

Starting a Social Enterprise in Singapore

The Essential Toolkit

Edition: March 2011

Social Enterprise Association

9 Raffles Place #B1-05A
Republic Plaza
Singapore 048619

(O) +65 6535 1883

(F) +65 6535 3822

info@SEassociation.sg

www.SEassociation.sg

Published 2011

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About Us

The Social Enterprise Association in Singapore



The Social Enterprise Association (SE Association) was established to promote social entrepreneurship and the growth of the social enterprise sector in Singapore, so as to bring about positive social impact and an inclusive society.

SE Association supports peer-learning within the social enterprise community, provides capability-building programmes and business services, and

fosters synergistic partnerships between key stakeholders, namely the government, business and the people sector to build-up individual enterprises and the sector at large. The broader role of the SE Association is to provide leadership for the social enterprise sector. It seeks to facilitate dialogue on public policy relating to the sector, fosters cross-sector collaborations and leads public education efforts on social enterprise and social entrepreneurship.

Social Enterprise Development Centre (SEDC)



Social Enterprise Development Centre (SEDC) is the training and consultancy arm of SE Association to improve the institutional capacity of social enterprises. It offers business advisory to social enterprises the same way Enterprise Development Centres (EDCs) offer advice to Small and Medium Enterprises (SMEs). The aim of SEDC is to build up

the institutional capability of social enterprises by working alongside social entrepreneurs in nurturing and developing their social enterprises' business cycle from infancy to maturity, and thereafter integrating with the main-stream business communities.

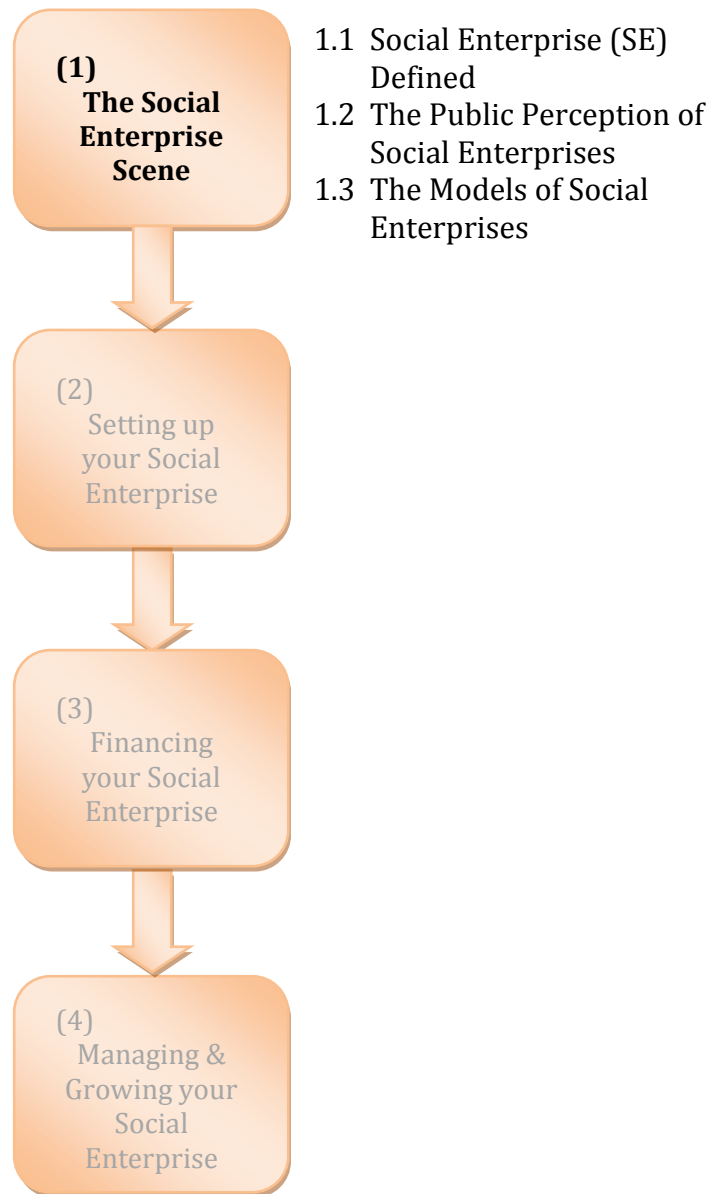
SEDC offers business advisory on SE Start-up Advisory, and SE Business Advisory which includes advisory and coaching. In addition, SEDC will offer training and capability-building programmes to develop the knowledge of the social enterprises, and facilitate business matching and networking sessions among members. Above all, SEDC will work alongside promising social enterprises from incubation, to development, to finally being equipped to compete in the mainstream business environment.

Business Consultancy

Members of SE Association are very welcome to schedule appointments to meet our consultants to discuss the specific needs of business planning, capacity-building and other issues relating to developing their social enterprises. These consultations are free for members of the association. A fee is charged when proposals and plans are being executed or where specialists such as legal advisers are involved. Members can send an email to info@seassociation.sg to arrange for a consultation.

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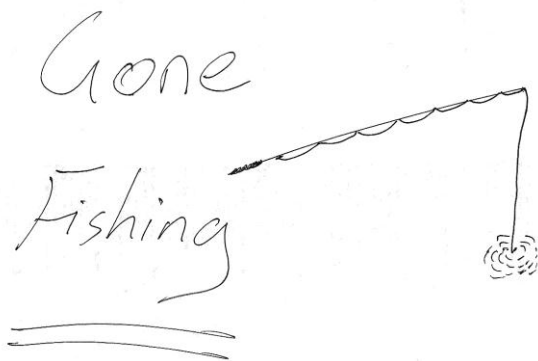
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The Social Enterprise Scene

1.1 Social Enterprise (SE) Defined

A social enterprise (SE) is essentially a business with a social objective. It harnesses the forces of the marketplace, applying business practices to achieve its social mission. It operates on a level playing field with commercial businesses and unlike the latter, a social enterprise has double bottom-lines – financial sustainability and social impact. In some instances, people in the community speak of a third bottom-line to include environmental impact as well.



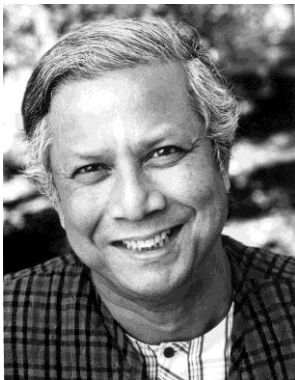
"Social entrepreneurs are not content just to give a fish or teach how to fish.

They will not rest until they have revolutionised the fishing industry."

(Bill Drayton, Founder & CEO of Ashoka)

Examples of Social Entrepreneurs

Social entrepreneurs are catalysts for positive change in society, seizing opportunities to address social issues using innovative and appropriate business models. They are commonly known to be ambitious, mission-driven, strategic, resourceful, and results-oriented.



Professor Muhammad YUNUS

Winner Nobel Peace Prize 2006

Founder, Grameen Bank

Muhammad Yunus, founder of Grameen Bank, the first microbank in Bangladesh, where the poor who had nothing are given the chance to borrow tiny sums of money. To ensure repayment, the bank uses a system of "solidarity groups", where these small informal groups apply together for loans and its members act as co-guarantors of repayment and support one another's efforts at economic self-advancement. This model of microfinance has revolutionised paradigms of poverty alleviation in the underdeveloped world, spawning similar efforts in a hundred countries throughout the developing world and even in industrialised nations.

**Claire DOVE MBE, DL**

Chair, Social Enterprise Coalition (UK)
CEO, Blackburne House Group

As one of England's Social Enterprise Ambassadors, Claire Dove is extremely active in shaping the strategic direction of social enterprise policy at a national level by helping social enterprises gain access to all markets. Under her entrepreneurial leadership, Blackburne House has grown to become an extremely successful and profitable social enterprise business that provides jobs for disadvantaged women.

**Lisa NITZE**

President & CEO, Social Enterprise Alliance (USA)

Lisa Nitze, President and CEO of the Social Enterprise Alliance, the largest membership organisation for social entrepreneurs in North America and the national network linking social enterprises in the U.S. and Canada with peer networks abroad. Known as a leader of the social enterprise movement worldwide, she has experience in securing resources and providing other support and consulting services for leading social entrepreneurs and their enterprises around the globe. She is a strong believer that social enterprises are businesses that harness the power of the markets to efficiently and effectively leverage the full set of resources available to meet critical social needs sustainably. Lisa is also the Speaker Specialist on social entrepreneurship for the U.S. State Department Office of International Information.

**Kenny LOW**

Winner, Schwab Entrepreneur of the Year Award 2007
CEO & Founder, City College Pte Ltd
Founder, O School Ltd

Kenny Low, founder of City College and O School, started his social enterprises to cater to youths-on-the-mend by providing them a platform to complete their secondary education via City College. O School, a performing arts centre, was set up to generate revenue in support of City College's objectives. It also provides training and employment opportunities for talented youths to take on roles as dance instructors, performers and choreographers.



Calvin CHIN
Co-Founder, Qifang.cn

Qifang is a for-profit venture in China that can be considered a “microfinance” start-up focused on sourcing educational loans for Chinese students. Launched in August 2007, it is an open platform and online community with the single purpose of giving everyone access to university education by providing a way to pay for their education. Leveraging on the latest in web and community technologies, Qifang efficiently brokers data and relationships through a transparent platform built on trust, connecting and assisting everyone involved by providing and re-paying education finance. Qifang has facilitated more than 2,500 study loans within 6 months of its launch.



David GREEN
Schwab Fellow of the World Economic Forum
Recipient (2009) Spirit of Helen Keller Award
MacArthur Fellow, Ashoka Fellow

David Green has worked with many organisations to make medical technology and healthcare services sustainable, affordable and accessible to all, particularly to the poorer two-thirds of humanity. He has successfully transferred technologies which have had a significant impact in the fields of blindness prevention and amelioration of hearing impairment in developing countries and beyond. His most significant work is the development of an economic paradigm which he calls “humanised capitalism” where wealthier patients subsidise the patients who pay below cost. This paradigm utilises production capacity and surplus revenue to serve all economic strata, rich and poor alike, in a way that is both financially self-sustaining and affordable to all members of society.

1.2 The Public Perception of Social Enterprises

A Public Perception Survey was conducted by SE Association in February 2010 with a sample size of 2,000 respondents comprising Singaporeans and Singapore permanent residents, aged 15 and above. The survey revealed the following:

- Only 13% of 2,000 respondents surveyed were aware of the existence of social enterprises.
- Respondents had a vague understanding of the objectives of social enterprises, and 45% cited incorrectly that one of the objectives was “raising donations”.

- 70% of the respondents were motivated to support social enterprises as a way to give back to the society.
- There was a latent demand for products and services of social enterprises as 71% of the respondents who said they had not bought anything from social enterprises were nevertheless willing to make a purchase within the next 6 months when they were told what social enterprises were.
- The key factors for buying from social enterprises were the same as regular businesses - quality, price and need for the products and services.
- 70% of respondents were willing to pay similar prices or a slight premium for comparable products or services offered by social enterprises as they would for products or services from mainstream businesses.
- Consumers preferred to purchase offerings by social enterprises through retail outlets rather than through direct sales methods.

1.3 The Models of Social Enterprises

There are 4 primary models of social enterprises adopted by social enterprises in Singapore.

- **Work Integration model:** These social enterprises provide skills training and employment opportunities to the marginalised groups as a means to reintegrate them into society and encourage them to be self-reliant. It provides an opportunity to people who may not find employment on the open market. The marginalised groups include: ex-offenders, elderly, single mums, mentally-challenged, physically-challenged and youth at risks etc.
- **Profit Plough Back model:** The objective of these social enterprises is to generate profit to fund the social programmes of their affiliated or parent charities. This helps Voluntary Welfare Organisations (VWOs) and charities improve their financial sustainability and reduce their reliance on donations.
- **Subsidised services model:** These social enterprises provide subsidized services to needy and/or disadvantaged clients, and charge commercial rates to mainstream customers. This ensures that affordability will not deter an individual from receiving services.
- **Social needs model:** These social enterprises are designed to serve society's social needs or address certain social issues.



Setting up your Social Enterprise

2.1 Idea Germination & Motivation

Do you see a viable opportunity in the market where you can provide your services and at the same time, create social impact? Do you have a revolutionary business concept or idea that addresses a pressing social concern that will get everyone hyped up? Maybe you wish to diversify the activities of a social service organisation to generate a new revenue stream for it and sustain its impact. All of these point towards the start-up of what may just be a social enterprise at the infancy stage.

Is your business idea a castle in the air or one that incorporates good business concepts with a well thought through business model and revenue streams? Is there any unique selling point or competitive advantage in your offerings? How does your business idea take into account market reality? How do you intend to take it from paper to reality (proof-of-concept, start-up stages)? What will it look like at steady state? What are the possible changes in the business environment as well as the internal operating conditions that you need to take into account? Your social enterprise may end up completely different from your initial thoughts at the beginning. The development of a new business idea is highly fluid, so one should never become too fixated on a single idea. Remember to explore all possible options.

A social enterprise has to be deeply rooted in a commercially viable self-sustainable business model. The idea is to generate sufficient profits or at least sustainable returns to keep it going before it can seek to achieve its social objective.

The Social Entrepreneurs' Motivation

As in any start-up venture, social entrepreneur wannabes must be very clear about the motivation in developing a social enterprise. Running a social enterprise is doubly complex as one has to create a financially sustainable business model while also meeting the second or even third bottom-line.

It is notable that while there are minimal obstacles in setting up a social enterprise, the way ahead certainly needs clear focus, hard work and determination.

Before you begin, ask yourself these important questions:

- What is the purpose of starting a social enterprise?
- What is the motivation that can continually keep you going tirelessly?
- Do you have the confidence and discipline to work hard and make the personal sacrifices necessary to make your social enterprise a success?
- What is the business model of your social enterprise?

- What is the social impact which you hope to create?
- What are the revenue streams for your social enterprise?

SE Association advocates the clear articulation of the organisation's social mission within the organisation's memorandum of association. The Association also urges social entrepreneurs to think about how they would track and account for the positive social impact they seek to achieve as this is the value proposition of creating a social enterprise that is distinct from simply being another mainstream business entity. It is best to conceptualise this and incorporate it into an evaluation system right from the start.

How Different is a Social Enterprise from a Business

There are key differences in managing a social enterprise as compared to a business. It is paramount to understand these key differences, which include:

- **Explicit Social Objectives.** Apart from achieving a surplus in trading, social entrepreneurs must be determined to achieve their social and perhaps environmental aims too. In other words, social enterprises have more bottom-lines to achieve, which are of equal importance. To put things in perspective, this is what Prof Yunus of Grameen Bank has said in the context of his microfinance organisation:

"Grameen's central focus is to help the poor borrower move out of poverty, and not make money. Making profit is always recognised as a necessary condition of success to show that we are covering costs. Volume of profit is not important in Grameen in money-making sense, but important as an indicator of efficiency."

- **Funding & Investment.** For many social entrepreneurs, self-financing is still the fastest way to raise funds for their social enterprises.
- **Stakeholders and Institutional Knowledge.** Stakeholders are very important to any social enterprise. They are any party or parties that have an interest in the organisation or feel they have an interest in it. These could be board members (if any), sponsors, funders, clients, members, staff or volunteers. Sometimes they can even be members of the public. Stakeholders may also include other social organisations that feel they have an interest in the area of social change that the social enterprise seeks to address. At times, even the mass media may feel that it has a duty to take an interest in the operations of the social enterprise to represent the public interest at a general level. Wise social entrepreneurs would seek to maximise their involvement with their

stakeholders so that the social enterprise gains valuable institutional knowledge, broader support and goodwill for its endeavours. The social entrepreneur may wish to try to update stakeholders regularly on the operations of the social enterprise.

