



Forum 7: Food for Thought



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Forum 7: “Food for Thought”

Social enterprise as a market leader



NESsT

Social Enterprise World Forum
September 4, 2008, Edinburgh, Scotland

Lee Davis
NESsT



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Social enterprise as a market leader



NESsT works to solve critical social problems in emerging market countries by developing and supporting social enterprises.

www.nesst.org



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Social enterprise as a market leader

NESsT Venture

The only philanthropic investment fund for social enterprise development in emerging markets. Applies “**philanthropic investment**” approach, providing capital and mentoring to social enterprises in 10 countries in Central & Eastern Europe and Latin America.





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Social enterprise as a market leader

	Current NESsT countries
Central Europe	Croatia Czech Republic Hungary Romania Slovakia
Latin America	Argentina Brazil Chile Ecuador Peru



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Social enterprise as a market leader

2007-08 National Social Enterprise Competitions (10 countries)	200+ applicants
Current “early stage portfolio”	410
Current “later stage portfolio”	33
Total “invested” to date	US\$1.5m
In-kind support from NESsT Business Advisory Network	US\$1.2m+ per year

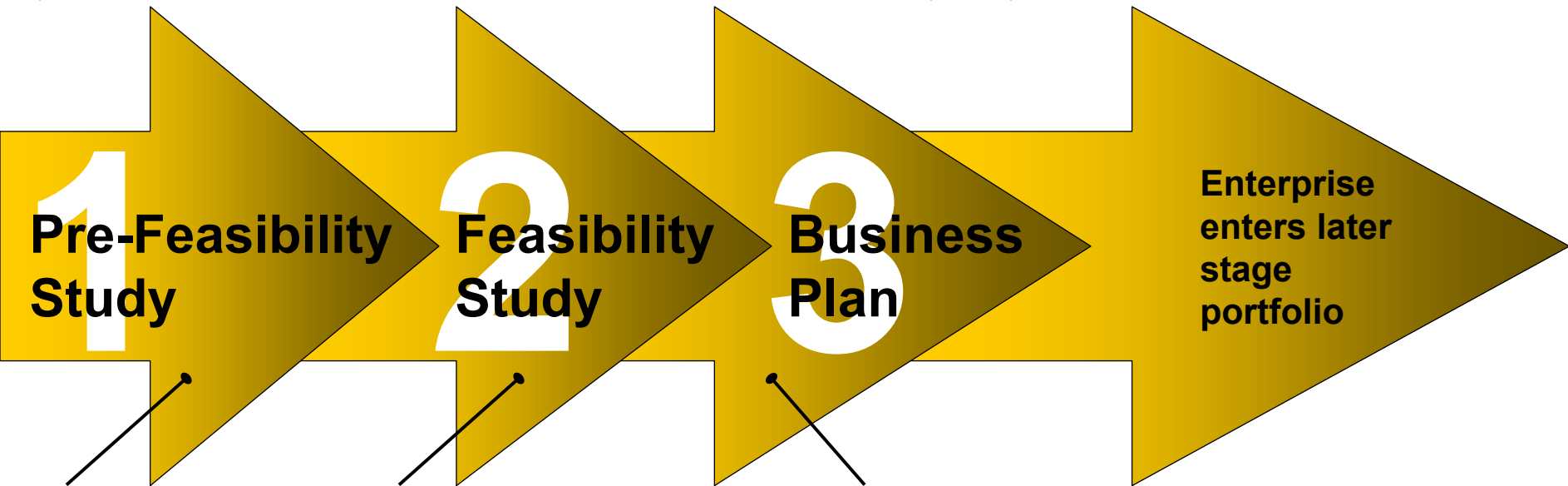


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Social enterprise as a market leader

Early Stage Portfolio

Later Stage Portfolio



1
Pre-Feasibility Study

2
Feasibility Study

3
Business Plan

Enterprise enters later stage portfolio

1. Pre-Feasibility: NESsT works with selected groups to assess general feasibility of social enterprise idea(s).

2. Feasibility: NESsT works with selected groups to assess full feasibility, organizational and financial readiness for their proposed enterprise.

3. Business Plan: Selected groups receive small “venture planning grants” and NESsT technical assistance to develop detailed business plans.

Business Plan Defense: Groups present and defend their plan to an Investment Committee convened by NESsT.



