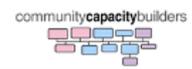


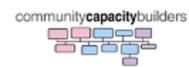
Social Value Proposition



In this lecture we are going to explore the concept of a social value proposition.

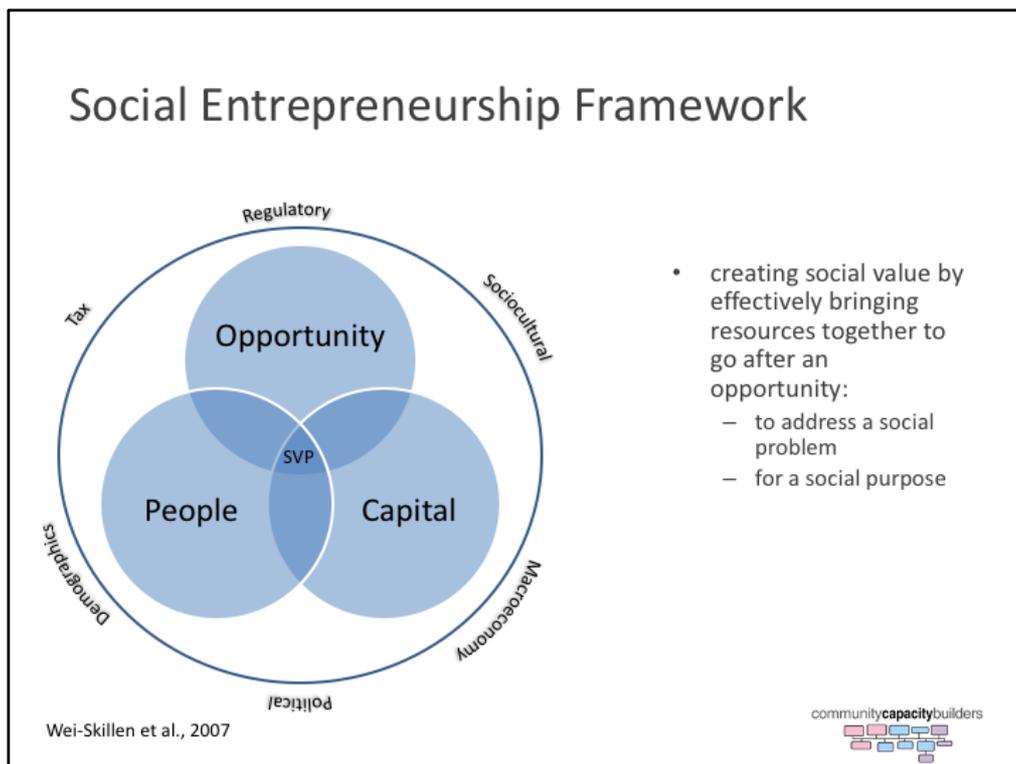
Social Value Proposition

- The value to your customers from your products and/or services.
- It is why your customers purchase or access your products and/or services.



Your social value proposition is the value that you provide your customers from your products and/or services.

It is the reason why your customers purchase or access your products and/or services.



We first came across the concept of a social value proposition in the Introductory Lecture of Unit 1 Understanding Social Entrepreneurship which contained this slide.

The slide shows that the SVP (the social value proposition) occurs at the intersection of the ven diagram which represents the Social Entrepreneurship Framework.

We noted in that lecture that:

In order to deliver effectively on their social value proposition, the social entrepreneur needs to achieve alignment between the opportunity, people, capital and context components of the Social Entrepreneurship Framework, and adapt continuously to new circumstances over time.

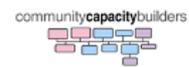
Social Value Proposition

- Critical distinction between commercial entrepreneurship and social entrepreneurship

Martin and Osberg, 2007

- A statement that articulates why the target beneficiary will “choose to buy” or “consume” your product/service offering over other alternatives in the market.

Social Edge, 2010



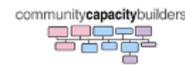
It has been argued that the social value proposition of a social enterprise is the critical distinction between commercial entrepreneurship and social entrepreneurship as it focuses on social as well as economic value.

A detailed social value proposition can be written as a statement that articulates why the target beneficiary (who you aim to help) will “choose to buy” or “consume” your product/service offering over other alternatives in the market.

Social Value Proposition

- Social value proposition requires a social entrepreneur to analyse, understand and deliver on three elements:
 - Capability
 - Social Impact
 - Cost

Edgington, 2010



It is recommended that when developing a social value proposition social entrepreneurs should analyse, understand and deliver on three elements:

Capability: What is the organization uniquely positioned to provide to the community (the marketplace). Why is this organization better positioned than other organizations (nonprofits, for-profits, government) to deliver it?

Social Impact: What change is the organization creating in the community, region, world? Why is this significant? Why should or will consumers (funders) care?

Cost: How do the costs of the service being delivered compare to that social impact? Is there a social profit being achieved, i.e. are the costs involved in delivering the service significantly less than the benefits? Will a funder (who is paying these costs) receive a significant social return on their investment in the organization?'