Challenges in Managing a Social Enterprise

Pitfalls of social enterprises

- Balancing the financial and social bottom-lines due to lower readiness of beneficiaries for employment
 - Lower capabilities of beneficiaries leading to reduced productivity.
 - Possible high levels of attrition among beneficiaries.
- Lack in organisational capabilities due to difficulty in hiring professional staff
 - Salaries are often below market rate.
 - Difficulty in staff retention thus leading to high staff turnover rate.
- Lack of public awareness and community support.
 - Low consumption and demand for products produced by social enterprises.

Success factors

- Committed champion(s);
- Expertise and experience in the related fields;
- Strong post-placement social support from referring organisations provided to social enterprises;
- Training to equip beneficiaries with job skills that are easy to acquire or cultivating skills that are innate in the beneficiaries; and
- Low start-up and operating costs.

2.2 Understanding the Complex Business Environment

Businesses operate in a complex environment where business decisions should incorporate considerations relating to political, economical, social-cultural, technological, legal, and ecological environments [PESTLE]. It is necessary for you to understand your business environment in order to be able to make informed decisions for your social enterprise.



The questions to ask yourself are:

- What are the key political factors likely to affect the industry?
- What are the important economic factors?
- What social-cultural aspects are most important?
- What technological innovations are likely to occur?
- What current and impending legislation may affect the industry?
- What are the environmental considerations?

2.3 Creating Plans & Strategies

Feasibility Study

You may have a brilliant idea or concept but before you jumped blindly into it, you should always conduct a feasibility study to determine if the idea will work. The feasibility study is very aptly named because it really is meant to be a thorough

investigation, or study, that will help determine whether your business concept is feasible. The feasibility study should carry out the necessary research about the following:

1. Who is your customer (demographics etc.), what are you offering them exactly, and why do you think they'd buy it?
2. Is the product a good fit for your organisation's mission, capacity, resources and strengths?
3. The proposed market. Research the market; size, how will you find them, characteristics, trends, niche you will fill, and geographic considerations. This research should tell you that with the right product, there are enough customers in your selling area to sustain your operations.
4. Your competition. Investigate who are they? What are they offering? What are the gaps in their service and delivery? And what is so unique about you that customers will choose your product over your competition?
5. What your operations will look like? Will you add staff? Will you need a facility? Materials? Etc. Consider the impact that your mission delivery will have on your operations e.g. if you are employing a population with barriers to employment, what is their capacity to deliver the product and how will that affect your operations? When you look at industry standards for wage costs, assume there will be variation for your organisation. Use research with existing groups doing similar work to inform you about adjustments/considerations you will need to make.
6. Scenario analysis: are you considering several alternative approaches to implementing your business idea? Your feasibility study can help you choose the most promising scenario.
7. Revenue Generation: How will you let your market know you are there (sales and marketing)? What human and material resources are required? This is critical; plan well.
8. Financials: You will need to plan financials for both start up and operations. Use the information you have collected in your research on the market and competition to tell you what are realistic and achievable revenues. Use the information you have collected about things like operations and marketing to inform you about your potential expenses. Don't guess.
9. When you have completed your research, make a determination about the feasibility of your business idea. Based on what you have learned, should you move forward to the next step of writing your business plan?

Business Plan

Once you are convinced that the idea will work, it is time to do up a business plan. A business plan is the blueprint or roadmap for your social enterprise's success, it should be a living document that continues to evolve with the business. It should consist of a credible set of written business goals and plans including a projection of realistic and achievable financials from the start-up stage to steady state. As a social enterprise, it would be critical to state what the social aims are and how these are to be delivered through the social enterprise. The business plan is the vehicle through which you

communicate and market your business ideas (potential partners, financiers, and investors).

Writing a convincing business plan will compel you to objectively develop and evaluate the tactical and strategic business plans of your social enterprise. Through this process, you will find that you will also gain a better understanding of your operating environment including the risks and opportunities of your decisions. As this is probably the most important document to kick-start your social enterprise, it is imperative that adequate time and careful thought be put into this process.

Tips on writing a good business plan:

1. Plan from the target perspective
2. Do your research and homework thoroughly
3. Know your market and your competitors
4. Identify growth and expansion opportunities
5. Ensure comprehensive coverage of key points
6. Ensure accuracy in financial projections (No careless mistakes)
7. Ensure realistic projections

The social enterprise business plan should encompass the following sections:

Business Plan

- Executive Summary
- Table of contents
- Business model
 - Description
 - Target Market & Customers
 - Products & Services
 - Pricing and Branding Strategies
 - Competitive Analysis
 - Growth & Trends
 - Expansion Plans
- The Social Impact Key Performance Indicators
- Sales & Marketing Plans
- Production & Fulfilment Plans
- Profit & Cash Flow Projections

- Financing Options
- Deliverables
- Management Team

Check to see if you have addressed the following issues...

The Industry and the proposed Business and Products & Services

- Can you summarise your business and its products & services, addressing its unique selling points and attractiveness in the market?
- What are your business mission and vision?
- Who are the directors and shareholders, and their credentials?
- What line of business are you in?
- What are the products & services offered, and its attractiveness to the consumers?
- What are your track records and experience in this industry?

Marketing research and analysis

Gathering information for this section will probably be a challenging effort for most, however, this is an important step which should be meticulously carried out. The main purpose is to present valid facts and figures to substantiate that there will be market demand for your products & services. It should also reflect an accurate analysis of the market and the competitors.

- Have you identified a need in the market?
- How can your products & services meet the needs of the market?
- How attractive will your products & services be in the eyes of the consumers?
- What are the external factors (legal, economic, social or technological) which will impact your business and its projections? Such impact will be beyond your control.
- Who are your competitors and what are their unique products & services? Have you done a competitive analysis on your direct, indirect and future competitors?

Marketing plan

There are two components within a marketing plan. The first step is a comprehensive research of the market to identify a need (and that your products & services will generally satisfy the need). The second step will include generating an effective marketing strategy using the 4Ps (Product, Price, Promotion, Place), for

service marketing an additional 3Ps (People, Process, Physical evidence) will apply.

- What is your market positioning and target market?
- What is the corporate image positioning of your business?
- What is your pricing strategy?
- Have you developed an effective advertising and promotion campaign (based on your budget) to reach out to your consumers?

Operating plan

In the business planning process, there is a need to deal with issues pertaining to internal operations, equipment and resources, without limitation, which include:

- Operating premises
- Capital outlay
- Manpower resources
- Inventory management
- Pricing Strategy
- Business processes
- Supplier management

Management team

- How many people will there be in the management team?
- What are their field of expertise?
- What are their roles and responsibilities in the organisation?

Financial projections

- Have you produced a 3 to 5 years financial projection, which will be an important piece of document to all investors and financial institutions?

Marketing Plan

A marketing plan is a key component within the business plan. A well prepared marketing plan will address all the “Who, What, Where, When, How much” questions of the company’s sales and marketing activities for the planning year.

- Who are the company’s target buyers?
- What sources of uniqueness/ positioning in the market does the company have?
- Where will the company implement the marketing expenditure plans?

- When will marketing expenditure plans occur?
- How much sales, expenditure, and profits will the company achieve?

The financial projections contained within the business plan are based on the assumptions contained in the marketing plan. It is the marketing plan that details when expenditures will be made, what level of sales will be achieved, and how and when advertising and promotional expenditures will be made.

A good marketing plan must be:

- *Clear* - They should be a definite statement of 'exactly' what is to be done.
- *Quantified* - The predicted outcome of each activity should be quantifiable and measurable.
- *Focused* - The temptation to proliferate activities beyond the numbers which can be realistically controlled should be avoided.
- *Realistic* - They should be achievable.
- *Agreed* - Everyone in the implementation team must be committed to the details and agree that they are achievable.

The resulting plans should become a working document which will guide the campaigns taking place throughout the organisation over the period of the plan. For the marketing plan to work, every exception to it (throughout the year) must be questioned; and the lessons learnt, to be incorporated in the next year's plan.

A detailed and complete marketing plan will normally encompass the following sections:

Marketing Plan

- Title page
- Executive Summary
- Current Situation (Macro-environment)
 - Political, economy, social-culture, technology, legal, ecological
- Current Situation (Market Analysis)
 - market definition, market size, market segmentation
 - industry structure and strategic groupings
 - Porter 5 forces analysis (supplier's power, barriers to entry, threats of substitutes, buying power, and rivalry)
 - competition and market share, competitors' strengths and weaknesses

- market trends
- Current Situation (Consumer Analysis)
 - nature of the buying decision
 - participants, demographics, psychographics
 - buyer motivation and expectations
 - loyalty segments
- Current Situation (Internal)
 - company resources (financial, people, time, skills)
 - objectives (mission statement and vision statement, corporate objectives, financial objective, marketing objectives, long term objectives)
 - corporate culture
- Situational Analysis
 - SWOT
 - Critical success factors in the industry
 - USP -sustainable competitive advantage
- Marketing research
 - information requirements, research methodology, research results
- Marketing Strategy (Product)
 - product mix, product strengths and weaknesses
 - product life cycle management and new product development
 - Brand name, brand image, and brand equity
 - product portfolio analysis (BCG matrix – cash cows, dogs, question marks, stars)
- Marketing Strategy
 - by product, by customer segment, by geographical market, by distribution channel.
- Marketing Strategy (Price)
 - pricing objectives, pricing method, pricing strategy
 - price elasticity and customer sensitivity
 - break even analysis at various prices
- Marketing Strategy (Promotion)
 - Marketing communications goals and mix (advertising, personal selling, public relations, direct marketing, sales, promotions)
- Marketing Strategy (Place)

- geographical coverage, distribution channels
- Financial Summary
 - assumptions
 - pro-forma monthly income statement
 - contribution margin analysis, breakeven analysis

Brand Strategy

Your brand is the entire experience your prospects and customers have with your company. It's what you stand for, a promise you make, and the personality you convey. It is certainly more than the creative elements of logo, colour scheme and slogan. Instead, your brand messages get conveyed in all your interaction with the market.

Branding is crucial because it helps you stand out from your competition, and it consistently and repeatedly tells your prospects and customers why they should buy from you. A company with a strong successful branding will have "brand equity" which makes it easier to reach, engage, close and retain customers who are willing to pay because of the brand. A strong brand strategy can be a big advantage. By defining your brand strategy and using it in every interaction with your market, you strengthen your messages and relationships.

Tools for creating a branding strategy:

- **Conduct a Brand Audit:** Evaluate how prospects, customers and employees perceive a brand, uncover brand problems, and recommend future solutions.
- **Develop a Brand Architecture:** Define your value proposition and prioritise features and benefits.
- **Create a Brand Strategy:** Complete the brand architecture to define the single idea which your company stands for. Then select the personality traits to display to the market.
- **Conceptualise a Brand Story:** Build a compelling story that conveys the brand strategy in all communications with the market.
- **Brand Visual Requirements:** Match colours, timesteps and logo characteristics to visually reinforce a brand.
- **Brand Operational Requirements:** Define how to deliver on a brand promise through daily operations. Design procedures and processes to ensure the company delivers the promised product or service.

2.4 Legal Entities for Social Enterprises

The term social enterprise is a label for businesses with a focus beyond the financial

bottom-line. There is no separate legal or regulatory framework governing social enterprises in Singapore. As regular businesses, social enterprises are deemed as commercial entities which fall under the purview of the Companies Act, and in some cases the Co-operative Societies Act (CSA) and Co-operative Societies Rules (CSR).

A social enterprise may be set-up as a:

- Sole Proprietorship
- Partnership
- Limited Liability Partnership (LLP)
- Limited Partnership (LP)
- Company (Private Limited, Public Limited)
- Public Company Limited by Guarantee (CLG)
- Co-operative Society

You should structure your social enterprise only after carefully considering your business plan and nature of operations. There are direct financial and legal implications which will affect the future of your social enterprise, including access to funding and expansion.

Registration as a Sole Proprietorship

A sole-proprietorship is a business firm owned by one person, LLP or one locally incorporated company. There are no partners and the sole-proprietor has absolute say in the running of the business firm. It is the simplest and most flexible business structure. However, it is suitable only for very small single-owner type business that does not carry any risks. Unlike a private limited liability company, a sole-proprietorship is not a separate legal entity and it does not provide limited liability protection, where for instance, the proprietor's personal assets are not protected from business risks. Profits derived from the sole-proprietorship are taxed at personal income tax rates.

Pros

- Ease of setting up
- Maintain owner control
- Enjoy all profits
- Ease of termination
- Minimal compliance requirements

Cons

- Not a legal entity
- Unlimited liability in event of claims or lawsuits
- No corporate tax benefits or incentives
- Limited capital for expansion
- No perpetual succession

- Least preferred entity type for serious business

Statutory Requirements

- Any Singapore registered company or individual of at least 18 years of age is eligible to register a sole proprietorship, except undischarged bankrupts and persons disqualified under specific clauses.
- Requires one manager who is at least 21 years of age and must be domiciled in Singapore. Most often, the owner will be stated as the manager.
- Requires a local Singapore address.
- Changes to the particulars of the business must be lodged with the Accounting and Corporate Regulatory Authority (ACRA) within 14 days from the date of change.
- Requires annual renewal.

Registration as a Partnership

A partnership is a business firm owned by more than one individual or company. In any partnership, the maximum number of partners is capped at 20. All partnerships must be registered with the Accounting and Corporate Regulatory Authority (ACRA). Generally, all partners have equal rights in the management and to the profits or losses of the partnership; unless a specific partnership agreement is drawn up.

A partnership is not a legal entity. As such, the partnership has to sue or be sued in the names of the partners. The liability of each partner is unlimited. Profits form part of each partner's personal income and are taxed at personal income tax rates.

Pros

- Quick and easy set up
- Easy to administer
- No requirement to submit annual returns or have the accounts audited
- More resources and sources of funds

Cons

- Joint and several liabilities to debt of the partnership
- Partnerships are automatically dissolved when a partner exits or dies

Statutory Requirements

- Any Singapore registered company or individual of at least 18 years of age is

eligible to register a Partnership, except undischarged bankrupts and persons disqualified under specific clauses.

- Requires a minimum of 2 owners and allows for a maximum of 20.
- Requires one manager who is at least 21 years of age and must be domiciled in Singapore.
- Requires a local Singapore address.
- Requires annual renewal.

Registration as a Limited Liability Partnership (LLP)

LLP was introduced on 11 April 2005 and must be registered with the Accounting and Corporate Regulatory Authority (ACRA). LLP is the most recent and most advanced business incorporation structure. It combines the flexibility of operating as a partnership while enjoying many of the benefits that come with a corporate body like a private limited company.

LLPs are primarily set up by professional practices (accountants, law firms, architects, etc.) where two or more professionals would like to build a joint practice in a common field. The owners must enter into very detailed agreements about how the profits and management responsibilities are divided.

Existing businesses or companies can be converted into a LLP.

Pros

- Separate legal identity – can own property, enter into contracts, sue or be sued in its own name.
- Limited personal liability: The partners of the LLP will not be held personally liable for any business debts incurred by the LLP or the wrongful acts of another partner. A partner may, however, be held personally liable for claims from losses resulting from his own wrongful act or omission.
- Perpetual succession: Any changes in the LLP (e.g. resignation or death of partners) do not affect its existence, rights

Cons

- Individual partners can commit the partnership to formal business agreements without the consent of the other partners.
- No corporate tax benefits as each partner is taxed on their share of the profits as per the personal income tax rates. However, where the partner is a company, its income from the LLP will be taxed at corporate tax rate.

or liabilities.

- Ease of compliance

Statutory Requirements

- Any Singapore registered company or a natural person of at least 18 years of age is eligible to register a Limited Liability Partnership, except undischarged bankrupts and persons disqualified under specific clauses.
- Requires a minimum of 2 partners, with no maximum cap.
- Requires at least one manager who is at least 21 years of age and must be domiciled in Singapore.
- Requires a local Singapore address.

