

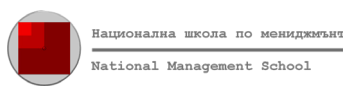
YOUTH MOVE: ENGINE FOR EU SOCIAL ECONOMY TRAINING COURSE



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INTRODUCTION

According to EU 2020 strategy, social economy and entrepreneurship are at the heart of Commission concerns due to their vital importance in terms of social cohesion and employment, especially among young people, one of the groups that are being hard-hit by the crisis.

The main objective of the course is, with the support of ICT, to improve the capacity of youth workers/leaders of institutions by providing them with a quality and open-access online course on social entrepreneurship that will increase their knowledge and competences in social business field.

This course has been developed in partnership by a Social Enterprise, a NGO, a Local Authority and a Training Company from Bulgaria, Romania, Portugal and Spain.

The whole course has been developed under a European and integrative approach, it is not intended to answer to local problems or concerns, but to serve as a base for any European young person who has an idea, and needs help and guidance to become a social entrepreneur.

The course is structured in 4 training modules:

First training module explores the concept of social entrepreneurship, how ideas can be generated, and how ideas are matured to start a project. It also provides examples of social enterprises around Europe, and how ICT technologies can be source of ideas and also tools to manage business.

The second module is about the legal organisational forms that a social business can have; main sources of funds and financial sustainability in the mid and long term.

The third training module provides the basis to establish a good communication strategy. In this module you will not find what tools you have to use, we leave that to each person's choice, and we will focus on what metrics and strategies you must follow to make sure that your strategy is working.

The fourth training module compiles and expands everything learned previously since is about how to prepare the business plan.

At the end of each module we will propose you some practical exercises in order



to help you to assess your achievements and to give you the chance to put into practice the knowledge you got along the module. At the end we propose you a glossary of key concepts, as well as a relevant bibliography if you're willing to expand your knowledge on any topic that may especially interest you.

MODULE 1 - THE WORLD OF SOCIAL ENTREPRENEURSHIP: CONCEPT, BUSINESS IDEAS, POSSIBILITIES AND MOTIVATIONS

1. Introduction

The purpose of this course on social entrepreneurship is to provide future entrepreneurs information, **resources, and other tools** that will help them launch an entrepreneurial idea.

It aims to be a **source of information** to start putting an idea into action; and through which the entrepreneur can continue to expand and can continue to deepen in those topics that are of interest.

This module 1 is about the **key concepts** associated with social entrepreneurship from a practical point of view, what factors must be taken into account when developing a business idea and what tools can be used.

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2. What is social entrepreneurship?

2.1. Entrepreneurship

Entrepreneurship is a perfect combination between the **passion for an idea** and the **motivation to carry it out**. It is born within the framework of a reality adjusted to a social reality and is based on the preparation and training of the entrepreneur. It is an adventure that we assume, the uncertainty we have and the satisfaction of accomplishment at the same time. The combination of these factors is where the ambition lies, that spirit of adventure proper to those who want to bet on a project.

That **entrepreneurial appetite** to which we refer is the basis of an equation where there are two other variables: the idea and the market. The entrepreneurial project arises from an **idea, needs a motivated person to start it and is developed in a given market**.

2.2. Social entrepreneurship

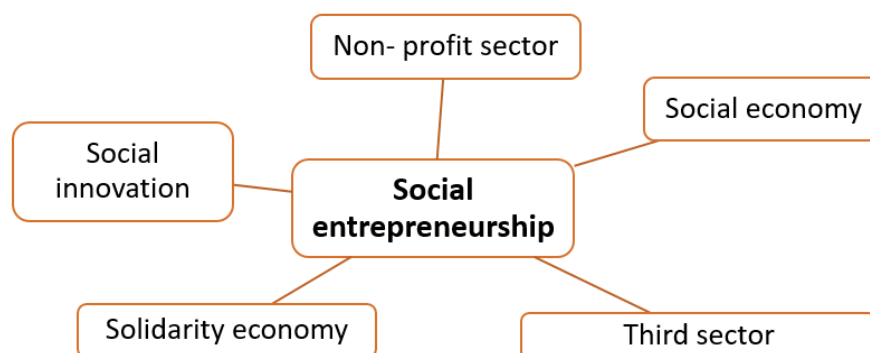
The concept of **social entrepreneurship** is a very popular concept in our society, and has attracted the attention of public and professional entities and academic and economic sectors throughout the world. One could say that it is a modern concept, a kind of “new fashion”, however, the phenomenon, itself, is not new, since there have always been social entrepreneurs, only that they were not identified as such.

Akocha, the global network of social entrepreneurs, conceives social entrepreneurship as a fundamental pillar to promote sustainable entrepreneurship. This organization refers to social entrepreneurs as **“Individuals who formulate and present new solutions to social problems”**.

On the other hand, Mair and Marti (2006: 37) define social entrepreneurship as **“A process that integrates and combines resources in an innovative manner and allows meeting unmet social needs by the public sector and by other entrepreneurs”**.

Nowadays, the expression social entrepreneurship has acquired a marked emphasis, to the point of being considered a **dynamic and revolutionary movement** that responds to the multiple problems that society faces and that is even capable of transforming our way of thinking.

An example are the different institutions of solidarity that we all know and that have been created through initiatives of this nature without being associated with social entrepreneurship.



The concept of social entrepreneurship sometimes overlaps with the notion of **corporate social responsibility**, which is applied in commercial enterprises, and which seems to be limited to a moral duty to contribute to the sustainable development of the society in which they are inserted, but a business enterprise in itself has no social purpose.

2.3. Social innovation and circular economy

We define social innovation as **new approaches to respond social needs**, and they have to be social both in the purposed and in the means to achieve the desired results. It seeks to involve and mobilize beneficiaries to help **transform social relationships** and get beneficiaries access to resources; whether physical resources or intangible resources such as education.

Social innovation can empower specific groups of people and challenge the unequal or unfair distribution of power and resources in society. In this way, social innovation contributes to the public good and to a more just society.

