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BRIDGE
ACCELERATOR

BRIDGE ACCELERATOR
- FROM VIABILITY TO SUSTAINABILITY

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PROMOTED BY THE BRIDGE FOUNDATION

CONTEXT

As we approach the 22nd year of the third millennium, our world continues to grapple with poverty and its associated evils. Despite efforts in poverty reduction through government programmes, philanthropy and efforts of non-governmental organizations, poverty remains a huge problem, manifesting itself in social issues such as crime, exploitation of women and children, human trafficking and even religious fundamentalism.

The Covid-19 pandemic has further accentuated the problem by unleashing a global health crisis not seen in our living memory that consumed not just lives, but also livelihoods, especially those of the poor and the marginalized in developing countries. The pandemic in India itself is estimated to have pushed over 100 million people into poverty.

The grim situation of poverty in India has now become all the more alarming and makes it clear that going forward we have to substantially increase our efforts and employ new strategies as we strive to overcome the formidable challenges of poverty and inequality.



364 MILLION MULTIDimensionALLY POOR INDIANS.

From the global Multidimensional Poverty Index (MPI) data and publication of 2020 jointly developed by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI), the key findings reveal that 1.3 billion people across a hundred and seven (107) countries are “multidimensionally” poor. Concerning India, the report states that based on the data from the National Family Health Survey (NFHS 4) 2015/16, similar to the report in 2018, the number of “multidimensionally” poor Indians stand at a staggering 364 million.^[a]

THE BRIDGE FOUNDATION for over three decades, has pioneered the concept of ‘enterprise solution to poverty’. The foundation has promoted microenterprise development empowered through microfinance and initiated innovative programmes in Micro Insurance and Micro Resource Bridging.

About 20 years ago, the concept of driving social impact through enterprise began to take shape, and a breed of highly motivated individuals called social entrepreneurs began to emerge.

The Bridge Foundation has endeavoured to assist and support these entrepreneurs and their enterprises wherever possible. Meanwhile, the foundation has been monitoring the lifecycle of these social enterprises for over two decades now and has a reasonably good understanding of their value towards social development, as well as the limitations and challenges they face

We believe that social enterprises are capable of driving quick and long-lasting social transformation, provided that they are conceptualized appropriately and nurtured through the difficult gestation period to a point where they can overcome market challenges.



SOCIAL ENTERPRISES are “for profit” or “non-profit” enterprises that are designed to achieve a significant and positive social impact on the underprivileged society.

USUAL INSTRUMENTS OF POVERTY ALLEVIATION

Tools employed by government and non-government organizations to combat poverty include:

- Social development programmes by governments & NGOs
- Economic development programmes by governments & NGOs
- Relief programmes by governments and NGOs.
- Corporate Social Responsibility (CSR) programmes by corporates
- Social enterprises.

Economic development and relief programmes have been the more popular instruments of poverty alleviation and eradication. They are conducted by governments and NGOs, and in the last few decades, have also witnessed the participation of corporate organizations as part of their corporate social responsibility programmes. These programmes are almost universally dependent on a budgeted mobilization cost to get them started, and further, consume additional capital and resources to sustain them.

Social enterprises however, would require only the initial capital influx after which they can develop into self-sustaining engines of social development. A viable social enterprise not only generates revenue to cover its operating cost but will also deliver a surplus. This surplus offers the opportunity for reinvestment in future growth of the enterprise and a return on investment. The social enterprise thus, continues to deliver the fruit of social impact on a continuous basis over the long term.

In addition, there are a few salient features inherent to social enterprises that contribute to successful social impact.



- The social entrepreneur, the champion of the enterprise, drives the enterprise and its value proposition to benefit the client. The entrepreneur is often nimble and adapts to the market environment, harnessing change and technology to pioneer new paths to meet client's needs.
- Since enterprise hinges on the value proposition, it does not divert its attention to the plethora of other problems that exist in the ecosystem. Accordingly, the products/services provided have a focused approach and are thus more effective.
- Social enterprises that have achieved significant social impact through successful business models offer the opportunity of replicating these models in other geographies and across diverse demographics.
- Social enterprises serve "CLIENTS" instead of "BENEFICIARIES". Clients can leverage stakeholder value to drive the value proposition of the enterprise, forcing it to continuously refine its product/service, thus producing a viable and sustainable social enterprise.
- The social enterprise business model driven by clients rather than beneficiaries results in a stronger affinity to the enterprise, developing a loyal customer base.

THEN WHY ARE LARGE SCALE SOCIAL ENTERPRISES SO RARE?

