POLICIES AND THE NETWORK GEOGRAPHY OF SOCIAL ENTERPRISES

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1. INTRODUCTION:

In India there is currently much discussion about the need for a more efficient social enterprise ecosystem and in particular for an improved understanding of the role that incubators and network platforms can and should play. This paper seeks to address this gap by improving our understanding of the kind of networks that social enterprises have access to, how they use those networks, and what role social enterprise support organisations play.

The paper starts with a review of existing literature on networks, innovation and enterprises. Given the gaps in literature and research on who social entrepreneurs talk to to access new knowledge, finance, business linkages and markets, and the lack of understanding of how useful current network platforms and brokers are at linking social enterprises to other actors within the ecosystem, this paper provides an overview of results from a survey on social enterprise networks, followed by four in-depth case studies. Lastly, we discuss the way social enterprises use networks.

2. LITERATURE REVIEW

Innovation is essential for economic growth and sustainable development. While technological innovation was mostly considered to be emerging from R&D departments of companies, start-ups, universities and other research labs, social innovation emerges from a range of different actors and places, including common innovation actors such as universities and private enterprise, but also civil society movements, public bodies, open source constellations, and social enterprises. The latter are particularly interesting in the context of India, given the recent and rapid emergence of social enterprises as a potential alternative development channel, where these enterprises can undertake social and development improvements in a more financially sustainable manner than other kinds of programmes. Innovation is central in social enterprises: many are creating new products and services, accessing, and/or at times creating, new markets. These enterprises also exist in a new and rapidly evolving sector and need to innovate to adapt to new challenges. However, to innovate and grow their social enterprise, entrepreneurs need to interact with other actors, including fellow entrepreneurs, suppliers, wholesalers, investors and incubators. For this they build networks of contacts that they rely on for access to new information and knowledge, access to finance, access to business connections along the value chain and access to markets and customers.

A. Social Entrepreneurs and Innovation

A recent study notes that “there is social innovation wherever new mechanisms and norms consolidate and improve the wellbeing of individuals, communities and territories in terms of social inclusion, creation of employment and quality of life” (OECD, 2011).

Social entrepreneurs, one such community and ecosystem, have attracted particular attention over the last decade or so. These “ventures in the business of creating significant social value … do so in an entrepreneurial market-oriented way, that is, through generating own revenues to sustain themselves” (EU, 2013). As agile, often self-sustaining non-state actors, they are particularly important as key stakeholders for social innovation in the early stages where social innovation remains weakly institutionalised (OECD, 2011).
However these enterprises also need some kind of enabling context. Innovation, defined as the continuous process of upgrading using new knowledge or the new combination of existing knowledge that is new to the local area, is generally seen to emerge from a system of actors whose interactions, behavior and patterns of learning are conditioned by institutions (Freeman, 1987; Lundvall, 1992; Edquist, 1997). The institutions that facilitate flow of information between various actors are particularly important for the innovation ecosystem.

B. Knowledge Flows and Networks Characteristics

Within the social enterprise ecosystem, actors, the individuals or groups of individuals (organisations) who are able to influence outcomes and cause change, are in many ways the repositories of knowledge and skills for social innovation in a fast-changing environment where there is limited external, contemporary documentation. Because knowledge is spread across actors, interaction is required for the different knowledge types to mix. It follows that collaborative knowledge accumulation and learning processes are essential bases for innovative activity (Arora, 2009). Most information flows through informal channels including word of mouth and an actor’s social network (Allen, 1983 in Cowan and Kamath, 2013). An effective network structure characterised as wide (a range of different sources of knowledge types including geographical, sectoral, and professional) and open (ensuring access to knowledge both within the network and outside it) helps knowledge and information flow between different actors (Sonne, 2011; Castilla et al. 2001). The size, positioning and relationship structure of a network matters in its efficiency to generate new knowledge and support innovation.

The relationship between network characteristics and innovation outcomes is often complex. Dense network ties, for example, are likely to result in trust among actor since it sanctions against opportunism (Coleman, 1988). Such trust is important because actors are likely to cooperate with those they share stronger ties (and trust) with (Dakhli and Clerq, 2004). Norms and behaviours- institutions - in a network are constrained by the social relations within that network – they are socially embedded (Granovetter, 1985). Studies on Silicon Valley have highlighted the importance of relational aspects (the history of ties between two actors in terms of level of trust – either embedded or at arm’s length), and the density of a network (a dense network with many connections spread information more easily) (Castilla, 2001; Uzzi, 1999).

Dense ties have their limits, however: social embeddedness helps build trust, but after a point constrains actors in a network because the expected reciprocal behaviour may stop actors from seeking knowledge, information and collaboration outside their network (Cowan and Kamath, 2012). Since dense networks can hinder innovation, Burt (1992) argues that for innovation, the space between separate unconnected networks –structural holes- are particularly useful as they allow actors to connect different knowledge networks. While strong ties provide trust and coherence, weak ties are likely to provide the most opportunities for new knowledge to emerge (Cowan and Jonard, 2004). An ideal ecosystem would have both.

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2 Actors include, for example, entrepreneurs, suppliers, traders, wholesalers, end users, investors, incubators, banks, self-help groups, cooperatives, competitors, NGOs, and Government.

3 Positioning meaning where within a network the actor is located (centrally or at the margin, for instance.)
Similarly, networks provide actors with social capital, or ‘the ability of actors to secure benefits by virtue of membership in social networks or other social structures’ (Portes, 1998:2 in Cowan and Kamath, 2012). Networks not only provide direct access through contacts, but the quality of those contacts and the network as a whole indirectly affects an actor’s standing and, in turn, ability to access resources he requires outside his own immediate network.

Networks may also reinforce “groupthink.” Actors tend to associate with other actors that are similar to themselves - homophily (Jackson, 2008), and since innovation thrives on different kinds of knowledge types mixing, homophily in a network hinders innovative behaviour by having too many actors with the same type of knowledge, thinking the same way (Cowan and Kamath, 2012).

An effective network would then be open, include many different kinds of actors with different kind of knowledge, operate in a culture of trust, and embedded social relations, within a dense network where different kinds of information and knowledge exchange flow freely, in turn galvanising the innovation process. Meanwhile, a less effective network would be characterised as closed from information flowing outside of the network, having similar actors with the same type of knowledge, and suffering from path dependence, inertia, and institutional lock-in resulting in less innovative activity.

C. Why Entrepreneurs Network

There is no single actor that can have all the necessary expertise for an innovation process or system, which means that infrastructure for external knowledge flows is essential. Therefore, for innovating social entrepreneurs, networks are important in order to access new business opportunities and contacts, finance, suppliers, markets and customers, technology, knowledge and credibility (Partanen, 2011; Semrau, 2013). Credibility, through social capital, is especially important in the early stages to attract good senior management, employees and government support, for instance (Zimmerman, 2002 in Partanen, 2011).

To access the above information and connections, entrepreneurs may rely on a number of different sources of connections. Gebreyeeus and Mohnen (2013) find that in the Ethiopian footwear cluster, small entrepreneurs rely mostly on family and business contacts, such as suppliers and fellow entrepreneurs, for new information and knowledge. However, Gebreyeeus and Mohnen (2013) found that family, while trusted, was not primarily used for innovative activities. Rather, business and knowledge interactions were occurring with the same contacts so business networks double up as knowledge networks.

