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TOP 3 CHALLENGES & POSSIBLE STRATEGIES

A number of social enterprises were asked about successful strategies they have formulated to help overcome the top three challenges. Below are some of their strategies:

CHALLENGE 1: CUSTOMER ACQUISITION AND MARKET DEVELOPMENT

Customer acquisition and market development has been flagged as a challenge for social enterprises in all stages of growth. Social enterprises face the constant need to acquire new customers especially those whose businesses involve services or goods that are not procured by their customers on a recurring basis. Here are some strategies:

STRATEGY 1 >> Embark on Product and Price Differentiation

- As part of its business model, Lime Agency, a one-stop boutique agency in marketing, consulting and graphic design, works with a wide variety of clients ranging from corporate organisations to social enterprises, startups and non-profits. To cater to different clientele, Lime articulates a clear and unique value proposition by differentiating its services on two axes – price as in customised rate cards for different types of customers and offering as in giving full-on support and strategy regardless of the type of customers. Product and price differentiation are thus a cornerstone of Lime’s business strategy.

STRATEGY 2 >> Focus on Niche Areas

- E-nitiate, a courier company which employs marginalised youths, focuses on certain niche industries. This allows it to focus and come up with relevant and tailored services for the niche industries, thus enabling it to acquire customers in a more targeted manner.

STRATEGY 3 >> Focus on Quality while Embracing Social Impact as a Form of Branding

- Lime Agency and iFood, a food and beverage operator and supplier that employs the elderly, believe that the intrinsic value and quality of their products and services are primary motivating factors in influencing a customer’s purchasing decision, except for specific

niche markets. It is therefore important for social enterprises to stay competitive in terms of price and quality. Social impact then comes as an added benefit when comparing products and services of equal status, and can be harnessed as an attractive proposition for clients.

STRATEGY 4 >> Form Relevant Partnerships

- Social enterprises can seek to form partnerships with related social enterprises or other organisations to provide complementary products and services. Such partnerships aid in expanding their existing customer outreach and may potentially help to open up new markets.
- UNFRAMED, a training academy that nurtures entrepreneurs for greater social impact, argues that it is important to cultivate relationships with a series of “small yeses”. Once supporters have been roped in with the initial support, trust and credibility between stakeholders and social enterprises can be cultivated easily.

STRATEGY 5 >> Stay Ahead of the Trend

- UNFRAMED constantly innovates and reinvents itself to stay ahead of the trend. It aims to identify future market gaps and takes the opportunity to be the first mover in the industry, enabling it to acquire early bird customers.

STRATEGY 6 >> Be Nimble

- In the initial stages, WateROAM, a water innovation company that provides highly portable water filtration services, relied primarily on disaster relief and management to generate sales. However, this proved to be an unsustainable market development tool. To address the challenge, WateROAM branched out to micro-entrepreneurship and the distribution of water filtration products, a model that proved to be more sustainable. It

is important to stay nimble and be flexible in adapting the business model to stay relevant.

- Bettr Barista, a coffee training academy that employs and trains marginalised women, understands the importance of asking for honest feedback from non-customers who are unwilling to buy its products. It would then react nimbly by constantly updating its strategy to respond to feedback.

CHALLENGE 2: ACCESS TO FINANCIAL SUPPORT

The majority of social entrepreneurs relied on their personal capital when they first started their business. Subsequently, many of them relied on a mix of personal capital, grants, loan, equity as well as sponsorship and donations for their working capital. Even when there are revenue streams, funding is often needed for expansion and cash flow gaps. Therefore, access to financial support is a recurring challenge for social enterprises. Strategies to cope with this are as follows:

STRATEGY 1 >> Focus on Quality

- Many of the surveyed social enterprises reiterate the importance of focusing on the intrinsic quality of their products and/or services. Financial support will follow when the products and/or services are competitive.

they seek as each application usually requires considerable amount of time to prepare. It is thus important to schedule and plan one's time.

STRATEGY 2 >> Leverage on Networks

- Social enterprises can leverage their own networks as well as industrial networks such as raISE, NUS Enterprise as well as SPRING Singapore to reach out to funders and new funding avenues. They can also approach mentors for help as most are well connected.

STRATEGY 3 >> Be Resourceful

- Social enterprises should be resourceful and be on the lookout for grant competitions in which they can participate. They should plan ahead and be strategic about the nature and type of funding – funds/grants/investments –

STRATEGY 4 >> Pitch with Purpose and Clarity

- WateROAM has the following tips for a business pitch
 - a) Highlight that the problem your social enterprise is solving is a legitimate and important one.
 - b) Identify existing market gaps and show how your social enterprise can bridge them.
 - c) Present the milestones that have been achieved by your social enterprise thus far.
 - d) Demonstrate to the judging panel that you have a strong team and advisory panel.



CHALLENGE 3: LACK OF PUBLIC AWARENESS

Among the social enterprises interviewed, 31 percent believe the lack of public awareness is an obstacle in achieving business sustainability and expansion. According to the latest public perception study commissioned by *raiSE* and implemented by Republic Polytechnic and ACSEP in 2016, there is a positive correlation between awareness of social enterprises and the purchase motivation of consumers. When the public can correctly identify social enterprises, they are more likely to become customers.

Hence, to increase the visibility and public awareness of social enterprises, social enterprises should focus on differentiating themselves from traditional businesses. 2016 respondents of the public perception survey said that the most important differentiating factor is the hybridity of social enterprises or their dual goals – “doing good while making a profit.” Self-identification – “what the social enterprise says about itself” – is next.

Many social enterprises use the following strategies to increase public awareness of their organisations.

STRATEGY 1 >> Engage in Storytelling

- Many SEs share that it is crucial to create and curate success stories of one’s organisation for portfolio building and to demonstrate track record. This increases brand visibility and publicity. They also emphasise the need to weave a convincing founding story to capture the hearts of the public and the press.
- Social enterprises can also articulate their story and social mission through film and videos as these are powerful story telling tools that appeal to people’s senses.

STRATEGY 2 >> Leverage Media Platforms

- *WateROAM* sources for appropriate media to market its organisation. The founders ensure that the interviews they accept are in line with their agenda. Since its inception, *WateROAM* has been successful in getting its story published on Impact Journalism Day²¹ which resulted in it being featured by eight major newspapers around the world including *Huffington Post* and *USA Today*, generating a lot of publicity for the social enterprise.

STRATEGY 3 >> Organise or Participate in Social Events/Festivals

- Social enterprises can participate in and set up booths in various social events/festivals such as *raiSE*’s *FestivalForGood* to raise public awareness of their organisations.

STRATEGY 4 >> Be Creative with Marketing Materials

- Social enterprises can market their organisations with tools such as business cards, wearables, brochures and newsletters. *Lime Agency* and *Dove Doodle* have unique name cards that allow them to leave a deeper impression on their recipients. The founder of *UNFRAMED* is a passionate advocate of his organisation. As an *UNFRAMED* brand ambassador, he routinely wears his organisation’s T-shirt during meetings and events.