Registration as a Limited Partnership (LP)

Limited Partnership does not entail having a separate legal entity, and is an alternative to the general partnership in Singapore. It introduces the concept of a limited partner in addition to a general partner. The liabilities of limited partners are limited to their investment in the partnership (capital or property). However such partners are unable to participate in the management of the business in a limited partnership.

There must be a minimum of 2 partners, with at least 1 general partner and at least 1 limited partner. There is no maximum number of partners in a LP. The partners can be individuals, Singapore-registered companies or unregistered foreign companies.

A general partner has unlimited personal liability and can be appointed as the manager of the LP. The general partner is responsible and liable for all actions, debts and obligations of the LP. On the other hand, a limited partner is not liable for any debts and obligations beyond his agreed investment in the LP. If a limited partner takes part in the management of the LP, he will have unlimited liability as if he were a general partner.

Limited Partnerships can only be created by registration of a new LP. A company, business or Limited Liability Partnership (LLP) cannot convert to become a LP.

Pros

- More attractive to investors
- Limited liability for limited partners
- Easy to administer - there is no need to audit or file annual returns with ACRA. However, the

Cons

- No corporate tax benefits as each partner is taxed on their share of the profits as per the personal income tax rates. However, where the partner is a company, its income from the LLP will be taxed

LP must keep proper accounting records for at least 5 years.

at corporate tax rate.

- If there is no limited partner registered with ACRA, the LP registration will be suspended and the general partner will be deemed registered under the Business Registration Act. Once a new limited partner registers with ACRA, the LP registration will be restored and the registration under the Business Registration Act will cease.
- LP is a new business structure and many of the legal and tax issues have not yet been fully resolved.

Statutory Requirements

- Requires a minimum of 2 partners, with at least 1 general partner and at least 1 limited partner.
- Any Singapore registered company or individual of at least 18 years of age is eligible to register a Limited Partnership, except undischarged bankrupts and persons disqualified under specific clauses.
- Requires one manager who is at least 21 years of age and must be domiciled in Singapore.
- Requires a local Singapore address.
- Requires annual renewal.

Registration as a Company (Private Limited, Public Limited)

A company is a business entity registered under the Companies Act, Chapter 50. Most companies in Singapore are private companies limited by shares - "Pte Ltd". All companies must be registered/ incorporated with the Accounting and Corporate Regulatory Authority (ACRA).

A company is a legal entity (i.e. it can sue or be sued in its own name and can own or hold any property). The owners of the company are called shareholders, and there must be a minimum of one share owned by one shareholder. The value of the share can be just S\$1.

Companies can be private or public. When a company can offer shares, debentures and other interests to the public, it is known as a public company. Most companies in

Singapore are private companies limited by shares - "Pte Ltd". Private companies with more than 50 shareholders must be converted to public companies limited by shares. Profits are taxed at corporate tax rates.

Pros

- Separate legal identity – can own property, enter into contracts, sue or be sued in its own name.
- Limited liability - Liability for debts and losses are limited to the value of the shares. The personal assets of shareholders are protected.
- More attractive to investors
- Exempt private companies (EPC) - companies with less than 20 individual shareholders and with no corporate shareholder are not required to audit their accounts if revenue is less than S\$5 million for the financial year.
- Better growth potential by going public

Cons

- Complex regulatory compliance – e.g. there are specific rules for appointment of directors, annual general meetings and shareholders resolutions.

Statutory Requirements

- Any Singapore registered company or individual of at least 18 years of age is eligible to register a Company, except undischarged bankrupts and persons disqualified under specific clauses.
- Requires at least 1 director and 1 shareholder, although they can be the same person.
- Requires a local Singapore address.

Registration as a Public Company Limited by Guarantee (CLG)

Forming a company limited by guarantee for setting up a non-profit organisation has the distinct advantage of incorporating a separate legal entity with limited liability for its members. Public companies limited by guarantee are registered with Accounting and Corporate Regulatory Authority (ACRA) and governed by the Singapore Companies Act. This form of entity is the most advanced and the most desirable type of structure. Companies limited by guarantee are typically engaged in non-trading charitable, religious, scientific, or artistic activities; and carries out non-profit making activities that have some basis of national or public interest, such as for promoting art,

charity etc.

A public company limited by guarantee has no share capital, and has members instead of shareholders. The members of the company guarantee a predetermined sum to cover the liabilities of the company in the event of the company being wound up, which could be as low as one Singapore Dollar.

As a public company limited by guarantee, the company must include the suffix "Limited" in its name. However after incorporation process, the company may apply to Singapore authorities for the removal of the word "Limited". A company limited by guarantee is a legal entity which exists in its own right in the eyes of the law, separate and distinct from the individuals who are involved in it. A company is like a person in law, it can sue, or to be sued, in its own name; it can enter into contracts, and can own property all in its own name.

Associations registered as company limited by guarantee in Singapore are exempt from income tax if surplus funds are from members' contributions; or if over 50% of gross revenue receipts are from members and are not tax-deductible for members. To enjoy full tax exemption, the company must apply for Charity status after its registration.

Pros

- Enjoys an independent legal personality
- Members' liability is restricted
- Tax exemptions
- Subject to ongoing public disclosure obligations and statutory control

Cons

- Professional assistance required for incorporation and ongoing statutory compliance
- Complex annual reporting requirements

Statutory Requirements

- Requires at least 2 directors, 2 members, and qualified Company Secretary. One director and secretary must be domiciled in Singapore i.e. a Singaporean Citizen, a Singaporean Permanent Resident. A foreigner who wishes to act as a local director of a company has to be a person who has been issued an Employment Pass or a Dependant Pass.
- Must draft a Memorandum & Articles of Association setting out the objects and by-laws of the organisation.
- Must audit accounts annually.
- Must hold Annual General Meetings.
- Must file its Annual Returns with ACRA.

Registration as a Co-operative Society

A co-operative society is an association of persons who have voluntarily joined together to achieve a common economic and social end through the formation of a jointly-owned and democratically-controlled business organisation. In order for a co-operative society to be regarded as a social enterprise, it is important for its constitution to reflect its social commitments.

Members make equitable contributions to the capital required and accept a fair share of the risks and benefits of the undertaking. Co-operative societies work on the principles of self-help and mutual assistance to provide services for their members. These include credit, consumer, medical, insurance, dental, transport, security, food, housing, travel, childcare and welfare services. The Singapore National Co-operatives Federation Limited (SNCF) is the national representation of Singapore's Co-operative movement.

"A co-op is not just a business. It is a business with a social mission or what some people call, the "BUSINESS WITH A HEART". The success of a co-op is measured not purely in terms of its annual surpluses but, more importantly, by how well it serves the needs of its members, customers and the society at large."

(Dr. Vivian Balakrishnan, Minister for Community Development, Youth and Sports)

The activities of co-operative societies are regulated through the Co-operative Societies Act (CSA) and Co-operative Societies Rules (CSR) administered by the Registry of Co-operative Societies which comes under the purview of the Ministry of Community Development, Youth and Sports.

There are two types of co-operative societies – primary and secondary society. A primary society is a registered society all of whose members are individual persons, or institutions which, have the qualifications for membership. A secondary society is a registered society all of whose members are co-operative societies or trade unions and which has as its object the facilitation of the operations of primary societies.

The Co-operative is different from a Company in the following ways:

- Co-operative follows the principle of one-member-one vote, while the voting in a Company is determined by the type and number of shares held.
- A Co-operative is an association of members but a Company is an association of capital.
- The main objective of a Co-operative is to serve members' needs, but the objective of a Company is to maximise profits for its shareholders.

Members of a co-operative society get together to promote the economic interest of their members and there is a need to submit a viable business plan of the co-operative before the registration of a co-operative society.

2.5 Regulatory Authorities

Accounting and Corporate Regulatory Authority (ACRA)

Regardless of the type of business entity, all businesses that intend to operate in Singapore have to be registered with the Accounting and Corporate Regulatory Authority (ACRA), and are governed by the Singapore Companies Act, Business Registration Act, Partnership Act, Limited partnership Act, and Limited Liability Partnerships Act. To indicate its requirements, the following is a summary of ACRA compliance requirements for Singapore-registered Companies and its directors:

- Company Directors (Statutory duties of directors under the Companies Act)

Under Section 157(1) of the Companies Act, a director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office. Directors must act in the company's best interest, avoid conflicts of interests, and exercise his powers for proper uses. The director is required to exercise the same degree of care and diligence as a reasonable director would in his position. The standard of care and diligence that the director will be higher if the said director possesses special experience or knowledge.

- Company Secretary

Under Section 171 of the Companies Act, a Singapore-resident company secretary must be appointed within 6 months of the incorporation to ensure compliance to statutory requirements. Contrary to public companies, private limited companies need not appoint a professionally qualified secretary. Examples of professionally qualified secretaries are lawyers, accountants and chartered secretaries. The company must notify ACRA within 30 days if there is any change to the particulars of the company secretary.

- Financial Year End (FYE)

Every company must fix a FYE. If the company is a subsidiary company, the FYE must coincide with the financial year end of the holding company. However, the choice of the company's Financial Year End is left to the company to decide. The Inland Revenue Authority of Singapore (IRAS) requires each company to submit an Estimated Chargeable Income (ECI) for the Year of Assessment within three months after the financial year ends. A company without any income would still be required to file a "NIL" ECI.

- Annual General Meeting (AGM)

Under Section 175 of the Companies Act, the first AGM is to be held within 18 months of the incorporation of the company, subsequent AGMs will be held once every calendar year but not more than 15 months apart.

- Filing Annual Return

Under Section 197 of the Companies Act, all Singapore companies are required to file an Annual Return with ACRA within one month of the AGM. Private exempt companies with less than 20 individual shareholders and an annual turnover of less than S\$5 million are exempted from having to get the accounts audited. IRAS provides the benefit of paying the corporate tax in instalments by encouraging companies to complete and submit their ECI sooner.

- Registration Number

Under Section 144(1A) of the Companies Act, and Regulation 11 of the Business Registration Act and Regulations, it requires the registration number issued by ACRA to be clearly printed on all business letters, statements of account, invoices, and official notices and publications of or purporting to be issued or signed by or on behalf of the company. There is no need to reflect the registration number on bills of exchange, promissory notes, endorsements, cheques, orders, receipts, and letters of credit issued by or purporting to be issued by or on behalf of the company or business.

All directors of the company are legally responsible and accountable for complying with the requirements of the Singapore Companies Act. Failure to comply may result in criminal prosecution and penalties imposed upon conviction.

The director who breaches his duty as a director may also be subject to civil liability. If found to be in breach of the common law or statutory duties, directors may be sued by the company for damages, return of specific property or any secret profit that the director made in the case of a breach of fiduciary duty.

Permits & Licences

Depending on the classification of your intended trade, you may need to apply for the appropriate permits and licences when you register your business with the Accounting and Corporate Regulatory Authority (ACRA). There is no need for any licence and permits required for most trades. However should they be needed, you have to ensure that you are granted the necessary licences and permits before you legally commence operations.

The **Online Business Licensing Service** allows you to submit one or multiple licence applications to the relevant government agencies. It also allows you to update, renew or terminate the licences. [<https://licences.business.gov.sg/SHINE/sop/WebPageHandler?p=OASIS&pn=SelectLicences&ApplyNew=Y>]

The following is a list of the licences and permits commonly applied for.

Building and Construction Authority (BCA)	<ul style="list-style-type: none"> Outdoor advertisement licence
Central Provident Fund (CPF)	<ul style="list-style-type: none"> CPF employer registration
Composers and Authors Society of Singapore	<ul style="list-style-type: none"> Copyright licence (annual) Copyright permit (ad-hoc)
Housing & Development Board (HDB)	<ul style="list-style-type: none"> Application for tenancy change of HDB commercial properties Home office scheme
Inland Revenue Authority of Singapore (IRAS)	<ul style="list-style-type: none"> CESS registration GST registration
Majlis Ugama Islam Singapura (MUIS)	<ul style="list-style-type: none"> Halal eating establishment scheme
Ministry of Community Development, Youth and Sports (MCYS)	<ul style="list-style-type: none"> Application of Charity/ Institution of Public Character (IPC) Licence to operate a child care centre Licence to operate a home for the aged
Ministry of Education (MOE)	<ul style="list-style-type: none"> Certificate of registration of school
Ministry of Home Affairs (MHA)	<ul style="list-style-type: none"> Registry of Societies
Ministry of Law (MinLaw)	<ul style="list-style-type: none"> Moneylender's licence Pawnbroker's licence
Ministry of Manpower (MOM)	<ul style="list-style-type: none"> Employment agency licence Work permit
National Environment Agency (NEA)	<ul style="list-style-type: none"> Hawker/food shop/stall licence Pet cafe licence
Singapore Civil Defence Force (SCDF)	<ul style="list-style-type: none"> Fire certificate (Industrial & Public Buildings)
Singapore Land Authority (SLA)	<ul style="list-style-type: none"> Licence for temporary occupation of land
Singapore Police Force (SPF)	<ul style="list-style-type: none"> House to house and street collection licence Liquor licence Massage establishment licence

	<ul style="list-style-type: none"> • Notification to conduct lucky/donation draw • Public entertainment licence • Second-hand goods dealers licence
Urban Redevelopment Authority (URA)	<ul style="list-style-type: none"> • Change of use • Home office scheme (URA) • Signage proposal for conserved building

Central Provident Fund Board (CPF Board)

As provided in the Central Provident Fund Act, all employers are required to make Central Provident Fund contributions for any employee (Singapore citizen or permanent resident), as long as the employee earns more than S\$50 a month. It includes students, family members, remunerated company directors, part-time or casual employees. Social entrepreneurs operating in a sole-proprietor or partnership entity are not required to make CPF contributions to their own account. Employers will have to pay their normal share of the CPF contributions on the full amount of the wages, capped at the \$4,500 Ordinary Wage Ceiling. CPF contributions for foreigners, including work pass holders are not allowed. Partners, sole-proprietors and those who are self-employed are only required to contribute to their Medisave account.

CPF contributions are calculated on the employee's total wages earned for the month, including bonuses, commissions and allowances. The CPF Board has an **Online CPF Contribution Calculator** [http://www.cpf.gov.sg/cpf_info/Online/Contri.asp?prof=] that can assist you in computing the CPF amount. Employees can also contribute to selected self-help entities such as Chinese Development Assistance Council (CDAC), Singapore Indian Development Association (SINDA), Mosque Building and Mendaki Fund (MBMF), and the Eurasian Community Fund (ECF).

CPF has an **Employers' Guide to CPF** [http://mycpf.cpf.gov.sg/Employers/Gen-Info/HB-FAQ/Employer.htm#_blank], which will provide you with a better understanding on the statutory obligations relating to CPF matters.

Inland Revenue Authority of Singapore (IRAS)

Singapore adopts a territorial basis of taxation, i.e. companies are taxed on income that is sourced in Singapore. All businesses, regardless of whether they are operating as a sole-proprietorship, partnership or company, must pay taxes on net income earned from sources within Singapore and on foreign source income if remitted into Singapore, unless it is specifically exempt from tax.

For corporate tax rates and tax exemption schemes, please refer to

<http://www.iras.gov.sg/irasHome/page04.aspx?id=410>. For sole-proprietor and partnership, all profits are taxed as personal income [<http://www.iras.gov.sg/irasHome/page04.aspx?id=1190>].

All Singapore companies with annual turnover exceeding \$1 million are required by law to register for Goods & Services Tax (GST). However, companies with annual turnover of less than \$1 million may choose to register for GST voluntarily, if it makes economic sense.

As an employer, you are required by IRAS to keep and retain in safe custody sufficient accounting records including that of your employees' remuneration for 7 years; and to prepare tax forms (IR8A) for all employees by the 1st of March every year.

"In the world nothing can be said to be certain except death and taxes."

(Ben Franklin)

Ministry of Manpower (MOM)

Although the terms and conditions within the employment contract can be freely negotiated between the employer and employee, it is best to seek legal advice so that the "statutory terms of employment" and "legal obligations" imposed by various laws will not undermine the validity of the employment contract.

