



Executive Summary | SOCIAL ENTERPRISE

Funder Needs Research 2019



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EXECUTIVE SUMMARY

As part of the Young Social Entrepreneurs (YSE) Programme 10th Anniversary in 2019, the Singapore International Foundation commissioned Eden Strategy Institute to interview philanthropists, corporate social responsibility professionals, corporate innovation teams, and angel investors in Singapore, to gather their views about the regional social enterprise (SE) landscape, as well as their needs as funders, aspirations, giving philosophies, funding models, and impact tracking metrics they look for. This document presents a summary of our key findings:

FIGURE 1. OVERVIEW OF KEY FINDINGS



Needs and challenges. Across the board, corporate funders expressed that their most pressing need is to be able to access SEs with scalable business models



Impact tracking. Impact assessment practices are still nascent in the region. Surprisingly, there were not many funders that expressed a need for their investees and grantees to report impact measures such as SROI and/or clear, outcome-level impact metrics



Giving philosophies. Some funders prefer to fund charities offering direct service to beneficiaries, while others see value in funding capacity-building efforts that built longer-term sustainability among social service organizations. Family-owned philanthropies especially see giving as a method of inculcating their spirit and values among their adult children; this ambition leads them to take on a more sector-agnostic approach so as to introduce all possible models and causes to the next generation. There are also philanthropists that see it as their responsibility to fund long-term fund causes such as education, while as well as funders that see the role of philanthropy to involve funding riskier, more innovative interventions.



Funding models. Most funders had targeted causes and pre-decided methods of giving. However, few have systematically developed a giving plan that is strategically-aligned with their core business. Only one funder has begun practicing corporate social innovation, using their social impact initiatives and goals to reinforce their core operations and corporate mandate



SE support and growth. Some funders find the early-stage SE competition space in Singapore to be overcrowded, and believe that a more intensive, customized, and directed support structure focussing on only a small group of SEs would be more beneficial to the long-term sustainability of SEs

Archetypes of social enterprise funders

We grouped funders into eight distinct funder archetypes, each with different funding strategies and motivations.

