

# The 10 commandments of social entrepreneurship

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13 Mar 2019

The emergence of social enterprises on to the business landscape of the South African economy is often a point of contention due to the seemingly conflicting driving factors of philanthropy versus profit. However, there are many businesses that are underpinned by solving problems for the benefit of society at large and out of this has arisen this area of entrepreneurship.



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The Gibbs Social Enterprises in South Africa Report released in 2018, give an interesting insight into the growing application of this business model in the South African context but they note, as most social entrepreneurs will have first-hand experience of, there is a subtle but very real balance to be struck between purpose and profit. How does a business with a definitive social drive, practically draw the tricky equilibrium and make a difference without sacrificing the bottom line?

## 1. Do your research

Ensure you know your market, understand their needs and don't make assumptions. Social enterprises are much more complex than your regular business and require a lot more research. They have various customer sets, that are either direct or indirect and blending those in operations that meet those expectations is a delicate dance.

## 2. Remember it's a business

You want to achieve social impact, but your priority is to ensure you make enough revenue to not only sustain the social enterprise but to also allow for growth. As a business, you should instil good business practices such as processes, financial planning, legal structures and governance.

A social enterprise is a lot like the human body, if you feed it only enough to survive, growth will be stunted. Give the body more than what it needs to function for the day and growth will be proportional.

Don't sacrifice your profit at the altar of purpose.

### **3. Allow for flexibility**

Have a flexible mindset. When the market is changing, you won't survive to stay the same. If your solution is no longer addressing the problem you are trying to solve, it's time to go back to the drawing board. How you adapt is important and getting regular feedback from those you are serving as well as those who are paying- whether they are one in the same person or not.

Just because you are doing good work in your own mind, creating a transparent feedback loop, will prevent your business from being infatuated with the vision despite the market losing interest in your solution.

### **4. Take calculated risks**

Be prepared to take risks but do your homework first. This is how you learn and grow both as a business and as an individual. Which means having the mechanisms and people in place to collect the data necessary to take informed steps towards opportunities aligned with the purpose of the business but not at the expense of still turning a profit.

You will never know every risk and it's potential upsides or downsides, but having enough information that is unbiased can help make better business decisions and maintain both impact and shareholder value.

### **5. Focus on sustainability**

Keep your eye on remaining sustainable at all times. Keep in mind that sustainability is not only financial, it includes your operations and programmes. Socially minded entrepreneurs often make head decisions with their hearts and end up with an operationally capital-heavy structure. Hiring people based on contract positions and keeping overheads flexible will ensure that as your opportunities fluctuate, so the business can adapt accordingly and whether the famine times but grow in the seasons of abundance.

### **6. Have a clear mission**

Have clarity on your purpose and how your business will achieve it. Ensure you have a strong Theory of Change for how you will create and deliver your social impact and develop an ability to clearly communicate it to everyone, both inside and outside of your business. This will also keep you, your team and your business from getting sucked into solving all the social sicknesses that exist in the area that you practice.

### **7. Network**

Widen your circle. Support can include conferences, business networks, fellowships, mentorships, workshops, training, incubation and shared workspaces. Don't focus on simply expanding your social circle into those in similar fields but look outside to those with varying perspectives, yet aligned in values and culture with your organisation.

## 8. Build a strong team

There's an old African proverb that says "If you want to go quickly, go alone. If you want to go far, go together." Don't ever assume you can do it alone. Invest in a team that can support you, both on a personal and professional level and ensure that they are not only focused on the purpose of the business but the way in which the purpose is achieved.

Ensure you are being coached in both a personal and professional capacity so as to maintain the momentum for yourself and your team.

## 9. No Grit – No Pearl

You have to possess grit — perseverance and passion is essential and will get you a very long way. The refining of this business model is more complicated as the numbers may not be the only measure of success. Know what good looks like for your business and be prepared to have the hard conversations to refine your offering to meet both an impact measure as well as a profit measure.

## 10. Enjoy the journey

You chose this journey because you wanted to make a positive difference in the world. It's not going to be plain sailing, but that doesn't mean it shouldn't be fun. Learn to enjoy the process and glean as many lessons as you can, from all sources, in the shortest time frame possible. Entrepreneurship is too hard, not to learn from the mistakes of others.

Finding that healthy tension between serving a purpose and making a profit is complicated and yet possible. One of the major benefits of running a social enterprise is that people are drawn to working in these types of businesses over those strictly increasing shareholder value. Employees feel as though they are serving something more than just making themselves and others rich, as long as the balance can be maintained with a constant activity of business introspection.

Running a social enterprise is not easy, and despite being cognizant of all the points listed above, the enthusiasm and passion for what you do is paramount to whether your business will succeed or not. Believe in your mission, know your business intricately and ensure you are able to articulate this to your stakeholders in a way that will create the same level of excitement in them. If you don't truly believe in what you are doing, how would you expect anybody else to?

## ABOUT SILVIA DE JAGER AND LISA ILLINGWORTH

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