

SOCIAL BUSINESS MODELLING
FROM IDEA TO IMPACT

AFAC IV WORKSHOP

10 MAY, 2022

AGENDA

- WHAT'S A SOCIAL ENTERPRISE?
- WHAT IS YOUR BOTTOM LINE?
- THE ENTERPRISE SPECTRUM
- WHAT FORMS CAN IT TAKE?
- CLARIFYING YOUR THEORY OF CHANGE
- CAN SELF-GENERATED REVENUE FIT INTO YOUR IMPACT MODEL?
- FINAL ADVICE

WHAT'S A SOCIAL ENTERPRISE?

- Having a **social impact** implies solving a social, cultural or environmental need that helps improve the lives of disadvantaged communities
- A **social entrepreneur** is a change agent who identifies a need in the community & works to bring positive transformation to the poor, the marginalized and those who would be otherwise locked out of opportunities
- A **social enterprise** is an organisation that applies private sector business models to advancing social goals; their fundamental goal is to contribute to society first, while being financially self-sufficient

WHAT'S YOUR BOTTOM-LINE ?

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



FINANCIAL



ENVIRONMENTAL



CREATIVE /
CULTURAL

WHAT'S YOUR BOTTOM-LINE ?

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

EXAMPLES OF SOCIAL ENTERPRISES IN THE CREATIVE INDUSTRIES

Yadawee Handicrafts (Egypt) – trains locals artisans, showcases their work, and sell their traditional handicraft goods nationally and internationally

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

FACE - The Foundation for Arts Culture and Education (Pakistan) an organization whose mission is to strengthen, empower, and educate communities through the arts and through cultural interactions

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

Earthen Symphony (India) - A decorative art and design studio in Bangalore, India, provides untrained women with employment opportunities as designers, artisans, and craftsman

Ketemu Project (Indonesia) - A transnational art collective and social enterprise hybrid based in Singapore.

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

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

Ghadeer Crafts UAE) – A social enterprise empowering Emirati women through sustainable crafts

WHY IS GHADEER CRAFTS SUCCESSFUL?

- **Mission:** Preserve Emirati crafts and techniques and empower underprivileged women
- **Impact:** 200 local craftswomen
- **Activities:** Provide training and workshops on local crafts, such as Sadu, Telli, Khoos, wool spinning, henna etc.
- **Sales:** Sell local Emirati products through different outlets, i.e. online store, center, government entities, shopping centers and other tourist destinations
- **Partnerships:** Establish partnerships with local entities, such as Salama Bint Hamdan Al Nahyan Foundation, Abu Dhabi Music & Arts Foundation (ADMAF), Abu Dhabi Art, among others

THE ENTERPRISE SPECTRUM

**SOCIAL VALUE CREATION
with REVENUE GENERATION**

Primary driver is
SOCIAL VALUE CREATION

CHARITY / NGO

Funding from Grants & Donations	Some market-based revenue streams
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SOCIAL ENTERPRISE

Potentially self-sustainable	Self-sustainable with majority of surplus reinvested	Profitable – some surplus reinvested
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Primary driver is
FINANCIAL VALUE CREATION