Inasmuch as social enterprises drive development, the entity in itself is prone to huge challenges in its journey to success. Such challenges often overwhelm the enterprise and drain it of its resources and energy. Regrettably, in spite of noble and persevering efforts, it is often very difficult to stay afloat, and even good work could meet a premature end.

The World Economic Forum, published an article in 2017 on the reasons why social enterprises in Mexico fail, referencing a study conducted by “The failure Institute” whose findings revealed that 92.2% of social enterprises fail within seven years and 94.8% of social enterprises did not make it to their 10th year of operation. The study also revealed that 78.3% of these enterprises were not supported by an incubator or accelerator^[b]

The Bridge Foundation’s 32 years of experience in the social enterprise space has garnered valuable insights into the unique challenges faced by social enterprises. The challenges can be grouped into the following main issues:

Product & Enterprise Premium

Despite serving the poor and underprivileged, social enterprises find it difficult to command a premium for their product or service from high street consumers who remain indifferent to the “how” and “by whom” the product has been made, and are only concerned with price and quality.

Also, more often than not, they are unable to command a premium on their enterprise value from investors, in lieu of the valuable social impact that they are achieving.

Technology

The world is hurtling towards a higher degree of automation, and most products are now machine made with little or no human intervention. Technology is accelerating this process to the peril of social enterprises that seek to provide jobs and livelihoods, especially in developing countries.

Furthermore, automation delivers mass-produced error-free precision products at a price point where such products if handmade would simply not be viable.

Unfair Competition

Social enterprises face unfair competition from both the higher and lower end of the economic spectrum;

- At the higher end, from large corporations that can trump social enterprises with huge capital and the ability to employ technology for mass production and high precision. Corporations are able to use their economic resource to create brands that would command a higher price point and valuation.
- At the lower end, social enterprises face competition from small, unorganized and sometimes unscrupulous producers that employ unethical and even illegal practices such as adulteration, child labour and tax evasion to outsell products made by ethical and law-abiding social enterprises.

THE POSSIBLE SOLUTION

Perhaps the solution lies in carefully examining those social enterprises that have succeeded despite the challenges listed above. We have noticed that the common thread among most of these organizations is that they have achieved significant scale.

What is significant scale?

Significant scale could be defined as the point in the growth and development of the enterprise where its products and services are able to reach a large enough number of clients in a diverse enough demography and geography to achieve long term sustainability.



Let us examine how achieving significant scale allows the social enterprise to overcome the challenges that were listed earlier.

Product & Enterprise Premium

Large scale social enterprises have been able to develop their own brands. They have access to marketing channels and mass advertising options that allow them to command a premium for their products and services. The brand of Amul^[c] and FabIndia^[d] in India and ServiceMaster^[e] in the US are good examples of scaled and branded social enterprises commanding a premium for their products.

These large scale social enterprises also become more profitable and increase their visibility, which would in turn significantly improve their enterprise value in the eyes of investors. Ujjivan Bank^[f] is a microfinance institution that was publicly listed at a premium to its enterprise value.

Technology

Scaled social enterprises are in a unique position to identify and adopt appropriate technology that empowers them to improve their efficiency, accuracy and productivity without compromising on their core principles of delivering significant social impact.

In India, Amul^[g] is a milk cooperative that serves over 3.64 million individual women micro diaries having 1 or 2 cows, organized in

18,600 milk cooperatives. Complementing the magnitude of the milk produced is Amul's state of the art technology to process it into diverse downstream products such as cheese, yoghurt, butter, and beverages, resulting in a multibillion-dollar social enterprise. At significant scale, technology becomes the enabler rather than the enemy of social enterprise!

Unfair Competition

Large scale social enterprises have triumphantly demonstrated that they are more than a match for any large profit-making corporation. Scaled social enterprises have not only used corporate tools of success such as technology, branding, mass production and advertising but have also emphasized the value of their social impact throughout their narrative, raising the bar from quality product at healthy profit to quality product at reasonable profit with happy people and a safe planet. One such enterprise is Tony's Chocolonely^[1], a Dutch confectionary from the Netherlands, which was able to outstrip the market share of global giants such as Mars and Nestle in 2018.

The unfair competition from small local producers gets negated by strict adherence to quality standards and regulatory requirements, thereby creating a comfort level among the consumers which results in long term brand loyalty. The roadside eatery on a street corner of Mumbai will proudly proclaim 'Amul butter' as its key ingredient in its Pāv Bhaji.^[1]

OUR INITIATIVE TOWARDS THE SOLUTION

Social enterprises are an excellent tool to address specific social problems in society. They are viable, can be long term sustainable, delivering social impact and reasonable return to their investors on a continuous basis.

