The Vision, Mission, Objectives, and Business Description

Chapter 2

"Strategic planning is worthless—
unless there is first a strategic vision."

— *John Naisbitt, Author of "Megatrends"*

Overview: The overriding challenge to managing a social enterprise is balancing business objectives with social objectives. The final goal of your program is to improve the lives of your target population through new or value-added economic opportunities. On the other hand, you are tasked with making your social enterprise (totally or in part) financially viable. In the private sector the bottom line is very clear: to increase the company's value for its shareholders, in other words, to make money. Social enterprises have two bottom lines—a financial and a social one—and the culture of one is very different from the other. Many development professionals fear compromising their social objectives by succumbing to pressure to increase the income of their enterprise. The irony, however, is that by focusing solely on achieving social objectives, they put their entire program at risk because it may not be sustainable in the future. So how does one maintain equilibrium between these seeming polar opposites?

A clear **vision** and *mission statement*, **objectives**, and **business description** are important points of departure. The vision is what guides your social enterprise and energizes your stakeholders; it is the "big picture" illustrating what you expect to achieve. The mission statement defines who you are and where you are going. The objectives give you tangible milestones by which to get there. Finally, the business description summarizes your business profile and asserts what business you are in. In this chapter you will begin developing your business plan with exercises that answer fundamental questions about your social enterprise, which will ultimately help you strike a balance between social and financial objectives as they pertain to each section of your plan.

We suggest that all key stakeholders participate in this stage of business plan development.

Mission statement—a short declaration of the central purpose, strategies, and values of a social enterprise.

The Vision, Mission, Objectives, and Business Description

Exhibit 2A: TARTINA Enterprise Prior to Vision and Mission Realignment

This program has an identity crisis. It wants to know: "What am I, a program or an enterprise?" Save's perception is that the social enterprise is a program on its way to being an enterprise that has both social and profit motives. A united vision for the social enterprise is desperately needed. Whether TARTINA remains a program or becomes an enterprise has radically different implications for its objectives and priorities.

On the one hand, if we decide that TARTINA is to be a true enterprise, then stakeholders must commit to engage only in business activities that can eventually survive in "the real market." In the extreme case, they may find that none of the products currently being produced have any hope of being competitive. This will present a different set of challenges for the enterprise. In this business model, objectives of full cost recovery and certain profit targets will come first and social objectives will follow. On the other hand, if we proceed on an assumption that TARTINA is an "enterprise program" that will always be subsidized, then more attention can be focused on meeting social objectives. In addition, this type of incarnation would relieve stakeholders of making potentially painful decisions.

Save the Children believes that social enterprise stakeholders are striving for the former scenario—a true enterprise model that is self-sufficient and that also meets the desired social objectives. The question is whether we are ready to make some of the hard business decisions that come with this prioritization of objectives within the mission.

Therefore, before we can proceed, all stakeholders in the social enterprise program must develop a common vision and mission for the TARTINA venture, one that embodies its identity, priorities, objectives, and vision for the future.

Vision Statement

A vision is a global concept, it paints a picture of the social enterprise's direction and future. An effective vision statement succinctly communicates an uplifting philosophy that energizes social enterprise stakeholders to embrace challenges in order to successfully accomplish its goals.

Rationale:
A vision statement should remain relatively constant well beyond the life of your involvement as an international organization or intermediary in the social enterprise. The normal life span of a vision statement is 10 to 20 years. It articulates the ultimate long-range goal for your social enterprise. The time to revisit your vision statement is the point when your enterprise either has achieved its vision or has substantially moved away from it. For example, Microsoft's corporate vision since 1975 was "to put a computer on every desk and in every home." In March 1999 Microsoft drafted a new company vision that focuses on the power of the Internet, "offering people and businesses the ability to be connected and empowered any time, anywhere, and on any device."

All Key Social Enterprise Stakeholders—Board members, partner executive, senior enterprise managers, parent organization, business advisor, staff

Creating a Vision Statement

Use the following questions as a guide to formulate your vision:

▲ How do you envision your social enterprise in 10 years?

▲ How is what you hope to achieve embodied in this vision? In one or two lines, write a vision statement for your social enterprise. An example is given for TARTINA Enterprise in Haiti (exhibit 2B).

