



Venturing for Social Good

6. Beneficiaries and Payers

“You have not lived today until you have done something for someone who can never repay you.” –
John Bunyan

Many social impact models aim to benefit people and communities who have little to no capacity to pay for entrepreneurial solutions. This video highlights the special challenges social entrepreneurs are likely to encounter in developing impact models wherein beneficiaries are distinct from payers.

Let’s start by defining what we mean by beneficiaries and payers. Beneficiaries are the people and communities who stand to be positively impacted by your social venture. Payers, also known as customers, are the people who actually pay for or fund your product, service, program or policy. Payers might be consumers, businesses, governments or other organizations who exchange money for the value provided by your solution.

In some cases, beneficiaries and payers are the same people or organizations. For example, the Dare Women’s Foundation is working on a social venture model that creates jobs for women to make reusable sanitary pads to address the lack of feminine hygiene products in rural areas of Tanzania. In their model, the people who benefit from using the pads are also able to make the nominal payments needed to buy the reusable pads, and the people who make the pads are able to make the nominal payments needed to finance sowing machines and purchase raw materials. Thus, the beneficiaries and payers are the same people, which simplifies the impact model.

In contrast, beneficiaries and payers are distinct in one-for-one social impact models. For example, Tom’s Shoes one-for-one model calls for a beneficiary to receive a free pair of shoes for every pair purchased by a consumer.

The distinction between beneficiaries and payers is particularly relevant for social entrepreneurs who grow up in the developed world, but try to make a positive impact in the developing world. This circumstance presents a major challenge because such “outsider status” can make it difficult for social entrepreneurs to understand the culture and needs of their targeted beneficiaries. Social entrepreneurs cannot simply assume that they have the best solution for a problem, or even that there is an existing problem at all. They must first understand the situation from the perspective of their beneficiaries if they want to make a sustainable impact.

It doesn't matter how great your idea seems to you, your beneficiaries must be on board as well. If your beneficiaries do not find value in your solution, then it is unlikely to have a sustainable impact. You must possess a keen understanding of the situation from the perspective of your targeted beneficiary to avoid mistakes brought about by cultural naivete or a lack of contextual understanding.

Perhaps the best way to develop an understanding of the beneficiary perspective is through direct communication with targeted beneficiaries. This will help you discover if there is actually a need or desire for your product or service. It can also provide you with insight into how they would want the problem or situation to be fixed, so that you can design a culturally sensitive solution.

Another way to develop an understanding of the beneficiary perspective is by seeking to work with a strong local community partner, who can act as a liaison between you and community members. A community partner is typically a community leader or a leader of a grassroots NGO who deeply understands the community's culture and challenges and possesses the status of a trusted insider. Community partners are crucial for social entrepreneurs who are not members of the communities they aim to impact. They can also be useful when working within your own community.

One important aspect of understanding the beneficiary perspective relates to accessibility. It is highly recommended that you assess accessibility of your proposed solution by creating a Beneficiary Experience table. A Beneficiary Experience table is an outline of the steps that your prospective beneficiaries must take in order to derive benefit from your solution. By looking at your venture from the perspective of a beneficiary, you can figure out if your product or service is convenient and impactful.

Here is an example of a Beneficiary Experience table for the Dare Women's Foundation model mentioned previously. As you can see, it lists the steps that a beneficiary would go through while making use of the product, from first hearing about the reusable sanitary pads, to the purchase and upkeep of the pads. Dare Women's Foundation can use this table to consider how to improve the convenience and impact their solution offers to beneficiaries.

Now that we've discussed the importance of gaining a rich understanding the beneficiaries' perspective, it is also useful to note the importance of recognizing the privilege enjoyed by most social entrepreneurs.

Privilege is an inherent advantage that you may have over someone else based on your race, gender, education or socio economic status. It is important to evaluate and recognize your own privilege before working with a group of people who may not have the same privilege that you do. Generally, most people live in patriarchal societies where some groups enjoy positions of social and economic dominance over other groups who do not have the same privilege. A typical mistake made by social entrepreneurs is implicitly or explicitly taking a position of dominance over beneficiaries by assuming they know what's best for the beneficiaries. As a social entrepreneur, you must keep equality in mind when helping others, and use your interviewing and observation skills to gain an understanding of what

will and will not make a positive impact. Knowledge should be shared both ways to create a mutually beneficial relationship. Your beneficiaries are not only there to learn from you, you are there to learn from them as well.

As author Mike McIntyre points out:

“Sometimes those who give the most are the ones with the least to spare.”

