Support to Social Business Start-ups on Scaling up and Replication

E-learning course material

MedRiSSE project

Replicable Innovations of **SSE** in the **provision of services** & creation of **decent jobs** in the **post covid-19** crisis **recovery**

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0. Introduction

Our world faces pressing social and environmental challenges that can only be faced by joining forces to build a future where business and profit work together in support of people and planet. For this reason, understanding what **Social Business Start-ups** are and **how to support them** is fundamental to creating an economic ecosystem in which organisations put **social justice** and **environmental sustainability** at the centre, while being economically and financially sustainable.

This module explores support to Social Business Start-ups on scaling up and replication through understanding the **needs** of social businesses, the role of **Social Entrepreneur Support Organisations** (SESOs) and how to develop a **Support programme for Social Entrepreneurs**.

1. What is a Social Business Start-up?

"A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders."

European Commission
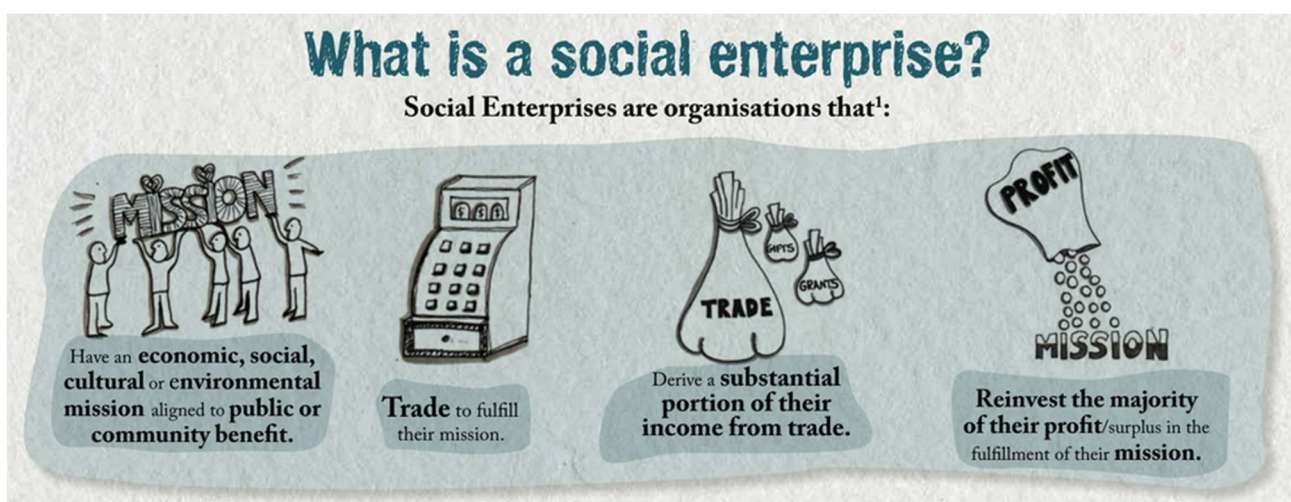
A Social Entrepreneur or a **Social Enterprise** is an individual or a team of people applying an **entrepreneurial solution to address a social or environmental problem**. When these businesses are in their **initial phase**, they are also called Social

Businesses Start-ups. Although there is no generally agreed definition, social businesses most often **combine business activities and social issues** in a way that improves the lives of people connected to a particular social or environmental issue. They don't measure their success in terms of profit alone. **Success**, to a social business, means that they have **improved the world**, however they choose to define that. In that sense, social businesses are most often identified by their motivation or the **purpose** behind them staring up a social venture or project.

Social businesses share some characteristics, most commonly:

- ✓ They have a social mission written into their organisational rules
- ✓ They make trade-offs between making a profit and serving their community, creating impact and investing a portion of their profits to further their social mission and insights for others to replicate
- ✓ They push against convention and challenge the status quo
- ✓ They identify and apply practical solutions to social problems, combining innovation, resourcefulness, and opportunity
- ✓ They look to innovate and are often willing to collaborate & share their innovations
- ✓ They show a determination that pushes them to take risks that others wouldn't dare, often at personal risk
- ✓ They are transparent in how they report their social impact and how they operate

This list is not exhaustive, and every social business is unique. Many people believe that being a social entrepreneur is an easier option than starting a commercial business. This is completely wrong. A social entrepreneur is expected to both generate profits and prove that they are creating measurable positive change. Sometimes a social entrepreneur will make a less profitable, but more impactful choice.

1.1.   The spectrum of social venture types

The term "**social venture**" is often used to describe any organisation with **social impact** as its **primary purpose**. Social ventures that generate revenue are often described as being "profit for purpose". These can be profit distributing and even have shareholders. We can differentiate each of the social venture types by their legal structure. However, the primary difference between traditional business and a social venture is what motivates the entrepreneur and the primary purpose of the social venture. This means that purpose is more important than legal structure in defining a social venture.

There is not a single **legal form** for Social Enterprises, which can include:

- Social cooperatives
- Private companies
- Associations
- Foundations
- Charities

The term "**Social Business**" is used to mean **different things at different times**. Sometimes it is considered as synonymous with social enterprise, but some people use it to mean a business that promotes social needs as part of a market and is included in the classic capitalist economic system. In other words, social business pursues its activities in the social sector, but does not necessarily limit their profit making, integrate democratic governance and avoid having shareholders.

The type of legal structure adopted by a social venture can often determine the **business model** and the **type of finance** that a social venture can attract—ranging from grants to social and private investment, to shares and hybrid models that attract blended finance. Blended finance is a mix of different types of income and investment plus grant money.

