



Venture Philanthropy Practices in Asia:

A GUIDE TO EFFECTIVE CAPACITY BUILDING

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About AVPN

The Asian Venture Philanthropy Network (AVPN) is a membership network headquartered in Singapore that seeks to increase the flow of financial, human and intellectual capital to the social sector, and to improve the social impact effectiveness of members across the Asia Pacific region. We promote venture philanthropy in the broader philanthropic and social investment communities and provide specific networking and learning services to meet the needs of our members.

We have over 280+ organisations from 28 different countries spanning different sectors. We are building a cross-sector network bringing together organisations and individuals from finance, business and the social sector. Our members include private equity firms, private banks, wealth management institutions, other financial services organisations, professional service firms, family businesses, corporations, foundations, universities and government-related entities.

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Definitions in this guide

Social Purpose Organisation (SPO)

AVPN considers an organisation to be a Social Purpose Organisation if it possesses these characteristics:

1. Primary objective of delivering social impact
2. Interacts directly with beneficiaries
3. Receives funds as part of delivering on primary objective

This includes but is not limited to non-profit organisations (NPOs), non-governmental organisations (NGOs), charities and social enterprises (SEs).

Venture Philanthropy Organisation (VPO)

AVPN considers an organisation to be a Venture Philanthropy Organisation if it possesses these characteristics:

1. Provides SPOs with a combination of financial and non-financial support to deliver social impact
2. Focused on multi-year, milestone-based support programmes

This includes but is not limited to foundations, trusts, giving circles, CSR departments and impact investing funds. A VPO may use grant making (donations) or social investment (equity, debt, etc) approaches to funding SPOs, together with non-financial support.

Capability

Used by Impetus-PEF and describes the ability of an organisation to deliver. It answers the question of "What can an organisation do?".

Capacity

Capacity is the collective sum of all capabilities, e.g. we are building the capabilities of this organisation in order to increase the capacity of the organisation. "How much can an organisation do?"

Capacity Building

Similar to non-financial support (NFS), capacity building strengthens the skills and abilities of an organisation.



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Capacity Building in Practice

INTRODUCTION



In the emerging social investing landscape of Asia, social investors support social purpose organisations in many different financial and non-financial ways. Providing both well is critical for social purpose organisations to become investment- and impact-ready.

The Effective Guide on Capacity Building combines an overview of best practices in **social investing and venture philanthropy as well as highlights** ten case studies focused on Asia to create a practical one-stop guide.

In the first section, we zoom in on what needs to be considered in order to design and deliver your capacity building programme. In particular, we consider how to understand your own motivation to build capacity and how you can gauge your investees' needs. Following the initial fundamental assessment, we guide you through ways of delivering capacity building and focus on what kind of services are seen as most useful, assessing your ability to deliver them as well as structuring the delivery of your capacity building in terms of efforts and costs. In the final section we outline three approaches to assessing the impact of your capacity building.

This section is followed by the Capacity Building Canvas, which helps you to understand strengths and weaknesses in each of the areas within capacity building and allows you to focus on the most suitable solutions for your organisation.

Finally, we introduce ten case studies in Asia to help you learn from actual examples of different funders' practices. We will focus in particular on the delivery structure and also outline challenges overcome, achievements made and impact assessment wherever available.

If you have any comments or want to get involved in future reports, please contact us at knowledge@avpn.asia.

Capacity Building in Practice

FROM DESIGN TO IMPACT

In venture capital and private equity, capital has been described as a commodity – with the real differentiation being the non-financial support that is extended by the investor to the investee. This is even more applicable in venture philanthropy where funding fuels solutions to social issues. Non-financial support or capacity-building by the investor is the crucial addition to allow investees to develop better solutions to the problems they aim to solve, while becoming sustainable and/or profitable.

AVPN defines capacity building as any input, advice or support, which the VPO provides or enables, that is intended to enhance the ability of the SPO to increase its impact. Each VPO has different motivations, approaches and methods, which will determine what best serves the SPO's objectives and means. There are many ways to build capacity and this guide aims to deliver a clear understanding of what capacity building is and help you develop your own methodology for implementation.

Whatever method is implemented, the ultimate goal of capacity building is increased social impact. To reach this critical outcome, we see a three-part solution:

1. Develop a clear understanding of the overall situation and the SPOs' needs
2. Structure your capacity building delivery
3. Measure the difference that capacity building has made and the resulting impact

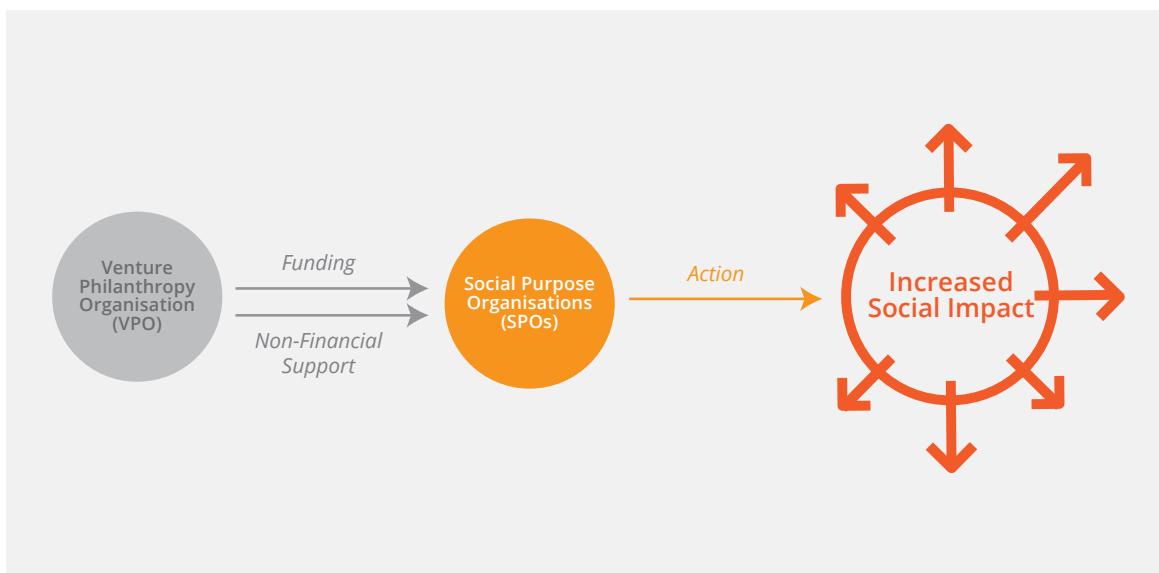


Figure 1 – Theory of change for Capacity Building, AVPN content, 2015

2.1 Understanding your Motivation in Capacity Building

Most of the studied organisations would foster alignment between their investee/grantee/SPO and themselves during the due diligence process prior to investment. Most investors would check back regularly during the investment period to ensure that investees have both understood the mission and vision and contributed towards these goals. The first step to effective capacity building is a clear understanding of the needs of both your organisation and the SPO.

There were many different motivations in the cases from the AVPN community across Asia. In addition, literature on capacity building illustrated differing investors' aims in building organisations as well as supporting market growth.

The most pertinent reason was that several funders see capacity building as a key way to support the organisation non-financially in their quest to produce both investment- and impact-ready organisations. Investment readiness refers to the ability of the SPO to be sustainable if not profitable. Impact readiness refers to the ability to reliably and predictably deliver social outcomes/services.

However, what investment- or impact-readiness looks like may differ. Impetus-PEF¹ distinguished the following business models in SPOs: the donation-based model, where the donations fuel the sustainability of the enterprise while the social mission is fulfilled for and with different stakeholders; the side-by-side model, wherein the SPO gives back in connection with its own growth and finally, the embedded model, where social mission is grown as the business side is grown.

Aside from the business model, another factor is the stage of the SPO: start-up, early-stage, growth or later stage. Which capabilities need to be built for which business model at which stage are outlined in Impetus-PEF's table.² It details the growth stages of the enterprise and the organisational type (embedded, side-by-side, donation model) on the horizontal x-axis and the capabilities to be built on the y-axis. These include revenue model, social programme design, leadership and team, financial capacity and risk management, performance management and evidence of impact. At the intersection of two parameters, some key performance indicators (KPIs) are listed. For instance, for embedded business models seeking what needs to be achieved in social programme design (y-axis) in the start-up phase (x-axis) the table suggests that "Social Mission (social change one aims to achieve) may be loosely defined, but can be clearly articulated by leader" (intersection); in the early stage, this suggestions transforms into "Operational blueprint being defined specifying: social mission, target population, long-term outcomes, short and intermediate outcomes, programme design, performance management processes".

By thinking about the capacities along business model and development stage, investors can be more targeted in developing impact- and investment-readiness. This simultaneously builds the "market" for social impact where investors can have more confidence in investing in certain social outcomes through SPOs.

Although related to investment readiness but not necessarily critical to building the market, a VPO's motivation may also be to increase performance of the organisation similar to the

¹ AVPN case study on Impetus-PEF available at <https://avpn.asia/2015/08/11/impetus-private-equity-foundation/>

² Impetus-PEF, 2014, pp. 16-17

for-profit world (more for equity if you expect a financial return, e.g. Crevisse³; for increased social return, e.g. Inspiring Scotland, Toolbox Foundation⁴). The performance mind-set is taken from the venture capital industry, wherein organisations are built in order to become stronger in their return and revenue functions. This is evident in the support that VPOs give to their investees/grantees.

For instance, Inspiring Scotland (IS)⁵ performance advisors are appreciated for their private sector business acumen/expertise. They are mostly senior professionals from finance, law, accountancy, and public/third sectors. Similarly, Toolbox Foundation draws on corporate pro-bono SBV to address lack of management skills in SPOs. Others, such as Japan Venture Philanthropy Fund, support organisations with a revenue model and then apply business acumen or support grant-dependent companies with fundraising strategy and government support.⁶

Finally, many established VPOs lend credibility to their SPO partners who then leverage the funder's reputation to secure further funding and resources. Shell Foundation's established name and reputation gave credibility to their partner SPOs who built on Shell's brand to secure further funding/pro-bono partnerships.⁷ Similarly, IS portfolio organisations felt that established image of Inspiring Scotland helped open doors for them when they sought new funding/services.⁸ EdelGive also explicitly advocates for their organisations by recommending their organisations to other funders.⁹ Building the capacity of their organisation increases the "branding" and recognition value of their SPO and then builds confidence in the social investment eco-system.

A few questions to ask in this area:

1. What is the **purpose of the SPO in requesting Capacity Building**?
2. What is **your purpose** in delivering Capacity Building?
3. What is the **most effective intervention** to date from the SPOs perspective? What are the VPO's views?
4. What is the **developmental stage of the organisations and its corresponding needs**?¹⁰

2.2 Gauging the SPO's Needs

Clarifying your motivation forms the foundation for your capacity building and should be used to inform the other moving parts of your strategy. From this motivation, you can aim to understand the way you interact with the SPO. We have observed several ways to interact. During the due diligence phase, the VPOs and SPOs decide on the strategy for capacity building as well as the milestones associated with capacity building. The next step then usually involves biannual or quarterly reviews with the organisation. Depending on the kind of organisation,

3 AVPN case study on Crevisse, available at <https://avpn.asia/2015/08/11/capacity-building-crevisse/>

4 AVPN case study on Toolbox India, available at <https://avpn.asia/2015/08/12/capacity-building-toolbox-india/>

5 Isserman, 2013

6 Gugelev and Stern, 2015, available at http://ssir.org/articles/entry/whats_your_endgame

7 Shell Foundation, 2010, p. V

8 Isserman, 2013, p. 5

9 AVPN case study on EdelGive Foundation, available at <https://avpn.asia/2015/08/11/pre-engagement-edelgives-due-diligence-using-sector-overviews-transparency-and-funders-network/>

10 Impetus-PEF, 2014, pp. 16-17

taking a board seat is a common way of keeping in touch, while more informal funders prefer slack¹¹ seats or messaging platforms to foster the cohesion and allow for frequent, transparent interactions. These modes of interaction are needed to increase the ability of the SPO to deliver impact. However, it is worth considering how many of these touch points are pressure points. If this creates pressure rather than mutual learning and challenge, the relationship between VPO and SPO can be skewed towards the funder. In the short term this may not allow the SPO to share their needs, which in the longer term could determine the success of the SPO.

This is critical because a funder's interaction with their SPO will influence how the intervention is perceived and whether the learnings become embedded in the organisation. It is vital that outcomes are set as achievable targets that both SPOs and VPOs have agreed upon together.

From our case studies, some organisations are prescriptive in assessing needs based on their benchmarks. In the case of Impetus-PEF this is based on a deep understanding of what is needed at each level. Other VPOs work with the SPOs to understand what they need and co-develop a customised strategy based on their needs.

In 2015, AVPN was part of the Expert Group on Non-Financial Support at the European Venture Philanthropy Association (EVPA). The group and EVPA further defined how to assess needs in the three areas of:

- Impact strategy
- Financial sustainability
- Organisational resilience

In each of these areas there are four levels that organisations can and should achieve.¹²

A few things to ask yourself to determine the needs of your investees:

1. What are your **interaction points with the SPO**? Are they touch- or pressure points?
2. What are the **SPO's needs**? How can addressing one particular need multiply/knock-on/amplify other needs (e.g. fundraising and communication)?
3. Will **this support be used**? How relevant is the support to the organisation, rather than the funder?
4. In what intervals are **results achievable and visible**?
5. Who decides what **an acceptable output** looks like?

¹¹ Slack is a cloud-based team collaboration tool, which provides messaging, project management and integration with other platforms such as GoogleDrive, Dropbox and GitHub.

¹² Tool 4 (under Step 2) can be accessed here: <http://evpa.eu.com/research-and-policy/knowledgecentre/non-financial-support-process-tools/>.

2.3 Delivering Capacity Building

Now that you have roughly understood your motivation and the SPO's needs, we introduce how you can structure the delivery of your capacity building. To that end, we review the standard services being offered, how you can determine what you provide and finally how you structure the delivery of the support.

Standard services

Services can be split into structured and customised support.

Structured support are courses with specific topics to help organisations develop a clearly defined skill set or capacity. IT courses or impact assessment workshops are a structured service. An advantage is that the VPO can provide training to a group of SPOs at the same time. Also, at the early stages of development, the needs of the SPO may be significant and many operational activities need to be streamlined and changes addressed. Two drawbacks are that it is not customised to either the individual needs or the strategy of the SPO.

Customised services, on the other hand, are adapted to the SPO's needs and strategy. These tend to include coaching and consulting in all areas of impact and business. Customised services may be more effective¹³, but are generally costlier, as each SPO requires a different approach. In our sample of case studies from Asia, the majority of VPOs offer customised services.

In general, services delivered by VPOs include:¹⁴

1. Board development and governance assistance
2. Staff and management training
3. Information technology assistance
4. Communications/marketing/publicity assistance
5. Use of facilities
6. Seminars/forums/conventions
7. General management & strategic planning advice
8. Financial planning/accounting
9. Development of performance measures
10. Facilitated collaborations
11. Networking and introductions to leaders or peers in or beyond the field
12. Insights on field, research or best practices

¹³ There is little overarching evidence on effectiveness at this stage, although attempts to measure have been made, see WINGS 4Cs framework used by DAFNE for instance: <http://dafne-online.eu/difference/>

¹⁴ CEP, 2008, p. 8

From this salad bar, VPOs tend to choose what is feasible within their budget and skills availability. EVPA found in its 2014 Annual Survey¹⁵ that the top-ranking services are:

- Strategy consulting
- Coaching, mentoring of the CEO or the management team
- Access to networks
- Financial planning
- Management
- Fundraising or revenue strategy

It is worth keeping in mind that these are not definite lists for success, but insights that seem to work depending on the VPO or SPO, at a particular time (2008 and 2013) and place (US and Europe). In that light, let us look at how you can enable non-financial support in your context.

Determining your ability to deliver

To determine what services to offer, most organisations in our case study sample started with the SPOs in mind and fulfilled their needs accordingly and as best as possible. The Centre for Effective Philanthropy¹⁶ found in the US context in 2008 that VPOs tend to decide what to provide based on:

- Grantee requests for specific assistance
- Confidence in grantee's ability to make the most of the assistance provided
- Perception of what would be most beneficial to the grantee
- Importance of grantee to achieving programmatic objectives/goals.

However, doing this may mean that you exceed your own budget and hence become ineffective in helping future or other SPOs. Against this backdrop, the EVPA expert group on non-financial services recently developed three tools to assess need and monetisation of your capacity building¹⁷:

- Mapping capacity building to your theory of change to understand what areas are core to your strategy – Step 1, Tool 1
- An asset-mapping tool allowing you to assess the needs for human resources – Step 1, Tool 2
- A capacity building monetisation tool helping you to estimate the costs of Capacity Building – Step 1, Tool 3

Together or alone, these three tools may give you an idea of what is critical as well as how much staff and finances are needed.

15 EVPA Annual Survey, 2014, p. 5, available at <http://evpa.eu.com/publication/european-venture-philanthropy-and-social-investment-20132014-the-evpa-survey/>

16 Centre for Effective Philanthropy, 2008, p. 7

17 EVPA Non-Financial Support Process Tools available for download at <http://evpa.eu.com/research-and-policy/knowledge-centre/non-financial-support-process-tools/>

Structuring the delivery of capacity building in terms of effort and costs

From our case studies, we found that there are commonly three layers to deliver the capacity building programme: the programme design, the programme management and the programme implementation. At all times, the decision for customised or structured programmes lies with the VPO and often with the portfolio manager. Within these layers there are three different constellations with rising complexity.

One is for the programme to be designed, managed and implemented by the portfolio manager of the VPO. This is constellation 1. Most of the time, we found that it would be the portfolio manager who manages the service delivery through paid professionals, subsidised staff, pro-bono or skills-based volunteers, volunteers or peers, which indicates a two-layered service delivery and is indicated here as constellation 2. Finally, the portfolio manager can work with an intermediary to deliver the service through volunteers, paid consultants or low-bono staff, in which case all three layers exist – see constellation 3.¹⁸

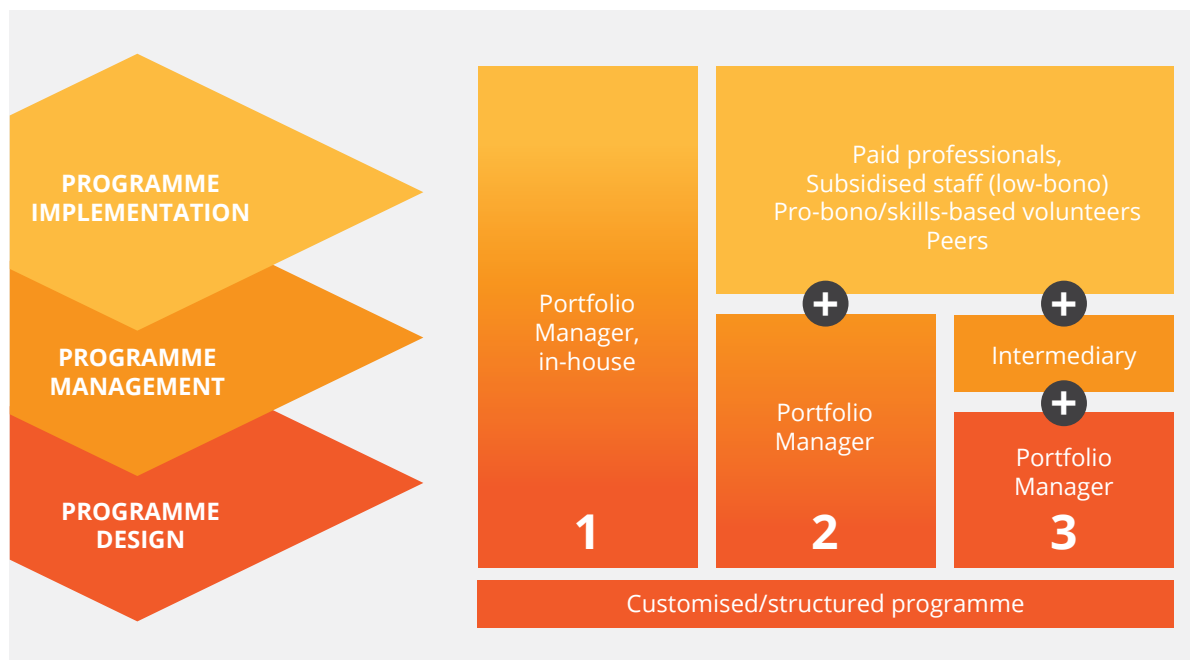


Figure 2 – Constellations for programme delivery, AVPN analysis, 2015

These distinctions are important because they impact the roles of different stakeholders (VPO, Service Manager and Service Delivery) and mean that the effort to deliver capacity building is distributed in different ways.

