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SOCIAL ENTERPRISE GLOSSARY

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We've designed this glossary to help social enterprises and non-profit organizations in South Africa think clearly about their strategies and business models.

Strategic clarity involves clear thinking, and clear thinking requires clarity of language. Too many of the obstacles and conflicts that I've experienced have been because of miscommunication: I thought my colleagues or clients were saying one thing when they were talking about something else, and vice versa. Many of us also rely too much on jargon, which clutters our minds and encourages lazy and fuzzy thinking.

Here is some of the terminology that I regularly use in my consulting practice and lectures, and my short descriptions of what each term means in simple English.

I'd welcome feedback on these definitions and any terms that this glossary may have missed. Creating this glossary has been a learning experience for me.

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Term	Description
Advocacy	A structured process where people and organizations present evidence and educate key people in order to influence policy. This may take the form of submissions to parliament, policy briefs, legal cases etc.
Agile organization	An organization that is flexible and able to rapidly and easily adapt to changes in its environment.
Attribution problem	Figuring out how much of an organization's impact is a direct result of its own actions as opposed to external trends, policy and the actions of other organizations. It is a problem of causality (i.e. what caused what). Dealing with this problem is central to the field of impact evaluation.
Authenticity	The intersection between what something is, what it is striving to be and how it is presented to the world. Authenticity exists when words and actions are congruent with stated values. This principle can be applied at an organizational or individual level. It is also a branding concept.
Broad-Based Black Economic Empowerment (B-BBEE) Act	A set of rules released by the Department of Trade and Industry in South Africa to help redistribute economic opportunity. These rules are designed to influence procurement and donor behaviour. They specify targets in areas such as ownership, management control, skills development, enterprise and supplier development and socio-economic development.
Beneficiary	The person, organization or community that participates in and benefits from the work of an organization.
Blended value	The recognition that organizations all create economic, social and environmental value in their work. They are all inseparable parts of an organization's impact.

Term	Description
	This term is used in the field of impact measurement, especially when seeking to quantify the return on investment.
Bootstrapping	The process of setting up and growing a business or social enterprise without any external funding (e.g. loans, grants, donations). The organization must therefore rely on the founder's own money and revenue from initial customers. While this process may take longer, it may also create a more stable and independent organization.
Bottom of the Pyramid	The economic strata that formal businesses had traditionally perceived as inaccessible and unprofitable. Nowadays, businesses are recognizing that poorer customers can and want to buy products that affordable and designed to meet their needs, and that this is an attractive market they can tap into. Many social enterprises sell ethical, local or 'social' products to this market.
Brand	The sense or feeling about an organization. A good brand enables people to recognize an organization within a crowded market. It engenders trust that an organization is everything it claims to be and therefore able to deliver on its promises. A brand is experienced by all stakeholders, regardless of whether they are employees, partners, customers, donors or investors.
Brand essence	A brand's fundamental nature or core characteristic. It is an intangible attribute or set of attributes that is often described as the heart or soul of the brand. It is constant and is usually summed up in a few words.
Brand architecture	The logical, strategic and relational structure of brands within a portfolio. It is the naming convention of a "family tree" of brands and sub-brands. It is relevant to organizations which have branded their products, programmes or subsidiaries.
Brand equity	The value or power of a brand in terms of the goodwill and name recognition it has earned over time. This value exists in the hearts and minds of an organization's stakeholders.
Brand identity	The outward expression of the brand, including its name, logo and visual appearance. It is how stakeholders recognize a brand and differentiate it from its competitors. Brand identity is something an organization designs.
Broad-based Ownership Scheme	A business or non-profit organization set up with multiple black participants who are the beneficiaries of its income. Depending on the structure and founding documents, the organization that is sharing its income with this scheme will derive points on the ownership element of its B-BBEE Scorecard.
Business	An organization that is primarily motivated by the pursuit of financial gain for its investors and shareholders.
Business model	The unique recipe that an organization uses to earn income and serve its customers (and beneficiaries or participants in the case of a non-profit organization or social enterprise). A business model typically includes an organization's customer value proposition, beneficiary value proposition, inputs, processes and method of earning income and profits.
Capability approach	A theory of social development by Amartya Sen and Martha Nussbaum that says that poverty can be reduced by helping people in poorer communities to develop certain capabilities and have the means and opportunities to apply them. For example, someone could learn to learn how to be a carpenter, but then they'd need access to tools and customers to be able to earn a living from this trade.
Capabilities	The things that an organization is very good at doing. Its primary abilities. These result from a combination of people, skills, capacity, experience, wisdom, processes etc.

