

Exploring social business models: The case of ECHOstore and Greenius

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Abstract

The purpose of this paper is to explore and compare the business models of two Philippine social enterprises: ECHOstore Sustainable Lifestyle and Greenius. In a commercial perspective, both social enterprises are involved in retailing eco-friendly products while in a social value perspective, they work with communities as supposed target beneficiaries.

Through a qualitative case study methodology (Yin, 2003), we will examine the merits and points for improvement of the two aforementioned enterprises using learnings. To aid in generating richer insights, we will adopt learnings from the business model frameworks of Osterwalder and Pigneur (2010) and Yunus et al. (2010) – the former known for the ‘Business Model Canvas’ framework and the latter a Nobel Peace Prize winner for his social entrepreneurship work in Bangladesh through the Grameen Bank.

This study is significant as it attempts to address both a research and practice gap of understanding better how to manage a business model that aims to balance, if not reconcile, multiple value propositions. Business models enable social enterprise managers, owners, and even scholars to have a more holistic perspective of an enterprise, which aids not only strategic, but also systems thinking. Given the fast pace and uncertainties in managing today’s business, together with the added complexity of addressing a social need, it is imperative to understand how both commercial and value is created, delivered, and captured through the lens of a business model.

Key Words

Business model, for-profit social enterprise

Rationale

“Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.”

— Bill Drayton, founder of Ashoka Changemakers

“Business and human endeavors are systems...we tend to focus on snapshots of isolated parts of the system. And wonder why our deepest problems never get solved.”

— Peter M. Senge, author of *The Fifth Discipline*

“In the social sector we’re often heavy on mission statements but light on clear value statements. An entrepreneur’s challenge is to design and successfully implement a new business model.”

— Alexander Osterwalder, author of *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*

Managing social enterprises is very complex. Whereas the success of traditional businesses are supposedly measured by its bottomline and the success of nonprofit organizations are evidenced by how well it achieves its mission or impact, social enterprises yearn to internalize these two objectives in the organization’s system and simultaneously pursue the two goals.

Peter M. Senge, a renowned management guru who authored the seminal book entitled *The Fifth Discipline*, stresses the importance of adopting a holistic systems thinking in managing any type of organization. Social entrepreneurs leading their social enterprises, in their excitement to “revolutionize the fishing industry”, may sometimes be too focused on the social mission aspect of their organization and overlook the commercial or business side essential for viability. On the other hand, some aspiring entrepreneurs may focus on the business side at the expense of pursuing impact. Fully adopting systems thinking, indeed, is a challenge that social enterprise leaders must overcome.

In order to do so, Osterwalder and Pigneur (2010), as supported by Yunus et al. (2010) propose adopting a business model perspective – being able to visualize and make sense how a social enterprise creates, delivers, and captures both commercial and social value. Doing so may help pursue the dual objectives social enterprises commit to achieve. By understanding how value flows from key partners to the target stakeholders and vice-versa, organizations can paint a clearer picture on how to better meet its goals. Instead of viewing profit and mission as magnets repelling each other, adopting a business model perspective complements holistic systems thinking; that is, to realize that it may be possible to do well *by* doing good and do good *by* doing well. Social problems and commercial viability are challenges too daunting to be viewed in silos.

Scholarship and research on business models have been gaining popularity in the recent years (Al-Debei & Avison, 2010; Al-Debei & El-Haddadeh, 2008; Casadesus-Masanell & Ricart, 2011; Osterwalder & Pigneur, 2010; Osterwalder et al., 2014; Yunus et al., 2010). Al-

Debei and Avison (2010) describe the business model concept as an abstraction or a representation of an organization. They claim that business models can be in conceptual, textual, or graphical forms (with Osterwalder’s Business Model Canvas as one of the more popular graphical representations of the concept). No matter the differences and variations between several authors’ own business model conceptualizations, their ideas converge in describing how different organizations create, communicate, deliver, and capture value (Al-Debei & Avison, 2010; Al-Debei & El-Haddadeh, 2008; Casadesus-Masanell & Ricart, 2011; Magretta, 2002; Osterwalder, 2004; Osterwalder & Pigneur, 2010; Ovans, 2015; Timmers, 1998; Yunus et al., 2010). The business model perspective has been adopted in the context of the social sector as well (Osterwalder & Pigneur, 2010).

To generally understand the business model concept, Al-Debei and Avison (2010) propose four general dimensions that encompass the concept’s definition. These are (1) value proposition, (2) value architecture, (3) value network, and (4) value finance. Figure 1 offers descriptions of these four dimensions.

<i>BM classes</i>	<i>Brief description</i>
(1) Value proposition	A way that demonstrates the business logic of creating value for customers and/or to each party involved through offering products and services that satisfy the needs of their target segments.
(2) Value architecture	An architecture for the organization including its technological architecture and organizational infrastructure that allows the provisioning of products and services in addition to information flows.
(3) Value network	A way in which an organization enables transactions through coordination and collaboration among parties and multiple companies.
(4) Value finance	A way in which organizations manage issues related to costing, pricing, and revenue breakdown to sustain and improve its creation of revenue.

