Intellecap Capital Advisory Services Pvt Ltd
Acknowledgement

“This work was carried out with the aid of a grant from the International Development Research Centre, Ottawa, Canada”
SUCCESS AND SOCIAL ENTERPRISES:
Understanding Scale-Up & Commercial Success

VILLGRO RESEARCH PROGRAM 2011-2012

FEBRUARY 2012
# TABLE OF CONTENTS

3 ACKNOWLEDGEMENTS

4 INTRODUCTION

   4 Summary of Study Findings

6 ABOUT THE STUDY

   6 Research Methodology

9 COMMON CHALLENGES OF SOCIAL ENTERPRISES

15 SCALE-UP: ENTERPRISE CASE STUDIES

   16 E-Farm
   19 Greenlight Planet
   22 iDiscoveri
   25 Ziqitza Healthcare
   28 Shramik Sanitation Solutions

31 COMMERCIAL SUCCESS

35 CONCLUSION

37 SOURCES

39 EXHIBIT 1: LIST OF STUDY PARTICIPANTS
41 ANNEXURE I: ABOUT THE INTELLECAP RESEARCH TEAM
43 ANNEXURE II: ABOUT INTELLECTUAL CAPITAL ADVISORY SERVICES PRIVATE LIMITED
44 ANNEXURE III: CONTACT INFORMATION
ACKNOWLEDGEMENTS

This study was made possible with funding and support of the Villgro Innovations Foundation. The Intellecap Research Team would like to thank the Research Team at Villgro for their feedback and suggestions throughout the course of this study.

The Intellecap Research Team would also like to thank all the Intellecap Social Enterprise Landscape Survey respondents and interviewees who generously shared their experiences and insights to shape this study. (Please see Exhibit 1 for a complete list of enterprises that participated in this study.)

Finally, our team would like to thank our colleagues at Intellecap, especially the Sankalp Forum Team, in their unfailing help with names, contacts, suggestions and feedback at every stage of research.

Authors:
Nisha Kumar Kulkarni
Usha Ganesh
Anar Bhatt
Sarah Allen
INTRODUCTION

Social entrepreneurs are not very different from their counterparts in the traditional business world when it comes to the challenges of starting and growing a business. The differences between the two business types, however, begin and end with the inherent social mission of for-profit social enterprises: when one’s business depends on offering solutions to a social problem in a profitable and sustainable manner, the question of identifying the problem is only half the battle. The other half of the battle is delivering the “right” product or service to take to market to benefit the bottom of the pyramid (BoP).

For the social entrepreneur, successful scaling up of an enterprise is determined by the social impact of her business model, or how effectively the enterprise’s offering improves upon the status quo. In India, there are myriad social enterprises operating in various sectors such as agribusiness, clean energy, education, healthcare, and water & sanitation. Establishing and growing a social enterprise in India means understanding the unique market climate and behavior of the geography of operation, especially if widespread social impact upon the poor and vulnerable is to be achieved.

Summary of Study Findings
As this qualitative study looked into factors for successful enterprise scale-up and the evolution of commercial success in the social enterprise landscape, the insights provided by social entrepreneurs were critical. The founders, CEOs and senior management spoken to for this study offered thoughtful and forthright conclusions based on their respective business experiences. Promoting an independent, self-sustaining enterprise was universally stated as an important milestone. To meet that end, the study's interviewees all shared their thoughts based along the unstated question of: what do you know now that you wish you knew then?

Aside from lending gravity to considerations such as funding and human resources, the study's interviewees shed light on how other challenges – such as the absence of infrastructure or accepting new technologies – cannot be ignored. When the enterprises featured in the “Scale-Up: Enterprise Case Studies” section were investigated, it was hypothesized and confirmed that there are sector-specific factors that should be kept in mind when starting and growing an enterprise.
That being said, though, there is a tie that binds all successful social enterprises that has to do with their respective approaches: recognizing that each problem has multiple components and addressing each of those components as part of a whole better guarantees the success of an enterprise. Social problems require sustainable solutions that are multi-faceted, adaptable and affordable within the context of scale-up success.

There are four key lessons to be learned from this study:

- **There is no ‘secret formula’ to scale-up success:** Employing a holistic approach to social issues allows enterprises to more clearly align their vision with the needs of the BoP, and ensure enterprise growth and scale-up success.

- **Commercial viability does not necessarily translate into commercial success, but it is an important prerequisite for any enterprise that has a long-term, sustainable vision.**

- **Although India’s social enterprise landscape is still maturing and commercial success is yet to be defined, there is not necessarily a conflict between fulfilling a social mission and striving for commercial success. There is an ongoing struggle to balance the dual objectives of profitability and social impact, but commercial success in the social enterprise space is not only defined by profitability.**

- **The definition of commercial success is subjective and dependent upon the goals of enterprises and the needs of the sectors they operate within.**
With this study, the Intellecap Research Team had two objectives. The first objective was to ascertain the factors that may be useful considerations for Indian social entrepreneurs working towards successful enterprise growth and scale-up in a variety of sectors. Once an enterprise is launched, its sustenance and growth becomes the next, continued, critical activity of the entrepreneur. This entails innovating new, relevant products and services, as well as providing the same quality product or service at affordable pricing to a wider customer base without compromising on the important goal of social impact.

The second objective was to understand how commercial success in the social enterprise landscape would be determined as it matures. The landscape is still relatively young, and, at this point, it would be premature to assert any single enterprise as an example of commercial success. How that level of success will be defined is yet to be seen, but interacting with entrepreneurs from different sectors guided the conversation on understanding the future needs and trends of different sectors, and what commercial success may look like.

Research Methodology
This report includes an overview of the most common challenges faced by social entrepreneurs, five enterprise case studies that provide insight into scaling up across various sectors, and a discussion on commercial success.

Primary Research
This study includes primary research comprising of an online survey and in-depth interviews. The chosen sample of enterprises featured in this project was mined from a database the Intellecap Research Team compiled from:
- In-house enterprise databases across Intellecap’s business lines;
- Attendance lists from recent, relevant conferences;
- Social business plan competitions;
- Listings of enterprises that have benefited from incubator and sector enabler guidance;
- Listings of enterprises that have benefited from impact investment; and
- Online directories of social enterprises.

An email survey via Survey Monkey was sent to this comprehensive database. The Intellecap Research Team received 101 unique responses, of which 95 responses will be included in the analysis of challenges in the “Common Challenges of Social Enterprises” section of this report (please see Exhibit 2 for a complete list of enterprises that participated in this study).
After the comprehensive database was finalized, each enterprise was investigated for the purposes of the enterprise case studies that are featured in the “Scale-Up” section of this report. Each enterprise had to meet basic criteria to be included on the case study short list, such as:

- The enterprise had to be in operation for at least two years;
- The enterprise has to have achieved some level of scale via geographic expansion and/or product/service expansion; and
- The enterprise must be actively working in a sector that has significant entrepreneurial activity (i.e., agribusiness, clean energy, education, healthcare or water & sanitation), and its target consumer must include the BoP end user.

Enterprises that met the aforementioned basic criteria were contacted, and those early conversations informed whether or not the enterprise suitably fit the scope of this study. In several cases, it was found that enterprises were not comfortable being classified as “growth-stage” or that some were currently reworking their business plan, which would change the overall reach of their work. In some cases, the eliminating factor was non-response or lack of interest in participating in this study.

The final short list for the case studies was arrived after a two-step process. The first step was to send out a list of five basic questions to see what general insights could be provided. These questions were meant to determine respondent interest in participating in the study and have feedback to inspire further discussion in the next stage of screening. Once responses were received, a follow-up phone interview was scheduled. Only once interviews with enterprises proved productive were they then included on the short list. This method helped ensure that chosen enterprises were good representatives of their operating sectors, and that their management teams were able to share valuable insights on scale-up success for social enterprises in India, as well as lessons learned that could guide fellow social entrepreneurs.

**Secondary Research**

In addition to the primary research conducted, secondary research sources were also consulted to gain better perspective on the Indian social enterprise landscape and to investigate the work – and media coverage – of potential enterprises to be included on the short list.