Vision Statement is included in the Business Plan

EXHIBIT 2B: SAMPLE VISION STATEMENT FOR TARTINA ENTERPRISE

"To develop the self-determination of a large group of disenfranchised self-employed women engaged in food transformation of agricultural production in rural Haiti by way of a viable enterprise that contributes to a higher standard of living for themselves and their families."

Mission Statement[1]

Rationale:

The mission statement is the heart of your social enterprise. It describes its central purpose and the basic principles that guide the actions of employees, partners, and management. As well, it articulates the strategy you will use to accomplish your goals and objectives. A mission statement also defines your target population and embodies the organizational values of your social enterprise.

The mission statement also provides direction to your social enterprise. If the business plan can be considered the *road map* of your social enterprise and the vision is the *direction* in which you are going, then the mission statement consists of the *street signs* to get there. **Your business plan must be consistent with your mission statement, so use it as an anchoring guide in each step of the planning process.**

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[1] Methodology in this section adapted from *"What's in a Mission Statement,"* The Alliance, Washington, DC (www.allianceonlone.org); the text has been edited.

All Key Stakeholders (same as previous exercise)

Five Steps to Developing a Mission Statement

▲ Developing a mission statement entails defining the "who," "what," "why," "for whom," and "how" of your social enterprise.

▲ Work through the following exercises with your stakeholders to develop a comprehensive mission statement that clarifies these key questions.

▲ Arriving at a mission statement that all stakeholders can support may require several iterations.

1. Client Statement

The client statement is the "for whom" of your social enterprise; it identifies the members of your target population and the basic strategies you will employ to reach them. In one sentence, articulate whom your enterprise is intended for, using the following questions as a guide:

▲ Whom have you identified as the target population of your social enterprise?

▲ What needs have they stated to you?

▲ What activities and subsector are they engaged in?

▲ Where are they located?

▲ How will you reach them?

> **Example:** *"The target clients of the Haiti social enterprise are poor women engaged in food transformation of agricultural products in the Goavian region, the community surrounding the local implementing partner."*

2. Problem Statement

The problem statement is the "why" of your program. It defines the problem you are seeking to mitigate through your social enterprise. In a few lines summarize the problem, using the following questions as a guide:

▲ What is the predominant need you identified among your target population?

▲ What are the constraints the target population faces in maximizing profit in its businesses?

▲ Is the prevailing problem of a business nature, such as poor-quality products, raw material limitations, or lack of working capital? Or is it of a social nature, such as gender discrimination or other social dynamics within the industry or subsector?

▲ Can this problem realistically be alleviated through a social enterprise?

If you find that you have identified several problems, be pragmatic about which ones can realistically be tackled in your program. You will not solve all the country's ills with one social enterprise program, so it is best to focus on what is doable.

> **Example:** *"The main problem faced by these self-employed women is access to markets in which to sell their products."*

☀ Mission Statement Planning

Be careful not to confuse the mission statement of your social enterprise with the mission statement of the parent organization or implementing partner you have identified. The purpose, principles, and strategies employed by the other institutions involved will not be the same as yours. This is especially true with regard to multisector organizations, which may serve several missions simultaneously—ranging from health to education to business services. The mission statement of your social enterprise complements those of the organizations you are working with, yet it stands alone.

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3. Statement of Purpose

The statement of purpose describes "what" your social enterprise seeks to accomplish. It answers the question, "What will the ultimate result of your work be?" The statement of purpose uses infinitive verbs such as "to eliminate," "to increase," "to improve," and "to prevent," indicating a change in status related to the problems you seek to alleviate.

▲ In defining purpose, focus on *results* rather than methods. Consider questions like "How is the situation going to be different because of the social enterprise?" and "What is going to change for the target clients?" For example, the purpose of a marketing social enterprise would not be "to provide marketing services to poor women entrepreneurs" but "to increase market opportunities and income of poor women entrepreneurs."

▲ In one or two sentences, using infinitive verbs, describe the desired result of your social enterprise and the problem or condition that you aim to change.