DRAFT		Business Model Canvas Draft 11/16/12		
Hawaii Community Exchange (H-CX)				
Key Partners <ul style="list-style-type: none"> • Lokahi Pacific, MEDB, MEC • National networks, e.g. Unified Field Corp, Focus Local Finance, Nasion Markets, TASBEX.com, Toronto SVX, Cutting Edge Capital, BALLE • Platform Provider TBD • Broker-Dealer (Onnie Kerr) • Skilled start-up accountants (William Carlston) • Expert on social impact metrics and certifications (e.g. B-Labs) • Business management quality standards, e.g. NIST/Baldrige • SBDC/SCORE • Mediation Consultants helping w/ Collaboration Charters • Creative/Story Telling consultants • Hawaii DCCA • Hawaii Angels • Maui Native Hawaiian Chamber of Commerce • Hawaii Farmers Union • Alaka'i Community Media • UpCountry Sustainability, South Maui Sustainability, Malakoi Sustainability • University of Hawaii • Maui County Economic Development 	Key Activities <ul style="list-style-type: none"> • Developing New & Established Businesses/ Teams and obtaining financing via a community ecosystem • Venture Forums (6-monthly) • Topic Workshops (6-monthly) • Business Model Canvas Sessions (2 hr sessions/weekly) • Guidance in using WebTools to list ventures, develop presentation, prep for due diligence • Sell Story/Due Diligence/Investor Reporting Progress Check/ Troubleshooting - Early Warning System • Accelerator Program ? • Cool Projects blogging • Video production 	Value Proposition For Regenerative Entrepreneurs <ul style="list-style-type: none"> • Help with getting financing • Guidance in developing team and evolving business plan • Help with market research & customer discovery and validation • Networking with complimentary businesses • Help with the legal and accounting aspects of getting a business started • Ability to work towards different levels of quality certification • Affiliation with community creating new paradigm For Social Impact Investors <ul style="list-style-type: none"> • Finding good companies • Opportunity to share wisdom and experience as well as investment • Recognition as making a difference • Good communications and transparency with companies that you have invested in • Networking with other investors and members of community eco-system • A fair return on investment and ability to obtain liquidity when needed. • Affiliation with community creating solution to today's problematic financial system. 	Customer Relationships <ul style="list-style-type: none"> • Level I - Entry to Ecosystem - Participation in forum, workshop, customer discovery process • Become a registered online member with profile, etc. • Level II - Make or Receive Investment. Clear understanding of terms, business plan, risk, etc. Timely receipt of docs, etc. • Level III - Portfolio Company and/or Investor - regular communication, celebrate milestones, early warning system for problems, timely and proactive response to problems. 	Customer Segments <p>Regenerative Entrepreneurs</p> <ul style="list-style-type: none"> • Focused on a deeper whole systems approach kind of sustainability • Most likely recent college grads (We Generation). Or baby boomers resurrecting their higher ideals not wanting to leave the world in a mess. • Multiple bottom lines • Seeing all stakeholders as partners <p>Social Impact Investors</p> <ul style="list-style-type: none"> • Socially focused, but demanding accountability via metrics • Interested in recognition as being part of the solution • Still want a good return on investment, but less focused on the high multiples that were required by angels and VCs • Qualified Investors - defined as over \$1 million in assets not including primary residence, or average of \$200kly revenue, \$300k if filing a joint return. <p>Professional Service Providers</p>
Cost Structure - Yr 1 - \$500,000 <ul style="list-style-type: none"> • Business Development Team - 2 people @ \$80k each plus bonus tied to performance - total \$240,000 • Administrative Coordinator \$60k • Legal & Accounting \$100,000 in first year (less in future years) • Rent & Occupancy Cost - \$2,000/month - \$24,000 for year • Website Design & Hosting Services - \$6,000 • Broker-Dealer Fee & Platform - 10% of transaction fees of \$500,000 or \$50,000. • Public Relations Expense - \$20 Financing Strategy <ul style="list-style-type: none"> • Loan of \$500,000 at 6% interest only in first year, convertible to equity; and/or • IRA Redirect 		Revenue Structure - \$548,000 <p>Primary Initial Source of Revenue will be a 7.5% transaction fee on money raised - estimated at \$500,000 in the first 12 months (7.5% of \$6.8 million - 34 investment averaging \$200,000 each, or 3 investments averaging \$2.3 million each, or mix). Goal will be to grow to \$20 million/year in by year 5 on Maui generating \$1.5 million in annual fees. Greater growth if model is exported to other communities.</p> <p>There will be small fees to cover facilities rental and food for workshop and expense. Ideally, we will partner with an economic development entity for these. There may also be some business assessment fees, and/or small registration/membership fees - e.g. \$20/month, with an annual average of 100 members = \$2,000/month or \$24,000/year.</p> <p>We will see a goal of obtain an equivalent amount, \$24,000 of sponsorships in the first year. If a bank or other fund is develops as planned in year two, there may be management fees and dividend revenue.</p>		

http://h-cx.com/Hawaii_Local_Exchange/Business_Model_Graphic.html

D. B. Fisher 

A Social Value proposition is shown for the Hawaii Community Exchange in the red box of this business model canvas. The Hawaii Community Exchange's value proposition has a focus on capability, social impact and cost.

References

- Edgington, N. (2010), What Social Value Do Nonprofits Really Create?, 25 August 2010, viewed 20 October 2010, <<http://news.change.org/stories/what-social-value-do-nonprofits-really-create>>
- Martin, R.L. & Osberg, S. (2007). 'Social entrepreneurship: The Case for Definition'. Stanford Social Innovation Review, Spring 2007, pp. 28-39.