Similar to effort, costs are also distributed in numerous ways. In our case studies, we found that effort allocation had implications for who is paying for capacity building. If the VPO engages paid professionals, the question is whether the VPO or SPO pays for the service. If the SPO pays, the VPO can help by pre-screening and pre-negotiating prices with the service provider before the SPO engages. This is the common practice at Crevisse.¹⁹ Sometimes, the VPO also

¹⁸ AVPN case study on Toolbox India available at <https://avpn.asia/2015/08/12/capacity-building-toolbox-india/>

¹⁹ AVPN case study on Crevisse available at <https://avpn.asia/2015/08/11/capacity-building-crevisse/>

negotiates pro-bono services to SPOs as is the case of JVPF.²⁰ Most of the time, the VPO assists with managing the relationship between service providers in the shape of skills-based/pro-bono volunteers and hence covers effort as well as helps reduce costs for the SPO.

This may appear vague but by outlining these options we invite you to think through different constellations and help you find the one that works best for you. Similarly, as you progress and measure the impact of different constellations, you will be able to make firmer data-driven decisions.

2.4 Impact Assessment

The three questions to keep in mind for the impact assessment in capacity building are:

1. What do you really want to know about CB?
2. How do your investees measure and assess their effectiveness?
3. How do other VPOs approach this challenge?

As mentioned before, the foundation of your actions in capacity building should always be the SPO and their goal to make a difference. As a funder you are supporting them to achieve this impact — rather than, for example, placing your employees for employee engagement purposes.

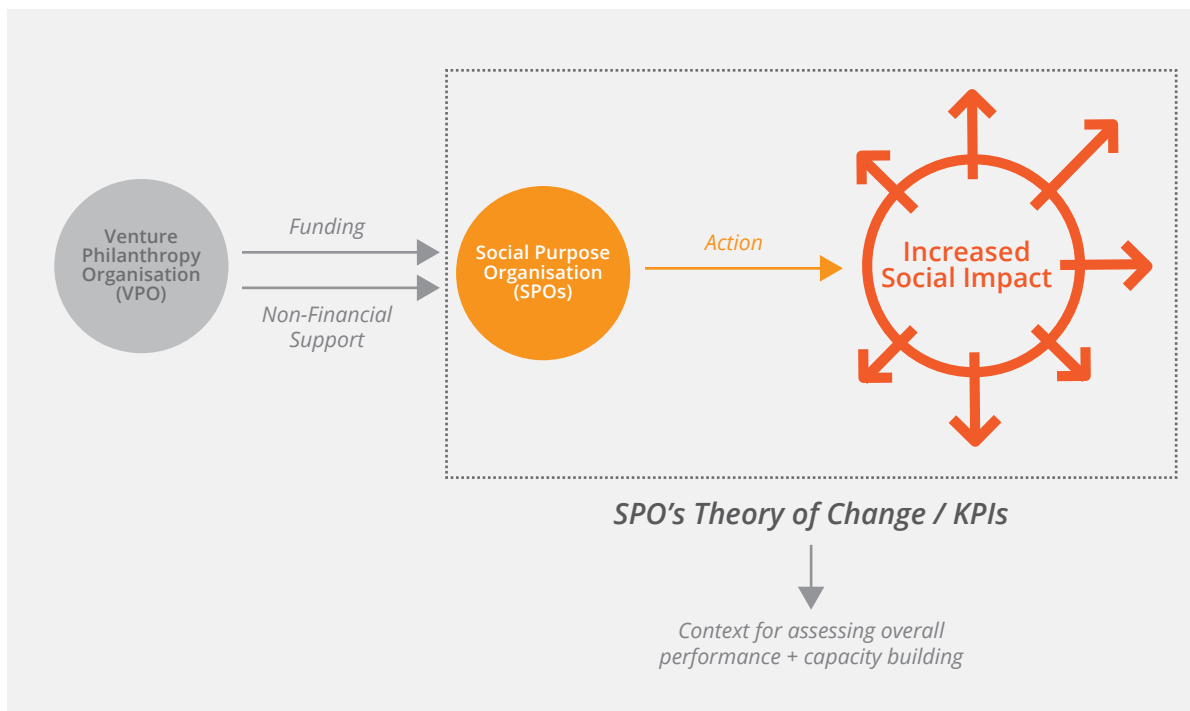


Figure 3 – SPO theory of change for CB impact assessment, AVPN content, 2015

In terms of ‘what you really need to know’, there are a number of different possibilities. One is to understand how your SPO leverages their capabilities to generate social impact. Another is to understand how efficient the approach is. Similarly, you could also ask how they are progressing towards an aim that they have identified as a requirement for success. Then you can also measure if your contribution is effective and how you make a difference to the SPO’s

²⁰ AVPN case study on JVPF available at <https://avpn.asia/2015/08/11/capacity-building-japan-venture-philanthropy-fund/>

development. Related to this, you could also question how the capacity building delivered has been valued by the SPO.

Measuring the impact of capacity building functions in the same way as how impact assessment works.²¹ To that end it is worthwhile deciding what the parameters for the impact assessment are. Is the VPO also measuring the impact on the beneficiaries or only the impact on the SPO?

Most organisations we have been speaking with therefore develop a logic model of their capacity building with the SPO based on the framework by W.K. Kellogg Foundation²²:

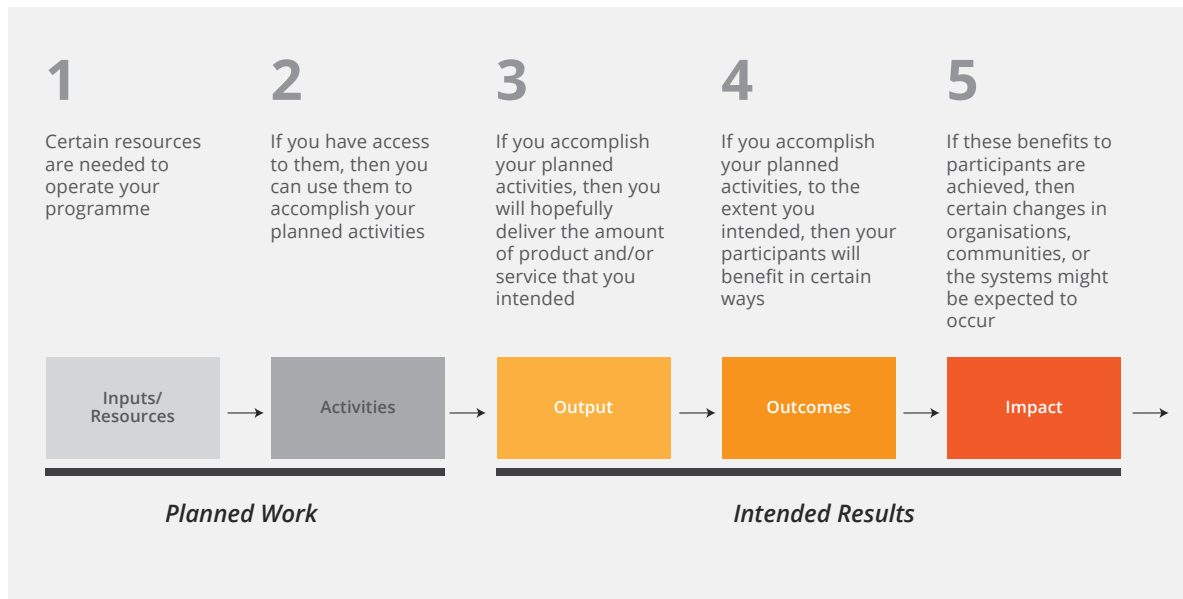


Figure 4 – Example of Logic Model, W.K. Kellogg Foundation

When designing the logic model and deciding on the indicators, each indicator should be measurable by a tool or some form of inquiry. You could measure the indicator through routine discussions, management reporting, routine data collection, internal/external surveys, external analysis and formal evaluation.

To narrow down the approaches to the various ways of measuring the impact of capacity building, we observed three approaches.

Approach 1: assess SPO impact to gauge capacity building effectiveness

This considers which capability of the SPO is most critical to driving the desired impact. Due to the wide range of support they provide to SPOs, VPOs often utilise multiple approaches at key points throughout the engagement. Approach 1 tends to utilise the full range of information collecting, data analysis techniques and formal evaluation in the form of Randomized Control Trials (RCTs).

This is probably one of two most common approaches. SVhk, for instance, considers the SPO's impact as an outcome of the entire support – financial and non-financial – provided. SVhk requires quarterly reports to be sent to its management team and board from all of its organisations.

²¹ See the AVPN Impact Assessment Guide, 2016

²² W K Kellogg Foundation, 2006, Logic Model Development Guide, available at <https://www.wkkf.org/resource-directory/resource/2006/02/wk-kellogg-foundation-logic-model-development-guide>

Approach 2: assess the effectiveness of specific capacity building approaches or activities in actually enhancing the SPO's critical capacities

In this approach the organisation measures one particular intervention such as a volunteer programme or other specific project, while conducting pre- and post-assessments to compare the SPO's progress prior to and after their particular engagement. The data collection methods include surveys, management reports and routine discussions.

Intermediary service providers seem to be particularly well equipped to do this, as they commonly assess the quality of their programmes through surveys and other means. Empact and Toolbox are such intermediaries and commonly assess the SPOs they have worked with before they start and after they finish the intervention to understand delivery and improvements. They also do this with the persons who have delivered the service, who tend to be pro-bono professionals or skills-based volunteers, to ensure that they also gained in the process.

Approach 3: assess the SPO's progress in building critical capabilities

This estimates whether apparent progress in certain capabilities is correlated with increased impact. It tends to utilise management reporting and specialised diagnostic assessment tools.

An organisation which has clear expectations of the SPO is Impetus-PEF. Based on its sectorial expertise it calibrates assessment with the Portfolio Manager and other stakeholders. The Capacity Building plan is then revised on the basis of multiple data sources and sector expertise.

In 2015, the US Social Innovation Fund also released its Evaluation Guide as a way to building a rigorous evaluation framework for capacity building efforts.²³ As a starting point, we recommend the Executive Summary of the capacity building of the SIF.²⁴

2.5 In summary

By considering the entire process of gauging the needs of the SPO and its goals in terms of impact as well as a thorough understanding of the VPOs ability to deliver these needs to the SPO, capacity building becomes more robust. With the final emphasis on building a learning system, capacity building can be improved in effectiveness and efficiency.

To help you act, we have included a checklist below to identify your strengths and areas for improvement.

²³ Social Innovation Fund, 2015, Evaluation Plan Guidance, available at <http://www.nationalservice.gov/sites/default/files/documents/SIF%20Evaluation%20guidance%208%205%202014.pdf>

²⁴ Social Innovation Fund, 2015, Executive Summary of SIF's impact strengthening programme <http://www.nationalservice.gov/documents/sif-classic-national-assessment/2015/executive-summary-sifs-impact-strengthening>



Capacity Building in Practice

**CAPACITY
BUILDING
CANVAS**

How to use the Capacity Building Canvas

There are many useful tools for determining your assets, your SPOs' needs, and how to measure your impact. In this section, we provide the tools for you to map out what you already do or plan to do in terms of programme design, programme implementation and finally programme assessment.

You can fill out this canvas for all your SPOs and engagements. However, it may be best to think about how your SPO engagements are structured and group them accordingly, filling out one canvas per group. For instance, you may have many early stage SPOs in education and have the same approach for all of them. On the other hand, if you have many different sectors, stages and approaches, we suggest to fill this out for each of your SPOs separately.

The first part covers all the points raised in section 2.2. on gauging your SPOs' needs. Here you can list your SPOs' sector and stage of development, your own motivation for CB, your pressure- and touch points and finally list how you gauge the needs of your SPOs.

In the second part we cover the different services you can provide and ask you to list how they are being delivered and funded. This list is the foundation of your activities so understanding the patterns within this can help you compare yourself to peers through case studies or in conversations. This part draws on all the points we outlined in section 2.3.

In the third and last part, we track the parameters of your impact measurement for capacity building. Once you know what you put in, what the activities you engage in are and finally what kind of outputs, outcomes and impact you want to see over different time horizons, you are able to use these insights for different impact measurement frameworks. This then helps you understand what works. In this part, we draw on the approaches we outlined in section 2.4.

Overall, this provides a visual overview of what we discussed and allows you to understand where your strengths and weaknesses lie.


From there, the next step is to think about what your top challenges and top strengths are. You can highlight however many you wish, but for manageability we recommend you to limit this to three each and start with these. In the case studies, you will find peer examples of how these challenges can be overcome.

Going beyond the canvas


For in-depth needs and asset assessment, we also recommend the tools developed by the EVPA: <http://evpa.eu.com/knowledge-centre/publications/non-financial-support-process-tools/>

AVPN Capacity Building Canvas


1




What is the **sector** or **stage** of your SPO?



What is your **motivation** for CB?
Why do you provide CB?



What are your **touch-** or **pressure points**?



When and **how** do you gauge the needs of the SPO?

	What services can you offer?	Are these customised or structured?
Board development and governance assistance	<input type="radio"/>	<input type="checkbox"/>
Staff and management training	<input type="radio"/>	<input type="checkbox"/>
Information technology assistance	<input type="radio"/>	<input type="checkbox"/>
Communications/marketing/-publicity assistance	<input type="radio"/>	<input type="checkbox"/>
Use of facilities	<input type="radio"/>	<input type="checkbox"/>
Seminars, forums, conventions	<input type="radio"/>	<input type="checkbox"/>
General management & strategic planning advice	<input type="radio"/>	<input type="checkbox"/>
Financial planning/accounting	<input type="radio"/>	<input type="checkbox"/>
Development of performance measures	<input type="radio"/>	<input type="checkbox"/>
Facilitated collaborations	<input type="radio"/>	<input type="checkbox"/>
Networking and introductions to leaders or peers in or beyond the field	<input type="radio"/>	<input type="checkbox"/>
Insights on field, research or best practices	<input type="radio"/>	<input type="checkbox"/>
Others:		

Capacity Building in Practice

CASE STUDIES FROM ASIA

Which funders in Asia engage in capacity building? Why do they do it? How do they do it? How do they measure the outcomes of their capacity building? These broad questions led us to talk with, and write about, ten AVPN members from India, China, Korea, Japan, Hong Kong and Singapore who are leading the way in capacity building.

The engaged approach is often expressed through a board seat²⁵ or the number of services (apparently 9.2 per organisation) provided by the funder.²⁶ Nevertheless, conversations between the organisation and the board are often tense when it comes to overheads and infrastructure building.²⁷

From the overviews we have obtained in Asia, examples to highlight are the Japan Venture Philanthropy Fund and Crevisse (see Section 4), who – although being grant makers with a venture philanthropy approach and equity social investor respectively – have both formal and informal relationships with their members, which are based on a high level of trust and support even during times of ‘failure’. The kind of support SPOs/NGOs receive is often fundamental operational assistance services. This can be delivered through volunteers or courses in social entrepreneurship and mentorship, as exemplified by the British Council, China and ETIC.

Depending on the needs and development stage of the enterprise, more individual advisory services for strategy, marketing and revenue/fundraising processes is becoming more important, as the volunteering intermediaries Empact in Singapore and Toolbox Foundation in India exemplify. The services that are provided appear to be beyond the one-size-fits-all but tend to be customised according to the SPOs’ needs.

How?

Delivery models vary across our sample of organisations. Social Ventures Hong Kong and Crevisse are unique in providing most of their high-touch engagement with their investees mainly through in-house staff. The Korean equity investor Crevisse also pre-negotiates rates for add-on services for its investees before connecting its investees to service providers. Others, such as Japan Venture Philanthropy Fund or DBS Foundation, provide capacity building by managing the SPO pro-bono services relationship in-house, but negotiate with service providers or tap into corporate volunteers.

Intermediaries like Empact and Toolbox Foundation manage the SPO-pro-bono services relationship for funders and offer a host of other services to increase efficiencies as needed. We commonly found three forms of delivering capacity-building, as mentioned above in *Figure 2*, and highlight them in the case studies.

25 John, 2007

26 Isserman for Inspiring Scotland

27 Goggins Gregory and Howard, 2009; Shoemaker, 2015

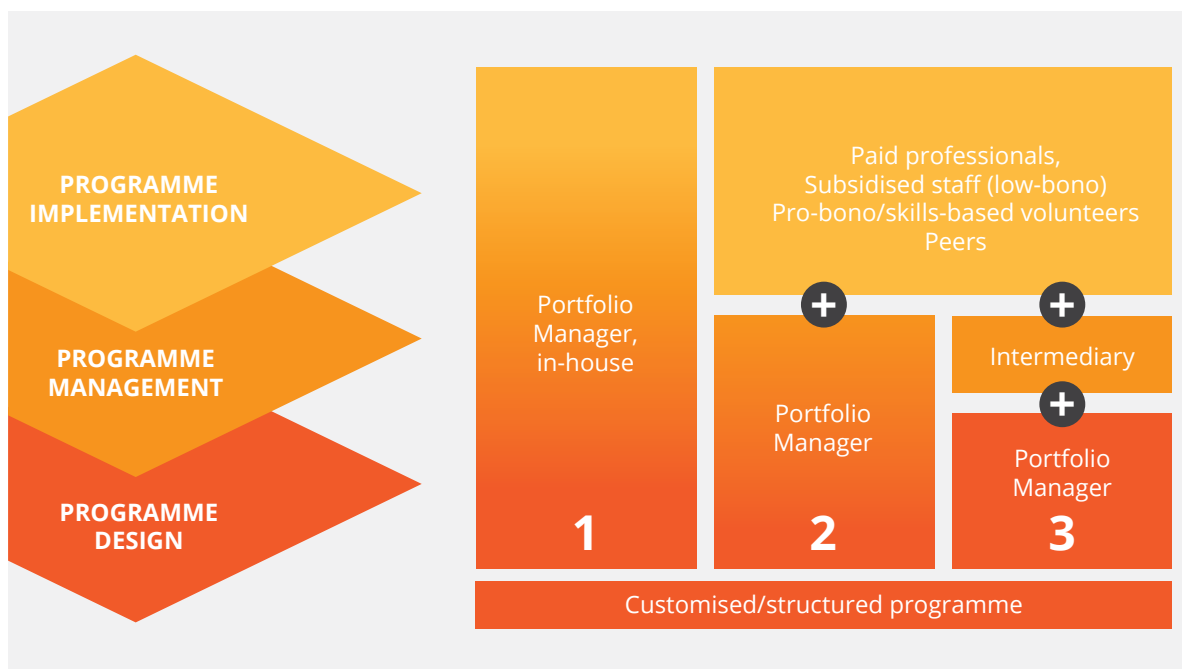


Figure 2 – Constellations for programme delivery, AVPN analysis, 2015

Why?

There are various reasons that lead funders to engage in capacity building. Beyond good will, actions can depend on whether the funder expects a financial return by way of debt or equity or does not expect a financial return by providing a grant. In our sample we found that even grant makers like Japan Venture Philanthropy Fund and DBS Foundation, despite not receiving a financial return, engage in capacity building because they see themselves as part of a larger ecosystem that develops a pipeline. Others have skin in the game be it by equity, see for instance Social Ventures Hong Kong and Crevisse, or an interest in growing the sector, as in the case of ETIC. and British Council China. Often, it is a combination of reasons ranging from self-interest to sector considerations.

How do they measure value?

These services create value by building more effective SPOs/NGOs, more aware capacity-builders – be it pro-bono volunteers, in-house project managers or low-bono service providers – and an overall pipeline of SPOs/NGOs. Aside from the organisations mentioned above, the UK grant maker Impetus-PEF is an example of this. Conscious of getting its investees not only investment-ready but also impact-ready, Impetus-PEF moves beyond the starvation cycle by increasing funding for capacity building depending on the stage of the enterprise’s development. Others, like Toolbox Foundation, are measuring the value of their intervention through pre- and post-assessment of the SPO.



