

LEVERAGING *Business* FOR SOCIAL CHANGE

building the field of social business

A Discovery Framework

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ARTEMISIA
SOCIAL-BUSINESS MODELS



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01.

Introduction to the Discovery Framework

A. THE KNOWLEDGE PATH

The Knowledge Path (also known as the Discovery Process) is the Changemakers method of capturing information from social entrepreneurs and experts, and then incorporating it into learning products (like the Discovery Framework) and tools. This process applies the unique Ashoka and Changemakers lens of innovation, social impact, and sustainability, exploring where the field is stuck to determine new opportunities for innovation and impact.

While deductive methods traditionally begin with a hypothesis and then seek examples that prove or disprove it, the Changemakers Discovery process begins with the work of innovators and practitioners, exploring actual solutions to social problems in the world. Using these real world examples, the analysis examines why they succeed and how cross-cutting patterns can then drive new innovations and sector-transformation.

The Changemakers Knowledge Path for the Artemisia Competition *Leveraging Business for Social Change: Building the Field of Social Business* begins with this Discovery Framework as a tool to establish a baseline for analysis. The competition will then highlight new insights and approaches for testing and comparison to this preliminary version and its assumptions, resulting in the distillation of a final version with new principles, barriers, and examples of the field enriched by the full array of innovations the competition surfaces.

B. THE DISCOVERY FRAMEWORK

The Changemakers Discovery Framework (DF) is an analysis tool designed to better understand the nature of social innovation. It uncovers patterns of what works in the field, what solutions are missing, and it illuminates ideas about how change is happening.

The Changemakers approach is a unique vision that reflects Ashoka's three decades of work with social entrepreneurs around the world. Rather than searching for a silver bullet, we rely on understanding how solutions work together within a global context to effect change. It takes into consideration the actionable components of a problem (which we call barriers) and the varied solutions (which we call design principles) required to maximize social impact and galvanize innovation. This approach is a different way of thinking about systems change—one that values practice over theory and on-the-ground invention over academic analysis.

02.

Characteristics of the Field

- **There is no consensus on how to define social business.**

The term “social business” means many different things to many different people. This lack of consensus around the best way to define it gives entrepreneurs the freedom to frame and test their own social business models while together building a social business marketplace that encompasses the diverse spectrum of shapes, forms, and scope. In this sense, the lack of definition might be an opportunity to expand the field. Specifically, Rod Schwartz from Social Edge says: “Let’s spend our time developing the sector and leave it to future generations to decide how to call what we did.”

- **The For-Profit/Non-Profit dilemma.**

In a growing and complex field populated by, on one hand, entrepreneurs steeped in the logic of non-profit organizations, and by, on the other hand, investors who have traditionally supported for-profit models, there’s a tension regarding the balance between achieving social impact and being profitable. This strain is often exacerbated by the perceived conflict of identity around being for-profit or non-profit. This dilemma pushes NPOs to see social business as a sustainability strategy and could delay (or eliminate) their transition to full-fledged business models.

- **Investors are taking a greater interest in social change.**

A growing set of ultra-wealthy investors are seeking diversification and alternative investment approaches, leading many to concentrate on supporting social change. This new focus is also being spurred by the pull of growing, emerging economies and more value-driven consumer behavior, as well as the push of current and expected regulatory incentives and mandates. Although still in an early stage, the emergence of diverse social venture capital funds and the engagement of traditional grant-making foundations in program-related risk investments, are evidence of this emerging interest.

- **Social businesses can pave the way toward solutions that address social and environmental sustainability challenges.**

There is a greater acknowledgment about the need for effective solutions to social and environmental challenges, given the increasingly urgent threats and growing inequities. The steadily developing track record of social business models with early successes in community development, microfinance, and clean technology, is attracting positive as well as extensive attention from the press and the broader base of consumers. Therefore, investment opportunities in the field have the potential to create social or environmental benefits. Increasingly, consumers are incorporating value-driven considerations into their purchases and investment decisions, thus leading to investment opportunities in areas with increased demand such as organic, fair trade, and green products. Many companies are redirecting their strategies in order to reach new opportunities for the base of the pyramid as well. And, like consumers and companies, investors are also seeking to make investments that are aligned with their values.

- **The emerging markets constitute an interesting opportunity for the development of social businesses.**

In developing markets social businesses have the potential to provide solutions to urgent social problems while creating wealth. In rapidly growing markets such as China, India, Brazil, and South Africa, investments tend to have a stronger connection to public benefit through opportunities like building basic infrastructure or spurring economic development traditionally constrained by access to capital. There are also investment opportunities focused on providing market-based solutions through products and services for low-income populations in emerging markets as well as in developed countries. In a global context, where the wealthiest markets are becoming saturated, big businesses are increasingly looking for opportunities for the base of the pyramid in order to grow.