Examples of sources that have been consulted are:
- Respective enterprise websites and publications about these enterprises (where available);
- Business school case studies;
- Business and development publications;
- Websites focused on social entrepreneurship and development issues; and
- Official research reports.
(Please refer to the Sources section at the end of this report for a complete and specific listing.)
COMMON CHALLENGES OF SOCIAL ENTERPRISES

The Intellecap social enterprise landscape survey was sent to a comprehensive database of social enterprises across the agribusiness, clean energy, education, healthcare, and water & sanitation sectors, among others. The survey was open for three weeks, and in that time, the team received 101 unique responses from enterprise founders, CEOs and senior members of leadership teams. Ninety-five unique responses were used in the analysis that informs the following overview of common challenges faced by social enterprises.

About the Survey Respondents
India’s social enterprise landscape is young. As evidenced by the survey responses, nearly 50% of today’s enterprises have been operational for two years or less, while 80% of enterprises have been operational for five years or less. In 2005 and 2006, when the microfinance industry gained global recognition as a viable market-based poverty alleviation strategy, the for-profit social space boomed with more enterprises entering the scene. Interestingly, this boom continued through the recent global recession and grew even after the microfinance bubble burst in 2010. Investors still interested in the for-profit social space were looking for social investment opportunities outside of microfinance. In 2011, the social enterprise landscape seems to have cooled down, likely reflecting the challenge of identifying early-stage enterprises rather than an actual drop-off in enterprise growth.

Since much of India’s BoP lives in underserved rural areas, it is not surprising that 40% of survey respondents target only rural markets, while 35% target rural and urban markets. A high concentration of enterprise headquarter locations are in the southern and western regions of India, but nearly 60% of enterprises are also operating in at least one low-income state. This finding suggests that while social enterprises choose to be based in regions that have

Graph A
Growth of the Social Enterprise Landscape since 1991
better access to human resources, infrastructure and networks, the challenges posed by operating in low-income areas do not deter them from working there.

The agribusiness and clean energy sectors have the greatest concentration of social enterprises, followed by livelihood development and healthcare. Social enterprises in the education sector have only recently begun to gain major traction in the past few years and are attracting the attention of impact investing funds like Acumen Fund and the Omidyar Network, who have both added education portfolios to their investment mix. The clean energy sector has by far seen the greatest growth in social entrepreneurial activity with 60% of clean energy social enterprises having been established in the last two years.

The youth of India’s social enterprise landscape can also be seen in the amount of revenues being earned by enterprises. A majority of social enterprises are small with 50% of respondents generating less than ~US$100,000 (INR50 lakh). Still, social enterprises are reporting extraordinary revenue growth: in the 2010-2011 fiscal year, 33% of enterprise respondents report revenue growth of more than 75% while only 5% of respondents report revenue decline. These figures, however, may overstate overall revenue growth. Interviews revealed that growth could be very volatile from year-to-year with dramatic rate fluctuation due to financing, operational or strategic challenges, especially in the early years.

Nearly 50% of enterprise respondents depend on external infusions of capital. This figure once again reflects the young age of India’s social enterprise landscape with 60% of enterprises that have been operational for two years or less generating losses. More mature social enterprises are profitable with 50% of enterprises 10 years or older reporting profits. Of the social enterprises that are profitable, close to 50% report doing so within the first two years after their founding, and 85% within the first five years.

**Understanding Challenges**

There are many ways for social enterprises to make social impact, and enterprises employ multiple strategies to do so, as seen in Table A. Not surprisingly, a majority of enterprises are focused on affordable product or service provision. Employment
generation comes in as the second most popular impact strategy. Almost 33% of responding enterprises claim over 50,000 beneficiaries, where enterprises working in the education, healthcare and water & sanitation sectors claim the greatest proportion of enterprises with 50,000 or more beneficiaries.

An ongoing challenge for social entrepreneurs is to strike a balance between achieving real social impact and profitability. For this reason, it is important to understand the context under which enterprises perceive their challenges. One of the early questions of the survey requested that respondents select a statement that best captures their enterprise’s approach to achieving the dual bottom line. As per the survey results, it is apparent that understanding how to prioritize profitability and social impact is a challenge for social enterprises; there is no clean and clear resolution, and tension between the two objectives persist over the business life cycle. A majority of respondents (37%) agreed with the statement: “We prioritize maximizing social impact over maximizing profit,” while the second choice statement by respondents (33%) was: “We strive to maximize both, but sometimes have to make difficult decisions that compromise one or the other.” The third choice response (26%) indicated that respondents prioritize “maximizing profit, but only because we believe that this is the best way to maximize social impact in the long run.” Only 4% of respondents chose the statement: “We prioritize maximizing profits and strive to make a social impact when it enhances profitability.”

Moving on from questions about social impact and strategic prioritization, respondents had to indicate the top three challenges they faced in the first year of their enterprise’s operation. Graph C illustrates the results.

The top three challenges are notably raising capital (43.5%), hiring/retaining qualified staff (38%) and building the value chain (35.9%). Over the business life cycle of an enterprise,
these challenges remain the top three even in the most recent year of operations, as indicated by responding enterprises over two years old in Graph B. The top fourth and fifth challenges – namely, proving the model’s scalability (34.8%) and developing/refining a business plan (30.4%) – are significant in the first year, but both see large decreases of nearly 10% (to 24.3% and 21.6%, respectively) in the most recent year of operation. This seems logical since as an enterprise matures, it is probably more adept at proving its scalability and refining its business plan as needed based on acquired business and sectoral experience. Nonetheless, it is important to note that proving the scalability of the business model continues to hold the fourth spot on social enterprises’ list of challenges over the business life cycle.

Of the respondents who answered the first question about challenges faced in the first year of enterprise operations, 28 did not answer the succeeding question about challenges in the most recent year – it is fair to assume that these enterprises have not been in operation for two years or longer. The decrease seen in the number of respondents for raising capital and building the value chain from Graph C to Graph D can account for that respondent dropoff.

Speaking to social entrepreneurs supported the dominance of the aforementioned challenges to the continued success and growth of Indian social enterprises: practically all enterprises that were interviewed cited funding and human resources as significant challenges. As per Graph D, growth stage enterprises focused more on strategic challenges in their first year than did “steady-state” enterprises, which include those enterprises that have not moved beyond their initial target markets after five years in operation.

Raising capital and managing human resources were much greater challenges for steady-state enterprises in their first year of operations than it was for those that have been able to reach a growth stage. Growth-stage enterprises in their first year were more focused on strategic challenges: proving the model’s scalability, building the value chain, understanding the target market and developing the business plan. This contrast suggests that the most successful enterprises focus
first on strategy and getting the model right, which enhances their ability to secure funding and talent. It is also possible that the growth enterprises had access to additional resources (i.e., personal funding, strong networks) that gave them the luxury of being able to focus first and foremost on strategic issues.

Other challenges depicted in Graph C and Graph D, such as changing the enterprise’s legal status, proving a business model’s scalability and navigating the regulatory environment, seem to decrease over the business life cycle of an enterprise, whereas challenges like measuring impact, managing a team successfully and building an organization see an increase.

Interviews with entrepreneurs from various sectors also highlight additional challenges that were not included in the answer scheme suggested by the Intellecap survey. Jay Subramaniam, CFO of Piramal Water, notes the key challenge for his organization was: “Working in areas where executing our business model is difficult and without precedent.” This challenge is echoed by other entrepreneurs, especially by those working in rural India where infrastructure to support functions like clean energy and water & sanitation are undeveloped.

K. Chandrasekhar, founder and CEO of eye healthcare provider Forus Health, explains that technology was a key challenge in scaling up the enterprise. “Technology is new to the market and hence, product acceptance is an initial challenge,” he explains. “But with our differentiated positioning and support, we have built relationships with all major hospitals in India that offer eye care, and this is helping us address acceptance and reach. We are taking a step-by-step approach to scale rather than a ‘big bang’ approach. We address these challenges like any other organization working for profit and will not compromise on product quality and service quality.”