The most common reasons for entrepreneurs to collaborate are to exchange information and experiences (Gebreyeeus and Mohnen, 2013). Ebbers (2013), notes that entrepreneurs emphasising networking are more likely to know of business or collaboration opportunities. These networking entrepreneurs are therefore more likely to have formed a larger number of weak ties. Strong ties such as friends and family and former business associates, are especially important in the early stages of a social enterprise, because they are low-cost and critical resources (Starr and MacMillan, 1990, in Ebbers, 2013; Birley, 1985 in Partanen, 2011). Family ties also help testing the business in the early stages (Greve, 2003 in Partanen, 2011).
Weaker ties are more important for innovation and new opportunities, consistent with Granovetter (1973), and such ties are linked to making a start-up profitable at a faster rate (Davidsson and Honig, 2003 in Ebbers, 2013). Lastly, according to Allison (2011), most networks are geographically close, especially for smaller and newer entrepreneurs (hence the importance of clusters). Larger social entrepreneurs may have a more international network.

D. Network Brokers and Support

When networks do not emerge spontaneously, agents acting as catalysts can facilitate the emergence of effective networks (Ceglie and Dini 1999). The role of network platforms is to connect the social enterprise ecosystem - to widen and improve the quality of individual networks, while also connecting the ecosystem as a whole. Network platforms are a place to trade, establish collaborations, exchange knowledge and information and access new investment opportunities (for impact investors) and potential investors (for social enterprises). Incubators and facilitators are important actors in any network because they act as ‘brokers’ - connecting disparate parts of the system, such as introducing social entrepreneurs to impact investors in order to access finance, or to mentor to access new information and advice. A study on social enterprises in the UK noted that network brokers, regional catalysts and entrepreneurship support organisations (Kimmel and Hull 2012) help galvanise networks within the sector. In the Indian social enterprise ecosystem, we have seen the emergence in recent year of network platforms (Unconvention, Sankalp Forum, and Artha Platform), facilitators (Dasra, Idobro), and incubators (Villgro, UnLtd India).

Nevertheless, studies on networks in the SME and social enterprise sectors have shown that many network platforms and facilitators, (or brokers), are inefficient. Part of the problem is that networking needs to be a deliberate strategy (Akcomac, 2009) and support organisations must have a deep understanding of social enterprises. A UK study on social enterprise networks suggested most do not (Allison, 2011). A separate study of literature on entrepreneurs and incubators agree, noting that on the whole, incubators, while expected to act as facilitators or brokers, often do not, and even when they do link entrepreneurs to external partners, the success rate is very small (Ebbers, 2013). In fact, Allison (2011) noted that the social entrepreneurs surveyed in the UK found interaction with fellow social entrepreneurs to be more helpful than that with incubators, and that social entrepreneurs are often supporting each other through informal peer-to-peer exchanges. Networks are therefore important for sharing knowledge and information, and best practice informally, which in turn builds confidence among entrepreneurs, and provide opportunities for collaboration to reach economies of scale, share resources or perhaps collaborate on projects as partners (Rocket Science, 2008 in Allison, 2011).

E. Conclusion and Framework

This review of literature suggests that innovating social entrepreneurs require networks in order to accumulate knowledge and information to solve problems and innovate, and access advice on how to start and grow their business, access funding, and access stakeholders such as suppliers along the value chain, and access markets and customers. Social entrepreneurs are likely to use networks to develop social capital and standing in the community in order to more easily access information, funding and useful business contacts and markets. We also find that the source of networks differs and that while there are now many enterprise enablers, or support
organisations, an entrepreneur’s social network (friends and family) play a major role, especially in the beginning. Lastly, the review found that organisations such as incubators or investors that act as ‘network brokers’ have a mixed success rate, and social entrepreneurs often find speaking to fellow entrepreneurs more useful than being supported by support organisations (such as incubators).

The rest of this paper sets out to, firstly, identify the network of key actors that social entrepreneurs in India rely on for: a) access to new knowledge, information and advice; b) access to finance; c) access to business connections along the value chain; and d) access to customers and markets.

Secondly, the paper will look at sources of the existing networks—whether they tend to be social/private, business related or from support organisations within the social enterprise sector. We expect the connections to come from sources including: professional network platforms (such as TIE or Sankalp), co-working spaces (such as Jaaga or Bombay Connect), from business plan competitions or government programmes, through support organisations acting as brokers, such as incubators (like Villgro and UnLtd India) and from social networks including family, friends, school and college.

Lastly, we will consider to what extent social enterprises use network platforms, investors, brokers and facilitators, and co-working spaces that claim to be enabling the social enterprise ecosystem in India, and whether these are useful and enabling.

3. METHODOLOGIES

The research relies on primary and secondary data, and to study networks, we use an ego-centred method for data collection and analysis (Greve, 2003; Knoke and Kuklinski, 1982). This method looks at an individual’s network of actors rather than the total system level network. Here, respondents provide information on actors in their networks and the activities, and nature of those relations. Ego-centred network methods are appropriate when data on the whole population is not available, or when only a small sample of the population is included. Due to the difficulty in remembering a large number of important actors, it is common to request the details of the five most important connections as they tend to be accurately recalled (Greve, 2003; Burt and Ronchi, 1994). The survey therefore requests the details of the five actors most central to the social enterprise. Nevertheless, five actors may be restrictive, therefore the case studies allow for a larger number of actors and relationships to be explored.
A. Quantitative Data: Survey of Social Enterprises

We conducted an online survey of 38 questions covering individual entrepreneurs’ networks, and the role that support organisations have. The survey was sent to a database of about 160 social entrepreneurs in the first week of April, 2013 from Villgro. The list was based on Villgro’s database and supplemented with publicly available listings of social entrepreneurs, such as on websites. A follow-up email with the survey link was sent three weeks later. Both emails stressed that answers would be kept strictly confidential. The response rate was low so six weeks later we followed up with telephone calls to about 150 entrepreneurs, together with emails to those that needed the link resent. Two weeks later, a final round of calls to solicit responses was made. Out of the 38 responses, three were invalid, leaving a total of 35 responses for analysis.

B. Case Studies

Interviews and visits to the four social enterprises were undertaken to learn about each social enterprise’s individual network in detail, and the roles that different actors play, learn how their networks evolved over time and how their use of the network has changed over time, and understand the role of social enterprise support organisations. The unit of analysis is the social enterprise, and to select the four case studies, we used purposeful sampling. By using multiple cases, we can study patterns, similarities and differences across cases while avoiding coincidental occurrences (Eisenhardt, 1991; Yin, 2003). The criteria to select the four case studies were based on finding social enterprises with different business models, in different sectors, at different stages of development and where the entrepreneur came from different backgrounds.