Socially Motivated Business

Profit distributing with strong CSR

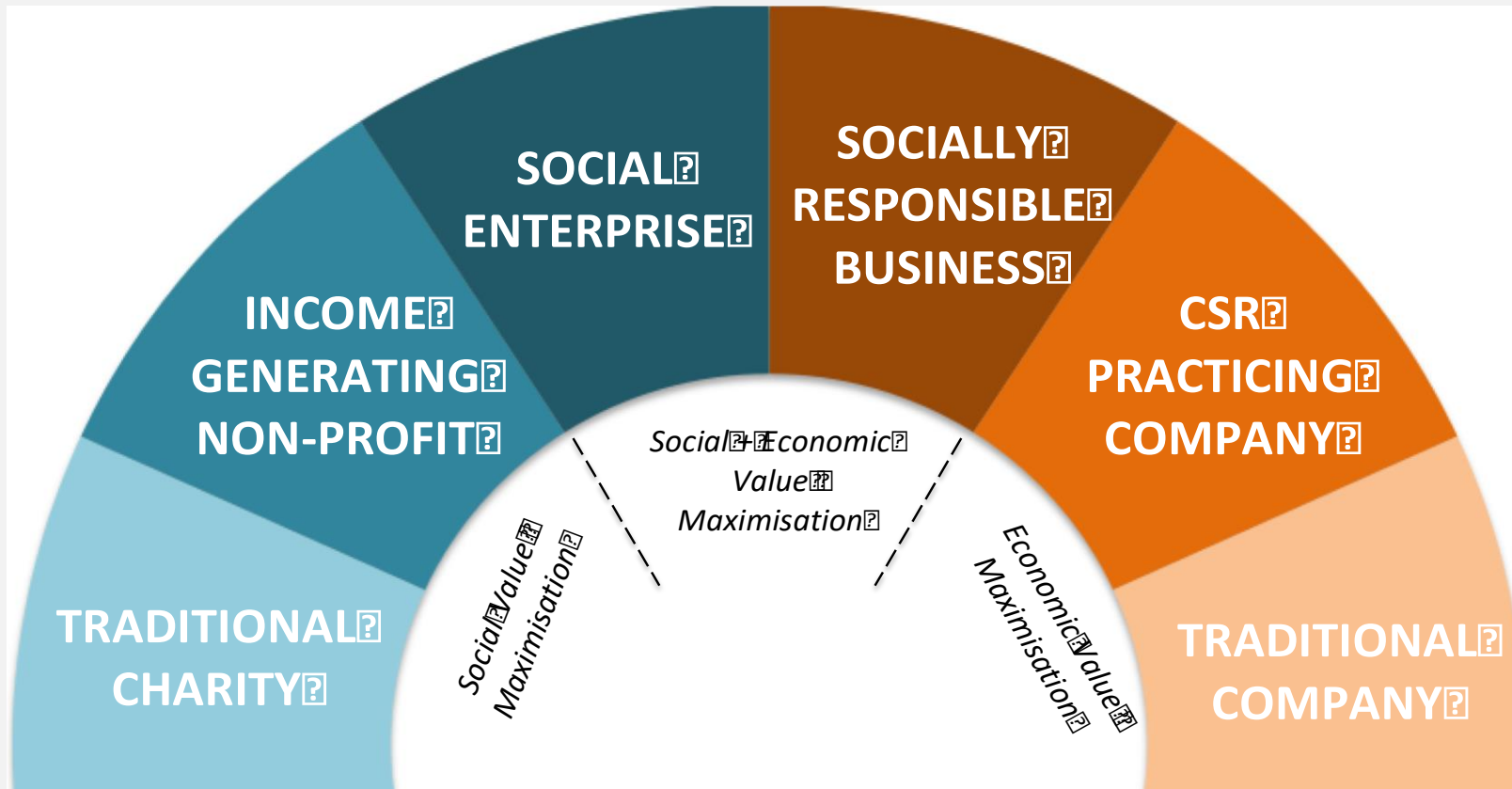
Fully Commercial Business

Pure Profit maximising



- ✓ **Social impact is part of its articles of association**
- ✓ **Aims to scale its social impact**
- ✓ **Monitors & reports on its social impact**
- ✓ **& more... depending on funders or impact investors ...**

THE ENTERPRISE SPECTRUM



Which business design most closely describes your organization?

In your opinion, can a social enterprise be both socially conscious and achieve high profits?

HOW CAN ENTERPRISES BE STRUCTURED?



The Profit Generator Model



The Trade-Off Model



The Lock-Step Model

THE PROFIT GENERATOR MODEL



Enterprise focuses on achieving a financial return that has no direct social impact. However, the profits from the endeavour are then reinvested into a separate social impact initiative and this is formalised in their bylaws

THE TRADE OFF MODEL

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



THE LOCK STEP MODEL



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

BREAKOUT SESSION I

1. IDENTIFY WHERE YOU ARE NOW ON THE SPECTRUM AND THINK ABOUT WHERE YOU WANT TO BE.
2. WHICH MODEL BEST DESCRIBES YOUR ORGANISATION

TIME FOR A BREAK

TAKE 10 MINUTES

THEORY OF CHANGE

WHAT IS THE
PROBLEM
THAT YOU
ARE
ADDRESSING?



WHAT IS
YOUR VISION
FOR THE
FUTURE?

BREAKOUT SESSION 2

NAME 5 ORGANISATIONS OR ENTERPRISES
THAT ARE SUCCESSFUL IN YOUR EYES

WHAT DO THEY HAVE IN COMMON?

THE 20/20 EXERCISE

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

OTHER KEY T.O.C. QUESTIONS

What
impact do
you want
to achieve?



Who/what
would be
impacted?



