SEED- Creating an ecosystem for enterprise and social enterprise development

Sadaf Mahmood (Enterprise Development Strategist) and Shaista Ayesha (Head of Program Development) were finalizing the presentation that they were planning to make to Faraz Khan (CEO and Founder of SEED Ventures) regarding the development of the 5-year plan. Sitting on the 2nd floor of their office tower in Karachi, Pakistan, and fanning themselves with a piece of paper waiting for the back-up generator to kick-in as the regular power outage continued, one thought that crossed their mind was, “would this plan really succeed?” Sadaf had worked at SEED in different roles for the last 6 years and had been a member of the senior leadership team. Shaista too had been involved with SEED since 2011 and had seen it grow from a start-up to a well-established organization. But despite their deep familiarity with the organization, this presentation worried both of them because of the new challenges that SEED was facing. “Okay, let’s go over this again, Shaista”, Sadaf said yet another time as the sun was going down.

It all started with Faraz going into business with Khusro in 2003 in Karachi, Pakistan. Faraz moved to Pakistan in 2001 after working in London for 6 years and started working with a large local government-owned bank in Pakistan- Habib Bank Limited (HBL) which had recently been acquired by an international social enterprise development agency, Aga Khan Fund for Economic Development (AKFED). As the management transitioned, Faraz became impressed with AKFED’s operational model. AKFED was part of a larger umbrella organization called the Aga Khan Development Network (AKDN), which had 3 streams of operations- Economic, Social and Culture. They used part of the profit from the economic stream to fund the social and culture streams. The commercial enterprises were used by AKFED to create jobs and livelihoods as well as to provide goods and services to the local community in a socially responsible manner. AKDN also worked towards catalysing private organizations devoted to social purposes to plug in the gaps in the public services. In the words of Aga Khan, founder of AKDN- ‘For a long time, political debate all around the world focused on the competing merits of government action versus private enterprise. My conviction, which has deepened through the years, is that these are false alternatives ... The question is not which sector can be most effective in the march towards progress - the central question is how these sectors can best become effective partners in this quest.’

Faraz, who had been contemplating starting his own company with a strong social purpose, found the AKFED model very appealing. As he says:

“Most social enterprises exist as charities, driven by the founder’s interest and powered by his and his friend’s and family’s cheque book. Once the founder’s interest or funds run out, the charity falls into despair from lack of attention and funds and while founded with good intentions and enthusiasm, the charity’s effective life is directly dependent on the founder’s priorities.”

The loose governance structure and lack of commercial mind-set, in Faraz’s opinion, breeds lethargy in the organization and he was looking for a model which made an energetic, self-sustaining social
enterprise possible. The AKFED model of simultaneously engaging in both commercial and social operations, using one to fund the other seemed like a good model to overcome the sustainability problem. With this in mind, he quit the bank to start his own business. Since he was starting from scratch, he realized that the full model, where the commercial operations funded social operations, could develop only in the medium term. To begin with, he along with his friend and business partner Khusro, decided to start investing in commercial enterprises. With this in mind, in 2004, they invested in a media infrastructure company- Gizelle. In the first few years, Faraz and Khusro focused most of their energy on making Gizelle work while also doing a bit of corporate citizenship and some philanthropy in an effort to remain socially responsible.

By 2008 their investment portfolio had expanded into online publishing, technology media consulting and a few other businesses. All their existing investments were doing well, and they had a good pipeline for future investments. But Faraz still felt restless as, in his opinion, the social enterprise development space was more underserved than ever. He realized that the time had now come for them to get more directly involved in supporting social enterprises. Sitting in Regent’s park in London one Sunday afternoon, with acorns falling from the tree, Faraz thought of the name SEED. Faraz says, “I know it sounds cliched but as the seeds fell from the tree, I thought that’s it. It starts with the seed and the tree grows from there and if we want the social enterprise tree to grow, we need to plant the seed!”