03.

Framing Question

The early stage of the Knowledge Path includes the framing of a question for each Discovery Framework. The question that underlies each framework aims at understanding the process by which innovative solutions address barriers in the field, as well as exploring the goals of organizations and entrepreneurs whose work we include in the grid. Next, we select individuals from Ashoka's database of more than 2,700 solutions designed by social-entrepreneur Fellows. In addition to these ideas, we also consider other innovations regarded as highly effective in the field, including those of experts, organizations, institutions, thought-leaders, and government agencies.

Once we achieve a representative set of solutions, we tailor this list to identify the most relevant and innovative solutions for the field. We then cluster these innovations and identify patterns in how the innovators both define the problems faced and how they conceive to solve them. These patterns can point to powerful ways to reframe a problem, as well as new ways of addressing it. Ultimately, this analysis takes the first step toward revealing the "a-ha" moment of recognition, in which an entrepreneur pairs a powerful idea with a compelling need.

Our original framing question was:

ORIGINAL FRAMING QUESTION

What kind of social business models most successfully demonstrate how to build this new field and scale-up the scope and impact of social business initiatives?

While conducting our research and interviews with leading entrepreneurs in the social business field, we began to question whether social businesses were part of a nebulous new field or were actually reshaping the market. Are social businesses completely different from traditional businesses? What is the difference between a social business and a socially-minded business? Should all businesses become social businesses?

With these questions in mind, a new framing question arose:

UPDATED FRAMING QUESTION

How can social businesses become the driving force of a social change (able to reduce poverty)?

This Discovery Framework looks at the work of innovators, taking into account individuals and organizations from all over the globe who are leading the social business field. This is a map that identifies barriers to social business development and design principles that present opportunities for change.

04.

Barriers

Barriers are core components of a problem that, if changed, could allow for true systems-change. Barriers are not underlying causes that merely describe a situation. They must be moveable and specific to the problem. The social entrepreneurs that we highlight are addressing these issues at key leverage points with pragmatic, innovative solutions.

1. The field is hindered by the “non-profit” stigma. There is a cultural perception, biased by the role of philanthropy in the traditional relationships between entrepreneurs and investors, where “profit” and “financial returns” for social impact are still an uncomfortable topic to deal with. In this sense, investors and even entrepreneurs often consider social businesses not as businesses but as social initiatives with commercial strategies for self-sustainability.

2. There is no social business “model” model. Social businesses operate in diverse silos. In a highly heterogeneous and dispersed context there are no significant or successful references with enough visibility and recognition capable of becoming replicable models.

3. Social businesses are simultaneously not collaborating and not competing. The lack of collective strategies, and local and/or regional clusters, directly threatens the competitiveness and scalability of social businesses as well as the consolidation of the market itself. This lack of competition among social businesses works against their professionalization and efficiency, for example, by implying higher costs when developing new markets.

4. Social business investing lacks a definition for success. While traditional business is measured and valued using economic indicators, social businesses usually have difficulty capturing and measuring the blended social and economic impact that they have on their communities, and then translating that impact into meaningful information for investors. In a field with no clear consensus about the definition of social business, the lack of reliable social metrics also generates inefficient (or non-existent) intermediaries and inadequate mechanisms to connect capital and impact investment opportunities for social businesses.

5. Social businesses do not attract talent. Social business entrepreneurs are rare, and individuals who have the business skills and social motivation usually find that the salaries and career prospects that most social businesses offer – similar to those of non-profits – are not tempting enough to work in the field. Even though the lack of financial and business acumen is a common trait of the social sector, this becomes especially problematic in a field where these skills are not only necessary but indispensable. In comparison to other sectors, non-profit salaries and inadequate retention policies fail to attract and retain professionals, thus generating a productivity gap.

05.

Design Principles

INSIGHTS FOR CHANGE

Design principles are insights and strategies we extract from the work of leading social entrepreneurs. They do not encompass tools (like technology or education) nor do they name specific organization-level approaches. They are clarifying ideas and insights that identify levers of change.

