



## SAIDIA Final Report

Denis Ciofu  
Olga Bart  
Eugen Miropolski  
Alexander Puschilov

## 1. The SAIDIA Team

**Denis Ciofu** is 23 years old and studying business administration at WHU - Otto Beisheim School of Management in the 5th semester. His majors are Strategy and Entrepreneurship. Denis grew up in Eastern Europe, more concretely in Republic of Moldova. As he was 16 years old he moved to Germany. Due to his eastern European background and his studies in Germany Denis has profound knowledge of different cultures. His mother tongues are considered Romanian and Russian, which gives him a good base to approach people in different cultures. Moreover, Denis has even improved his international by studying in Montreal, Canada. Denis also gained Start-Up experience in Russia during an internship in Moscow and has experience in the consultancy, which is relevant for our project. Due to his work as a chairman of the WHU Studenten helfen e.V. (charity organization) Denis has also gained important experience in the charity field by assuming the responsibilities to further develop such an organization, which already implemented big Aid Projects in Afghanistan, Tansania and Peru. Denis and his fellow students, one of them is Eugen Miropolski (another team member), initiated and implemented another big Aid Project in Republic of Moldova. They accumulated enough money to renovate a kindergarten in the poor country area of Western Moldova and also donated goods in kind to an orphanage for disabled children in Hancesti, Rep. of Moldova. Important strengths Denis has are especially his commitment, his communication and language skills. Denis is responsible for Strategic Development and financing.

**Olga Bart** studies International Business at the WHU. She was born in Russia and her family came to Germany when she was eight.

Her major motivation for the participation in this competition was the wish to return something to the society which has given so much to her.

For years she was dedicated to social work in various areas. For example she was organizing integration seminars for Russian people between forty and fifty for the association "Familie im Hilfenetz Bremen". Furthermore she realized educational and psychological work with street children in Ecuador with the organization JUCONI and was actively participating in the establishment of the Beluga School for Life, a project for orphans in Thailand, with the aim to make it self-sustainable.

In her free time she plays theatre, loves painting and skiing, but her major affection is traveling.

Team member **Eugen Miropolski** (22) is student of WHU - Otto Beisheim School of Management, who was born in Tallinn, Estonia, and immigrated to Germany in 1993. He will finish his studies with a Bachelor of Science Degree in summer 2010.

In addition to his majors Marketing and Strategy he is very interested in Entrepreneurship, sports, languages and cultures. Speaking German, English, Russian and French he likes to travel, practicing these languages (and trying to learn new ones) by speaking to the local population and learn more about their habits and traditions.

Eugen is involved in project work WHU Studenten helfen e.V., a student organization with the goal of promoting engagement in the society, where he successfully managed a project providing financial and humanitarian aid to children in Moldova.

Moreover, Eugen is member of TEG - The Entrepreneurial Group e.V., a student organization fostering entrepreneurship and interdisciplinary thinking.

Thus SAIDIA combines themes Eugen has already been interested in.

Despite his young age he already has much work experience as he did 4 different internships in a law firm, in product management of an industrial goods manufacturer, in supply chain management and local development of a subsidiary of a big German company producing and distributing FMCG in Russia and in management consulting of a renowned American strategy consulting company giving him a broad perspective in business life and being a good preparation for a entrepreneurial venture.

His function in the team was mainly strategy development and customer acquisition

**Alexander Puschilov** will graduate from WHU with his BSc degree next year. In his last 3 years he got exposed to various industries and could collect international experience. He worked with the biggest retail and insurance companies from Germany and interned as a consultant in Hamburg. This summer he spent working in Moscow where he developed a market entry strategy for an e-commerce start-up and contributed to the implementation of an IT-system in an insurance company. By leading two student initiatives he has learned to work hard and deal with pressure. If there is something that he has learned from his consulting internship it is that combining aim-orientation, trying to provide outstanding solutions and above all communication and interaction with all team members is crucial.