Overview

Case Studies from Asia

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Crevisse, South Korea: Building the next generation of socially innovative and financially sustainable enterprises —p38

DBS Foundation, Singapore: DBS Foundation's design for a three-tier programme for developing social enterprises in Asia —p42

Deshpande Foundation India: Seeding local social innovation from entrepreneur to entrepreneurs —p47

Impact, Singapore: How the intermediary Impact provides pro-bono services and skills-based volunteering —p54

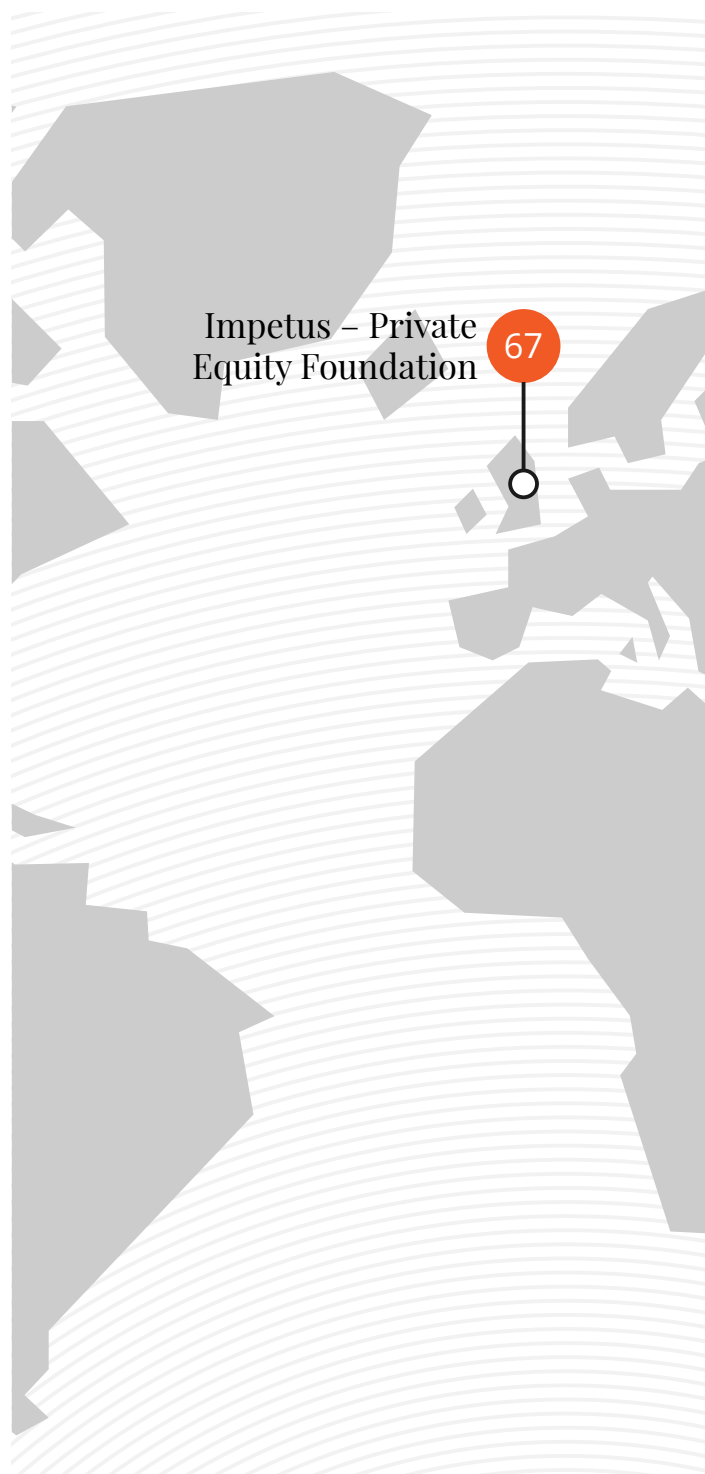
ETIC., Japan: ETIC.'s development of the social innovation ecosystem in Japan —p61

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Social Ventures Hong Kong: Moving social enterprises up through the dual engine and impact assessment —p77

Toolbox India: Highly skilled volunteering for SPOs in India —p82





While this print version is static, we encourage you to check back on www.avpn.asia for further case studies and subsequent editions of this guide.

British Council China

Building the ecosystem, social enterprises and entrepreneurs

<http://www.britishcouncil.cn/en>



Purpose

To promote social enterprise development in China



Country of Case Study

China



Development Stage of SPO

Idea and early stage



Sector Focus

Elderly care
Special education
Creative industries



Type of Capacity Building

Platform; raising awareness; policy engagement



Services Offered

Programmes to support social entrepreneurs
Public engagement activities with experts
Connecting social enterprises with investors



Customised, structured

Structured delivery through the use of programmes
Programmes often customised to suit the entrepreneur



Structured Programmes

Social Enterprise Programme
Social Investment Platform
Young Changemakers Programme



Delivery Method

By in-house staff
Courses are designed and implemented by Chinese and British social enterprise and social innovation experts



Aim for Capacity Building

To raise awareness in China about the benefits of social enterprises and entrepreneurship



Impact Assessment for Capacity Building

The number of graduated social entrepreneurs
Funding amount and opportunities through Awards Scheme and Social Investment Platform
Feedback from participants at the end of programmes



Challenges Faced

The undeveloped idea of "social enterprises" in China
Difficult political & legal environment for SPO development



Outcomes Achieved

British Council promoted the social enterprise model through social media campaigns reaching 12 million people

British Council China is an example of capacity building because of its strategy in building the ecosystem as well as organisations. From 2009 to 2014, its Social Enterprise Programme trained over 1800 social entrepreneurs and delivered RMB 29 million (roughly above USD 4.5 million) in funding and social investment opportunities from partners to 91 social enterprises.²⁸

Organisational portrait

Since opening its first overseas offices in 1938, British Council has expanded its network to over 100 countries and regions, connecting millions of people to the United Kingdom through programmes and services. Globally, its 7000 staff members – including 2000 teachers – work with thousands of professionals and policy makers and millions of young people every year, with the aim of supporting charitable causes and social well-being around the world.²⁹

In 1943, the British Council's first office in China was opened, in Chongqing. The British Council currently works in four cities in mainland China:³⁰ Beijing, Shanghai, Guangzhou and Chongqing. In Beijing, the British Council presents itself as the Cultural and Education Section of the British Embassy. In Shanghai, Guangzhou and Chongqing, it operates as the Cultural and Education Section of the British Consulates-General. The British Council's work in mainland China specifically focuses on developing social enterprises in the country.

British Council China's efforts in building a pipeline in social entrepreneurship

The social sector in China is experiencing a period of transformation, where investors and philanthropists explore new approaches to make full use of their money³¹ and an increasing number of SPOs build capacities in order to be independent of traditional grants. In this context, the concept of "social enterprises" is taking hold.³²

There are two main challenges to this:

- As the idea of "social enterprises" has yet to be well developed in China, the majority of participants have very little knowledge of and skills in handling social enterprises.
- Seed funding provided to social start-ups is limited. For SPOs in the scaling-up stage, there is very little access to the advanced management training and investment opportunities required to enhance the scale and impact of their work.

In this environment, the British Council is dedicated to promoting the development of social purpose organisations.

28 British Council Programmes, 2015

29 <http://www.britishcouncil.cn/en/about> (Accessed 9 July 2015)

30 <http://www.britishcouncil.cn/en/about> (Accessed 9 July 2015)

31 The development of Venture Philanthropy in China is facing both opportunities and challenges <http://www.recende.com/Item/Show.asp?m=1&d=189> (Accessed 9 July 2015)

32 UBS, 2013: China Social Enterprise and Social Impact Investment Development Report

British Council building the ecosystem

The social entrepreneurship programmes of the British Council in China can be explained as a three-layer pyramid, as shown in *Figure 5*.³³

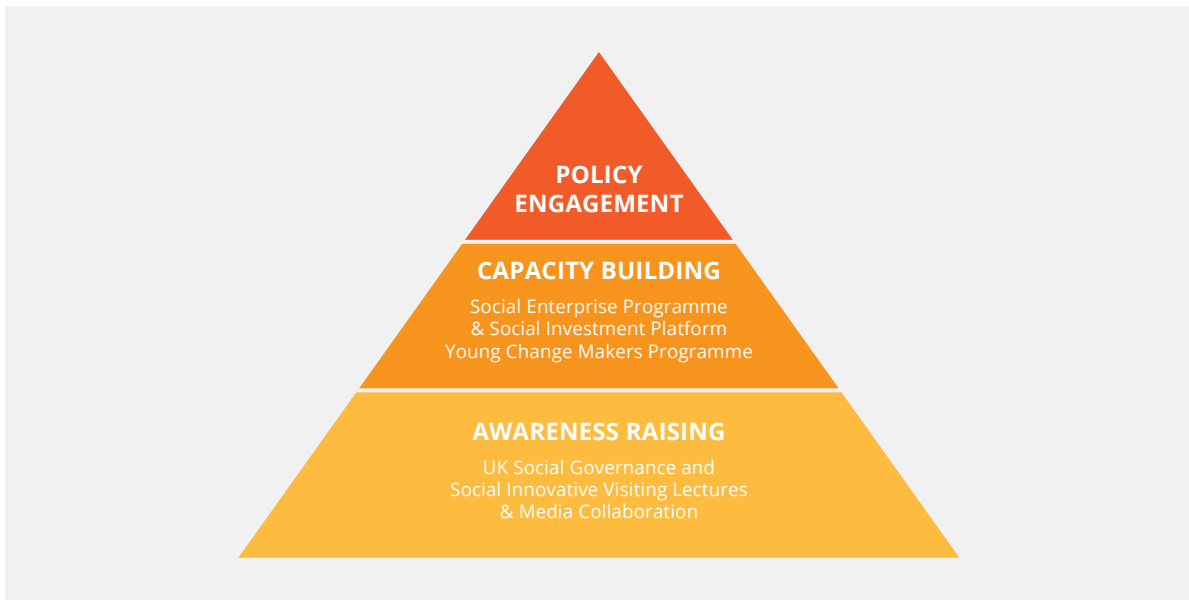


Figure 5. British Council China Three Layer Pyramid

The British Council's approach is unique in that it works to address social entrepreneurship from both a top-down and bottom-up perspective: "Policy Engagement" approaches the development of social entrepreneurship from the top by working with policy makers, while "Awareness Raising" builds the general ecosystem to promote social enterprise, social investment, CSR and sustainable economic development from the bottom.

From 2009 to 2014, the British Council has hosted salons, lecture tours, and other public engagement activities involving 17,000 experts, philanthropists and university students. Moreover, it has promoted the social enterprise model through social media campaigns that have reached an audience of 12 million.³⁴ A UBS-funded study indicated that the British Council's Social Enterprise Programme has played an instrumental role in fostering the emergence of China's social enterprise sector.³⁵

Building capacity for social entrepreneurs and social enterprises

In addition to fostering the general ecosystem, capacity building—designed specifically for SPOs and social entrepreneurs—lies at the very core of the British Council's pyramid of activities. The British Council is currently running a Social Enterprise Programme and has established a Social Investment platform to connect social enterprises with investors. Additionally, the British Council organises the Young Changemakers Programme, which aims to inspire and train younger generations to undertake voluntary community projects and develop their understanding of social enterprises.

³³ Interview with Mavis Meng, Asst Director of the Society and Development Department at the British Council on 14/07/2015

³⁴ British Council Programmes, 2015

³⁵ UBS, 2013: China Social Enterprise and Social Impact Investment Development Report

The Social Enterprise Programme supports social enterprises around the world that employ business strategies to meet social and environmental needs and make a positive impact in the community.³⁶ Launched in China in 2009, the programme has expanded to 25 countries worldwide. The programme draws on the experience of the UK in social enterprise and social investment and provides skills training, access to UK expertise and links to social investment opportunities and social practitioners.³⁷ The British Council 'has found that the subject provides a rich arena for cultural exchange, facilitating strong societies'.³⁸

The Social Entrepreneurship Training, under the Social Enterprise Programme, is specifically aimed at providing individual capacity building to social entrepreneurs. The course enrolment criteria have been adjusted year-by-year to be more inclusive, ensuring that social enterprises at different stages of development can participate in the programme.

After admission into the programme, social entrepreneurs are provided with both basic and sector-specific training courses. Both courses are designed and implemented by Chinese and British experts, among which are social enterprise and social innovation experts, scholars, practitioners and investors.³⁹ The basic training courses usually start in early July each year and the content is mainly an introduction of basic concepts in the social enterprise sector. In August and September, more advanced courses cover specific topics, such as legal issues and financial skills. Both training programmes are open to the public and are not pre-requisites for each other. Participants can choose either course based on their own needs. Through the training courses, social entrepreneurs can improve their abilities to optimise business plans, develop their administration skills, communicate with investors and widen their network of contacts.⁴⁰ Since 2009, there have been over 2100 graduates from the Social Enterprise Programme.

The British Council also plays an intermediary role in connecting investors and social entrepreneurs by providing financial support, in addition to organising training programmes. After launching the Social Investment Platform, the British Council welcomed all social entrepreneurs, whether they had participated in its training courses or not, to apply and compete for investments. In its second year (2014–15), the Social Investment Platform brought together nine partners offering more than RMB 10 million (over USD 1.56 million) in investment opportunities, grant funding and incubation support to social enterprises from both mainland China and Hong Kong, selected through the competition.⁴¹ As Dr. Mairi Mackay, who leads the British Council's social enterprise programme, explains, "Our platform provides essential support to established social enterprises so that they can create more jobs, address entrenched social problems and bring positive changes to their communities."⁴²

At the end of the training courses and investment process, feedback from graduates is gathered and utilised by an expert team from British Council to develop the overall training programme and refine the content of each training workshop. For example, some trainees mentioned that they benefited from the practical knowledge and tools to improve their operational management and that it would be useful to develop a sector-based training programme, so that they could meet sector experts, gain sectoral knowledge, learn outstanding practitioners' models and build an industry network.

36 British Council Programmes, 2015

37 British Council Programmes, 2015

38 Social Enterprise Landscape in Ghana http://www.britishcouncil.org/sites/britishcouncil.uk2/files/social_enterprise_landscape_in_ghana_report_final.pdf (Accessed 11 July 2015)

39 British Council Programmes, 2015

40 British Council Programmes, 2015

41 British Council Programmes, 2015

42 <https://eudevdays.eu/content/social-investment-boosts-chinese-rural-economy-and-reunites-families> (Accessed 13 July 2015)

After exploring this with partners, the British Council integrated sector-based training as part of their training programme, focusing on elderly care, special education and creative industries in 2015.⁴³ Also after setting up the Social Investment Platform, some trainees expressed interest in learning more about social investment and how to communicate with investors. The British Council developed sessions for them to understand the needs of social investors, how to prepare a business plan and how to conduct investment pitches. All sessions received positive feedback from 2014 and 2015 workshop participants.⁴⁴

As a supplement to the Social Enterprise Programme, The Young Changemakers Programme was collectively launched by the British Council and the China Youth Development Foundation, to cultivate younger generations to provide social services. After being successfully piloted in Beijing in 2011, the programme has now been rolled out to around 100 universities across China.⁴⁵ In this programme, the China Youth Development Foundation is responsible for the selection process of young participants, while the British Council is in charge of bringing the UK experience in encouraging social entrepreneurship to support knowledge delivery. In each year between 2011 and 2014, over 1000 students learned the skills and acquired the knowledge to become effective social leaders and fundraisers through the Young Changemakers course. This project also helps university students set up their own social enterprises and establish links with UK social enterprises by providing international exchange opportunities. This programme has also earned high praise from the Youth League of the Communist Party of China and the Foreign Ministry of China.⁴⁶

Tangible outcomes and remaining challenges

The Social Enterprise Programme has nurtured over 2100 promising social entrepreneur graduates since 2009. It has also delivered RMB 29 million (£2.9 million) in funding and social investment opportunities from partners to 91 social enterprises through the Awards Scheme and Social Investment Platform. Furthermore, the Young Changemakers Programme has seen over 1000 students each year gaining the necessary skills to become effective social leaders from 2011 to 2014. In terms of raising awareness and policy making, the British Council has hosted salons, lecture tours and other public engagement activities involving 17,000 experts, philanthropists and university students from 2009 to 2014. Moreover, it has promoted the social enterprise model through social media campaigns that have reached out to an audience of 12 million.⁴⁷

While the British Council has enjoyed great successes over the years, some obstacles remain. One of its greatest, most persistent challenges is the difficult political and legal environment for social enterprise development. In response to this challenging context, the British Council is prioritising policy engagement as its key focus.

43 Interview with Mavis Meng, Asst Director of the Society and Development Department at the British Council on 14/07/2015

44 Interview with Mavis Meng

45 British Council Programmes, 2015

46 British Council Programmes, 2015

47 British Council Programmes, 2015

In summary

*The British Council's China programmes have been influential in building social entrepreneurship through both top-down and bottom-up programmes. As the social sector has become an increased focus in China, the British Council's intermediary position allows it to utilise the UK experience to provide valuable resources for investors and social enterprises and to facilitate social enterprise growth. In the future, the British Council will continue leveraging resources for social enterprises and promoting the sector's development.*⁴⁸



Further resources

- UBS 2013: China Social Enterprise and Social Impact Investment Development Report www.seic-china.org/research/overview/sewhitepaper.html and <http://bit.ly/1Ts8tar> (Accessed 09/07/2015 and last on 16/04/2016)
- British Council, Social Enterprise Programme Brochure, available at www.britishcouncil.cn/en/programmes/society
- www.britishcouncil.cn/en/programmes/society/social-enterprise-programme
www.britishcouncil.cn/en/programmes/society/young-changemakers
www.britishcouncil.cn/en/programmes/society/social-investment-platform (Accessed 08/07/2015 and last on 16/04/2016)
- Full unabbreviated case: <https://avpn.asia/2015/08/18/capacity-building-british-council-china/>

48 Interview with Mavis Meng, Asst Director of the Society and Development Department at the British Council on 14/07/2015

Crevisse

Building the next generation of socially innovative and financially sustainable enterprises

www.crevisse.com



Purpose

Crevisse aims to make socially innovative companies profitable in the mainstream market and invests in and then partners with SPOs



Country of Case Study

South Korea



Development Stage of SPO

Incubation stage



Type of Capacity Building

Partnership
Support – Collaboration
Peer support



Services Offered

Investment
Partnerships
Strategy
Finance
Business operations



Customised, structured

Highly customised, Crevisse helps to develop the business model in collaboration with the organisation
Overall, the Crevisse team spends approximately 300 hours annually on each organisation



Delivery Method

By in-house staff



Aim for Capacity Building

To make socially innovative companies profitable in the mainstream market

Similar to other countries in Asia, building good organisations and people is a continuous effort in South Korea. Crevisse fills this gap by investing in and then partnering with SPOs. What is remarkable about this model is the tangible implementation of Crevisse's mindset of high-touch partnerships and transfer of capabilities to the enterprise with the aim of making socially innovative companies profitable in the mainstream market.

Since its launch in 2002, Crevisse has invested in 11 ventures:

1. Eduplex Education (investment, 2003)
2. DONUS (investment & incubation, 2007)
3. Inspire.D (investment & incubation, 2010)
4. Tree Planet (investment & incubation, 2010)
5. D3Jubilee (investment, 2011)
6. Musical Moby Dick (investment & incubation, 2012)
7. Bring your cup (investment & incubation, 2013)
8. Frientrip (investment & incubation, 2013)
9. Eone Timepieces (investment, 2014)
10. ZipBob (investment & incubation, 2014)
11. Enlighten (investment & incubation, 2014)

Crevisse has also initiated an Impact Talent Program⁴⁹, which aims to affect societal change by addressing personal development. Started in 2012, the programme is an initiative to find young and talented artists who wish to make a change in society, but have yet to find the appropriate channels through which to apply and develop their skills. In its hopes to generate greater local impact, Crevisse has partnered with Korean organisations such as RootImpact, MYSC, D3Jubilee and Social Enterprise Network (SEN). It also aims to extend the Crevisse town into other regions and countries by expanding its Asian network to include ChangeFusion and Social Venture Competition Asia.

Joining the town economy

The selection process for investment is biannual. Every year two to three organisations are selected. Crevisse is aware that organisations choose Crevisse as much as Crevisse chooses them. It outlines its parameters transparently on its website. Crevisse invests in socially innovative enterprises with a strong business model that are able to generate revenue. If the enterprise does not display a clear social mission, Crevisse will refrain from investing in it⁵⁰. Once Crevisse decides to invest, it invites the organisation to work on its premises where Crevisse's other partnered organisations have also moved in to conduct their business operations.

⁴⁹ All figures, dates and names are taken from the website: <http://www.crevisse.com/about/> and have been checked and augmented by Crevisse

⁵⁰ Interview with Wonyoung Kim, Crevisse Founding Member and MD, Powerhouse on 07/04/2015

Partnering like co-founders: making the mind-set tangible

“Incubation is a bit misleading” according to Crevisse president and CEO Wonyoung Kim.⁵¹ Crevisse investees are all for-profit enterprises with Crevisse holding equity, convertible notes or bonds but no debt or grants. The primary reason for this lies in Crevisse’s mind-set, which is built on partnership with the individual organisation. Crevisse’s credo “Entrepreneurs for entrepreneurs” makes this relationship equal in the sense of respect but different in terms of experience and the expertise. Crevisse’s approach mirrors its incentive to have ownership and to relate with enterprises “like co-founders”. This attitude of partnership manifests itself throughout Crevisse’s capacity building efforts.

Walking together but also alone

As a first step, Crevisse and the new organisation will develop a vision, a mission, principles and goals together. Crevisse will then help to develop the business model in collaboration with the organisation. Once the business model proves feasible and the enterprise can penetrate the market, they work together to create extra revenue. The aim is for the enterprise to have a sturdy business model and to generate financial returns. Overall, the Crevisse team spends approximately 300 hours annually with each organisation.

The top three areas for capacity building are strategy, finance, and business operations such as accounting and human resource management. The CEO of the founding team and the partner meet once a week to discuss the organisation’s strategy. Similarly, financial meetings are held on a weekly basis, in which revenue growth, financial status, finances required to move forward, and timelines for launching an investment pitch are examined. Finally, business operations are a daily service that helps complement the team with human resource and accounting management, which require external expertise.

