

Social Entrepreneurship

Fund Raising, Scaling up



Session by
Jyoti Sharma
Visiting Faculty, IIITD
President, FORCE Non-Profit
www.force.org.in

Business Plan - Why should you make it

- It can help convince investors or lenders to finance your business.
- It can persuade partners or key employees to join your company.
- Most importantly, it serves as a roadmap guiding the launch and growth of your new business.

Writing a business plan is an opportunity to carefully think through every step of starting your company so you can prepare for success. This is your chance to discover any weaknesses in your business idea, identify opportunities you may not have considered, and plan how you will deal with challenges that are likely to arise. Be honest with yourself as you work through your business plan. Don't gloss over potential problems; instead, figure out solutions.

Key Elements of a Business Plan

- ▶ Executive Summary
- ▶ Company Description
- ▶ Product & Service Description
- ▶ Marketing Plan
 - ▶ SWOT Analysis Worksheet
 - ▶ Competitor Data Collection Plan
 - ▶ Competitive Analysis Worksheet
 - ▶ Marketing Expenses Strategy Chart
 - ▶ Pricing Strategy Worksheet
 - ▶ Distribution Channel Assessment Worksheet
- ▶ Operational Plan
- ▶ Management & Organization
- ▶ Organization Chart
- ▶ Startup Expenses & Capitalization
- ▶ Financial Plan



Social Entrepreneurship

Fund Raising

Characteristics of a good Business Plan

- ▶ It is clear and concise.
- ▶ A person outside of your industry should be able to understand it.
- ▶ Avoid overusing industry jargon or terminology.
- ▶ Most of the time involved in writing your plan should be spent researching and thinking. Make sure to document your research, including the sources of any information you include.
- ▶ Avoid making unsubstantiated claims or sweeping statements. Investors, lenders and others reading your plan will want to see realistic projections and expect your assumptions to be supported with facts.

Potential Sources of Funds

CHOICE SET FOR SEs

- ▶ Funds ?? Or Resources???
- ▶ Funds for What? Resources for What?
- ▶ Decision making criteria - Immediacy, free (?), credibility of source, other related benefits of source...??
- ▶ Price to be paid for the resource

Sources of funds

- ▶ Grants - Project
- ▶ Donations - Unrestricted
- ▶ Equity - If registered as a company
- ▶ Debt
- ▶ In kind support - land, building, computers, furniture etc that is donated or given for use as a part of a partnership agreement

Why we didn't give you funds to scale up

- ▶ Define **'your piece'** of the problem you are trying to solve
- ▶ Think beyond growth - Pathways to scale **'beyond'** organizational growth *"Scale is not determined by an organization's size or budget, but by the change it helps usher in"*
- ▶ Keep it simple - Scaling up a pilot requires **simplicity** of execution
- ▶ Demonstrate learning - Moving from 'Accountability mode' to **'Learning Mode'**
- ▶ Avoid the talent trap - Do you have enough **talent to take the scaling up pressures**
- ▶ Show the money - Talk about impact, but also about money. **Key revenue and cost drivers** - now and in the future. Especially cost impacts of scaling up, unit economics
- ▶ Stay close to the problem - Leadership and management teams need to reflect **beneficiary voices**. They should have a lived understanding of the beneficiary problems

**SSIR Article- Why we didn't fund your scaling plan: Erin Worsham and Kimberley Bardy Langsam*

Doer and Payer - Who scales up impact

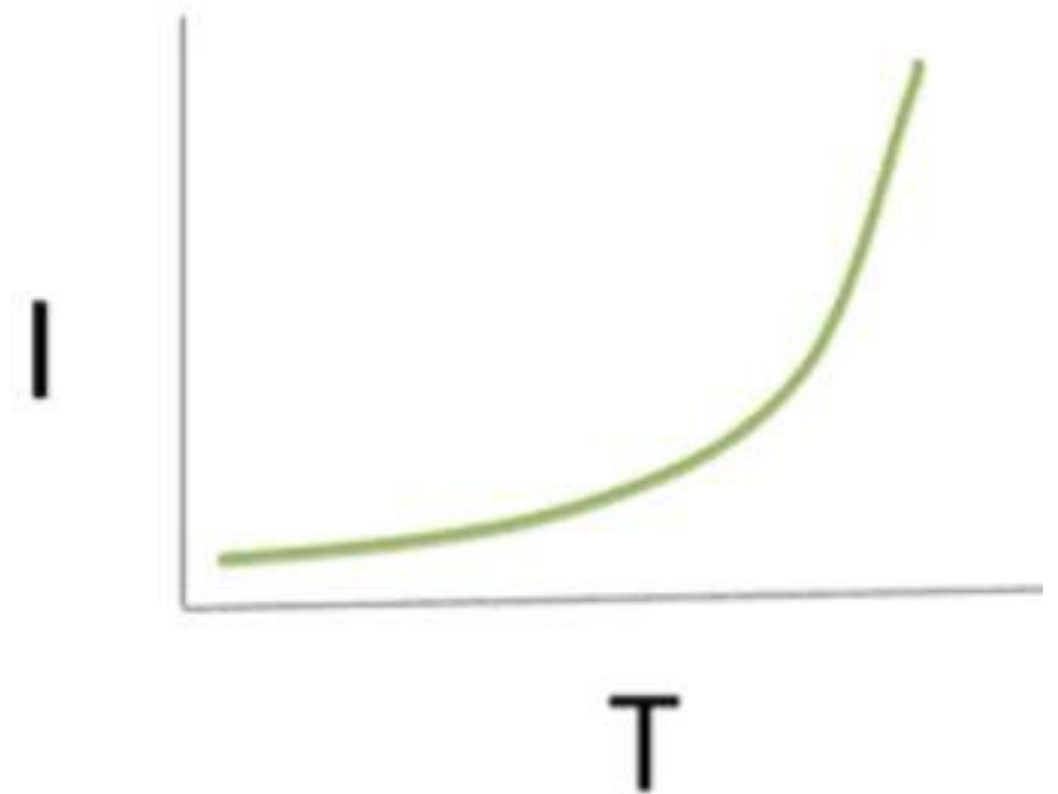
Once a pilot is tested and found successful, to design for scale, we need to know:

Who is the Doer?

Who is the Payer?



**SSIR Article: The Doer and the Payer - A simple approach to scale: Kevin Starr and Laura Hattendorf*



Doer - Pick one, and.. pick it early: A model will only scale if it is designed with the doer in mind.

4 options with their pros and cons

- **You:** Having full control over replication means that you can deliver a complex model at high quality. But building and growing a really big organization is not easy, especially in a dysfunctional funding market.
- **Lots of NGOs:** Plenty of bandwidth there, and it shifts fundraising off your back, but NGO's are notoriously bad at implementing other NGO's ideas; either they don't want to, because they perceive a need to seem unique in the aforementioned dysfunctional market, or they try to implement on the cheap and fail to get the same impact.
- **Lots of businesses:** We're not interested in one-off businesses—it's industries that solve problems. Obviously, to make use of this doer, a solution needs to come with a profitable business—the more profitable, the more imitators—and that precludes a lot of important solutions. Capital remains a problem: Mainstream investors won't touch most of this stuff, and impact investors are way more risk-averse than the name implies.
- **Governments:** They have big bandwidth, lots of resources, and a mandate to serve—and they're probably the only way a lot of basic service solutions will scale. But they are often inefficient, inconsistent, and corrupt.

Payer – *Pick a payer at scale*

Four Options:



- ▶ **Customers:** revenue from product sales
- ▶ **Taxes:** revenue raised by governments
- ▶ **Big Aid:** multi- or bilateral revenue from rich governments to poor governments; sometimes delivered straight to the doer, sometimes delivered via government
- ▶ **Private philanthropy:** from Gates to the individual small donor

Investment gets a business growing, but eventually you need to sell a lot of stuff to a lot of people. Most poor governments don't collect much in the way of taxes. Big Aid is big, but the paperwork and restrictions are huge. Private philanthropy is disorganised, but once you get some momentum, it may get easier—up to a point.

Is your model scalable? - 3 questions

1. **Is it cheap enough?** - This is about cost-effectiveness—the cost-per-unit impact—but it's also about the price the payer is willing to pay. If you want to scale up your innovative community health worker model, what's the health ministry's price point for per-capita coverage? If you have a product to sell, will customers pay enough to give you (and your imitators) a decent margin?
2. **Is it simple enough?** - If your model is complex and requires ninja-level execution, then you're going to be doing it yourself. Governments are pretty hopeless at disciplined execution, and NGOs are often not much better. Even businesses won't be able to replicate a model that is very complicated.
3. **Is it adaptable enough?** - Cookie-cutter solutions don't work very often. The best models use a systematic process to generate locally appropriate solutions. If your model is rigid, or if it depends on limited set of circumstances or a rare kind of talent, then it's probably going to hit a ceiling pretty quickly

Taking 'What Works' to 'Transformative Scale' - *Strategies*

- ▶ Distribute through existing platforms
- ▶ Recruit and train others to deliver the solutions
- ▶ Unbundle and scale up the parts that have the maximum impact
- ▶ Use technology to reach a larger audience
- ▶ Don't just build organizations and programs, strengthen a field
- ▶ Change public systems
- ▶ Embrace the need for policy change
- ▶ Don't ignore For-Profit models for scale
- ▶ Alter people's attitudes, beliefs, behaviours

** SSIR Article: Emerging pathways to transformative scale: Jeffrey Bradach, Abe Grindle*



Considerations for making headway

- ▶ Be clear about success - Be clear about objectives - how are you solving the problem
- ▶ Focus on a well defined unit of impact
- ▶ Re-think capitalization
- ▶ Innovate to drive down costs
- ▶ Focus on driving demand
- ▶ Invest in new capabilities
- ▶ Engage the community

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