> **Example:** *"To increase economic opportunities and income of poor women entrepreneurs engaged in food transformation of agriculture."*

4. Business Statement

The business statement describes "how" your social enterprise will achieve its purpose by depicting the activities you will undertake to this end. In doing so, the business statement characterizes the basic strategy you will use. Most purpose statements yield several potential strategies, each one constituting a different "business." To increase poor women entrepreneurs' income, you could provide access to affordable credit, business training, and improved production technology, among other options. Writing a business statement clarifies the means to accomplishing your purpose and gets everyone reading off the same page.

▲ If the word "and" appears in either your statement of purpose or your business statement, ask yourself if you are equally committed to both ideas connected by the word "and" and, if not, acknowledge that one idea is more important. In other words, prioritize your ideas while writing your mission statement.

▲ Write a business statement for each statement of purpose.

> **Example:** *"To increase economic opportunities and income of poor women entrepreneurs through production technology, research and development, and marketing services that enable them to produce commercially competitive, high-quality goods and link them directly to markets."*

5. Value Statement

The value statement communicates the "who" of your social enterprise by embodying the beliefs and principles of your program. Values guide staff, management, and leadership in performing their duties. Often, the values of an institution, such as commitment to economic justice for the poor, integrity, honesty, innovation, cost recovery, or religious conviction, are important elements in a staff member's decision to work with an organization or are the reason a donor or board member supports a particular program. Ideally, the personal values of stakeholders are aligned with the values of the social enterprise program. Through a participatory process of developing a written value statement, program staff and leadership have an opportu-

nity to delineate the values they want the organization to encompass and realign them if necessary. In addition, such a statement holds stakeholders accountable in programming and operations.
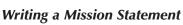
All key stakeholders

▲ In a few lines, write a value statement for your social enterprise.

> **Example:** *The social enterprise is committed to bridging gaps of economic disparity among poor self-employed women and developing self-determination. The guiding principle of the social enterprise is to operate as a business with the goal of full cost recovery, believing this to be the only viable means to achieve sustainable objectives of economic justice and improved quality of life for poor women in the Goavian region of Haiti.*

Same as above

Writing a Mission Statement

▲ Synthesize the work completed in the previous five steps into a comprehensive statement. Although length is not specified, a mission statement should be brief, consisting of just a few lines or sentences.

Mission Statement is included in Business Plan.

Example of Mission Statement for TARTINA

"To increase economic opportunities and income of poor self-employed women engaged in food transformation of agricultural production in the Goavian region of Haiti through the creation of a financially viable social enterprise that provides them with commercialization services and market linkages so they can supply high-quality products to their customers."

A Mission Statement Example From A For–Profit Community Health Food Store,[2] The People Garden

"To strengthen the Mount Pleasant community by developing nourishing, multi-cultural, and enjoyable food resources and, in the process, connect people and build resources to support holistic community-driven development."

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[2]Permission to reprint provided by Jeff Brechbuhl, proprietor of The People Garden.

Social Enterprise Objectives

A social enterprise requires both efficiency and effectiveness.

Rationale:
An objective is an end result, and it is often referred to as a "target" in development literature and proposals. Objectives serve as quantitative measures within a fixed time frame that propel your social enterprise toward accomplishing its mission. The time frame for achieving the objectives should correspond with viability and other mid-term goals set forth in the mission statement. Secondary objectives for marketing, human resources, and production flow from these main objectives, and subsequently, operational strategies are built upon them. For example, financial viability is determined by forecasting the enterprise's break-even point (see Chapter 5, "Break-even Analysis"), then benchmarks are set and aligned with the business plan, which details strategies for achieving these objectives (chapter 8, "Setting Financial Targets").

EXHIBIT 2C: OBJECTIVES ALIGN WITH MISSION AND VISION

The objectives must address both bottom lines—business and social—of your enterprise and can be divided into two categories: social impact objectives and financial sustainability objectives[1].

Regardless of type, objectives must be **SMART:**

▲ **S**pecific — well-defined and clearly stated

▲ **M**easurable — quantifiable or absolutely calculable

▲ **A**chievable — realistic under the circumstances

▲ **R**elevant — supporting accomplishment of the mission and contributing to realizing the vision in the long term

▲ **T**imebound — time based (corresponding to the period of the business plan)

Social Impact Objectives[1]

Social impact objectives enable you to measure the social aspect of your mission statement.