Social innovation is a very broad term that covers a wide range of activities, such as:

- **New products and services:** new interventions or new programs to meet social needs.
- **New practices:** such as services that require new professions or professional roles.
- **New processes:** new forms of production of goods, such as the co-production of products.
- **New norms and laws:** creation of new laws or rights.
- **New organizational forms:** hybrid organizations, such as social enterprises.

A concept that is related to social entrepreneurship is the **circular economy**. The linear economy is based on the principles of producing, using and disposing of products when their useful life ends or they are considered obsolete. The circular economy, on the other hand, is based on the principles of **recycle, repair and reuse**. In the business opportunities section you can see what entrepreneurship opportunities the circular economy offers.

2.4. Challenges of social entrepreneurship

Social entrepreneurship has become an innovative way of addressing unmet social needs. The emergence of social entrepreneurship arises at the same as **criticism of traditional sources of response of social challenges has intensified, due to its bureaucracy and resistance to change**.

In this context, social entrepreneurs play an important role as **agents of change** (Sharir and Lerner, 2006), who develop and implement innovative programs to

solve social problems that remain unanswered. However, ideals and dreams are not enough to start and develop a social entrepreneurship project, since the challenges the social economy faces are great.

Social entrepreneurship has differentiated characteristics that make its mode of action peculiar, since its main objective is to create social value; they aim to build a sustainable response model.

In the opinion of Sharir and Lerner (2006), a social entrepreneurship project will be successful if it meets three criteria:

- **Achieve the proposed objectives.**
- **Ensure the continuity and sustainability of its services.**
- **Have solid foundations for growth and development.**

The creation of social and economic value in a single organizational model imposes important challenges that successful organizations must overcome.

2.5. The environment and the entrepreneur ecosystem

It is necessary to delimit the environment in which the project will unfold in order to be able to predict and evaluate the interrelation between the idea and the environment. For this, we will see later how to determine the **social, economic, technological and institutional environment** in which the project is going to be implemented.

Depending on the starting point, the physical location and scope of the project will be different. In any case, it is important to specify **where it will be carried out** and, above all, **what coverage it will have** in terms of territory and affected population, since the necessary resources (both human, material and financial) will depend in part on this variable.

Medium and long-term sustainability is a challenge faced by all companies, but in the case of social enterprises it is even more pressing. So that social enterprises can compete in the market under equal conditions, it is important that entrepreneurs know how to identify their **support ecosystem** and the elements that comprise it, and rely on them to achieve their goal and survive in the market.

Elements of the entrepreneur ecosystem	
Training and research	It is necessary to study how non-profit companies use commercial practices to sustain their activity and at the same time achieve social impact; in addition to financial performance. Research and training centres can accompany social enterprises and help them in reaching their goals.
Mentoring	Operating in the market is complicated, there are too many aspects to consider, and it is difficult for a person to gather all the necessary business knowledge. The entrepreneur can rely on other people to obtain advice or outsource part of the internal operations that he does not know, such as billing, accounting, personnel management, etc.
Financing	Financing is a key aspect in the start-up of any entrepreneurial project. In the case of social enterprises, it will be useful to identify specific investment funds, also called "social investment funds".
Innovation	In the social field, innovation is linked to empowerment, to facilitate access to knowledge and resources to those sectors of society that have been abandoned. In this sense, technology has facilitated the democratization of knowledge and innovation outside the usual circuits.
Redes (Networking)	<p>This element is what brings together all the previous ones and makes the entrepreneurial ecosystem grow. Thanks to the proliferation of ICT technologies, contact networks can be established virtually.</p> <p>A wide network of contacts can help us obtain financing, specialized advice, attract people to our project and so on.</p>
Diffusion	Not only should it be used to communicate cases of success and failure, but dissemination can attract talent to the social ecosystem; as well as generating synergies among the participants in the social ecosystem. The dissemination of social projects towards society in general increases social awareness, and will help achieve the objectives of our company, whether attracting talent, financing, project users...

Know more

Business angel

A Business Angel is a prosperous individual who provides capital for a star-up, usually in exchange for shareholding. Angels typically invest their own funds, not as venture capitalists, who professionally manage third-party money through a fund.

A start-up company is a business that is distinguished by its risk / reward profile and its great potential for growth (scalability). Generally they are companies associated with innovation, technology development, web design, web development, venture capital companies.

The start-ups usually start as a creative business idea, an immediate step is to add differentiation to that idea through innovation, to finally start the business.

3. Business ideas

In the last decade, **social concerns have been incorporated into the activity of entrepreneurs and companies.**

In its essence, social entrepreneurship began as an activity driven by individuals capable of acting, transforming their ideas into concrete activities. From new ways to access micro-finance, new educational models, and digital platforms to share knowledge, models for local resource use, or low-cost access to energy models or medical care, etc... **Social entrepreneurs are distinguished from commercial entrepreneurs by their goal of creating value for society;** and from traditional social support organizations for their willingness to create economically sustainable models, generate income, disseminate their innovations and seek to increase their impact.

3.1. Business ideas in social services

The demographic composition of the European Union and the perspectives of aging of the population, make the **social service entrepreneurship necessary**, to respond to the current demand for services and future demand, which is expected to be higher than the current one.

In particular, it is considered that social entrepreneurship has prospects for growth in projects related to the care of the elderly, dependents, and training and insertion of migrants.

Sustainability and the environment are also key issues for social innovation projects, whether linked to recycling, resilience to climate change or recovery of degraded spaces.

The White Paper on entrepreneurship, of 2015, includes areas of activity in social and personal services with market growth and demand for new services::

Activity sector	Services
Services of daily life	<ul style="list-style-type: none"> ● Domiciliary services. ● Childcare. ● New information and communication technologies. ● Help and insertion of young people with difficulties. ● Help older people living alone. ● Help for dependents.
Improved services for daily life	<ul style="list-style-type: none"> ● Housing improvement. ● Citizen security. ● Local collective transport. ● Local commerce, consumer cooperatives. ● Revaluation of urban public spaces.
Cultural and leisure services	<ul style="list-style-type: none"> ● Social and sustainable tourism. ● Audio-visual sector. ● Revaluation of cultural heritage. ● Development of the local culture. ● Learning throughout life.
Environmental services	<ul style="list-style-type: none"> ● Waste management. ● Water management. ● Protection and maintenance of natural areas. ● Regulation and control of pollution.