The diagram below illustrates the spectrum of social ventures found most commonly. The primary objective and the legal structure adopted influence the type of funding and investment they can generally access.
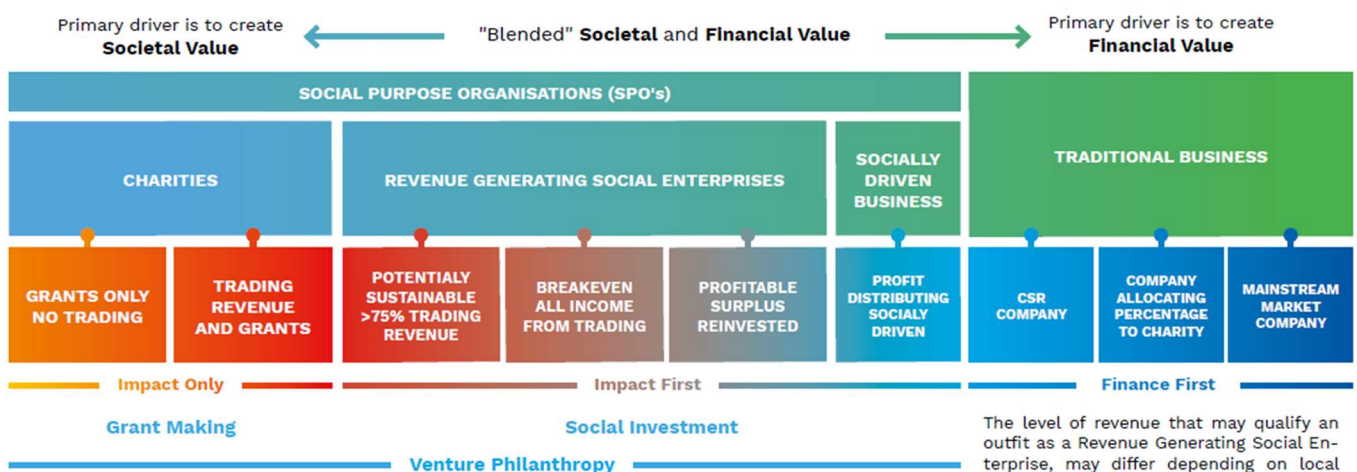
2. The needs of social entrepreneurs

2.1. Journey stages of social entrepreneurs

All organisations, whether they are for profit businesses or social ventures, pass through a number of stages in their formation and development. The methodology we are focused on is for supporting social entrepreneurs from initial idea to scaling for impact.

We can identify four key development stages for social ventures:

1. **Pre-start or Idea stage**: Inspiration leads to an idea and then to action. The essential needs are building skills, connections and the confidence and commitment to start up.
2. **Start up**: The social enterprise is started, motivated by creating social impact. The essential needs are those of the previous phase, plus those listed in the table below.
3. **Build up operations**: Operations grow and social impact is demonstrated. The essential needs are to combine ongoing management, system implementation and growth activities.
4. **Growth and Scaling**: Impact is scaled up and social investment is ensured. The essential needs are clarification of strategies and systems, market research and resourcing for growth or replication.
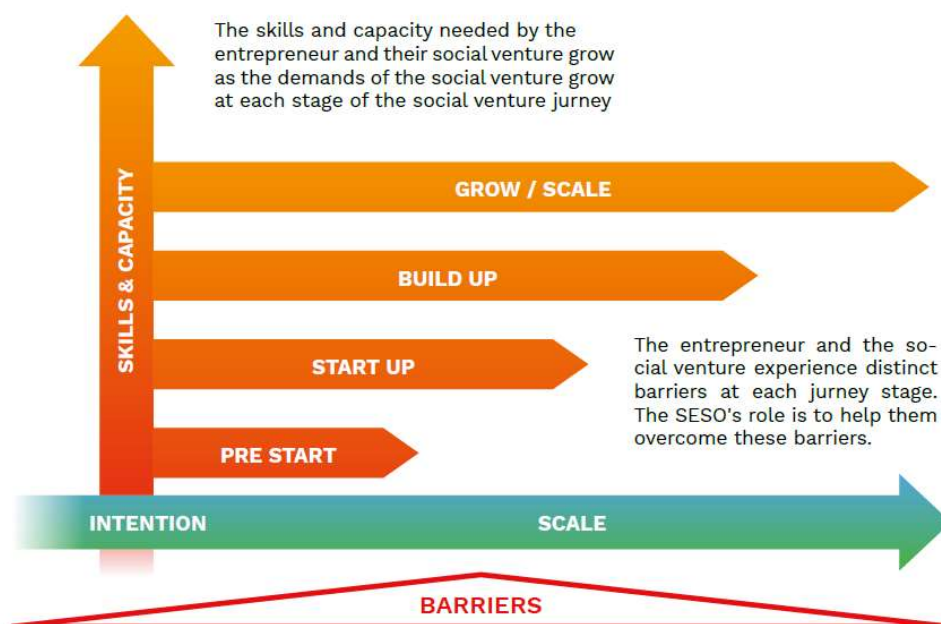
It is worth remembering that the entrepreneurial journey is rarely linear, and there are often a series of micro-steps between each stage. The stages overlap and entrepreneurs may have needs that would typically fall in more than one stage.

2.2. Typical barriers experienced by social ventures

Social entrepreneurs experience a range of **barriers at each stage of the journey**. However, generally the skills and capacity needs for both the social entrepreneur and the social venture grow as the demands of venture grow at each journey stage.

Type of barrier	Pre-Start	Start-up	Build up	Scale/Grow
Personal barriers	Lack of: • **Understanding** or **support** from family and friends • **Time** and **focus** • **Well-being** and **social life** • **Confidence** or **self-awareness**	Need to: • **Balance** competing demands with long-term growth plans • Resist **burn-out** • Define a **vision, mission company culture** aligned with personal beliefs • **Balance** networking, competitions, awards applications with actual work time	Expectation that founder/co-founding team **goes "full time"** Reluctance to **delegate**/hire first employees Develop: • **Management skills** and experience • Board of **trustees** Entrepreneur and team's **well-being**	Step from delivery into **leadership mode** Ensure **well-being** of entrepreneur/team while managing teams in different locations Promote a sense of unity and team in remote locations Understand **own motivations for growth** and decide the right strategy
Financial barriers	Lack of: • **Initial funding** and **resources** • **Networks** and **connections** to potential co-founders, partners etc. Manage a **constrained cash-flow** with limited financial expertise	If receiving investment or funding, expectations from all **stakeholders** might be challenging Might need **external help** e.g. recruiting volunteers/university students to set up first systems Manage **cash-flow** as operations grow and acquiring more	Access to **post-seed finance** and knowledge of how to appeal to investors Reluctance to take **loans** or give up **equity** as the enterprise grows Establish bookkeeping and **cash-management** processes	Find and obtain **investment** Produce evidence of **impact and return on investment (ROI)** to convince potential investors and funders Reluctance to lose control over product, service by giving up equity or replicating the solution elsewhere