Two objectives among these can be easily defined as SMART objectives:

✳ ***Scale*** — the number of the target population—self-employed, small producers, poor people, homeless, physically or mentally handicapped, etc.—that your social enterprise will benefit. How scale is quantified depends on the goals and design of the program, but it is often expressed as a number of individuals served or jobs created.

✳ ***Income Level*** — the level of net income distributed to the target population. It can take the form of wages, salaries, or ***profit sharing***. It is often expressed in dollar or other currency value, as a total income per individual.

Other social impact objectives can be slippery and difficult to measure, and are likely to vary greatly among enterprises based on the needs of the target population and mission. Some generic examples are:

✳ Skill and management capacity to run enterprise operations measured by the ability to conduct certain tasks;

✳ Asset Accumulation;

✳ Percentage of clients' children in school;

✳ Decrease in out-migration;

✳ Improvement in housing or living situation.

Financial Viability Objectives

Financial viability objectives represent the business component of your mission by addressing the social enterprise's financial bottom line and measuring its viability.

✳ ***Cost recovery*** — gauges the ability of the social enterprise to cover its costs through generated revenue. Cost recovery is expressed as the percentage of

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[1]Several new initiatives aimed at developing social enterprise performance and social impact indicators are being conducted by Small Enterprise Education Promotion Network (SEEP) and the Roberts Foundation, among others.

Profit sharing—a compensation arrangement whereby employees receive additional pay or benefits when the company earns or increases profit.

expenses covered by the revenues in a given period. For instance, a 25% cost recovery means that 25% of the total cost was covered by 25% of the total revenue, the remaining 75% being covered by subsidies.

✳ **Net Profit/Loss** — measures social enterprise profitability via the financial bottom line. A net positive number indicates a profit, whereas a net negative number indicates a loss. *Net profit*/loss can also be considered a "test of the market" indicator demonstrating the enterprise's ability to operate as a successful business. Net profit/loss is reflected in the last line of the income statement and expressed in dollar or other currency value.

✳ **Cost-efficiency** — measures the ability to render services at a decreasing cost over time. Cost-efficiency is often quantified as a net loss or profit per individual, expressed in dollar or other currency value. If the cost-efficiency amount is a negative value, it represents the amount of subsidies per individual necessary to support the social enterprise. If it is a positive value, it represents the profit generated by each individual.

Combining the Objectives

💣 *"There are potential conflicts between some of these [social impact and financial sustainability] criteria. For example, strong outreach (scale) performance may occur at the expense of both business and development impact. High levels of financial sustainability may well be at the expense of outreach, particularly among more disadvantaged groups. Looking at performance in relation to only one or two criteria can easily distort the true picture of performance."[2]*

If your objectives seem incompatible or incongruous, it is a red flag that they may not be achievable. In this case, adjusting expectations and objectives within limits that all partners can agree on—i.e. reconsider the target income level or the scale of the program; change the cost structure of the business to increase efficiencies; or increase the number of years before financial sustainability—can help you find a better fit between your objectives and mission. If this approach doesn't yield stakeholder satisfaction, you may need to rework your mission statement and repeat the process until a workable mix is found. Finally, if dissatisfaction prevails, you are probably in the wrong type of business or industry to support a social enterprise venture (see chapter 4), therefore you will have to **select another business**.

In TARTINA's example, the enterprise is projected to break even in a little more than six years; however, the scale and impact targets may not be sufficient to fulfill its mission. The enterprise cost-efficiency is very low in the early years, which could be due to high costs of capacity building, typical in social enterprises. TARTINA's stakeholders may decide to scrutinize enterprise objectives and renegotiate them before moving forward with this venture.

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[2]Business Development Services for SMEs: Preliminary Guidelines for Donor Funded Interventions, October 1997.

Net profit—what remains after all expenses have been subtracted from revenue; also referred to as net income.

Business advisor, enterprise managers, staff, partner executive

Developing Objectives

▲ Establish social enterprise objectives. Use the TARTINA example in exhibit 2D as a reference to help you complete this exercise.

▲ Our approach does not require using exactly the same objectives we define in this manual. You may use any objectives in your business plan provided that they (1) address **both bottom lines**—business and social—of your enterprise; (2) advance the enterprise mission; and (3) are SMART.