Term	Description
Capital	Money or other assets that people and organizations have made available for investing into or setting up a company as either equity or capital investment. Investors typically require a return on their capital.
Charity	Charity is a short-term and emotional response to a crisis which is intended to rescue or relieve the sufferings of those affected. It involves giving money, time and other resources. It is motivated by the recognition that we can, should and want to practically assist those in need. It is selfless as the giver does not expect any direct benefit for themselves.
Challenge fund	A type of impact investment fund where businesses and social enterprises participate in a competitive process to win grant funding and other support for their “business solution” to a socio-economic problem. Challenge funds commonly require these enterprises to bring some of their own or other funding to the deal. This investment helps these enterprises to overcome the risk and hurdles in getting established or launching these solutions.
Civil society	The private, non-commercial sector of society which works towards the betterment of all. It includes non-profit organizations (formal and informal), interest groups, communities and networks. The other sectors are the private commercial sector (business) and the public sector (government/SOEs).
Community-based organization (CBO)	Non-profit organizations, typically informal, based in the townships or rural areas and very close to beneficiary communities. Furthermore, community members tend to serve on the governance structures. CBOs are part of civil society and the social economy.
Community development strategy	The plan used by organizations to uplift a community. This typically includes the organization’s developmental philosophy; a clear understanding of the problems facing the community; a Theory of Change; types of projects that will be run; how impact will be measured and how the organization will communicate with the community and involve it in its activities and income.
Competitors	The people or organizations that are trying to sell similar goods or services to your customers (including donors).
Corporate social investment (CSI)	The provision of free support (e.g. funds, infrastructure, skills transfer, services) by businesses to fund the efforts of non-profit organizations - given with a philanthropic intention but often linked to the donor’s brand identity and marketing strategy.
Corporate social responsibility (CSR)	The efforts of businesses to become good citizens and reduce their negative social and environmental impact on the world. Typically managed by the Corporate Affairs department. Some businesses subscribe to sets of CSR standards and publish their results online to show that business is not just about money.
Cost of sales (CoS)	The expenses that are directly involved and clearly attributable to the earning of revenue. This excludes overheads. Revenue less cost of sales equals gross profit.
Cost structure	The cost components that make up unique business model of an organization.
Culture	The collective attitudes, behaviours, values and beliefs of people who own, manage and work for an organization. Exerts a powerful yet subtle effect over everything the organization does.
Customer	The person or entity that pays for an organization’s goods or services. Sometimes the customer is the primary beneficiary; other times not. Customers include donors but not investors.