		sophisticated financial systems	Review tax structures	Manage **demanding investors**
Ecosystem barriers	Receive effective and **relevant expertise and support** (legal, financial, sector specialist support) Lack of **public understanding** and **awareness** of social enterprise and its value Level of support in the **policy environment**	Need to establish: • Appropriate **governance** systems and legal structure to support the mission • Key **partnerships** with relevant stakeholders to make their value proposition stronger	Find effective and relevant **support** Lack of **public** and **institutional understanding** of the value of social enterprise as a concept	Routes to market, new markets contacts Payment systems and digital presence in **new markets** **New expert/peer support** and networks Public/institutional understanding, **support for scaling**
Business expertise barriers	Lack of: • Previous **experience** or **knowledge** of how to run a business • Awareness of **competitors** or real **market potential** Unrealistic **costing** and **budgeting** Develop an **impact logic** focusing on desired impact and outcomes and how the planned activities will achieve to generate that	Need to: • Find **sufficient customers** to cover costs and stay sustainable • Install **systems** to deliver the product and service with quality results • **Move from the initial set of customers** to build new relationships • Establish **impact measurement** systems and reporting • Understand and refine the **business model** to plan for growth	**Recruit an expert team** Develop more **efficient systems**, processes and policies for measuring performance and improving results Demonstrate and **measuring impact** Pivot or **let go of projects/products** that are not best practice or not fully funded Develop reliable **sales pipeline**, ensure quality of delivery and customer service **Stakeholders' engagement** mechanisms	Run a more **complex** and **expanded organisation** Need to: • Develop/**update products** to remain competitive • **Update marketing** materials to align with new markets, products and customers • Build new **partnerships** Ensure **quality** is maintained (operational manuals, training materials) **Automate** more systems and processes

3. Social Entrepreneur Support Organisation

What does a SESO do?

The social entrepreneur support ecosystem is made up of a diverse group of individuals, networks and organisations who want social entrepreneurs to succeed. These social enterprise support organisations, or SESOs, are present in the public, private and NGO sectors. The role of a SESO is to **enable social entrepreneurs to have the best chance of success**, providing the right support at the right time according to the needs of the social entrepreneur and their social venture.

There are five key roles that SESOs can play to achieve this aim:

1. Provide **inspiration** and **community** through **connections** with other social entrepreneurs and wider support ecosystem.
2. Help to grow the **skills** and **capacity** of the social entrepreneur.
3. Enable the **development** and **growth** of the social venture.
4. Improve navigation to other financial and non-financial **support** and **resources** available in the wider support ecosystem.
5. Raise **awareness** and **advocate** the role and impact of social entrepreneurs in society and the economy at local, regional, and national levels.

Most SESOs will do this by designing and implementing **high-quality support** programmes (either time-limited or as part of a continuing support relationship). These programmes may include one or more of the following services to form a "menu" of support:

- **Skills**: Skills-centred, based around particular models of support provision where the social entrepreneur's skill set is developed, enabling her/him to become the founding initiator of a successful social venture.
- **Bespoke**: Each entrepreneur receives tailor-made support specifically developed around her/his needs.
- **Thematic**: Theme-focused supporters are motivated by transforming a particular issue. They provide support tailored to the needs of social entrepreneurs tackling the issue, such as technology, climate change or education or selected from an under- served group, such as women, minorities or young people.
- **Investment Readiness**: Focus on getting early-stage social entrepreneurs and their ventures to the point where other investors are prepared to invest. This often

involves similar activities to other supporters, just with different priorities and intensity levels.

- **Space**: Support is built around work-space provided by the SESO. This is often accompanied by support programmes inspired by any of these other methodologies but the key idea is that the space encourages peer support and communities of practice to build up.
- **Networks**: These may include peer networks of the programme participants themselves (who provide role models and mutual support) and wider connections to partners, suppliers, customers or other stakeholders. These networks may be facilitated in person or through online networking platforms.
- **Ecosystem**: Larger support organisations have grown to become hybrid hubs that provide comprehensive support programmes, permanently innovating, with a range of different types of support methodologies.
- **Funding and social investment**: Focus on the provision of grants, loans or blended finance options.

Activity: research some examples of well-established SESOs from around the world:

- Acumen Fund
- Alfanar
- Ashoka
- AVPN
- Erasmus for Entrepreneurs
- Echoing Green
- Global Social Entrepreneurs Network
- Impact Hub
- MaRS
- Omidyar Network
- NESTA
- Social Enterprise UK
- UnLtd
- Yunus Social Business

4. Developing a Support programme for Social Entrepreneurs

4.1. Stage 1: Programme Identification and Design

Problem Definition

Before designing a support programme for entrepreneurs, it is vital to understand and define the problem you are trying to solve. If you can clearly define the problem, it is far more likely that you will be able to develop a robust intervention for solving it.

It is quite normal to see organisations jumping into programme design and delivery without a proper understanding of the problem they are trying to address. An accurate problem definition includes validating assumptions. This is crucial to avoid problems later on that could have been avoided by using a good design processes. Having an initial understanding of the problem can also be useful for deciding upon your impact criteria and benchmarks that later help you to measure and prove impact.

Interestingly, the entrepreneurs you are supporting have the same challenge. If you get really good at designing interventions, you may also be well-placed to help pre-start entrepreneurs do the same as they set up their businesses.

Mapping the Ecosystem

Your ecosystem is the **environment** around you: the interconnected organisations, individuals, institutions and communities that interact with one another to form the context in which an enterprise operates. They can influence the culture and expectations, the policies/laws and the finance and investment that affect the success of an enterprise. Understanding your ecosystem is therefore vital for you to provide effective support, connect entrepreneurs to the most helpful actors or provide interventions that compensate for the gaps in provision. Mapping your ecosystem can give you fruitful insights into what kind of programme would be of most value for the enterprises in your region. Ecosystem elements include:

1. **The surrounding environment**: Business environment: policy, legal, institutional, regulatory conditions, and investment climate (broader view on country's competitiveness).
2. **Interacting Actors**: business founders or investors, organisations (e.g. companies, universities, banks) and institutions.
3. **Entrepreneurial Culture & Attitude**: Behavioural Patterns, Desirable Career Choices, Promotion of Entrepreneurship.
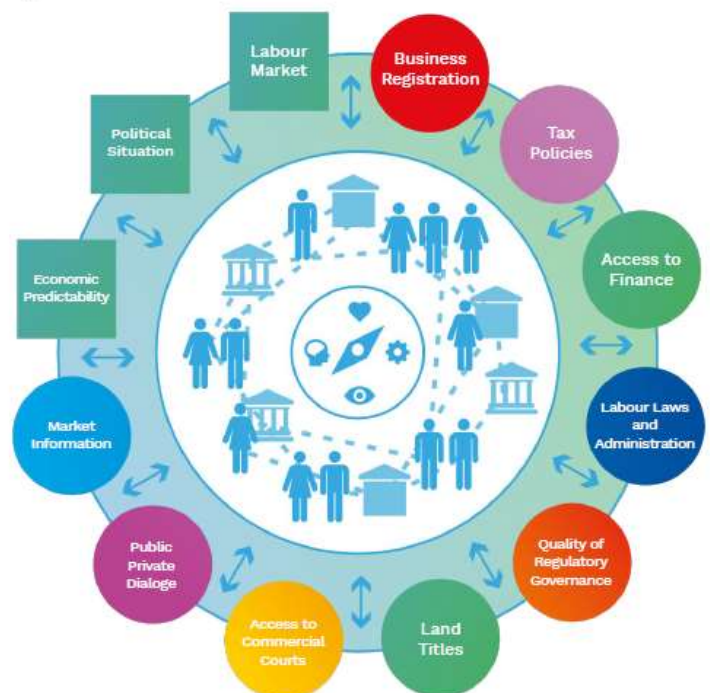
Design your support programme

A good programme design incorporates qualitative and quantitative data obtained during the problem definition phase. It is also fed by **identifying gaps in the market** and understanding how your programme will be **adding value** both for the entrepreneurs but also the ecosystem.