The employment contract should address the following:

- Employment commencement date
- Job title
- Salary, bonus and payment terms
- Working hours
- Leave entitlements
- Benefits and other allowances
- Termination of contract
- Code of conduct

In the event that your social enterprise needs to hire workers from overseas, you need to take heed of the terms and conditions stated in the Employment of Foreign Manpower. There are different types of work passes administered and issued by the Ministry of Manpower (MOM), depending on the qualification of the foreigner. The types of passes include P1, P2, Q1, PEP, S Pass, Work Permit, and EntrePass. The

Ministry of Manpower has a **Quota Calculator for Work Permits and S Passes** [https://app.quotacal.mom.gov.sg/ecalculator/ecalculator_index.aspx#_blank] for employers to ascertain the company's S pass and Work permit quota entitlement.

Home Office Scheme (HO Scheme)

Under the HO Scheme, all home-owners are allowed to conduct small-scale businesses in their homes. The HO Scheme applies to both Housing Development Board (HDB) and private properties. This scheme allows small business owners to work from home, thereby saving on rent and transportation. The owner of the property is not allowed to put up any form of advertisement or signage outside the home, and the business must not cause any disturbance or inconvenience to the nearby residents. [<http://www.business.gov.sg/EN/BusinessTopic/SelectingPremises/TypesofPremises/ResidentialLand/>]

The following list of trades is expressly prohibited from operation under the Home Office Scheme:

- Maid Agency/ Employment Agency
- Contractors Business
- Car Trading Business
- Commercial School e.g. music, dance, language school or tuition centre
- Sales/Marketing that involve conducting seminars/talks for large number of customers
- Courier Business
- Manufacture/ Preparation/ Processing of products and goods.
- Ophthalmic Dispensing/ Pharmacy/ Medical or Dental Clinics/ Veterinary Medicine
- Card Reading/Palm Reading or fortune telling in any form
- Funeral chapels or homes
- Mausoleums
- Shops and any form of retail activity, including pet shops
- Catering/Restaurants
- Conducting of dress making/ embroidery lessons
- Repair of household appliances, electrical products, footwear, etc.
- Beauty/ Hair-Dressing/ Massage therapy services

2.6 Managing Intellectual Property

The Intellectual Property Office of Singapore (IPOS) is the lead government agency

that advises on and administers intellectual property (IP) laws, promotes IP awareness and provides the infrastructure to facilitate the development of IP in Singapore. Be familiar with terms such as Trade Mark, Patent, Copyright, and Registered Design. You generally cannot protect pure concepts or notions.

Trade Mark: It is a sign used by any person in the course of business or trade to distinguish his goods or services from those of other traders. It can be letters, words, names, signatures, numerals, devices, brands, labels, tickets, shapes, sound, colours, aspect of packaging or any combination of these.

Patent: A monopoly right over an invention given by the law to the patentee for a maximum of 20 years. It serves to encourage new inventions as it allows the patentee to benefit from the commercial exploitation of the invention. In return, the patentee provides full disclosure of the invention so that the public may avail themselves of the disclosure of the information and benefit from such disclosures.

Copyright: It protects works like novel, software programs, plays, sheet music and paintings. Generally, the author of a copyright work has the right to reproduce, publish, perform, communicate and adapt his work. These rights enable the copyright owner to control the commercial exploitation of the works. To use copyrighted materials, you would have to seek permission (preferably written) from the copyright owner, which may include hefty fees for the limited rights to use the works.

Registered Design: It refers to features of shape, configuration, pattern or ornament applied to an article via an industrial process. It is the visual appearance of articles we see every day.

Back to the business idea of your social enterprise, ask yourself the following questions:

- Is it unique because of the way it functions?
- Is it unique because of how it is manufactured?
- Is it unique because of the way it appears?
- Is it unique because of its branding?

If there is a "YES" to any of the above questions, there is INTELLECTUAL PROPERTY (IP) involved which should be protected.

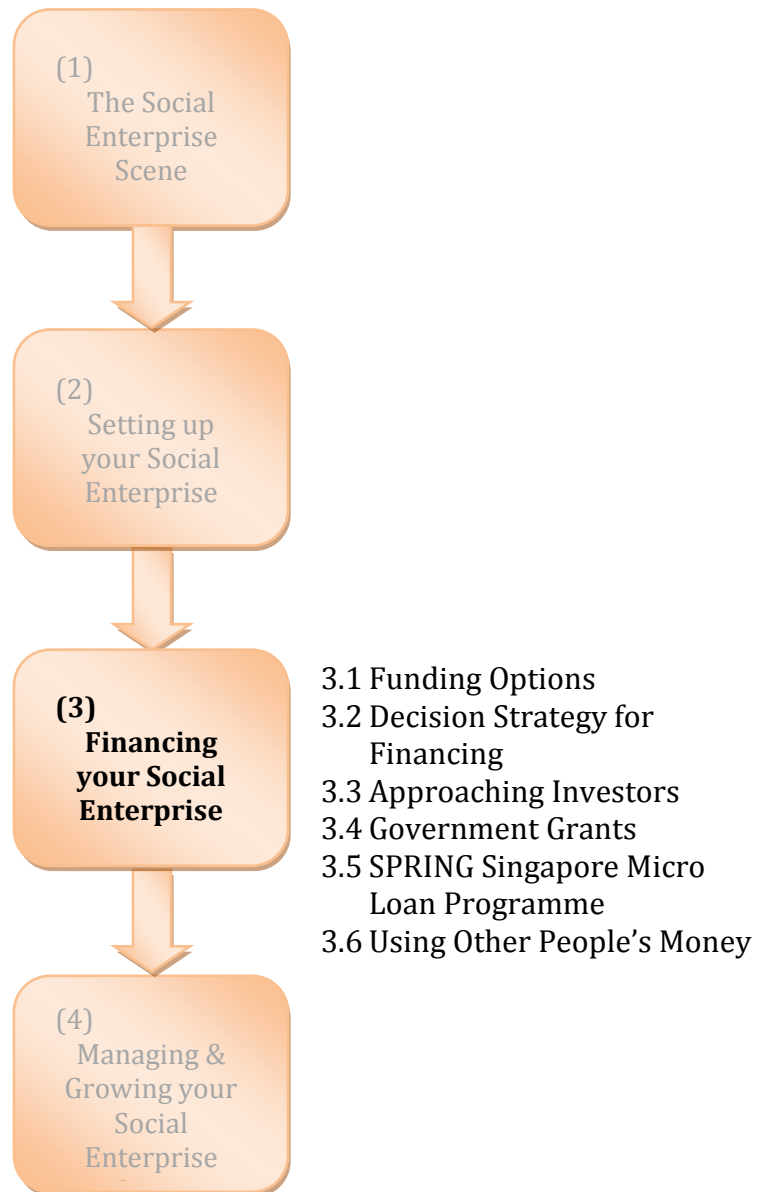
Do you know that you can protect your databases, customer lists, formula, technical information and know-how, manuals, information sheets, training materials, and promotional materials of your products? Commercialisation of IP begins with the creation of IP and knowing the need to protect the IP within the business. It is an

intangible asset which is often the key to attaining sustainable market advantage. In fact, companies should integrate IP considerations as early as possible when developing its corporate strategies.

Filing of Intellectual Property Rights:

- Filing of Intellectual property rights with the Intellectual Property Office of Singapore may either be done manually or electronically.
- Manual filing – Forms are available at <http://www.ipos.gov.sg/topNav/form>
- Electronic filing – <http://www.ipos.gov.sg/topNav/svc/onl/eFiling.htm>

You may contact the Intellectual Property Office of Singapore (IPOS) directly with your queries at Tel: +65 6339 8616, or visit their website [<http://www.ipos.gov.sg>].



Financing your Social Enterprise

Business needs capital to operate as even the smallest venture requires money to start. It is important for you to determine the sources where you can obtain the funds to start your social enterprise.

A new business may obtain financing from various sources depending on, among other things, how mature the organisation is. The financial industry relates the business life cycle to maturity, and there are different kinds of financing for businesses at different stages of maturity.

- **Conceptual Stage**

Most ventures start with an idea or concept. At this stage, social enterprises can consider soliciting grants, gifts, and donations through Foundations, Government programmes, philanthropists, and private individuals.

- **Developmental Stage**

Following the development of the concept, an action plan needs to be in-placed. At this stage, it is necessary to start producing the product or service, and to begin raising capital to fund the ongoing of the business. At this point, investors with vested interests will be more willing to invest as compared to venture capitalists or other financial institutions, who will certainly look at a combination of debt and equity financing.

- **Growth Stage**

At this point, the business would have attained a reasonable sales volume and break-even is within sight. As there is still little or no previous records of earnings, it will still be difficult in getting debt financing from traditional institutions. Alternative funding methods may be factoring of inventory and accounts receivables, as these does not require profitable operations. Banks will be more keen to establish a deposit relationship then to lend at this stage of maturity.

- **Mature Stage**

If you can reach this stage, you would already have a mature business that is well established in the market. Sales are stable, profit margins are comfortable, and there is no lack of working capital. As surplus cash is generated, the business does not need to borrow frequently, unless it is for specific activities such as development of new products, and acquisitions. There will be no lack of financing options (loans, mortgages, bonds) for businesses at the mature stage.

3.1 Funding Options

There are sources of funds and grants that social enterprise can try to tap into. However, it is important for social entrepreneurs to remember that these funds should be just a means to the end, which would be to ensure that the social objectives of the enterprise are met. The business model of all social enterprises should be to move towards self-sustainability and self-reliance, and not rely on funding and grants as a key financial resource.

There are broadly five funding options available:

- **Bootstrapping**

This term refers to an entrepreneur who decides to solely fund the business on his own without depending on outside sources for financial support. Bootstrapping allows the entrepreneur to have complete independence of their company and avoid having a diluted role when investors, directors, etc. are part of the company due to their financial stake.

- **Government financing programmes**

This term refers to the financial assistance the Government gives to eligible people and businesses with no payback requirements. This is a common procedure and is done for many different reasons. As the Government funds given is not repaid by the person or business who received it, it is considered a grant and not a loan. Most government grants must be applied for before they are awarded.

- **Private Philanthropic foundations**

This term refers to the legal entity set up by an individual, a family or a group of individuals, for a purpose such as philanthropy. Depending on the emphasis of the foundation, funding opportunities could be targeted at areas such as education, performing arts, population, environment etc.

Caritas Singapore Community Council: www.cscs-singapore.org

Lien Foundation: www.lienfoudnation.org

Tan Chin Tuan Foundation: www.tanfoundation.com.sg

- **Debt financing**

This method of financing refers to a company which receives a loan and in return gives its promise to repay the loan. Debt financing includes both secured and unsecured loans. A form of collateral is usually needed as an assurance that the loan will be repaid. The method of payback will be through the repayment of loan with interest and possibly additional fees. If the debtor defaults on the loan, that collateral is forfeited to satisfy the payment of the debt. Most lenders will ask for some sort of security on a loan.

- Equity financing

This method of financing refers to a company which issues shares of its stock and receives money in return. Venture capital is one of the more popular forms of equity financing used to finance high-risk, high-return businesses. The amount of equity a venture capitalist holds is a factor of the company's stage of development when the investment occurs, the perceived risk, the amount invested, and the relationship between the entrepreneur and the venture capitalist. The method of payback will be through dividends, increased ownership, or convertible equity to debt arrangements.

Which is the right type of funding for your social enterprise? You can get recommendations from available sources just by completing a few questions online with the **Funding Options Generator** [<http://webapps.business.gov.sg/eospatwo/FinanceGuide1.aspx>]. You would still be required to consult your banker or financial advisor on the options available.

3.2 Decision Strategy for Financing

Use the following questions to organise your business and determine the most likely sources of financing available.

- **Purpose**
 - What is the specific financial requirement?
 - Does the request match the requirement?
 - What is the cause of the requirement?
 - How long will the funds be needed if borrowed and how long will the equity funds be used if invested?
- **Repayment**
 - Does the parent company have a balanced financial position?
 - Will the business have sufficient cash to repay the loan or provide for a return on investment with the proposed schedule and in the proposed manner?
 - What are the major strengths and weaknesses of the loan and/or investment?
- **Structure**
 - What will the interest rate, terms, collateral, restrictions and disbursement method be for the loan?
 - What rate of return, debt repayment, control questions, buy-out provisions, return schedule, disclosure requirements apply for an investment?
 - What documentation, other approvals and reporting are required?

3.3 Approaching Investors

Before you even start raising capital, it is important for you to know “What your story is”, and to be very convincing in “articulating your story”. Your pitch will be on your company and not just the product. Specific documents which are necessary will be a business plan, executive summary, slideshow presentation, financial model and a realistic project time frame.

It is unlikely for anyone to invest in someone without a track record of successful investing. Approaching potential funders “cold” is far less effective than tapping an inside source or reference, tapping into the professional contacts of lawyers and accountants may open doors for an initial meeting with potential investors, provided a strong recommendation is made. As there is no general solicitation or advertising, it is purely reputation and networking.

Angel investors are independent high net worth individuals who invest in the early stages of private business ventures, with average investments not exceeding S\$100,000. The next sphere beyond angel investors are venture capital funds, which consist of professionally managed capital aimed at new and emerging business ventures. These pooled funds typically make much larger investments than angel investors, with investments often in the millions. Most venture capitalists will consider your idea only if you are referred by someone they trust.

3.4 Government Grants

Government grants are another good source of “free” money, however as these funds are disbursed on a reimbursement basis, it would still be necessary for you to have some working capital on hand. The Government grants include:

- **Comcare Enterprise Fund (CEF)**

The CEF is a seed fund to support start-ups of new social enterprises that provide employment and training opportunities for needy disadvantaged Singaporeans. The CEF provides approved social enterprise start-ups with up to 80% of the total project cost (capital expenditure and up to the first two years’ operating costs), capped at S\$300,000.

[<http://app1.mcys.gov.sg/Assistance/ComCareEnterpriseFundCEF.aspx>]

- **Community Foundation Fund (CF)**

The Community Foundation of Singapore will target high net worth individuals by matching their interests with causes and non-profit organisations. The CF will help donors who seek independent advice on which causes and organisations to support, and proactively source innovative projects in consultation with non-profit leaders and other experts so that donors’ intention is achieved

[http://www.nvpc.org.sg/pgm/Content/NVPC_F_CMS_SubPage.aspx?PID=80].

- **Golden Opportunities! (GO!) Fund**

The Golden Opportunities! (GO!) Fund administered by the Council for Third Age, supports community-level initiatives that create more opportunities for seniors to remain active, through volunteerism, healthy living, lifelong learning, intergenerational bonding or the development of active lifestyles and social networks. It is a project seed-fund for up to 3 years and a maximum of 80% of the project cost, capped at S\$300,000.

[http://www.c3a.org.sg/images/pdf/go_brochure.pdf]

- **New Initiative Grant (New Ideas for Volunteerism and/or Philanthropy)**

The New Initiative Grant (NIG) provides seed money for start-ups or existing organisations with new initiatives that meet community needs in Singapore and are strong in volunteerism and/or philanthropy. The grant covers up to 80% of costs (e.g. manpower, rent, equipment, volunteerism and philanthropy-related costs) in furtherance of the initiative for 24 months, and is capped at S\$200,000.

[http://www.nvpc.org.sg/Pgm/Content/NVPC_F_CMS_SubPage.aspx?PID=2&SID=19]

- **Youth Expedition Project (YEP)**

YEP supports youth from educational institutions and registered organisations to embark on community service/learning projects that contribute to communities in Singapore, ASEAN, China and India. Applicants can receive funding of up to 50% of the allowable budget (capped at S\$1,000 per participant, or S\$20,000 per project).

