



Policy on Social Enterprises and Eligibility for Social Enterprise Discounts

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Purpose

The purpose of this document is to define social enterprises and to layout guiding principles for the eligibility for Venture Center's Social Enterprise Discounts.

Definition of social enterprises:

The Venture Center defines Social Enterprises as follows:

1. Have business models that are sustainable (Note: Profits or surpluses are the simplest and cleanest route to sustainability and growth; but other ways exist)
2. Create value for society (or some part of it) by offering products and/or services that address certain problems or unmet needs of society, but in the case of social enterprises also:
 - create significant positive social and/or environmental impact and/or
 - serve marginalized, under-served sections of society; typically those who have limited ability to pay for products and services or have limited access or could represent an unattractive commercial market segment, and/or
 - create significant enhancement in quality of life, productivity, upward mobility of the economically weaker sections of the society.
3. Inspires considerable good-will in society and can thus enlist the support of the government, charitable organizations, employees, customers, suppliers, investors etc.

Social enterprises have to be sustainable initiatives like any other commercial enterprises. The basics of building social enterprises are the same as for commercial enterprises. The key difference is only in how they arrange to secure their resources. For example:

- A social enterprise may find dedicated employees willing to work for the company and its cause at a discount
- A social enterprise may find investors with modest return expectations and less aggressive time lines.
- A social enterprise may get the support of the government via funding schemes, national missions, regulations and policy etc.
- A social enterprise may get access to knowhow on concessional terms.
- A social enterprise may get endorsements, visibility and word-of-mouth publicity due to good will.

A Social Enterprise can be structured as a for-profit or non-profit entity. However, as per Venture Center's definition, it must have a sustainable business model that does not exclusively depend upon short-term charitable/grant commitments.

What constitutes a social enterprise is always contextual and changes with geographical locations, times and specifics in each society.

Examples of social enterprises:

1. A company addressing societies most pressing problems like health, water, food, energy etc with an element of compassion such as a company delivering clean drinking water in rural India, a company building local distributed clean energy solutions in rural India etc
2. A company addressing needs of the disabled and aged.
3. Companies working towards addressing the UN's Millennium Development Goals by offering affordable solutions in the poorest regions of the world.
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Examples of enterprises unlikely to be social enterprises:

1. A cigarette company
2. A luxury fashion chain
3. A jewellery chain
4. A sports car company

See Appendix 1 for further details.

Venture Center is committed to supporting social enterprises:

The Venture Center is committed to supporting social enterprises. It will make every reasonable effort to support Social Enterprises by:

- Creating special services aimed at Social Enterprises
- Discounting selected services
- Raising corpus funds and endowments to make possible additional discounts, and new service offerings and resources (such as fellowships) for entrepreneurs.

Key initiatives of Venture Center of interest to Social Enterprises:

- Pre-incubation and business planning support (via the deeply discounted INCLUDE program)
- Events, training programs and networking opportunities (ex: Social innovation lecture series; Several campaigns etc)
- Funding advisory and database; Inviting Impact Funds to visit Venture Center and meet social enterprises in our portfolio
- Subsidized infrastructure services for qualified applicants (25% discount on all services)
- Social innovation and entrepreneurship collection in the Venture Center Library
- Internal database and mentors for referrals and networks of relevance to social entrepreneurship
- (In process) Venture Center is raising a corpus fund for supporting fellowships for budding social entrepreneurs through their first year of developing their business idea.
- (In process) Venture Center is working to try and build a database of technology offerings available to social enterprises.

Venture Center's focus areas and preferences:

While the Venture Center is happy to support all kinds of Social Enterprises, when it comes to dedicating resources and offering discounts, it will give priority/preference to:

1. Startups that are pursuing technology-based/ knowledge-intensive/ science-based interventions. Startups leveraging the scientific expertise of academic and R&D organizations
2. Startups that have been founded by first time entrepreneurs
3. Startups that are under 3 years old
4. Startups that have not yet raised commercial investment
5. Startups receiving funding support from BIRAC SPARSH program, but only for the duration of their project.

