



# Job creation and livelihood - *experiences of NESsT in supporting social enterprises*

Zsuzsa Laczkó project manager , Hungary

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# Introduction of NESsT



## ABOUT NESsT

- CREATE dignified jobs and income for people facing the greatest barriers to work in emerging market countries
- INVEST money, business coaching and social capital into early-stage entrepreneurs
- TRANSFORM communities so that all people are self-sufficient and empowered to determine their own futures
- CONTRIBUTES to SE exosystem

# Value Proposition



**167**

social enterprises supported

Since 1997, NESsT has invested in and supported social enterprises in Central & Eastern Europe and Latin America.



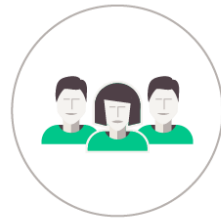
**\$11.5 million**

invested



**31,000+**

economic opportunities created since 2008



**509,000+**

lives improved



**44%**

social enterprises break even by year 2 in the NESsT portfolio

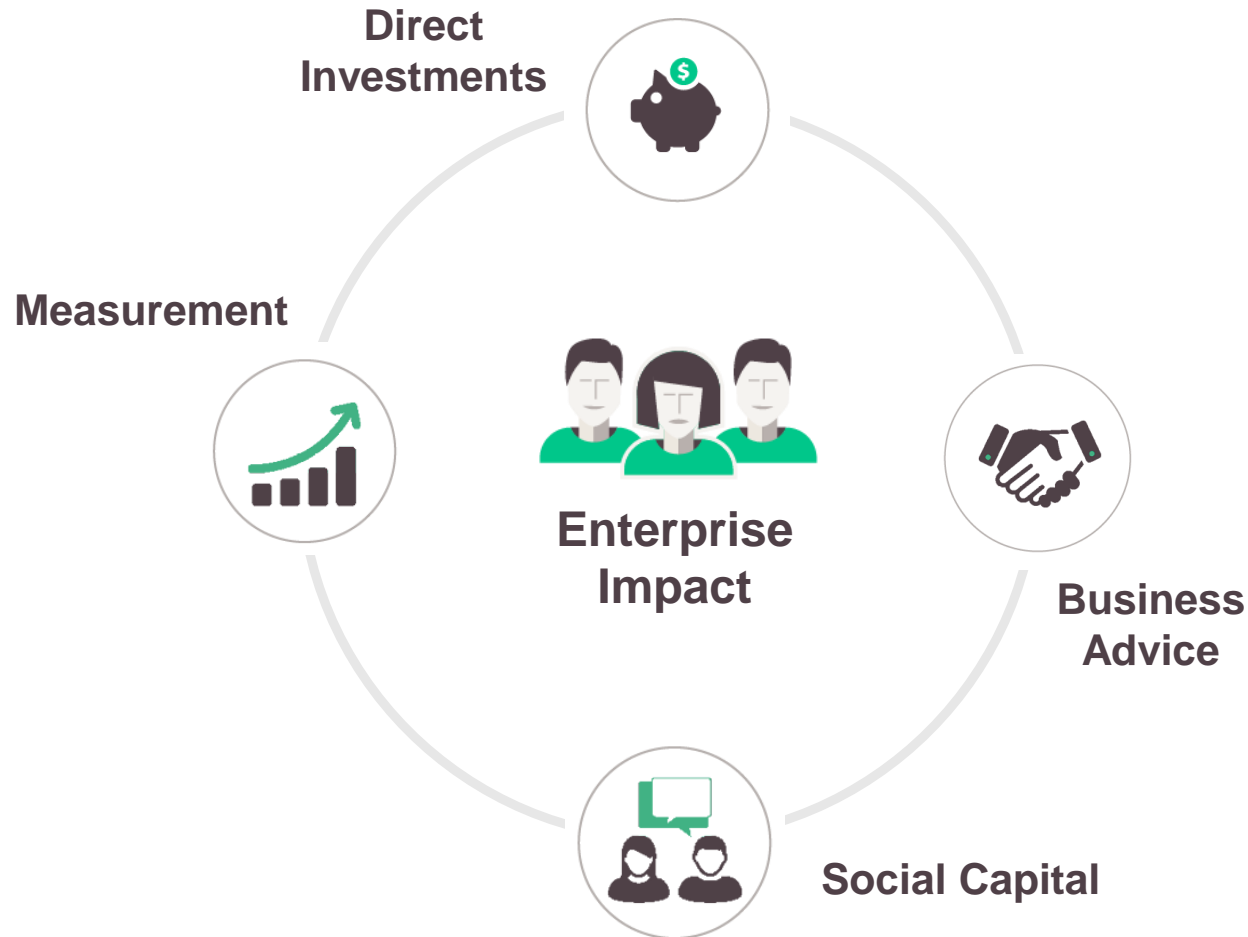


**19%**

revenue growth of social enterprises in the NESsT portfolio in 2015

*As of December 31, 2015*

# Methodology



By committing to these enterprises for five to seven years, we're able to support them through the tough transition of moving from start-up to fully scaling businesses.