While designing make sure to **involve different stakeholders** in the process, mainly participants and funders, to make sure there is alignment between participants' and funders' needs and expectations and the programme design. Adopt an iterative approach towards design and test and refine several times until you achieve a satisfying and successful result. Prioritise small and inexpensive efforts and build experiments consciously to enable reinforcing loops.

4.2.   Stage 2: Fundraise for your support programme

Before you fundraise for the specific programme, you will also need to ensure that your organisation is "fundraising ready". In other words, you need to demonstrate to a funder that **you are worthy of their money**, particularly in comparison to other organisations that have approached them for funding. This includes:

- ✓ **Organisational structure**: Your structure needs to be adequate, not just for now but also for future priorities, development, and growth.
- ✓ **Governance**: A skills and committed board should be in place.
- ✓ **Clear mission & values**: All fundraising should be aligned to the social ventures mission, and these should be set out clearly Programme budget - A clear outline of what resources are needed.
- ✓ **Policies and procedures in place**: including financial management and controls, health and safety, HR and equal opportunities Monitoring and Evaluation - Funders will want to know what difference their support has made. It is likely to be a condition of their support that they receive programme evaluation or impact reports.

Write a budget for your programme

A typical programme budget should include the staffing, space, communications, administration and materials that your programme needs to run effectively. You would also usually be able to add a proportion of the costs to go towards the running costs of

the SESO as a whole. Exactly what is in your budget will, of course, depend on the length, scope and beneficiary group of your programme.

Sources of funding for programmes

You will need to decide whether you are funding your programme through **payments by the enterprises**, **grants/donations from a funder**, or a combination of the two.

Generally speaking, programmes for early-stage entrepreneurs are best funded by some kind of grant or donation, whether it be from a company, trust or individual. This is because it is unlikely that your entrepreneurs can fund it themselves, particularly if your programme is truly diverse and inclusive and your participants are from low income communities.

However, for later-stage enterprises, such as those who are scaling or internationalising, it may be possible for the enterprise to pay for some or all of the support that they are receiving. Some support organisations use a model common in **tech incubators** and **invest in the enterprise**, taking a share of the equity. If you do this you need to be confident that you have high quality enterprises that are likely to succeed, and make an allowance in your business plan for the fact that some of them will inevitably never give you a return. Obviously this method will not give you the cash until months, or more likely, years later so if you choose this route you need to be able to cover the cashflow gap with another source of finance.

Typical funders for this type of activity are:

- Public funding
- Charitable Trusts and Foundations.
- Companies
- Individual Giving
- Community fundraising
- Crowdfunding
- High Net Worth Individual

Building a case for support

The fundraising strategy forms a broad approach to fundraising and sets out an activity plan. Next the social venture will need to develop a case for support. This is the messaging document that should be used to generate interest and support from potential funders. A case for support is needed for each project identified in the fundraising strategy.

The case for support should be written in a style and format that is suitable for the

funder being targeted. For example, a corporate or investor may prefer a short PowerPoint presentation initially, whilst a trust or foundation may prefer more a more detailed document.

4.3.   Stage 3: Your outreach strategy

Now you have designed and funded your programme, it is time to start **finding the people who are going to participate**. This "outreach strategy" or "scouting" is vital to the success of your programme. Just as you will be making a huge difference to the success that entrepreneurs achieve due to the help you offer them, they will make a huge difference to the success your programme achieves by their engagement and willingness to take action. Bear in mind that your aim is to attract **high quality applications, not the highest quantity**.

There is no pre-set way to design an outreach strategy. However, we can take into consideration some aspects such as:

- ✓ Use **examples of social entrepreneurs** so that people can identify themselves with your programme based on their ideas and inspiration from others. Case studies can communicate what you are looking for and inspire people to step forward with ideas.
- ✓ Make sure the **branding** and **look** and feel of your materials is consistent and clear, so applicants can recognise it easily. Ensure that your "call to action" is really easy to find and do, such as a "click here" readily visible on your website or a short web link on your leaflets.
- ✓ Identify the **key channels** which support or invest in social entrepreneurs. Determine specific strategies for reaching them and getting them on board. Based on the strategies identified communicate your programme criteria and process.
- ✓ Work with **existing social entrepreneurs**. They are often connected to networks where other social entrepreneurs can be found.
- ✓ Find opportunities to undertake **public speaking** to relevant audiences, distribute posters, Information pamphlets and roll up banners locally, using appropriate channels;
- ✓ Develop **local media contacts** and encourage them to publicise the programme. Use social media to target specific communities you want to target with your programme campaign.

4.4.   Stage 4: Assessment and Selection

The application process will have a direct impact on the **quality of applications** you receive. Your ability to undertake the assessments in a way that is **meaningful** and allows you **carry out the process efficiently** is also vital to ensuring quality participants on the programme. It also helps you to better understand the applicants in detail, including what their support needs may be.

✓ Design a way to **compare applications**. You can use a range to score by, for example 1-5 or use high, medium, low to indicate the degree to which the applicant has met each of the criteria.

✓ Design the programme application forms ensuring that your selection criteria can be addressed by the applicant through **clear questions**.

✓ Make sure the application forms are **easy to edit** using mainstream software that is commonly available.

✓ Applications are usually led by a single entrepreneur or by a team. Make sure if there is **more than one person leading** the social venture you can collect this information.

✓ Be **clear** about the application process and how applications should be submitted, including any deadline and contact details for someone who can help if the applicant has any questions.

✓ Where possible build in an opportunity to speak to the applicant. You can do this face to face or by telephone.

✓ Make sure that the applicants know where they can find detailed programme information. This will usually be on your website.

✓ Ask for at least two references to reduce the **risk of fraudulent applications** and make sure you follow up with referees if the application gets to the support, and or funding stage.

