

# Shining light for NPOs

BY NABELAH FREDERICKS

THE realisation that many directors of section 21 companies had never been on a board before and that there were no organisations offering any training for these directors led to the establishment of Third Sector Insights (TSI).

TSI is a non-profit organisation that provides training to directors of both non-profit and for-profit organisations. It was started in 2004 and officially registered as a non-profit trust in October 2013.

Founder and managing partner Malcolm Boyd says he wanted to change the situation and equip directors with the necessary skills to handle their positions.

"I began the process of gaining an understanding of the specific needs of directors of non-profit organisation. This research was the embryo of our governance programme," says Boyd.

However, he adds, that over the years it became apparent that the training and services offered were too costly for non-profit organisations.

"Firstly, before we offered (online) learning solutions, it was virtually impossible to get the boards of non-profit organisation to commit to a learning experience for more than a day.

We then went back to the drawing board and then launched online learning products to



Malcolm Boyd is the managing partner and founder of social enterprise Third Sector Insights.

enable directors to learn about governance for a much more cost effective rate," says Boyd.

Thanks to the introduction of e-learning, the organisation has been able to reach a wider range of people who would not usually have been able to attend a two-day programme.

He says that the organisation has also re-examined its target market as governance is becoming one of the key issues that

fundors and donors are looking at when conducting their due diligence, especially for non-profit organisations.

"When social enterprises apply the principle of demonstrating value for money, there is a fine line between offering the product at a cost recovery level and market-related fee structure," says Boyd.

He explains that this is because the organisation predominantly serves the non-profit sector and

tries to ensure that the service is correctly valued.

"The service must not be discounted too much so that it loses value in the eyes of the consumer. But, it should also be correctly valued so that the perceived value is exceeded when delivery takes place," says Boyd.

He says the social enterprise space has a very fine line between being a very successful "economic engine" driving the sustainability



## Join the online discussion

SOCIAL entrepreneurs have a new platform to learn about successful social enterprises.

This follows the launch of Talking Social Enterprise, an online "talk network", hosted on the third Wednesday evening of each month at 7.30 pm. It aims to stimulate debate amongst social enterprise entrepreneurs and is hosted on the Google Hangouts platform.

- Sign up via [www.TalkingSocialEnterprise.net](http://www.TalkingSocialEnterprise.net).

of the enterprise while also maintaining the purpose of the enterprise around the greater good and public benefit.

Boyd advises other social entrepreneurs that it is important to know your market and understand the sphere of influence you have when establishing a social enterprise.

"A strong support network also goes a long way to reducing the possibility of failure," says Boyd.

## Refine biz model and show value for money

THE fifth principle in our **Think like a Social Enterprise** series is to demonstrate value for money, and refine your business model until this is achieved.

"Value for money" is the extent to which a customer believes that they are getting a good deal. It is the ratio between the price of a product and its value (e.g. quality and usefulness) to the customer. We all think about this whenever we buy something.

Here are some lessons we can all learn from social enterprises.

Social enterprises strive to offer value for money. They build high quality and affordable products that offer tremendous value to their customers. For example, Shonaquip designs and manufactures wheel chairs for disabled people that can withstand hardships of African weather and terrain, and easily be repaired by locals. Shonaquip also trains people on how to use and repair its products.

Social enterprises build products that last. They don't

believe in "planned obsolescence", which is when something (e.g. a washing machine or DVD player) is designed to break and need replacing after a set number of years. For example, Hygieia Women's Health sells reusable menstrual cups, which outlast, and are cheaper over time, than disposable sanitary pads. This product is particularly useful for women who cannot afford disposable sanitary pads or who live in deep rural areas and can't access them.

Social enterprises build products that achieve a social outcome. For example, the social entrepreneurs behind the Vula Eye Health Mobile Phone App wanted to help people in poor and rural communities access proper eye care at their clinics.

Social enterprises sell the changes their products create in the world. For example, See-Saw-Do does upgrades and makeovers of playgrounds, children's homes and ECD centers. When they sell this product to their

corporate sponsors they focus on the cognitive, behavioral and emotional benefits of their work on children.

Social enterprises want to "disrupt" the market and do things much better than their competitors. For example, Green Pop has developed a method of using volunteers to plant trees and conduct environmental campaigns. With a core team of 15 people they worked with 3 500 volunteers to plant more than 40 000 trees at 286 locations to benefit over 120 000 people in just three years.

Social enterprises measure the social impact their products are having, and find ways to constantly improve them. For example, Business Bridge provides practical business training and mentorship to entrepreneurs. Business Bridge has recently completed scientific research study with 1 080 entrepreneurs to understand the impact of their work and how to improve it.



Marcus Coetzee is the author of Think like a Social Enterprise.

Social enterprises offer real value, not just perceived value. They don't need to create an artificial demand for their products. They develop products to tackle very real social problems. They also price their products to enable them to cover their costs and expand their impact, rather than enrich as small group of shareholders.

Now let's take a moment to reflect on your business.

- How well do you understand your customers' needs?
- How are you revising your

product range to offer significantly better value?

- When last did you gather customer feedback?
- How are your products helping to tackle social and environmental problems?
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These are important questions that social enterprises ask themselves every day, and so should you.