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Steady State</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hiring/retaining qualified staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building the value chain (i.e., production, distribution, retail, servicing models)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proving the model’s scalability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing/refining a business plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Navigating the regulatory environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collecting information about the target market(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building an organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing a team successfully</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporating the enterprise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measuring impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finding mentorship and support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Graph E
Comparison of first year challenges of steady-state and growth-stage enterprises
To fulfill the goal of social impact, many enterprises must not only confront issues directly linked to organizational behavior and development, but also consumer attitudes and behavior. Part of the social enterprise’s role is to inform and educate its target consumer base so that they can understand why an offered product or service is important, and how it can improve their quality of life. This in itself is a challenge: Shramik Sanitation Systems (3S) experienced this firsthand in teaching people why they need a toilet when they did not believe one was necessary previously. It is this more holistic approach that has helped enterprises across sectors successfully scale-up their operations and grow.
The preceding section on “Common Challenges of Social Enterprises” illustrates the common problems encountered by enterprises over the business life cycle. Based on the data, it is observed that the strength of these challenges evolves as an enterprise matures. There are insights to be cultivated from enterprises that have confronted these challenges and found solutions, giving them a competitive edge.

The case studies of enterprises featured herein are in effect snapshots of successful enterprises that have scaled up or are in the process of doing so across the agribusiness, clean energy, education, healthcare, and water & sanitation sectors. The snapshots illustrate the social problem being addressed by each enterprise, a brief background on the enterprise, and insights shared by founders, CEOs or senior management on what has effectively helped them to promote and scale their respective enterprise’s mission.

These insights can be interpreted as “drivers” to successful scale-up and growth in that they highlight important lessons learned about success factors within a specific sector.
Over the last two years, India has seen volatile fluctuation in its food prices. Food inflation has become a significant challenge, and – even in the best of times – BoP populations, particularly small-scale farmers, are struggling to grapple with this issue. Despite the fact that over 70% of the Indian economy depends on agrarian industries, the key hurdle for farmers is how to market their produce to consumers, the people purchasing food for their households. The lack of organized marketing, supply chain management and distribution are hurting India’s farmers today. Because there is a lack of price transparency for farmers, they often rely on the so-called expertise of middlemen, which results in approximately 40% of wastage of food items. Farmers are forced to accept sub-par pricing, poor distribution and warehousing, as well as artificial shortages, inflation, pilferage and wastage.

On the supply and consumption sides, traditional vegetable vendors and wholesale markets are also forced to accept poor pricing and are privy to wastage. Food retail chains such as Dmart, More and Reliance Fresh, have existed in India for nearly 10 years now, however, high operational costs and low margins have forced many such businesses to shut down. It is obvious, then, that the need of the hour is a low-cost, efficient supply chain that connects farmers to consumers.

### About eFarm

eFarm was founded by husband-and-wife team CEO Srivali Krishnan and COO Venkat Subramanian in Chennai, Tamil Nadu. eFarm is a “hi-tech subziwallah” and addresses the gap between farmers and consumers by “...providing a combination of technology solutions and on-ground distribution mechanisms to enable farmers to reach end markets in an effective manner.” It employs a holistic approach to creating a single supply chain consisting of farmers, distributors, intermediaries, logistics providers and small-time retailers through to local roadside vendors. The enterprise works in the business-to-business space and “…serves bulk customers of agri produce, such as hotels, caterers, retail chains, food processing industries and vegetable vendors, and also runs a retail outlet for the Indian army.”

The eFarm solution is an efficient, sustainable and transparent distribution mechanism employing the following strategies to:

- Develop IT tools to collect data, perform analysis, plan and monitor operations;
- Establish low-cost collection centers in partnership with farmers near villages for organized collection and grading;
- Establish distribution centers in metropolitan areas for final delivery close to customer locations;
- Reduce wastage by training intermediaries (i.e., transport operators) in the proper handling of perishable food items; and
• Map supply-and-demand to ensure just-in-time distribution.

The eFarm approach simplifies and streamlines each level of the value chain, but it especially empowers farmers to have more control over their livelihoods. eFarm operates in Tamil Nadu and has reached over 1,500 farmers.

**The Farmer and Supply Chain Management**

Since India’s independence in 1947, managing the concerns and issues in agriculture has fallen onto the government’s plate: traditionally, it is seen as the government’s responsibility, and it has taken a change in mindset to understand that agriculture is a business. The government and numerous NGOs have been dominant forces of agriculture, trying to “protect farmers” more than improve how the entire sector operates. With the rise of social enterprises in the growing agribusiness space, an adjustment in attitude has been needed on the part of the government as well as other stakeholders, especially since agriculture is a heavily subsidized industry.

Krishnan and Subramanian came from the finance, insurance and technology industries, and approached agriculture with a fresh perspective. They realized that issues like crop yields are not the only problems of the sector; an unaddressed key issue is the fact that farmers did not have any marketing mechanisms in place. The gaps lay in:

• Too many middlemen involved in produce supply with little added value;
• Poor quality control with no paper trail indicating volume and money involved; and
• In-transit mishandling and wastage of produce.

Larger for-profit organizations may understand these facts, but there is reluctance to work at the grassroots level with small-scale farmers, who constitute the gross majority of produce providers in India. There is a long history of NGOs working in India’s agriculture space, however, they are in effect extensions of the government where they can train and share knowledge, but cannot participate in day-to-day business operations.

By moving the focus from yield to marketing and distribution, eFarm set itself apart in the agribusiness social enterprise sector. The bigger picture in agribusiness illustrated how buyers do not have much choice because middlemen are dictating supply-and-demand. The farmer does not know who his end customer is because he, more often than not, is located in a remote rural area without access to up-to-date information about supply-and-demand trends and consumer behavior. Simplifying the value chain and increasing information transparency has helped farmers and consumers. This business model has also proved to be scalable for eFarm.
The challenges faced by eFarm stem from traditional attitudes towards the agriculture industry and from securing funding. When the eFarm team understood that there was an absence of market linkages between farmers and consumers, they were not surprised that bulk businesses also recognized those holes, and were amenable to solutions to plug those holes and make the entire value chain more efficient. The eFarm mission and business plan were clear, but social entrepreneurship in the agriculture space was only just beginning, and eFarm found it difficult to secure funding. The agriculture space was used to government subsidies and NGO grants for support, but not the promotion of viable enterprise activity that supports the space. It took eFarm two years to secure funding after starting up, but once that happened, they were able to move forward with their business plan, and prove by action the value that they can add to the sector so that it no longer is seen just as agriculture, or the cultivation of produce, but agri-business, supported by a number of market-linking activities that help farmers as well as the end consumer.

Summary of Success Drivers

- **Identifying the unaddressed issue**: eFarm analyzed and identified the less addressed issue in the agriculture sector as the absence of marketing mechanisms and information transparency. This helped eFarm distinguish itself from its peers and focus on finding sustainable solutions with the help of technology.

- **Harnessing technology**: A lot of the discussion about the overlap between technology and farming has to do with modernizing the sector, but there are other ways to harness technology and to improve the farming-to-retail process. Using technology is the cornerstone method of eFarm to level the playing field.

- **Simplifying the value chain**: In making sure that each link of the value chain is necessary and efficient, eFarm has reduced wastage, thereby making the entire process more transparent.
India’s energy needs are substantial. Over 400 million people do not have access to electricity. The government and private sector have already invested in numerous projects to discover and harness sources of renewable energy. This is a massive undertaking, especially when the lack of existing infrastructure in rural India is taken into account. Developing the appropriate rural infrastructure will require more time and expense than can be promised for adequate short-term solutions. And, as always, the issue of affordability needs to be addressed.

In rural India, access to electricity is a real obstacle. Limited to no access reduces workday productivity, and can have adverse effects on populations. Even a need as basic as home lighting has become a luxury. Worldwide, 25% of the total population still uses “dirty” kerosene lanterns, which are expensive as well as inefficient, to light their homes. Every year, approximately US$40 billion is spent to light these kerosene lamps, and 200 billion kilograms of greenhouse gases are emitted, harming home users and the environment.

**About Greenlight Planet**

“We are providing access to dependable light in areas where it does not exist,” explains Greenlight Planet founder Mayank Sekhsaria. Greenlight Planet works on the technology as well as distribution fronts to bring low-power LED lamps to villagers. These solar power lights, known as “Sun King,” are bright, long-lasting and affordable enough to be purchased in cash.