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Social enterprise as a market leader

Capital Investments

Package of financing tailored to organization/enterprise needs;

Venture Planning Grants

Venture Grants for organizational or enterprise costs

Social Enterprise Loan Fund (SELF) NESsT Investors Circle

Capacity-Building

Close, tailored technical assistance from NESsT and strategic partners

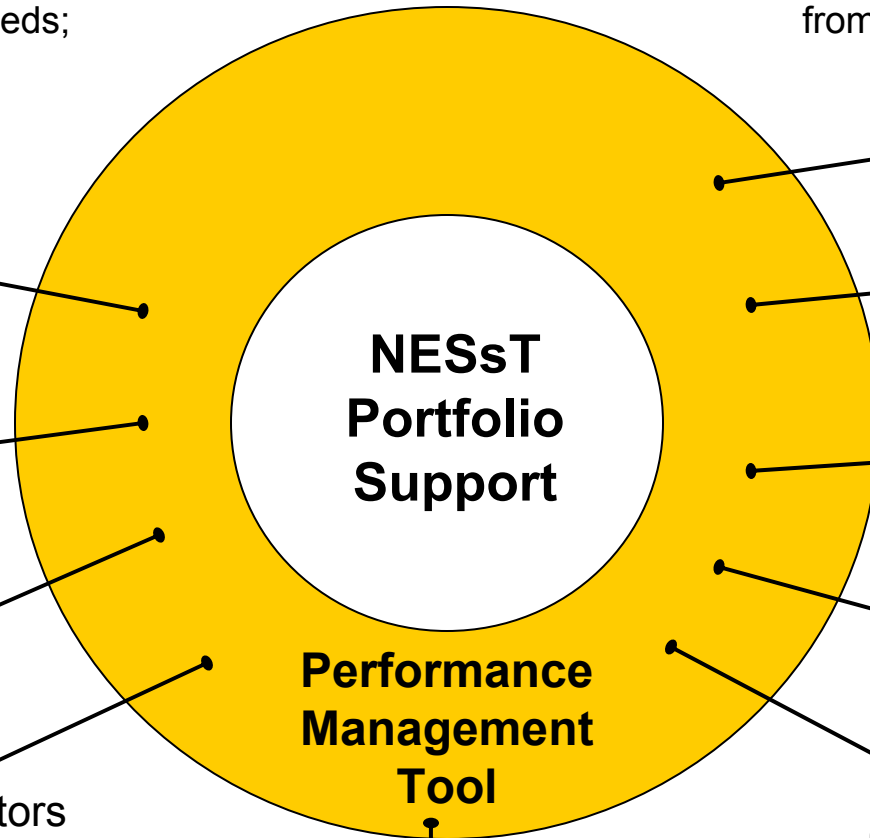
NESsT Staff

Business Advisory Network (BAN)

Emerging Market private equity associations

NESsT Entrepreneurs-in-Residence (NESsTERs)

Shared learnings from others in portfolio



**NESsT
Portfolio
Support**

**Performance
Management
Tool**

Monitoring &
reporting impact



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Social enterprise as a market leader

Average NESsT later-stage portfolio investment (per social enterprise over 4 years)	Amount (US\$)
Capacity Building Investments	\$30,000
Capital Investments	\$22,000
Combined sub-TOTAL	\$52,000
Business Advisory Network (BAN) pro bono support	\$8,400
TOTAL (with in-kind)	\$60,400



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Social enterprise as a market leader

Kek Madar Alapitvany
(Hungary)

Social mission:

Create economic and educational opportunities for unemployed and marginalized people.

Social enterprise:

Restaurant that provides training and employment for physically and mentally disabled people.





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Social enterprise as a market leader

Coanil Foundation (Chile)

Social mission:
Economic opportunity
& independent living
for people with
intellectual
disabilities.

Social enterprise:
Chocolate workshop
– sold primarily to
companies.





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Social enterprise as a market leader

Case: Open Garden Foundation (Hungary)



Open Garden Foundation supports **sustainable community agriculture production** and healthy lifestyles through organic farming and by connecting producers, processors and consumers of organic foods.



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Social enterprise as a market leader



First demonstration
organic farm in
Hungary (7 hectares).

**100+ family
producers**





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Social enterprise as a market leader

Real Food Box – a delivery service of high quality organic food to homes, organic food shops and mobile markets.

RFB Target Market:
middle to upper-income consumers in the Budapest-Gödöllő area.





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Social enterprise as a market leader

RFB Start-up costs (US\$)	Y1	Y2	Y3
Start-up/Capital Costs	13,533	21,202	14,148
Operating Support Required	17,084	10,281	-
Total Support	30,617	31,483	14,148

NESsT “investment”: \$20,000 venture grants + \$40,000 capacity building = \$60,000 TOTAL

- marketing plan and materials
- revamped website & online purchasing system
- refrigerated delivery truck



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Social enterprise as a market leader

RFB Box sales targets	Y1	Y2	Y3	Y4	Y5
Number of boxes per year	2300	4460	6400	8320	9984
Average box sales per week (30 week season)	77	149	213	277	333

RFB broke even (191 boxes/week) in Y3 (\$204 net income).

Profits grew to HUF 2.6M (~\$11,000) in Y5.



