

empowering people. **Network**

Technologies for basic needs

and

**FASE**

FINANZIERUNGSAGENTUR FÜR  
*Social* ENTREPRENEURSHIP

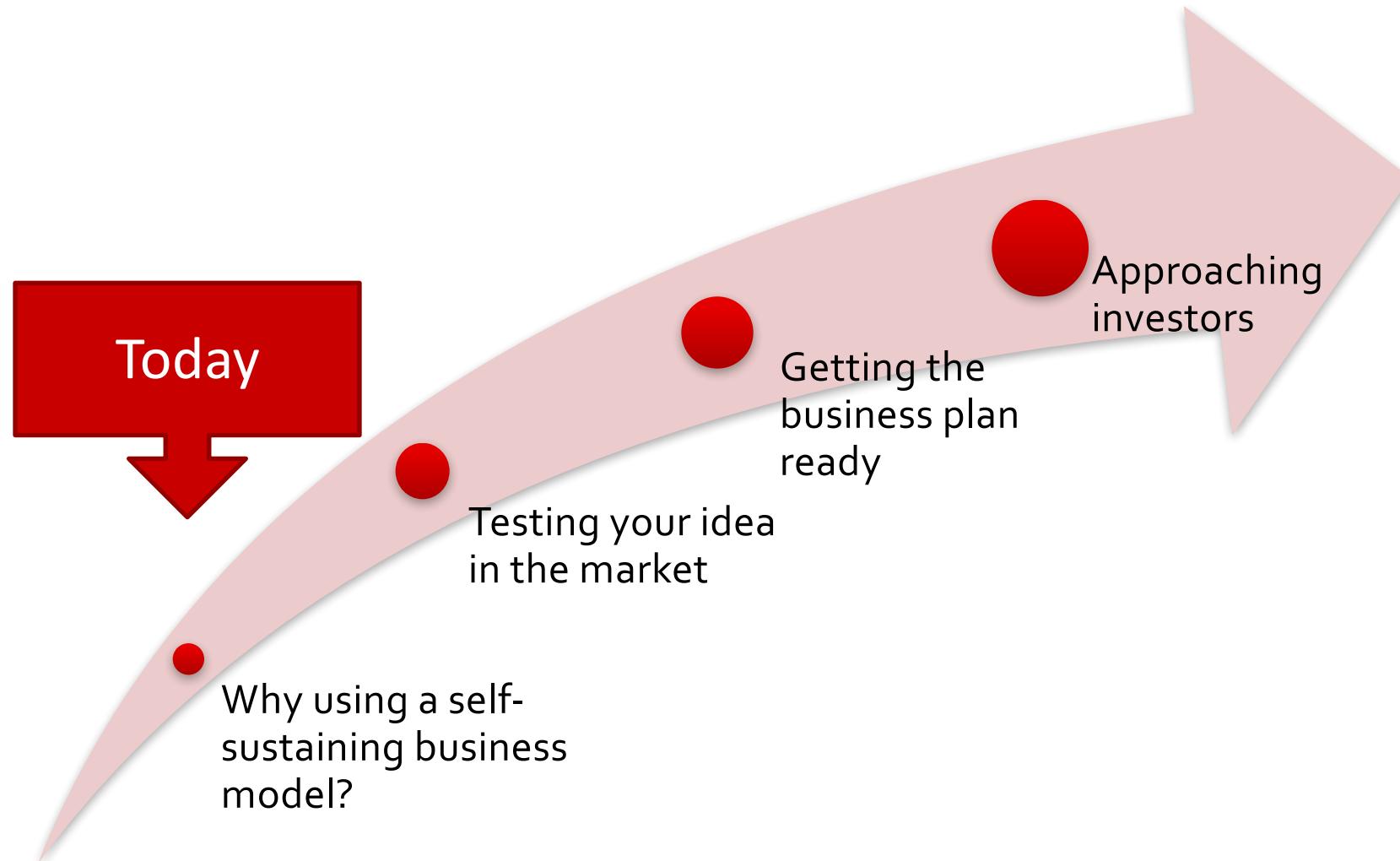
present the webinar series “from the idea to the investor”