Term	Description
Due diligence	The process of investigating an organization to assess risks, the benefit of investing in it or working with it, and to verify any assets and liabilities. This process ultimately strives to confirm that an organization is capable of and worth what it claims to be.
Donation	An altruistic gift of money, support, or time to an organization or community where the giver derives no direct or indirect personal benefit. Donations may be conditional or unconditional, though when there is a formal agreement it tends to be referred to as a grant. South African law enables businesses to record the donations they give out as 'tax deductible', provided they receive a S18A certificate from the organization receiving the donation.
Donor	The person or organization that gives donations or grants to an organization or project for altruistic reasons.
Enterprise development (ED)	The support provided to small and medium businesses to assist them to become financially viable and have the funding and tools required to access markets and become suppliers of other organizations. This support may take the form of donations, investment, expertise, favourable finance terms etc. The expenses associated with providing such support are regarded as operating expenses and are thus 'tax-deductible'.
Enterprise development beneficiary	This is a business that is at least 51% black-owned with an annual turnover of less than R50 million per annum. The B-BBEE codes provide benefits to organizations that support these businesses and/or integrate them into their own supply chains.
Equity	The value of shares in a company - shares which are owned by shareholders. There is no equity in the non-profit legal form; only in the for-profit legal forms.
Feasibility	The determination of whether an idea, project or organization can work, and serve its customers and beneficiaries.
Fiduciary duties	The general duty of trust which rests on anyone acting not for themselves but for another. Directors, trustees, committee members and employees of organisations are required to act with the level of care and diligence which could reasonably be expected of someone taking care of the affairs/money/property of another. This duty is owed to the organisation and also to its beneficiaries.
Financial model	A set of workings on paper or in a spreadsheet that describes how an organization will work from a financial perspective. The model is dynamic and shows how different variables (e.g. activity, market forces, costs) influence the other parts of the model (e.g. income, profits). It is a useful tool for determining the optimal financial state of an organization. Financial models should take a medium to long term view (e.g. 3-5 years.)
Financial reserves	The money that an organization has remaining once the cost of all its contractual obligations (e.g. to staff, donors, suppliers, beneficiaries and other stakeholders) have been met over a set time-period. Organizations need to build reserves for contingencies and to support their growth.
Fixed costs	Those costs that an organization is likely to incur regardless of level of activity. They will tend to include administrative costs and the costs of certain staff. Without these costs, an organization cannot function and is no longer capable of doing its work. It is difficult to quickly increase/decrease these costs without causing disruption to an organization.
Foundation	A loose descriptive term for a non-profit organization set up specifically to give philanthropic donations to other organizations and causes. Not a type of legal form in South Africa. Usually established because of bequests.

Term	Description
For-profit organization	An organization with a for-profit legal form (i.e. private company, business trust or public company) that is focused on earning profits for shareholders.
Fund management	The management of a pool of funding that has been allocated for various purposes (e.g. donations, grants, equity investment, loans, outcome-based funding).
Fundraising	The act of looking for grants, donations and other support for non-profit organizations and projects. A subset of marketing.
Governance	Ensuring that an organization is well-managed, foresightful and compliant with its founding documents and the laws and policies that affect how it operates. This is the responsibility of its Directors, Trustees or Committee.
Grant	An altruistic gift of money, support, or time to an organization or project where the giver will derive no direct or indirect personal benefit from the gift. Grants are given to an organization in response to a funding proposal or contract (e.g. with a government department). Grants are restricted funding. Givers have the right to withdraw their grants should the organization drastically fail to fulfil its promises. South African law enables businesses to record the grants they give out as 'tax deductible', provided they receive a S18A certificate from the organization receiving the donation.
Grant management	The management of a pool of grants that are disbursed to non-profit organisations. This primarily involves determining the donor's requirements, conducting due diligence on applicants, providing oversight and managing the reporting process.
Hybrid model	An organization with a legal structure that includes one or more non-profit legal forms combined with one or more for-profit legal forms.
Impact	The change that an organization creates in the world. In terms of the Logic Model, impact differs from outcomes in that it tends to occur over the medium to long term and is frequently influenced by other organizations and trends. Impact can be positive or negative, intended or unintended.
Impact investment	The provision of investments that seek to create social value for society in addition to their financial return for investors. These investments typically involve providing loans or purchasing of equity or profit shares. While some impact investors will require a decent financial return, others are more concerned with their social impact.
Inception process	This is a process that occurs in the early stages of a project. It typically involves a series of discussions to clarify the scope of work, the methodology required, risks and the roles of all parties involved. An Inception Report records the outcomes of this process.
Income	The money coming into an organization, which has been earned or given. Income includes donations, grants, dividends, fees for the sale of goods and services etc. Income includes the donation of non-monetary things (e.g. time, goods and services). Income includes revenue.
Income-generation strategy	A strategy focused on helping non-profit organizations to increase and diversify their types and sources of income, as well as improve their profitability. This is part of cultivating financial sustainability.
Income source	The "customers" of the non-profit organization or social enterprise – the place where the money is coming from. They include foundations, businesses (e.g. CSI departments, marketing departments), government, beneficiaries etc.