Excitedly, he called Khusro in Karachi from the park and discussed the name and concept. Faraz conceptualized SEED Ventures, as a holding company for investment into high potential, high growth start-ups and social enterprises. SEED, implying Social Entrepreneurship and Equity Development, was structured as an organization under the holding company, to focus specifically on social entrepreneurial activities with high impact. With Khusro on board with the idea, they set up a holding and investment company, diluted their individual shares and invested them in SEED Ventures by 2009.

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Pakistan is a young country that gained its independence from Britain in 1947. It is, as of 2017, the 5th most populous country in the world with a population of approximately 207.7 million growing at a rate of 2.40% p.a. Dramatic social changes have led to rapid urbanization and the emergence of megacities. Pakistan is one of the most urbanized countries in South Asia and 50% of Pakistanis now reside in towns of 5,000 people or more. Pakistan has a multicultural and multi-ethnic society and hosts one of the largest refugee populations in the world. It also has a large young population with over 50% of the population between the age of 18-40 years.

As with many other emerging markets, the population growth in Pakistan has far exceeded the infrastructure and there is a shortage of most state provided utilities and services such as water, power, gas, transport network, roads, railways etc. The explosive growth and rapid technological advances have created an odd situation where ownership of mobile and smart phones is common for example, but frequent power outages still bring communication to a halt when people are unable to charge their devices. People and businesses have learned to adapt and survive giving the nation an oddly entrepreneurial streak. For example, owning back-up generators is a norm. Businesses and households that cannot afford a generator have low-cost solutions such as re-chargeable batteries.

With a burgeoning youth population and limited large industrial activity, livelihood creation is a huge challenge for the government and while there is a general consensus that small and medium
enterprises are the backbone of the economy, a lot is desired to be done to support it from a physical, legal and banking infrastructure point.

Within Pakistan, SEED is primarily based out of Karachi which is the commercial and industrial hub of Pakistan. It is also Pakistan’s most secular and socially liberal city and the most linguistically, ethnically, and religiously diverse. With a population of 14.9 million recorded in the 2017 Census of Pakistan, Karachi is considered to be the second largest city with Muslim majority after Jakarta and is the world’s 10th most populous urban agglomeration. The city has a formal economy estimated to be worth $113 billion as of 2014, with the informal sector representing about the same size. Even though, 90% of the corporations operating in Pakistan are headquartered in Karachi, up to 70% of Karachi’s workforce is employed in the informal economy. The growing young population of Karachi, the large informal economy and the poor infrastructure of the city provide both incredible opportunities but also daunting challenges. The short-sighted and politically driven agenda of the elected governments has, over time, resulted in large gaps in the city’s social, economic and utility infrastructure, posing an unnerving obstacle course for socially motivated organizations. Notwithstanding these challenges, SEED set-out to look for social ventures that it could invest in.

It was a chance meeting that Faraz had with a cobbler, Sardar Khan that directed his attention towards microentrepreneurs, a neglected sector of the economy. The interaction with Sardar Khan highlighted that Pakistan’s grass-root entrepreneurs (GREs) or micro entrepreneurs were operating on autopilot. The prospects of growth and scaling up were bleak because there was no support system available to teach, guide and monitor their performance. In fact, GREs weren’t even considered as entrepreneurs by most people; they were completely under the radar for the average Pakistani – being someone whose service an average person used often but who was understood very little.

Faraz realized that he needed some data to better understand this segment, and the gaps in the microenterprise ecosystem. However, there was very little systematic research and published data on the topic. Confronted with this situation, the team decided to embark upon a large-scale research project which would become the blueprint of SEED’s strategy for the next 7 years. The research project titled Potential Enterprise Mapping Strategy (PEMS) was a mapping exercise of grass-root level entrepreneurs in Karachi with a sample size of about 400,000. The team conceptualized the project in 2011 and rolled it out in 2012, collecting a large amount of data on grass-root entrepreneurs (GREs) in Pakistan.