## PART I:

### THE FIRST BIG STEP

How to transform from a donation-based project into  
a sustainable social enterprise

# The webinar series



# Agenda

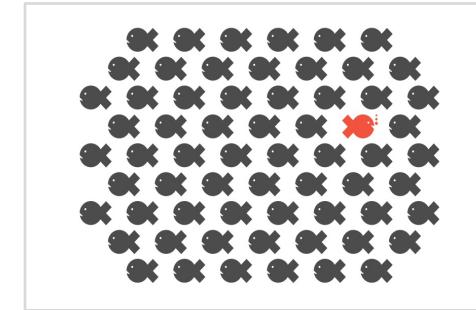


- 1) Introduction to FASE and the world of social entrepreneurship**
- 2) Assessment and requirements when transforming into a social business**
- 3) Key learnings and outlook**

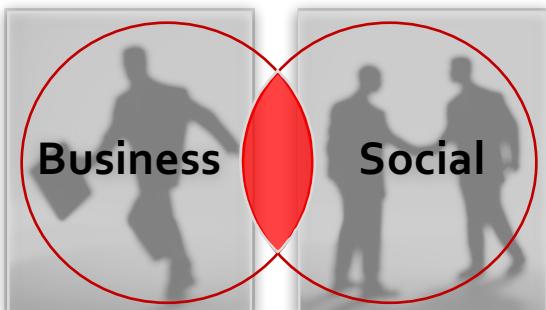
# FASE in a nutshell



- 100% Ashoka subsidiary
- Extensive network of partners and pro-bono supporters



- Looking for the one to change the system
- The change can start in any country!

