



Tòhe is a social enterprise in Vietnam with a vision of bringing a playful world to disadvantaged children through creative learning playgrounds. Its CEO and co-founder, Ngân Phạm, was the only Vietnamese in the Forum of Young Global Leaders (YGL) of 2016 recognised by the World Economic Forum (WEF). After 11 years in operation, the business continues to face challenges of profitability and growth.

## The enterprise

Tòhe aims to provide children from disadvantaged backgrounds opportunities to experience and enjoy art, and to ultimately to discover their creative potential. It does this through 3 interrelated operating activities.

First, the company develops and delivers art programs designed to encourage children to explore their creative talent through painting, and to aid in their intellectual development and emotional expression. These programs are delivered through 'playgrounds' in more than 20 locations throughout the country branded **Tòhe Play**.

Second, selected artwork produced by children in the playgrounds are redesigned and printed on lifestyle products such as clothes, bags, accessories, stationery, and toys. These products are sold to domestic and international markets under the brand name **Tòhe Style**. The company has also tapped the corporate

market, offering services in the design and development of corporate merchandise and gift items.

Some of the children's work from the playgrounds is brought together into a special collection – branded **Tòhe Bank** – to be sold online and at exhibitions. From time to time, the company also organises workshops and events centred around play and art for children and their families.

Each set of operating activities contributes to the movement of financial resources within the business with the aim of redirecting funds back to activities and initiatives that directly benefit children. Some of the profits, for example, are invested into creative classes and scholarship programs for gifted children.



## Beginnings

The idea of establishing Tòhe was sparked in 2005 when 3 friends, Ngàn Pham, Nguyễn Nguyễn also her husband), and Tú Nguyễn volunteered to organise weekend art activities at a centre supporting disadvantaged children and the elderly.

The experience raised their awareness of not only the economic hardship but also the significant social bias and discrimination suffered by disadvantaged children in Vietnam. They realised that a large number of children with physical or mental disabilities were commonly regarded as burdens to their family and to society. Many were neglected and abandoned by their parents and relatives, and lived in government-funded orphanages and social welfare centres.

Despite considerable efforts on the part of both the government and social organisations, the majority of these children were living in poor material, social, and educational conditions. As most social welfare centres were overwhelmed by the number of disadvantaged children that needed attention, special care or specialised programs such as art education remained unavailable to the children.

The desire to contribute to improving the wellbeing of disadvantaged children in Vietnam was further strengthened when the 3 friends visited the Museu Picasso in Barcelona in 2006. That was where they became acquainted with one of Pablo Picasso's famous quotes: "It took me four years to paint like Raphael, but a lifetime to paint like a child."

Thus, armed with the vision of enriching the lives of children through art and play in a fun and creative learning environment, the friends established the Tòhe Joint Stock Company in 2006.



*Ngàn Pham and Nguyễn Nguyễn*

## The spirit of Tòhe

The company takes its name from a traditional Vietnamese toy that is made from rice flour and natural dyes. The toys are especially popular during the Tet festival (Vietnamese Lunar New Year).



*Street vendors selling tòhe toys in Ho Chi Minh*

Because tòhe toys are made with rice flour, they are considered edible. Traditionally, after playing with tòhe, children eat them as a special sweet treat.

The symbolism is clear, and the image of the traditional tòhe captures the vision of the founders to give children opportunities for play and creative self-expression that also offer intellectual, social, and economic benefits in the process.



*Tòhe Play*

The founders aim to identify, nurture and provide development opportunities for talented children so that they may consider careers in creative industries in the future. On a broader scale, they aim to demonstrate that creative work is capable of generating economic value, thus contributing to the creative economy of the country.

## The woman behind the business

Prior to establishing Tòhe, Ngân was herself very much immersed in the creative industries. In 2002, she co-founded a media enterprise, the Nguyencomm Communications Company. For 10 years, she worked as a director in that company, which served the advertising and communications needs of large companies and international organisations such as the World Bank, the British Council, Coca-Cola and Unilever.