However, their failure rate is appalling and we believe this is because many of them are unable to negotiate the challenging transition from viability to sustainability. Our thirty years of experience indicate that in order to progress from viability to sustainability, social enterprises need to achieve significant scale.

The Bridge Foundation has therefore resolved to invest its resources in helping social enterprises to achieve significant scale. The foundation will achieve this through the promotion of a Bridge Accelerator.



THE BRIDGE ACCELERATOR

The bridge accelerator is a **digitally powered ecosystem** developed to facilitate **viable social enterprises** to progress from start up to **significant scale**.

The accelerator will endeavour to provide **access to Capital, Learning & Business connections** to the fledgling entrepreneurs.

Services from the accelerator are **free of cost**, however, all applicants are expected to **'pay it forward'** by making a **firm commitment** to help social enterprises in the future.



DIGITALLY POWERED ECOSYSTEM

The bridge accelerator intends to create an ecosystem consisting of social entrepreneurs, mentors, consultants, investors and others that interact with each other in real-time to help the social entrepreneurs in their journey towards achieving a significantly scaled operation.

This ecosystem would be predominantly digital thus becoming geographically agnostic and significantly scalable. We envisage that this ecosystem will be self-sustaining and self-perpetuating and continue to grow, akin to a movement.



VIABLE

The viable enterprise would be one that has demonstrated its viability in the following areas:

- Financial viability; by having a positive cash flow and bottom-line or the ability to deliver one in the near future.
- Regulatory viability; being able to operate within the law of the land and complying with all legal and regulatory requirements.
- Environmental viability; being able to operate without damage to the environment in any way
- Social viability; being able to operate without exploitation of any stakeholder.



SOCIAL ENTERPRISE

Social enterprises are “for profit” or “non-profit” enterprises that are designed to achieve a significant and positive social impact on society.



SIGNIFICANT SCALE

Social enterprises would have achieved significant scale when they reach the level of market penetration and profitability that ensures long term sustainability.



ACCESS TO CAPITAL

The bridge accelerator will provide social entrepreneurs with exposure to investors and access to various forms of enterprise capital based on their requirements.

The enterprise capital would include:

- Angel Investment
 - Venture Capital Investment
 - Debt Finance – in the form of loans and non-convertible debentures
 - Government grants
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ACCESS TO LEARNING

The Bridge Accelerator will identify the learning needs of the social entrepreneur through an in depth evaluation process. These knowledge gaps will then be bridged by providing access to suitable mentors, industry experts, business schools, educational programmes and consulting agencies, and utilizing these resources for the growth of the enterprise.



ACCESS TO BUSINESS CONNECTIONS

Social entrepreneurs are usually new and inexperienced in the complex world of business. The bridge accelerator will endeavour to provide entrepreneurs with valuable contacts in diverse areas of business operations which include, but are not limited to, the following:

- Professional Services for business management, finance, legal compliance, etc
 - Access to appropriate technology
 - Physical infrastructure
 - Expertise in marketing and business development
 - Assistance in procurement and management of raw materials.
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FREE OF COST

The Bridge Accelerator is promoted by the Bridge Foundation, a 35-year-old development organization focused on achieving social development through enterprise. Our mission is to impact society through the good work done by social enterprises that we support.

Hence, the social enterprises that are accepted as members of the bridge accelerator programme will not be required to pay for services of the bridge accelerator. However, external consultants, professional advisers and service providers who are accessed by the entrepreneurs may require compensation.



PAY IT FORWARD

“Pay it forward is an expression for describing the beneficiary of a good deed repaying the kindness to others instead of to the original benefactor”
- Wikipedia