In some cases, people do not have the **confidence** or **written skills** to complete application forms to a standard that you may usually expect. Especially where you are trying to attract diverse applicants into your programmes, you should support them with this.

There are six core assessment criteria areas that can be used by you to determine the suitability of applications from social entrepreneurs for your programme:

1. **Need** - *is there a demonstrable need for the solution being proposed?*
2. **Demand** - *is there is a clear demand for the solution being proposed?*

3. **Motivation & Skills** - *the applicant is motivated and determined and has the potential to deliver?*
4. **Feasibility** - *is the idea realistic and achievable?*
5. **Impact** - *is the proposed impact clear and measurable?*
6. **Sustainability** - *does the idea or enterprise have the ability to become sustainable?*

You can use this assessment framework for any of the journey stages; however, the amount and type of information you will need to collect will become more detailed the further along the journey stages your support programme works.

Here are some of the basic **application assessment criteria** for each journey stage.

Criterion	Pre-start	Start-up	Build Up	Growth & Scaling
Need/Demand	Can articulate an idea from own experience anecdotally	Can articulate drawing on some secondary research	Has some primary and secondary evidence and can this articulate well	In depth impact data, evaluations and findings demonstrate need and demand
Motivation	May be new to field, Passion to act for social impact	Passion to act, some previous track record or potential to acquire the skills and abilities needed to make it happen	Passion to act, several years track record	Seasoned Social Entrepreneur with strong track record
Social Impact	Small impact, locally, personal skills development	Local impact, some plans in place	Regional impact, has tools and model in place	Substantial local, systemic or national impact
Feasible & Realistic	Can work with some changes	Can work with minor tweaks and support	Well developed and realistic plan	Highly developed project, team and plan
Sustainability	Short term project, start of learning journey	Short term but some thought given to sustainability	Developing for few years, clear plan in place to continue towards sustainability	Mature venture, several years, detailed and realistic plan

Once you have received applications for support from your programme from social entrepreneurs, the next step is assess each of them.

You will need to think about two things:

1. **Who is doing the assessment?**
   (an expert panel or jury, physical meeting as part of the selection process where appropriate, interviews…)
2. **What criteria are you using to assess the applications and make your decision?**
   (based on the framework and criteria exposed on the table above)

4.5.   Stage 5: Enable

Diagnostic and Action Plan

The "enable" stage is where you actually deliver the support to the social ventures. Although you have already researched, planned and assessed the applications of the entrepreneurs, once they are part of the programme, you will find that they are more willing to share with you their deeper challenges. This is good because you need to **fully understand those challenges** in order to deliver high-quality and relevant support. The needs of each social entrepreneur will be different, so you will need to tailor your support service to their individual needs.

One helpful framework for determining support needs and tracking progress is the "diagnostic" and action plan. This can be used for any of the journey stages and will enable you to assess the key areas essential for the continued health and success of the social entrepreneur and social venture. You can use the support diagnostic and action plan in a flexible way, depending on the stage, size and plans of the social entrepreneur.

The support diagnostic and action plan framework are built around 5 Ps:

- ✓ **Person**: The entrepreneur's skills, strengths, experience, areas of personal support.
- ✓ **Proposition**: What they intend to change and the feasibility of their idea.
- ✓ **People**: The founder, team, challenges and stakeholders.
- ✓ **Performance**: How they have done, and how they are doing.
- ✓ **Plan**: The stage of development, future strategic and development plans.

Providing effective support to social entrepreneurs

Support for social entrepreneurs contains some or all of the following, to form a menu of support:

- **Workshops** and **training**
- Online and offline **resources** and **learning materials**
- Bespoke individualised support such as **mentoring**, **coaching** or expert **consultancy** (for tools see [Mentoring Guide](#))
- **Peer support** and **cohort building**
- Introductions to **networks** that can provide support, sales or finance
- **Finance** provided by you or access to finance provided by others

Exactly how you build the programme will be based on the **journey stage** of the entrepreneur, the **social needs** that you identified and you may also adjust the specifics of the programme once you have undertaken the diagnostics of the **social ventures**.

Generally speaking the more developed the enterprise, the more bespoke the support needs to be to be effective. However, the more bespoke the offer, the more expensive it is to provide. In addition, entrepreneurs often find huge benefit in **sharing their experiences** with a group of like-minded people going on a similar journey. These entrepreneurs find role models, encouragement, mutual learning and opportunities for collaboration when they work together. Group workshops are also a good way of transmitting knowledge and information effectively and inexpensively

The Social Business Model Canvas

A well-known tool for creating a solid business model around a social venture is the **business model canvas**, and in particular its "social cousin", the social business model canvas. It is also a collaborative tool that helps your social ventures communicate different business models with their stakeholders and brainstorm new ones. The Social Business Model Canvas can be used at any stage of the business, and is a way of capturing a snapshot of the **key areas of the business** and in engaging new entrepreneurs in how to think about the different elements they need to prepare or improve. In addition to the traditional elements you would expect to include in a business plan, the Social Business Model Canvas has four additional elements that are important for any social venture to consider as part of the business planning process.

- **Beneficiary Segments**: Clearly identify who your beneficiary segments are even if they aren't paying you and there is no place for them in the regular business model Canvas.
- **Social and Customer Value Proposition**: Ensure that you have laid out a compelling rationale that will drive your customers to buy without forgetting about your impact on society.
- **Impact Measures**: Develop clear thinking around what kind of social impact you're creating and how it could be measured.
- **Surplus**: Plan and communicate what happens with profits and where you aim to reinvest them.

Key partner	Key activities	Value preposition	Customer relationship	Customer segment
Commercial ●coffee distributor ●drink distribution ●local chamber	**Commercial** ●baristaring ●cooking/ catering ●customer service ●front of shop & backroom management	**Commercial value proposition (CVP)** ●great coffee ●fresh food ●personalised service	**Commercial** ●personal service ●repeat customer loyalty ●long term customer	**Commercial** ●walk-by customers ●local businesses, offices, services (retail & catering) ●regulars
Impact ●not-for-profit partner ●supporting disability ●social enterprise Alliance ●social investor	**Impact** ●support participation activities ●support	**Impact value proposition (IVP)** ●employment for people who have been long-term unemployed	**Impact** ●personalised service ●long term impact ●repeat customer loyalty	**Impact** ●ethical customers ●not-for-profits, other social firms ●social procurement customers (catering) ●government purchasing jobs for people with disabilities & training
	Key resource		**Channel**	
	Commercial ● kitchen/coffee equipment ●shop asset ●location ●brand ●staff		**Commercial** ●retail ●high traffic near public transport ●word of	
	Impact ●support expertise ●support staff ●impact brand		**Impact** ●social enterprise networks & directions ●social procurement	

Costs		Revenue	
Commercial ●inventory ●equipment ●utilities ●staff ●insurance ●compliance	**Impact** ●support & participation costs ●staff ●training ●work ●readiness ●impact assessment costs	**Commercial** ●retail sales ●catering sales	**Impact** ●participation & support funding ●training fund ●donations

A helpful toolkit to guide you through the process can be found here.