# Methodology

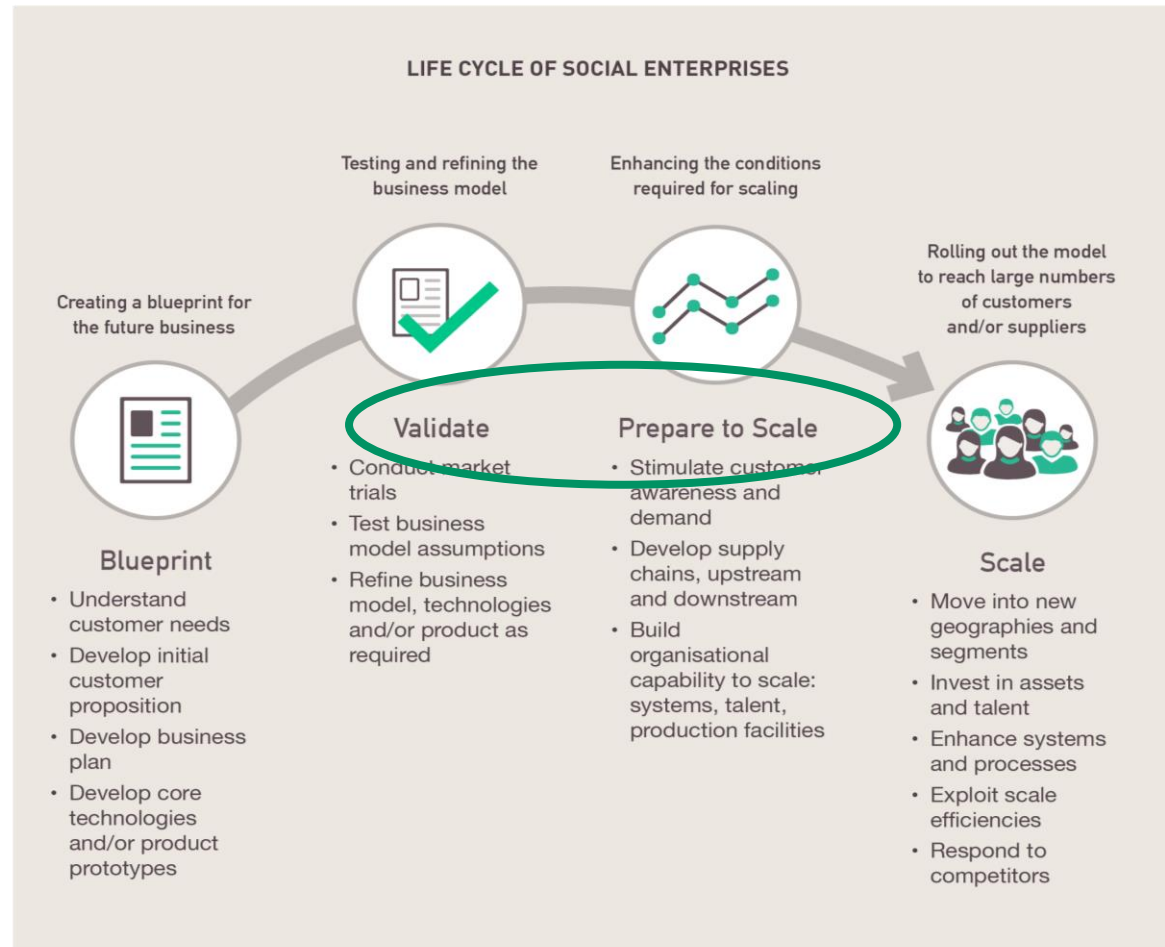
Standardized (industry-independent) tools	Industry specific capacity building support
Due Diligence before inviting into the portfolio	Refining product / service
Investment Memo & Financial modeling	Marketing strategy
Talent Tool	Sales system
Green Tool	Risk management
Metrics for dignified income	
Performance Management Tool	
Provided by NESsT staff	Provided by external experts & NESsT staff

# Tailored Investments

Patient investments that meet the needs of entrepreneurs for validating their employment models.