Term	Description
Income type	The nature of the contractual relationships with the customer (or source of income) and relate to how the income is being generated. These include donations, grants, dividends, subsidies, bequests, profit shares, sale of goods or services etc.
Innovative finance	New and clever ways of using traditional finance to achieve a social, environmental and financial impact. An approach where different stakeholders (e.g. social enterprises, government, non-profits, investors) frequently work together to achieve this impact. Variety of new investment instruments are involved.
Investor	The person or organization that lends money to an organization or buys equity in a business.
Iterative	A process of continual improvement, with each round of improvement based upon feedback on the previous version. People using this approach don't strive for initial perfection, but rather constantly move towards it in distinctive waves.
Leadership	The provision of influence to a group of people that helps to motivate them towards a healthy and positive direction. This is different from management, which involves the day-to-day decisions which move an organization forward. Good managers tend to be good leaders, but not all leaders are managers. The success of a leadership style is context dependent.
Lean organization	An organization that has kept itself as light as possible, and only incurred the absolute necessary expenditure to move forward. Lean organizations will tend to have a cost structure where fixed costs are low in proportion to variable costs, and where many activities are outsourced.
Lean start-up methodology	An approach where an organization designs and launches a minimum version of a product to prove that it works, attract funding etc. The organization then improves the product using an iterative approach as it gets more income or funding, and as it gathers feedback from beneficiaries and customers.
Legal form	The legal vehicle that an organization has established. South African non-profit organizations can adopt the legal form of a Trust, Voluntary Association or Non-Profit Company. Businesses involved in the social sector will tend to choose to the legal form of a Private Company or Cooperative.
Legal structure	This is combination of legal forms and other legal arrangements that an organization has chosen. For example, a social enterprise with a hybrid model has chosen a legal structure involving a combination of legal forms.
Lobbying	Influencing an elected official or member of an organization to shift their views and decisions on an issue. This is typically done through creating grassroots movements (e.g. protest march, social media campaign) or communicating with them directly.
Logic model	The logic model is a tool for describing how inputs, activities, outputs, outcomes and Impact relate to each other in the form of a logical chain. The logic model often complements a theory of change as it puts it in a form that can be used for planning, monitoring and evaluation purposes. Two popular versions of this are the Kellogg Logic Model and United Way Logic Model.
Marketing	The act of communicating the benefits of goods and services to potential customers and sales teams in order to facilitate purchases or sales. Digital marketing is a subset of marketing and involves the use of technology to communicate above – often through direct marketing techniques that are algorithm driven. Fundraising is also a subset of marketing.
Matrix organization	A flat (non-hierarchical) organisation design where skilled experts perform a variety of different functions or roles and collaborate in teams.

Term	Description
Minimal viable product (MVP)	The minimum product (i.e. good or service) that customers will be willing to buy and beneficiaries willing to use. It is also the minimum product that investors will need to see to get an idea of how the full product or business will work. Part of the Lean Start-up Methodology.
Mission (statement)	An explicit statement of <i>how</i> an organization will work to achieve its vision – the state it aims to achieve in the world. It should clearly describe what an organization does and how it is different from others. A mission statement should clearly position the organization in its sector.
Mission drift	When a non-profit organization or social enterprise gets side-tracked by its business activities or donors' priorities and starts to neglect its core social or environmental purpose.
Model (social development)	A model is an overall methodology for fixing a specific socio-economic problem. It explains the process that an organization uses to fix this type of problem. A model is a packaged solution that can be repeated with some customization in different times and contexts, by the same or other organizations, while still achieving the desired results. Good examples are the Isibindi Model and Home-Based Care models.
Non-government organization (NGO)	A term that was popular pre-year 2000 to describe non-profit organizations, especially those organizations that were more established and based in urban or metro areas. NGOs were seen to differ from community-based organizations (CBOs). NGOs are part of civil society and the social economy.
Non-profit organization (NPO)	Loosely used for all organizations that have adopted one of the non-profit legal forms (e.g. voluntary association, non-profit company, non-profit trust). Legally, it refers to a voluntary accreditation given to these organizations by the Directorate of Non-Profit Organizations in the Department of Social Development.
Non-profit company (NPC)	One of the legal forms that can be selected by non-profit organizations in South Africa. It's founding document is a Memorandum of Incorporation (MOI) and it is governed by a Board of Directors. It is incorporated under the Companies Act and registered with CIPC. It is possible to have a NPC either with members or without members.
Organization design	The way an organization is structured. This includes its legal structure, organogram, jobs, capabilities, systems etc.
Organizational systems	The combination of people, processes and technology that work together in a structured and repeating manner to achieve a specified outcome. Systems can be informal or formal.
Outcomes	The positive changes in the world that are directly caused by the organization and were intended, not an accidental by-product of activity. An organization's ability to achieve its intended outcomes is the best measure of its effectiveness. Term is used in the field of impact measurement.
Outcomes-based funding	A method of funding where an organization only earns the money from its investor or funder if an agreed and verifiable set of outcomes has been achieved within the agreed timeframe. This can take many forms (e.g. a loan that is written off or a social impact bond).
Outputs	The direct result of an organization's activity that can be counted. Examples include number of workshops, items distributed, people served etc. Outputs illustrates busyness, not necessarily positive changes in the world. Term is used in the field of impact measurement.