This study, was conducted by 2 researchers at SEED- Talha Nadeem and Faizan Quadri, who subsequently analysed and transformed all the raw data into findings and strategies to mobilise the hidden potential of micro-entrepreneurs. Realising the need for human resources, Faraz hired two more people who later became core members of the team- Shaista Ayesha and Sadaf Mahmood. Shaista was a former colleague of Faraz from when he was a banker at HBL. She left the bank to focus on her passion for writing and among other things, wrote Faraz and Khusro’s biography- ‘Midlife and Naked’. She also taught as adjunct faculty at a local business school in Karachi and was desolate over the material available for the entrepreneurship courses.

“All the reading material and cases that we used were from the West and there were no locally documented success stories. Guest speaker sessions in class always featured a successful business person. No one who had failed actually made it to the podium because nobody was interested in talking
about failure. To me, this did not seem like an ideal way to teach but I did not have the resources to do something about it.”

The opportunity at SEED with the PEMS project that involved doing ground research in the enterprise development space in Pakistan gave expression to her quest for a more realistic and grounded theory of entrepreneurship and social entrepreneurship. With little encouragement, and a promise of freedom to create and innovate, Shaista joined the core team of SEED.

Sadaf’s involvement with SEED began very differently. She was a journalist by profession and had worked in newspapers and magazines for most of her career. Being interested in art and heritage, Sadaf founded a start-up called Re-imagining Karachi, aimed at heritage preservation in the city. The purpose of the organization was to showcase the city and its various parts through photography; along with stories and historic information to create awareness and build a sense of ownership about the city amongst its dwellers. Faraz had mentored Sadaf since she began Re-imagining Karachi and SEED had invested in her start-up. Thus, Faraz and Khusro were well aware of both Sadaf’s skills as a leader as well as her passion for social issues, which made her a natural choice to consider as they built their core team.

Sadaf, the pragmatist; and Shaista, the scholar, complemented each other well and they developed a two-pronged approach – one was to set the wheels in motion for initiatives based on the PEMS research; and the other to conduct additional research to identify gaps in the entrepreneurial and social entrepreneurial ecosystem in Pakistan, and design solutions to address those gaps. In essence, research revealed that there were a number of important elements of this ecosystem that were poorly developed and a number of different customers whose needs were not being currently met. The team thus took a closer look at these and SEED developed some important initiatives in a few different areas.

**Micro-entrepreneurs**

The findings of the PEMS Research revealed that Grass-root Entrepreneurs (GREs) contributed approximately 45% to the country’s undocumented GDP. These small-scale entrepreneurs constitute a large part of Pakistan’s economy and have the capacity to either galvanize or cripple the state of the economy. The research helped uncover the operational difficulties encountered, the avoidable costs incurred, and the business acumen possessed by the owners of small-scale enterprises. These findings spurred Faraz’s decision to start with micro entrepreneurs, and, was rooted in the fact that there is tremendous opportunity to scale rural and urban micro-enterprises. Faraz says:

“*I wanted to create an infrastructure which would support enterprise from ideation to seed funding to growth. Micro-entreprises, run as informal businesses, are ripe for growth and the probability of creating impact there was the highest.*”

An intervention targeting micro-entrepreneurs might yield the highest impact but how would the business model work? It would be virtually impossible to monetize the intervention as a paid service, but development agencies may be willing to fund the interventions if there was a convincing working model. With a loose monetization plan, a leap of faith and a healthy dose of enthusiasm, SEED opened incubators in 3 urban slums of Karachi- 1 in Korangi and 2 in Lyari- directly targeting micro-entrepreneurs. These are some of the most challenging areas of the city and building trust with the
community and working there was more daunting than they had bargained for. The mob-culture of the slums did not help but the team plodded along. The entire experience was new for the organization as they had never run an incubation centre before. These incubation centers provided two main services: training on core business skills in marketing, financial management, customer service and leadership; and small loans for micro-entrepreneurs to invest in critical resources that could help improve their business.