Figure 1. V4 Business model dimensions (Al-Debei & Avison, 2010)

Al-Debei and Avison’s research (2010) roots from comprehensive literature revolving on prior business model research, case studies on information technology firms, and doing content analyses of these works. They contend that the business model framework serves to be an essential conceptual tool capable of aligning how a business operates and how it pursues its strategic plans. Similar to the contentions of Osterwalder (2004), making an organization’s business model more explicit helps assess and make sense of an enterprise’s intangibles and other forms of value in pursuing crucial objectives.

Osterwalder (2004) expresses the need for organizations to understand their business models. This allows managers to make better sense of how value flows from all aspects of the enterprise. The rise of design thinking has led Osterwalder and Pigneur (2010) to develop their own framework they name as the Business Model Canvas. Figure 2 shows the descriptions of each of the nine building blocks the framework capitalizes to portray an organizations business model.

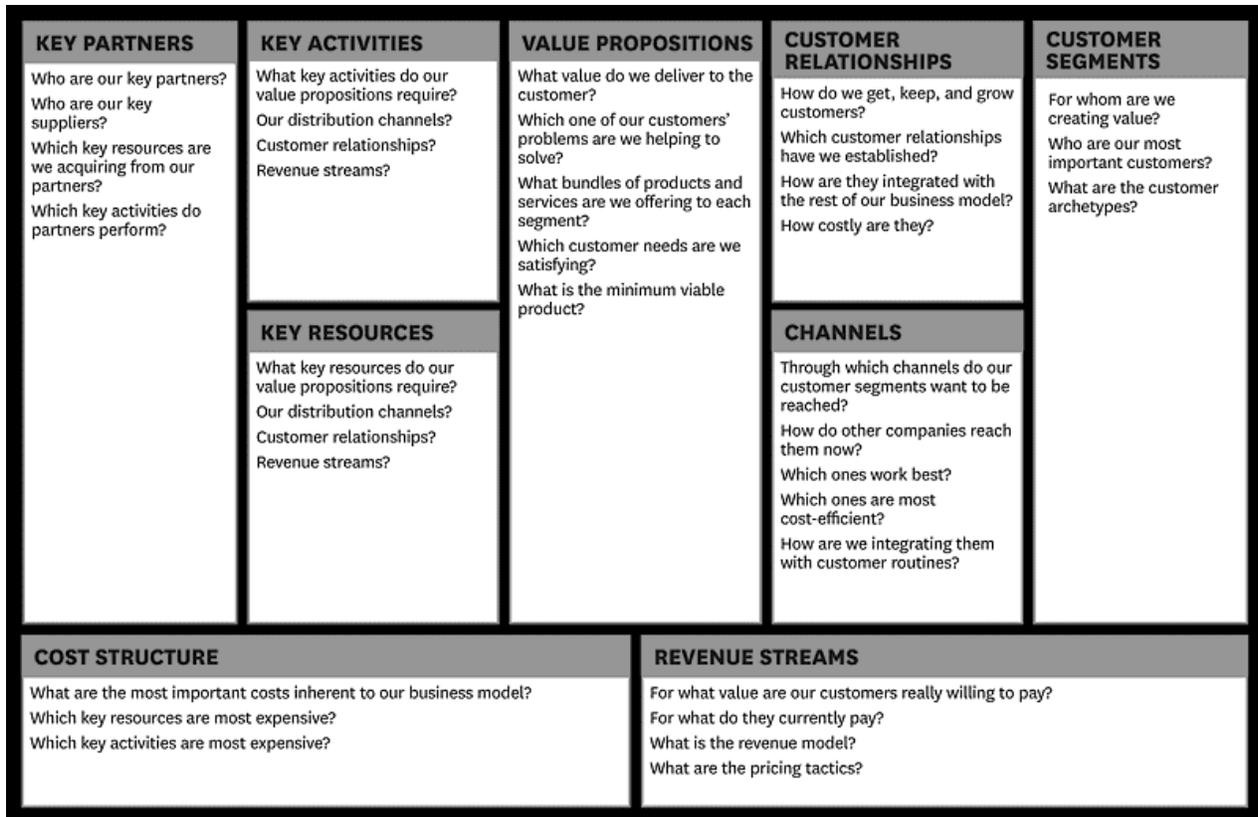


Figure 2. The business model canvas (Osterwalder & Pigneur, 2010)

The framework encourages visual representations of value flows across organizations, with practitioners all over the world adopting the canvas in their strategic planning and business model innovation initiatives. Rightfully, the framework shows the Value Proposition as its core element as this influences how the business model should function. Key Partners, Key Activities, and Key Resources refer to the business's value creation aspects; Customer Segments, Customer Relationships and Channels refer to the value communication and delivery aspects; while Cost Structure and Revenue Streams focus on value capture and financing activities.

Yunus et al. (2010) supports the applicability of the business model concept in managing social enterprises. Just as it is important to visualize or make explicit how a traditional business creates, communicates, delivers, and captures value, Yunus et al. (2010) emphasize the importance of building social profit equations rooted on aligned internal and external value chains. It is important to reconcile both economic and social value objectives as contended by various authors (Alter, 2006; Austin et al., 2006; Barnes et al., 2009; Dees & Anderson, 2002; Emerson, 2003; Glover, 2012; Osterwalder et al., 2014; Porter & Kramer, 2011; Yunus et al., 2010). As such, in exploring the social business models of social enterprises, we consider it beneficial to use the lenses of Al-Debei and Avison (2010) and Osterwalder and Pigneur (2010).