4.6. Stage 6: Connect

The power of networks

As a SESO, you can help by building and actively maintaining an ecosystem that enables **connections between businesses and with customers**. Each social venture that you help then strengthens that ecosystem further.

A strong ecosystem is made up of a range of organisations and individuals that is likely to contain many if not all of the following:

- **Experienced entrepreneurs** who can act as role models and mentors, partners and service users for the SESO. They also attract others into the ecosystem
- **Business** or **legal experts** and **mentors**, either paid or pro bono, who can offer advice and connections to the enterprises you are supporting.
- **Investors** and **financial advisors** who help young enterprises access the financial resources they need to grow and succeed Community representatives and impact experts, who understand the social and environmental needs and the communities who have those needs
- **Local** and **national government representatives** who can influence policy and funding for the social sector, business and the country in general
- **Corporate partners**, who sometimes buy from social enterprises and often provide either financial support or mentoring by their specialist experts NGO's with support and funding offers
- **International networks** focussed on support social, civic and economic development

There are often pro bono networks of support out there for you to connect into as well. One good example of this is TrustLaw, an international service provided by the [Thomson Reuters Foundation](#) to provide pro bono legal advice to social sector organisations. Another is [Mowgli Mentoring](#). It is worth spending time identifying who else is willing to offer free support in your area, as there may be charities, government agencies and companies who have schemes.

It is unlikely that you will be able to provide all the support needed by the social entrepreneurs in your programme. You can however **develop partnerships** with other supporters who can help to fill in any gaps. It is worthwhile spending time developing relationships that broaden your network for access to a comprehensive, flexible support network.

Peer Support and Cohort Building

Social entrepreneurs get a huge amount from interacting with one another. If a group is attending a programme together, they will naturally **learn from one another**, and most groups start to build friendships and collaboration opportunities naturally when they meet regularly in these ways. In every group there will be some teams who are particularly successful, and they will inspire others in the cohort to raise their game.

However, you can **catalyse** this natural connection more successfully in a number of ways, including running programmes around a particular theme such as health, employment, food or climate change; ensuring your workshops are interactive; pairing peers with one another to hold one another accountable or to learn from one another's experiences; etc.

4.7.   Stage 7: Impact Management

Both you as a SESO, assessing your programmes, and the entrepreneurs that you support, will need to think about **managing** and **measuring social impact**.

What exactly do we mean when we talk about social impact management? We call the process of **understanding** and **capturing the changes** we make as a **result of our interventions**, impact management.

Impact management includes impact **measurement**. It is the practice of using information to **improve** a service or programme. It helps you realise what is or isn't working and what you can do about it. Getting the right approach to impact management is also needed so that you can share the results of your work with others such as potential funders, partners and other support agencies so that they can better understand how they can work with you.

One example of a globally relevant impact measurement framework are the **Sustainable Development Goals** or **SDGs**. The SDGs are a set of seventeen inter-related aspirational goals for the planet approved by the United Nations in 2015 that bring together developing and developed world and public and private sector opportunities. They contain **169 targets for sustainable development** of the planet **to be achieved by 2030**. These include ending poverty and hunger, improving health and education, making cities more sustainable, combating climate change, and protecting oceans and forests. Further about the SDGs and resources can be found [here](#).

Whether you call it an impact strategy, a theory of change or a logic model, it's essential **to get clear about the impact** you're aiming for and how you intend to achieve it. To embed impact management into an organisations work, they need to decide how to measure, report, compare and improve impact performance.

A helpful way to understand the impact that you create and the ways in which that impact is created is to develop an **impact logic** for your organisation or a specific project you are planning. An impact logic is a tool that can help you translate your Theory of Change into a linear input to impact model. It allows you to more easily map your process from inputs, to activities, outputs…

A comprehensive guide to logic model development can be found [here](#).

4.8.   Stage 8: Finance and Investment for Social Ventures

Social ventures are able to access **different kinds of funding**, including those that are available to mainstream businesses and those that are available to charities and NGOs. In some cases, this makes it easier for them to access finance than either of these groups. Unfortunately, in many cases it makes it harder as the social enterprise may not fit the neat template for what the funder has in mind.

When we were talking about raising money to run a programme, we already looked at the kind of funding that can be raised from grant providers. These providers will often fund activities that are **not related to an income-generating business model** and for which the objectives are closely aligned with what a charity might offer. As well as using this funding for your own organisation, you may have enterprises in your ecosystem for whom this form of funding is appropriate. Especially at the earliest stages to get them kick-started, so you may like to look back at this information to help you advise your social entrepreneurs.

However, as social ventures tend to be organisations that primarily or substantially have a trading model, **investment-type finance** may be a suitable way to go. Investors will put money into a business when they also expect to get a financial return from that business. If a social venture is successful enough to make sufficient money to pay them back with something on top, you have a win-win. This is the way many mainstream businesses raise their finances.

Developing a fundraising strategy

The aim of all social ventures should be to become sustainable, that is to ensure they can continue **to meet the costs they need to operate** and create social impact. Sustainability involves planning for the future; and for most social ventures during their lifetime this means fundraising is necessary. Helping social ventures to plan effective fundraising involves support to create and implement a fundraising strategy. This will help the social venture to:

- ✓ Decide on specific **fundraising approaches** within an overall strategic framework
- ✓ Avoid being led by the needs of funders, and **focus on their mission**
- ✓ Manage the fundraising **resources** available effectively
- ✓ Target the most **relevant funding sources** and avoid too many disappointments
- ✓ Manage risk: establish **contingency plans** in case everything does not go to plan
- ✓ Have an **exit plan**
- ✓ Help to avoid **mission drift**
- ✓ Monitor and evaluate effectiveness in **securing funding**

There are many templates available for fundraising strategies and the social venture will need to find one that suits its particular needs. You may consider making a few options available as part of your support materials.

The basic requirements for an effective fundraising strategy need to include:

1. *Context*
2. *Projects*
3. *Targets*
4. *Prospects/Pipeline*
5. *Timeline*
6. *SWOT Analysis*
7. *Financial information*
8. *Communication*
9. *Monitoring & Evaluation*

The availability of funding will vary from country to country, and a funding strategy will usually include **more than one of these potential sources of funding**. There are pros and cons for each funding type and the social venture will need to determine what the **best mix of funding sources** are for them depending on their needs and the amount of effort needed to secure the funding.