Eligibility for social enterprise discounts:

See Appendix 2

At this time, the Venture Center is able to only support a limited number of companies under this program at any given time. The Venture Center reserves the rights to refuse any application without providing a reason.

Process to be followed:

- Requests for discounts from startups shall be screened by the Manager-Incubator for eligibility at the time of admission.
- The analysis as per Appendix 1 and 2 shall be provided to the Admissions Committee or equivalent authority.
- The decision of the Admissions Committee or equivalent authority shall be final.

Implementation date:

- This policy shall be implemented starting 1 Jan 2016.
- Venture Center shall honor all previously agreed commitments.

Contact person and responsibility for implementation:

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Appendix 1: Checklist for ascertaining whether company is a social enterprise as per VC definition

For any organization, evaluate if they are Social Enterprises by filling the form below.

S. No.	Criteria	Question	Select Yes/No
1	Legal entity	Is the legal entity and organization and not individual? Organization can be for-profit or non-profit. Organization registered as Company, Society, Trust, LLP.	
2	Sustainability	Does the organization have a model for sustainable operations (not necessarily growth), <ul style="list-style-type: none"> • By having a feasible customer-driven revenue model • By having a significant corpus or endowment • By having long-term financial commitments from grantees 	
3	Problem being addressed	Is the <i>main</i> (representing the largest part of sales volumes) problem for which the organization proposes to build and deploy a solution in the form of a product or service of: <ul style="list-style-type: none"> • Wider social relevance? and/or • Relevance to the marginalized and/or under-served and/or economically weaker sections of society? and/or • interest to “impact” funders and investors but not of interest to commercial investors, and/or • importance in terms of longer term environmental impact but not commercially attractive in the short term; and/or • importance for satisfying a important basic needs (ex: basic nutrition, clean water, life saving drugs/devices/ diagnostics etc) and not a “want” that is meant for satisfying whims, greed, etc or assert status, power etc?, and/or • with potential for significant enhancement in quality of life, productivity, upward mobility of the economically weaker sections of the society 	
4	Nature of solution	Is the organization's planned <i>main</i> product or service meant for wider customer base (and perceived as a necessity) as opposed to a premium or exclusive product? (as perceived by commercial investors)	
5	Substantially social	Is the segment of the organization that is responsible for social impact, is the <i>primary</i> focus of activities of the organization?	
6	Other indicators	Is the organization being substantially (more than 50% of its budget) funded by any of the social innovation funding schemes (ex: SPARSH, Wellcome Trust) or socially oriented seed funds (ex: Villgro) or impact investment funds (ex: Aavishkar) or CSR funding?	

Social enterprise	=	Yes for (1)	+	Yes for (2)	+	Yes for 3 categories out of (3), (4), (5), (6)
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Appendix 2: Checklist for ascertaining eligibility for social enterprise discounts

Evaluate eligibility for Venture Center’s Social Enterprises discounting by filling the form below:

S. No.	Criteria	Question	Select Yes/No
1	Social enterprise	Is the organization a social enterprise as per criteria defined in Appendix 1?	
2	Knowledge intensity	Is the startup pursuing technology-based/ knowledge-intensive/ science-based interventions for the problem?Is the startup leveraging the scientific expertise of academic and R&D organizations/ scientist/ inventors?	
3	First time entrepreneurs	Has the startups been founded by first time entrepreneurs?	
4	Age of startup	Is the startup under 3 years old?	
5	Commercial investment	Is the startup yet to raise a round of commercial investment?	
6	Social innovation funding	Is the startup receiving funding support from BIRAC SPARSH program and in the midst of the funding period?	
7	Exceptional issues	In the view of the Admissions Committee or equivalent, is there any exceptional/outstanding reason for VC to treat this startup preferentially including strategic fit with VC plans, visibility for VC etc	

Eligible for discounts	=	Yes for (1)	+	Yes for 3 categories out of (2), (3), (4), (5), (6), (7)
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