and decided to embark on her social enterprise to shape their weaves into marketable products with the help of her sister, a designer.

TWare, a touch technology company that developed an app-controlled jacket impacting the lives of people with special needs, started with a three-member team of an engineer, designer and a business-focused engineer. Heavy reliance on interns and part time staff was inevitable for a start-up that was tight on funds, explained Wei Liang.

As the social enterprises grew, the need for specific skills emerged and teams needed careful building. As social entrepreneurs shared their experiences and challenges during the session, some key points emerged.

In early stages, it's only the founder and a really small team. Hence keeping the vision and the brand intact is not a problem. As the time goes, the business develops and the team grows. The team members join because they believe in the purpose and the founder needs to keep that guiding vision clear and inspiring for the team. The entrepreneur must remember that the team joined the purpose, not her/him.

Managing team during early days

With resources always in a crunch, the team tends to be lean in a social enterprise; Hence look for multi-taskers rather than specialists. It's important to find those individuals who don't isolate themselves but reach out and support each other in a team. Empathy alone will not suffice to work in a social enterprise; one certainly needs to have a passion to keep pushing on and the perseverance to stay on course.

While the required knowledge and experience is important for a role, the attitude with which the team member comes to work is key. Prior experience of working in a community also helps when hiring people for a social enterprise. These

individuals as they are more tuned to social enterprises' needs.

Building autonomous teams

The room discussed the importance of selection. If the founder is looking for a star team of three, form a team of seven to find those three that work best. Bringing people together needs a glue that people understand – don't offer equity, for example, if the team members don't understand it.

It always helps to find other social enterprises to collaborate than trying doing everything on your own and from the scratch. When you have teams working on a project, conflict is expected. Keep all your communication channels open, be accessible and get your decision making and timing right.

People who join us today may not be relevant after five years. We must accept that and keep moving and finding new people who can contribute.

Leading by example

It is good to start working with people, teams, partners before starting the enterprise together. This tests compatibility as well as brings people with complementary skills together. Compatibility is more key than equity sharing between partners in a social enterprise.

Many times, there may be team members who are more talented and experienced than the founder. To avoid feeling threatened, founders can ask: How open and committed is this team member? Are they sharing ideas to help others in the team? If it's a yes, there is no reason to worry.

Founders should never let go of selling / presenting the vision. Only a founder can sell the vision really well as they created the social enterprise with that clear purpose in mind.

While the team and the work they do is critical, founders should encourage and take care of themselves too. Body, mind and spirit need rejuvenation - it's okay to take a break sometimes!

Management

THE TRUTH ABOUT CORPORATE PARTNERSHIPS



Moderator: Patsian Low, Head of the DBS Foundation **in conversation with** Debra Lam, Co-founder, Society Staples, Singapore Rubby Emir, Director, Saujana and Kerjabilitas.com, Indonesia; Sunny Lin, SE Insights, Taiwan.



Partnership between corporations and social enterprise can be a double-edged sword. Representatives from three social enterprises discuss how to build and manage a mutually-beneficial corporate partnership.