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Sector</th>
<th>Rural/Urban</th>
<th>Area</th>
<th>Background</th>
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<tbody>
<tr>
<td>Mera Doctor</td>
<td>Health Tech</td>
<td>Rural &amp; small town</td>
<td>MH/UP</td>
<td>Medical practitioner</td>
</tr>
<tr>
<td>Under the Mango Tree</td>
<td>Honey / farming</td>
<td>Rural to Urban</td>
<td>MH</td>
<td>Formerly at World Bank</td>
</tr>
<tr>
<td>Rose Computer Academy</td>
<td>Education</td>
<td>Village/small town</td>
<td>Haryana</td>
<td>Local, rural IT teacher</td>
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<tr>
<td>SMV Wheels</td>
<td>Rickshaws</td>
<td>Urban: Varanasi</td>
<td>UP</td>
<td>Ran CAPART rickshaw NGOs</td>
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Interviews were semi-structured and follow “a conversation with a purpose” (Burgess, 1991) approach, which allows interviewees to vary the detail of their answers and the order of the questions. The analysis followed a grounded and iterative process (Ritchie and Lewis, 2003), and has been strengthened through triangulation of theory, case studies and a survey (Yin, 2003).
C. Data Challenges

A major issue with the survey is its small sample size. Only 38 social enterprises responded. Because certain questions are only relevant to a subset of entrepreneurs (such as those undergoing incubation, for instance) those questions receive even fewer answers.

4. OVERVIEW OF NETWORKS AMONG SOCIAL ENTERPRISES

This section provides an overview of the social enterprises networks based on a survey. The enterprises in the survey cover most of the sectors in India, with the largest number being from the energy and agriculture sectors with 37% and 35% respectively. The sample also includes a large number social enterprises in the environment (25%) and water (20%) sectors. As seen in figure 1:

Figure 1

[Bar chart showing the distribution of social enterprises across different sectors]

Note: Low response rate makes it impossible to generalise, and some questions were not worth including.
A. Social Enterprise Characteristics

The social enterprises are based across India. A little less than 30% work across India, while 20% each operate in North, South and West India. Slightly fewer work mostly in East India – about 13%. Furthermore, the social enterprises are relatively young. Eight social enterprises have started since 2011, with another 13 in 2009-2010. That means that the majority are still quite small, with about 30% being up to five staff and another 30% having between 11-20 members of staff. However, about 18% of the sample had more than 50 members of staff.

Most of the social enterprises (78%) are private limited companies –and only three percent are hybrids. Lastly, nine of the social enterprises in the survey are subsidiaries or close affiliates of other organisations. Half of those organisations are Indian and half are foreign. As seen in figure 2: legal status

Of the sample, ten have been or are currently part of an incubation programme including those run by Villgro, UnLtd, Dasra, Tamil Nadu Agricultural University Agriculture Incubator, Village Capital, CIIE at IIM-A and STEP at IIT-Kharagpur. 15 of the enterprises have received investment, including from angels and investors, and 15 have received grant funding from foundations, World Bank’s Development Market Place and the Government of India. Furthermore, 21 enterprises have taken part in business plan competitions, including Spark the Rise, Development Market Place, Eureka/IITB, the Millennium Alliance, ISB Idea and Villgro.

Ten entrepreneurs are or have been part of one of the network platforms of the social impact industry, including TiE, Artha Venture Challenge, Ashden India Renewable Energy Collective, Sankalp and Unconvention.

Lastly, 22 respondents reported that they rely on their social network, such as family and friends, to support them in their business.
B. Sources of Social Enterprise Networks

The literature review showed that entrepreneurs do not start their business or innovate in isolation, but rely on a lot of different people for different things. In the survey we asked the social enterprises to list the contacts most important for knowledge and business advice. While the response rate was low (20 entrepreneurs filled in this section), there are still some interesting insights. For instance, asked about their knowledge and information networks, the majority of entrepreneurs rely on contacts they know through their professional and social networks. <As seen in figure 3: Origin Knowledge Network>

![Figure 3](image-url)

While five responded that the most important person for knowledge and information was somebody they had met through an incubator or investor, for the rest of the ‘top 5’ knowledge network, investors and incubators played a very limited role.

C. Social Enterprise Ecosystem Enablers

To probe deeper into what social enterprises think of the support ecosystem, we asked how they found the quality of services to be. The 24 entrepreneurs that answered were relatively evenly split between finding services to be poor, somewhat good and good across the different support organisations barring government programmes which were considered poor. Network platforms were considered most useful in relation to connecting to entrepreneurs with new knowledge, with 11 respondents stating that the quality of the services was good, very good or excellent. Seven respondents also thought the network platforms provided poor services while five entrepreneurs rated them as somewhat good. <As seen in figure 4: Knowledge Access>
Incubators were rated as good or very good by seven entrepreneurs, and five respondents thought they were either poor or somewhat good when it comes to expanding their knowledge network. Investors and angels received a similar score with eight entrepreneurs thinking they were good or very good at connecting entrepreneurs to knowledge sources, while six thought they were poor and four found them somewhat good. It is noteworthy that incubators do not appear to be doing much better when it comes to providing access to knowledge networks than investors.

We also asked about access to capital. Eleven entrepreneurs rated network platforms as somewhat good or good, while nine found them to be poor at providing access to sources of capital. Incubators on the other hand were rated as poor by six entrepreneurs, somewhat good by four entrepreneurs while three found them to be good and four entrepreneurs found them to be good, very good or excellent. Co-working spaces were rated similarly to incubators in quality of network access – seven entrepreneurs thought these spaces were either good or somewhat good for expanding your network of capital sources. Seven entrepreneurs found investors poor at connecting to financing sources while another seven entrepreneurs rated investors’ ability to expand their network as somewhat good or good. Lastly, a surprisingly large number of entrepreneurs found access to finance networks not applicable. <As seen in figure 5: Access to Capital Network>
According to the literature, entrepreneurs tend to rely on fellow entrepreneurs for advice and information, and our survey findings agree. 24 social entrepreneurs reported that they collaborate in some form with other social enterprises. The most common area of collaboration was exchanging knowledge and information.

This section showed the range of social enterprises that have taken part in the survey. While the response rate was low and we should therefore not generalise, we find that entrepreneurs’ social networks, together with their business networks, are important. It is also noteworthy that incubators and investors are perceived to play a rather limited role in connecting social entrepreneurs to useful contacts outside of their immediate network. Rather, entrepreneurs appear to rely extensively on the support and advice of fellow social entrepreneurs.
5. CASE STUDIES OF NETWORKS OF SOCIAL ENTERPRISES

Following on from the overview provided by the survey data, this section considers the networks of four social enterprises. The case studies are SMV Wheels, a cooperative providing financing for cycle rickshaws; Under The Mango Tree, which produces honey through partner farmers; Rose Computer Academy which trains rural and semi-urban youth in computer literacy; and Mera Doctor, a medical call-centre service.

A. SMV Wheels: knocking on doors

This case study shows how separate local business and implementation networks can be from the strategy and funding networks. It also highlights the importance of experience and of knocking on doors to build a network.