The Sun King is built to last and withstand tough environments. On a single day’s charge, the lamp is capable of providing up to 16 hours of light without losing power. The lamps have a five-year life cycle and run on high quality lithium-ion batteries. It was engineered to suit the needs of rural communities. It is a water-sealed, polycarbonate lamp and stand that employs photovoltaic technology. There is a permanent, glass-laminated solar panel that is mounted on a dwelling’s roof with an aluminum frame and a five-meter cord for charging the lantern as needed. Pricing ranges from US$17 (INR850) for the Sun King Solo to US$32 (INR1,600) for the Sun King Grid.

Greenlight Planet depends on its strong sales network of appointed village salespeople called “Sun King Saathis,” to market and sell its lamps. These salespeople are farmers, housewives, teachers and wage laborers who supplement their income by selling Sun King lamps in their communities. Not only then is Greenlight Planet bringing affordable lighting to rural India, but the enterprise is also creating economic opportunity for the BoP.
To date, Greenlight Planet has provided lighting for over 100,000 villagers in Bihar, Karnataka and Orissa.

**Delivery of Affordable Energy**

Greenlight Planet’s target customer was always the villager, so the lamp’s suitability to village life was essential. With kerosene lamps, a villager can spend about US$3 (INR150) per month, or US$36 (INR1,500) per year, on that dated technology’s dim lighting. At a one-time price of $17 or US$30, the Sun King is cheaper, five times brighter than its kerosene alternative, and Greenlight Planet offers a one-year warranty with it.

In scaling up its operations, Greenlight Planet faced the same issues of most of its social enterprise peers: access to funding, and attracting and retaining the right talent. Nonetheless, the scalability of the enterprise’s operations was never doubted. “Our model is scalable on two vertices,” states Sekhsaria. “Geographically, since we have a successful model in initial areas, we are now looking to scale up in other areas, inside and outside India. As for product profile, since we are able to reach out to our customers, we are looking to introduce new products and services to meet [their] other needs.”

Sekhsaria cites a willingness to get your hands dirty, an ability to do business in the absence of basic infrastructure and an “ability to press the reset button multiple times” as important factors when starting and scaling a business in the clean energy sector. It is not enough to recognize that village homes need light; the point is to understand how to deliver this need in a sustainable manner. At the core, this requires a practical understanding of the operating environment: how does the lack of basic infrastructure affect the provision of home lighting?

Aside from coming to grips with working with very limited – if any – existing infrastructure, Greenlight Planet had to “reset” its business soon after its founding. The enterprise’s founding was based on the hypothesis that electricity is needed for livelihood activities, like farming, but after a project in Orissa, the Greenlight team realized that electricity converted from non-edible seeds was being used to light up homes instead. Readjusting its vision and pressing the reset button to support this basic need of villagers to light up their homes has helped Greenlight promote its mission to a point where expansion in other geographies, such as Africa, has been made possible.

There are many energy social enterprises in India, and several of them are focused on energy generation, like a traditional energy company. Companies providing affordable home solutions are cropping up, and Greenlight is one of the most promising ones. Understanding needs and not compromising on quality has made Sun King products scalable with sustainable impact. By using uncomplicated solar technology, Greenlight is able to give rural homes much needed light.
Summary of Success Drivers

- Having a clear target customer: Greenlight Planet very clearly was targeting the villager and having that clarity informed how the Sun King product needed to be made and priced. Innovation came from whom the enterprise wanted to serve.

- Investing in homegrown distribution networks: Building its own sales force consisting of community members helped Greenlight reach target customers on a grassroots level. Training and relying on their own people has helped the enterprise to make sure their product is visible to different geographies by appealing to their particular needs.

- “Resetting” to meet the real need: Changing the plan from providing energy to industry to providing energy to the rural household tapped into a huge opportunity for Greenlight. The enterprise was able to scale-up by observing the real need and finding a simple, affordable solution.
India claims one of the largest youth populations in the world. It is projected that over the next 20 years, the country will add some 250 million people to the working age population – more than either Brazil or China. Supporting the growth of employable populations is the country's conundrum: India lacks the education programs and systems to prepare its youth for the increasingly demanding labor requirements of the future.

More than 220 million children go to school in India today. At a young age, a majority of these children are not educated with the future in mind: they get through school without mastering fundamental concepts and are unable to apply the knowledge they gain to their real lives. These problems are symptoms of inefficiencies such as limited school resources, inadequate teacher training, narrow government policies and poorly implemented education programs.

**About iDiscoveri**

Founded in 1996, iDiscoveri was established to “renew education” in India by focusing on areas like enterprise leadership, outdoor education and school education. iDiscoveri’s XSEED Living Knowledge System is the enterprise’s solution to “raise the bar on how children learn and how teachers teach.”

With XSEED, iDiscoveri has addressed three challenges affecting India's education sector. The first challenge was to change the interaction between teachers and students: traditional classrooms are set up so that the teacher will lecture students, and students will memorize lessons without understanding their value or application. XSEED makes the learning process more “effective” to ensure that children understand what they are taught. The second challenge was to equip teachers with appropriate training so that they are better able to manage their classrooms. iDiscoveri developed a toolkit that provides teachers with daily how-to teaching plans and application-oriented worksheets, as well as training on how to teach children and assess their progress. The third challenge was developing education solutions that could be scaled. iDiscoveri designed the solution such that all schools – regardless of geographic location or access to resources – should be able to adopt the program to improve school education in any corner of India.

Today, iDiscoveri has reached 700 schools and over 250,000 students all over India.

**Education Renewal**

From its inception, iDiscoveri founders Anustap Nayak and Himanshu Joshi knew that iDiscoveri needed to be a self-sustaining organization to really make an impact on students. Shweta Anand Arora, Partner at iDiscoveri and Lead of the Content Development and Research Team, notes that what sets the enterprise
apart from its peers is how, from the beginning, Nayak and Joshi assumed the social enterprise mindset to achieve “impact learning at scale.” In visiting classrooms across India, they understood that scale meant assuming a holistic approach; they had to identify the exact solution needed for change. From that question came tangible ideas, such as viable lesson plans for teachers to adopt and teach.

The key challenges confronted by iDiscoveri point to the drivers that aided the enterprise in scaling its operations. Challenges included resistance to change on the part of schools, attracting and retaining talent, and delivery of consistent service. The XSEED program is a complete approach to solving school inefficiencies, and therefore, requires a “major overhaul” for teachers and schools choosing to adopt the program. Schools and school-age children’s parents need to recognize the value of the changes proposed by the program, and that requires a behavioral and perspective realignment.

As with most social enterprises across various sectors, human resource challenges abound. The attraction and retention of talent requires a balance of skill competency and commitment to the “social angle” of the employing enterprise. For iDiscoveri, this is no different: the iDiscoveri team strives to grow and promote its mission. But the talent issue is even more imperative for iDiscoveri given that part of its business relies on working with capable teachers to promise delivery of XSEED’s high education standards universally. iDiscoveri is tackling the teacher part of this challenge head-on by ensuring that all teachers involved in XSEED are trained properly and that the methodology used is sustainable.

The universal mission of iDiscoveri points to the third challenge of consistency of service. The XSEED program needs to be adaptable in any of India’s schools wanting to reform its systems, as well as consistent across the nation. Aiming for consistency is what allows for democratization of education for India’s youth, thereby ensuring that all students receive the same level of education to spring forward from.

The challenges successfully addressed by iDiscoveri drove it to not only scale its operations, but also find solutions to the challenge of enforcing change in the education sector. iDiscoveri found its beginnings in teacher training, then branched out to classroom support: understanding that there were two dimensions to the issue that needed to be addressed has helped the enterprise to stay loyal to its mission, as well as diversify and grow the scope of its business. This combination of working with teachers and students has allowed iDiscoveri to scale its operations and reach schools small and large, rural and urban.

It was not enough for iDiscoveri to find solutions to common educational problems, but to also understand how solutions can be made to actually work in classrooms. Solutions cannot exist in a vacuum, and it was therefore important for the iDiscoveri team to have answers to questions such as: How should each class
begin and end? What subjects should be taught and for what duration? How can student comprehension be assessed? With XSEED, each of these questions are addressed with a level of detail that makes the program easy to adopt and enforce in the classroom. As with any product or service, there needed to be a feedback mechanism to monitor how XSEED was working out in real classrooms. After building the XSEED program, the iDiscoveri team went out into the field to listen to their customers. Having the flexibility to adjust the program to the practical needs of classrooms helped iDiscoveri enhance its product by later including worksheets for children and a quarterly “learnometer” test.