3.2. Business ideas in circular economy

Previously we have also talked about the concept of circular economy, which is based on three fundamental principles that are: recycle, repair and reuse. The rise of the circular economy, and the social and environmental challenges that

we face as a society, mean that within the circular economy there is a market niche for entrepreneurs in the following areas:

1. Durable resources:

- **Efficient buildings:** energy saving, renewable energies, environmental impact of buildings and constructions, use of sustainable materials in construction etc.
- **Biotechnology:** Biotechnology develops multiple products with diverse applications, in the field of resources, products that seek to obtain energy through waste are developed.
- **Bio refineries:** it seeks to make the most of a product in circular activities. As agricultural products from which fertilizer and biogas can be obtained.

2. Extend the shelf life of products:

- **Repair:** it is one of the pillars of the circular economy. Through various initiatives old occupations such as sewing are recovered. It also encourages the repair of appliances, electronic devices and others.
- **Reuse of obsolete objects:** it seeks to give new uses to objects considered obsolete. An example could be the reconversion of telephone booths into telephone charging points or Wi-Fi hotspots with tourist information.
- **Modular products:** the modular products allow the consumer to create products tailored to their needs, and to extend their useful life by repairing them themselves or by adding the modules they need. That business idea is applicable to many products, an example is Fairphone, a modular mobile phone ethically produced.
- **Second hand:** the platforms that allow selling and buying second-hand goods are booming, and this allows users to reuse and reintroduce items that would otherwise be discarded into the market.

3. Reuse of resources and recycling:

- **Plastic:** many companies are starting plastic recycling projects to give them new uses, whether in the textile industry or other applications. The Spanish brand Ecoalf creates garments from fishing nets, tires and recycled plastics.
- **Paper:** in this case we can see the example of Sheedo, a company that makes paper from cotton waste of the textile industry, and whose paper houses seeds, so that once used, can be planted.
- **Urban waste:** other products can be manufactured from urban waste

such as biomass ash as fertilizer, or bio pesticides from food waste.

- **Sustainable farming:** For these crops, food residues such as coffee or beer can be used as fertilizers. Disused urban spaces can be reconditioned as urban gardens.

4. Services to consumers and companies:

- **Specialized consultancy:** to help companies implement energy efficiency policies, recycling, waste management, etc.
- **Training:** tutorials and training manuals for consumers and companies on topics such as the environment, home waste management, energy efficiency...

5. ICT applications and collaborative platforms:

- **Use of spaces:** as coworkings or renting workspaces with specific requirements, such as repair workshops.
- **Loan and exchange platforms:** there are applications and platforms for loans and exchanges of objects that are not usually used as tools or machinery. These loans are usually organized locally.
- **Mobility:** the mobility needs of the population are enormous, but the owners of a vehicle do not use it all the time and they do not get profitability for the maintenance expenses derived from it; so there are vehicle sharing platforms, which in addition to solving mobility problems reduce CO2 emissions.
- **4.0 Technology and Big Data:** applications related to robotics, IoT, machine learning etc. They are technologies that can be applied to circular economy processes, such as improving waste management.

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3.3. Business ideas in digital economy

The composition of society, the phenomena of urban concentration and the advances of technology have meant a radical change in economic models. As a consequence, entrepreneurs need to take advantage of **innovation and technology development** to develop their projects and promote the advancement of the standards of life of citizens in general.

Digital economy already accounts for over 8% of the GDP of the G20 countries, in many cases linked to the development of new applications of technological innovations such as geolocation, sustainable materials, power generation, etc.

The innovations are generally linked to the 4 major current technological trends that are:

Current technological trends that promote social entrepreneurship	
Open-Hardware	These projects are inspired by the do-it-yourself movement and the expansion of manufacturers' space. They make digital hardware available for people to adapt, pirate and turn it into tools of social change. In this type of project, hardware designers share their design options and the drivers they use.
Open-Knowledge	It refers to large groups of citizens who come together in online platforms to collectively create and analyse new types of knowledge. Crowdfunding campaigns are also launched to launch new projects. An example is the platforms of participatory democracy or initiate campaigns of collection of signatures to solve local problems. Open knowledge is based on the co-production of new knowledge and mass mobilization based on open content, open source and open access.
Open-Data	It refers to innovative ways of opening, capturing, using, analysing and interpreting data. It seeks that information on public entities, governance etc. be transparent and accessible. Open data is that data that is accessible and reusable, without the need for specific permits.
Open-Networks	It describes how citizens develop new networks and infrastructures such as sensor networks to connect their devices to collectively share resources and solve problems. For example, in places where internet coverage or mobile network is scarce, the inhabitants of these areas open their private networks to increase coverage.

Open digital ecosystems **foster social innovation and entrepreneurship, accelerate innovation and align Internet capabilities with social needs and decentralize power to citizens.** Making data accessible, open to all interested parties, allows interested parties to make use of this data and create new services. Development must be based on standards, protocols and open formats, so that data, applications, devices and networks are interoperable. This vision requires more investment in research and development to promote net neutrality, strong data

encryption and open standards.

Example of social entrepreneurship projects with a technological base:

Accitymaps: expert consulting firm in new technologies, accessibility, mobility and urbanism, committed to people with disabilities or difficulties in comfortably exercising their mobility. They have developed an app that allows people to plan a route between two points in the city, free of architectural barriers.



Afables: is an application that helps you find a caregiver of elderly, elderly or dependent, or a home help company, among the best valued in your city.



Eneza Educación: has developed a comprehensive virtual tutor service that offers affordable and quality learning services through mobile technology. It has more than 3 million users in Africa, and they offer services through SMS, Smartphones, Mobile Web Platform, Facebook Messenger or Telegram. They are currently present in Kenya, Ghana and Cote d'Ivoire.