1. Introduction

SMV Wheels, started by Naveen Krishna in Varanasi in 2010, offers rickshaw pullers the opportunity to become members of the SMV Wheels Cooperative and to apply for a loan to buy a cycle rickshaws. There are four different types of rickshaws: regular rickshaw (Rs 15500), rickshaw with double seating by SMV Wheels (Rs 15500), trolley (Rs 11500) and push cart (Rs 9000). SMV provides the rickshaw upfront, and the buyer subsequently pays it off in 52 instalments over one year, at Rs 200-300 per week. The weekly payments are formally registered against the rickshaw puller’s ID, providing him with proven credit and payment record which he can use to access loan, microfinance or government schemes.

2. Starting SMV Wheels

Naveen joined CAPART after completing a Master of Social Work degree: “I was working with rickshaws. I was responsible for setting up an office, recruitment, training, making connections with all the key stakeholders like the municipal body, and the district authority, plus making that grant running and ensuring that the reporting was done.”

It is this experience that he relied on when setting up SMV Wheels: “I knew everything about this business, I had learnt about this business- I spent four to five years working with different models, so SMV Wheels was the outcome of all the interactions I had.” For example, a common issue was that once the project grant funding ended, the rickshaw organisation had to close- it did not become self-sustainable. He therefore chose to set up SMV Wheels as a for-profit entity.

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5 If nothing else is stated, materials and quotes in this section are based on interviews with the founders of the social enterprises in May and June, 2013. While Mera Doctor was over the phone due to scheduling issues (and therefore not taped) and later followed up with an in-person meeting, the other three interviews were conducted in person and recorded with the permission of the interviewee.
Naveen returned to Varanasi permanently, and began interacting with rickshaw pullers – building a network of future customers: “I used to roam the streets talking to the rickshaw pullers in Varanasi, having chai and paan with them and understanding what kind ideas I could get from them, and in that process I met the five rickshaw pullers [who encouraged him to start SMV Wheels].”

While Naveen had the knowledge and experience to set up an organisation supporting rickshaw pullers, he believes the social enterprise idea came not from him, but from five rickshaw pullers with foresight: “this business [model] has come from the streets. It was suggested by the rickshaw pullers” and the five rickshaw pullers he met when moving back to Varanasi co-funded his first rickshaw purchase so that he could start SMV Wheels.

3. Networks

Naveen makes a distinction between networks that exist locally that he needs to run his day-to-day business– including insurance and hospital partners, government entities, and customers; and the pan-Indian network that he uses to attract funding, and learn how to grow and scale the enterprise.

Knowledge, Information, Technology and Finance Network

Naveen relies on his social network a lot, and that was especially the case when he started SMV Wheels. The most important person in this respect has been a friend of his who is also his Chartered Accountant (CA), and one of the original investors. The CA helped register the company and take care of the legal formalities, turning it into a private limited company. Today, the CA is still heavily involved: “I speak to my CA friend because he is responsible for budgeting and he is very closely connected to the business so he gives good advice.” In addition, his investors and incubators have become important sounding boards and network brokers.

Naveen applied to business plan competitions through which he received initial funding as well as exposure and key contacts. The first competition he won was Village Capital with First Light Ventures. He then caught the attention of the founders of the KL Felicitas Foundation and First Light Ventures. This early interest led to a syndicate of five investors coming on board in September, 2012.

Naveen went on to participate in Dasra programme through which he got a good network of fellow social entrepreneurs. In addition, UnLtd India has been really helpful with the capacity building part and a friend and mentor from UnLtd India, is a central figure when it comes to business strategy and advice. UnLtd India suggested that SMV Wheel apply to Echoing Green. The social incubator also sent a person from Accountant for International Development to rate SMV Wheels. Additionally, one of the investors organised for GIIRS to undertake a reading on its social impact.

In sum, the two investors who came on board through the Village Capital business plan competition, proved to be the key people offering a turning point by connecting him to both funding, people, and the means to attract others.
Two other network platforms that SMV Wheels uses are TiE Delhi, which has a lot of networking functions in Delhi, and the Action for India, which SMV Wheels was invited to apply for.

Lastly, to gather information about the most useful rickshaws technology, Naveen and his team taps into two sources: firstly, the rickshaw pullers, and secondly volunteer designers, either through a Dutch exchange programme or a collaboration with an Indian university. When researching the improved SMV rickshaw model: “we did a massive research on the technology of rickshaws and we involved all the senior rickshaw pullers, most of them had been plying the rickshaw for 20-30 years and they gave us feedback.” SMV Wheels also involved engineering and design students to narrow the focus to the best models. The newly designed rickshaw, now called the SMV Rickshaw was a collaboration between the America-India Foundation and students at IIT-Guwahati.

Local Business Network

Once Naveen knew which rickshaws and carts he wanted to offer to the rickshaw pullers, he set about searching for the best local manufacturers. “We did market research for that, and we identified three market vendors in the beginning who were giving us good quality and good price and then we started working with them. Finally we ended up working with only two vendors because of the quality…. And that is how we arrived at the price and quality of the rickshaws.” To ensure the supply of rickshaws and materials keep a high standard, SMV Wheels are closely interacting with suppliers and assemblers, even training manufacturers in how best to carry out their work, using engineering experts within their network. Recently, SMV Wheels took a further step by integrating the assembly of the rickshaws within its own operations- with a full-time mechanic assembling and repairing rickshaws in the SMV Wheels workshop.

Local stakeholders such as insurance companies and hospitals are important parts of the business network, as are the local authorities. “We had to reach (local stakeholders) one by one, try to convince them and we had three or four rounds of meetings.” Naveen first approached the Municipal Corporation “because you need the legal licenses first if you want to drive a rickshaw.” The proved to be particularly cumbersome- in his words:

“They had so many processes and you [are expected] to pay so much bribe at the bottom level so it was not possible [to proceed]. But just then I reached a higher level [of the government bureaucracy] and I told them about this venture. But they thought I am trying to increase the number of rickshaws on the roads but I conveyed to them ‘sir it is not about increasing the number of rickshaws on the roads but it is about organising the number of rickshaws.’ I asked the official how much MIS data he had and what tracking mechanism he had of the 15000 registered rickshaw pullers in Varanasi and he said ‘I have none.’ And I said ‘that’s the thing, I have a database of at least 100 rickshaws, so let us work together, united’” Then I went to the insurance company because I need insurance for the rickshaw if I am going to sell it. Then I reached the technical administration [in Varanasi], then I reached the [local government] officials, all one after the other. Monday I had a meeting with the municipal body in the morning and in the afternoon I had one with the hospital. I went back and forth.”

Simultaneously, Naveen also established partnerships with local hospitals and the insurance companies that will reimburse the hospital bills. SMV Wheels works with a couple of other social enterprises to provide health-related...
services: “we have collaborated with Dove Foundation which works with HIV/AIDS. They train our rickshaw pullers twice a month in HIV and other health and hygiene issues. We have also tied up with SEWA Mob in Lucknow to give them regular health insurance.”

Banks are another local partner – “we send the rickshaw pullers’ credit history to the banks and other microfinance organisations in Varanasi and recommend them for the different social government schemes. Most of our members who have become owners have got it.” These are no frills saving accounts in nationalised banks. A couple of rickshaw pullers have been able to access property loans after completing the repayment of the rickshaws, and SMV Wheels also introduces rickshaw pullers to government schemes, including housing, livelihoods training and schooling for family members.