[<http://www.nyc.pa.gov.sg/pdf/FundingKit.pdf>]

- **Young ChangeMakers Grant (YCM)**

The Young ChangeMakers (YCM) is a grant scheme set up to ignite youth passion for community change in Singapore. It aims to provide seed funding of up to 80% of project cost, or \$3,000, whichever is lower, and non-monetary support for young people to initiate and implement projects which benefit the local community and society. It is open to youth aged 13 to 35, either as individuals or informal youth groups.

[<http://www.nyc.pa.gov.sg/forms/YCM%20Factsheet.pdf>]

- **Youth Innovation Grant (YIG)**

The Youth Innovation Grant (YIG), administered by the National Youth Council (NYC), aims to encourage creativity and innovation by supporting new initiatives that benefit the youth sector. The project should meet an emerging need, benefit and value-add to the youth sector, and contribute to developing a vibrant and supportive environment for youths. YIG supports up to 50% of allowable project budget, capped at S\$50,000.

[<http://www.nyc.pa.gov.sg/forms/YIG%20Factsheet.pdf>]

Start-Ups

- **First Mover Advantage**

The First Mover Framework by the Ministry of Trade and Industry (MTI) gives entrepreneurs with innovative business ideas that maximise the use of public assets a head start. These entrepreneurs, or First Movers, can be given an advantage in the use of public assets to implement their ideas. First Movers can be granted an allocation advantage and/or a price advantage.

[<http://www.firstmover.gov.sg>]

- **ideas.inc Business Challenge**

The Nanyang Technological University (NTU) and SPRING Singapore ideas.inc. Business Challenge encourages you to act upon your ideas and entrepreneurial aspirations. Winners will receive up to S\$65,000 to commercialise the innovative products and services. This competition is only open to participants below 26 years old, and participants need to form teams of 2 to 6 members.

[<http://www3.ntu.edu.sg/ideasinc/>]

- **Young Entrepreneurs Scheme for Start-ups (YES! Start-ups)**

This scheme provides funding support of up to S\$50,000 for youths to set up their innovative start-up. SPRING matches S\$4 for every S\$1 that you raise through self-funding, schools or third-party sources, the grant is capped at S\$50,000. The grant can be used for business development expenses such as Manpower and operating expenses, Purchase of equipment, software, materials and consumables, acquisition of intellectual property (IP) right, Professional services, and Marketing/promotion activities. This grant is for first time entrepreneurs, below the age of 26.

[<http://www.spring.gov.sg/Entrepreneurship/FS/FS/Pages/young-entrepreneurs-scheme-start-ups.aspx>]

Arts

- **Community Participation Grant (Arts)**

This grant supports community arts projects that invite members of the public to participate in the creation process so as to increase arts appreciation and participation. The nature and scope of the project as well as the availability of funds will determine the grant quantum. The grant amount, based on a reasonable estimate of the budget, will usually not exceed 50% of qualifying costs. There is no limit to the number of Community Participation Grant applications that an individual or organisation may submit. However, the sum total of Community Participation Grants awarded to any one particular individual or organisation will not exceed \$50,000 in any financial year.

[<http://www.nac.gov.sg/sch/sch02.asp#community>]

- **Partnership Funding For Arts Businesses (PFAB)**

This grant by National Arts Council supports the presentation, production or distribution of high quality arts projects by for-profit companies. The grant covers up to 30% of qualified expenses (professional fees, direct production cost, and marketing). The total sum of the PFAB grants awarded to any organisation will not exceed \$100,000 per project (up to a maximum of 2 awarded projects) per financial year.

[<http://www.nac.gov.sg/static/doc/Grants%20Information%20Guide.pdf>]

- **Community Participation Grant (CPG)**

This grant by National Arts Council supports arts projects facilitated by professional artists involving non-artists in the art creation process. It is only applicable to individuals (Singaporean &/or PR) and Singapore-registered non-profit organisations. The grant covers up to 50% of qualified expenses (professional fees, production costs, and marketing), capped at S\$50,000 annually.

[<http://www.nac.gov.sg/static/doc/Grants%20Information%20Guide.pdf>]

Consultancy

- **infocomm@SME - Accounting Software Assistance Scheme**

Inland Revenue Authority of Singapore (IRAS) has partnered Infocomm Development Authority of Singapore (IDA) to provide a subsidy scheme to encourage businesses to adopt the use of accounting software to improve their record keeping practices and tax compliance. From 1 Jul 2009 till 31 Mar 2012, GST-registered businesses can apply to IDA for a grant to defray the costs of purchasing accounting software that are listed in the IRAS' Accounting Software Register. GST-registered businesses which qualify under this scheme will receive a subsidy of up to 50% of the cost of the accounting software and for costs related to installation/deployment and training on use of the software, up to a maximum of S\$1,500.

[<http://www.iras.gov.sg/irasHome/page.aspx?id=9146>]

- **iSPRINT (Package Solutions)**

The iSPRINT (Packaged Solutions) Scheme by the Infocomm Development Authority (IDA) contains a list of solutions, both Off-the-Shelf and Pay-Per-Use. Businesses can claim up to 50% of the qualifying costs for the purchase of the first packaged solution (listed) under each solution category (Accounting, Accounting & payroll, B2B collaboration, Business intelligence & analytics, Customer relationship management, Fleet management, Human resource, Payroll, POS, Receivables management, Resource management, and Survey management).

[<http://www.ida.gov.sg/Sector%20Development/20060926171726.aspx>]

- **SME Management Action For Results (SMART)**

The SME Management Action for Results (SMART) Initiative helps Singapore-based SMEs develop business management capabilities using the Business Excellence framework. Under SMART, a qualified consultant works with the SME to develop a roadmap to build its capabilities. The SME can then initiate projects to implement the roadmap. SPRING Singapore supports up to 70% of the qualifying costs of consultancy incurred by the SME, up to a maximum of \$6,000. Qualifying criteria includes having at least S\$2m in sales turnover, and at least 3 years of business operations.

[<http://www.spring.gov.sg/EnterpriseIndustry/BC/Pages/smart-initiative.aspx>]

Employment

- **ADVANTAGE! Scheme**

The enhanced ADVANTAGE! is open to companies registered or based in Singapore. Upon successful application, your company may receive a grant amount of up to S\$400,000. The grant will fund the cost of your company's efforts to recruit, retain or re-employ mature workers, including the developing and/or implementing of re-employment systems. These may include costs incurred for training, absentee payroll, staff salary, consultancy, intellectual property rights and equipment. The grant, however, cannot be used for the purposes of retention bonus or salary support.

The Scheme supports initiatives and efforts to:

- (1) Recruit new workers, aged 40 and above;
- (2) Retain existing workers, aged 55 to 61;
- (3) Re-employ existing workers, aged 62 and above.

[<http://www.ntuc.org.sg/advantage/>]

- **Enhanced OPEN DOOR Fund (ODF)**

The Open Door Fund (ODF), administered by the Singapore National Employers Federation, encourages businesses to hire persons with disabilities by providing subsidies to implement job redesign and workplace modification, or run integration or apprenticeship programmes for persons with disabilities. Receive funding of up to 90% of approved cost, capped at S\$100,000.

Persons with disabilities are classified under four broad categories of disabilities:

- (1) Sensory disabilities (hearing and visual impairment)
- (2) Intellectual disabilities (with an IQ of 70 and below)
- (3) Physical disabilities (e.g. amputee, polio), and
- (4) Other global developmental delays (e.g. Autism Spectrum Disorder, Attention Deficit Hyperactive Disorder).

[http://www.business.gov.sg/EN/Government/GovernmentAssistance/TypeOfAssistance/Grants/Training/gp_snef_odf.htm]

- **Flexi-Works!**

Flexi-Works! is an initiative by the Singapore Workforce Development Agency (WDA), in partnership with the National Trade Union Congress (NTUC) to help companies hire new workers on part-time or flexible work arrangements. The

scheme offers a grant of up to \$100,000 to support a company's efforts in doing so. The programme has been extended to run from 1 April 2010 to 31 December 2012. There are 2 tranches of Flexi-Works!.

Tranche 1: Companies can claim 80% of actual cost incurred, capped at S\$10,000, for introducing flexible work arrangements in the organisations. Flexible work arrangements include Part-Time Working, Staggered Hours, Flexi-time, Job Sharing, Flexi-place / Telecommuting, and Alternative Work Schedules.

Tranche 2: Companies can claim up to \$90,000 for recruiting eligible workers on part-time or flexible work arrangements. Eligible workers must be aged 30 years and above, and have been out of job for at least 3 months. In order to qualify for the grant, these workers must remain employed for at least 2 months.

[<http://www.ntuc.org.sg/flexiworks/>]

Environment

- **3P Partnership Fund (Environment)**

The 3P Partnership Fund is a grant program administered by the National Environment Agency (NEA). It aims to encourage and assist organisations, companies and individuals from the People, Private and Public (3P) sectors to work together to develop innovative and sustainable environmental initiatives that promote environmental ownership amongst the local community. Projects should be oriented towards one or more of the NEA's outcomes, namely Clean Air, Climate Change & Energy Efficiency, Clean Water, Towards Zero Landfill, Dengue Fever Surveillance & Control, Singapore Litter-Free, Food Hygiene, Clean Public Toilets and Other Public Health. The 3P Partnership Fund works on a co-payment basis. First time applicants would receive no more than 50% of the proposed budget based on the merits of the project. Past achievements and track records in implementing environment-related initiatives will be taken into consideration

[http://app2.nea.gov.sg/funds_3pfund.aspx]

- **Environmental Technology Capacity Development Programme (EnviroTech CDP)**

SPRING Singapore has set aside S\$6 million under this programme to fund the development of new environmental technology capabilities, products and services. It aims to encourage SMEs in the environmental technology industry to build new capabilities that can add new service offerings or significantly improve their productivity. Funding provided is capped at 70% of qualifying costs (manpower, equipment and materials, and professional services) for enterprise-level projects and industry-level projects.

[<http://www.spring.gov.sg/EnterpriseIndustry/ECE/Pages/environmental-technology-capability-development-programme.aspx>]

Intellectual Property

- **Intellectual Property Management Programme (IPM)**

The Intellectual Property Management (IPM) for SMEs Programme provides Singapore-based SMEs consultancy advice and funding support to develop and protect your intellectual property. Jointly managed by SPRING and the Intellectual Property Office of Singapore (IPOS), it helps companies manage the entire intellectual property life cycle including its creation, ownership, protection and commercial exploitation. The programme has 2 phases and funding is available throughout the duration of the programme:

Phase 1: SCOPE IPTM is a diagnostic tool developed by IPOS. It will help you to assess the strengths and weaknesses of your IP deployment and IPM system.

Phase 2: You can implement recommendations in Phase 1 by embarking on IPM capability development projects. You will receive support for the qualifying costs, which include manpower, equipment and materials, consultancy and acquisition of IP rights.

[<http://www.spring.gov.sg/EnterpriseIndustry/BC/Pages/intellectual-property-management.aspx>]

Media

- **i.JAM Micro Funding Scheme**

A scheme by MDA that provides funds and mentors to start-ups in the interactive digital media (IDM) industry with breakthrough ideas which can be turned into innovative products or services. The project must involve innovation, be technology-related, and must result in innovative products, processes or business models which can be protected by intellectual property (IP) laws; and/or have the potential to be exported regionally and globally. A mentor cum investor shall be appointed to nurture the start-up. You will also receive a grant of up to S\$50,000 for qualifying costs.

[<http://www.idm.sg/support/ijam/>]

Travel

- **Tourism Development Assistance Scheme (TDAS)**

Get a Singapore Tourism Board grant to develop innovative tourism products, create new tours and tour packages, or stage world-class leisure. TDAS provides assistance to cover a percentage of the qualifying cost of the project, which includes professional services, equipment and materials, production costs and test-marketing costs.

[<https://app.stb.gov.sg/asp/ina/ina01.asp>]

Work Life

- **WoW! Fund**

The Work-Life Works! (WoW!) Fund is a one-time grant given by the Ministry of Manpower to businesses to encourage employers to introduce Work-Life strategies at the workplace. The WoW! Fund helps to defray costs incurred by organisations while introducing Work-Life measures. Work-Life programmes include Flexible work arrangements, Leave arrangements, and Employee support schemes.

An approved project can have up to 80% of its costs funded, subject to a maximum quantum of \$20,000. To be eligible, organisations must be able to show proof of hiring at least five paid employees.

[<http://www.mom.gov.sg/employment-practices/work-life-harmony/wow-fund/Pages/wow-fund.aspx>]

- **Business For Families Grant**

The Businesses for Families Grant (Grant) offered by Ministry of Community Development, Youth and Sports (MCYS) was established to provide immediate impetus for businesses to consider becoming Family-friendly. The Grant can be used to implement Family-friendly business projects and to defray the cost of Business consultancy, Infrastructure costs, Training, development and implementation costs. Under this Grant, the Government will co-share up to 70% of the costs incurred for approved projects, subject to a cap of S\$50,000 for businesses with single outlet, and S\$80,000 for businesses with multiple outlets.

[<http://www.bfc.sg/Mark/ApplyfortheGrant/tabid/145/Default.aspx>]

3.5 SPRING Singapore Micro Loan Programme (MLP)

The **Micro Loan Programme** administered by SPRING Singapore allows companies with ten or less employees to get loans of up to S\$100,000. The MLP loan can be used to fund daily operations or for automating and upgrading factory and equipment. The interest rate and tenure (minimum 5% interest rate for loan tenure of 4 years and below) are subject to the participating financial institutions' assessment of the risks involved.

[<http://www.spring.gov.sg/enterpriseindustry/fs/pages/micro-loan-programme.aspx>]

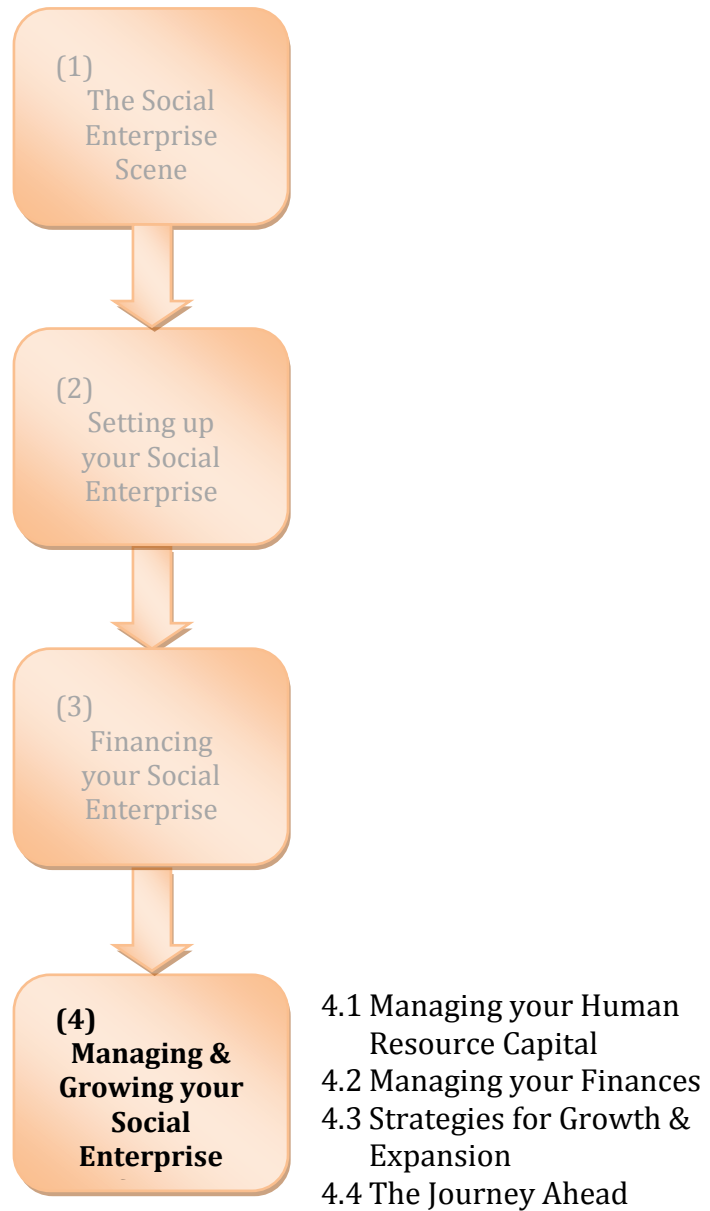
3.6 Using Other People's Money

Regardless of the source of financing you are seeking, it is after all other people's money. To get funding support, you will have to overcome funders' probing and inquiry into your organisation's capacity, management team, business plan, financial statement and fairness of any negotiating processes.