Given the vast literature available on business model perspectives, the limited business model literature focused on social enterprises is quite notable. As such, this paper aims to fill such gap, initially in a Philippine context, by answering the following research questions: (1)

What are the social business models of ECHOstore and Greenius, two social enterprises operating in Metro Manila? (2) What are the lessons and best practices we can derive from the cases of the two social enterprises?

Specifically, our study has the following objectives:

1. To explore, visualize, and make sense of the social business model of two Philippine social enterprises operating primarily in Metro Manila
2. To derive initial insights that can be applied to other social enterprises similar to ECHOstore and Greenius.

To answer our research questions and meet our objectives, we adopted the case study research method because we examined a contemporary phenomenon with some real life context, over which we had little control. We adopted the multiple-case design because, as pointed out by Yin (2003), working on at least two cases allows for the possibility of direct replication. The analytic conclusions independently arising from multiple cases “will be more powerful than those coming from a single case alone” (Yin, 2003, p.53). We recognize, though, that case studies are only “generalizable to theoretical propositions and not to populations of universes.” Therefore, we cannot establish correlational or causal relationships, but simply explain why or how these relationships exist (Yin, 2009).

We chose Greenius and ECHOstore Sustainable Lifestyle as our case studies since they are at least two years old at the time of data gathering. This allowed us to gain insights as owners and managers had enough experience in dealing with various problems faced by the business. We came up with detailed case descriptions, which included the following information: background of the company, its economic and social activities, and business model following Osterwalder and Pigneur’s Business Model Canvas. We deemed it appropriate to use the tool of Osterwalder and Pigneur to visualize how value flowed within the organization.

We then did a cross-case analysis that allowed us to uncover patterns across the two social enterprises, and to understand how the different circumstances probably resulted into varying levels of success. For the cross-case comparison, we used Al-Debei and Avison’s V4 Business Model Dimensions as these effectively encompasses the important aspects of the business model concept.

Case 1 – Greenius

Company background

Greenius started out in 2009 as a feasibility study school requirement submitted by five students to a business incubation program in one of the Philippines’ prestigious business universities. Its vision is to “raise the competitiveness of Philippine indigenous materials and communities that produce them through global design brands”, while its mission is to “‘wow’ the world with stylish products from our very own indigenous materials”.

Greenius's product line includes the following lines: Bags, which were handmade and crafted for women; and Journals, which can be used to take notes during meetings and listing down to-do's, or by creative types to write a novel, sketch, or record thoughts, ideas, or feelings; and tablet covers, a collection they claimed to be designed with balance between style and functionality in mind—a great fit for 1st-4th generation iPads. These products reach the market through traditional stores (some retail stores and bookstores) and through online selling. Journals and tablet covers are also sold as corporate giveaways.

Greenius received an initial boost when it won P350,000 worth of start-up capital and a web site development package for its entry to a business plan competition in 2009. This encouraged the team members to execute their business plan. At the time of the study, only two of the original five former students are still involved in the business—the creative director and the director for marketing and social aspects of the business. They were later joined by two other individuals as they ventured into what they claim as “eco-fashion”.

Social objective

Greenius was not originally meant to be a social enterprise, but actually evolved into one. They first wanted to work with the country's indigenous materials. This led them to a community located in the south of Metro Manila recommended by the Department of Trade and Industry (DTI), which was recommended because of the community's flagship project involving the conversion of usable water plants into woven products. These water plants are considered invasive, causing the clogging of the place's water bodies. This resulted to floods that threatened the livelihood of fishermen who found it difficult to navigate the waters to catch fish and shellfish. Community members, however, were resourceful enough to convert the stalks of these plants into material that is comparable to leather. This form of recycling waste into usable raw materials inspired the founders to push with their business idea with a social mission.

By engaging (i.e. working with and training) the women in rural communities in sourcing the company's raw materials and in producing their products, Greenius provided livelihood to these communities even as it addressed an environmental concern at the same time by helping restore water bodies previously infested by the invasive plants.

Business model canvas of Greenius

Key Partners	Key Activities	Value Proposition	Channels	Target Segment
<ul style="list-style-type: none"> Community suppliers of upcycle-able materials Local government units Investors which gave seed funding for Greenius for their prize as a winner in a business competition Network of social entrepreneurs 	<ul style="list-style-type: none"> Upcycling of raw materials into usable eco-friendly accessories 	“Stylishness that Saves” - Eco-fashion (luxury bags) that empowers individuals to help indigenous communities and save water bodies from pests	<ul style="list-style-type: none"> Online selling 	<ul style="list-style-type: none"> Fashionable women belonging to high-end market
	Key Resources		Customer Relationships	
	<ul style="list-style-type: none"> Raw materials (plant leather) Raw materials processor Artisan inputs of well-renowned designers 		<ul style="list-style-type: none"> Social media Website 	
Costs		Revenues		
Store operations Marketing expenses Cost of sourcing raw materials Costs of manufacturing/upcycling raw materials		Online sales Retail sales		