**Customers Network**

Since SMV Wheels was started with the encouragement of five rickshaw pullers, they, as customers, have been central from the start. However, gaining the trust of the first group of rickshaw pullers and creating a network took a long time: “it took us nine months. When we reached around 250 or so then people started coming to us.” Customer mobilisation is still an important task today as reaching scale is necessary to make a large social impact and become sustainable: “we still reach out a couple of times per week. We have a team for that, for mobilising, even I participate. Sometimes we also volunteer on Sundays.” SMV Wheels now has a cooperative of 1300 rickshaw pullers across Varanasi.

The customer network that SMV Wheels has built up serves several purposes: it is used for MIS data on rickshaw pullers, it is used to mobilise more customers, and the team uses it during their due diligence prior to a loan, and for monitoring post-loan to reduce the risk of default:

“We don’t go with the [loan application] form to the family. We first go to the local tea stall and the paan stall and we come to learn about them, then we talk to the neighbours and then finally we talk to the women members [of the family], tell them that this is the scheme your partner or husband is going to enter into. Just so that if the rickshaw pullers start drinking too much or gambling too much they can call us. The women help us in that, they say ‘see he is gambling too much.’”

Risk is also reduced through creating social capital: SMV Wheels purposefully provide their services to rickshaw pullers who have lived in Varanasi for a long time. That reduces risk since these rickshaw pullers would be less likely to default on loans due to the social stigma.
4. Change in Network

Naveen says that while he relied more on his social network—friends and former colleagues in the early days—he now has more professional contacts in his network, such as incubators and investors for strategy and business growth decisions. However, while the professional contacts have grown, Naveen really relies on his personal contacts locally. For example, he hires people he knows through his family or old friends, and uses family connections when expanding the business into Jharkand and Lucknow, for instance.

B. Under The Mango Tree: Usefulness Of Existing Professional And Social Networks

This case study shows how established professional and social networks and being based in a metro can really help a social entrepreneur make the most of opportunities to grow. It also highlights the important role personal networks can play.

1. Introduction

Under the Mango Tree (UTMT), started by Vijaya Pastala in 2007, links bee-keeping farmers with markets for honey in cities through local partner organisations in rural areas and tie-ups with supermarkets and high-end retailers in urban areas. UTMT operates a hybrid for-profit and non-profit model with a business purchasing and marketing honey as one arm, and an NGO training and supporting farmers to take up bee-keeping as the other arm.

UTMT started as a proprietorship in 2007, had its first sale in 2008, became a not-for-profit Society in 2009 and registered as a Private Limited Company in 2010. It is headquartered in Mumbai and currently had 24 members of staff at the time of the interview. The Society operates out of Gujarat, Maharashtra and Madhya Pradesh, while the private limited company works in Bihar, Uttaranchal and Rajasthan.

UTMT’s strategy is ‘Bees for Poverty Reduction’ and they work with the Apis cerana indica bee: “it’s an indigenous bee but she is not a high producer of honey. It is a better pollinator, because the objective of the society is pollination.” UTMT won Village Capital in 2009, became a level two incubatee with UnLtd India in 2009, received incubation support and funding from Villgro in 2012 and was awarded the Development Marketplace award in 2013.
2. Starting Under The Mango Tree

Vijaya Pastala grew up, and studied in Mumbai, before moving to the US for undergraduate and postgraduate studies. When she returned to India, she worked in livelihoods for international foundations such as the Aga Khan Foundation, the KfW Bankengruppe, and the World Bank.6

It is this experience working with livelihoods promotion, that she based the business model of UTMT on: “the framework and the main principals of the frameworks are part of my work – partnerships are important, sustainability is important, creating accountability with donors and beneficiaries is important, gender focus is important, indigenousness is important, community ownership is important, developing a local cadre is critical to sustainability. So a lot of those generic criteria are something one has brought into this.” Before starting, she wrote a paper on what she wanted to do and how, and discussed extensively with friends.

3. Networks

At UTMT, the wide range of networks and their central importance is striking - Vijaya is a very active networker. The networks can be broadly and loosely divided into (i) networks for access to marketing and retail based on Vijaya’s social network, (ii) networks based on contacts from the social enterprise ecosystem for funding and scaling the enterprise, and (iii) value chain networks mostly drawn from a decade’s worth of professional experience in livelihoods promotion. The other noticeable characteristic is that Vijaya and UTMT speak to a lot of contacts, and in that way continuously filter their most important network.

Knowledge, Strategy and Funding Network

Since SMV Wheels was started with the encouragement of five rickshaw pullers, they, as customers, have been central from the start. However, gaining the trust of the first group of rickshaw pullers and creating a network took a long time: “it took us nine months. When we reached around 250 or so then people started coming to us.” Customer mobilisation is still an important task today as reaching scale is necessary to make a large social impact and become sustainable: “we still reach out a couple of times per week. We have a team for that, for mobilising, even I participate. Sometimes we also volunteer on Sundays.” SMV Wheels now has a cooperative of 1300 rickshaw pullers across Varanasi.

The customer network that SMV Wheels has built up serves several purposes: it is used for MIS data on rickshaw pullers, it is used to mobilise more customers, and the team uses it during their due diligence prior to a loan, and for monitoring post-loan to reduce the risk of default:

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6 Under the Mango Tree: How Vijaya Pastala’s venture is eyeing Rs 60 lakh turnover by selling honey, The Economic Times, 14 January, 2013.
“We don’t go with the [loan application] form to the family. We first go to the local tea stall and the paan stall and we come to learn about them, then we talk to the neighbours and then finally we talk to the women members [of the family], tell them that this is the scheme your partner or husband is going to enter into. Just so that if the rickshaw pullers start drinking too much or gambling too much they can call us. The women help us in that, they say ‘see he is gambling too much.’”

Risk is also reduced through creating social capital: SMV Wheels purposefully provide their services to rickshaw pullers who have lived in Varanasi for a long time. That reduces risk since these rickshaw pullers would be less likely to default on loans due to the social stigma.

**Business and Customer Networks along the Value Chain**

Vijaya primarily works with local partners that she had collaborated with, or helped set up in her previous professional roles: “even when we started with the Society, we reached out to the partners I knew in my old life, in my previous work. A lot of the initial partners are partners that I set up when I was with the Aga Khan Foundation or with the World Bank and now are our partners today. So they are all people I have known. I have a relationship with everyone that I work with. I have either been their donor or worked with them. Vijay Mahajan from Basix – I have known Vijay from 1991 when I was an undergrad and he was at Princeton. So Vijay for example has been part of my journey – my questions, my tribulations. One of my first partners was BASIX then we moved to IGIDF, but it was still BASICS group. We are now doing research at the Livelihoods School. I don’t speak to Vijay every day, but he is still very much in my network.”

The choice to work with large partners in rural areas is a deliberate one: “we were very clear – we want to impact policy and for that objective it was important to work with partners that were well established. So we work with BIAF, BASIX, ATC, The Aga Khan Rural Support Program, Development Support Centre, the Taj Group of Hotels and so on.”