Term	Description
Partners	Other organisations that are willing to collaborate with your organization to sell services to customers and serve beneficiaries. Legally, it means that income and expenditure are shared, so should only be used in agreements where joint liability is intended.
Philanthropy	Philanthropy is the strategic approach to solve a social or environmental problem. It strives to get to the root of the problem and create a better equilibrium. Philanthropy requires time and complex skills to bring about the necessary social and environmental changes. (This term can also be used to describe wealthy individuals setting up foundations and “giving back to society”.)
Philosophy (organizational)	How an organization sees the world and seeks to operate. This philosophy informs all decisions and sets the strategic direction and operating parameters. It typically describes: why an organization exists; how it sees the world; what it seeks to achieve; what approach it will use; its values; what end state it considers to be ‘beautiful’, ‘fair’ and ‘just’. Some organizations write down (and even share) their philosophies.
Poverty Spotlight	A tool which organizations can use to work with their beneficiaries and help them to create their own pathway out of poverty. It can also be used to conduct impact assessments in poverty alleviation programmes where simple indicators and a three-point scale (red, yellow, green) are jointly developed and illustrated on an annual scorecard Organizations and beneficiaries then work together to assess progress and plan next steps.
Problem (complex)	A type of problem that has multiple causes. Some of these causes may be easy to identify, while other causes may be hidden. There may be causes that are consequences of other causes. Solving these problems requires a deep understanding of the problem and a multi-faceted strategy, which is fine-tuned as it is implemented.
Problem (wicked)	A ‘wicked problem’ is like a ‘complex problem’ in that it has multiple causes, some hidden and some a consequence of other causes. However, there are two significant differences. The symptoms of the problem have also become causes of the problem, and the solutions that once worked may stop working for no apparent reason. This makes them significantly more difficult to understand and solve. Wicked problems are spirals where any wrong or mistimed solution makes the problem worse.
Product	A good (thing) or service, or cluster of goods and services, that have been packaged in a way that is attractive to a customer and reflects their needs.
Project Management Framework	The overall approach that an organization uses for managing its projects. It includes its project management philosophy, roles, technology, tools and processes. Some organizations do this on an ad-hoc basis; others follow a strict set of international standards.
Profit	What remains of income once ALL relevant expenses and overheads have been allocated and deducted, and tax has been paid. Non-profit organizations and social enterprises tend to use their profits to build reserves, incur discretionary expenditure and fund social impact in other areas. Sometimes referred to as “surplus”.
Public benefit organization (PBO) status	An accreditation provided by the South African Revenue Services to qualifying non-profit organizations. Defined in S30 of the Income Tax Act. Enables non-profit organizations to derive various tax benefits. Also precondition for donor deductible / S18A status.