Figure 3. Initial business model canvas of Greenius

Key Partners	Key Activities	Value Proposition	Channels	Target Segment
<ul style="list-style-type: none"> Community suppliers of upcycle-able materials Local government units Investors which gave seed funding for Greenius for their prize as a winner in a business competition Network of social entrepreneurs 	<ul style="list-style-type: none"> Upcycling of raw materials into usable eco-friendly accessories 	“Stylishness that Saves” - Eco-fashion (luxury bags, journals, tablet covers) that empowers individuals to help indigenous communities and save water bodies from pests	<ul style="list-style-type: none"> Online selling Mall retail channel Bookstores (National Book Store, Fully Booked) 	<ul style="list-style-type: none"> Fashionable women belonging to high-end market Middle-market individuals advocating sustainable goods Corporate accounts looking for corporate giveaways
	Key Resources		Customer Relationships	
	<ul style="list-style-type: none"> Raw materials Upcycled materials (plant leather) Raw materials processor Artisan inputs of well-renowned designers 		<ul style="list-style-type: none"> Social media Website 	

Costs	Revenues
Store operations Marketing expenses Cost of sourcing upcycled materials Cost of sourcing raw materials Costs of manufacturing/upcycling raw materials	Online sales Retail sales Corporate client sales

Figure 4. Modified business model canvas of Greenius after inflection point

The value creation aspect of Greenius’ business model shows how they source raw materials from select rural communities capable of producing upcycle-able plant leather and other indigenous products. When they started (Figure 3), Greenius incurred the cost of helping the communities transform plants into more usable forms. However, this proved to be very costly; thus, they modified their business model (Figure 4). They resorted to only partnering with communities that can already deliver their needed specifications. After sourcing, they worked with other partners that can help convert the raw materials into stylish products. At first, they wanted to focus producing faux-luxury bags. However, their failure to meet cost targets forced Greenius to pivot – prioritizing leather journals and tablet covers instead.

The value communication and delivery aspect of Greenius’ business model shows how they capitalize on online and retail channels to sell their products. Greenius experienced difficulty selling their faux-luxury leather bags, but upon pivoting to creating journals and tablet covers, they were able to tap the middle-class and corporate accounts market to increase their sales.

In terms of finance and value capture, they get revenues via sales and immediate collection of money from customers. When they stuck to selling faux-luxury bags, they had a hard time having sales. However, as mentioned by one of their founders, the introduction of tablet covers and journals allowed them to access a more mass market and even corporate clients. They stopped focusing too much on producing high-priced bags. Instead, they partnered with different Philippine book stores to distribute their leather journals and tablet covers. One of Greenius’ founders shared that the prices of their leather journals and tablet covers were now able to cover the expensive sourcing and product design they incur, with the company being able to reach their break-even and ROI stages.

Value propositions

At the early stages of Greenius, they focused on upcycled bags and accessories with a high price point – targeting the Filipino AB women segments. However, upon finding out that their flagship products are not that sellable to their intended target market, they shifted to selling upcycled smartphone accessories and a journal/diary with an upcycled cover, which are now more sellable to a bigger market (Filipino BC demographics).

Their mission is two-fold: poverty alleviation and restoring environments from waste through upcycling. However, given the high costs of training communities and directly upcycling waste materials into more usable elements, Greenius shifted its approach from

intensive community engagement to largely sourcing materials from, and outsourcing production to, various communities.

Value architecture

Greenius' value architecture resides on their ability to upcycle plants into commercially viable products. Although there is an attempt to reconcile their economic and social goals, Greenius found out that they cannot sustainably internalize the cost of sourcing and manufacturing high-cost products.

Greenius initially sold primarily through select retail outlets, bazaars, and online shops. After focusing on smartphone accessories and journals, they now added bookstores (National Book Store, Fully Booked). In addition, the business took in two new people to help run the business more professionally. This has led to some innovations in their product development and market development efforts.

Focusing now on outsourcing raw materials instead of previously taking great pains training their partners, Greenius maintains a more streamlined process that benefits their commercial bottomline. However, this shows that to some extent, the enterprise's social mission takes a backseat as they make sure to make the organization more stable and efficient.

Value network

The value network of Greenius relies heavily on fellow social enterprises, their personal and alma mater contacts. Having won a business competition and having graduated from a renowned Philippine university, Greenius was able to access important networks and mentors that helped streamline the organization.

One of the original owners had to cut down on the time she spends in the communities due to financial and opportunity costs for the company. Moreover, Greenius is moving towards a more conventional business model, one that seeks to develop a market through branding. Outsourcing production, but with less direct engagement in the community, is meant to bring down operational costs. The company has cut down its community development efforts, and focuses instead on sales, product development and design. It does not have a non-profit partner that provides complementary service.

Value finance and value capture

Greenius' initial main cost drivers can be seen in their value architecture difficulties – sourcing upcycle-able plant leather and manufacturing them into sellable eco-fashion products.

Having won a business competition, Greenius was able to have a good starting capital to kickstart operations. However, their initial sales of faux luxury items did not bode well, causing

them to manage costs (at the expense of their mission taking a backseat). Their repositioned products have enabled them to recover and make their social enterprise more stable.

Greenius is now more conscious about meeting its financial bottom line, which is essential in keeping the business viable. This is not necessarily undesirable. However, having outsourcing as their main way of working with their beneficiaries mean they do not anymore intend to maximize the pursuit of their social mission. This may as well be akin to a company procuring from selected suppliers, which touches more on CSR rather than social entrepreneurship.