In most cases, the **legal structure** of a social venture will determine the **types of funding** that they are able to access. It is important that a social venture selects a legal structure that allows it to receive grants in the **short term**, however this may prevent them from accessing investment when they want to scale up activities later on. Therefore, you should help establish what the most likely form of funding the social venture will rely on in the **long run** and encourage them to choose a legal structure that enables them to access it.

Raising investment

To support social ventures to access finance, it is worth building opportunities into your programmes of support and events, chances for investors to meet/advise enterprises. There are two main purposes for these: firstly, you want to tap into the expertise of the investors themselves **to advise and capacity build the entrepreneurs**, giving them the knowledge from the real experts on how to build an investment case. Secondly, these meetings are an opportunity for entrepreneurs to **pitch their business to an investor** and make the case for receiving finance from them.

To do so successfully, social entrepreneurs will need to build a **pitch deck** that describes the business, **the team** (and why they are likely to succeed), the **market size** and **plan** to capture market share, the **financial forecasts** and **expected returns**.

They may do this at different stages in the businesses development. Firstly, at "seed" stage, the entrepreneur is looking for investment to get their business started and to develop the product and market research. Later they may be seeking growth funding, to help them to grow or scale the business. In the tech sector this is commonly known as **"series A" or "series B" funding**, and social enterprises are starting to use these terms too, for businesses that are growing rapidly.

In both these cases, investors will take a slice of the equity of the business, so it is worth them getting a valuation that means they don't give away too much of their company. In addition, they should be prepared to walk away from funding from the wrong kind of investor. A good investor will also bring expertise, networks and support for the enterprise, and share in their values and objectives.

Funding types

We already went into some detail about funding sources for your programmes in the Stage 2 above. These same funding sources may also be available for your social

ventures, including public/government funding, charitable trusts and foundations, corporate/company/CSR funding or in-kind support, individual giving, high net worth individuals, community fundraising or reward-based crowdfunding. These funders tend to fund activities that are more **charitable in nature**, where the funder does not expect a financial return.

In addition, there are other sources of finance available that are worth your ventures considering. These are:

- Incubators and accelerators
- Family, Friends & Fools
- Earned income & Trading
- Loans
- Equity investment
- Quasi-equity
- Crowd-funded investment

4.9. Stage 9: Demonstrating and Influencing

No single SESO can have all the tools and resources a social venture will need to succeed on its journey from idea to scaling for major impact. **Providing navigation to others who can help** is a key part of the role of a SESO.

In regions and countries where the ecosystem of support for social entrepreneurs has a small number of support organisations, this can be a challenge. SESOs can play a powerful role by encouraging institutions, organisations and government to support social entrepreneurs.

Here are some ideas for how you can **show the work of social entrepreneurs** and tell others who may be able to help why it is important to support social entrepreneurs:

- Consider how you can form an **alliance with other SESOs** to raise the profile of social entrepreneurs and their impact they create.
- Build opportunities to **engage stakeholders** (funders, policy makers, corporates, media) in your programme design. For example in the design process, as judges, as mentors.
- Always ensure you have a **strong communications plan** for each programme, and ensure you include organisations and people that may be helpful allies in your outreach.

- Use your programme evaluation and impact reporting as **engagement tools**, and demonstrate the social and economic impact of social entrepreneurs.
- Ask the social entrepreneurs you support **to represent you** at meetings, conferences, etc. to put forward requests for help and to share the thier work and impact.
- Undertake **advocacy** and **policy development** using your learning and case studies.
- Hold events for showcasing and **recognising success**, for example awards events. Work with other organisations to host policy seminars and round table events.
- **Publicise case studies** in sector and wider media, especially mainstream media.
- **Use social media** extensively to promote your programmes and campaigns and success stories.

These are all ways that you can share your successes with others, spread effective practice and generate new partnerships. However, you should also use trusted parts of your network to allow you to learn and improve your programmes on an ongoing basis.

5. Case studies
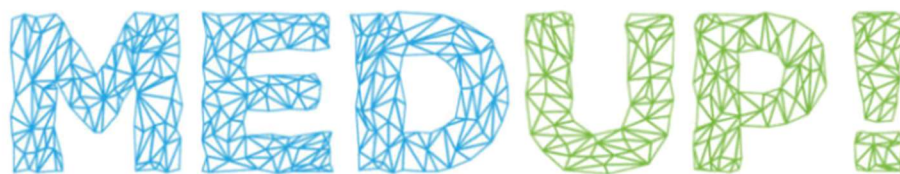
MedUp! Promoting social entrepreneurship in the Mediterranean region

"MedUp! Promoting social entrepreneurship in the Mediterranean region (2018-2022)", cofounded by European Union, focuses on **promoting social entrepreneurship** in Morocco, Tunisia, Egypt, OPT, Lebanon and Jordan. Social entrepreneurship can be considered as a driver of change not only for its potential to create jobs and democratic participation, but also for fostering **inclusive growth**, **shared prosperity** and **social inclusion**.

The project was implemented following an **ecosystem approach** along three main levels of intervention:

1. **Micro level**: providing financial and technical support to the most promising social enterprises (SEs)
2. **Meso level**: reinforcing social entrepreneurship support organizations (SESOs) through capacity-building and networking activities
3. **Macro level**: promoting country and cross-country policy and advocacy initiatives and public-private dialogue to create an enabling regulatory and policy environments

**Watch** MedUp! trailer short version (3:19 minutes)

At micro level, MedUp! supported **66 inspiring social enterprises** from diverse sectors and with differences in sizes, with a total amount of more than 1 million euros fund, in form of sub-granting and one-by-one tailored business support to improve technical and soft skill. In 4 years, the project involved more than **8.000 youth and women** in activities related to social entrepreneurship and the 66 SEs created more than **1.300 jobs**.

At meso level, **59 SESOs adopted tailored tools** for SEs in developing their business. **12 partnerships** between SESOs and local or international financial institutions/social investors has been created. **1 operational platform** is available: se-MENA aims at providing a networking space and knowledge database for the social enterprise ecosystems in the MENA region.

At macro level, **3 Peer Review** were organized as well as workshops and networking events that have also included meetings with EU and local institutions in charge of developing enabling policies for the social economy. **28 Public-private dialogues** and meetings on Social Entrepreneurship carried out. **15 new or improved regulations and initiatives** were promoted to encourage women and youth social entrepreneurship in the six targeted countries.