4. Start-up of a social entrepreneurship project

To start an entrepreneurial project you need three basic pillars: the entrepreneur, the idea and the market.

4.1. The entrepreneur

The entrepreneur must have high doses of **motivation**. The idea, however good it may be, needs the push of the person behind it. The reasons for developing a project are also diverse: to improve a certain activity with a personal vision of the way in which it was being exercised, create a custom-made job, develop a new idea that can be implemented, achieve a better quality of life etc.

The person who wants to realize his idea must have a series of **qualities** or be concerned about developing them. The fundamental thing is to examine in an objective way the personal qualities, to determine if all the necessary qualities are possessed or if it is necessary to supply some; either through training or an external expert.

Establishing whether you are able to launch the business plan or sell the idea to an investor can be essential. If, after examining personal skills, it is determined that there are skills that are lacking, some of the services can be trained or outsourced.

Having knowledge of the shortcomings and virtues can mean the difference between success and failure of the project. Among the most common qualities that we find among successful entrepreneurs are: the ability to **take risks**, to **make decisions**, to **direct and plan**, to **communicate**, to **reconcile the objectives** of the company with their own, **knowledge of the sector** and **know how to adapt to changes**, among others.

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Fernando Trias de Bes, in his **Black Book of the entrepreneur**, he enumerates a series of factors, which he calls **Key Factors for Failure**:

- **Regarding the person who undertakes:**
 - Become an entrepreneur with a motive, but without motivation.
 - Not having an entrepreneurial character.
 - Not being a fighter.
- **Regarding the partners:**
 - Having partners when in fact you can do without them.
 - Choose partners without defining relevant selection criteria.
 - Go to equal parts when not everyone contributes the same.
 - Lack of trust and communication with partners.
- **Regarding the Business Idea:**

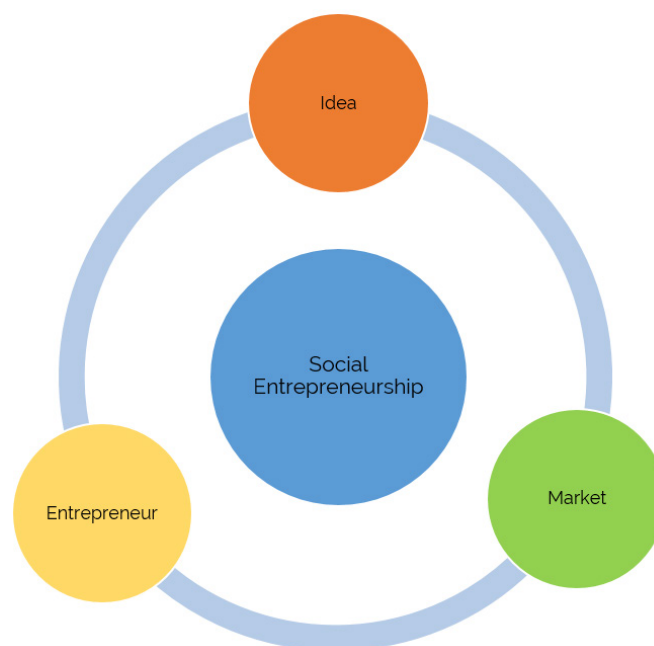
- To think that success depends solely on the idea.
- Go into sectors that do not like or are unknown.
- Choose unattractive activity sectors.
- **Regarding the family situation of the entrepreneur:**
 - Make family needs and material ambitions depend on the business.
 - Undertaking without assuming the impact it will have on our vital balance.
- **Regarding growth management:**
 - Create business models that do not provide benefits quickly and sustainably.

Each entrepreneur must analyse their profile, see the **aptitudes and attitudes**, so that they are able to decide whether to go ahead or not. Once the profile has been analysed, it has to determine which its main deficiencies are and how it can supply them; you must also determine your main skills and polish them. Each person is expert in one aspect, the other aspects can be trained or entrusted to another expert.

ANALYSIS: EMPLOYEES VS. ENTREPRENEURS		
Being an	Advantages	Disadvantages
Employee	<ul style="list-style-type: none"> ● Fixed salary ● Less work time, only the workday ● Less effort ● An economic investment is not necessary 	<ul style="list-style-type: none"> ● Less freedom ● Less creative ● Less personal development ● Less leadership ● Less possibility of self-realization ● Less income

ANALYSIS: EMPLOYEES VS. ENTREPRENEURS		
Being an	Advantages	Disadvantages
Entrepreneur	<ul style="list-style-type: none"> ● Greater freedom ● Greater creativity ● More personal development ● Leadership ● Self-realisation ● If the company is successful, obtain greater income ● Be able to be the boss 	<ul style="list-style-type: none"> ● The entrepreneur is responsible for the whole process before third parties interested in the company (suppliers, customers, workers, investors, etc.); To some extent they are all "heads" of the entrepreneur. ● An investment and financial outlay is necessary to get started. ● Greater risk and instability. The salary depends on the results of the business. ● Long time investment, including personal; The mind is in business 24 hours. ● It requires a lot of effort and worries.

As we have already seen, the appetite of the entrepreneur is the basis that starts a project, but there are two more variables that are fundamental to launch a social entrepreneurship project: the **idea and the market**.



4.2. The idea

The idea can arise in multiple ways. For example, it can be the result of inspiration, you can detect the lack in a service or propose the improvement of a product. The alternatives are innumerable, depending on the source the ideas can be:

- **Internal:** come from the knowledge of the entrepreneur or the organization where he works. They arise from the interests, skills or competences of the person.
- **External:** they result from dealing with clients, from lived experiences, from the way other people solve problems, from the progress of research, from new technological options, segments of society with needs uncovered...

The ideas are usually born from the mixture of the **detection of needs in the environment, personal experience, tastes and desires of the entrepreneur**. Generally an idea of success is the mixture between the own knowledges, the observation of the surroundings and the viability of the same.

When the idea of the entrepreneur is not fully suited to their knowledge, it is necessary that it aligns with other people who complement their shortcomings.