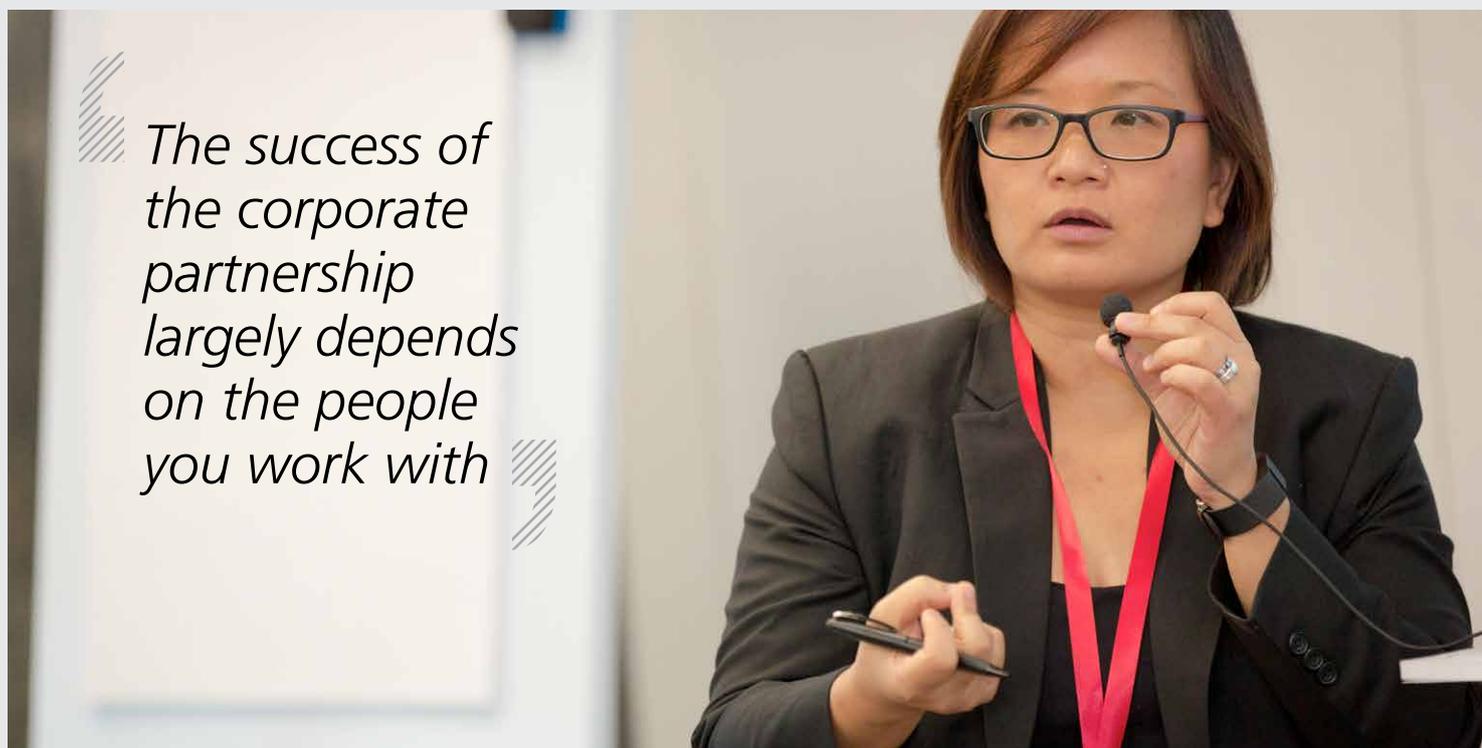
Mutual respect – the key to every partnership. Rubby Emir, Director, *Saujana* and *Kerjabilitas.com*, a job matching platform for Persons with Disability (PWDs), has never been a big fan of corporations; nonetheless, he believes there is scope for cooperation, explaining: “the reality is they are very pragmatic, we have to understand that. And we can make use of it”.

Understanding the customer

“If you know what they need and provide solutions, they will be willing to work with us”, says Rubby. More often than not, knowing your corporate customers’ needs can be a very long, drawn-out process, explains Debra Lam, co-founder of *Society Staples*, a social enterprise that

conducts team-building programs, events and workshops that engage the public with PWDs. Expect to liaise frequently, especially if both parties are working together for the first time. Expect frustration too – sometimes, explains Debra, corporations stop following up after the initial engagement, and the social enterprise doesn’t know the reason why.

Patsian Low, Head - DBS Foundation, acknowledges that the long turn-around time in engaging corporates is very real. “It is not the same as working with any business... there are certain requirements that companies have which take time”. However, she cautions against viewing all corporations, or even different units within a single company, through the same tinted lenses: “You have to work with different people in the company and they may





*Networking.
Accelerators.
Incubators. The more
we expose ourselves,
the more we can
leave an impression
on others*

have different priorities. Just as much as SEs are pitching to us, we have to pitch to everyone else within the company too". The success of the corporate partnership largely depends on the people you work with.

Reaching out

"Networking. Accelerators. Incubators. The more we expose ourselves, the more we can leave an impression on others" exclaims Debra. Sometimes, a lead is enough – he can direct you to the right person in the company. "It's important to manage the relationship well with the lead. Once it goes sour, it's very difficult to start again", mentions Patsian. "Make sure you talk to the person making the decision, not only the person influencing it". She also reminds that peppering the lead with only requests may neither be effective nor beneficial.