# Life cycle of social enterprises





# Portfolio Selection Criteria

Acceptance into the NESsT portfolio is a six-month process that assesses competencies with four key areas.



## Social Impact

Potential to provide employment opportunities at scale

## Enterprise Performance

Business operating with some sales

## Management Team

Track record with vision for growth and scale

## NESsT Value Add

Entrepreneur can effectively leverage NESsT's support

# Hungary Portfolio 2017

Prepare  
to scale



Start up



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## Case study – Alko-soft

# Alko-soft Unlimited Partnership

- **Social Challenge:** The majority of visually impaired people in Hungary do not have access to newspapers and other printed matter, nor to universal services that are taken for granted by many. They often cannot afford tools and equipment that would grant them independent access to information, culture, and services.
- **Social Enterprise:** Alko-soft sells IT support for people with visual impairment, promotes ICT accessibility, and equipment for the visually impaired.



# About the business - milestones

Funder, owner: Bálint Dvariecki, visually impaired IT specialist

Legal form:

- 2004 – part time business
- 2008 – full time Unlimited Partnership
- 2016 – Nonprofit unlimited partnership

Size: 1-2 employees

About 60.000 Eur net revenue/year

Breakeven in the 3. full year



# Products and services

- Products for visually impaired people – mostly for assisting in reading - price range from few thousand HUF to two million HUF (Daisy loadbook reader, Braille products, digital devices to grow letters)
- IT services – distant and on location
- Adaptation, development of softwares for the special products



## Other social responsibility activities

- Providing solutions for accessibility of web-sites and job-sites
- DITAL (Digital Content for Visually Impaired People) registration – a closed list for visually impaired people to share readings in the form of e-books –[www.dital.hu](http://www.dital.hu)
- Special informations for the target group via web site
- Free support, advice
- Participation in the activity of the civil self-support organizations of visually impaired community in
- Assistance to companies for the sake of the employment of the visually impaired people
- [Köszönjük.hu](http://Koszönjuk.hu) web page





# New software development

In 2017-18, Alko-soft is launching a specialized digital newsstand for visually impaired people, offering on-line access to paper version newspapers and magazines.





# NESsT support



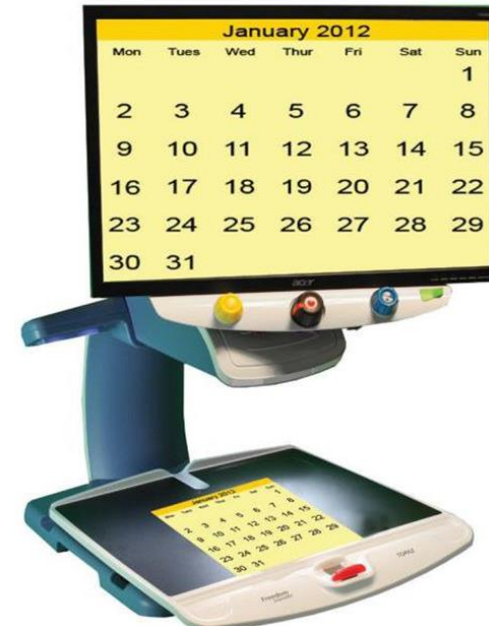
NESsT



Business Advisory Network

- Support leadership and management competences of Balint
- Development of HR system
- Support for improving the cooperation with „Blind” special interest NGO-s
- Define enterprise’s long-term vision and impact (PMT)
- Validate product and potential for job creation
- Track financial and impact indicators (PMT)
- Develop financial model
- Investment readiness preparations – identify patient capital needs, meeting with PBG (social venture capital fund)
- Governance – NESsT as „board”

- Refine business model & cost/revenue structure
- Assist with customer validation
- Provide market expertise
- Strategic planning



# Alko-soft 2016-2017

## Achievements:

- Stable business, stable revenue, significant profit
- 750 visually impaired beneficiaries
- New web-site
- Changing the legal format to nonprofit company to be eligible for GINOP
- GINOP grant to develop eRikkancs

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**Contribution to the improvement of the ecosystem of social entrepreneurship**

# SENSES project

Strengthening social entrepreneurial landscape through involving socially responsible corporate practices in entrepreneurial competences and skills enhancement in the Danube region

Products:

- Regional benchmark study
- Regional skills gap mapping
- Best practices
- Case studies
- On-line SE training material
- Mentorship methodology
- Recommendations for policy makers