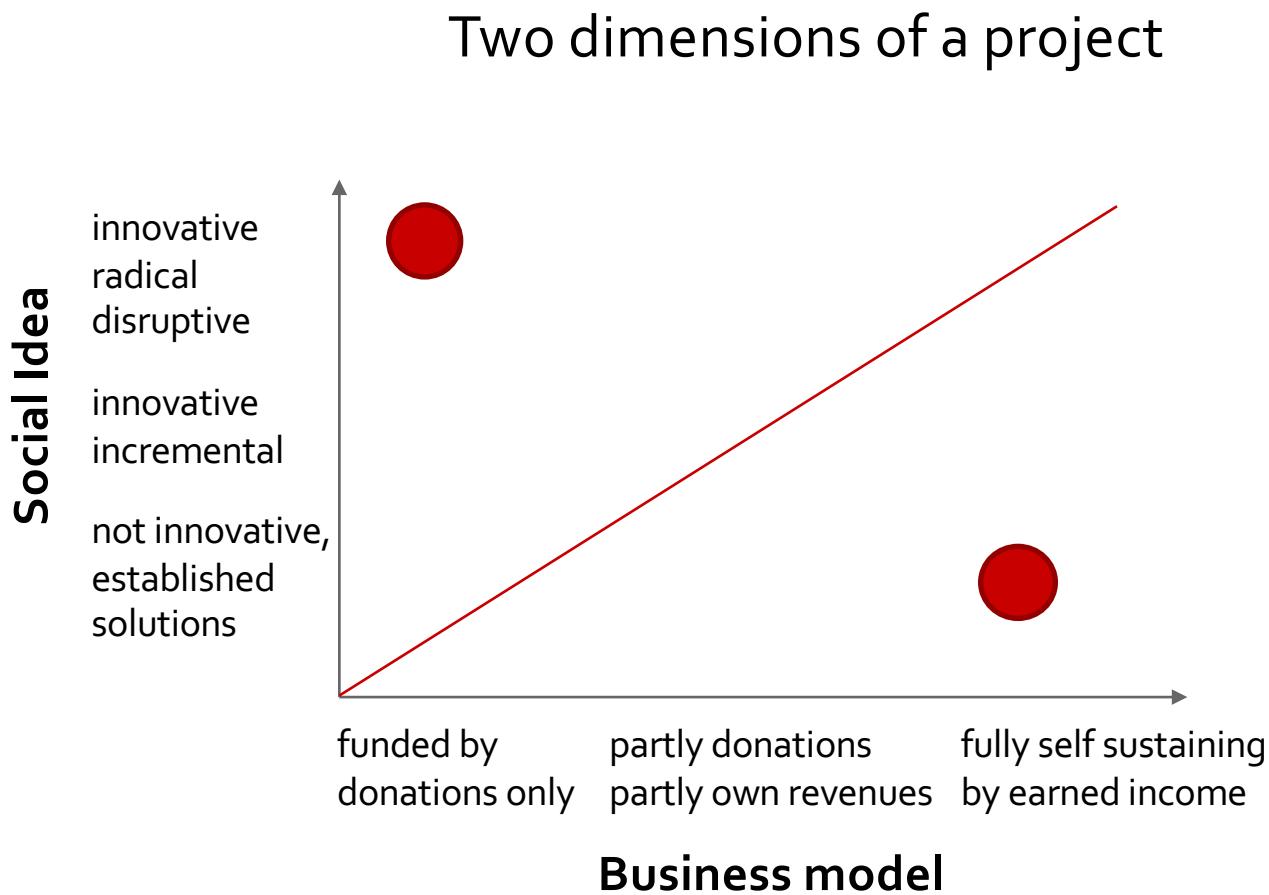


- We operate where business and social meet



- We build bridges between investors and social entrepreneurs

# The world of social entrepreneurship



*"Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems [...] They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else."*

Source: Ashoka

*"Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return."*

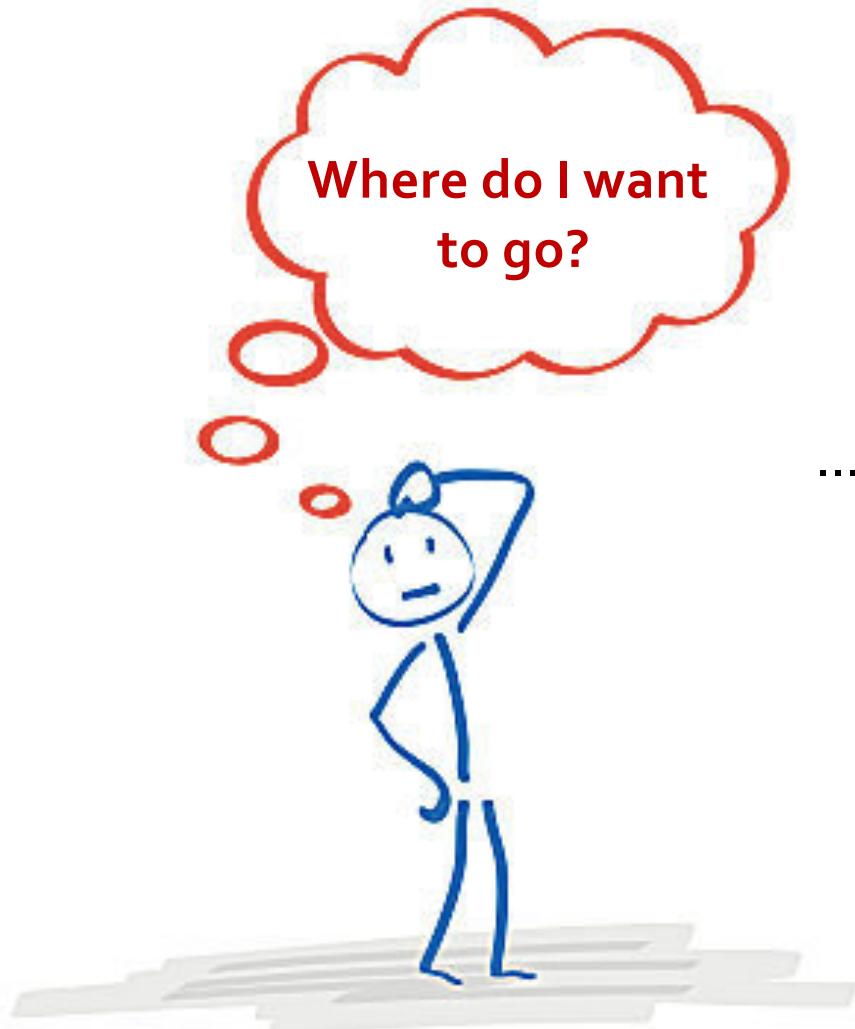
Source: The Global Impact Investing Network (GIIN)