Objectives are included in the Business Plan.

EXHIBIT 2D: TARTINA SOCIAL ENTERPRISE OBJECTIVES

TARTINA PROJECTS VIABILITY IN SEVEN YEARS, THEREFORE OBJECTIVES ARE PROJECTED OVER THAT PERIOD.

Social Impact Objectives

SCALE[3]
TARTINA's objective is based on beginning with 120 clients and increasing that number by 20% each year over a seven-year period.

Year	1	2	3	4	5	6	7
# of Clients	120	144	173	207	249	299	358

INCOME LEVEL
Income potential must be greater than what the self-employed poor earn in other income generating activities and more stable in order to raise standards of living. A base-line analysis on current income levels of the self-employed poor is conducted. Based on this information, TARTINA established the following objectives for income level on a seven-year period:

Year	1	2	3	4	5	6	7
Monthly Income per client	$67	$73	$78	$85	$91	$98	$106
Total Annual Income per client	$804	$876	$936	$1,020	$1,092	$1,176	$1,272

Vertical integration—expansion by moving forward or backward within an industry. See also *backward* and *forward* integration.

[3]The SC/Haiti social enterprise program is in the process of widening "scale of impact" to other beneficiaries. In addition to enterprise clients, raw material suppliers, notably, rural Haitian peanut farmers, are also receiving benefit from the social enterprise program. Peanut farmers need assistance in improving productivity yields and the quality of peanut species. This **vertical integration** is needed to ensure timely access to the required quantity and quality of supply. (Note that the expected number of peanut farmers to be reached by the social enterprise program has not yet been determined.)

OTHER SOCIAL IMPACT OBJECTIVES FOR TARTINA

By the conclusion of year seven, the social enterprise aims to:

- Create 370 new job opportunities: 358 clients and 12 ADE/TARTINA staff.

- Decrease rural out-migration by 50 percent.

- Link a minimum of 65 percent of clients to ADE's other development activities, including agricultural extension, education, and health services.

- Develop organizational and management capacity, as measured by achievement of specific performance targets identified in the human resource plan.

ESTIMATING THE FINANCIAL VIABILITY OBJECTIVES

Cost Recovery Formula: Total estimated revenue divided by total estimated expense, multiplied by 100.

Year	1	2	3	4	5	6	7
Total revenue	$15,000	$45,000	$95,000	$145,000	$190,000	$215,000	$235,000
/Total expense[4]	$150,000	$265,000	$280,000	$285,000	$270,000	$225,000	$185,000
Cost recovery	10%	17%	34%	51%	71%	96%	127%

Net Profit/Loss Formula: Total estimated revenue minus total estimated expense

Year	1	2	3	4	5	6	7
Total revenue	$15,000	$45,000	$95,000	$145,000	$190,000	$215,000	$235,000
/Total expense	$150,000	$265,000	$280,000	$285,000	$270,000	$225,000	$185,000
Net Profit/Loss	($135,000)	($220,000)	($185,000)	($140,000)	($80,000)	($10,000)	$50,000

Cost-efficiency Formula: Net Profit/Loss divided by number of clients

Year	1	2	3	4	5	6	7
Net Profit/Loss	($190,000)	($220,000)	($185,000)	($140,000)	($80,000)	($10,000)	$50,000
/ by # of clients	120	144	173	207	249	299	358
Profit/Loss per client	($1,125)	($1,528)	($1,071)	($675)	($322)	($33)	$140

Business Description

In keeping pace with the widespread notion that "the guiding paradigm for the management and operations of social enterprises should be SMEs [small or medium enterprises] themselves,"[5] Save the Children champions this kind of businesslike organization[6] by creating the program as a separate **entity** or social enterprise. Therefore, regardless of the type of social enterprise (marketing, training, advocacy, technology, employment etc.), it should be treated as a business with its own guiding mission and objectives, human resources and accounting system, and be definitively segregated from other nonprofit, implementing partner or parent organization programs.

Entity—something that has a distinct existence or conceptual reality.