Until the agreement is signed, it is prudent that you should not make any plans on the funds, nor commit your business to future proceeds, nor expect the funder to honour any informal commitment or agreement. If you really want the funds, be willing to make the effort to make adjustments to fit any reasonable requirements. As business owners, it is also highly possible that you are requested to provide a personal guarantee for all commercial loans.

The best way to attract more capital is to have delivered above and beyond what has been expected of you, which is simply under-promise and over-deliver. Remember to

put your investor first by making the win for that investor, and only thereafter should you look at how you're going to make your profit.



Managing & Growing your Social Enterprise

Now that you have set up your social enterprise, it is important for you to manage certain critical internal areas within your company well so that your entire business machinery can function optimally.

4.1 Managing your Human Resource Capital

The people working within the company, who individually and collectively contribute to the achievement of the business objectives, are indeed the company's most valued assets. It is therefore important to manage your human resource capital well in all facets from employing the right people, developing their capabilities, utilising, maintaining and compensating their services in line with the job and organisational requirements. Investment in developing your human resource capital will certainly give your company the edge over your competitors.

Please refer to the Business Owners Toolkit [http://www.toolkit.com/small_business_guide/index.aspx] on the following topics.

- Recruiting and hiring
- Paying your employees
- Benefits for your employees
- Rules for your workers
- Motivating and rewarding your workers
- Disciplining your workers
- Terminating workers' employment contracts

4.2 Managing your Finances

Cash-flow

Cash is king when managing your social enterprises. It enables a business to survive and prosper and is the primary indicator of business health. While a business can sustain itself through lull periods without any concluded sales or trading profits, the business would find survival a big challenge without sufficient cash. As such, social entrepreneurs need to carefully monitor and manage the inflow and outflow of cash.

Profit is the difference between the total amount your business earns and all of its costs. A business may be able to forecast a good profit for the year, yet still face times when it is strapped for cash. It is important not to confuse cash balances with profit.

Never manage your business from the bank balance; cash and bank balances are two different matters. Good cash-flow management in business means that the pattern of income and expenditure allows it to have available cash to pay bills whenever due.

Social entrepreneurs must be careful to avoid cash-flow pitfalls such as:

- Poor credit controls
- Service fulfilment delays
- Ineffective marketing
- Inefficient ordering service
- Poor management accounting
- Inadequate supplier management
- Poor control of gross profits or overhead costs

A cash-flow forecast can be an invaluable business tool when used effectively. As cash-flow management is never static, the forecast must be dynamic to frequent adjustments depending on business activity, payment patterns and supplier demands.

Books and Accounts

For any business to be a success, its financial records should be well handled and recorded. This is known as bookkeeping in accounting terms. The reason why bookkeeping is so important is because it is the accounts of the company that is always turned over whenever business decisions are required to be made by the managers. However, bookkeeping is not as easy as it seems. Depending on your volume of transactions, it may be necessary to do bookkeeping on a monthly, weekly or even daily basis.

The bookkeeping process (manual)

All the in-flows and out-flows of monies in your business, both to keep track of your cash flow and for your tax records have to be recorded. To do this you will need:

- A record of all business sales.
 - If your business is cash based such as a retail shop, you will use till rolls and point-of-sale systems to record sales.
 - If your business is non-cash based and you offer credit sales, you should issue an invoice for every sale. Keep them in two files: Sales Paid and Sales Unpaid.
- Invoices or receipts for any procurement.
 - Keep two separate files: Purchases Paid and Purchases Unpaid.

- Records of payments into and out of your business bank account.
 - Request for monthly bank statements.
 - Make a bank reconciliation statement.
- Records of payments made by cash.
 - Keep receipts for cash purchases in a box file labelled Petty Cash.
- A cash book for summarising the information, recording all the money coming into and going out of your bank account.

Computerised Bookkeeping Software

Bookkeeping software do all the complex calculations using the basic information you typed in. You can check balances, produce balance sheets, print cash flow forecasts, analyse payment patterns and carry out a host of other financial management tasks. There are many software packages that can store information on other aspects of the business such as payroll, stock management, invoicing, banking, customer accounts and credit management.

Please exercise due care when you are purchasing accounting softwares as it needs to be in compliance to the requirements stipulated by IRAS. For a list of compliant and approved software, please refer to the IRAS' Accounting Software Register [<http://www.iras.gov.sg/irasHome/page.aspx?id=7752>].

Many small time entrepreneurs, in their efforts to keep overheads as low as possible, have resorted to doing the bookkeeping on their own. However, unless you have been trained in areas of bookkeeping and accounting, you may actually achieve a lot more by spending the time instead on what you do well - working with customers and cultivating more sales opportunities. Time spent on bookkeeping problems add little or no value to your customer relationship. Instead of being bogged down by the paperwork required for the compliance of regulatory financial practices, you can potentially free yourself from all the hassles by outsourcing your bookkeeping and accounting services, and focus on your core business.

Overheads

It may sound like a broken record, but the mantra towards survival in the early years of business is always “keep your overheads as low as reasonably comfortable”. It is common sense that unless you have very deep pockets to finance your operations, you must keep a close eye on your cash outflow in the areas of business overheads, such as rental fees, renovation and fittings cost, advertising, manpower cost, travelling cost, entertainment cost, and even your cost of goods sold.

Some simple tips that every start-up social entrepreneur should consider:

- Do not hire more people than you need.
- Do not operate from a business premise unless it is necessary, and do keep a close tab on the cost of renovations and fittings.
- If a physical office space is necessary, you can consider certain “less costly” options such as use of service office, hot desks, incubation hubs etc. If finances permit, and if the property market is soft, you could potentially consider purchasing a commercial/office unit and stand to reap potential capital gains in the future. However, as such purchases normally involve a big sum of investment and a long-term repayment commitment, you should really evaluate the decision carefully.
- Buy only the equipment you necessarily need, and shop wisely.
- Explore cheaper advertising mediums instead of placement within the national daily or having prime-time air-time.
- Do not splurge on a private automatic branch exchange (PABX) or complex phone systems, when a mobile phone could still get the job done.
- Ask around and compare the different corporate bank packages, in particular the requirement to maintain a minimum balance and the charges for the use of the various bank services.
- Do not skimp where you shouldn't. Cutting back in areas that are going to affect your products or customer service might end up causing you to lose business opportunities instead of gain customers.

Corporate Bank Account

Shop around the various banks to compare the rates and account maintenance requirements. Social enterprises can consider opening their corporate bank account with DBS Bank as it has a **DBS Social Enterprise Package** [http://www.dbs.com/sg/enterprise/credit/socialent/default.aspx#_blan]. It is designed to make it easy and affordable for social enterprises to carry out the usual banking activities. DBS has a dedicated team of knowledgeable relationship managers who manage and assist social entrepreneurs with their banking and business-related queries. These range from the opening of a bank account, to financing and business management tools. This one-stop service affords social enterprises greater convenience.

4.3 Strategies for Growth & Expansion

When your social enterprise is operational and has experienced constant achievement of necessary sales and profit targets, it may be the time for you to consider how you may want to grow your business.

You can grow your social enterprise organically by increasing your production outputs, developing distribution and sales channels and outlets both locally and even overseas. Alternatively, you can fast track the process through franchising, strategic partnerships, mergers and acquisitions, and joint ventures.

The following websites will provide you useful information when you are considering growing and expanding your social enterprise locally or overseas.

- International Enterprise Singapore is an agency under the Ministry of Trade and Industry to help enterprises export, develop business capabilities, find overseas partners and enter new markets. [<http://www.iesingapore.gov.sg>]
- Singapore Economic Development Board is the lead government agency responsible for planning and executing strategies to enhance Singapore's position as a global business centre and grow the Singapore economy. It brings in talent, investors and businesses into Singapore. [<http://www.edb.gov.sg>]
- SPRING Singapore is the enterprise development agency that helps dynamic local enterprises transform into globally competitive companies. [<http://www.spring.gov.sg>]

4.4 The Journey Ahead

The road ahead may not be a bed of roses at all times, but with clear strategic directions ahead and close connection with partners and fellow social entrepreneurs, you may soon realise your dream of having created a sustainable social enterprise that is truly a blessing for the community.

For help and assistance in your social enterprise journey, please feel free to contact the Social Enterprise Association at +65 65351883 or email info@SEassociation.sg.

Appendix 1: Useful Resources

Relevant Organisations

Accounting and Corporate Regulatory Authority (ACRA)

[<http://www.acra.gov.sg>]

The Accounting and Corporate Regulatory Authority (ACRA) is the national regulator of business entities and public accountants in Singapore. ACRA also plays the role of a facilitator for the development of business entities and the public accountancy profession.

The mission of ACRA is to provide a responsive and trusted regulatory environment for businesses and public accountants. ACRA's role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit.

The available services at www.bizfile.gov.sg > iShop@ACRA include:

- Purchase of business profile
- Purchase of business profile with certificate of production
- Purchase of certificate of good standing
- Purchase of people's profile
- Purchase of extracts – electronic and non-electronic extracts
- Usage of microfilms
- Purchase of statistics of companies, businesses, LLPs and LPs

Action Community for Entrepreneurship (ACE)

[<http://www.ace.sg>]

The Action Community for Entrepreneurship (ACE) is a movement involving both the private and public sectors to transform Singapore into a more entrepreneurial nation where innovation and enterprise can be translated into wealth and where a diversity of ideas thrive.

Association of Small and Medium Enterprises (ASME)

[<http://www.asme.org.sg>]

The Association of Small and Medium Enterprises is a not-for-profit organisation that works closely with both the public and the private sectors to ensure that businesses in Singapore can operate in a conducive and fair environment. ASME plays a pivotal role in creating a robust business ecosystem that is favourable to the success of SMEs. At

ASME, we have put in place a holistic framework that includes a wide array of services and programmes to facilitate the growth and development of SMEs in Singapore as it looks towards creating a conducive business environment and effective platform for the success of local enterprises. ASME is the business association for entrepreneurs by entrepreneurs.

Consumers Association of Singapore (CASE)

[<http://www.case.org.sg>]

The Consumers Association of Singapore (CASE) is a non-profit, non-governmental organisation that is committed towards protecting consumers interest through information and education, and promoting an environment of fair and ethical trade practices. It aspires to be a dynamic and effective national body championing the cause of the consumer to achieve a caring and consumer-friendly community. CASE successfully lobbied for Consumer Protection (Fair Trading) Act (CPFTA) which came into effect on March 1, 2004.

Enterprise Development Centres (EDC)

Enterprise Development Centres (EDCs) are set up by industry associations and chambers of commerce, with the support of SPRING Singapore, to serve local enterprises and aspiring entrepreneurs. It is a one-stop centre with a team of business consultants that provide legal, financial, management and business advice.

EDCs can assist you to:

- Develop financing options for your business
- Identify and help you apply for government assistance
- Provide contacts of suppliers, private vendors and other commercial entities
- Diagnose your business needs
- Conduct market research for your products and services
- Develop your business abroad

(1) EDC @ Association of Small and Medium Enterprises (Tel: +65 6513 0388)

(2) EDC @ Singapore Chinese Chamber of Commerce & Industry (Tel: +65 63378388)

(3) EDC @ Singapore Indian Chamber of Commerce & Industry (Tel: +65 65080147)

(4) EDC @ Singapore Malay Chamber of Commerce & Industry (Tel: +65 62933822)

(5) EDC @ Singapore Manufacturers' Federation (Tel: +65 68263020)

EnterpriseOne

[<http://www.business.gov.sg>]

EnterpriseOne is a multi-agency initiative managed by SPRING Singapore in collaboration with the various government agencies, associations and chambers of commerce. It is an information portal to help local enterprises start, sustain and grow their businesses.

Entrepreneur's Resource Centre (ERC)

[<http://www.erc.com.sg>]

Entrepreneur's Resource Centre aims to be the region's foremost resource provider for up-and-coming businesses, with an aim to lend a helping hand to budding entrepreneurs to transform their dreams and ideas into sustainable business. The training programmes are integrated with real life experiences of successful entrepreneurs and relevant case studies to refine the participants' business and professional skills.

Innovators and Entrepreneurs Association (Singapore) (IdEA)

[<http://www.idea.org.sg>]

The Innovators and Entrepreneurs Association (Singapore) (IdEA) is a non-profit organisation managed by a group of young entrepreneurs to promote and nurture Innovative and Entrepreneurial spirit amongst Singaporeans. It provides like-minded individuals and organisations an interactive platform to exchange and share information, ideas and experiences. Currently, IdEA has members made up of students, innovators, entrepreneurs, businessmen, venture capitalists and any individual who shares the interest in innovative and entrepreneurial activities. This network serves to attract both local and foreign entrepreneurs to gather and transform innovative ideas into market successes.

IP Academy

[<http://www.ipacademy.com.sg>]

The IP Academy aims to be a leading centre of excellence for executive IP education & thought leadership development, and to be a world-class resource for the development of knowledge and capabilities in the protection, exploitation and management of IP. IP Academy strives to continue the development of practical IP training programmes and educational courses for IP professionals, business managers and leaders, inventors and creators; and to conduct multi-disciplinary research into IP and related areas, and organising high-level conferences & roundtables.

Pro-Enterprise Panel (PEP)

[<http://www.pep.gov.sg>]

[Email: mti_pepsec@mti.gov.sg]

The Pro-Enterprise Panel (PEP) was established in August 2000 to actively solicit feedback on rules and regulations that hinder businesses and stifle entrepreneurship. It is part of the Public Service 21 movement to ensure that government rules and regulations remain relevant and supportive of a pro-business environment. Suggestions received from the public are reviewed with the intention of simplifying and eliminating rules, refine regulatory framework and to create a conducive pro-enterprise climate.

Singapore National Employers Federation (SNEF)

[<http://www.sgemployers.com>]

The Singapore National Employers Federation (SNEF) is an independent, autonomous non-profit organisation funded by membership fees and revenue from consultancy, training, research and other activities. Registered as a trade union under the Trade Unions Act, it is the national trade union of employers, representing the interests of all sectors of the economy.

The core services of SNEF have helped both unionised and non-unionised companies to enhance harmony in union-management relations, employer-employee relations, productivity and competitiveness at the enterprise level. SNEF also strives to help employers achieve excellence in employment practices and to strengthen the employer's role in tripartism to enable employers to enhance workforce competitiveness and improve the quality of worklife for their employees.

Singapore Venture Capital and Private Equity Association (SVCA)

[<http://www.svca.org.sg>]

The Singapore Venture Capital and Private Equity Association (SVCA) is a non-profit, private sector initiative dedicated to represent its members in promotion and development of the venture capital and private equity industry in Singapore. In its industry development efforts, SVCA will engage promising local enterprises early, through entrepreneur workshops and pitching sessions, aimed at increasing the prospects of attaining VC funding among these enterprises. Through these workshops and pitching sessions, SVCA and its members will help to guide these promising companies to grow, through their expertise and connectivity.

Social Enterprise Related Courses

There are several well-established institutes in Singapore where structured training courses in the areas of social entrepreneurship and social enterprise management are conducted. Kindly contact the institutions directly regarding their admission criteria and schedule.