You may find clients or corporate leads whose goals are aligned to yours – when that happens, Rubby encourages SEs to take a long-term outlook: "we should stick with this person because he is very difficult to get. Make sure that we can fulfil the service, and also bring in additional value ... forming a better mutual partnership".

Social entrepreneurs also shared that they need to be prepared to make sacrifices at the start. One and a half years into its operation, Kerjabilitas.com still does not charge for its services to corporate clients – its focus is on "building up its reputation first ... for the first three years".

SEs have to be careful though; before agreeing to do pro-bono work, they should assess the engagement level and future plans of the corporation for potential alignment, explains Debra – don't go in blindly.

Debunking misconceptions

The difficulty comes when corporations keep asking for trials, discounts. Debra mentions that this is quite common – some corporations pressure Society Staples to slash 20-30% off their fees because they may think SEs "are like charity". Unfortunately, there is no consensus on how corporations should treat SEs. Each company has to decide for itself, explains Patsian – "should I be treating them as SE, or just another vendor?"



Fundamentally, SEs should expect that every corporation will ask for low prices and free service trials – companies are just being pragmatic. “SEs have to compete against other providers, not just other SEs”. Don’t expect extra points for being an SE. It is not realistic.

It’s not all bad news – Patsian reminds SEs that corporations lose out too when SEs walk away from a corporate engagement. Especially if the SE is the biggest player in the market. “When you set your work as the industry benchmark, companies will respect you”.

Unreasonable Demands

“In the beginning, we accepted any client who came in along with their customised requirements.”, remarks Debra, “It came to a point when, 10 months in, we realised that our clients were unsure of what Society Staples was all about”. Don’t lose sight of who you are and keep your service levels consistent. “If you are so customised you may not provide the same level of service next time ..., and we will not know what is the business model you are trying to run”, cautions Patsian.

It is important to not lose sight of your beneficiaries either. Despite being approached by one of the biggest Indonesian telcos, Rubby rejected the proposal as they “didn’t give us equal value ... and we would be sacrificing the trust placed in us by the beneficiaries”.

Respect yourself, your beneficiaries, and the corporate partner – and you will receive respect in return, said Rubby.

*Respect yourself,
your beneficiaries,
and the corporate
partner – and you
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in return.*

Panellists:

Patsian Low, Head of DBS Foundation

Debra Lam, Co-founder, Society Staples Singapore

Rubby, Director, Saujana and www.saujana.com



Money



ANGEL OR SHARK – CHOOSING THE RIGHT INVESTOR

How does a social enterprise ready for investment navigate the investor landscape? How can one become savvier in telling the sharks from the angels? Hear the panel share some of their most challenging funding experiences and how to avoid them.

Moderator: Kevin Teo, Asian Venture Philanthropy Network, Singapore **in conversation with Panellists:** Abhinav Girdhar, Founder, Bodhi Health Education, India; Chow Yen-Lu, Executive Director, BAF Spectrum, Singapore; Min Xuan Lee, Co-founder, PlayMoolah, Singapore





One of the biggest mistakes young start-ups make in their quest for financing is choosing the wrong investor. In many cases, young social enterprises do need financial capital to help them grow, but money becomes a problem only when it's thought of as the end, and not a means to an end.

It would be naïve to think that the money you receive never comes with strings attached, but the reality is that the world is a mixed bag when it comes to finding the right funder. There are many subtleties involved and securing the right kind of funding can have a huge impact on your start-up's direction.

Getting to know your potential investors

The panel agreed that getting to know the person who maybe a potential investor on a personal level is important to make sure the relationship starts off on the right foot.

"You don't have perfect relationships in your personal life, much less your professional life. You don't know how the person sitting across from you in the interview will be a good boss," said Abhinav, Co-founder of *Bodhi Health Education*, which helps improve the capacity of less literate health workers in India through highly-pictorial e-learning content.

When you first start out money is all green. You start out with some high level filters of what would be a deal breaker. However, you need to have a clear thought process around it, and sometimes it could even about the 'vibes' you get from a potential funder

"When you first start out money is all green. You start out with some high level filters of what would be a deal breaker. However, you need to have a clear thought process around it, and sometimes it could even about the 'vibes' you get from a potential funder," he noted.

