

Food for Thought from the Social Enterprise World Forum 2019

The rise of social entrepreneurship is a topic that either excites you - or one you glance over because of a failure to understand its role and socioeconomic impact. Either way, we're here to provide some insights based on our experience at the Social Enterprise World Forum.

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Firstly, it is important not to confuse social entrepreneurship with charity - social enterprises are for-profit businesses that focus on solving social issues, or provide goods and services like any another business, | offer impact beyond financial success.

The thing that all social enterprises have in common, is that they reinvest the majority of their profits in support of a social or environmental cause and play a crucial role in uplifting marginalised communities. Ar while there is great traction in social entrepreneurship across the globe, there is still much to do: “Success should not be measured on what we have achieved, but on what we still have left to accomplish,” acknowledges James Okina, Street Priests Inc.

If you think only millennials and Gen Z support brands associated with societal impact, think again. Across the globe, there is a mindful movement of consumers and prospective employees who are becoming increasingly interested in engaging with businesses that support worthy causes and that understand the ro they play in solving societal issues.



In October 2019, more than 1,200 social enterprises, activists, politicians, and advocates from 70 countries gathered in Addis Ababa, Ethiopia for the 12 Annual Social Enterprise World Forum (SEWF). Among them SAP hosted 48 entrepreneurs from across the world in support of connecting global innovators and growing the social entrepreneurship movement. Here are our top 5 takeaways from the Social Enterprise World Forum that we believe others can learn from:

- **Economics first**

“Don’t get so caught up in your passion that you forget to build a viable business.” – Melat Yosef, Vitabite.

Through various testimonies delivered at SEWF2019, it is clear that many social enterprise startups fail. In fact, startup failure rates range from 80-90%. Sometimes, barriers to market outnumber opportunities to market. Sometimes failure is purely as a result of the additional layer of complexity, namely societal impact.

As a social entrepreneur, your situation might be that capital is limited – both human and cashflow. The demand for your offering is abundant and the community need is high. Ask yourself: As a social enterprise, should you first focus on commercial viability and revenue so that you can deliver greater impact in support of your purpose? Or – should you instead focus on delivering on your promise of societal impact that, in turn, will attract and retain customers?

This chicken and egg scenario was highly debated at the forum. In our minds, there is a clear winner in the argument. As a social entrepreneur, you must always offer superior products and/or services to lead the market. Holding the designation of social enterprise or entrepreneur doesn’t mean you can offer substandard offerings. Customers demand excellence regardless of the social element of this endeavour. “Keep your standards high and your costs low,” asserted Nikki Germany, chief growth officer of e-commerce provider, Copia.

Tenacity is key to survival. Various of the social entrepreneurs we spoke to, testified that they were successful at their second or third attempt in establishing their business. If you’re part of the majority whose organisation has failed, Bernard Kirk, Founder and CEO of The Camden Education Trust urges you not to give up. “You might fail now, but that will lead to success later on down the road.”

- **The Call for Capacity-building**

“Most people and organisations got their start with one big break. Can you play a role in creating someone else’s one big break?” – Cathy Smith, Managing Director, SAP Africa

According to the United Nations, Africa’s population will double by 2050, with sub-Saharan Africa making up as much as a quarter of the world’s population. More than half of the estimated 2.4 billion people will be under the age of 25 - and without education, training, or employment. This problem is not isolated to Africa, but rather an opportunity for the world to sustainably integrate a large population of

changemakers into the global economy. While governments may be responsible for creating the right conditions and legislation to address the UN's Sustainable Development Goals, business is in a unique position to help.

The concept of building capacity simply means one organisation helping another to operate better, expanding its capabilities. In the case of SAP, for example, we have sent more than 1,000 SAP employees to more than 350 organisations worldwide through the SAP Social Sabbatical to help social enterprises and non-profits overcome strategic business challenges. As of 2018, this global pro bono program implemented by PYXERA Global has delivered an in-kind contribution of €15.8M and 279,000 service hours, impacting 4.9M lives. Specifically, organisations like DreamOval Foundation in Ghana reported a 100% growth in its ICT education following a Social Sabbatical engagement which sparked the introduction of a new program, Females in Tech Initiatives (FemiTI).

The question remains – how do we build capacity at scale? How do we use technology platforms, skilled talent and access to markets to create that one big break for organisations to succeed? Every sector - private, public, and social - has a role to play in creating a chain reaction of big breaks. What role will you play?