In its evolution in the education sector, the iDiscoveri team recognized the importance of having a clear vision for their work. To make what can be perceived as radical changes to the education machine, they needed to look at the first eight years of primary school curricula and break it down to a step-by-step teaching and learning process. The goal that the team set for themselves was to better educate one million children, and by very simply asking how that can be accomplished has lead them down the road to identifying problems and solutions. Each success was shared and articulated internally to not only ensure that the entire iDiscoveri team was on the same page, but also continue to motivate the team to continually believe in the enterprise mission.

Summary of Success Drivers

- **Approaching education training from the teacher and student perspectives**: Training is not just defined by how teachers are prepared to handle the classroom, but also by how students can become better students. The transaction between teacher and student needed to be managed, and iDiscoveri found a way to map and improve that interaction so that both sides benefit.

- **Focusing on scalability as the only way to make impact**: iDiscoveri focused on “impact learning at scale,” which meant looking for sustainable solutions that could be employed anywhere. Since scale was always part of its mission, the enterprise was able to expand its outreach to numerous types of schools all over India.

- **Incorporating customer feedback**: Since iDiscoveri works directly with schools and teachers, it values the feedback it gets from classrooms. That feedback mechanism allows iDiscoveri to make adjustments to XSEED as needed to further “renew” the education experience of students and teachers.
There is no public emergency medical system in India. The country experiences 16 traffic accidents per 1,000 vehicles. The country’s terrain makes it susceptible to natural disasters like cyclones, droughts, earthquakes and floods, all of which can cause serious injury and fatalities. The country’s leading cause of death is heart disease, and it has the highest rates of oral cancer and diabetes in the world. Complications due to these diseases, as well as the aforementioned natural and manmade disasters, can cause problems that require immediate medical attention. Timely emergency response is needed to ensure such incidents are addressed as quickly as possible.

India’s emergency medical services (EMS) infrastructure needs serious improvement. Charitable trusts, government agencies, hospitals, not-for-profit organizations and private sector operators are the usual purveyors of emergency medical care. Despite the apparent variety of EMS, specifically ambulatory services, near 90% of ambulances in urban India have been found to be in “poor” condition, and did not have appropriate medical equipment or personnel to administer pre-hospital care onboard. Response times were also deemed very long and as a result, ambulances developed a public reputation as hearses rather than pre-hospital care units. Most people take their own cars, auto rickshaws or taxis to the hospital. Because there is no universal ‘9-1-1’ phone number, like in the U.S., with which a person could access EMS, there is a clear access to services issue involved as well.

**About Ziqitza**

In 2002, Ravi Krishna, Naresh Jain, Shaffi Mather and Manish Sancheti founded Ziqitza Healthcare in Mumbai. The mission of the enterprise is to provide accessible, high quality EMS in India. Upon its launch, Ziqitza started with one ambulance to serve the Mumbai area and thus started its *Dial 1298 for Ambulance* initiative in 2005.

Where ‘1298’ is a cross subsidy model that charges the end user based on the final destination, Ziqitza’s other initiative *Dial 108 in Emergency* is a public-private partnership with state governments that is either free-of-charge for patients or available for a user fee – whether or not a patient pays depends on the contract Ziqitza has with the relevant state government.

When Ziqitza began operations, the following services could be accessed 24/7 by dialing 1-2-9-8 or 1-0-8 (the number dialed depending on which state the patient is located in):

- Basic life support, including oxygen administration, treatment of fractures, control of bleeding and CPR by a trained nurse;
Advanced life support, including the administration of equipment to monitor, shock and pace the heart of patients by a trained EMS doctor; 
Patient transport services, including hospital-to-hospital transfer or other destinations in cases of non-emergency; and 
Free transport for all accident and disaster victims.

Today, Ziqitza is operating more than 800 ambulances in Bihar, Kerala, Maharashtra, Punjab and Rajasthan.

**Emergency Medical Services**

Ruchika Beri, Assistant Manager of Marketing and Business Development, notes that scaling up Ziqitza’s initiatives required an understanding of how EMS was perceived in India, then changing behaviors and perceptions. For example, because ambulances typically had long response times, it was not uncommon for emergency patients to die before an ambulance arrived on the scene, thereby explaining the reason why ambulances were seen more as hearses than as important medical assistance.

A well-accepted fact by the global medical community is that if a patient is transferred to the closest healthcare facility within the first 15 to 20 minutes of an emergency, that patient has a greater chance of survival. By using various marketing channels such as advertising, media coverage and word-of-mouth, Ziqitza was able to expand its outreach so that the people of Mumbai – where 1298 services began – knew that efficient EMS is available. To further separate its image from the “hearse” reputation of other ambulances, Ziqitza designed fully-equipped, yellow ambulances, so that 1298 ambulances are distinguished from the other white ones.

EMS is not a stand-alone service: it also requires partnering with doctors and hospitals to be effective and to make the business recognizable. Behavior and perceptions would evolve not just by Ziqitza’s efforts, but also because of positive patient experiences and outcomes.

Healthcare in India has massive needs, and EMS is just one of the functional arms to deliver better services to people from all backgrounds. There were three key challenges that Ziqitza had to overcome to promote and scale its business. The first hurdle the founding team faced was acquiring the ‘1-2-9-8’ phone number. A short, easy number was needed for anyone to access ambulance services. At first they wanted a three-digit phone number like in the U.S., but three-digit numbers are reserved for Indian government lines. They had to choose a four-digit number beginning with ‘1-2,’ and they chose ‘9-9.’ But the government official handling their case wanted a bribe and the Ziqitza team refused to pay it. Their case was reassigned and they were then given ‘9-8.’
The second and third challenges the Ziqitza team had to grapple with are pricing strategy and profitability. At first, the team offered an option-to-pay model, but that did not work. Upon realizing that rich patients prefer private hospitals while poor patients visited government hospitals, the team adopted a differential pricing strategy that effectively subsidized services for the poor by charging standard rates to the wealthy. For accidents, the service was free for everyone. Broaching profitability was another issue: with a fleet of 10 ambulances in Mumbai, Ziqitza proved the importance and efficacy of their business model, but to grow it needed to secure funding. To increase revenues, Ziqitza offered corporations the option of branding ambulances for a fee; TATA AIG was the first to sign up. As for funding, the enterprise was able to secure funds from Acumen Fund, which helped it to grow and scale-up operations.

**Summary of Success Drivers**

- *Changing perceptions:* Since ambulatory services were not seen as extensions of medical help, Ziqitza needed to educate the public. Changing the color of the ambulances and accessible marketing trained people to understand what made Dial 1298 or Dial 108 different from the civil service delivery citizens were already used to.

- *Mobilizing health:* Ziqitza’s ambulances are properly equipped for emergency situations, as well as less urgent healthcare needs. Making health mobile and accessible for all not only enables Ziqitza to make impact, but also enables the general healthcare industry to make greater impact.

- *Maintaining standards:* By making sure that each ambulance is outfitted with the appropriate equipment and trained medical staff, Ziqitza improves its reputation for reliability, and educates people on what reliable healthcare looks like. India has a large population of unqualified medical workers, and it is important for patients to make that distinction.
SHRAMIK SANITATION SYSTEMS

India has only 31% sanitation coverage. With more than 50% of India’s population engaging in open defecation, the country has the highest rate of open defecation in the world. Inadequate sanitation is a major issue in the country and results in the spread of disease, as well as pollution of water sources and the environment. Almost 50% of the urban poor in India do not have access to a clean toilet: in slums alone, the ratio of people to toilets is 1:2,500. The Central Pollution Control Board reports that only 13.5% of sewage from Indian cities is treated. The remaining 86.5% is left untreated, and pollutes land and water bodies.

The extent of the sanitation problem was made very apparent in 2010, when a study by the United Nations University famously noted that Indians have greater access to mobile phones than to a toilet. The Government of India has allocated a fraction of the federal budget to sanitation, but these efforts are not enough to rectify the issue. Because of the room for opportunity and scope for social impact in the sanitation space, more private and not-for-profit players are operating in the sector to address India’s sanitation woes with varying levels of efficacy and success.