Case 2 – ECHOstore Sustainable Lifestyle

Company background

ECHOstore Sustainable Lifestyle is the first green retail store in the Philippines. Founders Pacita “Chit” Juan, Jeannie Javelosa, and Reena Francisco (also known as the ECHOtrio) brought their extensive corporate / entrepreneurial experience to this venture that advocates sustainable living. Recognizing this generation’s growing environmental consciousness and desire for environment-friendly products, these women spotted an opportunity that other Filipino entrepreneurs failed to notice. They set up a store that showcases the finest products made from raw and all-natural materials, and created by talented craftsmen from various parts of the country.

ECHOstore Serendra, which targets the high-end urban market, opened its doors in September 2008 and shared space with Kape Isla, a coffee shop under the Philippine Coffee Board. It was here where Juan, Javellosa, and Francisco brought together their network of social enterprises, communities, foundations, and other organizations that needed not only support but also a space for their products (home care, fashion, gifts, and personal care). Some of the products were made by marginalized groups, including women prisoners, and the urban poor. Others came from foundations that support abused children, and even the creative industries. The retail store, which is situated in one of the first-class shopping enclaves in Metro Manila, also offered organic, natural, and nontoxic goods, ranging from home cleaning products to staples such as organic rice, sugar, and other produce.

Aside from being a retail store that houses the products of different artisans and micro-entrepreneurs, ECHOstore also serves as its owners’ vehicle for nurturing and sustaining three essential aspects: (a) self, (b) community, and (c) environment. To achieve these, ECHOstore: uses organic and/or natural food and body products; engages in Fair Trade; supports Filipino design excellence; supports livelihood and mentors small entrepreneurs; exudes integrity in all business dealings; satisfies and informs customers; practices sustainable agriculture; and conducts wise environmental practices.

ECHOstore, soon after, opened its second branch at the Podium in Mandaluyong City. In 2011, the ECHOtrio opened ECHOmarket Sustainable Farms and ECHOcafe (Culture,

Community, Coffee), two related concepts that completed the ECHOstore retail triad. Today, ECHOstore has branches in Makati (ECHOstore Salcedo), Quezon City (ECHOstore Centris Walk), Davao (ECHOstore Davao), and Cebu (ECHOstore Cebu). It also has an online store, launched in 2013, which features lifestyle books authored by the ECHOtrio.

Social objective

ECHOstore fulfills its social mission by serving as an outlet for products of women's groups, cultural communities, and other marginalized groups. But unlike other retail businesses that simply source from these groups, ECHOstore has gone the extra mile by helping build the capabilities of these groups in product design, packaging, and other important aspects of running a business.

As the pioneering retail store that focused on fair-trade products made by small communities, ECHOstore began to attract community-based enterprises that wanted their products displayed for sale in the store. However, the ECHOtrio had to reject majority of the products due to poor design and lack of visual appeal. They eventually worked closely with national NGOs serving poor communities, which requested them to critique the product design and packaging of these small producers. The ECHOtrio volunteered their time and expertise to serve as mentors, and eventually launched the ECHOdesign Lab as a program.

Thus, the ECHOtrio, within a year of operating their first store found themselves involved in a variety of activities. According to Javellosa, who was ECHOstore president during its early years, "we were struggling at that period helping communities, selling products, and trying to manage the whole process of bringing products to the market." They later set up the ECHOsi (Enabling Communities with Hope and Opportunities Sustainable Initiatives) Foundation, which received funds from external parties that wanted to support their advocacy and social mission. "We could not put the money under ECHOstore," Javellosa explained, "because it was not part of the business."

The establishment of the foundation allowed the ECHOtrio to receive support from government, and to work in partnership with various groups, especially NGOs, that are similarly concerned with developing communities. For example, they have worked with the Peace and Equity Foundation (PEF) and the Partnership and Access Center Consortium, Inc. (PACCI) in setting up ECHOVILLAGE stores throughout the country; and also with the the Department of Trade and Industry (DTI) and the Philippine Commission of Women (PCW) for the GREAT Women Program. These are ongoing partnerships that allow ECHOstore to spread its advocacy for sustainable living across the supply chain.

ECHOVILLAGE Store

With support from PEF, an independent non-profit foundation, ECHOstore partnered with The Village Store of PACCI to open a sustainable lifestyle store in a village setting. The venture is aptly named ECHOVILLAGE Store Sustainable Communities, whose flagship store is located at the PEF's offices in Loyola Heights, Quezon City. It is described as "a special and pioneering partnership" between the private sector and civil society, which came together "to highlight fair trade products to address sustainability issues of many communities throughout the

country” (retrieved from www.echostore.ph/index.php/community/our-communities/, as of May 22, 2015).

The priority provinces, as identified by the partners, are Albay, Baguio, and Palawan, in Luzon; Bacolod, Bohol, and Negros Occidental in the Visayas; and General Santos, Sarangani, and other parts of Mindanao. These are also the areas where PACCI has established Partnership and Access Centers (PACs) to develop programs and undertake projects in the poorest communities, and to strengthen institutional capacities of organizations on the ground.

Among the innovative strategies for poverty reduction and community empowerment supported by PACs are the ECHOVILLAGE stores. Through these stores, artisans can sell small batches of their products and don't have to worry about meeting the production volumes required by the usual distribution channels. At the same time, these stores' merchandise are enhanced by the eco-friendly and natural products carried by ECHOstore in its branches. According to Ricardo Torres Jr., Associate Director of PEF, “it is a more stylized sari-sari store, but with some intangible add-ons – partnership, fair trade promotion, environmental care, a healthy lifestyle, corporate responsibility, among other unique product features” (retrieved from www.echostore.ph/index.php/community/our-communities/, as of May 22, 2015).