While the local rural business partners that work with farmers are partners Vijaya worked with in her previous job, the retail partners in urban centres in India are connections from her wide South Mumbai social network. When she wanted to get into a premier retailer, she contacted a member of the owner family whom she had gone to school with. Similarly she received business advice early on from the founder of a retail brand who she knew from her school and college days. To gain access to a large supermarket chain, one of her board members knew the CEO. Today, she is looking to gain access to another large retailer and will speak to the daughter of the owner who she knows. She is clear on using her social network: “It is South Bombay, Cathedral School, that network. It is very much there and I milk it. I went to MIT and I go to all the MIT alumni events.”
4. Change in Network

Vijaya’s network has changed as the social enterprise has progressed. She estimates that about 70% were social networks – friends and family and former colleagues when she started out, while today, 60% are professional contacts and 40% are her social network. For instance, the directors on her board are all new contacts. She notes that “2007s network was very much family and friends. Now the network is [more professional], so even if I reach out to the two women [friends] who were part of my old network – their inputs today are very different and my questions reaching out to them are very different to what I asked then. My need of them has changed.”

The advice she seeks and those she seeks advice from, have become more targeted: “as the journey has occurred it has gone from generic sounding boards to very specific – say if I want to understand what the retail market is then I have somebody I go and knock on their door because they are specifically in that space or if, say, I have someone in finance – if I have a question on finance or equity, then there is someone [for that].”

Lastly, with an increased number of senior management on her board, it is not only Vijaya’s own network that has expanded, but UTMT has its own network too: “now there is a network within us too – so there is an intra-network. You know I have an executive director who leads the society, and then I have a head of sales who leads on sales, so in some sense you have a tripod network within your own space that you can then reach out to.”

C. Rose Computer Academy: key people trigger change and access to SE ecosystem

This case study shows how meeting a series of key individuals can trigger change and access to the social enterprise network when not living in a metro or being well connected. It also highlights how lack of English knowledge can be a real hindrance, and the importance of boosting confidence and providing less tangible support at the very early stage, especially when an entrepreneur cannot rely on his social network for business support

1. Introduction

Amit Kataria’s Rose Computer Academy in Haryana provides short-term computer courses such as basic computing, accounting and graphic design for those who have little formal education. He set it up in a village outside the National Capital Region (NCR) in 2006 and it became operational in 2007. In the first year, the school had 119 students and by 2013 a total of 5000 students have completed a course there. The computer academy now encompasses a head office and three branches within a 12 km radius and nine staff, including teachers, senior management, and campaign and marketing staff. The organisation, which started out as a proprietorship, was registered as a partnership firm in 2008 and as a private limited company in 2012.

Rose Computer Academy received funding from UnLtd India in 2013 and has since then been focusing on improving the efficiency and profitability of current branches, before looking to expand further across Haryana.
2. **Starting Rose Computer Academy**

While attending Delhi University, Amit taught himself computing. He came back to his village during the final year of studies, and while finishing his degree, taught basic computing with Literacy India in the mornings. Within a year, Literacy India decided to close their branch in the village, but by that time, Amit had begun an entrepreneurship course with Driithi⁷, an NGO that supports the formation of micro enterprises. While at Driithi, Amit created a plan to start a computer training academy. His father allowed him to use his land and Amit began work on the school in November, 2006, and students started enrolling in 2007. He had three basic computers, and held an official opening ceremony on 16 August 2007. “I took some money from my cousin, and from my friend and in between we started [the academy], the construction of this house.”

3. **Networks**

Amit uses his networks for general queries and does not divide it between access to finance, business advice or new knowledge. Instead there is a distinction between queries of a business, strategy and finance nature (for which his links are pan-Indian) and network for customers (students) and suppliers (of IT infrastructure or teachers), which are local.

**Business Knowledge, Advice, Strategy and Finance**

Amit’s sister had taken computer training with Literacy India when the NGO first opened a branch in their village and told Amit about it when he returned to look for work. Literacy India, in turn, was a partner of Driithi, and Amit was convinced by his Literacy India colleagues to apply for its entrepreneurship course. Driithi was the first entrepreneurship organisation that helped Amit write a basic business plan and provide training on business skills: “I didn’t have any expertise but with Driithi I learned how you can start your business, how to create a budget and how you can create relationships with customers.” A key person at Driithi, is one of the trainers who became a mentor: “she was the first person to give me confidence and told me ‘Amit you can do it’.”

His mentor at Driithi brought Jagriti Yatra⁸ to the attention of Amit, who joined the 18 day journey, taking in 50 destinations across India (on sponsorship) in 2009. This was a real turning point for Amit: “it was a great experience for me because I never went outside of my house – I had lots of restrictions from my parents [because of a disability making walking difficult]. It was the first time I went by train, by bus, by cab. And today I am at a point where I can go anywhere.” The Yatra built Amit’s confidence and provided him with his first major network platform and connected him to key people that have since been vital in providing access to, and taking advantage of, social enterprise support. “In our group we had 20 yatris and they belonged to all parts of India and we shared our expertise. Even now we have about 1000 people networking on Jagriti’s online group. If I need anything, I can now get any kind of help from any part of India- I just write

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⁷ [http://www.dhriiti.org](http://www.dhriiti.org)
a message." Amit recently used the online forum when he was going to Bangalore and asked fellow alumni to put him in touch with Infosys. He was connected to Infosys, Yahoo and Dell.

Not only did the Yatra prove to Amit that he can travel anywhere, but at the Yatra, Amit met a woman with a visual impairment who has set up the kanthari9 - a social change leadership institute in Kerala together, with her partner. They have become important role models: “If you meet entrepreneurs and you see their own struggles and how they overcome them, it always motivates you.”

Another key person he met at the Yatra is a staff member at Intellecap. She persuaded him to apply for the Sankalp Forum Award (the annual social enterprise award and forum organised by Intellecap). While Amit learned about Sankalp and the social enterprise ecosystem from her, it was a fourth person from the Yatra that proved vital in order to capitalise on the doors that opened through Sankalp: “One of the biggest changes in my life came when I met Mr Sandeep Kirpalani. We met on the train and he has spent the last one year [working] with me. That is why we are here now because I have learnt lots of things from him.” Mr Kirpalani is a chartered accountant who previously worked with Ernst and Young, and it is he who has helped Amit to write application forms, undertake initial communication with the social enterprise support network, and fundraise: “From Sankalp I got connected to UnLtd India and he helped me present our case to them and talked to them. One of the biggest problems is the language barrier as my English wasn’t good, so he handled everything.”

So it was through his Intellecap contact that Amit was connected to Sankalp, and it was at Sankalp that Amit was connected to the social enterprise support ecosystem: “I was struggling with money – I needed seed funding. I didn’t win, but I got more than a winner’s trophy because I got good connections and I met good organisations like UnLtd India and I learned how to create a business plan.” Thanks to Sandeep, he was able to pursue these new connections. UnLtd India subsequently invested in Rose Computer Academy in 2012.

Before UnLtd India came on board, Amit attempted to access bank finance: “I spoke to the Indian Bank of Commerce, and ICICI Bank. They wanted some collateral but I didn’t have anything.”