In the weekly capacity building meetings, “[Crevisse tries] not to tell them the conclusion or the process, but provides room for entrepreneurs to develop their own style, give them values, such as value of excellence and love. [Crevisse] also tries to lead by example.”⁵² In this transparent and high-touch environment, Crevisse hears much about what goes wrong. When this happens, “we get together and solve the issue”, Wonyoung Kim says. “We regard everything as our business, so every problem is our problem.” Beyond the meetings, Crevisse invites speakers or lecturers who offer new perspectives to entrepreneurs in areas such as UX design, entrepreneurship values, new ideas and global market knowledge.

Creating a self-perpetuating culture of partnership

While mentorship and support are important, it is also crucial for entrepreneurs to be able to succeed alone, to get the resources they need outside of Crevisse and become the next generation of entrepreneurs. Realising this, Crevisse fosters peer support, collaboration skills and a culture of partnership in two ways:

⁵¹ Interview with Wonyoung Kim, Crevisse Founding Member and MD, Powerhouse on 07/04/2015

⁵² Interview with Wonyoung Kim, Crevisse Founding Member and MD, Powerhouse on 07/04/2015

Firstly, it holds a monthly town hall meeting, where all entrepreneurs come out to share their progress and expand on the forms of support they still require. In exchange, other enterprises will recommend resources and share their solutions on relevant issues.

Secondly, Crevisse encourages collaborations between enterprises that share the same clients, work on similar projects or have profit-sharing businesses. For instance, one enterprise may have crowdfunding expertise, while another has a solution to an issue. They would then collaborate to market this solution. While it is not easy to market a collaboration, this is a crucial skill for entrepreneurs. The town economy thus fosters collaboration skills, and increases and provides sustainable revenue and a long-term strategy. "What we're trying to do is have the entrepreneurs figure this out by themselves, to transfer these capabilities back to entrepreneurs so that they can pass it on to others".⁵³ This is a crucial part of the partnership arrangement of Crevisse and a way to create the next generation of entrepreneurs with a particular culture.

Building the next generation

Ultimately, Crevisse aims to grow the ecosystem of socially innovative organisations in Asia and to integrate social innovations into the mainstream capital market. This adds significantly to the three layers of enterprises in Korea, which are either established enterprises, start-ups or socially innovative enterprises. With these skills, Crevisse and its entrepreneurs will discover their true potential and push their ventures to be the best for the world. They shape the next generation of enterprises which believe in making a better tomorrow for the world.

53 Interview with Wonyoung Kim, Crevisse Founding Member and MD, Powerhouse on 07/04/2015

DBS Foundation

DBS Foundation's design for a three-tier programme for developing social enterprises in Asia

www.dbs.com/dbsfoundation



Purpose

Spark social innovation and grow social entrepreneurship by encouraging the development of ground-breaking social initiatives and sustainable social enterprise models



Country of Case Study

Singapore



Development Stage of SPO

Incubation stage onwards



Type of Capacity Building

Support
Collaboration
Runs incubation programmes
Provides grants
Leverages DBS' corporate resources and financial expertise



Services Offered

Basic training, workshops, incubation, project grant support, knowledge sharing forums, senior management mentoring



Customised, structured

Initially structured through the form of grants
For social enterprises three years +, support is more customised



Structured Programmes

DBS-NUS Social Venture Challenge Asia
DBS-Hub Bootcamp
PACT Incubator programme
The Social Enterprise Model



Delivery Method

In-house staff
Skilled volunteers from different functions of the bank
Leverages on its clients and partners network to seek their involvement as skilled volunteers to support social enterprises' growth journey



Impact Assessment for Capacity Building

Number of grants provided to social enterprises
Number of social enterprises 'championed'



Outcomes Achieved

By June 2015, DBS had provided grants to over 80 social enterprises, and championed almost 200 social enterprises

The case of DBS Foundation (DBSF) is relevant as the example of a corporate foundation that, while still young, intends to support social enterprises from seed to scale with financial and non-financial means. Its integration with the larger corporations and its engaged approach to venture philanthropy are particularly noteworthy.

DBS Foundation

With SGD 50 million, DBSF was launched in February 2014. DBS Bank strengthens its CSR efforts through the Foundation by making an impact in addressing social needs in Singapore and across Asia. In particular, DBSF aims to spark social innovation and grow social entrepreneurship by encouraging the development of ground-breaking social initiatives and sustainable social enterprise models. This helps realise its vision of a more inclusive society.

Nurturing social enterprises – self-sustaining businesses that creatively and effectively address social needs – is DBSF’s way of addressing social challenges in rapidly-growing Asia. In developing sustainable solutions, social enterprises provide jobs, goods and services to the disadvantaged. The support for social enterprises resonates with DBS’ heritage as a ‘development bank’, while leveraging DBS’ expertise in serving small and medium enterprises (SMEs). To date [June 2015], DBS has provided grants and other non-financial forms of support to over 80 social enterprises. DBS has championed almost 200 social enterprises in the region.

Activities in Singapore and beyond

DBSF believes in cross-sector collaboration and has different programmes in countries all over Asia⁵⁴ ranging from basic training and workshops to intensive incubation, project grant support, forums for knowledge sharing and senior management mentoring. The regional objective is to support social enterprises in their growth.

In Singapore, DBS funds multiple programmes which bring people and corporations together to better appreciate the challenges faced by social enterprises and to provide support for their growth. DBS partners with the National University of Singapore (NUS) for the DBS-NUS Social Venture Challenge Asia and with the Impact Hub Singapore for the DBS-Hub Bootcamp, as well as the PACT Incubator programme.⁵⁵ Besides programmes, DBS is the only bank to offer virtually free transactional banking services, business loans at preferential rates, special grants and volunteer support from skilled staff to help social enterprises.⁵⁶

DBS Foundation’s grant programme for social enterprises is designed to fit the various stages of the social enterprise’s development. Its 2015 grant programme identified that early stage grants can be as high as SGD 50,000 (also known as “Pilot/Prototype grants”), organisation development grants for growth stage enterprises can be as high as SGD 100,000 and scale-up grants for scale-ready social enterprises are customised (more details below).⁵⁷

54 DBSF presence in Asia: <http://www.dbs.com/corporate-citizenship/championing-social-entrepreneurship/default.page>

55 DBS programmes

56 DBS presence in Asia

57 Email conversation with Patsian Low, Senior Vice President & Head of DBS Foundation on 29/06/ 2015

Structuring the corporation and the foundation

DBSF's support that extends beyond grant funding is usually delivered by partners that DBSF engages within and outside of the bank.⁵⁸

To that end, DBSF heavily leverages the resources available in DBS and also sees “the Foundation [as] the channel through which any client, employee, business product can find a way to engage and support social enterprises. Not only does the Foundation directly support social enterprises, we can be the bridge through which DBS stakeholders engage with social enterprises to support and to help SEs achieve their business goals. The Foundation is the hub through which different DBS resources can be coordinated to support social enterprises,” including:

- working with the Innovation Office to inspire innovative ideas that can keep social enterprises in the forefront of solving different problems;
- the Institutional Banking Group providing banking services to 271 social enterprises in Singapore;
- reaching out to the Business Class SME client community in engaging and supporting social enterprises; skilled volunteer support via Talent Development Programme in HR.
- engaging with other client-facing business units in DBS Bank to involve their clients in DBSF's work with social enterprises⁵⁹

The DBS Foundation team includes five full-time staff in Singapore, and other bank colleagues in each of the operating markets that support the administration and outreach of the Foundation. The Head of the Foundation Patsian Low regularly travels to each of the operating markets and the Singapore-based regional team ensures coordination and alignment of approach in each market.

Further to the in-house staff, DBSF leverages skilled volunteers from different functions of the bank to assist social enterprises. It can also leverage on its clients and partners network to seek their involvement as skilled volunteers to support social enterprises' growth journey. DBSF assesses the business engagement value between DBS Bank and social enterprises, and also tracks the media value of additional visibility that DBS has brought to the social enterprises.⁶⁰

Support at different stages⁶¹

DBSF's philosophy of providing entrepreneurial support means that support is customised depending on three stages, track record and ambition of the enterprise. While each stage indicates an organisational age as a guideline, it assesses enterprises by their needs rather than specifically based on its age. Enterprises can seek support that depend on their needs. Generally, DBSF looks for a host of evidence that the social enterprise can be sustainable, such as social impact, innovation, team strength, operations and financial plan.

58 Interview with Patsian Low, SVP and Head of DBS Foundation on 20/05/2015

59 DBSF Presentation delivered by Patsian Low at “GSEN: Working with partners to scale impact – building an efficient ecosystem of support in Asia” on 23/04/2015

60 Email conversation with Patsian Low, SVP and Head of DBS Foundation on 29/06/2015

61 Information drawn from Deck on “DBS Foundation: Championing Social Entrepreneurship in Asia”

In particular, DBSF looks for the “Social Enterprise Model”, wherein the alignment of social mission and revenue model brings sustainability. Without this alignment, social enterprises may start up but ultimately not be sustainable. A second point is the Financial Plan, which looks at what kind of costs, revenues and sources as well as potential profits are listed for the enterprise.⁶²

The first seed stage of support is for pre-idea and start-ups, typically open to enterprises between zero and one year old. With this, DBSF is building the space through a number of initiatives such as the social venture challenge, boot camps and workshops, as well as local forums and competitions. This builds awareness and assists to bring ideas to fruition and supports the pipeline development for DBSF.⁶³ Moreover, DBSF aims to widen the space for enterprises to try and conquer their fear to fail, encourages them to be lean and design an organisation with strong fundamentals.⁶⁴ The Grant Programme provides grants up to SGD 50,000 per organisation as pilot/prototype grants.

The second stage of support usually sees organisations from two to five years of age which are pre-revenue and pre-breakeven and in need of building infrastructure such as fixed assets, hiring manpower, product development, marketing, and research for improvement of products and services. Financial support can be up to SGD 100,000 in the form of grants for the organisation. The support has the purpose of supporting them in their path to financial sustainability. Other assistance in this phase includes incubation, toolkits, case studies, models and skilled mentorships. This support aims to enhance business capability that will directly translate to furthering their social impact and lead to sustainability.⁶⁵

The third stage of support is for scaling up the business. Business operating typically for at least three years often apply for this programme. It has more tailored forms of support that may include financing and activities that help the growth plans of the business. As a pre-condition, businesses are expected to have past audited financial reports and a clear understanding and projection of tactics, milestones and resources required for the next three to five years.

Building capacity by proving the theory of change

Capacity building needs are assessed at different intervals during the funding period. The most common needs of social enterprises across all stages are business model development, financial planning and social capital building (e.g. networks, partners and opportunities). The milestones, tiering of the grants and fund dispersal are structured differently in each case. At each milestone, needs are assessed again and partners delineated for the support. DBSF takes an intense mentoring approach by visiting, talking and observing, which leads to many interactions with the SPO. Feedback is therefore continuous and DBSF subsequently allocates resources dynamically. Capacity building can be delivered through incubators or SBV.⁶⁶

Given that DBSF has only been operational since 2014, impact cannot be measured yet. However, DBSF's impact philosophy is that it is not only about how much impact is created but impact-creation potential based on whether the model has been proven and the theory of change has been tested as robust.⁶⁷

62 Patsian Low at NUS International Social Entrepreneurship Symposium on 22/05/2015

63 Information drawn from deck on “DBS Grants Programme 2015” 15/04/2015

64 Patsian Low at NUS International Social Entrepreneurship Symposium on 22/05/2015

65 Information drawn from deck on “DBS Grants Programme 2015” 15/04/2015

66 Interview with Patsian Low, SVP and Head of DBS Foundation on 20/05/2015

67 Interview with Patsian Low, SVP and Head of DBS Foundation on 20/05/2015

While DBSF will monitor the impact created by a social enterprise as an indication of its potential for scale, the focus on a robust theory of change that is proven is particularly relevant to the early stage social enterprises. This aims to build the capacity of SPOs for sustainability and fills the gap between start-up and growth.

In summary

DBSF programmes are designed to support social businesses early-stage needs and growth-stage organisational needs in order to build a pipeline of investment-ready SPOs which deliver social missions along a proven theory of change. DBSF is also keen on supporting the growth of the SPOs by providing them with the holistic financial and non-financial support. For example, DBSF runs incubation programmes and provides grants to SPOs. For scaling up impact and accelerated growth, DBSF leverages DBS' corporate resources and financial expertise, particularly in the area of financing as well as grants/loans to fund the development of these SPOs.⁶⁸

Further resources

- DBS Foundation Grants Programme:
www.dbs.com/dbsfoundation/grant-programme/default.page
- DBS Corporate Citizenship:
www.dbs.com/corporate-citizenship/championing-social-entrepreneurship/default.page
- DBS Programmes: <http://socialventurechallenge.asia> , www.venturesforchange.com and www.pactincubator.com
- DBSF Presentation delivered by Patsian Low at "GSEN: Working with partners to scale impact – building an efficient ecosystem of support in Asia" on 23/04/2015
<http://2015.avpn.asia/fringe-events/gsen-event/>

68 Information drawn from deck on "DBS Grants Programme 2015" April 15 2015, slide 3

Deshpande Foundation India

Seeding local social innovation from entrepreneur to entrepreneur

<http://deshpandefoundationindia.org>



Purpose

Aims to address modern social challenges through innovation and entrepreneurship



Country of Case Study

India



Development Stage of SPO

Early stage



Sector Focus

Rural innovation, but sector agnostic



Type of Capacity Building

Early stage investment
Provides training
A hands-on approach



Services Offered

Grants (20% allocated to capacity building)
Support for young entrepreneurs
Support from working professionals



Customised, structured

Structured initially, customised later



Structured Programmes

Sandbox
The Deshpande Fellowship programme
Deshpande's Leaders Accelerating Development (LEAD) programme



Delivery Method

300 Sandbox employees
Mentorship from established entrepreneurs
Long term, hands on involvement



Aim for Capacity Building

To foster a dynamic centre for entrepreneurship and social innovation
To cultivate individuals in various segments of the Hubli-Dharwad community to address social challenges with sensitivities to local context



Challenges Faced

The lack of infrastructure in Hubli-Dharwad
To change the 'handout' mind-set amongst entrepreneurs



Outcomes Achieved

Harnessed over 100 entrepreneurial organisations and 30 start-up ventures
Assisted in scaling eight organisations and helping several to find a sustainability model

Deshpande Foundation's (DF) CB strategy follows a consistent bottom-up approach to support aspiring entrepreneurs build solutions to local problems. Its Sandbox model gathers social entrepreneurs, advisors and investors for mentorship, financial empowerment and infrastructure.

About Deshpande Foundation

In 1996, Gururaj "Desh" and his wife Jaishree founded the Deshpande Foundation to address modern social challenges through innovation and entrepreneurship. While the Foundation began its philanthropic activities by distributing grants to non-profits, it has since advanced into implementing independent, large-scale projects in both the United States and India. Desh believed that the social sector in India could benefit greatly from innovations. His hometown Hubli-Dharwad is a second tier city surrounded by villages and a microcosm of India's typical issues. In 2007, Desh and Jaishree launched the first Sandbox initiative in Hubli-Dharwad, Karnataka, India.⁶⁹

Described as an ecosystem for social innovation and entrepreneurship, the Sandbox can be seen as an incubator serving as a platform of resources and training for aspiring leaders to transform their ideas into actual enterprises for social impact.⁷⁰ Part of DF's work includes the Deshpande Educational Trust (DET), established in 2010, that provides "practical skills and impart[s] stronger work ethics among students through experiential learning and vocational training" through programmes such as the Deshpande Fellowship Programme.⁷¹ As of November 2015, over 2000 alumni have graduated and 16 start-up enterprises have been created with DET's efforts.⁷²

Sandbox Hubli-Dharwad has witnessed significant growth across the region, harnessing over 100 entrepreneurial organisations and 30 start-up ventures,⁷³ with Sandbox alone assisting to scale eight organisations and helping several others to find a sustainability model and DET fostering 20 start-ups.⁷⁴ Building on this success, Sandbox launched two more hubs in India: a second hub in the city of Nizamabad, in the state of Telangana and a third in the state of Uttar Pradesh.⁷⁵

What has worked in the Hubli Sandbox model is the focus on execution and attention to local context. Desh believed in a bottom-up approach and invested in teams on the ground. Naveen Jha, as the CEO of DF in India, initiated programmes that respond to the needs of the local area. The groundedness and long-term commitment has drawn other investors/Sandbox evangelists to replicate the model. DF envisions the building of 100 active Sandboxes across 600 districts in India.⁷⁶ Yet the history of Sandbox in Hubli-Dharwad was not without its challenges.

69 Harvard Business School. The Sandbox: Creating a Bottom-Up Entrepreneurial Ecosystem. 2011. p. 4

70 Times of India, 2015, <http://timesofindia.indiatimes.com/business/india-business/Plan-to-have-100-Sandboxes-in-India-Gururaj-Deshpande/articleshow/46150778.cms>

71 Deshpande Educational Trust website, <http://detedu.org/> Accessed on 28/10/2015

72 Microsoft, 2016, Entrepreneurship for Equity, Perspectives, pp. 28-30

73 Deshpande Foundation website, <http://deshpandefoundationindia.org/> Accessed 06/07/2015

74 Email conversation with Naveen Jha, CEO Deshpande Foundation India, on 27/10/2015

75 Interview with Naveen Jha, CEO Deshpande Foundation India, on 12/10/2015

76 India West 2015 http://www.indiawest.com/news/global_indian/desh-deshpande-foundation-plans-sandboxes-in-india/article_68630388-b85f-11e4-8cf0-bfa42aa8aca7.html Accessed 06/07/2015

Hubli-Dharwad – building the culture of entrepreneurship from the ground-up

When Desh thought of his birth place, Hubli-Dharwad, it seemed the polar opposite to his ecosystem at MIT. The region lacked the financial, physical and human infrastructure necessary for an institutional concept like Sandbox. The Sandbox area encompassed a central city base with mainly a rural population. It was therefore necessary for DF to build its operations from the ground up, supplying critical infrastructure and investing in already established organisations to generate a culture of entrepreneurship that would trigger social initiatives from within Hubli-Dharwad itself. The Foundation built a number of integrated initiatives centred around ‘Create, Enable, Engage and Connect’:

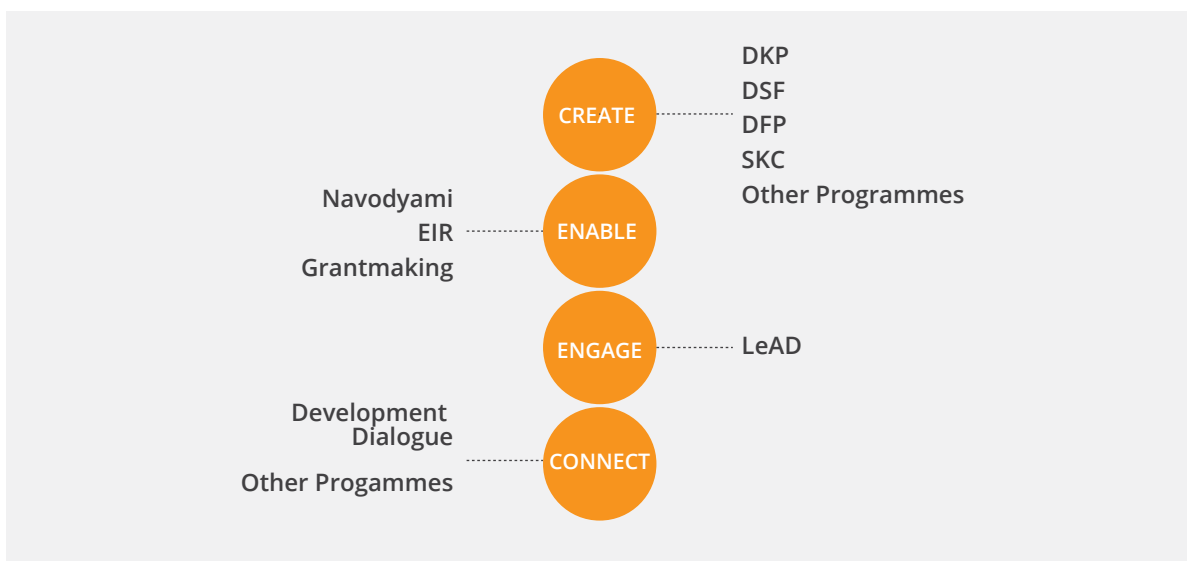


Figure 6 – Deshpande Foundation Programmes, Deshpande Foundation, 2014

Programme Abbreviations:

- DKP — Deshpande Koutilya Programme
- DSF — Deshpande Susandhi Fellowship
- DFP — Deshpande Fellowship Programme
- SKC — Susandhi Krishi Chetana
- EIR — Entrepreneurs in Residence

The model was designed in line with Deshpande’s mission to foster a dynamic centre for entrepreneurship and social innovation. Sandbox’s initiatives provide a graduation track for aspiring entrepreneurs. Successful graduates from DF’s educational and training programmes, such as the Deshpande Fellowship Programme (DFP), are often granted the opportunity to translate their ideas into tangible enterprises in Sandbox’s incubator.