- 1. Design a new skill set for a socially conscious economy.** Social businesses are usually managed by people and organizations that come from the social sector with inadequate business skills. By providing training and designing customized tools for the dual purpose of achieving social change and generating robust business models, organizations are creating a new generation of social business managers and entrepreneurs who are capable of changing the traditional business culture. In this context, the introduction of a new set of techniques and tools can lead one to develop skills to effectively manage resources to advance the efficiency and effectiveness of social businesses' abilities to compete in a crowded market.
- 2. Create risk capital for social businesses.** Although small in numbers compared to their peers in the traditional financial world, there are a growing number of organizations that support the social business field by providing risk capital, building new channels for funding, and leveraging social enterprises. From investment portfolios that offer an increase in social return on an investment to seeding capital for more social enterprises, the range of investment opportunities continues to increase, becoming more readily available for both socially conscious investors as well as social businesses seeking funding for growth.
- 3. Incorporate social businesses into markets' and companies' value chains.** A social business can be a supplier or distributor for companies, governments and organizations, as well as a strategic player in the process for opening and developing new markets for the base of the pyramid. Moreover, from a corporate social responsibility perspective, the incorporation of social enterprises into the value chain is an ideal way to develop a comprehensive strategy for sustainability.
- 4. Direct the development of technology as a social change vehicle.** The technology and digital world offer a new window of opportunity for social businesses to democratize their access to goods, services and knowledge. By means of the development and usage of digital technologies (E.g. e-learning, e-commerce, and social media), interactivity and commercialization in cyberspace allow for social inclusion and become vehicles of innovation. A key essence of social business should be to develop technologies that improve the quality of life for low-income and otherwise marginalized populations, in order to become a vehicle for social change.
- 5. Create services that enable social businesses to work more efficiently.** Legal, design, and accounting firms are providing services customized to suit the specialized needs of social businesses, thus allowing organizations to access the professional support they need to thrive. While these service providers (not only pro bono services) are not widely accessible to the vast majority of social businesses – an opportunity for a third party to help fill this gap – there are strong examples of organizations obtaining professional and customized support from top firms that have traditionally only served private companies. Social entrepreneurs are now taking a more proactive role in reaching out to these service providers.

06.

The Grid

The grid shows what proportion of existing solutions address each specific component of a problem, thereby revealing which aspects are receiving less attention, and potentially short shift. It can show which strategies are most commonly (and most powerfully) used. And it can point to “holes” or areas where there can be unmet potential for a solution to be invented at the nexus of need and idea. For the purposes of this framework, innovators have been categorized by the predominant design principle they are applying and the barrier they are focused on. By no means does this suggest that innovators are limited to those principles and barriers. Most apply several principles to address multiple barriers. Such approaches make their strategies more robust and comprehensive.

		BARRIERS				
		The field is hindered by the “non profit” Stigma.	There is no social business “model” model.	Social business are simultaneously not collaborating and not competing.	Social-business investing lacks a definition for success.	Social businesses do not attract talent.
DESIGN PRINCIPLES	Design a new skill-set for a socially conscious economy.	Gustavo Gennuso Foundation Demeter	A to Z Textile Mills Artemisia	Sustainable Healthcare Foundation	Techno Serve Compartamos con Colombia	Rebeca Villalobos
	Create risk capital for social businesses.	Willy Foote			Good Capital Social Capital Partners Acumen Fund	
	Incorporate social businesses into markets’ and companies’ value chains - Hybrid Value Chain.		Botanical Extracts EPZ Global Easy Water Products Fundación Pro Vivienda Social	Raquel Barros	Raúl Contreras	Kovin Naidoo
	Direct the development of technology as a social change vehicle.		David Green	David Kuria Greg Van Kirk	Reinaldo Pamponet Yves Lesenfants	
	Create services that enable social businesses to work more efficiently.		Blended Value	Changemakers IDEO Rodrigo Villar Tonya Surman		

07.

Outliers

In statistics, an outlier is an observation that is numerically distant from the rest of the data. Here, outliers are observations or controversial statements that lie outside the patterns under study but may illuminate new avenues for exploration and innovation.

- 1. Understanding “social business” as a field is counterproductive.** Efforts have been made to limit and define social businesses as a sector separate from the business and non-profit sectors. Far from leading to a cultural change, this approach segregates and weakens the possibilities of integrating their strategies into the market.
- 2. All social business are businesses.** Understanding “social businesses” independently from “businesses” constitutes an artificial segmentation. A unique aspect of a social business is their focus on the social dimension rather than on the economic dimension.
- 3. “A business plan is a tool to kill innovation.”** The traditional business model only seeks to generate profit. When using this model in a social context it ends up hindering creativity and social innovation instead of focusing on maximizing impact.
- 4. Social businesses encompass the next iteration of capitalism or capitalism 3.0.** This new paradigm represents an opportunity to step out of traditional boundaries and search for a common way to organize and understand the value of a blend of economic, environmental and societal factors.
- 5. Google is a successful model and a reference point for the social business field.** Google is a strong example of how a business strategy can be scaled up by providing a democratization process that increases access to information, building tools as well as providing knowledge for social change.

08.

Appendix

INNOVATORS FEATURED IN THE GRID

1. David Green (Ashoka Fellow 2002, USA)

Barrier: There is no social business “model” model.

Design Principle: Direct the development of technology as a social change vehicle.