For Min Xuan Lee, Co-founder of *PlayMoolah*, a social enterprise that helps youth develop a positive relationship to money, money can be a common language and an invitation to a transformation.

When pitching, it is important to show both quantitative information and also the 'heart' of your social mission.



On building a relationship with potential funders, she had this advice: "It is important to connect at the level of values and use the 'transaction' to change the conversation. After all, you don't know whether you can trust someone until you give trust first."

Min also shared that PlayMoolah's board of advisors are humble but experienced, and noted that being able to be authentic and completely honest with them is key to a successful relationship. Their advisors also turned out to be an unexpected source of funding.

"Money is just one form of capital and social enterprises should not forget to tap on human, social, material capital, communities and partners," she added.

Red flags that you're dealing with a shark

The audience shared that sharks may have emerged as a result of those in the venture capitalist space turning to impact investments without fully understanding the metrics that social impact investing should be made on.

For example, they may often expect quick and high returns that are unrealistic in the social impact world, or offer unreasonable terms and rates on loans.

According to Chow Yen-Lu, Executive Director of *BAF Spectrum* – a business angel fund, what differentiates

angel investments is that they mostly come in the form of equity investments, which means that the investor is in it for the long haul.

However, Yen-Lu also notes that social entrepreneurs should be wary of the proportion of equity given to investors, which lessens the sense of ownership as you will need to relinquish control of the venture.

"For me, a huge red flag is if someone asks you for 90% equity for early stage funding," he said.

Never forget to conduct due diligence

Yen-Lu also noted that due diligence is crucial and has to be done both ways. Many entrepreneurs forget to do their due diligence as they are under pressure to raise funds.

"Entrepreneurs often struggle to identify bad deals due to constant pressures. Motivation is the key factor to help you get to the next level, and it's important for investors to be patient and let the social enterprise build the foundations and let the impact follow from that," said Abhinav.

"It's important to know the context in which the investor is discussing with you. Why is the investor interested in this space and what I'm doing? Is it the hype around social entrepreneurship or genuine concern?"



So you've found the right funder, what next?

Once your social enterprise has identified a suitable funder, you have to convince them that your venture is investment ready. When pitching, it is important to show both quantitative information and also the 'heart' of your social mission. "You need to connect with the mind and also with the heart," said Yen-Lu.

Abhinav shared that social entrepreneurs should pitch their mission and impact idea, but be prepared to defend your enterprise by substantiating your claims with quantitative numbers and projections.

"In my experience, the investor needs to truly understand the business model and revenue model, along with impact which should clearly come through. Communicate your purpose, while showing your business perspective."

From an investor perspective, Yen-Lu listed several key questions that he often asks prospective investees, which social enterprises should always be prepared to answer.

"What is the next billion-dollar company that no one is building that you can build? How innovative is the idea? Why are you unique? How big is your market and potential market? Why is your team uniquely qualified to do this?"

"At the end of the day, you have to learn to live with ambiguity when it comes to funders. While there are telling signs that an investor is not right, there are plenty of grey areas. Having compatible goals is what's important," said Abhinav.

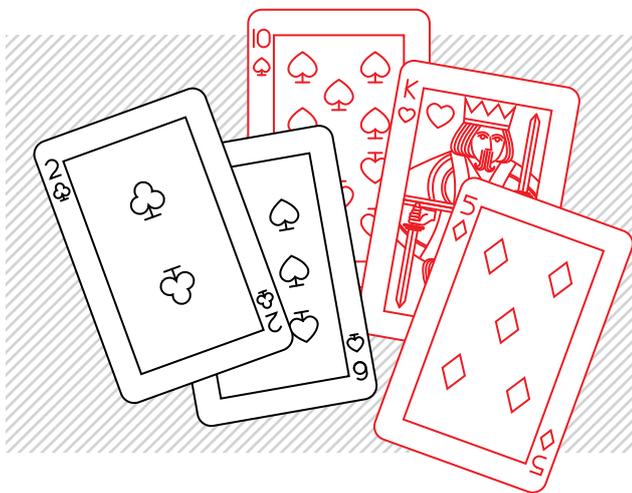
Make sure both parties are aligned on expectations on growth, time horizons and the level of involvement and that will help you find the right funding source that will match your specific needs.