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## Imagine you...



...have a good idea

...a working product

...few customers

...some financing

... and mostly short-term plans.

How will you grow your idea?



# Why change to a self-sustaining business model?

1

You can grow your idea bigger and reach more people



2

You build a long-term and sustainable company



3

You don't need to spend vast amount of time on collecting donations



4

You can get even better employees because you are able to pay them higher salaries

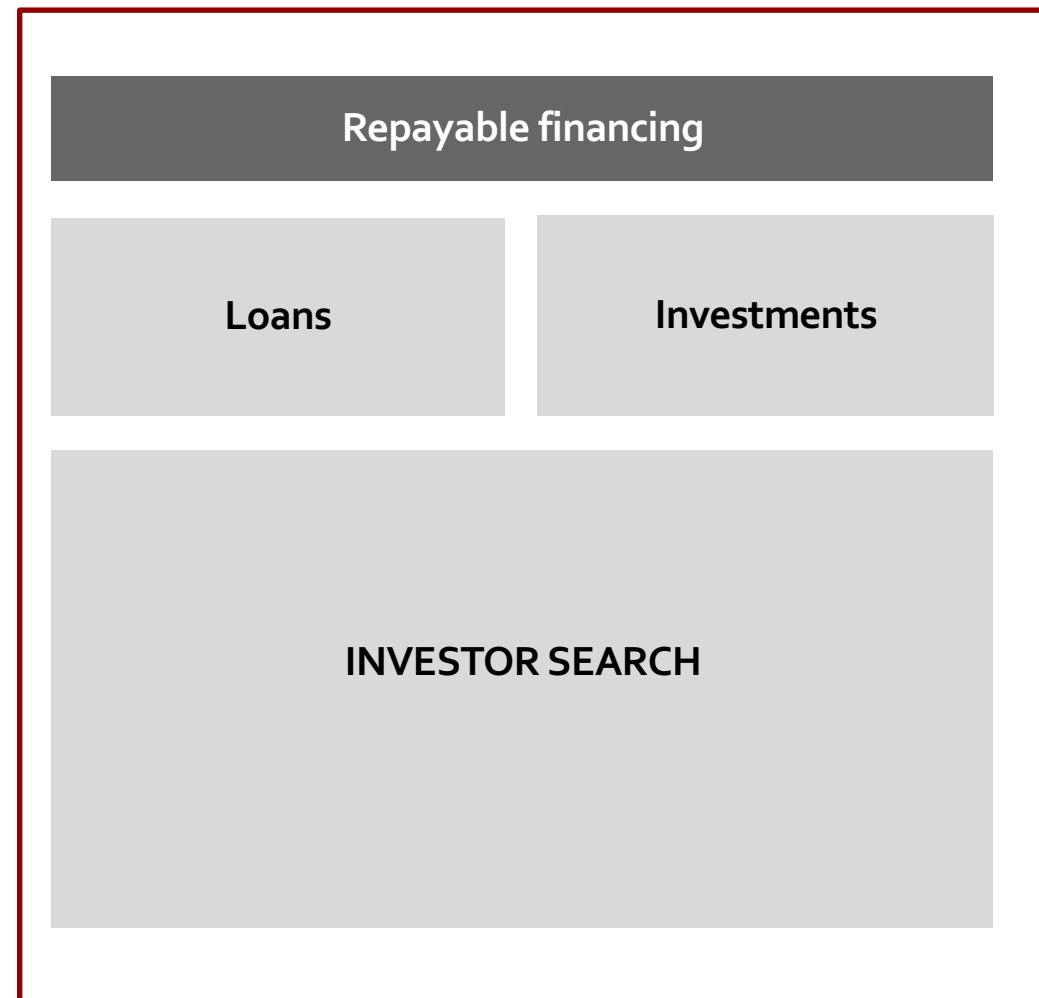
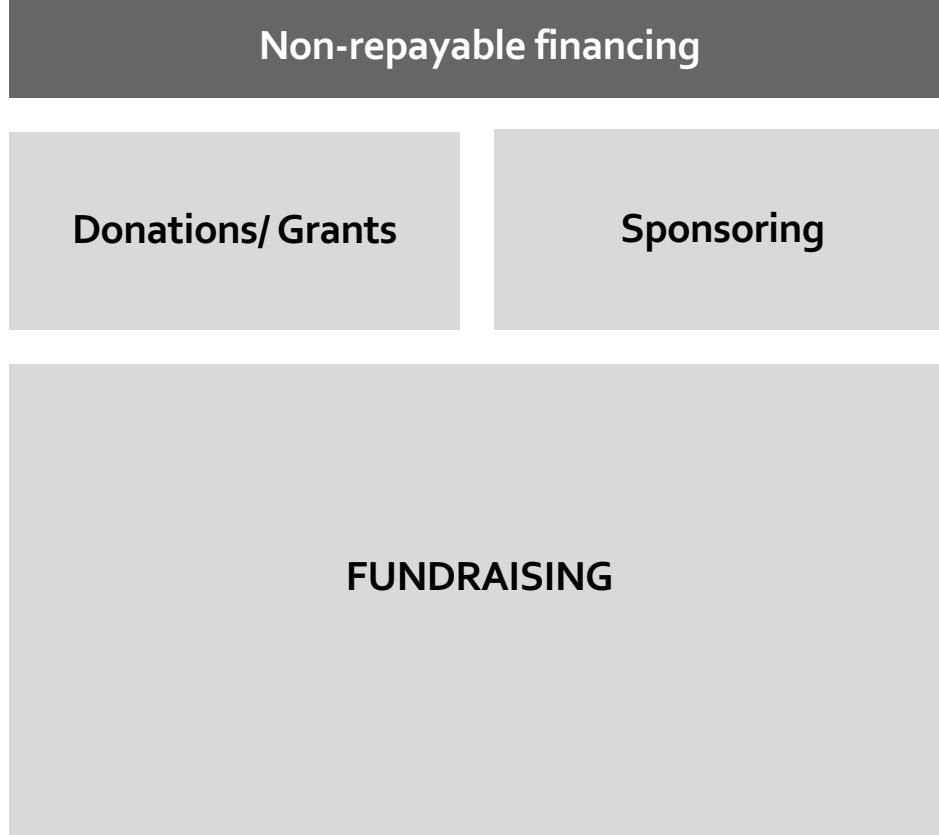