The Story of Sardar Khan

It must have been three o’clock in the afternoon, and amidst the hustle bustle of the main business district of Karachi, Sardar Khan slept rather peacefully with a newspaper covering his eyes under a half-finished shack. Faraz Khan looked around in confusion when he noticed that the owner of this small cobbbling business was in deep slumber during business hours. He called out to him, and a rather groggy Sardar Khan woke up and looked at Faraz, seeming rather annoyed. Faraz handed him his shoe, which needed mending, and requested him to do a quick patch up job. Sardar mumbled under his breath, and did as he was told. Meanwhile, Faraz looked around; the shack was shoddy, there was a small heap of trash nearby, to which this cobbler seemed oblivious, his attire was ragged, and his hair slightly unruly. When Sardar Khan handed the shoe back to him, Faraz was amazed to see the precision and neatness in his work. Faraz being in the business of entrepreneurial development, felt that Sardar Khan’s skill was going to absolute waste simply because he lacked an understanding of how to run his business. Simple things like business etiquettes, presentation and the basics of customer dealing were missing.

A plan of action:

To operate productively, and to be able to sell his skill in an effective manner; what Sardar Khan required was a plan of action. A week later, Faraz revisited him and had a conversation with Sardar about how he could make more from his microenterprise. Faraz concentrated on three elements. He helped Sardar Khan create a menu of the services he offered with clear pricing mentioned against each service – this would help customers know what services he offered, but also help sell more. He assisted Sardar in making a sign board for his cobbling business, so it could be identified by customers who were looking for a cobbler in this vicinity. And finally, Faraz purchased a cell-phone with a SIM card and gave it to Sardar Khan, so he would be easily accessible to customers.

When Faraz went back to visit Sardar Khan after a month, he was pleased to see that there was another person helping him out with his work. Business has grown substantially, and Sardar Khan was thinking of starting home delivery for his customers. Faraz thought this was the right to fund him so that Sardar’s business could continue to grow. He gave Sardar Khan Rs. 25,000 (£165) to purchase a motorcycle so he could start this home delivery service.

Six months later, Sardar Khan paid Faraz a surprise visit at SEED. He looked content and ambitious. Over a cup of tea and between some phone calls, he told Faraz he had expanded his business to another locality, and his nephew who just migrated from Bajor to Karachi, would be looking after this business. He wanted Faraz to know, and he wanted to say thank you.
Contrary to usual incubation centers where people apply to become part of the incubator and benefit from the resources, SEED had to solicit and encourage people to come and be part of their incubators and enrol for the classes that they ran on the 4 themes identified. Apart from the physical logistics, the content and curriculum were an exciting challenge as it was being tested in a live environment with on-the-spot improvisation and customization. It took SEED 2 years (a long time by start-up standards in Pakistan) before they could call the 3 incubation centers a success, but this initial investment of time and resources provided them with a useful template that they could replicate elsewhere. Building up on the success of the urban slum incubators in Lyari and Korangi, SEED established 6 other incubators; one in each of the six districts of Karachi. These incubation centres broke a number of barriers; the first being community engagement between different ethnicities, followed by character building and enhancement, and healthy social interaction. As the story of Sardar Khan shows, they also had a profound impact on the lives of the individual micro-entrepreneurs they reached.

Universities

“In Pakistan there are 180 universities. 2.2 million graduates come out of the universities every year. 250,000 or so have a job in the private sector, 200,000 or so in the public sector. But what about the rest? There are a lot of people who struggle to find the right jobs, and this is an economic time bomb”- Faraz says.