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Example of business idea based on the observation of the environment

Erik Mayol President and founder of the chain of toy stores Eureka Kids, found together with his wife, the creative idea base of his business inspired by the shops of educational toys and wood that both liked in their trips through Central Europe.

Example of business idea based on the detection of consumer needs

Enrique Bermat is the creator of the famous candy with stick Chupa Chups, with more than 50 years of existence. After observing the behaviour of the children and their mothers, he noticed that children always got their hands and clothes stained when eating sweets; On the other hand, there was always the danger of swallowing it. Mothers, of course, worried and got angry; then it occurred to him to put a stick to the candy...

Example of business development based on innovation

Amancio Ortega, the founder of ZARA together with his ex-wife, Rosalía Mera and currently, president of the textile group INDITEX (Industrias de Diseño Textil, S.A.). The innovative idea of this Spanish businessman consisted of designing, producing and distributing a collection twice a week, which allowed to make design changes and colours many times a year. This strategy, combined with the weekly analysis of the most and least sold products, allows a quick response to the market, supplying more models sold out and stopping the production of those that are not being sold.

Source: "Enterprise and entrepreneurial initiative" Editex

Once we have the idea, it is necessary to consider a series of questions to check the maturity of it. If the entrepreneur is not able to answer most of the questions, the idea is not mature and the project is not ready to be launched.

How to check the maturity of an idea

- What is my idea?
- What is it for?
- Who am I addressing?
- When could I start it?
- Do I need a support team?
- Where can I start it?

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As we will see below, the market is the last fundamental factor to be analysed, because no matter how good the idea is, if the market is not prepared to absorb it, the project will fail.

4.3. The market

An entrepreneurial idea must be an opportunity framed in a specific market. Analysing the market is the last element of the equation to start the project. About the market in which the idea is developed we must know that it is basically composed of:

- **Social elements:** population, ages, educational and cultural level.
- **Economic elements:** productive structure, productivity, income and distribution of it.

- **Technological elements:** technological infrastructures, universities and research centres.
- **Institutional elements:** economic policy and international relations.

We have seen that a project must have a balance between three factors: the idea, the skills to undertake and the market where the project is developed. These three factors are the beginning of the entrepreneurial purpose. The next step is to determine if it is possible to bring it to a **successful conclusion**, if it is feasible. Neither the ideas by themselves, nor the skills, nor even a market that demands the product or service can make a project succeed, if the entrepreneur is not able to answer affirmatively to **three groups of questions to know the feasibility of the project**.

These questions are related to the possibilities of carrying out the project. Responding negatively to any of these three groups of questions will indicate that something is wrong and it will not be possible to develop the idea, at least until the solution is found.

First, it is necessary to question the technical feasibility of the project. It must be possible, technically, the provision of the service or the elaboration of the product. The entrepreneur has to have the necessary methods or means, and if that is not the case, he must prepare.

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Example of technical feasibility of a project idea

For example, an entrepreneur can detect a business opportunity in their area by noting that blind people are not using public transportation because it is not adapted to the needs of blind people. The entrepreneur thinks to create an application that guides them, but realizes that mobile data coverage does not reach certain places, so the application will fail.

Second, it is necessary to question the commercial feasibility. There must be a market for the product or service, as well as sales or income derived from them that justify the project. The same thing happens as in the previous question, it is necessary to ask who the potential clients will be and if it is possible to reach them. In case it is not possible it is necessary to establish a strategy that makes it possible.

Example of commercial feasibility of a project idea

A clear example that we observe today is that of artisanal products and their online sale. There are artisan businesses that start and do not have the possibility of physically locating in a store to get closer to their customers. Social networks, blogs and websites offer a wide range of these projects to begin to be known. However, they are tools that you need to know how to use correctly to take advantage of them. The training or having professionals in this field will help find our potential clients.

Third, it is necessary to analyse the economic-financial feasibility. The business has to generate profits and be profitable, for this it is necessary to develop a solid business plan. Module 4 of this course explains how to develop a business plan step by step.

5. Maturing and defining a business idea: PESTEL analysis and empathy maps

As previously mentioned, it is necessary to **know the market** on which the entrepreneurship project is going to start. In the case of social enterprise projects, this is especially important, since they are directed to niche markets that are sometimes unattended or complicated, so it is necessary to analyse them in detail. It is necessary to **delimit the environment** in which the project is going to be developed in order to be able to predict and evaluate the interrelation between the two, since the service or product is defined in part by comparing it with the market in which it will compete.

The market is composed of several factors, and to achieve a better knowledge of it, the entrepreneur has to perform two analyses, a PESTEL analysis and an empathy map.

The **PESTEL analysis** will provide knowledge about the economic, technological and institutional elements that affect it; that is, it will provide information about the environment.

An **empathy map** will provide information about the target audience to which the project is addressed, and will allow adjusting it to offer a value proposal focused on users and customers.

5.1. PESTEL analysis

The PESTEL analysis is an **analysis of the environment** in which we are going to launch the idea, it is a strategic analysis consisting of describing the environment **through political, economic, socio-cultural, technological, ecological and legal factors**. The ultimate goal of this analysis is to identify those external factors that can influence the project, if correctly identified it will be possible to predict market movements in the short and medium term.

Depending on the scope of the idea or project, the PESTEL analysis will be carried out locally, nationally or internationally. To be a really useful analysis, it must be done in a critical and realistic way; collecting credible projections. Below are several examples that can help analyse each factor, but it is the job of each entrepreneur to identify the specific aspects of each factor that affect them and analyse them.

PESTEL ANALYSIS FACTORS	
Political	<ul style="list-style-type: none"> ● Government policies. ● Fiscal policy. ● Corruption indexes. ● Risk of legislative modifications.
Economic	<ul style="list-style-type: none"> ● Economic development. ● Access to resources. ● Inequality indexes. ● Inflation and interest rates. ● Economic politics. ● Average level of income.
Socio-cultural	<ul style="list-style-type: none"> ● Changes in the structure of the population pyramid. ● Roles and gender stereotype. ● Fashion ● Religion. ● Local, national and international cultural aspects.
Technologies	<ul style="list-style-type: none"> ● Availability of resources. ● Investment in R + D + I. ● Future technological changes.