Starting principles – teaching people how to fish

Naveen Jha, CEO of Deshpande Foundation in India, outlines the early challenge: “In the initial days we were looked upon as messiahs with money and would get requests for ‘funds’ for random things or to ‘solve’ people’s problems. With time it has changed as we ask people living in the Sandbox area ‘We’d like to solve ‘x’ problem, could you tell us how could we do it the best?’ In other words, our business is about helping people help themselves.”⁷⁷ This mind-set change from expecting handouts to being the solution themselves is slowly taking place.

Starting principles – local relevance

In fostering a culture of entrepreneurship, “[Deshpande] learned that for funding to be effective, it must be driven by local needs and ensure that there is a local commitment and capacity to use resources effectively.”⁷⁸ For Desh, relevance in social innovation is paramount: “You still need innovation, but relevance has to lead the process. It’s the deep understanding of the problem and then pulling in [the necessary] ideas that causes the social innovation.”⁷⁹ For Sandbox, the goal became cultivating individuals in various segments of the Hubli-Dharwad community who would address social challenges with sensitivities to local context.

Creating local entrepreneurial leaders in the middle managers

To Desh, leadership at any level of an organisation is paramount. He notes that SPOs are typically headed by strong leaders but limited by weak middle management. The Deshpande Fellowship Programme (DFP) was created to cultivate middle managers as facilitators between SPO founders and beneficiaries. The rigorous programme, drawing 23-28 year-old graduates and postgraduates, covers 28 modules to equip participants with skills to communicate effectively, analyse project needs and manage team operations.

In addition to DFP, Sandbox has developed a holistic range of training programmes, each designed to nurture various members of the workforce:

- Deshpande Koutilya Fellowship (DKF): A five-month programme to help individuals translate academic qualifications into practical skills in accounting and finance in Tier 2/3 Indian cities
- Deshpande Susandhi Fellowship (DSF): A four-month residential programme to build leadership skills, entrepreneurship & high work ethics to boost employability
- Susandhi Krishi Chetana (SKC): A four-month intensive residential course that prepares young agriculturalists for future challenges and builds leaders for government dialogue

Sandbox Hubli-Dharwad’s experiences are shared through the Development Dialogues, the Indus Entrepreneur (TiE) and the Champions Programme.⁸⁰ In particular, the Development Dialogue annually gathers 2000 diverse practitioners, professionals, entrepreneurs and college students for a three-day conference to discuss the potential of entrepreneurial initiatives in nurturing solutions for development, and is an example of how local experiences can be shared.⁸¹

⁷⁷ Email conversation with Naveen Jha, CEO Deshpande Foundation India, 03/11/2015

⁷⁸ Harvard Business School. The Sandbox: Creating a Bottom-Up Entrepreneurial Ecosystem. 2011. p. 8

⁷⁹ Deshpande, Gururaj. Getting Thinkers to Do and Doers to Think. TEDxAshokaU. Arizona State University, Feb 10, 2012

⁸⁰ HBS. The Sandbox: Creating a Bottom-Up Entrepreneurial Ecosystem. 2011. p. 9-10

⁸¹ Deshpande Foundation. The Sandbox—Nurturing Innovation and Entrepreneurship. 2014. p. 29

Engaging leadership potential of youth

Fostering the next generation of regional leaders lies at the heart of Deshpande's many training programmes. One initiative is Deshpande's LEaders Accelerating Development (LEAD) programme, which encourages students from regional universities to select social issues in their communities and implement creative solutions. Guided by mentors and LEAD alumni, students immerse themselves in fieldwork. LEAD's example has inspired a younger generation by helping them to understand business and societal contribution. By 2015, the programme had received an overwhelming 50,000 student participants from more than 100 different colleges and universities within the Sandbox region.⁸²

LEAD's success prompted DF to integrate with the Sandbox Startup programme to encourage more students to adopt an entrepreneurial approach to social development issues. Through the Sandbox Startup programme, DF was able to partner with local universities to formally integrate the practice of entrepreneurship into school curriculums.⁸³

Enabling social entrepreneurs

Desh insists on supporting experimental approaches to social innovation to maintain Sandbox's status as "a place where individuals and organisations with innovative solutions to pressing social needs could experiment and build their organisations to scale without fear of failure".⁸⁴ Under the Enable stream, Sandbox supports entrepreneurs across various sectors of the economy through the Navodyami, Sandbox Startups and traditional grant making. By 2014, the programme had helped more than 100 organisations and impacted 1.15 million lives.⁸⁵

Mentors are an integral part of all of DF's programmes.⁸⁶ In October 2015, Sandbox Startups had 300 employees, including the new Sandboxes in Karnataka and Uttar Pradesh. In Hubli alone there are 250 full-time employees to support Sandbox activities.⁸⁷ Sandbox's start-ups receive mentorship from established entrepreneurs with similar backgrounds and experiences.

In addition, weekly peer support groups meetings and quarterly meetings are held. While DF "keeps [on average] 20% for the capacity building of the organisation in various form in each grant", DF's India CEO, Naveen Jha, is keen to emphasise that "CB is an inherent component of the Sandbox, both in terms of resources and extending expertise. [...] More than the structured CB programmes, the ecosystem exists with all kind of resources, peers, networks and of course the Foundation where a partner could take their time and space to seek support and advice."⁸⁸

Underlying core principles and practices

Before structuring Sandbox's incubation and funding model, Desh carefully considered the key challenges affecting the non-profit sector. The Sandbox team sought to enforce performance while allowing grantees greater flexibility to experiment and innovate. For instance, Naveen Jha notes that he focuses on ensuring that conversations always get into specifics of the business model. The grants team works on efficacy and efficiency to make solutions become scalable.⁸⁹

82 Email conversation with Naveen Jha 3 Nov 2015

83 Email conversation with Naveen Jha 3 Nov 2015

84 HBS. *The Sandbox: Creating a Bottom-Up Entrepreneurial Ecosystem*. 2011. p. 5

85 Deshpande Foundation. *The Sandbox—Nurturing Innovation and Entrepreneurship*. 2014. p. 24 and Email conversation with Naveen Jha, CEO Deshpande Foundation India, on 03/11/2015

86 Interview with Naveen Jha, CEO Deshpande Foundation India, on 12/10/2015

87 Email conversation with Naveen Jha, CEO Deshpande Foundation India, on 03/11/2015

88 Email conversation with Naveen Jha on 27/10/2015

89 Email conversation with Naveen Jha on 27/10/2015

Leadership-based selection

Firstly, the Sandbox team weighs its decision to support a grantee on the potential of the individual leading the operations rather than on the idea itself, as the right people will make an idea work. It evaluates leaders through personal meetings on less tangible qualities such as their tenacity, execution capacity and adaptability, in addition to their experience in the field.

Hands-on involvement

Secondly, Sandbox promises a long-term engagement with its grantees – continually providing them with strategic advice in organisational management and operations until they are fully ready to exit. Instead of enforcing performance metrics and one-off reviews, Sandbox connects with SPO leaders by conducting quarterly site visits and monthly check-ins.

Stage-based support and evaluation

Thirdly, the nature of Sandbox's support is determined by the organisation's respective stage of development. Each phase of organisational growth has "common inflection points" calling for appropriate mentoring and resources to minimise the probability of failure at that specific stage.

Exit strategy

Deshpande Foundation believes none of the organisations they support should be dependent on DF for long-term sustainability. The foundation defines sustainability in three ways:

- Firstly, if the model is adopted by the for-profit market – with the difference that the customer demographic is the bottom of the pyramid.
- Secondly, if the model is adapted by mainstream institutions or the government.
- Thirdly, if the organisation broadens its base of funding partners.

In all three cases the Foundation plays a role in helping with the transition and building capacity for the enterprise to run independently.⁹⁰

In summary – local solutions from the bottom up

Sandbox Startups is an avenue for selected graduates from Deshpande's leadership programmes to found their own start-ups within Sandbox and transform their ideas into scalable enterprises. Graduates of the Deshpande Educational Trust (DET) Programme are also regularly placed into Sandbox Startups portfolio teams with roles in senior management and frontline duties.⁹¹ This allows Sandbox to provide its graduates with further opportunities to advance their skills. Local relevance and solutions are the core principles of Sandbox. DET is part of that with a projected minimum of 10% of DET graduates expected to continue in their entrepreneurial endeavours with the support of Sandbox Startups, and another 15-20% projected to remain engaged in the entrepreneurial space as entrepreneurs in various start-ups and supporting organisations.⁹²

⁹⁰ Email conversation with Naveen Jha, CEO Deshpande Foundation India, on 27/10/2015

⁹¹ Deshpande Foundation. *The Sandbox—Nurturing Innovation and Entrepreneurship*. 2014. p. 16

⁹² Email conversation with Naveen Jha on 27/10/2015



Further resources

- Harvard Business School. Ghosh and Applegate, 2011, The Sandbox: Creating a Bottom-Up Entrepreneurial Ecosystem, available at www.hbs.edu/faculty/Pages/item.aspx?num=40399
- India West, 19/02/2015, Desh' Deshpande Foundation Plans 100 Sandboxes in India, available at www.indiawest.com/news/global_indian/desh-deshpande-foundation-plans-sandboxes-in-india/article_68630388-b85f-11e4-8cf0-bfa42aa8aca7.html Accessed 06/07/2015
- Deshpande, Gururaj. Getting Thinkers to Do and Doers to Think, TEDxAshokaU, Arizona State University, Feb 10, 2012, available at www.youtube.com/watch?v=Eb0lybhNPRE
- Deshpande Educational Trust website, <http://detedu.org> Accessed on 28/10/2015 (last on 16/04/2016)
- Deshpande Foundation website, <http://deshpandefoundationindia.org> Accessed 06/07/2015 (last on 16/04/2016)
- Deshpande Foundation, 2014, The Sandbox – Nurturing Innovation and Entrepreneurship
- Microsoft, 2016, Entrepreneurship for Equity, Perspectives, pp. 28-30

Empact

How the intermediary Empact provides pro-bono services and skills-based volunteering

<http://empact.sg>



Purpose

To assist SPOs in the pursuit of social change



Country of Case Study

Singapore



Development Stage of SPO

Intermediary



Type of Capacity Building

Programme development
Support for SPOs



Services Offered

Help SPOs with daily operations (bookkeeping, accounting, payroll & HR, donation tracking etc).
Engage corporates and governments in designing programmes and placing volunteers in SPOs
Advisory services



Customised, structured

Customised delivery



Structured Programmes

Structured Volunteer Programme: a company pays Empact to engage its staff as volunteers



Delivery Method

Staff and volunteers



Aim for Capacity Building

To assist SPOs in their pursuits of creating social change



Impact Assessment for Capacity Building

Number of SPOs that have benefitted from the support (currently 60 approximately)
Volunteer survey before and after experience



Challenges Faced

Keeping volunteers active
Communication from top-down to volunteers
Attracting talent to the sector



Outcomes Achieved

300 individual volunteers with 150 active
60 SPOs benefitted to date (in 2015)



Challenges Remaining

Attracting talent, measuring impact, growth capital

In recent years, more corporations are looking beyond monetary donations to give back to society. Individuals are also looking for alternative ways to contribute.⁹³ In particular, pro-bono services have gained popularity because corporations and SPOs are beginning to realise the benefits of engaging in skills-based volunteering (SBV). On the other hand, SPOs that lack money, resources and talent often engage in SBV to receive access to high-quality services.⁹⁴ However, while SBV's popularity increases, the priorities do not necessarily align.

Portrait of Empact

This is where intermediaries such as Empact can play a role in channelling the good intentions and skills of corporates and individuals to increase the capacity of various SPOs.

Empact is a Singapore-based SPO founded in November 2011⁹⁵ by Peter Yang. In 2015, Empact was a small company consisting of 11 staff. It provides a range of intermediary and consulting services to social purpose organisations (SPOs, including non-profit organisations) through pro-bono volunteers and offers advisory services to grant-makers and corporations. However, its mission is to assist SPOs in their pursuits of creating social change.

To date, Empact has registered 300 individual volunteers, 150 of whom are active. They have the opportunity for self-development while contributing skills to make a positive and sustainable impact on the community. As a result, approximately 60 SPOs have benefitted from the support.

Stakeholders

Together with its stakeholders, Empact works towards creating a world where individuals are self-actualised and act as active citizens. SPOs can champion various social causes and serve needier people if they receive the assistance of volunteers to fulfil their critical operational needs such as accounting, marketing and management of operations. Empact engages corporations that are looking for opportunities to contribute to society that involve their staff. Other stakeholders of Empact include grant-makers, who provide the funding support to SPOs. Empact assists these grant makers in comparing causes, measuring social impact and evaluating the soundness of ideas and organisations.⁹⁶

93 <http://beantherecountthat.sg/articles/making-empact/> (Accessed 29/05/2015)

94 <http://empact.sg/redefiningcommunitygiving/>

95 Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

96 <http://www.empact.sg/ourstakeholders.php>

Mapping capacity building in an intermediary context

Empact acts as the intermediary that brings together capital providers and SPOs. It attempts to understand the objectives of the corporates and the real needs of the SPOs in order to effectively match the volunteers' skill sets.⁹⁷

1 – Assessing the needs of the client

Typically, Empact serves SPOs and also engages corporates and governments in designing volunteering programmes that place volunteers in SPOs. With SPOs, Empact has the following process:

- The SPOs approach Empact expressing a need for professional services that are critical to daily operations, including bookkeeping and accounting services, payroll & HR support etc.
- Empact assesses the needs of the SPO by sending its own staff, at times accompanied by the volunteers. Together, they work out the process to deliver the solutions to the SPO. Throughout the process, the staff ensures accountability to the SPO.
- This builds Empact's relationship with the SPO, so that Empact can go back to their team and see how they can provide additional services, e.g. offering a CFO type role.

For corporations, the process is different:

- Corporates approach Empact to design a programme for professionals to volunteer their skills with SPOs. Empact acts as a consultant to design and implement the programme, allowing employees to put their skills to SPOs whilst fostering active and engaged citizenship.

For third-parties and Governments, the process is different yet again:

- For instance, Empact was commissioned by the Ministry of Social & Family Development (MSF) to conceptualise, design and implement the Pilot SPO Mentoring Program, a platform for C-Suite professionals from various companies to mentor identified social entrepreneurs who are on the brink of bringing their enterprise to full realisation.

97 Asian Venture Philanthropy Network Conference 2014 (Session Report – Human Capital Intermediaries)

The full list of services offered is below⁹⁸:

<i>SPO's baseline services/shared services</i>	<i>Government and Grant providers/donors</i>
<ul style="list-style-type: none"> ▪ Bookkeeping and accounting services ▪ Payroll and HR support ▪ Corporate secretary ▪ Taxation ▪ Donation tracking ▪ Vendor payment tracking 	<ul style="list-style-type: none"> ▪ Research ▪ Programme design and evaluation ▪ Quality assurance and due diligence for grant/donation recipients ▪ Social impact measurement ▪ Specialised programmes (e.g. mentoring, acceleration programmes)
<i>SPO's advisory services</i>	<i>Corporations</i>
<ul style="list-style-type: none"> ▪ Financial control and planning ▪ Programme review and evaluation ▪ Legal contract drafting and review ▪ Service innovation ▪ Marketing plans and fundraising ▪ Strategic and business planning ▪ Mentorship programme ▪ Training and development ▪ Process improvement ▪ Volunteer management 	<ul style="list-style-type: none"> ▪ Advise on community investment projects ▪ Advise on social impact measurement ▪ Design and implement corporate skills-based volunteering programmes ▪ Design and incorporate talent development into corporate volunteering programmes

2 – Recruiting volunteers⁹⁹

Empact provides opportunities to as many individuals as possible by customising the Volunteer Development Program to fit volunteers' needs and interests. There is a minimum commitment of four hours a month for at least six months. For corporates interested in developing a volunteering programme, Empact is able to tailor the programme to their needs and structure the engagement accordingly. The recruitment process differs depending on the background of the volunteers.

⁹⁸ <http://empact.sg/social-organisations.php> (Accessed 16/06/2015)

⁹⁹ Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

Empact generally reaches out to students through partnerships with universities and student associations. Empact also participates in recruitment and selection directly for professional volunteers from corporations and professional bodies. Volunteers are categorised according to their experience and expertise, which influences how they contribute:

1. Do-ers (basic, hands-on work, generally completed by student or young professionals)
2. Reviewers (more experienced professionals, guiding the do-ers in completing tasks)
3. Subject matter experts (offer advice as part of the consultancy work or as trainers)
4. Mentors (mentor founders and leaders of SPOs through specialised programmes)

3 – Training volunteers¹⁰⁰

Empact provides training to the volunteers once they have evaluated their skills gaps. Training works best on middle and junior staff levels. Since it is assumed that the volunteers are competent in their respective fields and at their level of involvement, the training is largely focused on helping volunteers understand the social sector and contextualise their specialisation to the sector (e.g. gaining an understanding of the charity accounting standards).

On-the-job training is also provided within each volunteering team, with the Empact staff and Reviewers leading and guiding the Do-ers. Previous batches of volunteer groups are also brought in to share their understandings on how best to manage projects involving SPO, successes and challenges and personal experiences. Most of the volunteers are not consultants, but when they volunteer with Empact, they need to act as consultants. Empact plays an important role in helping them change their mind-sets and recognise the differences between corporations and SPOs. Two examples of differences:

1. Solutions in corporate environments may not always work for SPOs, for example, there may be very limited budget, time constraints and lack of resources.
2. Relationship between volunteers and SPOs are not based on Key Performance Indicators (KPIs), but on influence and collaboration.

Sustaining Empact

Initially, Empact was bootstrapped with Peter Yang's own funds. Since then Empact has supported itself through a mix of revenue streams. By mobilising individual and corporate staff volunteers who are willing to offer their professional skills to help others, Empact is able to provide SPOs support in areas such as accounting, marketing, advisory services and fund-raising at affordable, discounted rates. Discounted rates are based on Empact's operating costs with a slight mark-up and are 50%-100% lower than market rate. Fees received from SPOs help to take care of its business costs. As these are not sufficient, Empact receives grants from the National Volunteer and Philanthropy Centre (in 2012) and the National Youth Council (with disbursement of its National Youth Fund over one and a half years from October 2013). Empact also generates funds by working with corporates interested in creating a structured volunteering programme, which is then free for the beneficiary SPO.¹⁰¹ Finally, Empact earns income by providing advisory and in 2015 received an injection of funds by a private investor who now has a minority stake in Empact.¹⁰² Each revenue stream generates around one-third of the total income.

¹⁰⁰ Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

¹⁰¹ Joachim Sim, 2015, p. 100

¹⁰² Joachim Sim, 2015, p. 104

Overcome hurdles

Empact's strengths lie in volunteer management, as it has developed ways to ensure that volunteers deliver quality service to SPOs. One of the challenges Empact has found in regards to volunteer management is keeping all its volunteers active. In 2015, of 300 registered volunteers, only 150 are active. Also, Empact realised that it is necessary to manage the expectations of, and communication with volunteers. Empact actively works on the matching of available volunteers and their skills sets with SPO needs to ensure a continuous focus on maintaining quality.

Continuous challenges

Empact's challenges lie in strategy, talent, impact assessment and finally growth capital.

What is your endgame?¹⁰³

Looking towards the future, Peter Yang¹⁰⁴ believes that Empact must consider its "endgame"—the role that the SPO intends to play in the overall solution to social problems, effectiveness of its core model/intervention is proven. Possibilities include an "open source model" as a knowledge hub for research relating to SBV, if government does not adopt this role. Neither of these options are necessarily attractive to investors. Ideally, Empact moves to "sustained service".

Attracting talent to the sector

It is difficult to attract talent to join the company (and the sector in general) because Empact competes with large corporations, banks and other firms for graduating university students. Another challenge is to rally senior management to become involved as mentors for Empact.

Measuring impact versus measuring Empact's value creation

From a return on investment perspective, a dollar of investment in Empact brings four dollars' worth of volunteer services.¹⁰⁵ However, that does not necessarily indicate where Empact's value creation lies. Hence, in order to measure the perceived value creation for volunteers, Empact volunteers fill out a motivational survey before and after the volunteering experience. Since the value of services such as bookkeeping and mentoring can be hard to evaluate, each programme requires a separate method and has different outcome measures. Empact explores different ways to measure value and impact in holistically yet standardised ways to allow comparison.

Growth capital

Peter expects to see increasing demand for Empact's services, as capacity-building will become more important with rising numbers of SPOs. Part of Empact's core mission would be achieved.¹⁰⁶ Empact plans to pilot new revenue streams and optimise the models such as standardising processes and providing tools and training. The challenge is to secure growth capital.

¹⁰³ Alice Gugelev and Andrew Stern, 2015

¹⁰⁴ Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

¹⁰⁵ Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

¹⁰⁶ Alice Gugelev and Andrew Stern, 2015

Outcome and looking into the future

When Peter Yang founded Empact in 2011, skills-based volunteering was still a novel concept. In recent years, the idea has gained popularity with corporates and many companies now incorporate skills-based volunteerism into their CSR programmes. As Peter Yang looks into the future, he envisions Empact acting as a knowledge centre, providing its expertise to companies.¹⁰⁷ Ultimately, the key value that Empact brings is awareness to the SPOs of their needs and how individuals and corporations can offer their professional skills to address those needs.