David Green is enabling developing countries to produce, distribute, and service high-quality, affordable health care products. Having already directed the successful production and distribution of two products—*intraocular lenses* and *surgical sutures*, David is now launching an effort to manufacture and distribute top-of-the-line, cost effective, cosmetically acceptable, and locally maintainable hearing aids. Motivated by what he defines as “*compassionate capitalism*,” David plans to use profit and production capacity to bring hearing to hearing-impaired people in developing countries. There are numerous innovative aspects of David's idea.

First, he will manufacture state-of-the-art hearing aids that normally sell for more than \$1,000 and sell them for \$40-\$100, depending on the market. Second, he will develop a delivery model that results in a high degree of service and accessibility for patients. Hearing aids will be delivered within two hours in fixed urban distribution centers and via “*ear camps*” conducted separately from or in conjunction with “*eye camps*” in rural areas. Third, he is designing his project to be self-sustaining and to use market forces in a positive fashion. David Green is enabling developing countries to produce, distribute, and service high-quality, affordable health care products. Having already directed the successful production and distribution of two products – *intraocular lenses* and *surgical sutures* - David is now launching an effort to manufacture and distribute top-of-the-line, cost effective, cosmetically acceptable, and locally maintainable hearing aids. Motivated by what he defines as “*compassionate capitalism*,” David plans to use profit and production capacity to bring hearing to hearing-impaired people in developing countries, using the following approaches. First, he is manufacturing state-of-the-art hearing aids that are normally sold for more than \$1,000 and is selling them for \$40-\$100, depending on the market. Second, he is developing a delivery model that will provide a high degree of service and accessibility for patients. Hearing aids will be delivered within two hours in fixed urban distribution centers and via “*ear camps*,” conducted separately from or in conjunction with “*eye camps*” in rural areas. Third, projects designs will be self-sustaining, using market forces to achieve growth and scale.

2. Kovin Naidoo (Ashoka Fellow 2006, South Africa)

Barrier: Social businesses lack incentives and resources to attract talent.

Design Principle: Incorporate social businesses into markets’ and companies’ value chains.

Kovin Naidoo is revolutionizing access to eye care and eyeglasses for South Africa's rural poor people through a new economic model that provides benefits to all participants. By providing ultra low-cost eye services and eyeglasses to the rural poor, he is also creating a system of sustainable and replicable training, as well as providing employment for eye care providers and lens manufacturers. His model shifts the primary responsibility for refractive services and blindness prevention from private sector professionals to cadres of community eye and health care workers. Using a horizontal model which develops a value chain encompassing educationalists, educators, practitioners, clinics, hospitals, suppliers, and the community, Kovin has intricately knit together a model for providing eye care, making it both affordable and accessible to rural poor inhabitants.

3. David Kuria (Ashoka Fellow 2007, Kenya)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Direct the development of technology as a social change vehicle.

David Kuria is creating high quality sanitation facilities accessible to the urban poor by connecting sanitation to the dignity of living in the community. David is the first to successfully construct and manage hygienic public sanitation facilities in Kenyan slums and other informal settlements. His success lies in engaging urban communities in the design and construction of his “lko toilet” (coined from the word “eco” meaning environmentally friendly). David has made sanitation facilities a profitable venture for the urban poor as well as the business community by collecting dues and providing innovative financing schemes in collaboration with local and international financial institutions and funding partners.

4. Raquel Barros (Ashoka Fellow 2001, Brazil)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Incorporate social businesses into markets' and companies' value chains.

Raquel Barros' new approach is rehabilitating young, low-income, and chemically dependent mothers, an underserved population in Brazil. A cornerstone of Lua Nova's success (Raquel's organization) has been the emphasis on sustainable income-generation. Participants not only earn a livelihood, but also strengthen their self-esteem and sense of responsibility. “Arte Criando” (“Art Creating”) is an example of a successful income-generation project. The women design, develop, produce, and sell beautiful dolls that are full of character. Taking the success of “Arte Criando” one step further, Lua Nova designed a second project, “Brindes da Lua” (“Gifts of the Moon”). “Brindes da Lua” is a nascent social enterprise committed to establishing the conditions for economic independence for youth. While the gift production operations of “Brindes da Lua” will bring in revenue needed to cover costs, the development of skills, training and the increase in young entrepreneurial role models will have a much deeper impact on the community. Raquel is scaling her belief that creating a culture within communities that promotes the social responsibility of its own members strengthens cooperation between participants and social actors to other communities in need across Brazil.

5. Reinaldo Pamponet Filho (Ashoka Fellow 2009, Brazil)

Barrier: Social business investing lacks a definition for success.

Design Principle: Direct the development of technology as a social change vehicle.