Two additional organisations that became part of Amit’s network through Sankalp are TiE Delhi (where he attended a workshop) and Dasra. Through its entrepreneurship programme, Dasra provided Amit with the opportunity to write, and present, a more detailed business plan. The fellow entrepreneurs that make up the Dasra cohort are a source of cheerleading, information and future collaborations. He was also connected to his current campaign and marketing manager through one of his Dasra classmates.

9 http://www.kanthari.org/
Suppliers and Customers: Education Infrastructure, Educators and Students

Amit did not work extensively with other organisations to put together his computer courses and curricula. He looked at what other institutions provided in the NCR, and based his courses mostly on his own experience. However, he recently tied up with the NIT Foundation to provide an NIT certificate for students completing the basic computer course at Rose Computer Academy. Amit came in contact with the NIT Foundation through one of its employees, who used to partner with Driithi and later visited Amit when she wrote a book that had a chapter on Rose Computer Academy. The Foundation was at first hesitant to partner: “I talked to the NIT Foundation that we needed their help with curriculum and the credibility of certification, so we wanted to tie up with them. But they have a rule that they only work with NGO.” However, with the help of Mr Kirpalani, he was able to convince them that as a social enterprise he works for the good of the society, and now Amit is able to turn to the NIT Foundation for advice and knowledge on the courses and curriculum.

To find qualified teachers to work in the Academy, Amit relies on three sets of networks: he picks bright graduates from his courses that are interested in teaching, he hires local people through word-of-mouth or advertisement, and he hires students from the nearby Amity College. Hiring teachers is proving particularly problematic because computer literate candidates in the NCR often expect a very high salary, given the number of BPOs and MNCs present. Instead Amit is looking to expand his student network, and nurture students to become teachers.

A further problem is student numbers. Amit uses local informal networks in the villages when reaching out to students, including former students and word-of-mouth. However, that has not proved as effective as they had hoped and Rose now has a campaign manager who will be focussing on raising the awareness about Rose Computer Academy locally, by, for example, targeting students at local schools. Lastly, the infrastructure that Rose Computer Academy relies on – its computers, is supported locally: “I take help from two persons: one of the guys has a hardware store so he looks after hardware things. The other– from a Fortune 500 company- provides sales support on devices ensuring efficient electricity usage.

4. Change in the Network over Time

Amit started with the support of his eldest brother who is a partner in the business, a friend and a cousin, so in 2007, Amit’s most important business contacts were to a large extent based on his social network: “I was working with my eldest brother so first is my brother, second, one of my friends, and third my cousin who gave me INR 1 lakh loan and fourth [the mentor from Driithi].” Today the brother remains an important partner in the firm, and, as a politician, has good local contacts, while his friend also stays involved and helps out when he can. His cousin, meanwhile, has been bought out. Other persons that are now important are Mr Kirpalani, his friend from Intellecap, the founders of kanthari, his campaign manager Preetam Nayar, and the UnLtd India and Dasra teams.
D. Mera Doctor: Little Need For The Social Enterprise Support Ecosystem

This case study highlights an organisation started by two individuals who were already well networked, both in the social enterprise ecosystem and the healthcare sector through their professional and educational backgrounds. Consequently, while they have chosen, for the most part, not to engage with the social enterprise ecosystem since they do not need the support, they are in many ways a ‘dream’ investee for support organisations.

1. Introduction

Mera Doctor, founded by Gautam Ivatury and Dr. Ajay Nair in 2011, is a Mumbai-based healthcare call-centre where qualified medical practitioners provide over-the-phone consultations and advice to customers in urban and rural India. To provide consultations over the phone, the medical practitioners “use standard phone triage methodologies: taking down symptoms, understanding medical history, breaking down the causes of any given symptoms and then telling the patient what to do next.”10 They are able to provide advice and suggest over-the-counter drugs to about 70% of the callers, while 30% are told to take diagnostics tests or visit a specialist. Mera Doctor is based on well-known international call-services such as NHS Direct, with the difference that Mera Doctor uses doctors rather than nurses, and provides additional services, such as insurance. Currently, their largest client base is in Uttar Pradesh (UP) and Maharashtra. The service charges are monthly or yearly subscription fees. Mera Doctor received seed funding in 2011 to start the enterprise from Aavishkaar, who also provided follow-on funding. The social enterprise has since been raising the next round of funding.

2. Starting Mera Doctor

The two co-founders of Mera Doctor have complementary and highly skilled professional backgrounds: while Gautam studied in the US and has worked in enterprise-finance, including at CGAP, SKS Microfinance, IFC and Signal Point Ventures - an early-stage funder, Ajay is a medical practitioner with a Masters in Public Health who has worked both as a medical practitioner with NGOs, and supporting enterprises and social initiatives at Acumen Fund, and ICICI Bank Social Initiatives Group, respectively. They started Mera Doctor because they could see the lack of good quality and affordable healthcare in India and knew that there was a need for a solution to the difficulty of accessing good care.

They created a strategy to find out how health and technology work together, and called a number of different people. They traced people online on platforms such as LinkedIn and did a lot of cold calling. People were generally positive, and helpful, and willing to share knowledge and ideas. Having focussed their effort on health call-centres, they looked at existing alternatives abroad.

3. Networks

The Mera Doctors cofounders have a set of networks that cover the medical and financial sectors from their previous work, and have built up a new network of technology experts. The set of people that made up the network that Ajay and Gautam relied on in the early stages when starting Mera Doctor were nearly all from their existing professional, educational, and social networks. For example: the doctor that wrote the [call] protocol was a former classmate of Ajay, and the medical specialists that first trained the doctors that were going to become the call-centre advisers, were former colleagues of Ajay. Furthermore, the doctors that were first employed to work for Mera Doctor were part of Ajay’s college, work and friends network. The initial partner, SKS Microfinance, was the former employer of Gautam. Through SKS, initial early outreach and distribution partners such as FINO were found. The Chief Technical Officer (CTO) was a friend of Gautam. The CTO with the technology expertise came on board six months after the company was started, though he had been working as a consultant for them prior to that. In addition, partners that Ajay had previously worked with – such as Mumbai-based healthcare NGO SNEHA - helped in testing the prototype service out.

Knowledge, Information, Technology and Finance Network

To find the best technological solution, the team surveyed the market. They started with basic open source technology but had an agency design the portal. They then dipped into three sets of networks to improve and refine the technology: customers and their feedback, the CTO, and connecting to business people online and offline in the same line of work, and they spoke to people in medical call centres across UK, Bangladesh and Mexico.

The investor, Aavishkaar, an existing contact within their network, provided seed capital before the venture had started, and later provided additional follow-on funding. At the time of the interview, the Mera Doctor team was fundraising their next round of funding with the help of Aavishkaar. Apart from funding, Aavishkaar has been part of the board and helped advise on issues related to business and strategy. The investor has also put them in touch with entrepreneurs within the Aavishkaar portfolio. Lastly, Aavishkaar provided Ajay with desk space at its office in the early days of the startup.
Business and Customer Network

Mera Doctor has partnered with large financial and retail players in UP and Maharashtra to create a distribution system of 17000 sales points that rely on cash. These partners include FINO, Eko, SREI, Oxigen, Beam and Vayamtech. Royal Sundaram has provided health insurance.