Angel Investing Vs Gambling

Chow Yen Yu explains

Why angel investing is like gambling

- The odds are stacked against you
- Each hand/company is different
- The outcomes are far from certain
- There is a time to hold, time to fold
- There is a time to double down and a time to walk away
- It's addictive



Why angel investing isn't like gambling

- You pick the deal/hand to play
- You can make your own odds
- You can influence outcomes
- Passion and chemistry makes a difference
- Persistence pays
- Payday is long way away
- The journey is the reward



Know How

BRAND OR BUST?

Branding can be a particularly tricky issue, especially for social enterprises trying to reach out to remote target audiences overseas. The co-founder of Nazava Water Filter, Lieselotte Heederik, discusses her entrepreneurial journey with Nick Foley, a subject matter expert in branding & communications.

Brand – an identifying mark on the back of a cattle. A mark that signified trust and reliability. Over the years, the concept has become associated primarily with commerce; however, its purpose hasn't changed all that much. Branding is about creating a distinctive, desirable position in the minds of the target audience, explains Nick, and it starts with understanding the customer.

Understanding the customer

One of the biggest challenges for *Nazava*, a social enterprise based in Holland that sold water filters, was reaching out to its target market – those with limited access to drinking water – in Indonesia. Initially, they skimped on aesthetics and frills, choosing instead to offer low prices and functionality. Yet, sales figures were dismal.

Conducting on the ground research was vital to their turn-around. At the shop, Lieselotte observed that their target audience preferred fancy water purifiers, ignoring Nazava's cheap blue buckets – “They wanted something aspirational ... a real shock to us”.

Going on the ground also allows you to observe the all-important customer journey, explains Nick. Nazava's buckets were placed at the front of the store, while its upscale competitors were placed at the back – villagers simply didn't register Nazava as a viable alternative to other filters in the market.



Dealing with competition

The best – and unexpected – way to distribute their water filter, Lieselotte realised, was through the monthly village meeting of mothers. How could Nazava reach out to them effectively?

“Start with a unique proposition”, which creates consideration and informs distribution in turn, explains Nick. The brand's position relies on a single-minded compelling idea, which, in Nazava's case, was providing safe drinking water to everyone. Clarity here is important – he uses the analogy of the same person wearing different



Branding is about creating a distinctive, desirable position in the minds of the target audience, and it starts with understanding the customer

clothes: “If they change their image, you might reassess your relationship with them ... and brands are no different from people. You should always come back to what is the one single idea”.

Creating a unique proposition will be much easier if you know the competition and the needs they do not currently fulfil. Unilever, Nazava’s main direct competitor, offers water filters at thrice the price. The real competitor however, Lieselotte reckons, is the practice of boiling water. Convincing its target audience to move away from an entrenched behaviour was Nazava’s “biggest challenge” – its message consequently dealt heavily with the monetary savings that the water filter could provide relative to the practice of boiling water.

“Good marketers understand how to position brands on higher needs”, adds Nick. What really took the cake for Nazava was its ability to build an emotional relationship with its customers. At village meetings, Lieselotte brought in health messages and enquired about their children’s health and daily water intake while showing them how easy it is to meet that need with the filter. By establishing the links between health, water and Nazava, the filter became more than a functional product.

Some social enterprises may be tempted to use social impact as a brand differentiator. They have to be very careful though, Nick warns. The audience may think it is



NICK FOLEY
MANAGING DIRECTOR
LANDOR SINGAPORE

a poor, charitable product they are purchasing, or worse, doubt the authenticity of the social cause. At the end of the day, the social enterprise has to be seen to be doing good for the right reasons.

Building a brand

When coming up with a brand name, one should take into account cultural and language nuances. “Holland for water”, Nazava’s original name, was both uninspiring and insensitive, given the strained colonial ties between the two countries. ‘Nazava’ was actually the end-product of a long discussion – it meant ‘clean’ in Arabic, which related to both Indonesians and water without actually having ‘water’ in their brand name. The literary critic may appreciate the wave-like features of the ‘a’s in ‘Nazava’ as well – all working together to create a favourable position within its customers’ minds.

