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More help for social enterprises

New centre will help train such businesses to enable them to survive

BY ANG YIYING

SOME years ago, voluntary welfare organisation Teen Challenge went into the food and beverage business with a mission to create jobs for ex-offenders.

Tapping the ComCare Enterprise Fund (CEF) under the Ministry of Community Development, Youth and Sports to run social enterprises, it opened two eateries.

One of it – a franchise of the Killiney Kopitiam chain set up at Tampines Changkat Community Centre – folded after three years with a loss of more than $100,000. The other – a cafe in Thomson – closed its shutters after six months.

They are among the more than a third of social enterprises – businesses with a social mission – which applied for and received CEF seed funding, but failed. Out of 73 funded social enterprises, 47 are still active.

To give them a better chance of survival, the Social Enterprise Association was launched yesterday.

An idea mooted about two years ago by a 15-member panel, the association will help all social enterprises to network and to share best practices whether or not they received CEF seed funding.

It will be starting a Social Enterprise Development Centre next year to offer training in areas such as how to conduct business feasibility studies, business strategy and evaluation. To start, the association will help place Ngee Ann Polytechnic students studying Business and Social Enterprise as interns in the community next year. These interns will make up a potential pool of employees.

Speaking on the role of the association, Minister for Community Development, Youth and Sports Vivian Balakrishnan said: "It will provide another layer of security net, to give more social enterprises opportunity to survive and thrive."

There are an estimated 150 social enterprises here and more than 80 cooperatives. The ministry's statistics showed that $5.5 million has been committed in seed funding so far through the CEF.

Referring to the failure rate, Dr Balakrishnan noted that if half of all enterprises succeeded in the real world, it would be a good track record.

He said social enterprises, like all start-up businesses, had a "fairly high casualty rate" and that even undergoing stringent evaluation would not guarantee survival.

But to help raise the odds, social entrepreneurs such as Mr Nicholas Chee – the executive director of Sinema, which promotes local film talent – will be lending their expertise to the association.

Welcoming its formation, Teen Challenge board member and its former executive director Reverend Sam Kuna said the association would offer invaluable expertise. He said of his experience: "I was a greenhorn going in, full of idealism. I'm not a businessman."

The business director of another organisation, which had a failed social enterprise, said the sharing of best practices would be immensely valuable.

The HighPoint Community Services Association used to run a Chinese restaurant called Goshen, which shut down after a year because it was "in the red".

HighPoint's business director Joshua Tan said: "It's a welcome help as what people lack is the business skills."

But it's not favours that social enterprises want, said Dr Balakrishnan.

"If a catering company comes to you, don't give the contract simply because it's social enterprise, but be open-minded, look at what they're offering. If they offer good value for money, give them a chance. That's what we're asking for, fair opportunities, open doors."

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Chinese restaurant Goshen, which used to be run by the HighPoint Community Services Association, was shut down after a year because it was "in the red". LIANHE ZAOBAO FILE PHOTO

The key to success: Watch your costs

THOUGH quite a few businesses funded by the ComCare Enterprise Fund (CEF) have gone bust, several are doing well.

Among the 47 still in business is Bridge Learning, which runs early intervention programmes for children with mild learning difficulties and disabilities. Bridge, which supports having such children do their learning in mainstream schools, was formed by Ms Areena Loo, a former Ministry of Education learning support coordinator and teacher-counsellor.

She saw a gap between what special schools and mainstream schools provided for such children, and started the business in 2003. It received $130,000 seed funding in 2004 from the CEF, which was then known as the Social Enterprise Fund. Ms Loo pumped in another $160,000 from loans.

The social enterprise started with two staff and had to keep a keen eye on costs. With no budget to advertise its services, they photocopied flyers and went door to door to pitch their programmes, said Ms Loo.

By keeping a tight lid on finances and being familiar with the needs and demands of the sector, the business broke even in 13 months.

It now has over 200 enrolled in its programmes, a staff of 22, and pulled in a revenue of $820,000 last year.

As a social enterprise, it keeps its pricing competitive, giving subsidies to needier families requiring its services.

It also ploughs about 20 per cent of profits into other social causes, like a microfinance programme in Myanmar.

To Ms Loo, the formula for success was simple: "You have to be very cost-sensitive, you have to scrimp and save."