Social Entrepreneurship

Abhijit Sathe
Chief Executive Officer
INVENT Program
iitk.ac.in/invent
What is social entrepreneurship?

Meet Rahul, age 25
Lives in a village called Musshipri
25 km from Lucknow
Village population: 2650
Rahul has no source of income

*How can you help him?*

- Give him money, food or clothes?
  - Only temporary reprieve
- Give him job?
  - No jobs in villages
Saudaagar kirana stores for Physically handicapped persons in villages

• Opening 100 stores in Lucknow and Barabanki districts in March
• Will supply goods to all stores
• Works on for-profit model
• Will open 25000 kirana stores in all villages of Uttar Pradesh
This urban laborer is thirsty.

Where can he get drinking water?

- Bisleri bottle costing Rs. 20?
  - Too expensive...

- Plastic water pouches?
  - Unhygienic?
Mobile water ATMs at high footfall spots

Already operating 24 mobile water ATMs in Lucknow and soon launching in Kanpur
Terrible student attendance in rural schools

Children do not attend schools in villages

Why?

• Teachers do not show up
• Teaching quality is bad
• Poor mid-day meal quality
• No tracking of children's progress
Analytical software solution for monitoring

Analytical software solution to solve all these problems

Teacher attendance tracking using GPS of mobile phones

Solution currently installed in 3500 schools in Giridih district of Jharkhand
No super specialty Doctors in Tier II and Tier III cities

- Cardiovascular & Thoracic Surgery
- Cardiology
- Neurology
- Clinical Haematology
- Plastic Surgery
- Gynaecology
- Cancer Radiation Therapy
- Dermatology
- Endocrinology
- IVF & Infertility
- Orthopaedics
- Cancer Surgery
- Paediatric Surgery
- Neurosurgery
- Gastroenterology
- Bariatric Surgery
- Pulmonary Medicine

- No second opinion on advanced treatment available
- Patients may spend lot of money on unnecessary surgeries
Audio/Video consultation with a Super Specialist

- Operating from Bilaspur, Chhattisgarh
- 70 Super specialist Doctors in the panel
There are many many more...

• All attempt to provide solutions to real mundane problems
• All working to help underprivileged people
• All are profit-oriented

• They are inventing a solution to a problem and NOT inventing a problem to suit their solutions
Definition of a Social Enterprise

An independent business

• with the goal of “generating profit”,
• having an “explicit mission to create social impact”
• whose operations “directly improve the lives and livelihoods of those residing at the bottom of the social pyramid”.
Social Enterprise Impact

Social return
• Goal/mission to achieve social, cultural, community-based, economic and/or environmental outcomes
• Redirection of a significant portion of surplus in the pursuit of social and environmental goals

Financial return
• Business that earns revenue
• Aims to be financially sustainable
### Social Business Vs NGO...

<table>
<thead>
<tr>
<th></th>
<th>NGO</th>
<th>Social Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary objective</td>
<td>Social impact</td>
<td>Social impact</td>
</tr>
<tr>
<td>Products/services</td>
<td>N/A</td>
<td>Price ≥ Costs</td>
</tr>
<tr>
<td>priced for sale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business model</td>
<td>Maximizes social impact</td>
<td>Maximizes social impact</td>
</tr>
<tr>
<td></td>
<td>Funded through donations</td>
<td>Financially self-sustainable</td>
</tr>
</tbody>
</table>
**Why Social Entrepreneurship?**

Mohammad Yunus, founder of *Grameen Bank* says...

- When we want to help the poor, we usually offer them charity.
- Most often we use charity to avoid recognizing the problem.
- But charity is no solution to poverty.
- Charity only perpetuates poverty by taking the initiative away from the poor.

Empowerment of the poor by creating jobs and steady income is the right way forward.
Social enterprise challenges

Funding
• 85% social enterprises face financial constraints (lack of funding)
• Impact investment ecosystem is still not strong enough
• Entrepreneurs rely on government grants, contracts, awards etc.

Profitability
• 62% social enterprises incur loss in first 3 years of operation

Expansion
• May take longer to build team (no funds to hire good talent)
Funding challenges

Chicken first or egg?

- Investors want to see successful validation before investing
- Validation only possible after investment
- Green Robot is an automatic cotton picking machine in prototype stage
Challenges in increasing sales and revenues

- People who need the product/service, cannot afford it
- Those who can afford, don’t need it...

Body temperature monitor for newborns and infants

- Direct B2C sales not feasible, they must explore other avenues (government programs, company CSR etc.)
Innovative Ventures and Technologies for Development

• A joint collaboration of the Department for International Development (DFID) of Govt. of the United Kingdom and Technology Development Board (TDB) of Govt. of India

• Aimed at improving lives of people living at the Bottom of Pyramid
8 low-income states have been selected for INVENT implementation

Total 4 incubation centres have been set to implement INVENT

SIIC at IIT Kanpur is one of them

We aim to incubate up to 40 start-ups in social sector
Why join us?

- Funding upon basic validation (up to INR 50 lakh)
- Dedicated mentors with domain expertise (we pay the mentors for their time)
- Monthly inspirational events and dedicated capacity building workshops
- Association with IIT Kanpur
- Access to SIIC tinkering labs and facilities
- Networking with downstream investors for scaling up operations
Selection process

Applicants complete online application

Our team gets in touch with entrepreneur for discussion

We present to Internal Investment Committee

Due diligence
Site visit, feasibility check, valuation, cash flow etc.

Funding and incubation

Legal due diligence

External Investment Committee meeting

Entrepreneurs make pitch

Get more info

Due diligence

What we look for

✓ Strong technology and innovation
✓ Startup stage: Post idea generation (cannot entertain if the idea is still in your head)
✓ Social impact (direct and indirect)
✓ Profitability
✓ Investability
Present status

✓ More than 40 applications received
✓ 30 applications processed and presented to internal committee
✓ 9 applications in due diligence stage
  ✓ Major sectors: Education, renewable energy, livelihood, agriculture

✓ Funding has been approved for 4 social start-ups
Other support

✓ Pool of sector-expert mentors
✓ Association with several organizations for value-addition
Other Funding Opportunities

✓ Promoting Innovations In Individuals, Start-Ups and MSMEs (PRISM)
✓ Promoting and Accelerating Young and Aspiring technology entrepreneurs (PRAYAS)
✓ NIDHI - EIR (Entrepreneurs in residence)
✓ Biotechnology Industry Research Assistance Council (BIRAC)
Have an idea or a product? Reach us!

INVENT website: iitk.ac.in/invent

Email: asathe@iitk.ac.in