He got engaged with social entrepreneurship during his time in UK, where he spent one semester studying at the University of Bath. One lecture especially impressed

him “Contemporary issues in business and society” where he first heard about businesses targeting the bottom of the pyramid, doing microfinance or helping people but making money as well: “Do good while doing good”. He then had the opportunity to experience social entrepreneurship live in London during the “LSE Start-Up Days” where social enterprises like “The Hub” inspired him.

His personal interests lie in sports (swimming, gym) and music (piano, DJ).

## **2. Business Idea**

NGO's, NPO's and social entrepreneurs often have precious ideas either for a social business or for an AID Project, however, they face enormous difficulties and challenges to develop the right strategy, the right action plan with timelines and budgets, to implement this idea properly either due to their restricted human capacities or due to lack of know-how. With this intention Saidia, which means in Suaheli “Help”, was founded. Saidia as a social consultancy founded and administered by students, which want to apply their theoretical knowledge acquired in their studies and to gain professional experience working on project for different organizations and entrepreneurs, has the goal to help organizations, which want to make a serious impact improving the life of many people, and small start-up businesses which lack experience to implement their ideas properly and thus even increase their social impact. Generally speaking, Saidia has the vision to leverage the social impact of other social businesses and provide students an opportunity to gain professional experience in very diverse areas.

At the beginning of this venture the main tasks will be to consult our target group regarding its operations and process optimization. We want to make our clients process-oriented by implementing our gained know-how and thus, increasing the efficiency of all processes in their organization. Moreover, we want to help them to develop an adequate strategy for their venture and a long-term strategic plan and to reorganize their structure for a successful long-term activity. One of our strengths, especially regarding our business background will be the accounting and controlling activities. Furthermore, we will aim at improving the cost optimization of the venture and we will accomplish benchmarks with competitors in the relevant field to be able to give value-generating advice to our client. Regarding the market side activities we want to assist our clients in his commercialization, advertising and customer

relationship activities by generating advertising ideas, help to contact his target audience and by developing customer retaining and acquisition programs.

For all these activities we can thereby lean on all our experience the consulting industry and especially on all our social experience generated the Aid projects in Afghanistan, Tansania, Peru and Republic of Moldova.

Our first goal is to support projects of Non-Profit-Organizations of whose work for the community we are convinced. We stand for a consultancy which wants to assume actively social responsibility.

Our value proposition is the offer of our know-how and experience for projects which aims at helping the community free of charge (only the costs will be charge, not the value created) and a very small charge for social entrepreneurs and start-up businesses. This is mainly possible because students act as consultants, which are doing this voluntary without being paid.

The major direct stakeholders of our organization will be the NGO's and NPO's which will have the possibility to use our service almost for free and thus increase its efficiency and its social impact. Moreover, other parties which will benefit from us are the entrepreneurs, either social or start-up's, which will have the possibility to use our service very cheap. Such low-cost consultancy services are very precious especially during the first periods of the business (beginning with the strategy development, strategy evaluation, implementation and running and monitoring the business), because in this period the ventures do not have enough human resources and know-how to plan and implement every single step by themselves. Beyond that they do not have the financial resources to use other types of consultancies, which are much too expensive.

### **3. The Market**

The Problem:

Saidia targets the capacity constraints and lack of business know-how especially small and medium sized social enterprises, trusts, foundations or non-profit organisations and associations face.

All these business need to manage their resources extremely efficient while trying to create the most possible impact. In most cases we found that people running social,

non-profit organisations are very creative and impassioned about their project but often lack the skills and to engage with routine tasks like accounting or organization although knowing about their importance.

The Solution:

Saidia is approaching the problem by providing students the opportunity to apply their knowledge and create real value. We create a classic win-win-situation. Students are provided the opportunity to collect work experience while creating good for the whole society and our customers get help from high potentials they normally could not afford.