- Diploma in Business and Social Enterprise

Offered by Ngee Ann Polytechnic - School of Humanities

Tel: +65 6460 8974 Email: sch-hms@np.edu.sg

The course aims to inculcate the right mix of skills to achieve business and social objectives. Apart from learning business fundamentals like enterprise creation and development, project management and more, students will also learn the art of promoting Corporate Social Responsibility in companies, helping social organisations set up businesses, as well as executing social projects and research locally and overseas.

- iLEAP (Professional Course for Non-Profit Leaders)

Offered by Lien Centre for Social Innovation

Email: iLEAP@smu.edu.sg

The course aims to promote and support the professional development of non-profit leaders and senior executives from various sectors including the social and health services, community development, charities, education, the arts and environment.

Facilitated by both academic and subject-matter experts, the modules draw upon their rich and diverse experiences and capabilities in non-profit leadership, governance and operational excellence.

Incubation Hubs

There are a few incubation hubs in Singapore, which support innovative start-ups. Most incubation hubs offer consultancy and advisory services to their incubatees, including providing one-to-one mentorship to guide the start-ups. It will also include the use of basic office equipment, communications support and all other forms of secretariat and logistic support.

- **SMU Institute of Innovation & Entrepreneurship**

Email: iie@smu.edu.sg

The SMU Business Innovations Generator (SMU BIG) incubates business innovations into sustainable start-ups. Incubatees are required to engage business mentors to improve their chances of success. Email the institution directly for the incubation criteria and latest programmes.

- **Singapore Polytechnic Incubation for Start-Ups**

Tel: +65 6772 1948

The Enterprise Centre located at InnoVillage supports SPRINT (SP Resource, Incubation and Technology) start-ups. The incubation facilities include basic office equipment, internet support and business management resources. Contact the institution directly for the incubation criteria and facilities.

- **NUS Enterprise Incubator**

Email: neiquery@nus.edu.sg

The NUS Enterprise Incubator is open to start-ups founded by NUS staff, student or alumni. Preference will be given to companies which are funded by/through NUS and/or have licensed NUS technologies. Applicants must have a viable business plan for an innovative product or service. Email the institution directly for the incubation criteria and facilities.

- **NTU Innovation Centre**

Tel: +65 6790 4686

The University's Innovation Centre aims to provide strategic proximity to the University's spin-off and research collaborative companies. It is located in a conducive environment of approximately 7,500sqm of floor space with shared facilities such as meeting rooms and broadband access, which are available only to NTU undergraduate and postgraduate students and NTU Alumni. Contact the institution directly for the incubation criteria and facilities.

Chambers of Commerce & Trade Associations

It is important for you to start networking, as it will be beneficial to you and your business. Networking is the platform where you learn more about your chosen industry, make contacts with potential investors, business partners, mentors and clients. It also offers you the opportunity to do informal market research, pilot your ideas, gather potential customers' feedback and determine the viability and market potential of your product or service. You may begin your first step in networking by joining the following chambers of commerce and trade associations.

Chambers of Commerce

- Singapore Chinese Chamber of Commerce & Industry (SCCCI)

Tel: +65 6337 8381

SCCCI serves the local Chinese business community. Members of SCCCI include 136 trade associations and some 4,000 corporate entities and professionals.

- Singapore Indian Chamber of Commerce and Industry (SICCI)
Tel: +65 6222 2855
SICCI promotes, develops and represents the Indian business community in Singapore.
- Singapore International Chamber of Commerce & Industry (SICC)
Tel: +65 6500 0988
SICC is the oldest Chamber of Commerce in Asia and today counts among its members business enterprises operated by over 40 nationalities.
- Singapore Malay Chamber of Commerce and Industry (SMCCI)
Tel: +65 6297 9296
SMCCI provides a forum for Malay or Muslim businessmen and women to work and network among themselves.

Trade Associations (Non-exhaustive)

- **Social Enterprise Association (SE Association)**
SE Association is an umbrella organisation tasked with the role of promoting social entrepreneurship and social enterprise in Singapore, so as to bring about positive social impact and an inclusive community among Singaporeans. **Recommended for Social Entrepreneurs.**
- **Art Galleries Association Singapore (AGAS)**
AGAS represents the interests of Singapore's leading art galleries, it develops and promotes professional and ethical gallery practices among its members.
- **Association of Accredited Advertising Agents Singapore (4As)**
4As represents advertising and marketing communications practitioners and agencies in Singapore.
- **Association of Aerospace Industries (Singapore) (AAIS)**
AAIS helps to develop aerospace businesses both regionally and globally by facilitating strategies in innovation competitiveness, technical standards and accreditation.
- **Association of Asian Performing Arts Festivals (AAPAF)**
AAPAF is an international festival network that promotes the exchange, co-operation and collaboration between festival organisations regionally and internationally.
- **Association for Early Childhood Educators (Singapore) (AECES)**
AECES provides professional development for early childhood educators.
- **Association of Electronics Industries in Singapore (AEIS)**
AEIS is the sole representative of electronics businesses in Singapore, helping to promote the electronics industry both locally and internationally.

- **Association of Private Schools and Colleges Singapore (APSC)**
APSC is the representative body for private schools and colleges.
- **Association of Singapore Actors (ASA)**
ASA represents and looks after the interests of actors in Singapore, it works with industry players in theatre, film and television, as well as talent agencies to set guidelines for the acting profession.
- **Association of Singapore Marine Industries (ASMI)**
ASMI was formed to promote the interests of Singapore's marine industry. ASMI represents companies in the ship repair, ship building and rig building business.
- **Composers and Authors Society of Singapore (COMPASS)**
COMPASS represents the collective interests of songwriters and music publishers by collecting royalties from businesses which perform or reproduce copyrighted music.
- **Copyright Licensing and Administration Society of Singapore Ltd (CLASS)**
CLASS is a non-profit society that protects and represents the interests of copyright owners such as authors and publishers locally and internationally.
- **Direct Marketing Association of Singapore (DMAS)**
DMAS promotes the development of the direct marketing industry in Singapore.
- **Food and Beverage Managers Association (FBMA)**
FBMA is a major network for F&B executives and managers.
- **Institute of Advertising Singapore (IAS)**
IAS represents individual advertising and communications practitioners.
- **Magazine Publishers Association of Singapore (MPAS)**
MPAS represents the publishers of trade, consumer and online magazines.
- **National Sports Associations (NSAs)**
NSAs are national governing bodies that promote and develop sports participation, nurture sporting talents and support the growth of related businesses for various sports in Singapore.
- **Print and Media Association (PMAS)**
PMAS is the national representative body for the printing and allied trade industries in Singapore.
- **Restaurant Association of Singapore (RAS)**
RAS is the largest representative body for F&B establishments.
- **Singapore Acupuncture Association (SAA)**
SAA promotes the study, research and usage of acupuncture as a means of therapy in TCM.
- **Singapore Advertisers Association (SAA)**
SAA represents advertisers in Singapore.

- **Singapore Aircargo Agents Association (SAAA)**
SAAA represents airfreight forwarding businesses in Singapore, working with Government agencies and international air transport associations to promote and develop the airfreight industry.
- **Singapore Animators Connection (SAC)**
SAC is a community for 3D animators and promotes 3D animation in Singapore.
- **Singapore Association of Occupational Therapists (SAOT)**
SAOT represents the interests of occupational therapists. SAOT establishes and maintains professional standards for qualified occupational therapists working in Singapore.
- **Singapore Book Publishers Association (SBPA)**
SBPA encourages fair trade practices and maintains high standards for the industry.
- **Singapore Chinese Physicians Association (SCPA)**
SCPA represents the interests of TCM physicians and conducts research and training to raise the quality of TCM services in Singapore.
- **Singapore Computer Society (SCS)**
SCS provides professional recognition to infocomm professionals.
- **Singapore Chefs Association (SCA)**
SCA is a family for culinary professionals and chefs.
- **Singapore Drama Educators Association (SDEA)**
SDEA fosters and establishes drama education through professional development programmes to artists, drama education practitioners and educators.
- **Singapore Food Manufacturers' Association (SFMA)**
SFMA develops and promotes the interests of the food manufacturing industry.
- **Singapore Furniture Association (SFA)**
SFA represents furniture retailers, manufacturers and traders in Singapore.
- **Singapore Hotel Association (SHA)**
SHA represents the interests of the hotel industry in Singapore.
- **Singapore Indian Fine Arts Society (SIFAS)**
SIFAS promotes Indian fine arts in Singapore and it also provides information resources on Indian arts history and trends.
- **Singapore Industrial Automation Association (SIAA)**
SIAA was formed to build a competitive manufacturing community through the innovative and effective application of industrial automation technologies.
- **Singapore Infocomm Technology Federation (SiTF)**
SiTF is the lead association for infocomm technology businesses.
- **Singapore Logistics Association (SLA)**

SLA represents logistics, freight forwarding and its supporting businesses in Singapore.

- **Singapore Manufacturers' Federation (SMA)**
The SMA champions the manufacturing industry in Singapore and has over 2,600 members from 11 industry groups such as electrical, electronics and allied industries, medical technology, food & beverage and oil & gas.
- **Singapore Maritime Foundation (SMF)**
SMF develops and promotes Singapore as an International Maritime Centre (IMC).
- **Singapore Optometric Association (SOA)**
SOA was formed to represent the interests of the optometry profession and provide information on job and training opportunities for optometrists in Singapore.
- **Singapore Precision Engineering & Tooling Association (SPETA)**
SPETA promotes the interests of the Singapore precision engineering industry.
- **Singapore Retailers Association (SRA)**
SRA helps the retail industry develop their capabilities and grow their business.
- **Singapore School & Private Hire Bus Owners Association (SSPHBOA)**
SSPHBOA represents 50% of self-employed individuals and companies providing private bus hire and ferry services to businesses, schools, factories and construction sites.
- **Singapore School Transport Association (SSTA)**
SSTA represents businesses and self-employed drivers providing bus transport services for schools and students.
- **Singapore Shipping Association (SSA)**
SSA represents and champions its member companies, who are ship owners, ship managers, shipping lines/agents, ship charterers and brokers, bunker suppliers, maritime lawyers/financiers, port services, classification societies, and other businesses allied to the shipping industry.
- **Singapore Transport Association (STA)**
STA was formed to promote and protect the interests of Singapore-based businesses engaged in freight and passenger transportation via land, sea and air.
- **Textile & Fashion Federation Singapore (TaFf)**
TaFf provides support in manufacturing, marketing, sourcing, designing and distributing in the textile & fashion sector.
- **The Association of Shopping Centres (Singapore) (TASC)**
TASC develops and promotes the interests of shopping centres.

Appendix 2: Template of Common Business Forms

The following templates are to be used solely as a guide of the issues you will need to consider when you draw up various forms of agreement as a business. You will need to amend the content or draft your own agreements in a way that suits your case, after obtaining appropriate legal advice.

Sample employment contract

(SAMPLE ONLY.)

02 January 20XX

Ms. Charlotte Wong
212 Toa Payoh Lorong 4
#03-127
Singapore 310212

RE: Letter of Appointment

Dear Ms Wong

We are pleased to offer you the position of Customer Service Manager in "XYZ Pte Ltd" (the "Company") upon the following terms and conditions:

1 DATE OF COMMENCEMENT

1.1 Your employment will commence on 15 January 2010.

1.2 Your Probation Period will be two (2) months from the date of commencement. The Company may extend the probation period at its sole discretion.

2 REMUNERATION

2.1 Your starting basic monthly salary will be SGD 3,600 per month.

2.2 Any bonus or declarations of bonus shall be made at the sole and absolute discretion of the Company.

2.3 Your performance will be reviewed periodically and the Company shall make adjustments to your salary as it deemed fit.

2.4 The Company shall deduct from your salary and bonus all such sums it is authorised to deduct under the laws of Singapore, without limitation, employee's share of CPF, withholding tax or otherwise.

2.5 You are entitled to a monthly allowance of SGD 100 for transport and SGD 300 for communication.

3 DUTIES

Your duties as Customer Service Manager are as follows:
* [include job scope]

4 WORKING HOURS

4.1 The Company's working hours are Monday to Friday, from 9am to 6pm, and your lunch break is from 12noon to 1pm.

4.2 When required, you may have to work beyond the normal working hours to discharge your duties without any form of overtime compensation or off-in-lieu.

4.3 The Company reserves the right, at its sole discretion, to revise, amend or extend the working hours should the need arise.

5 ANNUAL LEAVE

- 5.1 Besides the gazetted public holidays, you are entitled to eighteen (18) days of paid annual leave upon the completion of one year's service from the date of confirmation of your employment.
- 5.2 You are not entitled to any leave during probation.
- 5.3 You can carry a maximum of 7 days of unused annual leave to the next year. Any leave balance at the end of the calendar year shall be forfeited without compensation.
- 5.4 Unpaid leave shall be granted at the sole discretion of the Company. The Company reserves the right to terminate your employment without notice if you are absent from work on unpaid leave without prior approval from the Company.
- 5.5 You are entitled to seven (7) days of compassionate leave per calendar year upon the completion of the first year of service. Approval for compassionate leave shall be at the sole discretion of the company.

6 SICK LEAVE

- 6.1 You must notify the Company and/or your immediate supervisor if you are unable to work for medical reasons. Such notice shall be given within the first three (3) hours of that working day. A valid medical certificate issued by a general practitioner or hospital must be produced without demand. Medical certificates issued by Chinese physicians would not be acceptable.
- 6.2 You are entitled to twelve (12) days of paid sick leave per calendar year, upon confirmation of your employment. Sick leave during the probation period shall be regarded as no-pay leave.
- 6.3 If you are hospitalised on a doctor's written order, you may get up to twenty-four (24) additional days of paid sick leave per calendar year.

7 MATERNITY AND CHILDCARE LEAVE

- 7.1 You will be entitled to the Maternity leave as per Singapore law. Such leave is to be taken on doctor's written orders, with fully salary provided the employee has served for at least one hundred and eighty (180) days before the date of first confinement.
- 7.2 A female Employee on leave because of a miscarriage or abortion shall be considered to be only on normal sick leave.

8 TERMINATION AND NOTICE

- 8.1 During the probationary period, either party may terminate the contract by giving two (2) week's notice or the equivalent of two (2) week's salary in lieu of notice.
- 8.2 Upon confirmation of your employment, either party may terminate the contract by giving three (3) months' notice or to salary in lieu of notice.
- 8.3 The Company reserves the right not to give any reasons for termination.
- 8.4 The Company, however, has the right to give immediate notice before terminating your services if you are guilty of misdemeanour, misconduct, negligence or breach of any of the terms of this Letter of Appointment.
- 8.5 Upon the termination of your employment you shall return to the Company all documents, records, items and materials in your possession or custody belonging to the Company or its clients and you shall not retain any copies (including electronic or soft copies) thereof.
- 8.6 During your notice period, you shall handover all documents and materials relating to your work and ensure a smooth transition of your duties and responsibilities. If you fail to complete the handover during the notice period, the Company shall be fully entitled to require and compel you to stay three (3) more weeks without any salary after the notice period has ended to complete the hand over.

9 CONFIDENTIALITY

- 9.1 You shall not disclose to any third party any confidential information obtained during your course of employment unless expressly authorised by the Company. Confidential information for the purposes of this contract includes and is not limited to trade secrets, business plans, strategies, financial information and any other information that will affect the Company's competitive position.
- 9.2 Your obligations to maintain confidentiality and secrecy shall apply after your employment until such time that the information is no longer confidential or has been disclosed public by the Company.
- 9.3 You shall not without prior written consent of the Company destroy, make copies, duplicate or reproduce in any form the Company's confidential information.

10 GOVERNING LAW

This Letter of Appointment shall be governed by and construed in accordance with the laws of Singapore. Please confirm your acceptance of the above terms and conditions by signing and returning to us the duplicate copy of this Letter within five (5) days from the date of this Letter.