In 2006, Ngân co-founded Tòhe. In 2012 decided to leave Nguyencomm in order to focus her time and energy to growing Tòhe.

In 2016, at the age of 39, Ngân was inducted into the Forum of Young Global Leaders recognised by the World Economic Forum (WEF) as a community of the most innovative, entrepreneurial and socially-minded women and men in the world under the age of 40. Each year, the WEF selects around 120 individuals, and in 2016, Ngân was the sole representative from Vietnam.



## The business journey

The journey of Tòhe was a bumpy one in its inception. In a 2016 media interview, Ngân revealed that the founders had been working unpaid for many years and that they had to sell many personal assets in order to maintain the business and continue running their social programs.

One of its founders, Tú, decided to leave the company in the start-up phase, and has not been on the board of management since then. The business also had to be closed down for a period of time before reopening in 2009.

In its early years, the company focused on producing fabrics printed with artwork produced by children in the playgrounds. However, this early business model did not allow the company to break even, and the burden of internally managing the entire value chain

(designing, producing, marketing, and selling) took a toll on the ability of the founders to efficiently and profitably run the company. Consequently, in the 9 of the first 10 years of its operation, the business was consistently operating at a loss.



In recent years, Tòhe's owners have transferred much of its production activities to external partners. The company now focuses its resources on designing, marketing and sales, and on new projects. The business has gradually grown, but its operating expenses remain significantly high. This keeps its net profit very low, and practically at break-even levels.

Initially, Tòhe aimed to commit half of its profits to offering free art classes for children. The founders soon realised that this was unsustainable, finding that they had to spend a significant amount of personal funds to support key programs and activities. In light of this, Tòhe employed 2 strategies to ensure that it would continue to fulfil its social mission. The company now accepts donations from organisations and individuals via crowd funding to finance free art classes, and sets aside 5% of all revenue to pay royalties directly to children and their families.



## The role of external financing

Tòhe was recognised as a social enterprise in 2009, which allowed it to receive start-up funding (USD5,000) from the Centre for Social Initiatives Promotion (CSIP), a Vietnam-based non-government, not-for-profit organisation promoting social entrepreneurship in the country. The company also received some funding (USD7,000) from the British Council in Vietnam, which enabled the enterprise to launch its products to the domestic retail market.

In 2011, the company received further funding (around USD13,500) from the German development cooperation agency GIZ to purchase machines and develop its art curricula.



In 2013, the business successfully attracted financing from LGT Venture Philanthropy (LGTVP), a Switzerland-based impact investor supporting organisations aimed at making a positive social and environmental impact in Latin America, Africa, India, Southeast Asia, Europe and China. LGTVP started operations in Vietnam in 2011, and was one of the very first impact investors to enter the country.

Tòhe was one of only two Vietnam-based enterprises that received seed funding from LGTVP. Financing came in the form of 2 tranches of a convertible loan and a grant. The loan was for USD40,000, and the grant for USD34,000. The loan had a 5-year term at an interest rate equivalent to the local USD lending rate, payable annually. There was a conversion option at the end of the term, contingent upon Tòhe meeting certain metrics.

This additional funding allowed Tòhe to expand its operations and enhance its market performance. However, after the 5-year term of the loan, the business could not demonstrate the performance and impact required to get to the next level of funding. This prompted the investor to exit the venture in 2016. A media interview with the local LGTVP representative revealed the investor view that Tòhe lacked a long-term strategy for increasing the scale of its operations.

## Moving forward

Today, Tòhe continues to live out its mission to design and deliver art programs for disadvantaged children. The company has begun to explore other alternative ways to increase revenue, including forging external partnerships to stage events, workshops and competitions for parents and their children. It now charges fees for selected playgrounds targeted at a different children's market segment.

While the company continues to grapple with issues in product development, operational efficiency, and marketing, Tòhe also continues to make a significant impact on the lives of hundreds of Vietnamese children and their families. Through its royalty program, the enterprise has awarded around VND100 million in 2015, and another VND100 million in the first half of 2016 to the child artists whose work is featured on the products that they sell around the world.

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