Therefore social entrepreneurs can concentrate more on the impact they want to create while being supported by a more efficient organisation and interested and interesting students.

The Customer:

Kind of Organisation	Number	Target customer
<b>Nichtregierungsorganisationen (NGOs)</b>	118 (VENRO)	118
<b>Stiftungen (Foundations)</b>	16.406	5.611
<b>Gemeinnützige GmbH (not-for-profit organisation)</b>	4.000	4.000
<b>Vereine (association)</b>	554.401	5.544
<b>Einrichtungen der freien Wohlfahrtspflege (public welfare)</b>	627	627
<b>Selbsthilfegruppen (self-help group)</b>	70.000-100.000	70.000-100.000

According to our calculations we figured that we can target around 23.000 organisations with additional potential coming from self-help groups. Our target customers have a social aim and belong to the small and medium sized enterprises which are not targeted by professional consulting companies and usually cannot afford their service. These organisations need to be very transparent in the way they

spend their money as they often rely exclusively on charitable donations and thus have a direct or indirect reporting responsibility.

As the students work primarily for the experience they do not require any compensation. Thus our customers just need to cover the costs. On the other side our customers have a very limited ability to pay but will work as multipliers as well. We will therefore be paid on a pay-as-you-will basis with companies which can afford to pay us extra paying and companies which cannot just covering the costs. What we will push forward is the multiplier capability of our customers trying to foster word-to-mouth and recommendations especially with the aim to win over organisations which can pay us.

All in all as we have nearly no costs but many potential customers this market segment seems to be very attractive.

#### **4. Resource acquisition, value generation and marketing/sales**

One major aspect in advancing an entrepreneurial venture like SAIDIA is the acquisition of the right resources. Resources are not only limited to financial means, though financing is a very important part, but also refer to acquiring customers, partners, “employees” and resonance in media.

The most important thing at the beginning of our project was to hold costs at a minimum level, therefore avoiding the need for significant need for money at the early stage of the venture. As up to now every person involved in SAIDIA is positively convinced that this project can contribute to the benefit of the society, no costs in terms of wages occurred. We have already acquired 14 students from WHU - Otto Beisheim School of Management who are willing to support us with the work for our current client and further potential clients.

In terms of customer acquisition the main aspect in the business of consulting with social aspect is word of mouth and the personal network. Having this marketing strategy in mind a small social business like ours you do not need much capital. It is also nearly impossible to acquire customers without a source of reference when you are new in the business, thus spending money on conventional media would cause incremental or no benefit. Having a broad network we started to look for potential clients through our WHU network, XING and personal contact.

Thus we found our first client, the abbey of Treis-Karden, through the student organization offering consulting services at WHU, which is not focused on social consulting.

Starting with our first client in hand will generate revenues without any having costs, thus break-even from the beginning of the project what is a major advantage for our business.

## **5. Impact Assessment**

Assessing the impact of a social enterprise is a very complicated topic. We came up with a number of subjective and objective measures of the impact that we try to create.

Nevertheless we have to mention that we have just acquired the first customer and are currently occupied with the work on the strategy development. We are very positive that our input will have a positive impact on the business of the abbey of Treis-Karden and we will achieve a lot together. Up so far it is not possible to quantify the benefits we created for our first customer, though. We will have an end presentation about a month from now and will schedule follow up meetings for 3 months later. It will be just then when we will be able to say whether and which achievements our plans have created.

What we want to achieve is that the abbey will be able to attract more customers for its event locations. We are helping the abbey to create an additional revenue stream in order for them to increase their resources and be able to offer more community services. Thus our first quantitative, objective measure is the financial improvement of our customers. We believe that financially stronger social enterprises can create more impact for the society as they get more freedom to operate. Thus we would have an indirect impact on society. Moreover we see us, as our operation will grow, as connectors. We plan to connect customers and create an environment of mutual sharing and learning. Small social enterprises cannot go alone anymore. Moreover there are a lot of similar enterprises around Germany. Thus these people can and should learn from each other, share resources and collaborate. We want to connect them. As an inference here we will measure the connection of businesses. We see that the actual benefit here is also to a great degree a subjective network component. Especially these kinds of subjective returns are hard to measure and we are still discussing how to do it in an objective and open way.