Further resources

- Gugelev and Stern, 2015, What's your endgame, Stanford Social Innovation Review, Winter 2015, available at http://ssir.org/articles/entry/whats_your_endgame
- Joachim Sim, 2015, Giving A Helping Hand – Celebrating Singapore Social Enterprises, Singapore, Really Good Books Publishing House Pte Ltd
- Been there, Count That: Making an Empact, available at <http://beantherecountthat.sg/articles/making-empact> (Accessed 29 May 2015)
- Redefining Community Giving: <http://empact.sg/redefiningcommunitygiving>
- Full case can be accessed on <https://avpn.asia/2015/08/11/capacity-building-how-the-intermediary-empact-provides-pro-bono-services-and-skills-based-volunteering-sbv/>

¹⁰⁷ Interview with Peter Yang, Founder and Executive Director of Empact, on 15/06/2015

ETIC.

ETIC.'s development of the social innovation ecosystem in Japan

www.etic.or.jp/english/outline.html



Purpose

Offers a diversified portfolio of capacity building measures to Japanese interested in social entrepreneurship at any stage



Country of Case Study

Japan



Development Stage of SPO

Early- and mid-stage



Type of Capacity Building

Leadership development for young SPOs
Support for growth from mentors
Partnerships between funders and investees



Services Offered

Internship placements
Incubation programmes



Customised, structured

Structured



Structured Programmes

Entrepreneurs Internship Programme
Challenge Community Project
Disaster Recovery Leadership Project



Delivery Method

43 full-time staff
32 part-time staff and interns



Aim for Capacity Building

Develop and support entrepreneurs through Incubation Programmes for Social Entrepreneurs
Send students/professionals to work in start-ups and non-profit organisations



Impact Assessment for Capacity Building

Number of social entrepreneurs trained
Number of entrepreneurs supported
Survival rate of their programme participants



Challenges Faced

Developing KPIs for capacity building, as "success" is difficult to gauge at early and mid-growth stages
Scaling up its activities in initial years and learning to utilise new resources and funds effectively



Outcomes Achieved

ETIC. supported and trained over 300 young social entrepreneurs in Japan

In this case study we explore the mission and practices of Entrepreneurial Training for Innovative Communities (ETIC.), one of the oldest organisations in Japan supporting social entrepreneurship, with particular attention given to ETIC.'s Social Innovation Department, the umbrella body responsible for ETIC.'s core suite of programmes (see *Figure 1*). By offering a diversified portfolio of capacity building measures to those who are interested in social entrepreneurship at any stage – through its internship placements and incubation programmes – ETIC. has established itself as a launch pad for Japanese youth, students, working professionals and corporations.

ETIC.'s organisational portrait

Entrepreneurial Training for Innovative Communities (ETIC.) was founded in 1993 by Haruo Miyagi, then an undergraduate student at Waseda University, as a nation-wide network of student entrepreneurs. Until 1996, ETIC. arranged 200 seminars and study sessions for Waseda University students interested in becoming entrepreneurs and hosted conferences and symposiums. Such events drew more than 300 students from 10 other universities and attracted media as well as governmental attention.¹⁰⁸

Following its initial student-led entrepreneurship events, in 1997 ETIC. launched its “Entrepreneurs Internship Program,” a 6-month initiative that placed interested students in internships mainly with IT start-ups. Over subsequent years, ETIC. further expanded its support activities for entrepreneurs in Japan, by establishing its Social Venture Center in 2002 as the coordinating body for all of ETIC.'s partnerships, training programmes and initiatives. There were several reasons that ETIC. decided to focus on the development of social entrepreneurs. At the outset of ETIC. in the mid-90s, the ‘dotcom bubble’ produced many tech start-ups and supporting organisations, like venture capitalists, in Japan. In light of the burgeoning industry, ETIC.'s board thought, that “as a non-profit organisation, we should pioneer other fields where social demand is high but the market has not existed yet.”¹⁰⁹ After the dotcom bubble burst in 2001, many entrepreneurs involved in ETIC.'s activities started considering what they could do for the benefit of society using their business platforms and mind-set. In 2011, ETIC.'s activities were further catalysed by another historical circumstance: The Great Tohoku earthquake and tsunami moved ETIC. to launch a new fellowship programme to serve needs in the affected regions.¹¹⁰

As of 2015, with 43 full-time staff and 32 part-time staff and interns,¹¹¹ ETIC. has supported and trained over 300 young social entrepreneurs in Japan through its wide range of activities. Of these, 22% were in the field of education/nurturing, 20% were in local community development

108 ETIC. website

109 Email conversation with Mitsuhiko Yamazaki, Lead, Strategy and Partnership at ETIC., on 09/09/2015.

110 ETIC. website

111 ETIC. website

fields and 13% were in social welfare/health/medical fields.¹¹² Through its various matching programmes, ETIC. has sent more than 7000 young Japanese students and professionals to areas of business and social innovation where new solutions to social problems are being developed.¹¹³ More than 85% of the entrepreneurs that ETIC. has trained “from scratch” have continued to engage in social entrepreneurship and contribute to the growing entrepreneurial community.¹¹⁴



Figure 7 – ETIC.’s Programmatic Structure; Mitsuhiro Yamazaki of ETIC. on 07/09/2015

For ETIC.’s “Social Innovation” arm (which handles ETIC.’s core suite of programmes for social entrepreneurs), the total annual budget is around USD 2 million (FY2015), around 80% of which comes from corporations (domestic and international) and 20% from the Japanese government.

ETIC. does not usually charge fees for its programmes, and due to ample subsidisation and donations from donors and partners, individual participants usually do not have to pay to attend or pay a nominal portion of the fee.¹¹⁵

ETIC.’s mission, evolving role and theory of change

ETIC. perceives social entrepreneurship as a salve to pressing social issues in Japan that are otherwise largely overlooked or passed over by traditional, state- or market-delivered solutions. ETIC. sees its overall value-add as the unique nature of its diversified business portfolio. Its wide range of offerings for social entrepreneurs (whether they be students, professionals or aspiring and seasoned entrepreneurs) rests on two capacity building objectives:

- To send students/professionals to work in start-ups and non-profit organisations (or any location where innovation and challenges are taking place) through its Entrepreneurs Internship Programme, Challenge Community Project, and Disaster Recovery Leadership Project
- To develop and support entrepreneurs through Incubation for Social Entrepreneurs.

112 Yamazaki, Mitsuhiro and Motoki, Yuko. “Entrepreneurial Training for Innovative Communities (ETIC.)”, Powerpoint Presentation 18/07/2015, p. 7

113 ETIC.. “ETIC. English Annual Report Draft 2013/2014,” p. 3

114 Interview with Kensuke Sasaki, Manager, Mitsuhiro Yamazaki, Lead, Strategy and Partnership, and Yuko Motoki, Coordinator at ETIC. on 17/08/2015

115 Note from ETIC. on draft report, received 18/08/2015.

In that context, ETIC. pursues two avenues for its theory of change. The first core activity revolves around leadership development for SPOs, with less emphasis on the business planning and operational support for the enterprise. They believe such an approach can assist young Japanese people to clarify their own entrepreneurial aspirations and amplify entrepreneurship nationwide by helping young entrepreneurs form communities and ties to each other. Connections to ETIC.'s mentors (senior entrepreneurs) assist in developing these connections and fostering a communal spirit.

A related activity extending beyond this core is ETIC.'s fellowship programmes, which send young, high-potential Japanese people to intern at start-ups. This has the reciprocal effect of both providing start-ups with a strong workforce as well as helping the interns gain skills in an entrepreneurial environment that they can further develop in other contexts. This focus on fostering and amplifying entrepreneurial aspirations is reflected in the programme's success, which has more than 85% of trained entrepreneurs continuing in their enterprises.¹¹⁶

ETIC.'s core — building capacity of social entrepreneurs at different stages

ETIC.'s most well-known programmes are its Entrepreneurs' Internship Programme and Social Entrepreneurship School. The former is widely known among Japanese college students who have interests in social businesses or venture start-ups, and the latter is recognised as a gateway to successful social entrepreneurship in Japan, graduating 82 alumni since 2001.

A short list of ETIC.'s most well-known programmatic offerings include:

1997: Entrepreneurs' Internship Program

ETIC.'s longest running internship programme, which since 1997 has produced 150 successful entrepreneurs (out of a total 2745 participants). Feedback from the programme has shown that "business development experiences" encourage interns to take more proactive roles in venture companies and the social sector and also helps them attain positions in traditional firms.¹¹⁷

2002: Social Entrepreneurship School

This initiative focuses on providing foundational training for social entrepreneurs to clarify strategy. There is a Bootcamp component and Virtual Board Meetings (VMBs) with senior mentors and specialists from ETIC.'s network (comprising about 200 individuals). Meanwhile, one-on-one mentoring sits provides mentoring with experienced, senior entrepreneurs for individual mentoring sessions twice a week.¹¹⁸ Sayaka Murata, founder of the Kamonohashi Project, was one organisation in the first batch of graduates of this programme.¹¹⁹

¹¹⁶ Interview with Kensuke Sasaki, Manager, Mitsuhiro Yamazaki, Lead, Strategy and Partnership, and Yuko Motoki, Coordinator at ETIC. on 17/08/2015

¹¹⁷ ETIC. "ETIC. English Annual Report Draft 2013/2014," p. 4

¹¹⁸ "Entrepreneurial Training" Powerpoint, p. 12

¹¹⁹ Conversation with Mitsu Yamazaki of ETIC. on 17/06/2015

2011: Disaster Recovery Leadership Project

Over 200 participants have gone through the fellowship programme to work in recovery organisations in the Tohoku region; of these 200+ participants, around 60% remained in Tohoku after completion of the fellowship to begin their SPOs.

2013 Seibu Social Business Development Support Loan (“CHANGE”)

Since 2013, the loan supports growth-stage SPOs in the greater Tokyo area through financial and non-financial support. In partnership with Seibu Shinkin Bank and Nippon Foundation, the “CHANGE” loan – an uncollateralised loan with fixed interest rate (of 0.1% per annum under 5 million JPY or 1.0% under 50 million JPY) – is designed for SPOs towards operations and infrastructure. SPOs benefit from mentoring and resource matching support provided by ETIC. As of May 2015, 28 organisations had taken advantage of the “CHANGE” loan.

2014: Social Startup Accelerator Program (SUSANOO)

Based on the “Lean Start-up” approach originating in the IT sector, in 2014 the SUSANOO pilot programme received 57 applications and chose 14 finalists to undergo its 6-month programme involving weekly boot camps, social events and networking functions.¹²⁰

Hands-off support

ETIC. notes that it strives to keep “the relationship flat between [the SPOs] and funders”, often inviting funders to ETIC.’s accelerator programmes to communicate directly with entrepreneurs they support and help organise subsequent meetings. However, it does not hand-hold SPOs through operational, financial or governance support but adopt a “more hands-off” model based on mentoring and coaching that helps entrepreneurs grow independently. When operational support is needed, ETIC. does “coordinate with [entrepreneurs] to connect them with these resources [like the senior entrepreneurs/mentors],” as in the case of the Seibu loan.¹²¹

Extending the core — building Japanese social innovation with stakeholders

ETIC.’s broad spectrum of programmatic and partnership offerings positions it uniquely in the Japanese landscape as an established nexus of, stakeholder in and contributor to the ongoing development of social entrepreneurship in the country. Throughout its evolution, ETIC. has also focused efforts on creating the environment for social entrepreneurship in Japan, in partnership with 62 local community organisations, 21 universities, 7 central and local governments and 30 private companies and foundations. ETIC.’s activities demonstrate ETIC.’s reach to SMEs, the government and young professionals.¹²²

¹²⁰ “Entrepreneurial Training” Powerpoint, p. 14

¹²¹ Interview with Kensuke Sasaki, Manager, Mitsuhiro Yamazaki, Lead, Strategy and Partnership, and Yuko Motoki, Coordinator at ETIC. on 17/08/2015

¹²² See for instance, GoldmanSachs SME Management Innovation Programme, ETIC. research agenda on internships with Japanese Ministries, MIGIUDE (Japanese for “right hand”) Fellowship Programme in “ETIC. English Annual Report Draft 2013/2014,” pp. 4-5

Defining success of capacity building measures

ETIC. is still trying to develop KPIs for capacity building, as “success” is difficult to gauge at their beneficiaries’ early and mid-growth stages. However, ETIC. currently relies on metrics like the number of entrepreneurs supported and the business continuation rate of their programme participants. In the future, ETIC. would like to develop a KPI related to how well they have assisted in fostering an entrepreneurial ecosystem – while, as they note “there is no clear indicator on this...it could be [measuring success of ETIC.’s efforts in] matching of mentors and students or the amount of money or resources being exchanged”.¹²³

Challenges

Over more than two decades of supporting social entrepreneurship in Asia, ETIC. has encountered and overcome a few challenges, mostly through its “Social Innovation” arm. An initial challenge was scaling up its activities in initial years and learning to utilise new resources and funds effectively as its activities gained momentum. A second challenge came with the realisation that entrepreneurs were struggling after the seed-stage to enter more mature phases of growth. To address this issue, ETIC. engaged partners to provide resources needed by mid-growth entrepreneurs and launched CHANGE.

In summary

ETIC.’s model for supporting social entrepreneurs rests on two pillars: first, developing and supporting entrepreneurs through training and resource matching, and the second, sending students and professionals to work or intern at start-ups. ETIC.’s capacity building approach is “hands-off,” focusing on developing leadership among Japanese students, professionals, and aspiring entrepreneurs. Collectively, ETIC.’s wide array of programmes seeks to “amplify” social entrepreneurship and build an ecosystem in Japan for social entrepreneurship.

Further resources

- ETIC. “ETIC. English Annual Report Draft 2013/2014,” available at www.etic.or.jp/english/index.html
- ETIC. website: www.etic.or.jp/english/index.html
- Full case can be accessed on <https://avpn.asia/2015/09/14/capacity-building-etics-development-of-the-social-innovation-ecosystem-in-japan/>

¹²³ Interview with Kensuke Sasaki, Manager, Mitsuhiro Yamazaki, Lead, Strategy and Partnership, and Yuko Motoki, Coordinator at ETIC. on 17/08/2015

Impetus – Private Equity Foundation

Building the capacity for impact

www.impetus-pef.org.uk



Purpose

Partners with charities and SPOs working with 11-24 year-olds from disadvantaged backgrounds focusing on education attainment and work readiness



Country of Case Study

UK



Sector Focus

Disadvantaged youth
Education and employability



Type of Capacity Building

Hands on management support, pro-bono expertise, core funding, advisory support



Services Offered

Full business planning
Strategy reviews
Financial modelling
Board reviews
Legal restructuring
IP reviews
Accounts integration



Customised, structured

Structured yet customised “hands-on” management support



Delivery Method

By in-house staff
Heavily involves trustees and senior management heavily



Aim for Capacity Building

To strengthen SPOs' core outcomes



Impact Assessment for Capacity Building

Leadership and Governance
Programme (delivery and impact)
Performance focus
Organisational sustainability
Partnership



Outcomes Achieved

Reassessing aspirations and strategy provides the foundation for building capacity

Impetus-PEF was formed in 2013, following the merger of two venture philanthropy organisations in the UK, Impetus Trust (founded in 2002) and the Private Equity Foundation (founded in 2006). It partners with charities and SPOs working with 11-24 year-olds from disadvantaged backgrounds in the UK focusing on education attainment and work readiness outcomes for these young people.¹²⁴

Capacity building and Social Purpose Organisations

The ability to perform functions, solve problems, and set and achieve objectives in a sustainable way is the basis of any effective organisation; this is true for commercial and social purpose organisations alike. In the for-profit world, organisational effectiveness comes from strengthening and aligning various functions across the organisation and that building this capacity takes significant time and investment. However, the social purpose organisations have historically been left short-changed for capacity building work by their funding sources. They find themselves stuck in the “Nonprofit Starvation Cycle”: “so hungry for decent infrastructure that they can barely function as organisations—let alone serve their beneficiaries.”¹²⁵

Stuck in this cycle and being resource-poor, social purpose organisations find it challenging to fund, plan and implement capacity building. Oftentimes the need for the capacity building may not even be apparent.

Impetus-PEF’s venture philanthropy model¹²⁶ is recognised for breaking this vicious cycle for its investees, as it draws on international examples of highly effective funder and charities, and is grounded in the capacity building framework from venture capital and private equity toolkits. It collaborates with its investees on the challenging task of assessing their capacity, identifying gaps and strategising how to bridge these gaps.

Delivering capacity building through a unique three pronged package of support

Quick fixes in building capacity are often not easy to come by but are rather widely acknowledged as a longer programme of work. Impetus-PEF aims to work with investees in-depth and over a number of years, taking a progressive filtering approach to managing its investments. Impetus-PEF works with non-profits that have a £250k+ annual income, typically a few years past start-up mode. Working at the start of the value chain is a direct function of Impetus-PEF’s intention to invest in capacity building the non-profits to create outcomes. Thus the focus is on creating social value rather than financial return.

¹²⁴ Impetus-PEF website – <http://www.impetus-pef.org.uk/who-we-are/our-mission/>

¹²⁵ Ann Goggins Gregory & Don Howard, 2009

¹²⁶ Impetus-PEF practices a venture philanthropy model that includes some investments in social investment vehicles such as Social Impact Bonds where these support the wider portfolio strategy.

It provides a combination of financial and non-financial support to its investees:

Hands-on management support

A highly experienced, in-house investment team provides hands-on management support to the charity's leadership and builds capacity. Each investee is provided with an investment director, who:

- Builds trust-based relationships within the charity (leadership, board, partner, SMT)
- Helps create and embed performance management processes, facilitate impact-centric decisions, ensures ownership, accountability and follow-through of decisions
- Connects the investee with the relevant domain and impact experts and deploys pro-bono partners on capacity building projects

Pro-bono expertise

Impetus-PEF maintains a highly engaged pool of skilled experts, who volunteer their skills to portfolio investees. Many of these experts are drawn from world-class professional brands, which include major law firms, accounting organisations and management consultancies. This expertise is deployed for specific, mutually agreed capacity-building activities. Last year, Impetus-PEF deployed 8300 hours of pro-bono expertise over 200 projects across its portfolio of investees. Major pro-bono projects included:

- Full business planning
- Strategy reviews
- Financial modelling
- Board reviews
- Legal restructuring
- IP reviews
- Accounts integration

Core funding

It provides significant, long-term, unrestricted grant funding, often in partnership with other funders, enabling the organisation to build its capacity to deliver high-quality programmes. The funding is linked to the investee meeting pre-agreed milestones, which are tracked on a quarterly basis.

Building capacity for impact

Impetus-PEF recently chaired a 12-member working group to examine the issue of Investment readiness and capacity building in SPO for G8 Social Impact Investment Taskforce. The subsequent report on the findings outlined that the social sector needs two types of organisational capacity building¹²⁷:

1. Operational capacity: Building strong, resilient organisations which can grow sustainably
2. Impact capacity: Building organisations which can reliably and predictably produce meaningful social outcomes, eventually to a larger number of people

Impetus-PEF addresses this by supporting its investees to build both of these capacities in parallel (as it should be developed) to ensure that its portfolio organisations are efficiently run and focused on impact. The partnership with investees is managed through phased investments, with the ability and capacity to progress being reviewed at the end of each phase. The following diagram depicts Impetus-PEF's three investment phases and capacity building activities delivered in each phase.

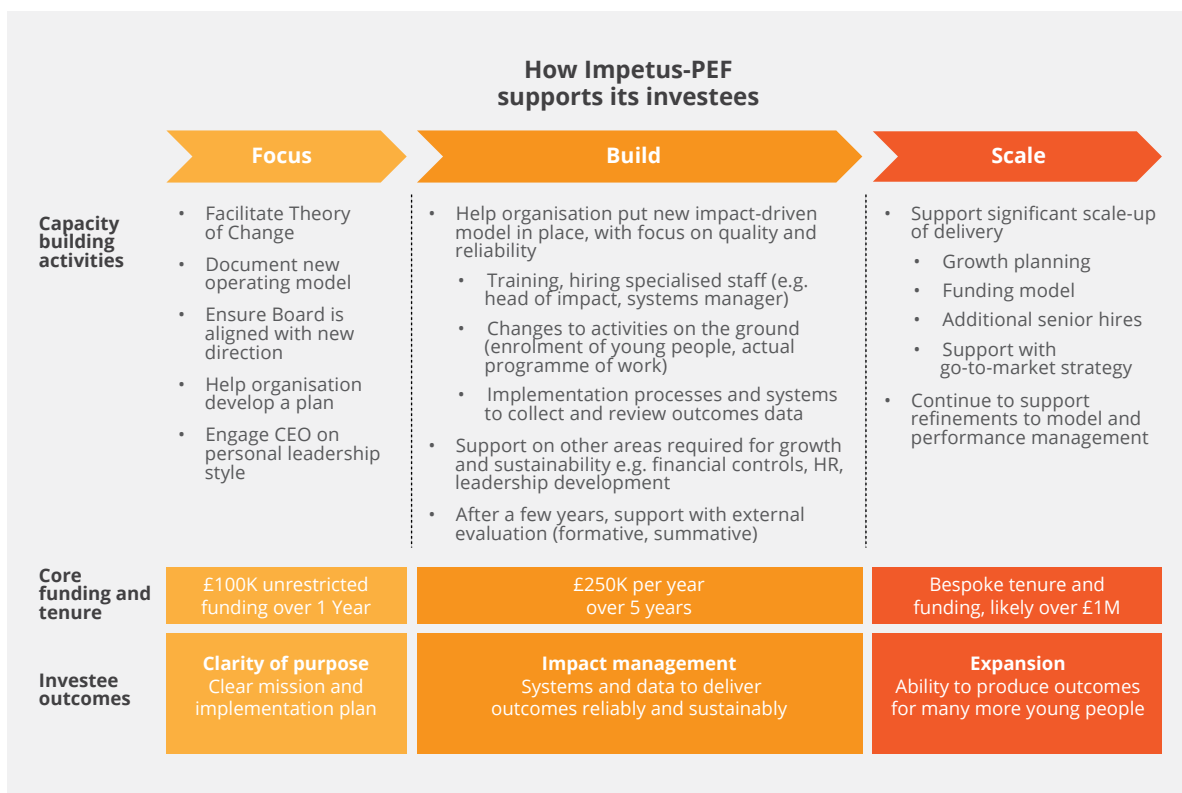


Figure 8 – Impetus-PEF's Investment Phases and Capacity Building support¹²⁸

Impetus-PEF approaches capacity building as an incremental phenomenon. The amount and kind of capacity building work stream for each investment phase are aligned with the advancement an investee is expected to make on the organisational effectiveness scale during that phase.