PESTEL ANALYSIS FACTORS	
Ecologic	<ul style="list-style-type: none"> ● Environmental protection laws. ● Regulation of energy consumption. ● Waste treatment laws. ● Migrations linked to natural disasters or climate change.
Legal	<ul style="list-style-type: none"> ● Applicable legislation. ● Sectors of regulated or protected activity. ● Risk of state intervention. ● Protection of intellectual property.

PESTEL ANALYSIS MODEL			
FACTORS	LOCAL LEVEL	NATIONAL LEVEL	INTERNATIONAL LEVEL
Political			
Economic			
Socio-cultural			
Technologic			
Legal			

5.2. Empathy maps

Once the environment has been analysed, it is necessary to analyse the key factor to which any social entrepreneurship project is addressed: the people who are going to be **users and customers** of it. The empathy maps are closely linked to projects of **social innovation and creativity**, since the goal is not only to know the clients or users, but also to put yourself in their shoes, which allows generating value proposals focused on the people to whom the project will be addressed.

Any innovation, new product or service is aimed at a specific audience, and it is based on the hypothesis that a social entrepreneurship project is **aimed at satisfying the needs of users or customers**. It is also true that if the potential clients

or users of the project are not correctly categorized, it may be the case that **certain stereotypes, beliefs or myths may stop the adoption of innovations and the project may fail.**

The creation of an empathy map seeks to know as much detail as possible about the potential segment of customers or users. The empathy map puts the person who analyses in the place of the users with the aim of knowing them in depth, it is about answering questions such as **who are going to be the users or clients? What value proposal do they expect? How do they spend their time? What really guides their behaviour?**

Steps to create an empathy map:

1. Segment

The first step is to identify all the potential market segments to which the business idea could be directed. This segmentation will be done in a traditional way, grouping them by common attributes, such as demographic, product use, etc. It is necessary to choose two or three segments with which to work, and discard those segments over which it is not worth working; either because they do not need the product or services, or because due to their characteristics they will not adopt it easily.

2. Humanize

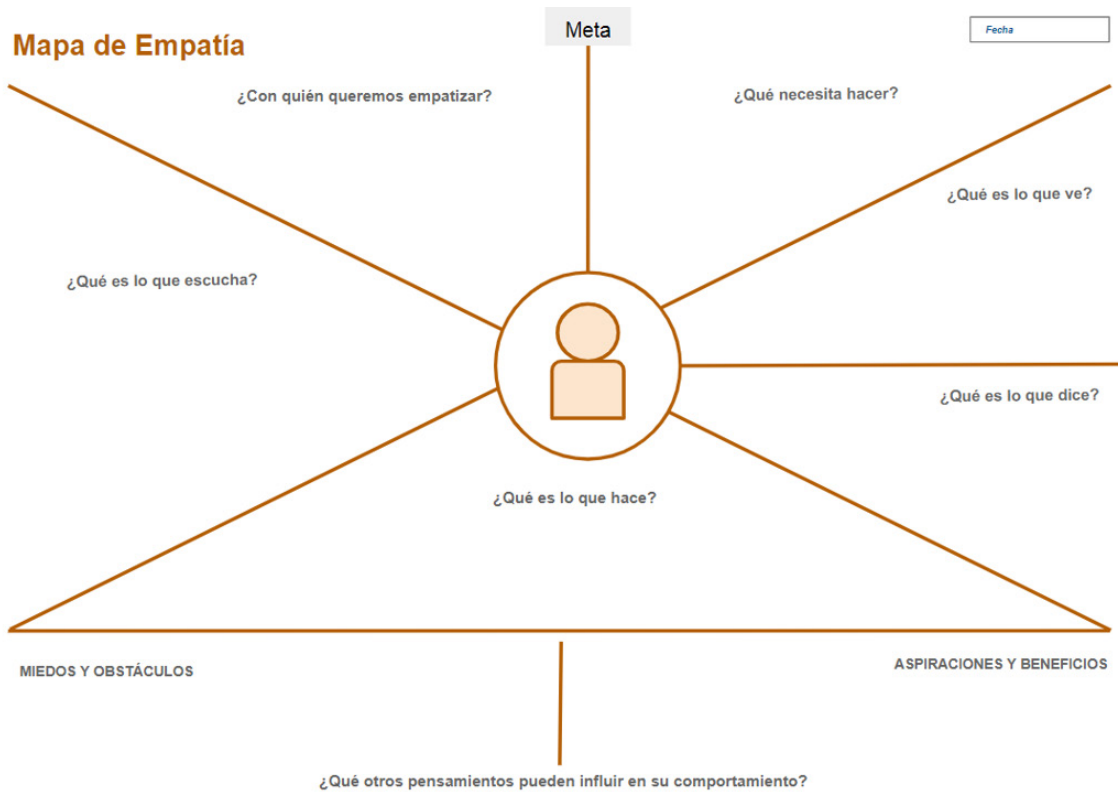
once the market segmentation is finished, it is necessary to convert that segment into a real person. It is necessary to put face and name to the client, a place of residence, employment and others. In this step we will create a fictitious character, built from real people, and that complies with all the characteristics of the market segment to which the service or product is directed. For this you can take as an example the audience of social networks or even real clients, if the project has already started.

3. Empathize

In this step we try to answer the questions that appear on the map.

4. Validate

As a last step it is necessary to verify that the hypotheses that have been made about the users are true, these responses must be validated with real users or clients.



Example of empathy map. Source: Método Consultores, adapted from XPLANE

How to use the empathy map model?

The empathy map could be completed using an online template and writing down the results in it, or can be printed in large size and collect the results by pasting post-its in each of them. In the section of webgraphy there is an editable model of empathy map.

The empathy map is covered in a clockwise direction. The first section to be covered is **who do we want to empathize with?** Along with the section **what do you need to do?** This sections together collect the goal of the project. In the first place, it is necessary to establish the profile of the type person of the empathy map and secondly it is necessary to determine the need of that person to whom the project is addressed.