Mera Doctor has a team in UP and when initially setting it up, they found a key person via online portal LinkedIn. This person is well connected in UP and scaling up the team has gone well.

5. Change in Networks

The network has grown a great deal and the co-founders rely on the team they have hired. Some of the early advisors are still on board but the team has now expanded. In addition, today they rely on senior management, directors, and investors a lot. Key advisors include doctors, an angel investor and experts in the same field. One important shift in the network is that they have an investor on the board since receiving their first round of funding. Mera Doctor’s senior management is constantly talking to people and that is how they build their network.

The network is now less and less centred on the two co-founders as other strong team members have come on board. That is a necessity for scale: “we are no longer central to all relationships managed- that is not healthy.” Some relationships on the board are still mainly the co-founders’ but the sales and operations teams now have theirs too.

Mera Doctor does not collaborate with other social entrepreneurs at the moment. However, they talk to fellow entrepreneurs and exchange information and learn from each other.

6. DISCUSSIONS: SOCIAL ENTERPRISES AND NETWORKS

A. Who’s in the Social Enterprise Network?

This paper set out to identify the networks of key actors that social entrepreneurs rely on for: a) access to new knowledge, information and advice; b) access to finance; c) access to business connections along the value chain; and d) access to customers and markets. It became clear through the case studies that there is often no clear distinction between different kinds of networks, such as between new knowledge and advice on the one hand, and access to finance on the other. Often the key people are the same in both networks. Vijaya from UTMT relies, for instance, heavily on her board for advice on current fundraising, but also on more general advice related to the current expansion. Naveen of SMV Wheels, meanwhile relies on his friend and mentor at UnLtd India together with one of his early investors for both fundraising and knowledge connections. In the case of Rose Computer Academy, Amit relies internally on his colleague and advisor Mr Kirpalani, and externally on his investor, UnLtd India for
advice, information and funding connections. However, there is generally a clear distinction between the business value chain (suppliers, for example) and the market and customers, on the one hand, and the fundraising and knowledge networks on the other. The value chain and market networks tend to be considerably more local, while the advice, information and funding network is pan-Indian, and often based in India’s metros. Rose Computer Academy, for instance, has a highly localised business and customer network, based within a radius of 12km from its head office. Naveen’s business network of stakeholders providing value added services, or government officials, is also very much local, based in Varansi. The same goes for SMV Wheel’s customers – the rickshaw pullers of Varanasi. UTMT, meanwhile, uses large partner organisations for connecting with farmers and procuring honey, and these are therefore not local, but pan-Indian. Lastly, Mera Doctor uses much localised sales points in rural India, while being headquartered in Mumbai.

B. Sources of Existing Networks

Secondly, the paper looked at the sources of the existing networks - whether they tend to be social/private, business related or from support organisations within the social enterprise sector. We found that the sources of actors in the networks varied for each social entrepreneur. Amit from Rose Computer Academy had initially relied almost exclusively on his local social network in his villages, with his friend, brother and cousin helping him to launch the enterprise. However, starting with Driithi, as he, almost linearly, progressed through different social enterprise support programmes, he made key contacts along the way, that became cornerstones of his networks, such as the friend from Intellecap who introduced him to Sankalp after Jagriti Yatra, which in turn led him to meet UnLtd who invested in him and Dasra who took him on as a fellow and improved his business plan. He was able to take advantage of these opportunities because of meeting his partner and mentor Mr Kirpalani at the Yatra.

Vijaya of UTMT, on the other hand had a very strong professional and social network prior to starting her enterprise, based on studies in the US, work experience with international foundations and the World Bank, and growing up in South Mumbai. These, taken together, put her in a unique position to use her network to further the enterprise right from the start. While she was new to the social enterprise support ecosystem, she was already networked in development finance in India, which has many overlaps with the social enterprise ecosystem. Meanwhile, she has been able to market her products very efficiently because of her social network opening doors to major retailers. Another person using his professional background extensively when starting the social enterprise is Naveen of SMV Wheels.

The founders of Mera Doctor had previously worked for support organisations of the social enterprise ecosystem and were therefore already well networked. One likely outcome of that is that they were able to access seed funding from Aavishkaar on the basis of the business plan, before even piloting their venture. They have, however, chosen to not be actively involved with the ecosystem and have received no other support, or attended any business plan competitions or programmes. A further point about the source of networks from Mera Doctor is that they relied very heavily on Ajay’s former colleagues from medical school and work, and that they use online sources such as LinkedIn to source senior managers across India. That is how they were able to find a senior manager based in UP who has, through his own network, successfully launched Mera Doctor across the state.
The networks have changed and evolved over time. All social entrepreneurs noted that their networks increasingly include professional connections, while reducing the reliance on contacts they know through social networks. Vijaya of UTMT pointed out that this is partially a function of the need for advice to become more targeted and specific. The more the enterprise evolves the more specialised help they needed. Ajay from Mera Doctor and Vijaya both noted that as their networks grow and they employ more senior people, their internal network grow as well, with different senior members of the team having different kinds of networks to tap into and use.

C. Role of Social Enterprise Support Ecosystem

Lastly, we wanted to learn to what extent social enterprises use network platforms, investors, brokers and facilitators, and co-working spaces. We found that, with the exception of Mera Doctor that had chosen not to use social enterprise support beyond their investor Aavishkaar, the other organisations have received support from several ecosystem enablers. Amit’s Rose Computer Academy, for instance has ‘graduated’ between different kinds of support. Naveen first accessed funding and advice through business plan competitions. Vijaya of UTMT, meanwhile, emphasised the importance of the mentoring available through organisations like UnLtd India or Villgro, as well as the financing that has been made available. Apart from the direct support provided by organisations, it is the network of fellow social entrepreneurs that they establish when they participate in programmes that are really important. Dasra runs one such programme, and the Jagriti Yatra is another. Therefore, while network platforms may not be the best enablers for social enterprises “one goes to Sankalp to be seen and let people know one is still around”. The informal networks created through incubators, accelerators and business plan competition programmes are proving very valuable to social entrepreneurs across the country. Once the offline programme finishes, the social entrepreneurs take the network online, and continue it on dedicated websites, but more often on group emails, Facebook or Whatsapp.

7. CONCLUDING REMARKS

This paper set out to improve our understanding of how innovating social enterprises use their networks. We reviewed the literature on networks, presented a brief overview of how social enterprises use networks, based on a survey, and provided four case studies of social enterprises and their networks. What was striking across all case studies was that in spite of coming from very different backgrounds, the social entrepreneurs found that their networks changed substantially since they started out. In the beginning they relied more heavily on family and friends, while they now have more professional contacts from the sector on board, whether as mentors, investors, and/or board members. Support organisations play a significant role in the networks of social enterprises, and increasingly so as more and more professional contacts come on board. However, it was noticeable how important the social entrepreneurs find the connection to other social entrepreneurs, as a source of day-to-day support and best practice advice. This is something that was highlighted in the survey and the literature review as well.
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