Faraz realized early on that universities were an important site for enterprise development activities and that they could be the perfect audience for the promotion of social entrepreneurship. Young graduates, brimming with enthusiasm, needed to be exposed to alternative ways of using their skills productively and entrepreneurship was one such alternative. Thus, to encourage a more profound interest in social entrepreneurship among universities, SEED created Social Enterprise University Model (SEUM) in collaboration with British Council in Pakistan. The project was designed to develop the capacity of the universities to nurture and incubate indigenous, university-grown social start-ups, connect them to relevant mentors and subsequently transform them into viable enterprises worthy of receiving investment from impact and commercial investors.

The initiative was conceived to engage the youth in the idea of social entrepreneurship, provide resources and a pathway for the students which could support them and allow them to grow. The support would be in terms of a safe environment to discuss ideas, talk to mentors, meet and find likeminded people to partner with. The initiative also worked to build resources and knowledge base within universities to support their students in the future so that an eco-system of social entrepreneurship at university-level could be developed that the students could rely upon.

Using its first-hand knowledge and expertise in running incubation centres, SEED helped set up the incubation centres in universities, trained the university incubation centre management on how to manage and run an incubation centre, and guided them through the process for 3 months to enable them to run it independently. Having started with 5 universities when SEUM started, SEED expects this initiative to grow to reach 20 universities in the next phase.

Schools

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The key stakeholders that SEED had worked with in its first few years were micro-enterprises and universities. However, there were several other gaps in the entrepreneurship ecosystem and school children in particular were a target group that SEED wanted to impact.

“Traditionally students have only been exposed to stereotypical professions to aspire to. In Pakistan, parents talk about their children becoming doctors or engineers or lawyers, but no-one talks about (their children) opening their own business. This is left to those who don’t make it in the stereotypical professions. Inculcation of entrepreneurship and social enterprise as an alternate main-stream profession is thus critical. Not to mention that intervention at school level catches people in their formative years where they are still developing ideas of what is acceptable and not. To me this is the most effective way of ensuring a future generation of entrepreneurs,” says Faraz.

The idea was to get children to start thinking about business ideas from an early age and then give them the tools needed to ease their entrepreneurial journey. To do this, in 2015, SEED partnered with Prince’s Trust International to roll-out an Enterprise Challenge Program (ECP) which was aimed at school-going children between the ages of 13-16 years. The challenge taught the basics of entrepreneurship through a simulation game, played in teams with each member playing a different role. In its first year, ECP was launched in 20 schools in 10 cities reaching out to more than 2,700 young people. The ECP Pakistan, as it came to be known, had representation from all 4 provinces of the country including conflict-stricken areas. It took SEED a team of 60 people comprising of mentors, teacher trainers, admin staff and program staff to pull-off local, regional and national level competitions. Each student team had access to 6-8 hours of mentorship and equal opportunity of access regardless of where they were located. For the second year, SEED widened its scope even more by reaching 10,000 young people in 28 cities.

‘This initiative plants the ‘seed’ of entrepreneurship in the young student’s mind. Chances are that the student will not start his/her business for a few years after this competition, but their brains get attuned to thinking in an entrepreneurial way,’ said Sadaf who holds this initiative most dear to her. ‘Not all will ever pursue entrepreneurship but at least we are putting it as a viable option in their mind along with professions like engineering, law and medicine. Also, chances are they will have more respect for their peers who do end up starting their own enterprise after realising how challenging it can be having gone through this simulation.’

Corporate Impact Venturing

One of the biggest commercial successes that SEED has had, based on project estimates, has been in the space of corporate impact venturing. Corporate Impact Venturing is the creation of for-profit ventures in collaboration with multinational corporations to create social impact. SEED had been working with the CSR arm of Pakistan’s largest conglomerate Engro Corporation and had initially established an incubation centre in collaboration with them at their fertilizer plant in Dharki. After a long association with them, and SEED’s own journey of discovering corporate venturing from a Swedish start-up, SEED ventured into corporate impact venturing with Engro Foods, a subsidiary of Engro and the second largest dairy producer in Pakistan. The new venture – Silage Business, conceived by Engro, was developed on the insight that even though Pakistan’s dairy market consists 90% of small and medium farmers who own less than 20 animals, silage (the fodder that cattle eat) is supplied only in 60kg packs which is relevant for only the large farmers. Helping Engro recognize this as an opportunity to create social impact sustainably, SEED and Engro jointly started a venture which would
produce and supply low-weight silage packs taking advantage of the dairy company’s vast distribution network and channels that were already in place to collect milk from these farmers. This venture will be launched soon, and will help set an important example of the possibilities for co-creating impact and profits.