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[4]Save the Children does not include SC/Haiti overhead or technical assistance costs as part of program expenses in this calculation (see chapter 8, Financial Plan, for more information).
[5]Gibb, A.A., and G. Manu.1990. Design of extension and related support services for small scale enterprise development. International Small Business Journal 8, no.3.
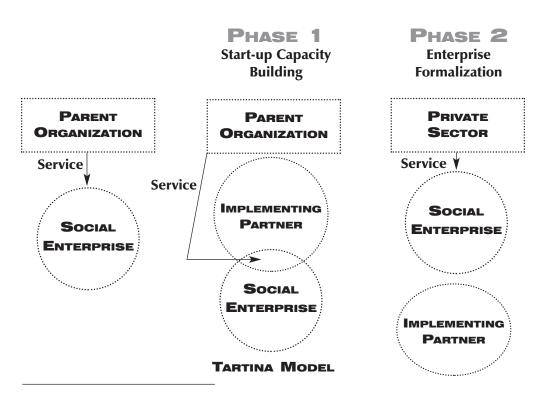[6]Ibid.

Capacity building—the act of transferring skills or management knowledge through training, technical assistance and applied learning. Capacity building occurs on two levels. *Client capacity building* refers to hard and soft skills development aimed to increase clients' employability, economic security and self-esteem. In some cases, clients are also trained in management. *Institutional capacity building* transpires at the level of the social enterprise. It is the supported process of transforming a nonprofit program into a business. Management capability of nonprofit and business professionals is developed to simultaneously achieve the enterprise's financial and social objectives.

Formalization—the process of shifting the social enterprise from a nonprofit program under auspices of the parent organization to a separate business entity. Formalization requires changes in legal structure and ownership to detach from the parent organization.

The danger of not using this approach is the confusion that can arise on all fronts among the parent organization, the implementing partner and the social enterprise program itself. Income and expenses blur. Accountability for realizing business objectives is unclear. Human resource roles and functions are vague when the social enterprise is considered an extension of the partner organization. Priorities related to achieving the partner's mission versus the enterprise's mission become muddled. Hot debate occurs around issues of asset ownership and the use of enterprise revenue.

Save the Children employs two different methods of social enterprise creation (exhibit 2E). In the first method[7], SC launches a new local social enterprise without working through an intermediary. Start-up costs for this strategy of enterprise creation may be higher, but this structure performs better as a business in the long run. SC builds management and technical "business know-how" capacity so the enterprise becomes viable. The second model[8] (center) is implemented in two phases. The enterprise begins as a program of the local intermediary, and some crossover exists between personnel, leadership, and resources, although the vision, mission, objectives, and "business of the two entities" are distinctly separate. **Capacity building** is achieved through the external assistance of the parent organization (in SC/Haiti, a PVO). In the next phase, **formalization**, the enterprise spins off as a business that is completely separate from the implementing partner (nonprofit, private company, etc.). Once formalized, the enterprise shifts from subsidized third party technical assistance and seeks fee-based specialized support from the private sector, or another service provider.

EXHIBIT 2E: SAVE THE CHILDREN'S APPROACH TO SOCIAL ENTERPRISE CREATION

PHASE 1
Start-up Capacity Building

PHASE 2
Enterprise Formalization

TARTINA MODEL

[7] At the time of this writing this new enterprise creation strategy had been successfully executed only in SC's microfinance programs.
[8] TARTINA Enterprise in Haiti follows this model.

The Name of the Business

Rationale:

Many social enterprise programs use the implementing partner or parent organization name rather than creating an independent name for their enterprise. If your organization has an established image or reputation for its other programs, such as in health and education, you may lose potential enterprise customers who think they already know what the organization is about. *What would you think about a name like Save the Children Peanut Butter?* It is best to give your social enterprise its own name. A name also helps to mentally separate the enterprise activity within your organization and position it for formalization and viability.

....
Brand—product group identified a name of a company or manufacturer.

About Social Enterprise Names

The name should reflect your social enterprise's image and attributes. In choosing a name, decide what you want people to know about your business. Remember that the name is the first impression prospective customers have of your social enterprise. Here are a few types of names to consider:

✳ ***Fanciful names***, like Nike or Lotus. Marketers spend a lot of money trying to associate a name in customers' minds with a product that is unique or special. This is called developing ***brand*** image.