Term	Description
Public relations (PR)	The act of communicating with internal and external stakeholders to build relationships and promote one's brand. This communication can take multiple forms such as a dialogue with stakeholders, distribution of multimedia content, advocacy campaigns, lobbying, events, social media and much more. Public relations differs from marketing as it seeks to build a reputation rather than sell something.
Revenue	The money that an organization earns through the sale of goods and services (i.e. trading activities). A subset of income.
S18A status	An accreditation awarded by the Tax Exemption Unit of SARS to non-profit organisations that have met strict criteria and are accredited 'Public Benefit Organisations'. This enables them to issue a S18A Receipt to donors, which donors can then use to reduce their taxable income in their annual tax returns. S18A tax deductibility is capped at 10% of the donor's taxable income, and any amount in excess of that may 'roll over' to subsequent financial years.
Scaling impact	The act of expanding the social impact of an organization. This can involve "scaling deep" (i.e. intensifying the impact amongst existing beneficiaries) or "scaling wide" (i.e. striving to impact more beneficiaries). There are a variety of techniques including setting up new branches, social franchising, open-sourcing a model, improving technology etc.
Scope of work	The agreed amount of work that must be done and things that must be produced for the project to be a success. It is usually set broadly during the proposal and contracting phases of a project and refined during the inception process.
Service area	Group of services that have been perfected, and which are offered either individually or together as a group.
Social accounting	A method of impact measurement that is used by some non-profit organizations and social enterprises. It is characterised by talking to stakeholders about research indicators, continuous improvement of research methodology, an external social audit committee and the publication of impact reports.
Social economy	The social economy consists of all organizations that are actively striving to achieve a social or environmental impact - impact that ideally benefits communities or society as a whole. This includes non-profit organizations, social enterprises, high-impact enterprises, stokvels and certain cooperatives.
Social enterprise	A social business or business venture that exists to fix a social welfare, socio-economic or environmental problem, earns a significant proportion of its income through the sale of goods and services, and uses its profits to fulfil its purpose. Social enterprise is a descriptor or type of organization; it is not a legal form.
Social entrepreneurship	Social entrepreneurship involves striving to fix a social or environmental problem with enthusiasm, creativity and determination. Social entrepreneurs frequently apply business thinking to their work. Social entrepreneurs exist across all sectors of society.
Social franchise	An approach for expanding the impact of an organization or project. The franchisor (i.e. original organization) packages the operation into a model and licenses franchisees (i.e. other people or organizations) to implement it. Support is then provided to the franchisees, sometimes in return for a franchise fee.
Social impact bond (SIB)	A model of outcomes-based funding where an impact investor carries the risk and the funder (e.g. government) only pays once an agreed outcome has been achieved and verified. The investor typically pays a non-profit organization or social enterprise to achieve this outcome.

Term	Description
Social innovation	A social innovation is a new and creative solution to a social or environmental problem.
Social marketing	The use of marketing strategy and tactics to achieve social change – to help educate, raise awareness, and cultivate healthy perceptions and behaviours.
Social return on investment (SROI)	A method of quantifying the outcomes that a non-profit or social enterprise achieves in monetary terms. This is then divided by the monetary value of all the inputs that went into the organization. This ratio is deemed a method of calculating how much social value an organization has created - its multiplier effect.
Social value	Social value is the creation of benefits for society as a whole, especially amongst those people who are disadvantaged or marginalized.
Sponsorship	The provision of funding by businesses (e.g. marketing departments) to non-profit organizations or projects where the giver receives a marketing benefit (e.g. media exposure) from their "gift". This is not considered a grant or donation" by SARS but may still count towards points within the B-BBEE codes. It is a public relations exercise.
Startup	An organization that is being established - a process which normally takes between three months to two years. A startup must figure out its strategy and business model, develop a team, and find its first customers and/or funders.
Strategic clarity	A state of mental clarity where people can think clearly about their organization's strategy (e.g. is strategic position, the forces that influence it, where it is going and how it can get there) and make decisive decisions as required. This is a state that must be actively cultivated. Ideally strategic clarity must be shared.
Strategy (income-generation)	A strategy focused on helping a non-profit organization to increase and diversify its types and sources of income, as well as move beyond overhead recovery. This is part of cultivating financial sustainability.
Strategy (organizational)	The game plan that an organization uses to fulfil its purpose. Strategies are always in a state of flux and need to be updated regularly. Strategy involves identifying where an organization needs to go and how it will navigate its strategic context to get there. Strategy thinks about the long-term (e.g. in 3-5 years' time) but acts in the present.
Strategy (revenue)	A strategy focused on helping a non-profit organization to increase income from the sale of goods and services (i.e. trading activities) to customers.
Strategy (sustainability)	A strategy describes how an organization can achieve a temporary state where it has identified and reduced risks that would threaten its ability to survive and thrive in the future, coupled with mitigating any harm to the people and environment around it.
Supplier	The person or organization that provides goods or services to your organization, and forms part of your supply chain.
Supplier development	Programmes designed to help organizations sell goods and services to larger organizations (i.e. get in the supply chain of larger organizations). Part of field of enterprise development and driven largely by the B-BBEE codes in South Africa.
Supply chain	The part of an organization's "value chain" that provides it with the inputs it needs to do its work. Various suppliers make up the supply chain, though some suppliers may supply other suppliers and so on. Organizations need to secure their supply chain to manage their risks.