**Other areas of impact**

From its beginning, SEED had worked in areas where there were critical gaps in the entrepreneurial ecosystem. Wherever they recognized a need, they stepped in to fulfill that need often not having a good grasp of the ability to monetize it. While this hampered their ability to scale, over time, they have built their portfolio to cater to a number of other stakeholders and customers such as the differently-abled and recently vocationally trained people. SEED provided a consultancy study to the Adam Smith Institute, which has created a large number of vocational training programs mainly in the province of Punjab; to determine the absorption rate of their beneficiaries and the causes of low impact of their programs. SEED concluded that 70% of the trainees were not absorbed by the formal sector and there was a need to create enterprise development training for trainees especially in vocations such as: plumbing, carpentry, electrician etc to increase their chances of success and livelihood creation.

SEED’s ambition to create a comprehensive ecosystem is, however, not limited to direct provision of products and services. Recognizing the role that public policy changes could play, they also began engaging the government and focused on two key public policy areas: SMEs and access to finance.

‘Working with governments is a slow process but without their buy-in and policy-level changes, efforts to improve the ecosystem remain incomplete,’ says Faraz.

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7 years after it began its ambitious journey, it looked as if SEED had hit another turning point. They now had a suite of products targeting different stakeholders, and had a template for each of these that had demonstrated success. In this new stage of the organization, however, several important challenges presented themselves.

‘While our products and programs have multiplied since we started, our teams have only increased from the initial 8 people to 20 people. Working in this way spreads us thin, no doubt. We have learnt how to actively leverage the capacity of partner organizations as we do not want to build a heavy cost base and lose our agility but that does put us under strain. We now need to understand how to scale and have better monetization plan without turning into an unwieldy organization which is unable to make decisions due to layers of bureaucracy,’ says Faraz.

To this end, Faraz asked Shaista and Sadaf to propose a 5-year plan to address these challenges and find ways to fuel SEED’s aspirations to complete the enterprise ecosystem in Pakistan.

**Sustainability**

There are four different stakeholders that currently provide SEED with its revenue. First, SEED Ventures, the holding company invests 15% of its profits into the ecosystem development arm- SEED. Once SEED pilots its initiatives and demonstrates success, they reach out to three other stakeholders
for engagement in various ways. First, government is an important stakeholder of many of their initiatives as their activities have a direct social impact. So, they involve the local and central governments to invest into activities that are high-priority for them. Second, they involve the private sector, either through their CSR foundations or through corporate impact venturing to invest into relevant initiatives. And finally, they reach out to the development sector to channel their funds into some of their activities.

Going forward, one priority for SEED will be to acquire more control over their funding and to depend relatively lesser on external and indirect beneficiaries of their activities. This was one key area of Sadaf and Shaista’s presentation to Faraz. Faraz says,

“Getting grants for projects from development agencies and delivering successfully on them is not a problem for us. We can do that very well. However, such projects and funding tend to be short-term with no assurance of continuity as grant money is mandate driven. Converting this to ensure some long-term continuity is important for us. The other possible angle is that when the end recipient starts paying us, that’s when we can become truly sustainable. And finally, we need to figure out how to monetize the assets we have, such as the huge amount of data that we’ve collected over the years.”