✳ **Descriptive names.** These are names that give specific information about your enterprise or product; they often mention product attributes. For example, a microfinance institution in

> ### Suggestions for Choosing Names
>
> ✳ A name should sound positive.
>
> ✳ It should reflect your identity (self-determination for the poor, local identification, high quality, etc.).
>
> ✳ Avoid difficult names. Names should be easy to remember, spell, and pronounce.
>
> ✳ Names should be unique so people do not confuse your business with others.
>
> ✳ Do not use a name that will limit you in the future if you want to diversify your products, services, or the geographical areas you serve. Choose a name that will allow you to expand.
>
> ✳ Use a descriptive name that tells potential customers about the attributes you want them to remember.
>
> ✳ Pick a name that will sound good and look attractive in print, such as on letterhead, posters, brochures, etc.
>
> ✳ Use descriptive names unless you are certain that a person or place name will be recognizable and understood by your target customers.
>
> ✳ All stakeholders should agree upon the name of your social enterprise.

Lebanon is called "Al Majmoua," or "the group" in Arabic, stressing its group lending methodology. "TOPLA," (see Chapter 9) includes "top" to indicate its mountainous rural location; and "top" is a Haitian colloquialism meaning "the best." "Msasa Phone and Fax Bureau" tells you exactly what the business does, but it may be limiting if the firm decides to offer other services, like e-mail.

✳ **People or place names.** Businesses can be named after a person, usually the founder, or a place, indicating the actual location of the business or referencing a place that conjures up an image related to the business. For example, "Rocky Mount Bar-B-Q" in the Illinois flatlands suggests Southern-style barbecue from

Rocky Mount, N.C. Consulting firms often use the name of the principals in their title, such as Coopers and Lybrand or Morehouse and Associates. The problem with using people or place names is that they may not be recognizable to your customer. If the social enterprise's name does not ring a bell in the mind of the customer, too much time and money will be spent on branding.

✳**Combination.** Some businesses combine descriptive terms and names of people, such as "Ncube Construction" in Zimbabwe.

Enterprise managers, staff, clients

Creating a Name

▲ Brainstorm potential names with the key stakeholders in your social enterprise. What image or attributes do you want people to think about when they hear your enterprise's name?

▲ Select a name for your social enterprise.

Description of the Business

Rationale:
The business description defines the business identity of your social enterprise. The exercise that follows will help you segregate your social enterprise program from other programs in your portfolio and conceive of it as a business.

Enterprise managers, parent organization advisor, staff, partner executive

▲ Write a description for your social enterprise business using the Business Description Template (exhibit 2F).

▲ In brief summary form, describe the nature of the social enterprise business as well as the key factors that will contribute to its success. The nature of your business encompasses the reasons you chose this particular business, namely the prevailing needs of your clients and demands of your marketplace. Without going into great detail, include how you plan to satisfy these needs using your products and services. The key success factors can often be translated as comparative advantages and might include a superior ability to satisfy your customers' needs, an efficient method of delivering your services, or the availability of highly qualified personnel.

▲ If your social enterprise is a business start-up rather than one that builds on an existing enterprise or program, you will not be able to give details of its history or performance to date. Instead, focus on the experience and background of your organization and partners that led you to the decision to start a social enterprise. Describe the problems in your target market and what solutions you will provide. Demonstrate how your and your partners' expertise will contribute to these solutions.

📑 **Business Description is included in the Business Plan.**

Although this section raises several important questions about your social enterprise, the business description is considered an overview and should be no longer than *a few paragraphs to one or two pages.* You will have ample opportunity in other sections of the business plan to develop and expound on the topics broached here. Focus on the subjects that will help you conceptualize your program as an enterprise and portray that concept to your stakeholders.

EXHIBIT 2F: BUSINESS DESCRIPTION TEMPLATE

▲ Date the enterprise began

▲ Name of the enterprise

▲ Sector

▲ List of products manufactured or services rendered

▲ Legal status

▲ Location

▲ Description of the nature of the business

▲ Key success factors

▲ List of service providers involved

▲ Management and leadership

▲ Description of facilities or plant

▲ Financial status

▲ Description of relationship with partners and/or donors

▲ Description of organization's and local partners' relevant experience

▲ Summary of the business' history

▲ Summary of future plans for the business

EXHIBIT 2G: BUSINESS DESCRIPTION FROM TARTINA ENTERPRISE

Date the enterprise began: May 1997.