Yours faithfully
For and on behalf of
XYZ Pte Ltd

Dai Lo Sai (Mr)
Executive Director

EMPLOYEE'S ACKNOWLEDGEMENT

I accept and agree to the above-stated terms and conditions.

Signature :

Name : Charlotte Wong

Date : 03 January 20XX

NRIC/Passport No : S#####B

Sample collection letter for overdue accounts

[date]

[debtor's name]
[address]

Re: FIRST NOTICE - Outstanding Amount ____

Dear [debtor]:

Please be reminded that as of today, our record shows that there is an outstanding amount of ____ due to the company. We appreciate if you can settle this outstanding amount within the next seven (7) days. If the cheque is already in the mail, we thank you for the payment and sincerely apologise for the inconvenience.

Sincerely,

[date]

[debtor's name]
[address]

Re: SECOND NOTICE - Outstanding Amount ____

Dear [debtor]:

Despite our earlier notice to you on _____ regarding the outstanding amount, we have not received any payment to settle the arrears. PLEASE TAKE NOTICE that the arrears must be settled in full within the next seven (7) days in order for the company to continue doing business with you.

Your prompt attention to this matter is appreciated.

Sincerely,

[date]

[debtor's name]
[address]

Re: FINAL NOTICE - Outstanding Amount ____

Dear [debtor]:

Despite our earlier two notices to you on _____ and _____ informing you of the long outstanding arrears, we have not received any payment from you. TAKE NOTICE that if full and complete payment is not received within seven (7) days of this letter, we will

have no alternative but to turn your account over to a collection company.

Your URGENT attention to this matter is appreciated.

Sincerely,

Sample contractor agreement

This Agreement is entered into as of the __ day of _____, 200__, between [company name] (“the Company”) and [service provider’s name] (“the Contractor”).

1. Independent Contractor

Subject to the terms and conditions of this Agreement, the Company hereby engages the Contractor as an independent contractor to perform the services set forth herein, and the Contractor hereby accepts such engagement.

2. Duties, Term, and Compensation.

The Contractor’s duties, term of engagement, compensation and provisions for payment thereof shall be as set forth in the estimate previously provided to the Company by the Contractor and which is attached as Exhibit A, which may be amended in writing from time to time, or supplemented with subsequent estimates for services to be rendered by the Contractor and agreed to by the Company, and which collectively are hereby incorporated by reference.

3. Expenses

During the term of this Agreement, the Contractor shall bill and the Company shall reimburse the Contractor for all reasonable and approved out-of-pocket expenses which are incurred in connection with the performance of the duties hereunder.

4. Written Reports

The Company may request that project plans, progress reports and a final results report be provided by Contractor on a monthly basis. A final results report shall be due at the conclusion of the project and shall be submitted to the Company in a confidential written report at such time. The results report shall be in such form and setting forth such information and data as is reasonably requested by the Company.

5. Inventions

Any and all inventions, discoveries, developments and innovations conceived by the Contractor during this engagement relative to the duties under this Agreement shall be the exclusive property of the Company; and the Contractor hereby assigns all right, title, and interest in the same to the Company. Any and all inventions, discoveries, developments and innovations conceived by the Contractor prior to the term of this Agreement and utilised by the Contractor in rendering duties to the Company are hereby licensed to the Company for use in its operations and for an infinite duration. This license is non-exclusive, and may be assigned without the Contractor’s prior written approval by the Company to a wholly-owned subsidiary of the Company.

6. Confidentiality

The Contractor acknowledges that during the engagement the Contractor will have access to and become acquainted with various trade secrets, inventions, innovations, processes, information, records and specifications owned or licensed by the Company and/or used by the Company in connection with the operation of its business including, without limitation, the Company’s business and product processes, methods, customer lists,

accounts and procedures. The Contractor agrees not to disclose any of the aforesaid, directly or indirectly, or use any of them in any manner, either during the term of this Agreement or at any time thereafter, except as required in the course of this engagement with the Company. All files, records, documents, blueprints, specifications, information, letters, notes, media lists, original artwork/creative, notebooks, and similar items relating to the business of the Company, whether prepared by the Contractor or otherwise coming into [his or her] possession, shall remain the exclusive property of the Company. The Contractor shall not retain any copies of the foregoing without the Company's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the Company, the Contractor shall immediately deliver to the Company all such files, records, documents, specifications, information, and other items in possession or under control. The Contractor further agrees not to disclose the retention as an independent contractor or the terms of this Agreement to any person without the prior written consent of the Company and shall at all times preserve the confidential nature of the relationship to the Company and of the services hereunder.

7. Conflicts of Interest; Non-hire Provision

The Contractor represents that [he or she] is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between the Contractor and any third party. Further, the Contractor, in rendering its duties shall not utilise any invention, discovery, development, improvement, innovation, or trade secret in which [he or she] does not have a proprietary interest. During the term of this agreement, the Contractor shall devote adequate and reasonable productive time, energy and abilities to the performance of expected duties hereunder as is necessary to perform the required duties in a timely and productive manner. The Contractor is expressly free to perform services for other parties while performing services for the Company. For a period of six months following any termination, the Contractor shall not, directly or indirectly hire, solicit, or encourage to leave the Company's employment, any employee, consultant, or contractor of the Company or hire any such employee, consultant, or contractor who has left the Company's employment or contractual engagement within one year of such employment or engagement.

8. Right to Injunction

The parties hereto acknowledge that the services to be rendered by the Contractor under this Agreement and the rights and privileges granted to the Company under the Agreement are of a special, unique, unusual, and extraordinary character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated by damages in any action at law, and the breach by the Contractor of any of the provisions of this Agreement will cause the Company irreparable injury and damage. The Contractor expressly agrees that the Company shall be entitled to injunctive and other equitable relief in the event of, or to prevent, a breach of any provision of this Agreement by the Contractor. Resort to such equitable relief, however, shall not be construed to be a waiver of any other rights or remedies that the Company may have for damages or otherwise. The various rights and remedies of the Company under this Agreement or otherwise shall be construed to be cumulative, and no one of them shall be exclusive of any other or of any right or remedy allowed by law.

9. Merger

This Agreement shall not be terminated by the merger or consolidation of the Company into or with any other entity.

10. Termination

The Company may terminate this Agreement at any time by giving 30 working days' written notice to the Contractor. In addition, if the Contractor is convicted of any crime or offence, fails or refuses to comply with the written policies or reasonable directive of the Company, is guilty of serious misconduct in connection with performance hereunder, or

materially breaches provisions of this Agreement, the Company at any time may terminate the engagement of the Contractor immediately and without prior written notice to the Contractor.

11. Independent Contractor

This Agreement shall not render the Contractor an employee, partner, agent of, or joint venture partner with the Company for any purpose. The Contractor is and will remain an independent contractor in relation to the Company. The Company shall not be responsible for withholding taxes with respect to the Contractor's compensation hereunder. The Contractor shall have no claim against the Company hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

12. Insurance

The Contractor will carry liability insurance (including malpractice insurance, if warranted) relative to any service rendered for the Company.

13. Successors and Assigns

All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, if any, successors, and assigns.

14. Choice of Law

The laws of Singapore shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties hereto.

15. Arbitration

Any controversies arising out of the terms of this Agreement or its interpretation shall be in accordance with the Rules of Arbitration adopted by the Singapore International Arbitration Centre (SIAC).

16. Headings

Section headings are not to be considered a part of this Agreement and are not intended to be a full and accurate description of the contents hereof.

17. Waiver

Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver.

18. Assignment

The Contractor shall not assign any of the rights under this Agreement, or delegate the performance of duties hereunder, without the prior written consent of the Company.

19. Notices

Any and all notices, demands, or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited in the Singapore post, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served personally, notice shall be deemed constructively made at the time of such personal service. If such notice, demand or other communication is given by mail, such notice shall be conclusively deemed given seven days after deposit thereof in the Singapore post addressed to the party to whom such notice, demand or other communication is to be given as follows:

If to the Contractor: [name], [address]

If to the Company: [name], [address]

Any party hereto may change its address for purposes of this paragraph by written notice given in the manner provided above.

20. Modification or Amendment

No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties hereto.

21. Entire Understanding

This document and any exhibit attached constitute the entire understanding and agreement of the parties, and any and all prior agreements, understandings, and representations are hereby terminated and cancelled in their entirety and are of no further force and effect.

22. Unenforceability of Provisions

If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above. The parties hereto agree that facsimile signatures shall be as effective as if originals.

[company name]

[contractor's name]

By: _____

By: _____

Its: [title or position]

Its: [title or position]

SCHEDULE A

DUTIES, TERM, AND COMPENSATION

DUTIES: The Contractor will [describe here the work or service to be performed]. [He or she] will report directly to [name] and to any other party designated by [name] in connection with the performance of the duties under this Agreement and shall fulfil any other duties reasonably requested by the Company and agreed to by the Contractor.

TERM: This engagement shall commence upon execution of this Agreement and shall continue in full force and effect through [date] or earlier upon completion of the Contractor's duties under this Agreement. The Agreement may only be extended thereafter by mutual agreement, unless terminated earlier by operation of and in accordance with this Agreement.

COMPENSATION: [Choose A or B]

A. As full compensation for the services rendered pursuant to this Agreement, the Company shall pay the Contractor at the hourly rate of [dollar amount] per hour, with total payment not to exceed [dollar amount] without prior written approval by an authorised representative of the Company. Such compensation shall be payable within 60 days of receipt of Contractor's monthly invoice for services rendered supported by reasonable documentation.

B. As full compensation for the services rendered pursuant to this Agreement, the Company shall pay the Contractor the sum of [dollar amount], to be paid [time and conditions of payment.]

Appendix 3: Accounting Templates

Profit & Loss Statement

Profit & Loss Statement		
for the period 01 January 2010 to 31 December 2010		
[Your Social Enterprise Company]		
Income		
Sales	\$0.00	
Services	\$0.00	
Other Income	\$0.00	
Total Income		\$0.00
Expenses		
Accounting	\$0.00	
Advertising	\$0.00	
Assets - Small	\$0.00	
Bank Charges	\$0.00	
Cost of Good Sold	\$0.00	
Depreciation	\$0.00	
Electricity	\$0.00	
Hire of Equipment	\$0.00	
Insurance	\$0.00	
Interest	\$0.00	
Motor Vehicle	\$0.00	
Office Supplies	\$0.00	
Postage & Printing	\$0.00	
Rent	\$0.00	
Repairs & Maintenance	\$0.00	
Stationery	\$0.00	
Subscriptions	\$0.00	
Telephone	\$0.00	
Training / Seminars	\$0.00	
Wages & Oncosts	\$0.00	
Total Expenses		\$0.00
Profit / (Loss)		\$0.00

Balance Sheet

Balance Sheet			
[Month, year]			
[Your Social Enterprise Company]			
<u>Assets</u>			
Current Assets			
Cash		\$0.00	
Accounts Receivable	\$0.00		
Less: Reserve for Bad Debts	\$0.00	\$0.00	
Merchandise Inventory		\$0.00	
Prepaid Expenses		\$0.00	
Notes Receivable		\$0.00	
Total Current Assets			\$0.00
Fixed Assets			
Vehicles	\$0.00		
Less: Accumulated Depreciation	\$0.00	\$0.00	
Furniture and Fixtures	\$0.00		
Less: Accumulated Depreciation	\$0.00	\$0.00	
Equipment	\$0.00		
Less: Accumulated Depreciation	\$0.00	\$0.00	
Buildings	\$0.00		
Less: Accumulated Depreciation	\$0.00	\$0.00	
Land		\$0.00	
Total Fixed Assets			\$0.00
Other Assets			
Goodwill		\$0.00	
Total Other Assets			\$0.00
Total Assets			\$0.00
<u>Liabilities and Capital</u>			
Current Liabilities			
Accounts Payable		\$0.00	
Sales Taxes Payable		\$0.00	
Payroll Taxes Payable		\$0.00	
Accrued Wages Payable		\$0.00	
Unearned Revenues		\$0.00	
Short-Term Notes Payable		\$0.00	

Short-Term Bank Loan Payable	\$0.00	
Total Current Liabilities		\$0.00
Long-Term Liabilities		
Long-Term Notes Payable	\$0.00	
Mortgage Payable	\$0.00	
Total Long-Term Liabilities		\$0.00
Total Liabilities		\$0.00
Capital		
Owner's Equity	\$0.00	
Net Profit	\$0.00	
Total Capital		\$0.00
Total Liabilities and Capital		\$0.00

Start-up Capital

Start-Up Capital

Prepared [date]

[Your Social Enterprise Company]

	Monthly Expenses	Cash Needed to Start	% of Total	Source of Estimate
Monthly Costs				
Salary of owner-manager	\$500.00	\$1,000.00	3%	
All other salaries and wages	\$1,000.00	\$3,000.00	10%	
Rent	\$500.00	\$1,500.00	5%	
Advertising	\$200.00	\$600.00	2%	
Delivery expense	\$100.00	\$300.00	1%	
Supplies	\$100.00	\$300.00	1%	
Telephone	\$100.00	\$300.00	1%	Phone company
Other utilities	\$100.00	\$300.00	1%	
Insurance	\$200.00	\$200.00	1%	Insurance company
Taxes, including social security	\$300.00	\$1,200.00	4%	Accountant
Interest	\$250.00	\$750.00	2%	Accountant
Maintenance	\$100.00	\$300.00	1%	
Legal and other professional fees	\$100.00	\$300.00	1%	Attorney
Miscellaneous	\$100.00	\$300.00	1%	
Subtotal		\$10,350.00	34%	
One-Time Costs				
Fixtures and Equipment		\$10,000.00	33%	
Decorating and remodeling		\$1,000.00	3%	
Installation charges		\$500.00	2%	
Starting inventory		\$5,000.00	17%	
Deposits with public utilities		\$1,000.00	3%	Electric company
Legal and other professional fees		\$500.00	2%	
Licenses and permits		\$500.00	2%	
Advertising and promotion for opening		\$500.00	2%	ACE Advertising
Cash		\$750.00	2%	
Other		\$200.00	1%	
Subtotal		\$19,950.00	66%	
TOTAL START-UP CAPITAL REQUIRED		\$30,300.00	100%	

Appendix 4: Case Studies of Successful Social Entrepreneurs in Singapore



Ms. Helen Lim
Managing Director

Silver Spring

Put the bounce back in your life

Silver Spring (Private) Ltd

Silver Spring which started in 2009, is a successful Social Enterprise that aims to “put the bounce back in your life”!

Silver Spring’s business model is to help seniors become resilient, and explore new career options and challenges, through Re-career coaching, Life coaching, placements and networking skills.

Silver Spring also operates a café *Chatters@SilverSpring* which is located at Parkview Square. It is truly a café that is 100% staffed by seniors.

“It is the promise of Spring that as you sow so shall you reap. So plan well, sow the right seeds of success.”



Ms. Hazel Menon
Chief Executive Officer and Principal



Immanuel Beauty School Ltd

Immanuel Beauty School which started in 2006, is a successful Social Enterprise that believes in empowering women from low income families, ex-offenders and school drop outs.

Through the dedicated guidance from industry practitioners turned trainers, the beneficiaries are enrolled into various training and apprenticeship programmes. With the coveted accredited certifications and necessary trade skills, the graduates will be competently qualified to work in the beauty industry, and that is their first step to regaining their former dignity and confidence.

“A social entrepreneur has both passion for the business & a compassion for the cause.”

Acknowledgements

The Social Enterprise Association would like to offer our heartfelt thanks and appreciation to the following organisations for the materials and information contained within this toolkit:

- Accounting and Corporate Regulatory Authority
- Action Community for Entrepreneurship
- CPF Board
- Housing & Development Board
- Inland Revenue Authority of Singapore
- Intellectual Property Office of Singapore
- Ministry of Community Development, Youth and Sports
- Ministry of Manpower
- Ministry of Trade and Industry
- SPRING Singapore
- Toolkit Media Group: Business Owner's Toolkit