FIGURE 2. FUNDER ARCHETYPES AND MOTIVATIONS

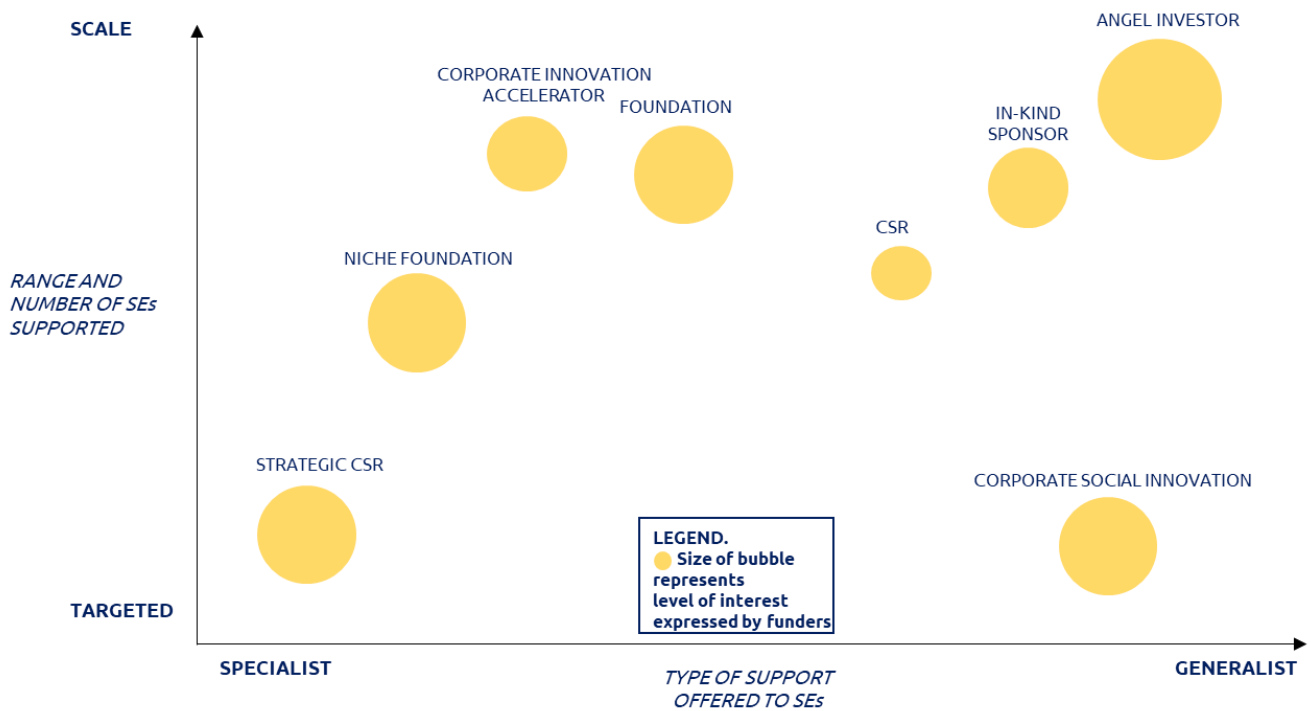
FUNDER ARCHETYPES	DESCRIPTIONS	KEY MOTIVATIONS	SAMPLE KPIS FOR SEs
1. PHILANTHROPY/ ANGEL INVESTOR	<ul style="list-style-type: none"> Interested in offering mainly grant support for early-stage start-ups, with low expectations of returns 	<ul style="list-style-type: none"> Aim to support ventures that have difficulty obtaining funding otherwise/ funding innovative pilots 	<ul style="list-style-type: none"> # SEs started; survival rate; % that proceed to follow up funding; \$ of funding raised
2. FOUNDATION	<ul style="list-style-type: none"> Focused on funding a broad set of causes, no returns expectation, and agnostic to the organization type of the grantees 	<ul style="list-style-type: none"> Keen on tangible outputs, looking to offer project-level grant funding for comprehensive proposals 	<ul style="list-style-type: none"> Project outputs i.e. #participants; # beneficiaries
3. NICHE FOUNDATION	<ul style="list-style-type: none"> Focused on specific causes, funding more on an ad-hoc basis and in the form of grants or in-kind support 	<ul style="list-style-type: none"> Aim to find compelling, honest, and committed entrepreneurs to support 	<ul style="list-style-type: none"> # staff hired; qualitative story highlights
4. IN-KIND SPONSOR	<ul style="list-style-type: none"> Hospitality sector funder with CSR goals that are aligned with business operations 	<ul style="list-style-type: none"> Looking to find creative, innovative, locally-rooted projects 	<ul style="list-style-type: none"> New solutions tested; press coverage
5. CSR	<ul style="list-style-type: none"> Focused on funding local initiatives within an allocated CSR budget, in a selected sector, which is not necessarily related to the core business 	<ul style="list-style-type: none"> Inclined to fund training or curriculum building, rather than operating costs 	<ul style="list-style-type: none"> # trained; press coverage
6. STRATEGIC CSR	<ul style="list-style-type: none"> CSR strategy planned in line with key business goals, e.g. building awareness 	<ul style="list-style-type: none"> Aim to create large-scale impact through regional partners (e.g. support staff) 	<ul style="list-style-type: none"> Press coverage, products used; staff volunteer rate
7. CORPORATE INNOVATION ACCELERATOR	<ul style="list-style-type: none"> Funding pilots conducted by new enterprises, to offer products in line with the corporation's commercial activities 	<ul style="list-style-type: none"> Seeking large-scale and region-wide impact potential in social enterprises 	<ul style="list-style-type: none"> Follow-up funding achieved; costs sharing from the government; ROI estimates
8. CORPORATE SOCIAL INNOVATION	<ul style="list-style-type: none"> Funding initiatives aligned with the core business, contributing to market development 	<ul style="list-style-type: none"> Keen to track outcomes for social capital, spill-over effects, and systems change 	<ul style="list-style-type: none"> # of SE alumni actively helping each other; revenues

Funders seek to understand both short-term inputs as well as long-term qualitative and quantitative outcomes when funding social enterprises that offer direct services to beneficiaries. Funders had very different expectations when they support capacity builders such as social incubators, accelerators, or consultants. For example, they are keen to see that the SEs supported by a capacity builder go on to develop demonstrably greater financial, social, and intellectual capital. This may take the form of follow up funding achieved or amount of resources leveraged; the level of satisfaction around peer support actively received or the number of helpful connections made or partnerships formed; as well as higher-level indicators of thought leadership, such as the innovativeness or scalability of their new solutions tested.

Aligning social enterprises needs with different types of support

Funders also voiced varying preferences for the type of mentoring that they felt social enterprises needed. Funders who felt that social enterprises or supporting programmes require specialist expertise tended to match them with mentors that had specific skillsets, while those who worked with a targeted number of social enterprises tended to prefer offering holistic support and growth through generalist mentors.

FIGURE 3. TYPES OF FUNDER SUPPORT AND LEVEL OF INTEREST



Mentorship and incubation programmes can consider how best to focus their expertise in supporting social enterprises using Figure 3 above. The size of each bubble, indicating the level of interest of each funder archetype, can further help social enterprises prioritise their resources in forming partnerships with different types of funders. By better understanding the offerings and interests of different funders, social enterprises can avail of wider sources of relevant support to achieve their growth objectives.

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