Term	Description
Surplus	A "softer" name given by some non-profit organizations to "profit", which is the difference between the income and expenses (once ALL expenses and overheads have been properly matched to the income). Non-profit organizations use their surplus to build reserves, incur discretionary expenditure and fund social impact in other areas.
Sustainable Livelihoods Approach (SLA)	An approach for thinking broadly about poverty and the capabilities, assets and behaviours required for a person to achieve a base level of living – one able to withstand shocks and stresses. Used for programme design and impact measurement.
Sustainability (environmental)	A temporary state where an organisation has reduced or even eliminated its negative impact on the environment and is perhaps even having positive impact in certain areas.
Sustainability (financial)	A temporary state where an organization has strengthened its current and future financial position through securing and diversifying its income sources and types, and building reserves.
Sustainability (organizational)	A temporary state where an organization has identified and reduced risks that would threaten its ability to survive and thrive in the future, coupled with the mitigation of any harm to the people and environment around it.
Systems change	A method of using systems thinking to create positive change in society at large rather than at an organizational level. It acknowledges the complexity of large-scale change and how components such as policy, culture, people and organizations etc. all interact to create the status quo.
Tactics	Short-term actions that an organization takes to advance its strategic position and help implement its strategy.
Theory of change (ToC)	The theory of change is a tool for exploring and mapping how an organization can achieve a desired change in society. It works backwards from the ultimate intended outcome and explores the various preconditions for this change to be achieved. The theory of change can incorporate the complexity often found in social/environmental problems. It complements the logic model.
Trust	One of the legal forms that can be selected by non-profit organizations in South Africa. It's founding document is a trust deed and it is governed by a Board of Trustees. It is registered under the Trust Property Control Act with a Master of the High Court. It has no members.
Value chain	The complete process (e.g. steps, organizations, technologies, activities) involved taking raw materials and converting/adding to them so that they can be provided to customers and yield a profit.
Value proposition	The complete attractive package that an organization offers to its customers and beneficiaries to encourage them to buy or use its products as opposed to those of another.
Variable costs	Costs that will increase/decrease depending on levels of activity. Different from fixed costs.
Venture capital	Money that is lent to, or used to purchase equity in, start-ups or small businesses to help them to grow. Venture capital is frequently provided alongside an incubation programme. It is typically lent for shorter periods and at much higher rates of return.
Venture philanthropy	The act of giving money and active support to social purpose organisations (e.g. non-profit organizations and social enterprises) to help them to refine their business models and grow.

Term	Description
Viability	The determination of whether an idea, project or organization can make sufficient income and profits to be a worthwhile investment or business opportunity.
Vision	An explicit statement of a desired future state for an organization's beneficiaries or cause. It should ideally be stated from the perspective of key customers, beneficiaries or society at large.
Voluntary association (VA)	One of the legal forms that can be selected by non-profit organizations in South Africa. Its founding document is a Constitution. No registration is required. It is "easiest" legal form to establish in South Africa but is suitable only for membership-based, democratic structures. Governance is provided by a committee, elected by members.