First of all we will establish **the type profile** of the person with whom we want to empathize, his name, age, and other characteristics that are relevant and define him. We will continue determining the **need of that person** and that we want to solve with our project.

The other sections that surround the person refer to the **external behaviour** of the person, and therefore are observable behaviours. The lower sections refer

to **internal thoughts** and beliefs of the person, so part of these sections will be based on assumptions about their internal thoughts.

Examples of questions that can be asked in each section are offered and they will offer information about the subject of study.

1. Who?

- Name.
- Job.
- Situation of the person with whom you want to empathize.
- Other personal circumstances.

2. What does that person need to do?

- Tasks that he wants to perform.
- What can he do differently?
- How does he know he has achieved his goal?

3. What does he see?

- Market of similar or substitute products.
- Immediate environment.
- Readings, videos, movies, etc.

4. What does he say?

- What he says.
- What could he say?

5. What is he doing?

- What does he do in his day to day?
- How could he change his behaviour?

6. What does he hear?

- What people say in his environment?

Regarding the sections on **internal thoughts**:

- **Fears and obstacles:** refers to fears, efforts and sources of frustration for that person.

- **Aspirations and benefits:** refers to the internal motivations of that person, what motivates them and what they want to achieve.

6. ICT tools for business management

ICT tools, and technological tools in general, have a dual function in relation to social entrepreneurship, either by **generating business ideas** or as **facilitators and catalysts of entrepreneurship processes**.

6.1. Technology as a facilitating element of entrepreneurship

Regarding **the technology that facilitates entrepreneurial processes**, this occurs from a double perspective. On the one hand, technology serves as a **facilitator of entrepreneurship by bringing entrepreneurs closer** through networks of information exchange, collaboration in development or networking. Social networks are a great showcase for promoting social entrepreneurship, even for those projects that do not have a technological base, allowing them to **attract funds or professionals to their projects**, as well as **creating synergies** with other sectors or projects.

On the other hand, **technology facilitates the management of entrepreneurship projects**, by making business management tools available to the entrepreneur at reduced prices, and facilitating mobility, the entrepreneur no longer needs to have a large physical infrastructure, in many cases you only need a computer and internet connection.

SimpleMind allows users to **create mind maps** easily. It allows to add multimedia elements, and establish connections between ideas. It is a very useful tool to mature ideas.



Nominazer is an application that helps finding names for project ideas, and checks if the domain is available (.com .net .org).



Evernote allows user to organize all their information by filing notes. It offers a web version and also an application for all devices. The information is always sy-

nchronized. One of the most used and known applications.



Stratpad is a tool that in an integrated way allows users to create a business plan, in a simple way and explained step by step. It also allows creating financial projections and projections of cash flows.



Anfix is a free tool that allows users to carry out the accounting and billing of their business through a single tool.



Skype: communication with project partners, clients and collaborators is essential for the management of any project. Skype is the most widespread tool and allows instant communication.



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LinkedIn is the most widespread professional network in the world. Through this network we can be in contact with our professional contacts, and networking with people who share our professional interests and generate new synergies.



MailChimp is a marketing tool, the basic plan is free, it is a scalable tool through monthly payment plans. It allows creating mail marketing plans in a simple way and tracking tools for campaigns.



Google Analytics is a free tool that allows us to know and analyse the traffic of our website, the trends of the network and adapt marketing campaigns and im-

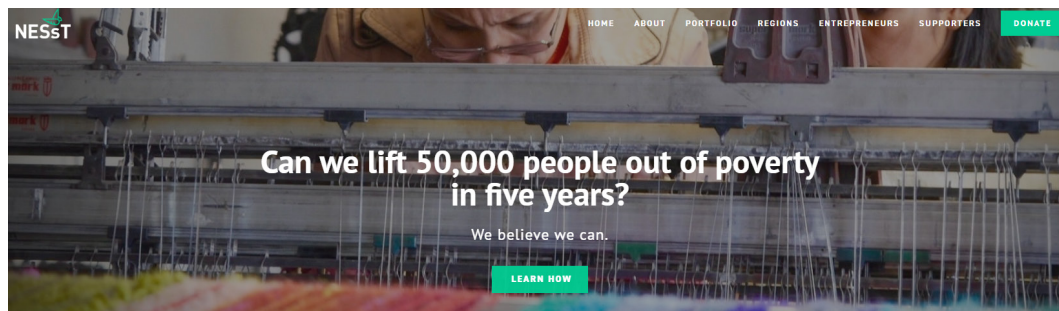
prove SEO positioning.



7. Examples of good practices in social entrepreneurship

Below are examples of numerous social entrepreneurship initiatives in several European countries, some financed with public funds and others of a totally private nature.

1. NESsT. Rumania. <https://www.nesst.org/romania/>



NESsT is an international network that supports social entrepreneurs in the implementation of their projects. It is a business incubator, which provides a support framework for new entrepreneurs. In Europe NESsT operates in the following countries: Romania, Croatia, Hungary, Czech Republic and Slovakia.

2. CRIES - Centrul de Resurse pentru Inițiative Etice și Solidare. Rumania. <http://www.cries.ro>



CRIES Association - Resource Centre for Ethical and Solidarity Initiatives is a non-governmental organization established since 2009. Among its activities is the organization of training courses, exchange of good practices and pilot tests of innovative initiatives. They offer support to new social entrepreneurs.

3. Princess Margareta of Romania Foundation. Rumania.



The Princess Margareta of Romania Foundation

This non-governmental Foundation carries out a social program dedicated to the elderly, with the help of volunteers. The support activities for the elderly that are carried out are designed to improve their quality of life and fight against loneliness. They have a telephone line called the Telephone of the Elder, that confidentially and anonymously offers them information, advice and emotional support through duly trained volunteers. In this line you can also report cases of abuse to the elderly or ask for help for those who do not have access to a telephone.