Quantitative criteria:

1. Increase in income of customers (3 months after finish of project)
2. Increase in output of customers (3 months after finish of project)
3. Increase in investment of customers (3 months after finish of project)
4. Increase in customer network
5. Number of initiated projects between customers
6. Projects acquired by means of word-of-mouth

Qualitative criteria:

1. Customer satisfaction
2. Collaboration between customers
3. Customer references and recommendations

## 6. Income Statement

Starting Capital	16,00 €
Revenues	0,00 €
Costs	0,00 €
<b>Liquidity</b>	<b>16,00 €</b>

	Nov 09	Dec 09	Jan 10	Feb 10	Mrz 10	Apr 10	Mai 10	Jun 10	Jul 10	Aug 10	Sep 10	Okt 10
<b>Projected revenues</b>	120	120	490	490	490	790	1460	1470	1470	2350	2350	2350
Revenues from social entrepreneurs**	0	0	200	200	200	400	400	400	400	600	600	600
Reimbursement of expenses	120	120	290	290	290	390	460	470	470	550	550	550
Revenues from Start-Up (commercial)***	0	0	0	0	0	0	600	600	600	1200	1200	1200
<b>Costs</b>	120	120	290	290	290	390	860	970	1050	1150	1170	1170
Travel expenses	90	90	230	230	230	310	350	360	360	400	400	400
Miscellaneous*	30	30	60	60	60	80	110	110	110	150	150	150
Marketing costs	0	0	0	0	0	0	0	100	180	100	120	120
Compensation for Students****							400	400	400	500	500	500
<b>Profit per month</b>	0	0	200	200	200	400	600	500	420	1200	1180	1180
<b>Profit 1st year</b>	6080											

### Legend

\*includes expenses for office supplies, food etc.

\*\* one hour charge 5 € per person

\*\*\*one hour charge 15 € per person

\*\*\*\* students who take part in consulting will get reimbursement for class books

## **7. Process Description**

Working on this project in a team can be both: very inspiring but also tough as every group member has good ideas and thus trade-offs have to be made.

But all in all, up to now the group work went very well benefitting from the large experience all team members have in this kind of work. Our initial plans have been implemented in numerous group meetings and been specified in detail. Modifications to our initial ideas have been made only to a very small degree as our objectives have been rather realistic.

Also the business model has been a very realistic concept as it was created in advance and we could orientate ourselves by applying our knowledge in this field of business.

As explained above, our business model is very simple, taking advantage of the consultants' know-how, the participants' voluntary involvement and thus of the low-cost structure.

Bearing this in mind, we advanced by proactively acquiring students for our potential projects by contacting our target students who have already voluntarily participated in social projects. Further, we concretized the contact with the abbey in order to have a starting point. In the near future we will have a lot of work by simultaneously turning around the business of the abbey and acquiring new projects, thus grow further and bring our business to the next level which will imply a more professional basis, a bigger network, requests from potential customers, more participants, activation of more marketing through conventional media and thus higher costs, leading to a bigger need for financial resources.

## **8. Process Description**

Our business model is letting SAIDIA grow gradually and thus increasing revenues, not only by increasing volume of projects but also by creating new revenue streams when SAIDIA as a brand will be big enough. Thus short-term profits are difficult to realize. In this area of business it will be essential for us to create a good reputation for our product and grow through recommendations as well as through customers personally acquired by the participants of the project. Only sustainable growth of the business can lead to a sustainable impact on the customers' side, thus benefit of customer and benefit SAIDIA are interdependently related forcing both sides to

cooperate on a professional level in order to prosper and to affect the society's welfare.