Reinaldo Pamponet Filho is creating an alternative educational process for youth in Brazil that focuses on skills and values using digital technology. Through his organization, Eletro Cooperativa, he is providing low-income youth with new opportunities to both learn by action, and earn while learning. Electro Cooperativa utilizes an interactive and practical learning environment to teach participants how to enter the working world and the digital era, while also instilling in them strong societal values that challenge consumerism and individualistic trends. The organization's curriculum also stimulates young peoples' sense of initiative and creativity, valuing intuition as well as autonomous and collaborative actions. Furthermore, youth receive a monthly stipend for their participation, allowing them to earn an income while they are also learning.

He is shaping a new business model by working with companies to change their processes with a different social and marketing investment perspective/approach that incorporates equity, democracy, and a focus on the correct usage of natural resources.

6. Gustavo Gennuso (Ashoka Fellow 2002, Argentina)

Barrier: The field is hindered by the “non-profit” stigma.

Design Principle: Design a new skill-set for a socially conscious economy.

Gustavo Gennuso is battling unemployment in Argentina by providing low-income youth with “experiential” entrepreneurship training and institutional support for new business ventures. To engage middle-class professionals as mentors and create sustainable backing for youth business initiatives, he has built a strategic alliance with universities, businesses, micro entrepreneurs, grant institutions, and the local government. Since 1989, when Gustavo started the New People Foundation, he has been developing

and experimenting with strategies to help individuals from impoverished sectors. Specifically, Gustavo's work includes a training component focused on entrepreneurial qualities. Instead of developing particular skills suited for a trade, students are involved in activities that stimulate creativity, promote decision-making, build self-esteem, and encourage attentiveness to the world around them. His initiative, "Technologies for Life," uses simple technology that improves people lives, such as access to safe water, and makes it accessible and affordable to low-income communities. Production of "Technologies for Life" comes from a sustainable business model that has been replicated in other communities.

7. Rebeca Villalobos (Ashoka Fellow 2002, Costa Rica)

Barrier: Social businesses lack incentives and resources to attract talent.

Design Principle: Design a new skill-set for a socially conscious economy.

Rebeca Villalobos has developed a participatory system of eye care that enables Costa Ricans of all classes to access affordable medical services ranging from basic vision tests to sophisticated surgical procedures. Under the auspices of the Association of Medical Services for the Common Good (ASEMBIS), the organization she founded in 1991, Rebecca has developed a range of programs that aim to ensure the accessibility of affordable vision care. She began by training a corps of health promoters, mostly graduate students, to travel to schools, senior citizen centers, and social security clinics throughout Costa Rica to detect vision problems, prescribe treatment, and send the most severe cases for surgery to a low-cost clinic she set up in the outskirts of San José. Her business model has proven that it is possible to employ well-paid and talented professionals, while delivering health care at an affordable price.

8. Raúl Contreras (Ashoka Fellow 2006, Spain)

Barrier: Social business investing lacks a definition for success.

Design Principle: Incorporate social businesses into markets' and companies' value chains.

Raúl is creating employment for marginal groups normally excluded from the labor market through an integrated model in which social and economic interests converge. He has converted corporations into agents of social transformation by bringing about a more inclusive economic system. Raúl's strategy is to prove to businesses and society that employing marginal people or people in danger of becoming marginalized is both economically viable and socially responsible. He believes that in order for the current economic system to stop being the main cause of exclusionary policies, it is necessary to involve free enterprise and change it from within. Raúl began his work by demonstrating alternative models for employment of marginalized populations; non-charitable models that directly transfer to the corporate sector. His efforts borrow every day strategies from the business world that are not ordinarily used in socially-oriented work. He has created a series of companies to employ high numbers of low-skilled workers and is focused on fields where marginalized groups have a competitive advantage. He is showing companies that they can have a more positive social impact by investing in a more inclusive human resources policy.

9. Rodrigo Villar (Ashoka Fellow 2007, Mexico)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Create services that enable social businesses to work more efficiently.

Rodrigo Villar is working to change business practices in México by promoting environmental consciousness. Through his Center for Sustainable Business, he helps support the growth of new green enterprises, paving the way for a new generation of environmentally-friendly businesses. Rodrigo is using a traditional venture capital startup model to encourage positive environmental and social change in Mexico. Instead of focusing his energies on profits, he works to promote the sustained growth of green businesses. The market for such enterprises is small but expanding and through his work, Rodrigo hopes to improve consumers' accessibility to information regarding environmentally-friendly merchandise. He started the Center for Sustainable Business to accelerate the development of existing businesses and support twenty new entrepreneurs annually.

Exceeding his expectations, he achieved a high success rate early on, which enabled him to attract new investors and secure nearly US \$24 million from the private sector in a three-year span.

10. Willy Foote (Ashoka Fellow 2007, USA)

Barrier: The field is hindered by the “non-profit” stigma.

Design Principle: Create risk capital for social businesses.