Chit Juan, who is also handling the Marketing of ECHOstore, said that the goal is “to put up many ECHOVILLAGE stores around the country”, which is a novel way for communities to connect with mainstream markets. She added: “We address the challenge of economies of scale through a nationwide distribution of a community's small production, albeit in small quantities per store, but spread around many parts of the country. For instance, a commodity product like honey or pili nuts can be branded as an ECHOVILLAGE Store product distributed in other ECHOVILLAGE Store branches, other than being sold just in its place of origin” (retrieved from www.echostore.ph/index.php/community/our-communities/, as of May 22, 2015).

GREAT Women Project

The GREAT Women Project is a collaboration of national and local government agencies, women's groups and private sector groups that seek to improve local business policy, projects and services for women businesses. It receives technical and funding assistance from the Canadian International Development Agency (CIDA).

GREAT Women, also known as Gender Responsive Economic Actions for the Transformation of Women, is an integrated platform that addresses gender issues by developing microenterprises, and by helping women entrepreneurs move up the supply and value chain. With support from DTI and the PCW, the lead government agencies, ECHOsi takes the lead on program design, preparing small producers for market access, and brand development (retrieved from www.echosi.org.ph/programs-great.asp, as of May 22, 2015).

In 2012, the GREAT Women Project provided training to participating microentrepreneurs in Quezon, Camarines Sur, Bohol, Iloilo, Leyte, Davao del Sure and North Cotabato through the Intensive Design Clinic Series. Today, the products of these microentrepreneurs, which were once sold only as generic products in communities, have been

upgraded with the technical assistance of product and design experts, and have now reached markets outside the municipalities in which they were produced. For the higher quality specialty products, these were selected to form an exclusive GREAT Women brand, a marketing and branding platform for a distinct product line of upscale food products, lifestyle goods and other artisanal products made by women microenterprise groups and cultural communities throughout the country (retrieved from www.gmanetwork.com/news/story/297428/cbb/philippine-commission-on-women-echos-i-foundation-partner-for-women-microentrepreneurs, as of May 23, 2015).

Business model canvas of ECHOstore

Key Partners	Key Activities	Value Proposition	Channels	Target Segment
<ul style="list-style-type: none"> Local government units Rural/women entrepreneurs Cooperatives in different regions Investors 	<ul style="list-style-type: none"> ECHOdesign Lab activities – helping micro-entrepreneurs prototype products and tell artistic stories through their products Sourcing of eco-friendly and ‘sustainable’ products Retail management Coordination of ECHOtrio with its partners 	Products that enable customers to live a sustainable lifestyle (ranging from food, personal care, and other lifestyle products)	<ul style="list-style-type: none"> Mall stores (Serendra, Sentris, Podium) ECHOcafe 	Health-conscious people, primarily those willing to pay premium prices (SEC A and B people)
	Key Resources		Customer Relationships	
	<ul style="list-style-type: none"> ECHO farms Experience and reputation of ECHOtrio 		<ul style="list-style-type: none"> Social media (Facebook, Twitter, Instagram) ECHOstore website 	
Costs		Revenues		
Store operations Fair-trade cost of goods Marketing expenses (social media, website)		Retail sales from ECHOstore branches Service sales from ECHOcafes		

Figure 5. Business model canvas of ECHOstore

The value creation aspect of ECHOstore’s business model shows their ecosystem of partners and networks anchored via the ECHOsi Foundation. They are able to develop women entrepreneurs in their quest to sell quality products by helping in design, production, and packaging. They employ a ‘tough love’ approach with their beneficiaries – they will do their best to help the micro-entrepreneurs and buy their products under fair-trade principles, but they demand the highest quality that their target customers deserve. Donors, cooperatives, and local government units amplify their social advocacies, which seamlessly reconcile with the commercial value creation activities of their business model.

The value communication and delivery aspect shows ECHOstore's intimate knowledge of their target market – establishing pioneer ECHOstores and ECHOcafes at high-end malls such as Podium, Serendra, and Centris. They are also active online in communicating their advocacies, with their founders uploading photos and articles about sustainable living. Their loyal customers are so enamored with the products such that aside from patronizing through buying, some even take the extra mile of donating to ECHOsi Foundation's initiatives.

In terms of finance and value capture, they get revenues via sales. Also, they are able to use their sustainable products in their café, enabling them to get additional revenue through food service as well. Their premium prices are deemed reasonable by their customers – with the success of ECHOstore enabling them to open recently an online store and other outlets in different parts of the Philippines through dealerships.

Value proposition

Centered around the customer value proposition of living a sustainable lifestyle, ECHOstore retails green and organic products (food, personal care, etc.) to the health-conscious Filipino AB segments. With the mission of uplifting rural and micro-entrepreneurs, communities from poverty, ECHOstore trains their beneficiaries to be capable of producing high-quality products to be sold at their retail stores. As such, ECHOstore has gained a reputation for championing green and all-natural products and for advocating a sustainable lifestyle.

Value architecture

ECHOstore's value architecture is primarily anchored on its capability to source high quality sustainable products from its partner entrepreneurs. The quality is maintained by the 'tough love' development approach of its suppliers, which effectively shows how ECHOstore's economic and social objective is tightly intertwined. After passing through rigorous quality standards, ECHOstore pays fair-trade prices to its partner entrepreneurs, whose products are made available through retail outlets.