‘Getting low-income beneficiaries to pay for a service can be very challenging and would require us to show a clear return on that value to them. And what might people be willing to pay for?’ wonders Shaista to herself. ‘Which of our product/services might be easiest to monetize and what might be some revenue models? For instance, might there be some ways to monetize the value we are creating for GREs? What about using our experience of running incubation centres? We are also very strong in terms of the training material that we have created in different business management disciplines, customized for GREs, differently-abled people, vocationally trained people, and many other segments. Finally, we have immense granular data for over 7 years in different GRE segments as well as for students and incubation centers? Is there a way to package it and sell it without losing our IP?’

**Scale**

The team had demonstrated success in multiple areas, but they also realized that if they continued operating alone, it would be very difficult to achieve scale, geographically or otherwise.

For instance, SEED has managed to help many GREs and have a plethora of success stories, but GRE numbers run in hundreds of thousands and to reach all is difficult. Scale cannot be replicated even after 7 years of experience as building trust with beneficiaries takes time and so does adapting to norms and culture of different geographies within the same country and sometimes even within the same city. Investment in resources that can create this infrastructure country-wide is unfathomable and building partnerships with like-minded entities is the only way forward.

‘It is difficult to find partners with the same level of expertise, mind-set and devotion. You have to make compromises and look at the bigger picture of impact,’ says Sadaf. ‘It is also important to clarify which partner brings what to the table and the responsibilities that each will shoulder. Trust deficit needs to be quickly replaced with performance history if the partnership has to succeed.’

The partnership with Scottish based Social Enterprise Academy had worked very well for SEED and it was a serendipitous beginning. Going forward though, one of the critical opportunities for them was to grow in a more systematic fashion. Some important decisions needed to be made about this such
as which geographies to grow in based on ease of replication; which programs to prioritize in terms of depth of impact; and how to find partners based on shared goals. As Shaista put it:

“Overall, there are several important decisions to be made. Should we focus on scaling only within Pakistan at the moment; or look at other countries where we may be able to find partners more easily? What should our guiding criteria be: availability of partner; or similarity of context? Another related aspect is, which of our programs should we focus on growing first? And should we be guided by ease of replication or depth of impact? And finally, we need to identify what exactly we should be looking for in our partners- what are the key things that we are lacking, that our partner can bring to the table and help us scale more effectively and efficiently’

As Sadaf and Shaista mulled over these challenges, they reflected again on how far SEED had come and the many lives that its work directly touched. The pressure they felt about the presentation was not one generated by Faraz or anyone in the organization; but that created by the weight of the responsibility towards the people of Pakistan. SEED’s work with its various stakeholders had an immense and proven potential for impact, it was now up to them to grow this impact exponentially by creating a sustainable and rapidly scalable model and touch many more lives both within and outside Pakistan.
Funding Model for SEED

SEED Ventures
Holding company investing in high-growth, profitable start-ups

Development Agencies
Donations and grants from development agencies with similar missions

Governments
Tapping local and central government resources intended for community welfare

Corporations
Channeling CSR budgets and using corporate venturing for strategic fit
SEED tutorial- Discussion Questions

1) Would you consider SEED to be a social enterprise? Think of the 5 factors discussed in the lecture that help us define a social enterprise: primarily social goals, pursuit of opportunities, innovation, resourcefulness (not being deterred by resource constraints), and risk-taking.

2) What motivated SEED’s decision to start their social entrepreneurial activities with micro-entrepreneurs? What were some of the criteria they used in their decision-making? What criteria did they not use, that could also be considered important?

3) How can SEED overcome the sustainability challenge that it is facing?
   a. What is their existing revenue model?
   b. Which of their different products/assets do you think is most monetizable?
   c. Which of their programs/assets will be most difficult to monetize?

4) Consider the different choices that SEED has with respect to scaling and make recommendations about each:
   a. Which geographies should they expand into – increase penetration in Pakistan or expand to other countries?
   b. Which programs should they focus on replicating first? Why?
   c. What to look for in their partners- what do you think are the key things that SEED is lacking, from an expansion perspective, that they should try to find in their partners?