- **Partnership**

“These types of partnerships or opportunities to collaborate are essential to our work. Without them, we simply would not be able to deliver on our mandate.” – Francis Ahene-Affoh, DreamOval Foundation

There is complexity in the problems we are trying to solve. They are all interconnected. We can't solve a problem like quality education without understanding poverty, food scarcity and gender equality, to name a few. “We're standing on a burning platform and it's triangular,” shared Lord Victor Adebawale, chairman of Social Enterprise UK board.

“The community has to create a common understanding of our brand, and our brand is about understanding society,” Adebawale adds. “We also need a credible economic model.” Although social enterprise plays a role, based on the sector's best practices, “it can drag the rest of business into the future. Lastly, we can't expect politicians to understand or care about this movement. We just need to understand why they don't. We have to talk to people that don't agree with us -otherwise, we are working in an echo chamber.”

We must partner across the global social entrepreneurship sector, and across all sectors (public, private and social) to create change. Simply connecting the dots can have a massive impact.

- **Scale**

“We see corporates playing a greater role in social enterprise. This is the future. Responsible growth of corporate companies is the driving force that can generate more entrepreneurs, generate more jobs, and generate much more movement in society.” - Dr. Ephrem Tekle Lemango, Commissioner at Jobs Creation Commission, Federal Democratic Republic of Ethiopia, FDRE

When you gather over 1,000 players from the sector worldwide, it becomes very evident that organisations are at varying stages of maturity. In addition to capacity building, if we want ‘to create real socioeconomic impact, we need to invest in scalable solutions globally,’ affirms Yves Moury, founder and CEO of Fundación Capital. “The key to scalable solutions is tech, tech, tech!”

One way technology can help, is through corporate procurement. All social enterprises rely on markets to drive revenues that enable them to create social impact. “Remember, social enterprise is a verb representing business trying to deliver social value,” shares Jonathan Coburn, managing director, Social Enterprise Institute. “We need to open markets for activities to happen, creating an open social value marketplace. Suppliers offer social value. Buyers use purchasing to create healthy communities.” There is a US\$3 trillion B2B revenue opportunity ripe for social enterprises to tap into.

However, technology isn’t a silver bullet. You must consider supply-side capability which scales both ways. An enterprise can’t produce more than the market demands. Vice versa, an enterprise shouldn’t be limited if it gets its big break. Ultimately, technology remains a key enabler to scale though.

Visionary James Okina says you must ask yourself one question: ‘How do you scale hope?’ Our response: together.

- **Cultural identity and progress**

“We’re engraining local traditions with fresh perspectives.” – Gerry Higgins, Founder, Social Enterprise World Forum

“There is a phrase ‘Laptops and Lederhosen’ coined by a German politician,” offered Ludwig Bayern, Founder and CEO, Learning Lions. Its meaning, not dissimilar from the Forum’s theme, “underscores that cultural identity and being on the forefront of innovation can go hand in hand.” This topic hits home for Bayern who, like many entrepreneurs, looks for ways to foster economic growth in underserved, remote populations without disrupting what makes these rural communities unique.

“Living in a remote location like Turkana, Kenya, where we operate, does not mean there is lack of internet connectivity,” added Bayern. “People there are completely connected to the web via mobile phones, and yet they are not connected to the global workforce infrastructure.” Mobile and cloud technology can connect people to global markets that need their skills.

“In India, 70% of the population live in rural areas,” adds Deirdre White, CEO, PYXERA Global. “The biggest sectors include agriculture and artisan work. We must continue to support manual efforts and artisans and use technology to help these individuals scale by giving them access to new markets.” Social entrepreneurs should also embrace technology as their enabler to be change agents and create new markets.

Yash Ranga of Jaipur Rugs agrees, “Technology isn’t about changing the industries people are in, but rather about empowering them to move up the value chain by gaining access to a

broader market of consumers.”

Jaipur Rugs started in a tiny village in Rajasthan, India, and is now known the world over for its inclusive carpet value chain that links grassroots artisans with global markets.

Urbanisation is not the answer. Using technology infrastructure and building digital skills to connect people wherever they are to global markets, is.

The road to 2030

“SAP can lead the way by bringing other corporations along with us,” said Alexandra van der Ploeg, Global Head of SAP Corporate Social Responsibility. “The world is looking to technology help create sustainable solutions that help the world run better and improve people’s lives. While technology cannot replace culture, capacity building, and partnership, it can definitely accelerate impact.”

You don’t have to be a social entrepreneur to practice social entrepreneurship. You need only understand the realities of the world we live in. Find time to listen. Find champions who are already engaging on the ground. There is so much change that can happen if individuals, organisations and governments come together to identify solutions and put them into practice together.

“None of us will ever truly know the entire circumstances of the people we are trying to help,” shared Amonge Sinxoto, founder of Blackboard Africa, “– but we must still engage.”

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