FIRM COMMITMENT

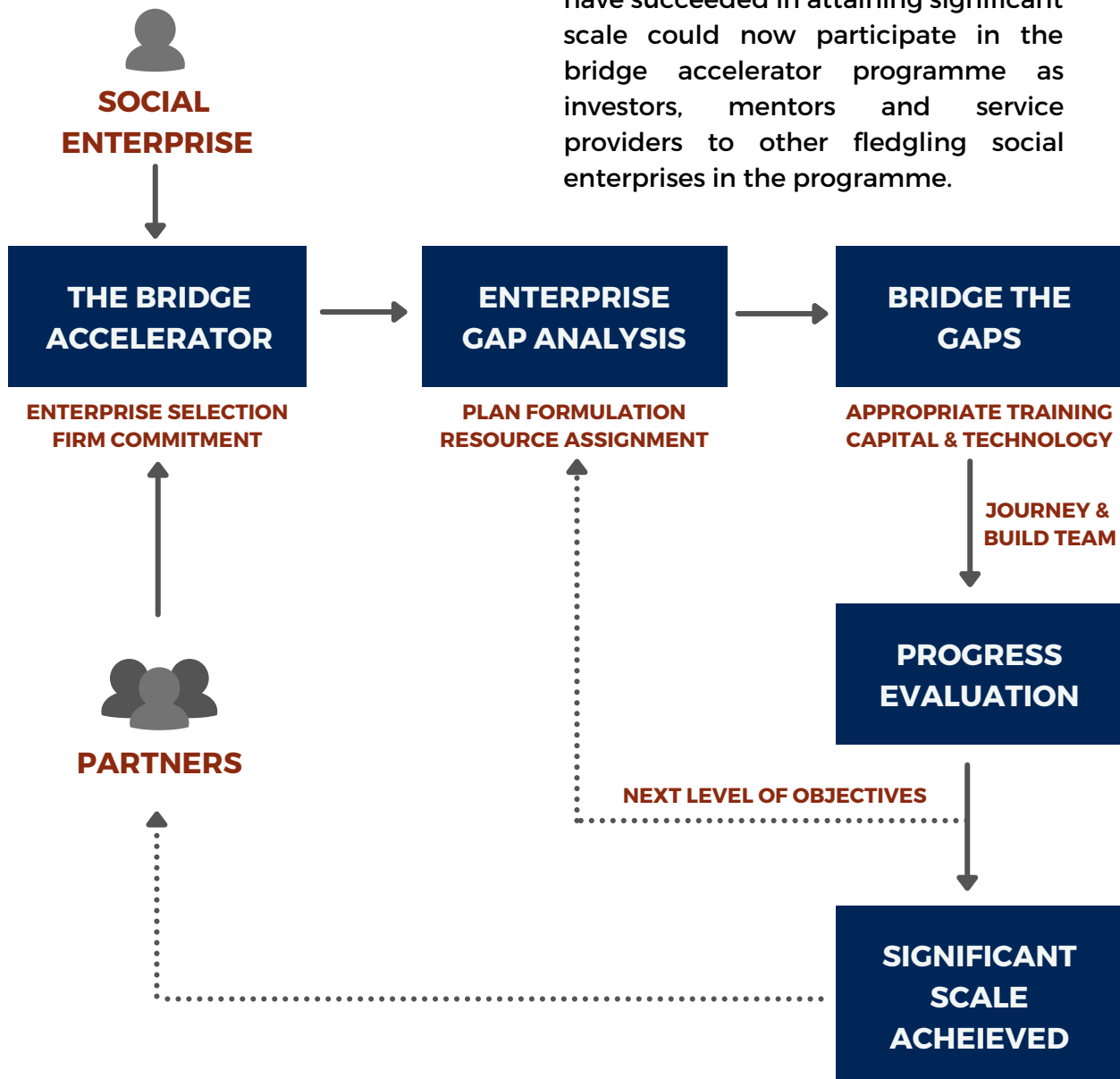
The social enterprises that are part of the bridge accelerator programme will be required to give an undertaking that they would help other social enterprises and the bridge accelerator in the future, in a manner and to the extent that they can.

BRIDGE ACCELERATOR PROCESS

The bridge accelerator would essentially operate as an intelligent platform that would identify social enterprises that have the potential for significant scaling to achieve long term sustainability. These selected enterprises would then be subjected to an exhaustive evaluation to identify the gaps in their systems and processes that hinder scaling. Accordingly, the bridge accelerator would then help the enterprise bridge those gaps by providing them access to technology, learning, capital, infrastructure and much more.