About Shramik Sanitation Systems
Shramik Sanitation Systems (3S) was founded in 1999 to bring portable sanitation and liquid waste management to India. 3S manufactures and maintains toilet facilities in unserved settlements, such as slums. “We are addressing the need to provide dignity to people, especially women and children, who currently defecate in the open,” states 3S Managing Director and CEO Rajeev Kher.

3S manufactures three types of portable toilets, as well as “add-on” amenities like hand washing stations and shower cabins. The company is also involved in supplying community toilets in urban areas such as Delhi. The enterprise began selling its toilets to construction sites, and the business grew from there. 3S not only manufactures toilets – a practice they got into after finding that sourcing toilets from abroad was more expensive and more difficult to enforce quality control – but also is involved in the servicing of its toilets, an important complementary service given that most efforts in India are focused on the building of toilets and not their maintenance.

Today, 3S has more than 1,000 toilets in India.

Portable Sanitation
Building easily accessible, high-quality toilets is only part of the solution to India’s sanitation challenge. It is important to build toilets where and as needed, but there are practical matters regarding the maintenance of toilet facilities that require greater attention. Making sure that these areas are clean is one part of the issue
that 3S has tackled as part of its business; Kher has the appropriate equipment needed to upkeep 3S toilet facilities. There is also need for more specific waste management standards on the national level.

The specific standard Kher holds 3S to, and which is a crucial factor for successful scale-up in the water & sanitation sector, is a: “...clear focus of activity service or sale with a long-term vision to provide better facilities to a large population at the best possible price with the most advanced yet well-planned and well-managed resources.” Kher had a very clear, if unpopular business idea, in wanting to bring to life a portable toilet business. Based on his first bulk sale to a construction company, he was able to come up with a pricing plan that worked and still works. As his business grew and he recognized the need to supply these facilities to the urban poor, he also recognized that thinking of using a toilet requires a shift of mindset, as would the idea of potentially having to pay for usage. For this reason, 3S has social awareness camps to educate people about sanitation and the importance of toilets within that scheme.

The challenges that 3S faced and overcame demonstrate how stigmatized the sanitation industry is. There was first the issue of convincing people who have never used a toilet before that they needed one now. Open defecation means no cleanup or maintenance required, and it is free. This mindset is especially true for the BoP populations who have limited resources and who may very well be ignorant of how inadequate sanitation affects their health and environment. The aforementioned social awareness camps have a large role to play in changing people’s attitudes: 3S educates people about sanitation so that they can value what having or using a toilet means. This also meant having a pricing structure that is adaptable to different markets; the price needs to reflect what people can and are willing to pay. For example, in Delhi, the monthly charge for multiple toilet usage is US$3 (INR150), but in a smaller town, the fee could be as low as US$0.55 (INR30).

Managing waste and finding manpower to do the servicing were also challenges. Maintenance and waste removal are critical parts to the 3S business model, and it was important that these jobs were perceived positively and not stigmatized because one would be working with human waste. Changing perceptions on this count has a lot to do with making sanitation less an issue of waste and more of promoting cleanliness.

There is great need for more sanitation-focused organizations in India’s social enterprise landscape. Developing high-quality products is essential for any business, but prices will only be driven down and made even more affordable for the masses if there is greater competition in the field. Kher explains: “Our model of portable sanitation with cleaning mechanisms and waste management for unserved settlements along with our unique, sustainable, profit-oriented, scalable social business in high density locations, slums and unprivileged regions is one of its kind, and would be a maverick idea for many to take from us and pursue in their regions.”
Summary of Success Drivers

- **Putting the stress on complementary services:** 3S is building toilets, but also – more importantly – maintaining them. In the absence of servicing, toilet facilities would quickly depreciate in value of health and hygiene benefits. Making sure that this is part of the business plan gives 3S an edge.

- **Customizing needs:** The enterprise also has basic models for each of its toilets, but there are customizations to suit different environments and peoples. The customizations also extend to pricing where the ability to pay and the willingness to pay go hand-in-hand with changing behaviors.

- **Cultivating a diverse vision:** 3S may have seen its beginnings by selling units to construction companies, but it has expanded its consumer base to urban slum residents with community toilet facilities as well. Also, having such a basic, fundamental product means seeing that it can also fit into a scheme where disaster management and response are needed. Being able to foresee these various opportunities has helped 3S to scale in a sustainable manner.
COMMERCIAL SUCCESS

The youth of India's social enterprise landscape indicates that there are no clear commercial success stories yet. There are a few highly visible players, but overall, the landscape is still in its nascent stages. Though there are few enterprises that have been operating as for-profit harbingers of social solutions for 10 years or more, the majority of social enterprises have cropped up over the last five years, just as global microfinance gained more credence as a poverty alleviation tool. Since the microfinance bubble burst two years ago, there has been greater interest and focus on other types of socially-minded enterprises. The outcropping of social enterprise growth offers more innovation and competition in the field, and as these enterprises mature and the stronger business models achieve commercial viability, commercial success and what defines it will crystallize.

In the absence of a clear model of commercial success, social entrepreneurs do have ideas on what shape it will take as the social focus of for-profit organizations proliferate. Commercial viability is one part of the puzzle; the other part is having foresight into what the needs are of each enterprise’s sector of operation.

Sector Needs and Commercial Viability

Given that India’s social enterprise landscape is still in its infancy, social enterprises need to first pursue viability to ensure that they stand the test of time. That being said, there is not necessarily a direct link between commercial viability and commercial success. Ramana Gogula, CEO of rural lighting solutions company Earthen Glow, says: “Clean technology for rural households has to be sustainable, efficient, robust, adaptable and scalable. A combination of these factors along with the ‘commercially viable’ aspect then may lead to commercial success.”

Gogula’s formula of adaptability, efficiency, robustness, scalability and sustainability are not exclusive to the clean energy sector; these are the aims of any social enterprise seeking to achieve the dual objectives of profitability and social impact. Ajay Chaturvedi, founder and CEO of HarVa - an agribusiness working to “harness” the power of rural India to achieve skills development, employment generation and financial stability - offers his own point-of-view: “Viability has to do with numbers and business; success has to do with marketing and behavior.”

Jay Subramaniam, CFO of Piramal Water, shares his thoughts: “Depending on how your organization defines those two terms, viability could just mean being
profitable and solvent whereas commercial success could mean a return or valuation above a hurdle rate or amount.” When speaking about viability, traditional business prerequisites, namely having a strong business plan and model to support the enterprise mission, come to the fore. Without having the strength of these materials to support the mission, viability cannot be achieved, forget about commercial success. “Commercial viability is necessary but not sufficient for commercial success,” continues Subramaniam. “Viability necessarily does not lead to success if the organization is maintaining the status quo and doing nothing to push itself towards its specific view of success.”

Achieving viability first, then, is vital for the entrepreneur who strives for commercial success. An important step towards those ends is to have an understanding and anticipate the future needs of an enterprise’s sector of operation. For example, the needs of agribusiness seem to lie in the kind of work that eFarm and Harva are already engaged in: directly connecting farmers to buyers and the economy. There is need to move away from the conventional value chain and to reinvent it so that more information and tools are accessible to farmers. “There is a lot of intellectualization, but not enough on-the-ground work,” says Chaturvedi. With 26% of Indians living below the poverty line and over 70% of the country contributing to just 30% of GDP, there is a substantial opportunity to improve the livelihoods and productivity of rural Indians.

There are a number of agribusiness enterprises working in India, but only a few have been able to scale their efforts to a viable stance. “Unless you know the essence of agriculture, you can’t do it,” Chaturvedi believes. “People do not know the difference between an agribusiness and a social business – it has to do with education. People are not taught about agriculture.”

Reinventing the value chain is just as important for the water, sanitation and health (WASH) sectors. Subramaniam describes the needs and future of WASH: “Ideally, there would be pipelines across the Indian urban and rural landscapes delivering clean water directly to household faucets. The next steps for the water sector will be to leverage technology to find another medium, outside of pipelines, to distribute water directly to customers. What customers want is clean water at any time, for any volume. Developing that solution will push the entire sector into the future.”