Foote is transforming lending to the rural poor by making loans based on producers’ future sales rather than their existing assets, thereby redefining risk assessment to value emerging ethical supply chain relationships. This shift makes producers bankable and proves that rural communities can be profitable investment opportunities for mainstream financial institutions. Through his US-based organization, Root Capital, Foote is getting his lending methodology adopted by local and global banks. This level of profitable lending activity will effectively define a new asset class capable of exploiting the growing market for fair trade and green goods specifically to counter rural poverty. In addition, Root Capital is helping to bridge the gap that currently exists between microfinance and large scale banks.

11. Greg Van Kirk (Ashoka Fellow 2008, Costa Rica)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Direct the development of technology as a social change vehicle.

Greg Van Kirk has developed the MicroConsignment model—a sustainable, replicable means of delivering health-related goods and services to remote Guatemalan and Ecuadoran villages using entrepreneurship - empowering villagers to help themselves. Greg’s MicroConsignment model creates access to health care-related goods and services in isolated rural communities. The key to the MicroConsignment model is that local women are given the opportunity to become entrepreneurs by selling goods and services in their communities using a consignment mechanism. Unlike the traditional approach of giving handouts to rural communities, the MicroConsignment model, which Greg implements through his American citizen organization (CO), Community Enterprise Solutions and Social Entrepreneur Corps, is scalable, replicable, and sustainable. Greg understands that it is difficult to start a new marketplace where there is any competition, The products and services within the MicroConsignment initiatives address market failures and are all “first movers”.

12. Tonya Surman (Ashoka Fellow 2009, Canada)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Create services that enable social businesses to work more efficiently.

Tonya is empowering the citizen sector by bringing together previously dispersed citizen-led initiatives from across the sector. She is building a network of local and global shared spaces for social innovators designed to foster cooperation among diverse players with the aim of creating new initiatives that respond to pressing social issues. The Enterprising Non-Profits Program provides matching grants of up to \$10,000 to non-profit organizations that are exploring the development of business activities (social enterprises) for the dual purposes of generating revenue and furthering their mission. This funding allows non-profits to access the technical assistance they need at any stage along the social enterprise development path, from idea exploration and development to project launch and growth. The Program has been actively operating in British Columbia for over five years and has helped to launch over 65 social enterprises. The Centre for Social Innovation is working with its program partners to deliver the ENP Program in Toronto in 2009.

13. Yves Lesenfants (Ashoka Fellow 2007, Venezuela)

Barrier: Social business investing lacks a definition for success.

Design Principle: Direct the development of technology as a social change vehicle.

Yves Lesenfants has designed a new methodology for community-based tourism that relies on global positioning system (GPS) mapping technology, careful assessment of an area’s attractiveness as a tourist destination, and targeted marketing—all funded and sustained by microfinance cooperatives. The methodology also gives communities in or near national and nature reserves complete ownership over the process of creating tourism products. With the help of his Argentina and Venezuela-based organization Programa Andes Tropicales, communities are guided through a range of steps that map offerings and attractions with tools such as GPS units, build networks of family-owned tourism enterprises launched with microfinance funds, partner with national parks,

and market their products to a growing client market of tourists interested in local cultures and ecologies. In doing so, Yves breaks a pattern of poorly run tourism initiatives, *often* brought in from outsiders, that prevent communities from fully benefiting from tourism as a resource for development.

14. Fundación Pro Vivienda Social
(Winner of Citi and Changemakers competition “Banking on Social Change”, Argentina)

Barrier: There is no social business “model” model

Design Principle: Incorporate social businesses into markets’ and companies’ value chains.

Fundación Pro Vivienda Social (Foundation for Social Housing) is a non-profit entity that contributes to the solution of poverty through improving housing and living conditions of low-income neighborhoods. The organization promotes social programs that bring infrastructure services by working closely with local community organizations and using the technology from microfinance. FPVS brings natural gas lines to poor neighborhoods by providing local residents with micro-loans for the construction costs. These loans are repaid from the savings generated by switching to natural gas. The program has helped around 4500 families gain access to natural gas and achieve significant savings. Reductions in fuel costs have increased the actual income of residents by 7%. Health has also improved by decreasing respiratory illnesses. FPVS is now working to bring sewage and safe water to these neighborhoods. Their business model connects private companies and banks with community organizations, proving that investing in poor neighborhoods is a good business.

15. Botanical Extracts EPZ Limited-BEEPZ (UK)

Barrier: There is no social business “model” model

Design Principle: Incorporate social businesses into markets’ and companies’ value chains.

For eight years, BEEPZ (formerly ABE) has fostered the local, large-scale production of Artemisinin in Kenya, Uganda and Tanzania, achieving unsurpassed expertise in growing and processing the raw material, Artemisia Annuua. By purchasing Artemisia plants locally from approximately 5,000 medium and small scale farmers, BEEPZ fills a gap in the supply chain of affordable malaria treatments while also creating local revenue and employment opportunities. Growing high-quality Artemisinin instead of the more traditional maize crop enables farmers to earn up to four times the income gained from other subsistence crops.