ECHOstore has many retail outlets in strategic locations (Centris, Serendra, Podium – notable shopping places of the middle and upper class). The opening of more branches is a response to the increasing demand for its products. Moreover, ECHOstore has other channels such as an ECHOcafe where people can dine instead of just buying products. The increasing distribution channels of ECHOstore complement how they are helping micro-entrepreneurs. More stores mean more shelf spaces for their partners – increasing the margins both parties receive.

Value network

ECHOstore's founders (fondly known as the ECHOtrio) are veteran businesswomen. As such, they leverage their corporate contacts to facilitate their retail outlets. Moreover, the ECHOtrio leverages networks with fellow social enterprises, industry associations, and government institutions to better manage their social enterprise's business and mission.

ECHOstore's venture model integrates the activities of ECHOsi Foundation, which allows the ECHOtrio to leverage on the resources of other like-minded groups. Also, ECHOstore's owners are working with people and institutional partners that share their values and their belief in sustainable living. Finally, by working closely with institutional partners that also seek to develop communities and by creating a structure that nurtures a collaborative spirit, ECHOstore reduces possible conflict and resistance. The integration of commercial and social aspects are seen in what the ECHOtrio brands as their 'ECHOsystem'.

Value finance and value capture

ECHOstore's main cost driver apart from operating expenses is their commitment to pay fair-trade prices to their partner entrepreneurs. ECHOsi Foundation, in partnerships with LGUs and cooperatives, help shoulder product development costs through training and development of the entrepreneurs.

Having come from corporate backgrounds, the ECHOtrio was able to finance its social enterprise more professionally. They capture commercial value via sales in their retail stores located strategically among malls and shopping places that their target market frequent.

The creation of ECHOsi Foundation effectively strengthens ECHOstore's capturing of social value in terms of donations, partnership with local government units, and most importantly intensive interfacing with their beneficiaries. This makes ECHOstore's business model more compelling as the success of its partner micro-entrepreneurs directly affects the commercial success of its social enterprise and the satisfaction of the customers. As such, ECHOstore and ECHOsi Foundation have every incentive to continue strengthening how it pursues its mission – doing well by doing good.

Cross-case analysis

The individual case descriptions of Greenius and ECHOstore provided detailed narratives and visualizations of their business model using the framework of Osterwalder and Pigneur (2010) and Al-Debei and Avison's V4 Business Model Dimensions (2010). This cross-case analysis intends to find comparisons and contrasts between the two social enterprises.

The key difference between ECHOstore and Greenius is the former's better understanding of their target customers. ECHOstore's commercial and social value propositions are more seamless and embedded with each other, which various authors recommend (Alter, 2006; Austin et al., 2006; Dees & Anderson, 2002; Emerson, 2003; Porter & Kramer, 2011; Yunus et al., 2010). The early stumble of Greenius' attempt to sell faux-luxury bags to the AB market illuminate a very important lesson – a product, even if marketed by a social enterprise, should have a real benefit and quality beyond the advocacy. As such, in designing value propositions for social enterprises, it is important to consider what the product can solve on its own, as well as how the advocacy and mission can augment the product's key benefits. How

Greenius repositioned and reintroduced its products to a more accessible audience lend credence to this important insight.

Dees and Anderson (2002) and Alter (2006) emphasize the need to create a compelling organization structure. This is echoed by various business model authors (Al-Debei & Avison, 2010; Al-Debei & El-Haddadeh, 2008; Osterwalder, 2004; Osterwalder & Pigneur, 2010) as a good structure facilitates a more desirable flow of value from creation to delivery. ECHOstore's commercial and social value architecture is compelling given the flow of the products in the value chain (from the micro-entrepreneurs to the retail shelves). Greenius' initial commercial value architecture was limited, given that they have limited accessibility through select retail outlets and bazaars. They established a better alternative when they partnered with national bookstores with wider reach. However, the social aspect of their value architecture is compromised as they only outsource the products from communities; unlike ECHOstore, who has rigorous training, quality inspections, and social programs in place (handled by ECHOsi Foundation) to facilitate flow of goods.

The founders of ECHOstore have used their prior experiences as a leverage in establishing their 'ECHOsystem'. As ECHOstore focuses on making their business operations work, ECHOsi Foundation effectively handles partnerships that solve both commercial and social concerns. Product development (commercial) is heavily complemented by intensive training and collaboration with local government units (social). Their ECHOsystem admirably produces a virtuous cycle that enables all parties to fulfill commercial and social objectives. Although Greenius has its own respectable value network as well, the social enterprise is not able to maneuver these elements to create a compelling way to solve their social mission. Prioritizing the business objectives, they have invested in building business contacts more. As such, the comparison between ECHOstore and Greenius illustrate how a compelling value network is very essential for organizations that truly want to reconcile financial and social objectives.

The case of ECHOstore provides a clear depiction of what it means to do well financially and do good to society. Interfacing with beneficiaries is embedded in their business model, as such, they have every reason to maximize the development of their beneficiaries. In turn, their customers get to enjoy high quality organic products that fulfills the promise of living a sustainable lifestyle. On the other hand, the case of Greenius is similar not just to startup social enterprises but also to commercial startups. Logically, they needed to place a bigger priority to pursuing their commercial objectives to make their enterprise viable.