127 Impetus-PEF, Building the Capacity for Impact Report, prepared for UK National Advisory Board to The Social Investment Taskforce, Sep 2014

128 Introducing Impetus-PEF deck and interview with Julia Grant, Portfolio Director, Impetus-PEF, 04/2015

Impetus-PEF measures organisational effectiveness using its performance framework based on five pillars¹²⁹:

- Leadership and Governance
- Programme (delivery and impact)
- Performance focus
- Organisational sustainability
- Partnership

Typically, reassessing aspirations and strategy provides the foundation for building capacity. This starts with articulating what the organisation wants to accomplish in the next phase of its development. Helping investees build their theory of change is a key work stream in the first phase of an Impetus-PEF investment. Conducted over four workshop days, the exercise is aimed at getting to an organisation-wide agreement on the desired future state of the organisation and its programming. Ensuring that every part of the organisation is included in the process is crucial to its success – hence, a combination of trustees, senior management and frontline team all participate in the workshops. During the workshops, Impetus-PEF guides the charity to:

- Define its mission and the type of young people it wants to work with (its target population)
- Set out the short-, intermediate- and long-term outcomes it will commit to securing for those young people
- Outline the programme design which will deliver these outcomes
- Determine how it will manage that programme to ensure that every young person makes progress towards these outcomes.

This provides a “blueprint” that guides investees in planning and implementing changes to arrive at this, typically over three to five years. This also helps Impetus-PEF scope the capacity building work needed to support its investee in aligning strategy and organisational capacity.

When Impetus-PEF started its investment in Street League (SL), its programme delivered football sessions to engage and motivate the unemployed and other economically disadvantaged young people. In the initial investment phase, Impetus-PEF supported¹³⁰

- Recruitment of a new leadership team, chair and other trustees;
- Clearer definition of SL’s target population — 16-25 year-olds from deprived communities;
- Development of Street League’s programme to include an academy offering, delivering skills-based training and employability skills with an aim to progressing these young people into further education, training and/or employment

¹²⁹ Introducing Impetus-PEF deck and interview with Julia Grant, 04/2015

¹³⁰ Impetus Impact Report results 10/11, Page 22

With the shift in aspirations of its leadership, along with Impetus-PEF's impact-driven capacity building support, delivered over various investment phases, Street League has:

- Moved from measuring impact by counting how many people played football with them to measuring what really matters: actually getting the young people into work, training or education¹³¹
- Delivered five nationally-recognised qualifications on the Academy programme
- Spread its programme to 12 cities across the UK
- Currently, 70% of its graduates achieve one of the targeted outcomes – progression to training, further education and/or employment¹³²

There are different ways in which social investors and foundations can support SPOs to building capacity, so that SPOs are in control and have the flexibility to respond to their changing socio-economic environment. Impetus-PEF's model is unique in the way it partners with its investees in the long-run, with clarity of what needs to be accomplished through the use of a combination of hands-on management support, deployment of its network experts and unrestricted grant funding to strengthen SPOs' core outcomes producing infrastructure.

Further resources

- Ann Goggins Gregory & Don Howard, 2009: The Nonprofit Starvation Cycle, Stanford Social Innovation Review, Fall 2009 available at http://ssir.org/articles/entry/the_nonprofit_starvation_cycle
- Impetus – PEF website: <http://www.impetus-pef.org.uk/who-we-are/our-mission/>
- Impetus: Impact Report results 10/11, available at https://issuu.com/impetustrust/docs/impetusimpact2010-11_issuu
- Impetus-PEF, Building the Capacity for Impact Report, prepared for UK National Advisory Board to The Social Investment Taskforce, Sep 2014, available at <http://www.impetus-pef.org.uk/driving-impact/building-capacity-for-impact/>

¹³¹ Introducing Impetus-PEF deck, Quote by Matt Stevenson-Dodd, CEO-Street league on why Charities come to Impetus-PEF
¹³² Street League website – <http://www.streetleague.co.uk/impact/we-re-proud-of-our-track-record/>

Japan Venture Philanthropy Fund

From grants to social innovation

www.jvpf.jp/en/vp/



Purpose

Administers funds and supports organisations



Country of Case Study

Japan



Development Stage of SPO

All



Sector Focus

Education



Type of Capacity Building

Grant making
Financial support
Management and capacity support



Services Offered

Needs assessment
Project planning
PR and publications
General accounting, donations/financial needs



Customised, structured

Customised delivery



Delivery Method

In-house staff
Pro-bono support



Aim for Capacity Building

To support social purpose organisations through their issues in order to achieve tailored outcomes



Challenges Faced

Communication and honesty between SPOs and JVPF



Outcomes Achieved

Found that the pursuit of a revenue model would distract the organisation from its social goal

Venture philanthropy per se differentiates itself from philanthropy through its engaged approach to provide funding support for a social mission. The purpose of the engagement tends to be aimed at increasing the ability of the SPO to deliver its programmes as well as building the ecosystem. Capacity building for SPOs by VPOs depends on a number of factors and can take many shapes and forms, which again depends on the relationship between the VPO and SPO.

Grant making organisations tend to focus less on capacity building after the grant has been given. In setting up the Japan Venture Philanthropy Fund (JVPF), Nippon Foundation and Social Impact Partners have recently moved into funding social innovation projects through grants, while building the capacities of their investees.

Organisational background

Founded in 1962 and predominantly a grant maker, the Nippon Foundation has in the last few years moved into social innovation projects using the venture philanthropy approach.¹³³ One of these projects is the Japan Venture Philanthropy Fund (JVPF), which was established in partnership with Social Investment Partners (SIP)¹³⁴ in 2013, with an initial capital of 100 million Yen (USD 1.05 million) comprised of the donations from the seven to eight founding partners, corporates and finally Nippon Foundation's donation-matching. Due to the nature of registering a SPO in Japan, the Nippon Foundation is a holding entity for the JVPF. Both Nippon Foundation and SIP provide the capacity building services to the entities they fund.

Culturally, the JVPF came out of conversations and interactions with Co-founder and Chairman of EVPA and AVPN Doug Miller, who visited Japan and spoke with a number of people about venture philanthropy in 2011. After his departure, the conversations continued between seven to eight people and led to one, Ken Ito, to speak with Nanako Kudo from Nippon Foundation about their plans in 2012. The partnership between the Nippon Foundation and SIP then took another six months of due diligence and negotiation to come to fruition in the form of the JVPF. The philosophy of an engaged relationship is what permeates the JVPF and expresses itself in the way the organisation administers funds and supports organisations.

Venture philanthropic grant funding

JVPF has been funding two later-stage ventures¹³⁵ in the education sector to date.¹³⁶ One is Houkago NPO Afterschool¹³⁷, an after-school project, and another is Teach for Japan¹³⁸. The rationale was that the JVPF had realised its limitations in supporting enterprises in the scale-up phase and hence decided to establish partnerships with other organisations to provide the support needed.

¹³³ Interview with Nanako Kudo, Associate Director of Social Finance, Nippon Foundation on 23/03/2015

¹³⁴ <http://avpn.asia/2015/01/07/japans-first-venture-philanthropy-fund-launched/>

¹³⁵ Interview with Nanako Kudo, Associate Director of Social Finance, Nippon Foundation on 23/03/2015

¹³⁶ Interview with Nanako Kudo, Associate Director of Social Finance, Nippon Foundation on 10/04/2015

¹³⁷ <http://npoafterschool.org>

¹³⁸ <http://teachforjapan.org>

Over the course of three years, JVPF invested as much as USD 300,000 per investee in terms of financial support. In the case of Houkago NPO Afterschool, the service provider for after-school support, JVPF dispersed the funding in a single amount. For Teach for Japan, the funding has been staggered over three milestones of USD 300,000.¹³⁹ Growth plans differ significantly for both of these organisations. The first is now nearly sustainable through an independent revenue stream. Teach for Japan, which is similar to Teach for America, is not expected to become sustainable but is a ground for education review, ultimately aimed at providing key recommendations to the government at the end of the funding period. Beyond financial support, the funded organisations are also provided with management and capacity support.¹⁴⁰

Capacity building through pro-bono partners

At the due diligence phase, an assessment of what is needed is conducted. Following the administration of the grant, there are monthly meetings with SIP and Nippon Foundation.¹⁴¹ For each organisation there is an investment manager who overlooks the management of the organisation and assesses its needs. On the Nippon Foundation side, two to three people are involved in the organisation and the investment manager spends one day a week while the CEO of SIP takes three days per week for JVPF.¹⁴² In this time, SIP delivers management support and works with the organisation on a five-year projection plan, while assessing its needs and managing its documentation. Nippon Foundation handles the PR and publications, general accounting, donations/financial needs and sits in on monthly meetings.¹⁴³

A second layer, based on the ongoing needs assessment by Nippon Foundation and SIP, is the pro-bono partner and consulting partner whom JVPF invites to the team as and when services are needed. For instance, JVPF partners with Bain Consulting and Clifford Chance law firm, PWC for accounting and Vox Global for PR consulting.¹⁴⁴

Pro-bono is filling the gap of specific needs by using a framework and learning how to operate it effectively. For instance, a law firm may provide a manual for risk management for an organisation, and for several months, the organisation and the law firm will meet to adjust and generate their own framework based on this generic template.¹⁴⁵

Building trust to admit weaknesses

After receiving funding from JVPF for two to three months, one organisation had several core staff members leaving its organisation. When this came to light, the CEO finally had to admit that his organisation was not running smoothly. He was reluctant to expose this fact earlier because he was concerned that JVPF would not continue to fund him had he shown them this weakness. While it was a shock for JVPF, they had long conversations with the organisation and discussed solutions together.¹⁴⁶ JVPF also realised that they would have to demonstrate to investee organisations that venture philanthropy is a culture of engagement, and hence that they fully support organisations beyond programmes and will not withdraw funding due to difficulties.

¹³⁹ The total amount is 300k and it was split into 70k, 100K, and 130K over three years; email conversation with Nanako Kudo on 16 April 2015

¹⁴⁰ Interview with Nanako Kudo, Associate Director of Social Finance, Nippon Foundation on 23/03/2015

¹⁴¹ Interview with Nanako Kudo on 10/04/2015

¹⁴² Interview with Nanako Kudo on 10/04/2015

¹⁴³ Interview with Nanako Kudo on 10/04/2015

¹⁴⁴ Interview with Nanako Kudo on 23/03/2015

¹⁴⁵ Interview with Nanako Kudo on 10/04/2015

¹⁴⁶ Interview with Nanako Kudo on 10/04/2015

Tailored outcomes

Given the different business models of the two organisations that JVPF supports at the moment, outcomes differ as a result. As Houkago NPO Afterschool is financially sustainable after two years, JVPF has achieved the aim of providing financing to reach this goal. For Teach for Japan, fundraising is a continuous effort. However, in the discussions about discovering revenue streams, it was concluded that the pursuit of a revenue model would distract the organisation from its social goal. As a result, Teach for Japan will continue to run on a donation model basis. SIP and the Nippon Foundation will help with developing a new fundraising strategy to enable Teach for Japan to be more sustainable and strategic.

In summary

The JVPF and the way it is funding organisations through financial and capacity support is exemplary through its courage to leave the traditional field of grant making and working closely with organisations through their issues in order to achieve tailored outcomes.



Further resources

- Japan's first venture philanthropy fund launched available at <http://avpn.asia/2015/01/07/japans-first-venture-philanthropy-fund-launched/>
- Full-length case on Japan Venture Philanthropy Fund: <https://avpn.asia/2015/08/11/capacity-building-japan-venture-philanthropy-fund-from-grants-to-social-innovation/>

Social Ventures Hong Kong

Moving social enterprises up through the dual engine and impact assessment

<http://sv-hk.org>



Purpose

Strengthen investment-readiness and social impact



Country of Case Study

Hong Kong



Development Stage of SPO

Idea and early stage



Sector Focus

Poverty
Education
Elderly
Environment
General: Levelling the playing field in HK



Type of Capacity Building

Dual-engine model: Foundation for early stage and investment for later stage



Services Offered

Depending on stage:
Incubation stage: professional services such as company secretary, finance and accounting
Later stage: identifies financial capital needs, monitoring, performance & portfolio management.



Customised, structured

Customised



Delivery Method

Mainly 15 in-house staff;
other services by pro-bono and low-bono rates for certain services, like legal and audit
Overall benefitted from more than 20,000 volunteer hours by over 120 professionals



Aim for Capacity Building

General: Levelling the playing field in HK



Impact Assessment for Capacity Building

Integrated with goal setting and KPIs developed in the beginning
Using the De-Risking Toolkit by Bridges Ventures



Challenges Faced

Finding the right impact assessment (in 2015)



Outcomes Achieved

Engaged volunteers



Challenges Remaining

Exiting from investments

Social Ventures Hong Kong's (SVhk's) capacity building practices are a robust example of how a VPO can engage with its portfolio organisations to fulfil their potential.

About Social Ventures Hong Kong

Established in 2007 by Francis Ngai, Social Ventures Hong Kong (SVhk) was conceived out of its founder's perceptions of an intersection of needs in Hong Kong: first, a need for solutions to enduring social problems; second, a need for a supportive space for those SPOs and social investment entities capable of providing those solutions.

Targeting social issues in Hong Kong like poverty, education, the elderly and the environment, SVhk was founded with the objective of creating innovative and sustainable business solutions for these issues within Hong Kong communities. SVhk uses venture philanthropy models that leverage impact capital, professional volunteers and collaborative networks.¹⁴⁷

As of June 2015, SVhk has supported over 20 portfolio projects in Hong Kong, most of which have engaged with SVhk since the inception of ideas.¹⁴⁸ SVhk usually adds between one to three new projects to its portfolio each year. Although SVhk's long-term plan is to be able to exit its engagements with investees when appropriate, SVhk has not made any exits thus far; depending on the investee's stage of development and capacity, there have been instances where SVhk has scaled back its involvement from active management to taking a back-seat role.¹⁴⁹

SVhk's preferred form of investment is equity in its investees, through its investment arm SVhk Capital – a venture philanthropy fund that provides financial support to SPOs.

SVhk describes its structure, with around 15 in-house staff running the bulk of operations, as "lean". While SVhk leverages various resources provided by its partners, namely event management or sector-specific expertise, most activities are handled by its dedicated, in-house project staff. SVhk also negotiates pro-bono and low-bono rates for certain services, like legal and audit. The in-house staff is roughly organised into three teams:

1. The Incubation and Innovation team, which is the first point of contact for social ventures by receiving ideas, and collaborates and networks with corporates.
2. The Business Services team, which provides professional services such as company secretary, finance and accounting.
3. The Impact Capital team, which manages ventures and funders engagements at a more developed stage to after the incubation team, identifies financial capital means, does monitoring and performance style and portfolio management.

A fourth, additional team is the Promotion and Advocacy team, responsible for promoting the SVhk concept (especially SVhk's earliest stage enterprises) among the general public through public talks, workshops and SVhk's annual 12-month long House of Social Innovator Program.

147 SVhk website, "Model" <http://www.sv-hk.org/model.php>

148 SVhk website, "Portfolio" <http://www.sv-hk.org/investment.php>

149 Interview with Karen Ng, Associate Director of Investment, SVhk, 25/06/2015.

The “dual-engine model”

SVhk’s “dual-engine model” offers a “flexible” option to donor-investors from both the finance-driven and impact-driven ends of the spectrum and has been developed as part of a response to needs in Hong Kong. It is composed of SVhk Foundation as the charitable foundation, and SVhk Capital as the VP Fund, and seeks to create a symbiotic relationship between the demand-side and supply-side of the social investment landscape in Hong Kong by enabling a self-perpetuating cycle. Individuals are encouraged to create new social ventures with confidence in finding funding, while donor-investors are attracted to participate in engaged giving after seeing the diversity of financial and non-financial tools, vehicles and outcomes.¹⁵⁰

The SVhk Foundation acts as a nexus where change makers and innovators can connect with others and channel their collective energies and ideas into tangible enterprises. This process grows into engagements with SVhk Capital – the investment arm – which enters when enterprises graduate from conceptualisation to incubation and investment stages to provide them with longer-term professional pro-bono support and funds.¹⁵¹



Figure 9 – SVhk Business Model, SVhk Annual Report 2011–2014, p. 18

Ultimately, this comprehensive approach embodies SVhk’s “culture of engaged incubation”, which strives to “tailor-make” each of its engagements to fit each SPO’s stage of development and nature. SVhk hopes to distinguish its model of bespoke incubation from other incubators.

150 SVhk, 2011: “Money For Good”

151 SVhk Capital’s funds come from, primarily, individual philanthropists and family foundations see Social Ventures Hong Kong, 2010.

SVhk's investment process

SVhk targets early-stage and mid-stage investees who have the potential to scale their impact through a clear articulation of their social mission, catalytic impact with a unique idea for their social issue, expertise in their social issue, understanding of their market and competition, and compliance with ESG (environmental, social and governance) framework.

SVhk's most common form of investment is equity. Loans/debt are used to a lesser degree. SVhk believes that this approach helps it establish a stronger relationship with its investee and places SVhk in a position of "partner, not just investor". The average amount of equity varies with the level of engagement with the investee. Majority shareholding for SVhk involves a close level of engagement with the operations and governance of the SPO, including bringing in professional support from SVhk's professional network, while minority shareholding would require less detailed effort in the SPOs activities.¹⁵²

Capacity Building integrated with impact assessment

SVhk's capacity building is strongly linked to its impact assessment. Due to this goal setting and defining KPIs are crucial for the effort. There tend to be three areas for SVhk Capital's capacity building: goal setting and defining of KPIs; engaging with the SPO team and developing skills; providing in house and pro-bono expertise in legal, HR, marketing and operations:

Goal setting & defining KPIs

SVhk has a set of general metrics e.g. number of lives touched and number of lives transformed, for all of its portfolio projects. In addition, SVhk defines specific KPIs on a case-by-case basis depending on the SPO's stage of development, industry, operation and impact models. SVhk requires quarterly reports to its management team and board from each of its portfolio SPOs, with the goal of ensuring that SVhk has an "active dialogue throughout the year on how [the SPO] is doing." This is often achieved by SVhk taking a board seat at the SPO and directly participating in its decision making processes.¹⁵³

SVhk initially used the SROI framework, yet found that it was not always appropriate. As a result SVhk began developing their own proprietary templates, drawing upon the Bridges Ventures framework¹⁵⁴ for analysing risk and the GIIN IRIS metrics.¹⁵⁵ Beyond quarterly reports, SVhk engages closely with its investees to understand how SVhk needs to alter the KPIs to meet its investees' needs. SVhk regards capacity building as tied-in with its impact assessment.¹⁵⁶

Capacity & team engagement

At the early stage of engagement, SVhk works with SPO teams to identify business needs. SVhk convenes its in-house incubation, business service, impact capital teams and network of professional volunteers to provide capacity building and networks. Enterprises start with the Incubation and Innovation Team, and when reaching a mature stage are managed by the Impact Capital Team while always being supported by the Business Services team. When SVhk is a majority shareholder it is usually "easy to talk about what [the SPO's] needs are," since SVhk's in-house team has a high degree of involvement with the SPO, including financials. When SVhk

¹⁵² Interview with Karen Ng, Associate Director of Investment, SVhk, 25/06/2015.