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

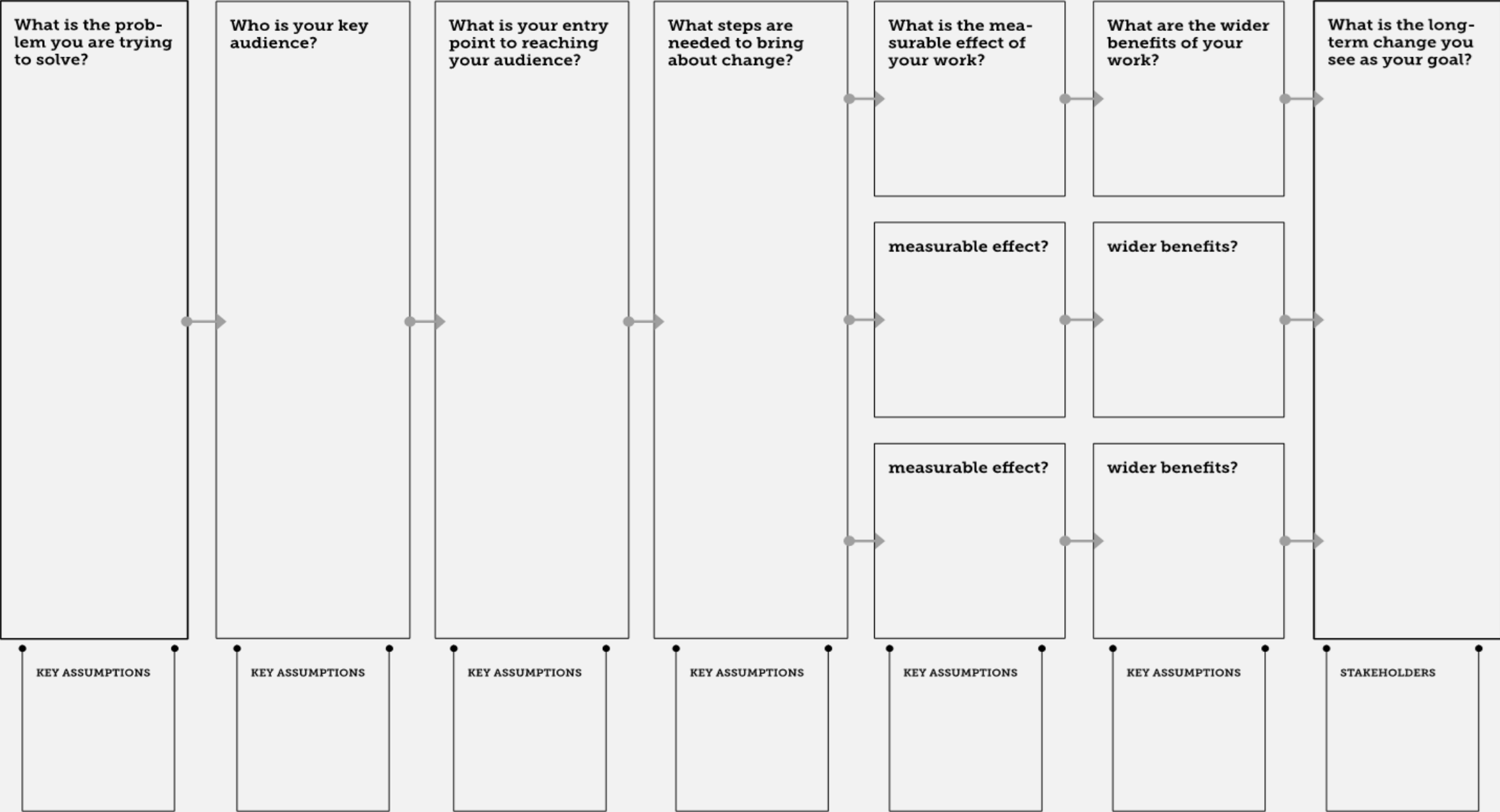
VISUALIZING OUTCOMES & SUCCESS

What indicators will you use to measure achievements?



How will you know when you have succeeded?

THEORY OF CHANGE TEMPLATE



MOVING FROM VISION TO VALUE:

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

THE BUSINESS MODEL CANVAS

Key Partners

Key Activities

Value Proposition

**Customer
Relationship**

Customers

Key Resources

Channels

Costs Structures

Revenue Streams

MY FINAL ADVICE

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

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

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

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