Good marketers understand how to position brands on higher needs

GEMS HEARD AT THE SUMMIT

Companies like us operate on two licences: one is from the authorities and the other is from civil society. And we work to earn these licence everyday – Piyush Gupta, CEO, DBS Bank

Every one of you is a Change Maker and an entrepreneur. You are a forerunner in the explosive growth of social entrepreneurship in Asia” – Euleen Goh, Chairman, DBS Foundation

The growth story of social enterprises in Asia does not tell us how many stumbled or fell along the way. Euleen Goh, Chairman, DBS Foundation

We believe there is untapped value in learning from challenges and failures faced by social enterprises in the past.”

Inclusion doesn't mean that everyone falls into a straight line, but we see value from everyone's unique abilities. – Alvin lim, CEO Bizlink

Social enterprise should adopt Silicon Valley model: fail fast fail often. Because if you don't fail, you don't innovate – Stephen Wong, Our Hong KONG Foundation

We want to show companies everywhere that being inclusive actually takes very little effort. – Rubby Emir, kerjabilas.com

We have a sh*t business. We're quite proud of the fact that we turned a sh*tty business into a successful social enterprise.” – Rajeev Kher, 3s India

Measuring social impact to persuade Government to allocate resources fairly to encourage inclusion. – Stephen Wong. Our Hong KONG Foundation

Theory of change has to adjust to reflect realities of social outcomes and execution challenges. – Pamela Chng, Bettr Barista

SE need to invest time, money and energy to making the theory of change work - not just your passion and good products. – Pamela Chng, Bettr Barista

Even small mistakes can make our community and beneficiaries question whether we are serious about our social impact. – Irvan Kolonas, Vasham Kosa Sejahtera

The world is moving very fast and so I not only consider my current customer, i consider my future customer. – Dr Banny Lam founder, Paris Cafe HK



Building relationships took longer and cost more resources but more beneficial to help us realise theory of change on the ground. - Irvan Kolonas, Vasham Kosa Sejahtera

Innovation and adoption blindspots will cause difficulties in realising theory of change. - Neil D'Souza, Zaya Learning Labs

When you take your solution to the real market and ask your customer to put dollars on the table but the customer isn't interested - then it hits you that you have to change your model. - Abhinav Girdhar, Bodhi health education India

Licensing, white labeling, joint ventures can help expand to other markets. - Irvan Kolonas, Vasham; Neil D'Souza, Zaya

SEs need to balance between keeping a flexible and adaptable mind vs keeping some principles non-negotiable. - Pamela Chng, Bettr Barista

Leaders of SE are never fully in control but they want to protect their models, the system and their people. - Erwin Huang, Weborganic

When the 'why' is strong, the 'how' is easy. Or relatively easy. - Alfatih Timur, Kitabisa.com

Work in a network so that you are not 150% all in, become a more effective and sustainable leader. - Erwin Huang, weborganic

What was the greatest cost to you when you pursued your purpose, and what was your greatest gain? - Shiao Yin, The Thought Collective.

Saying "I have failed" is much more positive than "I am a failure". - Shiao Yin, The Thought Collective

In a university they teach you to do all things but doing the right thing is entirely your choice. - Erwin Huang, WebOrganic HK

SEs have a hard time cos it's You vs Government, who don't worry about margins. - Taylor Scobbie, IMPCT

You can't succeed your way to success, so it's natural to fail your way to success.- Taylor Scobbie, IMPCT

It was hard to not think about giving up when family expectations and obligations are let down. - Leonardo, Koperasih Kasih Indonesia

Social entrepreneurs are nice people. They may find it difficult to make tough decisions. - Taylor Scobbie, IMPCT

Revenue-positive marketing: merchandising that brings marketing benefit and positive cash flow. Taylor Scobbie, IMPCT

Flexibility, Experience, Empathy - it takes a lot to work in a social enterprise. - Dinny Jusuf, Toraja Melo

Companies that succeed are ultimately those that have a clear purpose. Be compassionate but with a purpose. - Wei Liang, Tware

Just because we are compassionate doesn't mean we are not tough in business decisions! - Dinny Yusuf, Toraja Melo, Indonesia

Expanding is about finding the right partner. It's just like a long courtship, don't rush things" - Anna Meloto-Wilk, Human Nature