¹⁵³ Interview with Karen Ng on 25/06/2015. See also AVPN portrait of SVhk in AVPN's Impact Assessment Guide, 2016

¹⁵⁴ Bridges Ventures, 2014

¹⁵⁵ IRIS Database, Global Impact Investing Network (GIIN) website, <https://iris.thegiin.org>

¹⁵⁶ Interview with Karen Ng, Associate Director of Investment, SVhk, 25/06/2015.

is a minority shareholder, SVhk may maintain a board seat for general monitoring but does not regard this as the “active incubation”.¹⁵⁷

Skills & expertise

SVhk also leverages its extensive pro-bono professional network to provide its investees with legal, accounting and consulting support to enhance the investees’ efforts. Since its inception, SVhk has benefited from more than 20,000 volunteer hours from over 120 professionals.¹⁵⁸ Volunteers are managed on a project-by-project basis and on an event-basis. Project volunteers are brought in when SVhk requires a specialised expertise network. Event volunteers assist during the events hosted by SVhk to promote SPO ideas and initiatives in Hong Kong. SVhk has found that this is a good way for “volunteers to understand and be exposed to real social issues” on the ground in Hong Kong. For certain services – specifically event organising and graphic design – SVhk will outsource to professionals at pre-negotiated rates.¹⁵⁹

Value creation of capacity building efforts – a “fluid situation”

*While SVhk notes that it is constantly working to improve upon its capacity building processes, SVhk has defined internal KPIs for itself that help the organisation perceive the value its capacity building efforts have created for investees, including the number of individuals impacted by the investee’s activities, the overall bottom-line and top-line financials, and the overall quality of the relationship between SVhk and the SPO throughout the engagement.*¹⁶⁰

Further resources

- Bridges Ventures, 2014: Shifting the Lens – A De-risking Toolkit for Impact Investment. Online at http://bridgesventures.com/wp-content/uploads/2014/07/BV_BoA_de-risking_report_FINAL_printer_friendly
- Social Ventures Hong Kong, 2010: SVhk Impact Report 2007 – 2010, accessed 17 June 2015 online at www.sv-hk.org/files/SVhk-Impact-Report-2010.pdf
- Yuen, Terence; Ngai, Francis; Kan, Olivia; and Rikkie Yeung, 2011: Money for Good: Global Trends and Local Potentials in Engaged Giving and Social Investing. Social Ventures Hong Kong, Hong Kong.
- Full case on the AVPN Website: <https://avpn.asia/2015/08/11/capacity-building-social-ventures-hong-kong-svhk-moving-social-enterprises-up-through-the-dual-engine-and-impact-assessment/>

¹⁵⁷ Interview with Karen Ng, Associate Director of Investment, SVhk, 25/06/2015.

¹⁵⁸ SVhk website, “Directors & Members” <http://www.sv-hk.org/members.php>

¹⁵⁹ Interview with Karen Ng, SVhk, 25/06/2015.

¹⁶⁰ Interview with Karen Ng, SVhk, 25/06/2015.

Toolbox India

Highly skilled volunteering for SPOs in India

www.tbxi.org/about/toolboxindia



Purpose

Brings together volunteers and SPOs on a platform in which they can collaborate effectively to improve the SPO's efficient management



Country of Case Study

India



Development Stage of SPO

Growth stage



Type of Capacity Building

Intermediary managing volunteers for CSR initiatives, social funders and grant makers



Services Offered

General management, strategy, finances, HR, marketing and communication, IT and legal advice



Customised, structured

Customised mentoring and coaching on project basis



Delivery Method

Pro-bono/Skilled volunteers



Impact Assessment for Capacity Building

A proprietary, pre- and post-project assessment method that relies on expertise and intuition in measuring outcomes



Challenges Faced

SPO leadership team needs to be open to advice and have a willingness to change
Finding skilled and diligent volunteers
Ensuring quality of delivery
"Translating" between the corporate and SPOs



Outcomes Achieved

Onboard SPOs open to change and advice
Onboard volunteers to Toolbox way of working as well as the organisations

Improved Volunteer Management:

a/ Referral system for volunteers and corporate partners;
b/ minimum commitment of 8-10 hours a month;
c/ onboarding and continuous support



Challenges Remaining

Funding!

Toolbox India Foundation works as a catalyst to provide strategic assistance to non-profit, growth-stage organisations through its portfolio of highly skilled, corporate volunteers. Toolbox India Foundation's capacity building strategy is an example of how professional volunteerism can be best leveraged to enable SPOs in their social ambitions.

Organisational portrait

Toolbox India was established in 2007 as an overseas extension of its Belgian counterpart, Toolbox Belgium. Its founders noted the severe lack of management support within the non-profit community and realised that the gap could be filled by drawing on corporate professionals to volunteer. Toolbox was founded to serve as an intermediary platform that matches expert volunteers to non-profit partners through an assessment of both parties' expertise and needs.

After establishing its base in Belgium, Toolbox sought to expand its activities abroad. Sandeep Naik of General Atlantic Partners and the co-founder of Toolbox Belgium, Charles-Antoine Janssen, planned to launch Toolbox in India. The idea was tested in an 18-month long incubation period. Toolbox saw its concept quickly adopted by non-profits that recognised its potential to help build organisational capacity and create strategic-collaborative platforms.¹⁶¹ Toolbox India was formally established with the requisite legal registrations in February 2011.¹⁶² The branch has since gained significant traction in the region, collaborating with over 35 non-profit organisations and executing more than 50 projects in areas of health, education and women's empowerment.

Toolbox India maintains the same mission and sectoral focus as its Belgian counterpart:

- to serve as an intermediary platform that employs skills-based volunteering in building organisational capacity and developing stronger social programmes on the ground.
- working to alleviate social issues that fall under the extensive categories of education, health, livelihoods and women's empowerment.

The two Toolbox branches work closely together. Yet, the two countries' developmental contexts necessitate different approaches.

Capacity building through higher skills – preliminary steps

Toolbox believed it was necessary to highlight the need for management consulting amongst SPOs. During its initial stages, Toolbox conducted strategy workshops for SPOs in various sectors, where it discussed how it could add value to SPOs. Toolbox also established its position in India's social sector by presenting its value proposition at avenues such as the Ashoka Summit and EdelGive forums. It solicited partnerships with SPOs looking for capacity building and proceeded to receive referrals from past projects. Within the past two years, Toolbox's efforts have prompted various SPOs to reach out to discuss prospective partnerships.

¹⁶¹ Vijaya Balaji, Toolbox India Foundation "The Case for Pro Bono and Skilled-Volunteering in India" p. 5

¹⁶² Interview with Vijaya Balaji, Managing Director, Toolbox India, on 08/07/2015

Selecting SPOs for partnership

Due to the high opportunity costs involved, Toolbox India remains cautious about the SPOs it engages for partnerships. It actively seeks organisations driven by a strong leadership team open to changes and advice. Then, the needs of its prospective partners must also align with the resources that Toolbox is able to provide through its corporate volunteers. Toolbox seeks to serve SPOs in their growth-stage of development, regardless of the number years in operation.

Vijaya Balaji defines the growth stage as a period ripe for introspection and capacity building support.¹⁶³ By this stage, SPOs would have had the opportunity to pilot their concepts, seek grants, and consolidate their internal structures. Evidence of social impacts would also have surfaced, allowing impact assessments to be conducted. Toolbox is hence able to assist them in scaling up through consistent documentation, strategic planning and management.

Attracting professional volunteers

Given the level of professional services Toolbox offers to its non-profits, the volunteers it recruits are required to have at least five years of experience in disciplines such as general management, strategy, finances, human resources, communication and marketing, IT and legal advice. Toolbox also necessitates firm commitment from its volunteers; members must be willing to dedicate 8-10 hours per month and attend a minimum of three group meetings with Toolbox and its partners. To maintain the quality of its advisory services, Toolbox requests volunteers who are unable to commit the necessary time and effort to sign off and rejoin at a later period.

Toolbox volunteers are typically selected based on a referral system by existing volunteers, whereby each member who joins the organisation is requested to bring in another volunteer. Toolbox notes that referred volunteers tend to be validated by his/her network, as they often stem from a similar professional background and are more likely to understand Toolbox's operations and requirements. Toolbox also invites volunteer applications through its website, but the process largely occurs under closed networks, with Toolbox receiving only 10-15% of its volunteers from online channels.

Toolbox has also succeeded in securing a steady stream of volunteers through its collaborations with corporate firms that host their own employee engagement programmes. Under these partnerships, Toolbox is able to draw on its partners' existing pool of professional volunteers, while its partners, in turn, are able to utilise the experience that their employees have gained in volunteering on projects. For instance, Toolbox India has since partnered with EdelGive Foundation — the philanthropic arm of Edelweiss Financial Services — to magnify their collective impact in India. Toolbox engages Edelweiss's employees to offer pro-bono, skills-based services to both Toolbox's non-profit partners and EdelGive's portfolio of investees.¹⁶⁴ This collaborative effort has greatly streamlined Toolbox's process in sourcing volunteers and SPO partners.

¹⁶³ Interview with Vijaya Balaji, Managing Director, Toolbox India, on 08/07/2015

¹⁶⁴ Vijaya Balaji, ToolBox India Foundation "The Case for Pro Bono and Skilled-Volunteering in India" p. 4

Adding value

Toolbox services meet the needs of SPOs in a number of ways. Moreover, they are measured by certain outcomes.

Meeting the needs of SPOs

Toolbox India assesses the needs of its non-profit partners through detailed discussions with its committee members, and thorough analyses of their management and internal organisation structures.¹⁶⁵ Following this process, volunteer consultants will offer a range of professional advisory services that add strategic value to the organisation's overall development. These areas include:¹⁶⁶

- Strategy: Integrating a set of actions to differentiate the organisation's value to society
- Business plan: Constructing a one-year, detailed business plan based on targeted goals and impact assessment metrics
- HR management: Attracting qualified staff and volunteers and evaluating their performance
- Finance: Managing cash flow, fundraising and revenue generation
- Communication and marketing: Reaching key stakeholders with effective communication

Toolbox places much attention on matching advisors to non-profits. A bad match would result in a loss of valuable time and resources for its volunteers, non-profit partners, and the overarching organisation.¹⁶⁷ Toolbox has therefore delegated a Central Team primarily responsible for matching the expertise of consultants to the needs of the non-profit organisations.

Assessing impact: Outcome of capacity building efforts

Toolbox has continuously sought to track its projects' progress, honing in on key focus areas and refining its evaluation techniques over the years. It has since adopted a proprietary, pre- and post-project assessment method that relies on expertise and intuition in measuring outcomes. Key elements that have featured prominently over past programmes are:

- Promotion of mission and vision of non-profits
- Reduction in costs
- Growth in programme outreach
- Incubation of new programmes
- Development of managerial and leadership skills and competencies
- Development of improved reporting systems and measurement metrics
- Improved governance and compliance protocols
- Financial sustainability of programmes¹⁶⁸

¹⁶⁵ Vijaya Balaji, ToolBox India Foundation "The Case for Pro Bono and Skilled-Volunteering in India" p. 6

¹⁶⁶ <http://www.tbxi.org/about/approach>

¹⁶⁷ <http://www.tbxi.org/about/governance>

¹⁶⁸ Interview with Vijaya Balaji, Managing Director, Toolbox India, on 08/07/2015

These evaluation measures are also valuable for non-profits that do decide to return to Toolbox following their project's completion. These organisations are able to develop further programmes based on the tools that had been adopted and the information of where skills gaps still exist.

Challenges and progress in managing volunteers

Vijaya Balaji explains that Toolbox India has and continues to face challenges in ensuring its volunteers' commitment to their respective projects and to the larger organisation. She notes that Toolbox India experiences a relatively high attrition rate, and continues to refine its approach in addressing these issues. To date, it has received over 100 volunteers, with approximately 40 deployed on projects at any given point in time.¹⁶⁹

1 – Scoping projects, introducing volunteers and reducing volunteers' workload

Toolbox notes that fluid timelines and scope significantly disincentivise volunteers' interests. To ensure volunteer commitment, Toolbox sets project timelines and follow-up meetings each fortnight, through physical meetings at the Toolbox office on Saturdays or over conference calls with the Toolbox team and the project lead. Toolbox staff also conduct thorough assessments, scope of projects, provide contextual background information and data access to volunteers as well as set up site visits and interactions with the SPO. Additionally, Toolbox guides its volunteers on the project execution, the Toolbox methodology and the non-profit environment.

On average each volunteer participates in two projects a year with a maximum length of six months. A minimum of two volunteers works on each project, to share the workload and to complement each other's skills and expertise. Toolbox caps the total number of projects to about 20-25 a year to ensure that volunteers are not overburdened and that SPOs are supported adequately.

2 – Managing volunteer operations across locations

Toolbox's partners and activities span across rural and non-rural regions in India. Volunteers are often based in city centres such as Mumbai and Delhi, while SPOs are located throughout Mumbai, Delhi, Kolkata and rural Maharashtra. In addition to active communication, Toolbox insists that its volunteers conduct two field visits – be it in rural or urban areas – to immerse themselves in grassroots operations and the organisation's local context. Toolbox encourages its volunteers to approach their partners from the community's perspective and manages its operations across multiple locations in two ways:

- Where there is a strategic and cultural fit, Toolbox tries to match volunteers equipped with the relevant skills to their non-profit organisation based on geographical proximity.
- For projects in which volunteers are not based in the same location as their partnering non-profit, Toolbox aims to reduce its volunteers' load by employing students, so volunteers' responsibilities become manageable, thereby strengthening their commitment.

¹⁶⁹ Interview with Vijaya Balaji, Managing Director, Toolbox India, on 08/07/2015

3 – From corporate to the non-profit sector

While there is significant overlap between the social and corporate sectors, the non-profit sphere often calls for a different set of approaches from the corporate world. To enable its corporate volunteers to make the transition, Toolbox provides volunteers with an induction programme that includes an overview of India's non-profit sector, sector-specific resources, and advice on consulting with the non-profit sector.¹⁷⁰

Toolbox also manages its volunteers' expectations by making sure that they understand the expected level of engagement and rationale of particular projects. Toolbox ensures that volunteers understand that non-profits may not be prepared to adopt new skills and technology and that each partnership between its volunteers and non-profits is a collaborative process. Volunteers must not simply assume the role of a consultant, immediately highlighting problems and directing solutions. Rather, both parties must exercise humility in their discussions when identifying problems and proposing solutions. Finally, Toolbox advises its volunteers not to bombard non-profits with technical jargon and terminology.

Conclusion

Over the years, Toolbox has established itself as a capacity-building intermediary in India. It has drawn on its experiences in both Belgium and India, constantly refining its practices. Through its partnerships with various SPOs, Toolbox has honed its tactic to identify needs. It has also improved on managing project timelines and assessing its impact. Toolbox has altered the non-profit landscape in India, allowing SPOs to see the value of capacity building beyond the principal functions of fundraising. Toolbox has also worked on managing its volunteers.

Further resources

- "Approach," Toolbox India Foundation, available at www.tbxi.org/about/approach accessed July 14, 2015
- "The Case for Pro Bono and Skilled-Volunteering in India", Vijaya Balaji, Toolbox India Foundation
- "Governance," Toolbox India Foundation, available at www.tbxi.org/about/governance accessed July 14, 2015

¹⁷⁰ Vijaya Balaji, ToolBox India Foundation "The Case for Pro Bono and Skilled-Volunteering in India" p. 8

Capacity Building in Practice

RECOMMENDED READING

Beyond the alphabetical listing of all references made in this report, we also split up the recommended readings to indicate whether it gives you an overview, practical guidance or a tool. These distinctions may enable you learn more to begin practising. All weblinks were checked for access on 01.05.2016.

Reference	Available at	Type
Aspen Network of Development Entrepreneurs (ANDE). 2014 Impact Report: State of the SGB Sector	http://www.andeglobal.org/blogpost/737893/220813/Impact-Report-2014-State-of-the-Small-and-Growing-Business-Sector...	Overview report
AVPN, Mettgenberg-Lemiere, 2016: Venture Philanthropy Practices in Asia: A Guide to Effective Impact Assessment	https://avpn.asia/capability-development-model/impact-assessment/	Practical guide and cases
Buteau, E., Buchanan, P., Bolanos, C., Brock, A. and Chang, K. The Center for Effective Philanthropy (CEP). 2008. More Than Money: Making a Difference with Assistance Beyond the Grant.	http://research.effectivephilanthropy.org/more-than-money	Overview report and guide
EVPA, Hehenberger and Boiardi, 2015: A practical guide to adding value through non-financial support	http://evpa.eu.com/publication/practical-guide-adding-value-non-financial-support/ For tools, see http://evpa.eu.com/knowledge-centre/publications/non-financial-support-process-tools/	Practical guide and tools
Goggins Gregory, Ann and Don Howard. The Nonprofit Starvation Cycle . Fall 2009, Stanford Social Innovation Review, Stanford Graduate School of Business.	http://ssir.org/articles/entry/the_nonprofit_starvation_cycle	Article
Impetus and UK National Advisory Board to the Social Impact Investment Taskforce. 2014. Building the Capacity for Impact: A report on the capacities needed by the social sector to deliver the aims of the social investment market.	http://www.impetus-pef.org.uk/wp-content/uploads/2014/09/Building-the-Capacity-for-Impact_September-2014_Final.pdf	Practical guide
Isserman, Noah. University of Cambridge. 2013. The Practices, Impact and Implications of Inspiring Scotland's First Five Years	http://www.inspiringscotland.org.uk/media/11731/An-Independent-Research-Report-Inspiring-Scotland.pdf	Overview report
John, R., The Skoll Centre, 2007. Beyond the Cheque: How Venture Philanthropists Add Value.	http://eureka.sbs.ox.ac.uk/732/	Overview report

Reference	Available at	Type
Koh, Harvey, Hegde, Nidhi and Ashish Karamchandani. April 2014. Beyond the Pioneer: Getting Inclusive Industries to Scale.	http://www.beyondthepioneer.org/wp-content/themes/monitor/Beyond-the-Pioneer-Report.pdf	Overview report
Rotheroe, Abigail and Joy, Iona. NPC, 2014. Strategy for Impact: NPC's practical approach to strategy development for charities.	http://www.thinknpc.org/publications/strategy-for-impact/	Overview report and practical guide
Shoemaker, Paul. Social Venture Partners Seattle, 2015. Reconstructing Philanthropy From the Outside-In: a Funder-to-Funder Point of View.	http://ssir.org/articles/entry/reconstructing_philanthropy_from_the_outsidein	Article
Social Innovation Fund, 2015, Evaluation Plan Guidance	http://www.nationalservice.gov/sites/default/files/documents/SIF%20Evaluation%20guidance%208%205%202014.pdf	Practical guide
The Foundation Center. The Foundation Center, 2006. The Capacity Building Challenge (Part I: A Research Perspective, Part II: A Funder's Response).	http://foundationcenter.org/gainknowledge/research/pdf/practicematters_07_paper.pdf	Overview report and practical guide
Venture Philanthropy Partners, 2004. High Engagement Philanthropy: A Bridge to a More Effective Social Sector	http://www.vpppartners.org/learning/reports/high-engagement-philanthropy-a-bridge-more-effective-social-sector	Overview report
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WINGS, 2015, Capacity Building Impact Assessment Webinar	http://www.wingsweb.org/blogpost/997257/226812/Webinar-Capacity-Building-Impact-Assessment	Overview and tool

Methodology

In 2015 we started building out the practice area capacity building through an iterative process shuttling back and forth between literature, case studies and practitioner interviews while detecting trends and patterns.

We started with a general framework based on literature and our understanding of practice. Based on this framework we developed questions about capacity building for VPOs regarded as leading the way in capacity building.

The next step was to develop case studies for each of these organisations. Writing the case studies was done over a few months and included the following steps:

1. Write the case study from available public material.
2. Shortlist follow-on questions for the organisation based on our framework, gaps and new themes arising out of the public material.
3. Arrange an interview with the VPO and also ask for additional material on selected topics.
4. Conduct the interview and integrate the findings to the case.
5. Send the draft of the case study back to the organisation either with more questions or as a final draft for approval.

In most case studies, the iterations between Step 4 and 5 were numerous. While we took editorial control, all case studies were published on the website only after fact-checking and consent with the VPOs.

Based on the set of ten case studies presented here, we returned to the capacity building literature to understand best practices and understand solutions to common issues such as gauging needs of SPOs, delivering the capacity building as well as understanding what works. These insights are now presented in Section 2 and the AVPN Capacity Building Canvas.

For future case studies and insights, please visit <https://avpn.asia/capability-development-model/capacity-building/> and reach out via knowledge@avpn.asia



About AVPN

The Asian Venture Philanthropy Network (AVPN) is a membership network headquartered in Singapore that seeks to increase the flow of financial, human and intellectual capital to the social sector, and to improve the social impact effectiveness of members across the Asia Pacific region.

We promote venture philanthropy in the broader philanthropic and social investment communities and provide specific networking and learning services to meet the needs of our members.

We have over 280+ organisations from 28 different countries spanning from various different sectors. We are building a cross-sector network bringing together organisations and individuals from finance, business and the social sector. Our members include private equity firms, private banks, wealth management institutions, other financial services organisations, professional service firms, family businesses, corporations, foundations, universities and government related entities.

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