16. Good Capital (USA)

Barrier: : Social business investing lacks a definition for success.

Design Principle: Create risk capital for social businesses.

Good Capital is an investment firm that increases the flow of capital to innovative ventures and creates market-based solutions to inequality and poverty. Using a high engagement model, they invest in the most promising social enterprises and give them the tools and guidance they need to succeed. In addition, Good Capital actively leads the development of the emerging social capital market. They share a deep commitment to the creation of a new, informed, and passionate world of investing that strategically moves capital to social good. Their first financial product, the Social Enterprise Expansion Fund, is seeking to fill the risk-taking expansion capital gap for social enterprises while providing investors with an attractive blend of financial and social returns. Their innovative model enables a new class of investors to put their money to work to change the world.

17. Global Easy Water Products (India)

Barrier: There is no social business “model” model.

Design Principle: Incorporate social businesses into markets’ and companies’ value chains.

Building on more than 20 years of innovation, the promoters of Global Easy Water Products (GEWP) have approached product design by placing smallholder farmers at the core of the affordable drip-irrigation design process from the outset, ensuring affordability and applicability. GEWP’s distribution strategy leverages market forces by relying on existing small-scale manufacturers and a network of private local dealers to reach its target customers in rural India. Recent studies have shown that GEWP’s products raise the income of its small-scale farming customers by an average of \$400 per year. This is done through water savings (30-50%), energy savings (50%) and increased crop yields (30-70%).

18. Sustainable Healthcare Foundation (Kenya)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Design a new skill-set for a socially conscious economy.

Sustainable Healthcare Foundation (SHF), an international NGO that has been working in Kenya, is quickly expanding its micro-franchise distribution network to provide essential drugs and basic health services to communities with little previous access to health services. SHF's model combines proven micro-enterprise and franchise principles to enable qualified community health workers and nurses to own and operate combination drug and consumer goods shops and medical clinics in underserved areas. The franchise system is operationally simple, yet imposes disciplined practices to ensure that high-quality drugs and appropriate services are available at affordable prices. In the last ten years, SHF has built what has become the largest franchised medical clinic network in Africa and has served over 2,000,000 visitors with essential drugs and basic health services. More than 500,000 lives have been impacted in 2008 alone.

19. A to Z Textile Mills (Tanzania)

Barrier: There is no social business "model" model

Design Principle: Design a new skill-set for a socially conscious economy.

A to Z Textile Mills produces bed nets penetrated with a long-lasting insecticide, making them effective for up to five years instead of the usual six months, with no need for re-treatment. Already, A to Z has found a more cost-effective way to weave the bed net, which is expected to decrease the cost of production from \$7 to \$5 and provide even more access to the life-saving bed nets. Better-paying jobs at A to Z's production facilities have been created for more than 7,000 people, primarily women, raising standards of living for the workers and their families. A to Z is now one of Africa's largest employers. Part of A to Z's success, relies on its Sumimoto Chemical's partnership which resulted in a technology transfer, quality improvement, and creation of local employment for the poor who had no previous experience in manufacturing and wage-based jobs.

20. Artemisia (Brazil)

Barrier: There is no social business "model" model

Design Principle: Design a new skill-set for a socially conscious economy.

Artemisia is an international organization that works for the development of social businesses all over the world, mainly in Brazil. With an innovative logic on how to make businesses, they invest in the development of human capital to create or manage financially profitable businesses that work to reduce socioeconomic inequalities. Their mission is to inspire, develop and encourage people to build a new generation of businesses with products and services that contribute to reducing inequities. Artemisia's programs in Brazil, Senegal and France are aimed at raising awareness and developing leaders. Through training and other activities, Artemisia works with social business ventures to develop new skills that reflect on their own personal challenges and motivations.

21. Social Capital Partners (Canada)

Barrier: Social business investing lacks a definition for success.

Design Principle: Create risk capital for social businesses.

Social Capital Partners (SCP) is a national, non-profit, social finance organization, established in 2001. They believe that market forces can be utilized more effectively to solve structural social challenges in Canada. In support of this belief, SCP arranges for growth financing and provides advisory services to successful businesses that integrate a social mission into their HR model and expand career opportunities for disadvantaged populations. SCP works with all types of corporate structures, including for-profit, non-profit, and charitable organizations. The key to accessing loan capital for SCP is the commitment to hire an agreed upon number of employees over a certain timeframe from employment programs that serve people who face barriers to employment.

22. Compartamos con Colombia (Colombia)

Barrier: Social business investing lacks a definition for success

Design Principle: Design a new skill-set for a socially conscious economy.