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Social enterprise as a market leader

Financial impact:

RFB exceeded projected sales by more than HUF 2M (~US\$10,000) in Y1;

- quadrupled RFB baskets delivered per year;

- grew customer base from 110 to 400+

- income covered costs of demonstration garden and contributed to OGF’s environmental education programs (composting, sustainable waste management, etc.)





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Social enterprise as a market leader

Real Food Box social impact:

- sparked growth of national organic industry by demonstrating a commercially viable method;
- raised public awareness of organic food issues;
- won Sasakawa Environmental Prize

**. . . but OGF lacked capacity to take RFB ‘to scale’ . . .
(“victims of their own success”)**



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Social enterprise as a market leader

Real Food Box (RFB) sale:

- sold RFB enterprise for HUF 2.0m (~US\$10,000) to for-profit organic farmer (supplier of organic carrots) in Hungary



- sale included RFB brand, customer database (400+), promo materials, RFB boxes & website order system



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Social enterprise as a market leader

Open Garden Foundation’s Real
Food Box best selling product:
organic pesto

BudapestoTM

The word 'Budapesto' is written in a stylized font. The letters 'Bud' are in red, and 'apesto' is in green. The letter 'p' is uniquely designed as a green basil leaf with a stem and other leaves, growing downwards from the bottom of the 'p'.



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Social enterprise as a market leader

- Budapesto's secret Hungarian recipe contains fresh basil, walnut, garlic, olive oil, sunflower oil, natural lemon juice and/or cider vinegar and sea salt. And a **secret Hungarian ingredient!**
- No preservatives, food colorings or any other additives are used. All of the ingredients are 100% organic as certified by the Biokontroll Hungária Kht.



Budapesto™

The logo for Budapesto features the word 'Budapesto' in a red, serif font, with a small 'TM' trademark symbol. A sprig of green basil leaves is positioned below the 'a' and 'p' of the word, appearing to grow from the letter 'a'.



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Social enterprise as a market leader

- NESsT retains “Budapesto” brand
 - currently licensed to local organic food company for production/sale; NESsT receives monthly royalty of 4% of gross income.
- developing “Budapesto” into separate social enterprise to seed other organic agriculture efforts in emerging markets



BudapestoTM

The logo for Budapesto, with the word 'Budapesto' in a red serif font and 'TM' in a small black font. A green basil leaf with a stem is positioned below the 'a' and 'p' of 'Budapesto'.



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Social enterprise as a market leader

The RFB benefits:

- demonstrated environmentally sound and sustainable venture;
- furthered the mission goals of Open Garden Foundation to promote organic production/sales;
- strengthened local food economy, increasing benefits to local producers;
- social, environmental and sustainable economic value created is far greater in long run than initial start-up costs.



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Social enterprise as a market leader

Scale ~~=~~ big

“Scale” can also be achieved through:

- demonstration, promotion & shared learning
- replication
- seeding other similar enterprises





Dave Simmers

Community Food Initiative North East

















Apple
Orange
Banana
Pineapple

Orange
Apple
Banana

Apple
Apple
Kiwi
Orange
Pineapple

Apple
£1.00







Community Food Initiatives North East
Improving Health and Well-Being
Fruit's Cool!



availability

(range)

accessibility

(circumstances
and where to
buy)

affordability

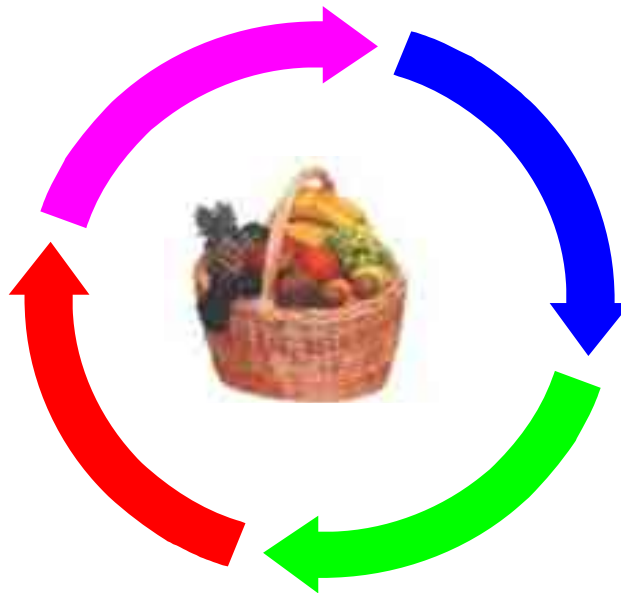
(cost &
quality)

aptitude

(skills to prepare-
cook)

attitudes

(cultural
context/
familiarity)



C F I N E



Peaches
\$10.00
New Latitude
\$11.50
Strawberries
\$11.50
Cherries
\$10.50

100%
BASKETS
\$2.00

Pine
\$0.
New
\$0.
Strawb
\$11.5
Cherr
\$10.5







05/02/2003