The future of the clean energy sector lies in augmenting the processes of harvesting, storing and distributing energy. “Each one of these activities need serious innovation over the next decade that will dramatically increase efficiencies, and at the same time make all of this very affordable,” says Gogula.
“This will tilt the energy scales towards clean technologies. At the same time here in India we need to focus on standards and quality assurance.”

**Social Impact and Commercial Success**

As noted in the earlier section on “Common Challenges of Social Enterprises,” reconciling the dual objectives of profitability and social impact is a balance enterprises strive for throughout their business life cycle. Does aiming for commercial success, then, conflict with fulfilling a social impact mission?

“There shouldn’t be [a conflict],” says Subramaniam. “If an organization designs its business model such that revenue generation is in line with achieving its desired mission, then financial success will be congruent with social benefit. For example, Piramal Water’s mission is to provide people with clean, affordable and accessible water. Although we have to install purification machinery to fulfill our mission, installations are not our end goal. Our end goal is seeing customers drinking our water and thereby benefiting by our services. Our business models are not designed towards installing machines in villages, but are focused towards reaching more people.”

Gogula agrees: “[There] should not be [a conflict]! That is where innovation comes in. We need to build clean technologies that are a no-brainer choice over conventional energy sources. The conflict arises over the funding. If we solve that through affordable clean technology, the conflict fades.”

The role of innovation is what sets the entrepreneur apart: “The entrepreneur creates value from nothing,” states Chaturvedi. With that in mind, he believes that there is no conflict between fulfilling the social impact mission of a social enterprise and aiming for commercial success. “Everything is a social business.”

Given the different needs of sectors such as agribusiness, clean energy and WASH, it is easy to see that commercial success does not have a universal definition in the social enterprise landscape. Not a single enterprise interviewed for this report denied the possibility of commercial success in India’s social enterprise landscape, nor did a single one deny the importance of commercial success to an enterprise’s long-term mission and goals.

Commercial success is defined rather ambiguously in the traditional business landscape, but the basic building blocks (i.e., strong business plan, adaptable model, innovative products or services) are the tie that binds commercially successful enterprises. For India’s social enterprises, the definition is more
subjective; how it is defined seems more aligned with the breadth of social impact of an enterprise.

“For Earthen Glow, lighting up a million lives by 2016 would bring us the social and commercial success we aspire for,” Gogula declares. Asked whether or not he actively strives for commercial success, his response is that he certainly does. “It enables us to innovate with freedom. And also move into an urban clean technology space that is going to explode.”

Striving for commercial success, however it may be defined, is a significant motivating factor to scale-up further; there seems to be a self-reinforcing cycle of innovation, delivery and scale-up when the aim is commercial success. “Because of our business model design, our financial success is based on more people drinking Sarvajal water, either through our franchise business model or water ATMs,” rationalizes Subramaniam. “Our commercial and social successes go hand-in-hand. There is no differentiation between our social and commercial success - one supports the other.”

To a degree, Chaturvedi already sees HarVa as becoming commercially successful. His vision is to “make it completely independent,” and the organization is on-target to accomplish that goal. “Awareness and marketing are key to commercial success,” he asserts. “At HarVa, we are good at telling a story that gets people interested in the work we do.”
CONCLUSION

India has truly become a hotbed of social entrepreneurial activity. Because the needs of the country, especially the BoP, are great, there are many opportunities in which one can intervene and innovate. This idea of Indian innovation or “indovation,” to use a term coined by Professor Navi Radjou from Judge Business School of the University of Cambridge, is what is fueling developmental progress and new models of business. It is not enough, however, for entrepreneurial efforts towards social impact to just start-up; they must prove to be adaptable, affordable, efficient and sustainable to reach a wider consumer base. Success for these enterprises spells maximum impact, and for that, these efforts must scale up.

Business fundamentals - having a strong business plan that supports a clear mission, the necessary funding and the best possible talent - are all part of creating a successful social business, or any business for that matter. But, as observed with the enterprises featured in this study, a good place to start is a holistic approach to the social problem trying to be rectified. The case for employing a holistic approach is strong. Though challenging, assuming such an approach allowed these social enterprises to find the less addressed areas in each sector that needed support and promote entrepreneurial activity within those areas.

In addition to the holistic approach, there are several other common factors that have helped the featured enterprises in this study to scale-up and grow. They had a clear mission: there was a degree of flexibility needed so that there is alignment between social needs, enterprise mission and the business model, but it was clarity - either of purpose or target customers - that made it easy for these entrepreneurs to define the work and do a scalable and sustainable task. Without exception, these social enterprises had scalability built into their business models. And lastly, each enterprise has invested in customer education wherein the enterprise had to educate customers about why their lives would be better off with the offered product or service.

Being able to successfully scale-up also implies commercial viability. As noted in the section on “Commercial Success,” viability is about getting the business fundamentals right, and from that point onwards scale is possible. Becoming commercially viable, however, does not necessarily mean that an enterprise will be commercially successful. Commercial success will be shaped by the social enterprise landscape as a whole, as well as by specific sectoral needs that make way for more entrepreneurial opportunity and activity for social impact.

It can be argued that striving for commercial success may help the goal of achieving social impact and vice versa: tackling a problem from an all-inclusive point-of-view means understanding the problem at-large and possible solutions. This understanding and problem-solving strategy, in turn, allows an entrepreneur
to explore other business areas that serve social impact, so that the enterprise’s business can be diversified and affect social impact. The source of this entrepreneurial inspiration stems from first addressing the social problem and to continually do so in new and innovative ways. For example, the enterprises featured in this study have all included components to their businesses that tackle a social problem from multiple stances. This has helped each enterprise to innovate further and to scale.

Forecasting the overwhelming needs for each sector is a difficult task only because there are so many areas that need support, and the for-profit social sector cannot do it alone. There is clear need for government support as well, in particular with updated budgets and bolstering universal quality standards. In absence of government interaction, the efforts of social enterprises cannot fully scale to their optimum potential.

The continued growth and maturity of India's social enterprise landscape will inadvertently answer many of the questions that arise about its future. Although social enterprises struggle with balancing the dual objectives of profitability and social impact, there is clearly no tension between striving for commercial success and fulfilling a social mission. On the contrary, one seems to reinforce the other, making further “indovation” possible and fortifying India's development at the individual and national levels.
**Sources**

**Articles, Case Studies & Reports**


“India has more mobile phones than toilets: UN report.” *The Telegraph.* 15 April 2010.  


Nayak, Anustup with Arora, Shweta and Joshi, HImanshu. “A Million Children Now!: Transforming School Education in India through the iDiscoveri XSEED Living Knowledge System.” *Innovations Case Narrative.* Spring 2010.  


**Websites**


eFarm. http://www.efarm.in/


HarVa. http://www.harva.co.in/


Exhibit 1: List of Study Participants

Below is a complete list of enterprises that have participated in this study.

