

Combine profit & purpose

BY NABELAH FREDERICKS

THERE is "an enthusiastic and growing movement towards businesses for good".

These are the words of Shona McDonald – words that hold much merit since she started the first woman-run wheelchair business in Africa in 1992. Along the way she has also run two non-profit organisations.

McDonald is the owner of Shonaquip, an award-winning enterprise that has successfully managed to blend a social purpose with business thinking. In other words, a social enterprise.

A social enterprise is an organisation that is run like a business, but with a social purpose. It can be operated as a for-profit company, or as a non-profit organisation, or as a hybrid of the two.

Shonaquip is a social enterprise based on a hybrid model – the production of her equipment is registered as a for-profit business, while the remainder of the enterprise falls under a non-profit organisation.

McDonald started the business after she battled to find suitable equipment to meet the needs of her daughter, who is diagnosed with cerebral palsy. "At the time there was no equipment available for children with severe disabilities. We were given a pram with a cardboard box and I started to design and make equipment," she says.

The demand for the equipment she was making for her daughter grew and it was then that she decided to start a business to support her social purpose.

"I decided to start a social business and be responsible for the business myself instead of being dependant on others to fund my activities," says McDonald.

Her advice to business owners who start a social enterprise is to stay true to your social purpose.

"Use the company as a mechanism to fund your social purpose. Stay focused on the purpose and not on the profit," she says. She cautions business owners who start social enterprises to ensure that the two purposes – business and social – work together. McDonald believes that although perceptions of what a social enterprises is have changed in recent years, the investor market needed to support social enterprises still lags behind.

She says investors still hang on to the measurement of the bottom line. This, she attributes to the current economic downturn which she believes has slowed down investment into the social enterprise sector.

However, she also believes that the downturn has made many more aware of the need for corporate social investment and social enterprises.



Shona McDonald, founder of Shonaquip, started the first woman-run wheelchair business in Africa in 1992.



Join the online discussion

SOCIAL entrepreneurs will soon have access to an online talk platform to discuss the factors of success.

This follows the launch of Talking Social Enterprise, an online "talk network" which kicks off on Tuesday evening at 7.30 pm, 19 August 2014. Talking Social Enterprise aims to stimulate debate amongst entrepreneurs and others involved in social enterprises, says Jaco Slabbert, one of the Talking Social Enterprise curators.

"We are creating a space to share experiences and ideas so that the increased interest we experience currently in social entrepreneurship is turned into good impact," says Slabbert.

The event is hosted on the Google Hangouts platform, and accessible from either a computer or a mobile device.

• Sign up via www.TalkingSocialEnterprise.net.

The rise of the social enterprise

BY MARCUS COETZEE

THE star of social enterprise is on the rise!

They're entering the media spotlight; the government is developing various initiatives to support them and universities have started studying them.

In a couple of years, many will be familiar with the concept of social enterprises.

You may have heard of some local examples such as Greater Capital, the Clothing Bank, Greenpop, the Impact Hub and Reel Gardening.

These organisations blend business thinking with social purpose and they overcome some of the constraints facing organisations that rely solely on grants.

This makes them particularly relevant in South Africa's economic and social climate.

I have been a big advocate of social enterprises since I first heard of them 14 years ago and believe that there is much we can learn from it.

It's why I wrote an e-book about the insights I collected and it's also the reason why I put together this series in Small Business Connect.

Over the next 10 editions, I will cover key insights I've discovered through working with social enterprises and studying how these social enterprises do business.

These insights are intended to complement rather than replace existing wisdom about strategy, leadership, organisational design and culture.

I recognise that social enterprise business models may not be appropriate to many non-profit organisations.

However, I strongly believe that we can all learn about how successful social enterprises operate.

I believe that these principles can be applied regardless of the business model or sector or legal entity or size or stage of development an entity is in

A social enterprise is an organisation that adopts a business like-approach to tackling a social or environmental issue. It is a "social business".

Key ingredients include:

- It has an explicit social purpose.
- It generates the majority of its income through trading or business activities.
- It reinvests the majority of



Marcus Coetzee

profits.

- It seeks to create social value throughout its operations.
- It is accountable and transparent.
- Social enterprises can assume the legal form of a for-profit entity or a non-profit entity – or both, which we will refer to as a hybrid model.

An example of a hybrid is Shonaquip, a South African social enterprise started in 1992 that designs and manufactures mobility devices such as wheelchairs and posture support for the physically disabled.

I have 10 points of advice. I will explain more about in the coming monthly columns published in Small Business Connect.

These are:

- Adopt the social enterprise paradigm and blend business thinking with your social purpose.
- Clearly define the purpose of your enterprise.
- Define the positive outcomes that your enterprise achieves.
- Gather convincing evidence of having achieved these formally-stated outcomes.
- Demonstrate value for money, and refine your business model until this is achieved.
- Earn income; don't rely on donations for your survival.
- Market your successes more than the social problem you're tackling.
- Sell benefits to your customers.
- Collaborate with businesses and provide them with real value.
- Develop a powerful brand, around which you are able to deeply engage communities.

I hope you find value in this coming series about social enterprises, and realise how your business or non-profit organization can learn from these ten tips.

Marcus Coetzee is an experienced strategist who has consulted to non-profit organisations, social enterprises, the government and high-impact businesses over the past 18 years. He also heads up the African Social Entrepreneurs Network. Visit www.marcuscoetzee.co.za.