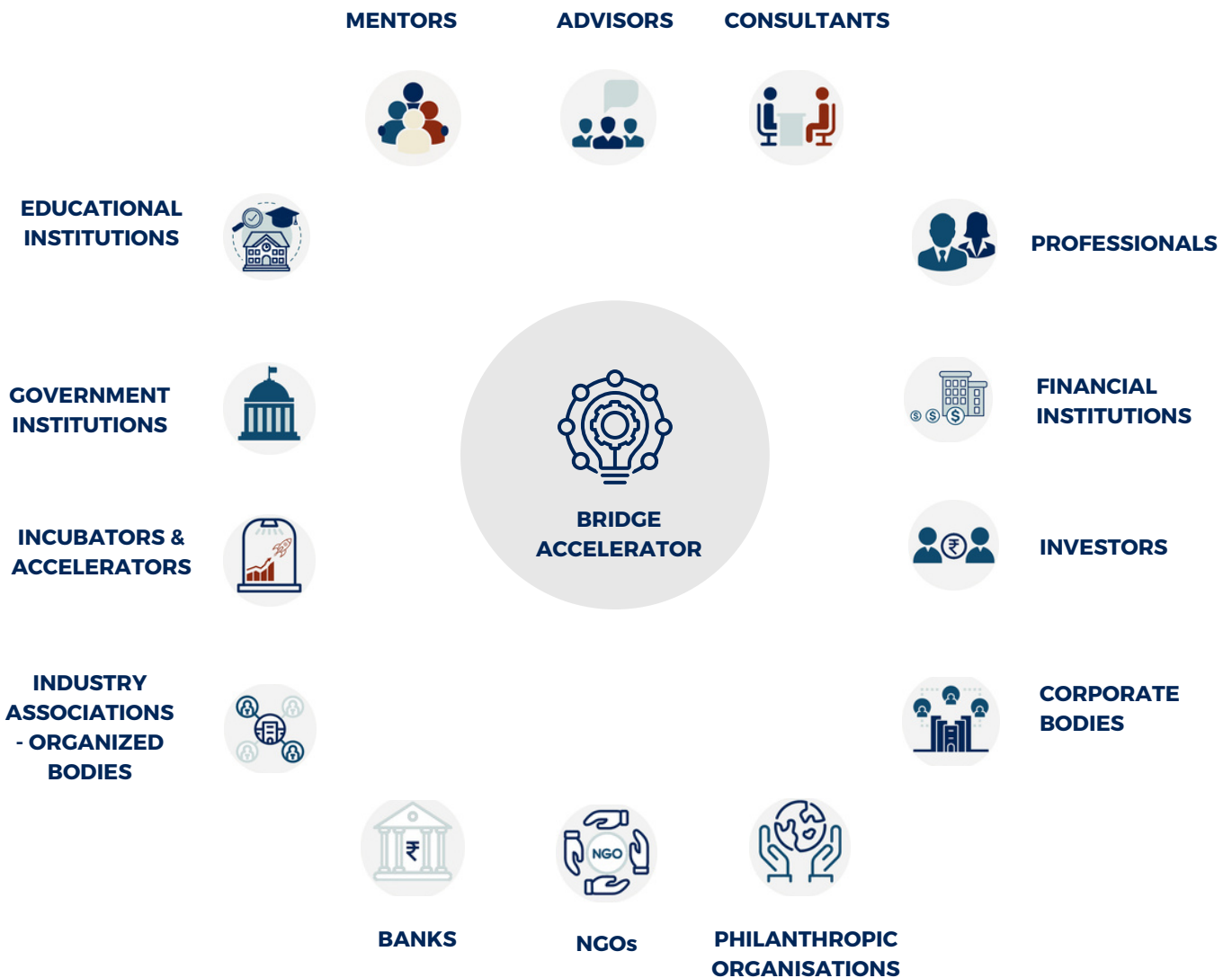
There would be a periodic re-evaluation of the enterprises in the programme, to track incremental improvement and if necessary, help with business process refinement or even strategic pivoting. This would foster a virtuous cycle of growth and development of the enterprise until it reaches significant scale. Once such long term sustainability is achieved the objective of the bridge accelerator would be met.

We believe that the bridge accelerator's role in the lifecycle of these social enterprises need not come to an end. The social enterprises that have succeeded in attaining significant scale could now participate in the bridge accelerator programme as investors, mentors and service providers to other fledgling social enterprises in the programme.



PARTNERS

From the operating model of the bridge accelerator described, it is clear that we will develop a network of partner institutions and individuals. These partners would include social investors, technology providers, educational institutions, government programmes along with industry experts and professionals, but most of all committed, like-minded individuals offering their knowledge and expertise as mentors and business coaches. The bridge foundation will delve deep into its pool of relationships developed over three decades of social work to populate this network. However, we envision this network expanding and developing continuously going forward, through the help and goodwill of all its participants.



WE NEED YOUR HELP!

There is a well-known African proverb “If you want to go fast, go alone. If you want to go far, go together.” The bridge accelerator aims to go far, and for this, we need your help to enrich the vision that has been articulated in this paper with your experience and expertise.

We are reaching out to you because we believe that your contribution is necessary for us to achieve this dream of creating an accelerator that facilitates social enterprises in their difficult journey from viability to sustainability.

You could advise and mentor the programme to help refine its systems and processes. We also need to expand the pool of mentors, consultants, advisors and investors and your help in identifying like-minded individuals and institutions will be invaluable.



We will appreciate your feedback and thank you in advance for your help.

Please get in touch with our program coordinator Esther Nivedita via email: esthernivedita@bridgeaccelerator.com

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