Name of the enterprise: TARTINA Enterprise.

Sector: Manufacturing; food processing.

List of products manufactured or services rendered: Mamba peanut butter, four flavors—salted, unsalted, sweetened and spicy; Chadèque grapefruit jam; Grenadia passion fruit jam; and Karapinia sugar- and spice-coated peanut snack food.

Legal status: NGO, a program of ADE.

Location: Colline, a rural, hilltop village $2\frac{1}{2}$ hours from Port-au-Prince (PAP).

Description of the nature of the business: TARTINA Enterprise adds value to existing food-processing activities of poor rural women living in and around Colline by commercializing their products. In doing so, TARTINA imparts management and manufacturing skills, and extends income and employment opportuni-

ties to these women, as well as providing Haitian families with the nutritious, high-quality, high-value domestically-produced foods they desire.

Key success factors: All raw materials and production inputs are domestically sourced; clients have equity stake in TARTINA; all production staff, management, and some sales staff are from the Colline community; marketing and sales staff support the social mission behind the product; TARTINA is a socially responsible community enterprise.

List of service providers involved: Association pour le Développement Economique (ADE).

Management and leadership: Charismatic, well-connected executive director of ADE; an expatriate business advisor based in PAP; a production manager with 1½ years' experience in food processing; a part-time TARTINA business manager with extensive management experience; and a financial director and accountant. ADE is currently recruiting a TARTINA marketing manager.

Description of facilities or plant: Production center—one vented building with two production rooms, one for peanut products, one for jam, and a courtyard for sorting raw materials, crating products, etc. Two peanut silos for raw material storage. There are two grinders, four industrial cookers, and storage space for jars and materials.

Financial status: Seed capital and operating costs funded and underwritten by an ASSIST grant for a total of $500,000 for three years. At the close of this grant period, additional donor funds will be required. TARTINA is projected to earn a profit in seven years.

Description of relationship with partners and/or donors: Save the Children and ADE have an open and collaborative relationship with ASSIST. Despite changes in the original design and model, ASSIST has continued to invest in the social enterprise project, leveraging lessons learned in order to define standards for cost-effectiveness, cost recovery, and scale in the business development services sector of international development.

Description of organization's and local partners' relevant experience: ADE is a community-based organization with experience in education, community development, and microcredit. ADE currently has a portfolio of 8,000 clients receiving financial services. ADE had no food-processing or manufacturing experience prior to the TARTINA launch.

SC supports social enterprise programs in 15 countries worldwide. In 1993 SC launched its first social enterprise in the Philippines, then called "WMEN." Economic opportunities staff (U.S. & Haiti) have appropriate credentials (MBAs and CPA) and several decades of cumulative business experience.

Summary of the business' history: The original three-year program agreement was designed as a decentralized network in which self-employed women sourced their own raw materials and produced their own food products at the homestead level. ADE managed marketing and distribution functions through the creation of TARTINA Enterprises.

As it turned out, TARTINA customers demanded a highly standardized product, which could not be achieved through decentralized production. TARTINA

therefore pursued a strategy of backward integration, assuming production and raw materials acquisition aspects of the business. Decentralization remained only in the form of home-based peanut roasting and acquisition of fruit for grapefruit jam. The new centralized model stabilized product quality and realized some economies of scale and cost savings (economies of bulk purchase). During this time ADE also tested 23 products. After analyzing break-even points, profit margins, and demand for each product, TARTINA's product line was narrowed down to seven products. ADE also experimented with distribution channels, settling on a formal sales staff structure to reach commercial and artisan markets.

Summary of future plans for the business:

✳The customer preference for product standardization and quality control will be met through centralized client training and follow-up and supervision on a continuous basis. Standardization also extends to the need for tight quality control at the raw material purchasing stage.

✳Cost savings will also be realized through centralized bulk purchases of production inputs, and seasonality of raw material inputs will be reduced to some extent through storage facilities and proper storage techniques.

✳TARTINA will pursue a deep market penetration strategy in large urban markets. The product strategy will focus on two established products and invest in two new products.

✳To increase economic opportunity and income, clients will be paid wages plus a percentage of profits.