Working at the policy level is challenging and it is the key lesson learnt for the future. It is a process that requires time and a strong knowledge and adaptation of the local context and understanding of the different local SEs ecosystems and priorities as well as networks to better convey messages and asks at different levels.

Be it at macro, meso, or micro level, MedUp! ensured a great deal **of awareness raising** around the concept and the perception of social entrepreneurship, tackled the importance of supporting this sector of the economy and advocated for pursuing public-private-SSE dialogue.
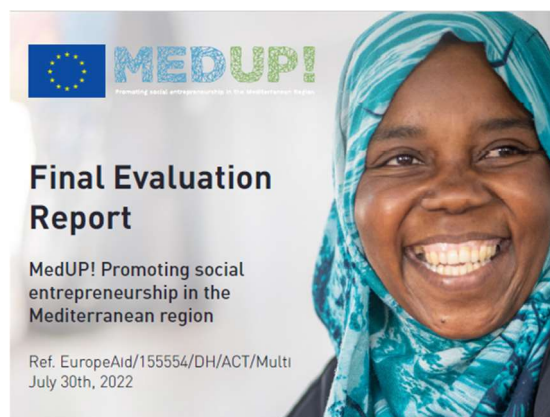
Read Report of the MedUp! final external evaluation (PDF)

Social Business Incubator – MedTOWN Demonstrative Action (Jordan)


In line with the Government of Jordan priorities, the demonstrative action in Jordan is being implemented by JOHUD, in close cooperation of the Jordanian Ministry of Social Development (MOSD), to establish a **Social Business Incubator to support entrepreneurship** in Al-Knoura and Mazaar Districts, in the northern Jordan region.

The established Social Business Incubator is hosted by MoSD and operated by JOHUD, to provide innovation and entrepreneurship training to the most **vulnerable young people,** with focus on **women, Syrian refugees** and **persons with disabilities** "PWD". The incubator helps in reducing the gap between vulnerable groups and decision makers, as well business owners. The project aims to support vulnerable groups by:

1. Building their capacities and assisting them to establish their own successful businesses
2. Overcoming barriers in their access to basic services
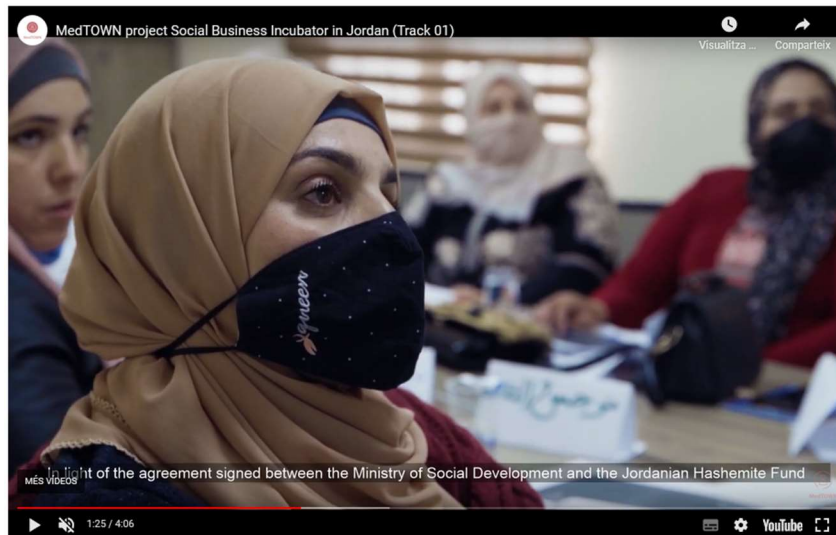
Watch MedTOWN project presents its Social Business Incubator in Jordan (4 mins)

Following a co-production and SSE approaches, the DA will pilot an innovative public-private partnership to **co-produce social services of general interest** to the most vulnerable groups, to be an example to follow and support social entrepreneurs in all regions of the country. The innovative design and management of the business incubator that aims to empower the most vulnerable groups to be creators of social ventures that have an important impact on their communities.

Watch [MedTOWN in Jordan explains what it provides through its social business incubator](#) (5:20 mins)

6. Useful resources

Definitions

- [Notes on Social Enterprises and Social Economy for the Working Groups](#), developed by DIESIS for the MedUP project advocacy pillar

Pre-Start

- [Nesta DIY Toolkit](#)
- [MARS Guide to building a Business Model](#), including details of value proposition and business model design
- [MaRS Guide to Legal Structures for Social Ventures](#) in Canada
- [UnLtd guide to setting up a social enterprise](#)
- [How to Start a Social Enterprise](#)

Start Up

- [Business Planning for Social Enterprises](#)
- [Using the Business Model Canvas for Social Enterprise Design](#)
- [Social Lean Canvas](#)
- [Start. Sustain, Impact Toolkit](#) from UnLtd (UK)

Grow

- A [checklist](#) to help you to decide whether to grow your business

Scale

- [Spring Impact Social Replication Toolkit](#)
- [How to scale your social business](#) - Impact Hub blog using guidance from Spring Impact (formerly the International Centre for Social Franchising)
- [Entrepreneur guide to Scaling Social Enterprise Ventures](#)
- [How to Scale Up Social Programs that work](#)
- [NESTA: Making it Big](#) Strategies for Scaling Social Innovations
- [IDIA: Scaling Social Innovation](#)

Ecosystem Development

- [WAMDA research report on the social enterprise sector in Egypt, Patestine. Lebanon and Jordan](#)
- [Entrepreneur Middle East: Social Entrepreneurship is on the Rise](#)
- [Global Social Entrepreneurship Network](#)

Mentoring

- [UnLtd guides to mentoring social entrepreneurs](#)
- [Mowgli Mentoring](#)

Impact Measurement

- [The Outcomes Matrix](#) - helps organisations plan and measure their social impact. It includes outcomes and measures for nine outcome areas and 15 beneficiary groups
- An [assessment tool](#) for organisations looking to become B Corps, create by BLabs
- [Big Society Capital Social impact tests](#) - used by a large social financing organisation in the UK to assess how "social" a SESO or social enterprise actually is

Finance

- [Guide](#) to different types of social finance
- [Supporting Social Enterprise](#) (Guide for Philanthropists)

Legal

- Pro bono [legal advice](#) to social sector organisations

Design thinking

- [Dschool Stanford University](#): A virtual crash course in design thinking
- [IDEO.ORG](#) Design Kit

Case Studies and Success Stories

- Devex: [What you need to know about the Middle East new social entrepreneurs](#)
- Devex: [What aid agencies can do to boost social enterprise](#)

Well-Being for entrepreneurs

- [Information, articles and case studies](#) on wellbeing by and for social entrepreneurs

MedRiSSE

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