Thus, both cases highlight the insight of having a commercial and social objective capable of creating a virtuous cycle (especially in the case of ECHOstore and ECHOsi Foundation). The difference is that unlike Greenius, ECHOstore's execution of its value network and value architectures is more fluid – allowing the enterprise to maximize pursuit of dual objectives without having the need to sacrifice the mission first before becoming viable.

Conclusion and Recommendations

In answering our research questions and meeting our research objectives, the research visualized the social business models of Greenius and ECHOstore, two Philippine social enterprises with considerable years of operation. To aid our analysis and elaboration of their respective business models, we used the Business Model Canvas of Osterwalder and Pigneur (2010), which details elements through the lens of the nine building blocks (Key Partners, Key Activities, Key Resources, Cost Structure, Value Proposition, Channels, Customer Relationship, Customers, and Revenue Streams). For the cross-case comparison, we explored how the different business model elements of each enterprise synergized as a whole.

In looking at how the two enterprises endeavored to align commercial and social objectives, we can see that a seamless alignment between the 4Vs is essential for a higher chance of success. ECHOstore's value architecture was reinforced by its leverage of its value network (LGUs, cooperatives, ECHOsi Foundation) in making sure that the beneficiaries are able to supply quality products for the business while uplifting their socio-economic status through fair-trade profits. ECHOstore's customers patronized these high-quality products, a sign that the promised value proposition was delivered – leading to more sales and even donations that reinforced ECHOstore's social arm, ECHOsi Foundation.

On the other hand, the value architecture of Greenius (mainly strained by the need to source plant leathers and upcycle them to sellable eco-fashion products) disabled them to deliver their initial value proposition of “stylishness that saves” through faux-luxury leather bags. Only when they recalibrated their value architecture to focus on more sellable upcycled products led to more commercial viability. However, Greenius can learn from ECHOstore on how to better leverage an extensive value network to reinforce their social mission, which took a backseat as they abandoned incurring training and development costs of communities they source with.

As such, below are the insights we can derive from the two cases:

1. **Focus on relatively non-capital intensive and non-luxury actual products that can be sold at a premium and can be accessible to a wider target market.** ECHOstore's products require no significant costs compared to Greenius' initial luxury bag line. ECHOstore was able to focus its financial resources on training entrepreneurs – building their capabilities so that the products ECHOstore sources and retails meet high quality standards. As such, the premium selling prices cover the fair-trade purchase costs from suppliers while emanating quality and delivery of the ‘sustainable lifestyle’ value proposition. When Greenius shifted to lower cost actual products such as leather journals and tablet covers, they were able to justify their premium pricing while making it accessible to a wider audience. Although luxury products do tend to have higher margins, the specific case of Greenius shows that the production and high specifications require tremendous initial resources. For startup social enterprises similar to Greenius, they may encounter similar hardships in sustaining operations for luxury-related products—a significant consideration to account for. In the absence of big amounts of capital juxtaposed with the presence of commercial and social activities competing for

resources, the case of Greenius serves as a warning to avoid capital-intensive actual products.

2. Contextualize the social business model as operating within a big ecosystem of support, leveraging on government (e.g. local government units), nonprofits (cooperatives, foundations), and even traditional businesses (corporate accounts).

Unlike the traditional view of framing industry elements as competitive forces (e.g. the view of Porter's Five Forces Model), it is important to contextualize the social enterprise as operating in an ecosystem of collaboration. ECHOstore's founders were virtuosos in this regard – the wealth of their experience, contacts, and networks allowed them to share the costs of development and pursuing their social mission while designing a commercial venture seamlessly anchored on the success of their advocacy. Greenius showed attempts of doing so, such as also partnering with the Department of Trade and Industry and working with corporate accounts for bigger sales. As such, when designing a social business model, it is very advantageous to include collaborative forces specifically in the value architecture and value network dimensions. The success of ECHOstore and the turnaround done by Greenius showcases the importance of a more collaborative view versus the traditional competitive view.

It is with this insight on collaboration that public and society-related goods should perhaps be shouldered by the government, as espoused by traditional economics, instead of the social enterprise itself. However, instead of adopting a traditional externalizing view, social enterprises can gain much more as it collaborates with government—aligning the social enterprise's commercial needs with the training and development the government can provide. ECHOstore's case showed the synergy that these types of activities can pull off. Both the government and the social enterprise was able to team up effectively, creating a win-win situation between ECHOstore, its beneficiaries, and the local government units.

3. Having business management acumen and experience helps in managing the social enterprise's business model components.

The heart for service alone cannot compensate for the need to manage a social enterprise's commercial and social objectives. In the case of ECHOstore, the enterprise's success emanates from the management expertise of its ECHOtrio. They have shown savvy in establishing ECHOstore's value infrastructure and value network empowered by their respective professional experiences and networks. As such, for startup social enterprises, finding mentors with business management background can help accelerate the learning curve. Although managing social enterprises feature the entrepreneurial hard knocks of trial-and-error, having seasoned veteran managers with the heart to pursue a social objective can spell the difference between having to spend more time failing instead of finding workable solutions at the soonest possible time.

For future research, we recommend further case studies to derive richer insights on how to manage social business models. In addition, a development of a comprehensive social business model framework is desirable to aid social enterprises in designing better products, organizations, and strategies that truly reconcile both commercial and social objectives.

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