Agsri
Akshayakalpa Farms And Foods Pvt. Limited
Ambicales Clean Technologies Pvt. Ltd.
Aquagri Processing Private Ltd.
Arohana Dairy Private Limited
Ayurved Hospitals
Ayzh Health And Livelihood Pvt Ltd
B2R Technologies Pvt. Ltd.
Babajob.Com
Bamboo House India
Basic Water Needs India Pvt Ltd
Bhartiya Samruddhi Finance Limited
Bhushan Agro
Biosense Technologies
Boond Engineering & Development Pvt. Ltd
Cleanstar Energy Pvt Ltd
Cogknit Semantics Pvt Ltd
Coir Atlas
Culture Aangan
Dah Jaipur Limited
Decentralised Energy Systems India Pvt Ltd. (Desi Power)
Driptech
Earthen Glow
Ecofarms (India) Limited
Ecoloove
eFarm
Ek Titli Solutions
Ekgaon Technologies
Ekutir Rural Management
Embrace
Envirofit India Pvt Ltd
Frontier Markets
Glo Tech Organics Pvt Ltd
Global Easywater Products Pvt. Ltd. (Gewp)
Glocal Healthcare Systems Pvt Ltd
Gram Power Inc.
Gram Tarang Employability Training Services Pvt. Ltd.
Gram Vaani Community Media
Green And Good Store
Green Basics
Greenlight Planet
Greenway Grameen Infra
Hammer & Mop
HarVa
Healthpoint Services India Pvt Ltd
Helioz Research & Development
iDiscoveri
I-Initiate & Impact Carbocuts Pvt Ltd (Cycle Chalaao)
Il&Fs Education
Inclusive Planet
Intuit Labs Fasal
Janani Agriserve
Kanak Resources Management Limited
Kautilya Phytoextracts Pvt Ltd
Leanway Energy Pvt Ltd
Lifespring Hospitals Pvt. Ltd
Lotus Hospital & Research Centre
Masuta Producers Company Limited
Mera Gao Micro Grid Power Pvt Ltd
Meradoctor
Milk Mantra Dairy Pvt Ltd
Newdigm Healthcare Technologies Pvt Ltd
No Nasties
Noble Energy Solar Technologies Ltd.
Onergy
Ossian Agro Automation Private Limited
Pharmasecure Pas India Pvt. Ltd.
<table>
<thead>
<tr>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piramal Eswasthya</td>
</tr>
<tr>
<td>Piramal Water</td>
</tr>
<tr>
<td>Pro Nature Organic Foods Private Limited</td>
</tr>
<tr>
<td>Rain Water Concepts (I) Pvt Ltd</td>
</tr>
<tr>
<td>Rang sutra</td>
</tr>
<tr>
<td>Rope</td>
</tr>
<tr>
<td>Rose Computer Academy</td>
</tr>
<tr>
<td>Safal Solutions</td>
</tr>
<tr>
<td>Sahaj Agrofarms</td>
</tr>
<tr>
<td>Sakhi Retail Pvt Ltd</td>
</tr>
<tr>
<td>Samagra Off-Grid Utilities</td>
</tr>
<tr>
<td>Samridhi Agri Products Private Limited</td>
</tr>
<tr>
<td>Seed</td>
</tr>
<tr>
<td>Selco</td>
</tr>
<tr>
<td>Shramik Sanitation Systems</td>
</tr>
<tr>
<td>Shree Kamdhenu Electronics Pvt. Ltd.</td>
</tr>
<tr>
<td>Simpa Networks</td>
</tr>
<tr>
<td>Sp Renewable Energy Sources Pvt Ltd</td>
</tr>
<tr>
<td>Star Agriwarehousing &amp; Collateral Management Ltd</td>
</tr>
<tr>
<td>Suminter India Organics Pvt Ltd</td>
</tr>
<tr>
<td>Super30</td>
</tr>
<tr>
<td>Sustaintech India Pvt Ltd</td>
</tr>
<tr>
<td>Swasth India Services Pvt Ltd</td>
</tr>
<tr>
<td>Tanclean Pvt Ltd</td>
</tr>
<tr>
<td>The Village Store</td>
</tr>
<tr>
<td>Thrive Energy Technologies Pvt Ltd</td>
</tr>
<tr>
<td>Together As One</td>
</tr>
<tr>
<td>Travel Another India</td>
</tr>
<tr>
<td>Under The Mango Tree</td>
</tr>
<tr>
<td>Urja Bio Systems</td>
</tr>
<tr>
<td>Vaatsalya Healthcare Solutions Pvt Ltd</td>
</tr>
<tr>
<td>Vivam Agrotech</td>
</tr>
<tr>
<td>Waste Ventures</td>
</tr>
<tr>
<td>Waterhealth India</td>
</tr>
<tr>
<td>Waterlife India Pvt. Ltd.</td>
</tr>
<tr>
<td>Wello</td>
</tr>
<tr>
<td>X-Runner</td>
</tr>
<tr>
<td>Ziqitza Health Care</td>
</tr>
</tbody>
</table>
Annexure I: About the Intellecap Research Team

APARAJITA AGRAWAL
Aparajita leads the Knowledge & Insights Group that builds new avenues for knowledge creation and exchange in the development sector. She has played a pivotal role in designing initiatives that position Intellecap as a thought leader in the microfinance and social enterprise space. With Intellecap since 2004, Aparajita has worked in multiple capacities - notable among these are building flagship events like the Sankalp Forum that showcases social entrepreneurship and catalyzes investments in social enterprises, and the annual Srijan Financial Inclusion Forum.

Prior to joining Intellecap, Aparajita has worked with CARE India on microfinance and livelihoods related projects.

USHA GANESH
Usha is a Manager on the Knowledge & Insights Group. She brings over 15 years of business research and content development experience, including full-time engagements and freelance assignments. She has excellent communication skills, business writing and presentation skills, and the ability to handle individual assignments as well as work in teams. She is also on the editorial team for Searchlight South Asia, a monthly newsletter that Intellecap creates for the Rockefeller Foundation about urban poverty in Bangladesh, India and Pakistan.

Usha holds a Bachelor of Arts degree in Economics from the University of Mumbai. She has a Post Graduate Diploma in Business Management and a CFA from the ICFAI Business School, Mumbai.

NISHA KUMAR KULKARNI
Nisha is a Senior Associate on the Knowledge & Insights Group at Intellecap. She is on the editorial team for Searchlight South Asia, a monthly newsletter Intellecap creates for the Rockefeller Foundation tracking urban poverty trends in Bangladesh, India, Nepal and Pakistan. She is also on the editorial team of Intellecap’s Beyond Profit e-Magazine, a fortnightly publication focused on social entrepreneurship and development innovation. Nisha has six years of success in content development, research and operations for the consulting, investment banking, luxury goods and not-for-profit industries.

Nisha holds a Bachelor of Arts degree in Economics from New York University, and a Master of Arts degree in International Economics & Finance from Brandeis University.
SARAH ALLEN
Sarah is a Senior Associate on the Knowledge and Insights Group at Intellecap. In this role, she leads research projects and content development on timely and important issues about India’s social enterprises. Prior to joining Intellecap, Sarah worked for the philanthropic advisory firm, Arabella Advisors, where she consulted foundations and individuals on how to maximize the impact of their social capital and contributed to the firm’s thought leadership work. She also served as a Kiva Fellow for a microfinance institution in Ghana in 2008.

Sarah graduated magna cum laude from Davidson College where she spent a semester studying at the Madras Christian College in Tamil Nadu, India. She holds a degree in political science.

ANAR BHATT
Anar is the Content Management Associate on the Knowledge & Insights Group. She is responsible for sourcing, editing and managing content for the Microfinance Gateway (MFG) portal. MFG is a one-stop resource pool for microfinance practitioners, academicians, researchers and investors across the globe. It was initiated by CGAP-World Bank. Prior to joining Intellecap, Anar has worked with Centre for Micro Finance-IFMR and Tata Institute of Social Sciences on agricultural and rural development research projects. She has also worked on communal issues in Gujarat with a NGO (Society for Promoting Rationality) based on Ahmedabad.

Anar holds a Master’s in Economics from MS University of Baroda and completed her BA Economics from St. Xavier’s College of Arts and Science, Ahmedabad.
Annexure II: About Intellecap

Intellecap works at the intersection of the private sector and development. It provides consulting and investment banking services driven by innovative thought processes, to business and development communities globally, helping them bring entrepreneurship solutions to development challenges at the Base of the Pyramid and beyond. Intellecap’s interventions are designed to catalyze initiatives for both large corporates and social entrepreneurs in pursuit of rapid global development. Our footprint extends to several locations globally, and we service a prestigious global client base including Development Finance Institutions, private sector investors, foundations, governments, and inclusive and social businesses.

The Knowledge & Insights practice at Intellecap adds value to the global development dialogue through publications and events of varying size and scale that help create a more integrated ecosystem for knowledge sharing.
Annexure III: Contact Information

For any queries on this study, please contact Usha Ganesh or Nisha Kumar Kulkarni.

Intellecap (Hyderabad)
5th Floor, Building no 8-2-682/1
Next to Ohris, Road No 12, Banjara Hills
Hyderabad – 500 034 INDIA
Phone: +91 40 4030 0200

Intellecap (Mumbai)
512, Palm Spring, Beside D-Mart,
Link Road, Malad (West),
Mumbai – 400064, INDIA
Phone: +91 22 4035 9222