Compartamos con Colombia is a non-profit organization that offers professional services aimed at improving the management level of the non-profit entities in the country, increasing the international flow of donations towards Colombia, creating awareness about the importance of social responsibility in young entrepreneurs, and facilitating as well as structuring socially profitable investment projects. They focus their action on five different concepts: 1. Support non-profit institutions to empower them at the institutional level; 2. Support initiatives that facilitate the channeling of national and international resources; 3. Promote social enterprises to business men and young executives; 4. Develop Corporate Social Responsibility strategies and Family Philanthropy; 5. Promote socially profitable investment in initiatives that generate social and financial return.

23. Foundation Demeter/Ceres Finance (France)

Barrier: The field is hindered by the “non-profit” stigma.

Design Principle: Design a new skill-set for a socially conscious economy.

Foundation Demeter is a public benefit foundation that helps non-profit organizations increase their financial autonomy through the development of professional management practices and financial support, targeting the development of income-generating activities. Demeter focuses on organizations involved in humanitarian, social and cultural work, but does not limit its investment scope geographically. Its ‘investees’ tend to be new initiatives and/or innovations in their field of activity. Since its inception, Demeter has supported directly, or indirectly, around 40 non-profit organizations, which themselves support a total of 50,000 beneficiaries.

24. Blended Value (UK)

Barrier: There is no social business “model” model.

Design Principle: Create services that enable social businesses to work more efficiently.

BlendedValue.org is an initiative that aims at helping practitioners, interested in generating social and environmental value through their investments, to overcome the inefficiencies of the social capital market and identifying what would be needed to create new investment instruments. The Blended Value Proposition states that all organizations, whether for-profit or not, create value that consists of economic, social, and environmental value components—and that investors (whether market-rate, charitable or some mix of the two) simultaneously generate all three forms of value through providing capital to organizations. The outcome of all of these activities is value creation and recognizing that value itself is non-divisible and, therefore, a blend of these three elements. While all value naturally consists of a blend, certain investors and organizations are intentionally attempting to create and maximize the impact of this value. The key areas in which both investors and organizations are working to maximize this blended value are: Corporate Social Responsibility, Social Enterprise, Social Investing, Strategic/Effective Philanthropy, and Sustainable Development.

25. Acumen Fund (UK)

Barrier: Social business investing lacks a definition for success.

Design Principle: Create risk capital for social businesses.

Acumen Fund is a non-profit global venture fund that uses entrepreneurial approaches to solve the problems of global poverty. They seek to prove that small amounts of philanthropic capital, combined with large doses of business acumen, can build thriving enterprises that serve vast numbers of the poor. Their investments focus on delivering affordable, critical goods and services – like health, water, housing and energy – through innovative, market-oriented approaches.

26. Techno Serve (USA)

Barrier: Social business investing lacks a definition for success.

Design Principle: Design a new skill-set for a socially conscious economy.

TechnoServe helps entrepreneurial men and women in poor areas of the developing world to build businesses that create income, opportunity and economic growth for their families, communities and countries. Climbing out of poverty in the developing world takes more than hard work; it takes economic opportunities. Entrepreneurs create these opportunities by identifying and capitalizing on good business ideas. TechnoServe helps them turn their visions into reality. Their programs focus on developing entrepreneurs,

building businesses and industries, and improving the business environment. Their scaled-up initiatives and expansion into new industries and regions build upon successful business models and programs as well as adapting them when necessary.

27. IDEO (USA)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Create services that enable social businesses to work more efficiently.

As a global design consultancy, IDEO creates impact through design. IDEO builds initiatives around both design for social impact and environmental impact, creating transformational change in communities with a focus on underserved and disadvantage lower income communities worldwide. From big companies to nonprofit organizations, IDEO has created breakthrough solutions that have improved their service delivery and products. Design thinking enables them to tackle problems and ideas that are complex - from inaccessible health care to people living on a few dollars a day, energy usage outpacing the planet's ability to support it, education systems that fail students, and beyond. They believe that social problems require a collaborative, human-centered, iterative, and practical approach to finding the best ideas and ultimate solutions.

28. Changemakers (Global)

Barrier: Social business are simultaneously not collaborating and not competing.

Design Principle: Create services that enable social businesses to work more efficiently.

Changemakers, an initiative of Ashoka, is a global online community of action that connects people to share ideas, inspire and mentor each other, as well as find and support the best ideas in social innovation. The Changemakers online community builds on this history and expands the Ashoka vision by creating an "Everyone a Changemaker" world through networking, relationship- building, and the sourcing of funding opportunities. Through its collaborative competitions and open-source process, Changemakers has created one of the world's most robust spaces for launching, refining, and scaling ideas for solving the world's most pressing social problems.

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The analytic process behind the Discovery Framework is the property of Ashoka.

For more information regarding this report or the Discovery Framework, please contact Ashoka's Changemakers at connect@changemakers.com