## An example of a social enterprise: one dollar glasses



- The OneDollarGlasses association was founded in June 2012
- ODGs goal is to provide 150 million people around the world with glasses
- ODG provides an inclusive business model engaging the poor along the supply chain
- A small mechanical bending machine facilitates the production of frames and was developed by the ODG founder Martin Aufmuth
- With the bending machine the frames can be bend locally in the countries, which empowers local teams to earn a living by producing and selling onedollarglasses
- Currently ODG is operating in six African countries (Malawi, Burkina Faso, Benin, Ruanda, Sudan, Uganda), Bangladesh and Nicaragua.

# Setting the frame: growth capital is defined as repayable financing instruments for inclusive businesses



# Different forms of investment opportunities

## R<sup>e</sup>payable financing

### Direct Investments

- Form: equity
- Duration: long-term
- Participation rights
- Benefit: often more than just money

### Loans

- Form: credit
- Duration: mid-term
- No participation rights
- Benefit: keeping shares

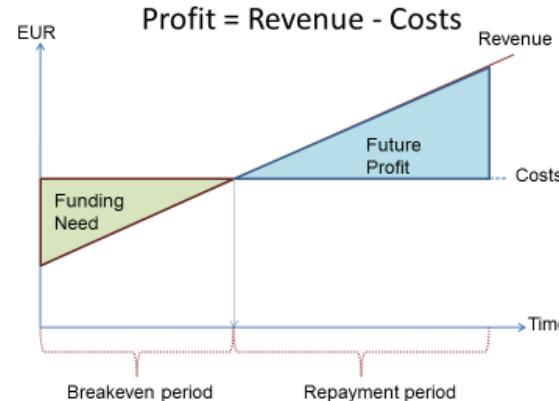
### Mezzanine Capital

- Form: quasi equity
- Duration: mid-term
- Few participation rights
- Benefit: flexible financing mechanism

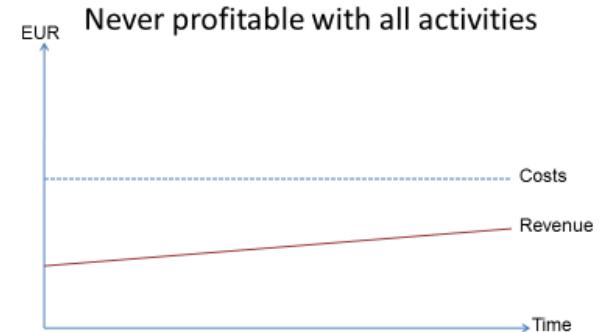
## Investor Search

# Hybrid finance models allow to finance both social enterprises with and without break-even to scale their impact

## Social enterprises with break-even



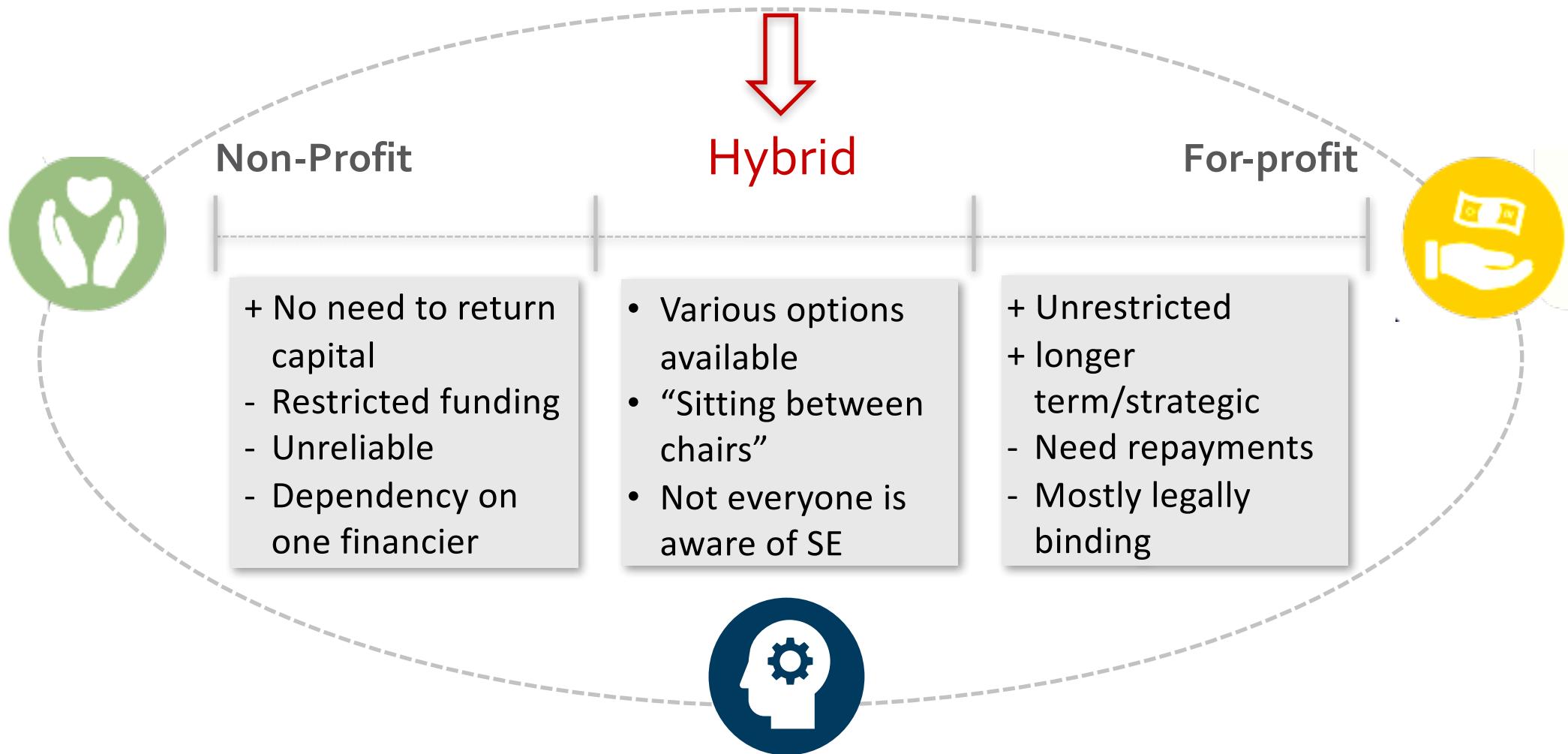
## Social enterprises without break-even



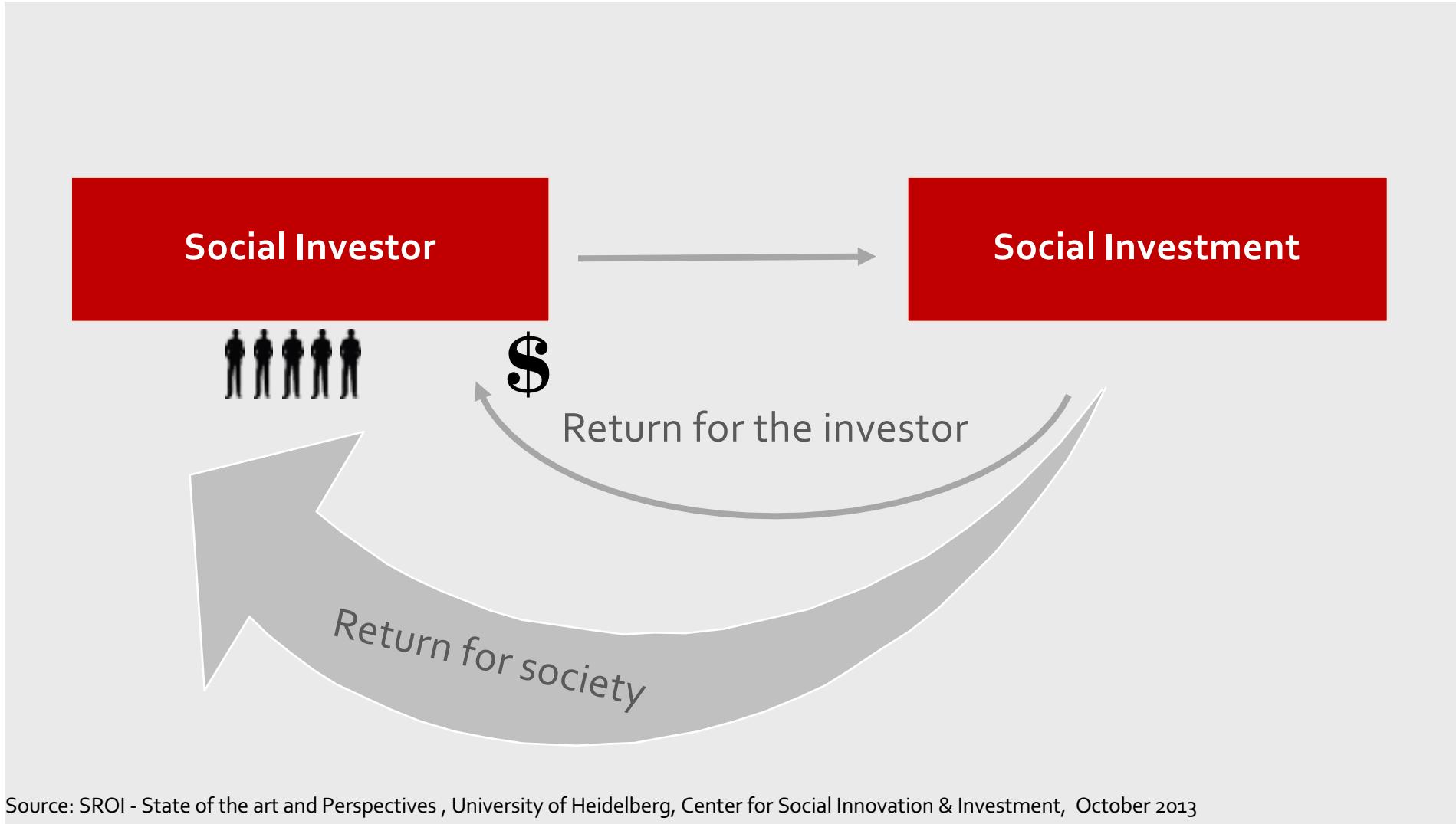
## Financing strategy

- Use “classical” financial instruments for impact investments
  - ✓ Equity
  - ✓ Mezzanine (quasi equity)
  - ✓ Subordinated loan
- Build hybrid model with for-profit and non-profit entity
  - ✓ Non-Profit: Grants
  - ✓ For-Profit: Equity, mezzanine, subordinated loan
- Use innovative financing tools to internalize external effects
  - ✓ Pay-for-success mechanism (e.g., social impact bond)

# The challenge: early-stage social enterprises don't fit into traditional types of funding



## The promise „double bottom line“



Source: SROI - State of the art and Perspectives , University of Heidelberg, Center for Social Innovation & Investment, October 2013

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## What exactly does that mean?

1. You will be a for-profit company and not a non-profit
2. Your product/service will serve a social or ecological purpose
3. You will develop a plan for the future which will be interesting from two perspectives: impact wise and economically
4. For your funding, you will address donors as well as investors
5. You will need to explain the concept of social entrepreneurship to many, but you will also notice what massive potential it holds

# Checklist for starting a social enterprise



## 1. Aim and vision

- Do I know where I want to go?
- Am I ready to do this?
- Do I truly believe in my idea?



## 2. Business Model

- Is my business model safe and sound?
- Have I considered all relevant stakeholders?
- Do I have a strategic plan?



## 3. Team

- Do I have a strong team?
- Are they passionate about the topic?
- Are they willing to walk an extra mile?



**QUESTIONS?**

**Thank you!**

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## Initiators of the webinar series



FINANZIERUNGSAGENTUR FÜR  
Social ENTREPRENEURSHIP

The Financing Agency for Social Entrepreneurship GmbH (FASE) is an Ashoka initiative and supports selected social enterprises in raising growth capital. FASE identifies investors and financiers of the entire spectrum ranging from private investors, family offices, foundations, social investors and banks. FASE puts an emphasis on building hybrid deals combining several investors with different financing components. [www.fa-se.eu](http://www.fa-se.eu)

## SIEMENS | Stiftung

As a non-profit corporate foundation, Siemens Stiftung promotes sustainable social development, which is crucially dependent on access to basic services, high-quality education, and an understanding of culture. To this effect, the Foundation's project work supports people in taking the initiative to responsibly address current challenges. Together with partners, Siemens Stiftung develops and implements solutions and programs to support this effort, with technological and social innovation playing a central role. The actions of Siemens Stiftung are impact-oriented and conducted in a transparent manner. [www.siemens-stiftung.org](http://www.siemens-stiftung.org)