4. Impact HUB. Global. <https://impacthub.net/>



Global network with presence in more than 100 countries and more than 15,000 members worldwide, offer access to an ecosystem of resources, inspiration and opportunities for social entrepreneurs. Acts as an accelerator of social entrepreneurship ideas.

5. Niciodată singur (Never alone). Rumania. <http://www.niciodatasingur.ro>



This initiative, implemented in several cities in Romania, puts lonely elderly people in contact with volunteers who can help them. The ultimate goal of this entity is to fight against loneliness and isolation of elderly people without resources.

6. ColorAdd. Global. <http://www.coloradd.net/>



Free application aimed at people with colour blindness and vision difficulties that identifies colours correctly.

7. **Speak. Global.** <https://www.speak.social/en/>



Speak is a project of social innovation, already present in several countries that consists of offering affordable language classes for migrants who want to learn the language of the country they have reached and people in general who want to learn new languages. In the event that a person cannot pay the price of the classes they offer scholarships and grants.

8. **Code academy. Global.** <https://www.codecademy.com/es>

Code Academy offers free quality training in programming and new technologies. They have already trained more than 45 million students around the world. They offer training supported by Google, IBM etc. Anyone with access to the internet can complete their courses.

9. **Cozinha con Alma. Portugal.** <http://www.cozinhacomalma.pt/projecto/>



Social entity with the mission of supporting and training families who are experiencing temporary financial difficulties, through access to quality meals at a symbolic price and a training and training program.

10. **Ponle Cara al turismo. España.** <http://www.ponlecaraalturismo.com/>



Company of tourism services and consulting based on community, creative and industrial tourism, born in 2009 as a response to new tourism trends, the need to reinvent the sector towards a less aggressive and invasive mo-

del, generating value in the territory.

11. PaperHive. Bulgaria. <https://paperhive.org/about>



PaperHive introduces seamless discussion of research papers directly in the browser, embedded in the regular workflow. This enables researchers to attach questions, corrections, formulas, figures, further literature, code, or data directly to the original text where everyone can benefit from it.

8. Practical activities

8.1. True/false activity

<https://goo.gl/forms/CBklvuHXE7ZVscFn2>

8.2. Blank space activity

<https://goo.gl/forms/EUeMjQXtm60XrHvNz>

8.3. Final test

<https://goo.gl/forms/ARtRMQM8WxpYITRZ2>

9. Glossary

PESTEL analysis: Description of the elements that make up a market at local, national and international level.

Business Angel: Individuals with extensive knowledge of certain sectors and investment capacity, who promote the development of business projects with high growth potential in their early stages of life, providing capital and added value to the management.

Digital economy: economic activities based on digital technology.

Social economy: economic activities of private initiative that aim to benefit society.

Entrepreneurial ecosystem: combination of various elements that favour entrepreneurship.

Entrepreneur: That person who knows how to discover, identify a specific business opportunity and then will arrange to organize or obtain the necessary resources to start it and then later take it to a good port.

Idea: product or service that we want to launch to a market.

Social innovation: innovative solutions to respond to social problems.

Empathy map: tool for analysing potential clients, based on an in-depth knowledge of it.

Market: set of individuals or organizations that own or may have a need, have the financial means to satisfy it and are willing to acquire the products or services that make it possible.

Circular economy: a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing energy and material loops. This can be achieved through long-lasting design, maintenance, and repair, reuse, remanufacturing, refurbishing, and recycling.

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10.1. Bibliography

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10.2. Webgraphy

- The social entrepreneurs more innovative: <https://www.entrepreneur.com/article/269238>
- Best 10 blogs from entrepreneurs: <https://www.iebschool.com/blog/blogs-emprendedores-creacion-empresas/>
- Business opportunities in circular economy: <http://www.emprendedores.es/ideas-de-negocio/oportunidades-negocio-economia-circular>

10.3. Legislation

- Ley 14/2013, de 27 de septiembre, de apoyo a los emprendedores y su internacionalización. (BOE núm. 233, de 28/09/2013).

MODULE 2 - LOOKING FOR SUPPORT: FUNDING AND ORGANISATIONAL FORMS

1. Introduction

Being a social entrepreneur it's more than a business since you need to tackle both specific aspects of a business and the approach of an NGO where you're specifically aiming to achieve ambitious goals with impact in the society.

For entrepreneurs, a social business initiative entails care and passion for what you're doing, connection with the needs from the society and creation of a sharp business plan. This is why sometimes the challenges and the efforts of a social entrepreneur are higher than the one presumed by a regular business. Since the connection with social needs is a core principle of social entrepreneurship, the funding strategy and the capacity to insure sustainability to your social entrepreneurship initiative would be the key factor of success. Great and generous ideas, with a clear social relevance can be compromised by the lack of an effective financial strategy to support the implementation of those ideas.

In this regards we propose you a broad landscape of options for deciding upon the organisational form and designing your funding strategy when it comes to initiating a social business in the personal services area.

Many of us may identify different issues or problems in the society and arise creative solutions for solving them, but many people don't go beyond the ideas to transform them into practice.

The aim of this module is to offer learners a theoretical and a practical approach regarding financial support and to organise their business in a proper way in order to transform a creative idea into a sustainable structure of the social economy in field of personal services.

This module is based upon a research made first in several EU countries – Spain, Portugal, Bulgaria and Romania and we're also taking into consideration many tools, instruments and resources we have identified at EU level, and we're focused on offering answers, hints and tools to EU young entrepreneurs willing to benefit of a relevant training before or after starting an initiative in field of social entrepreneurship.

Upon the completion of this module the learner will have gained:

- Knowledge upon the basic principles of the funding mechanisms available in EU for the social entrepreneurs.
- Skills related to exploiting the funding opportunities existent in Europe for social entrepreneurs.
- An understanding of the elements that insure sustainability to a social entrepreneurship initiative focused on personal services.
- Knowledge upon the main principles of financial management of a social entrepreneurship structure (planning, accounting, monitoring and control).
- Practical approach regarding finance administration and ability to transform the knowledge acquired into practice.

Funds and resources in general are a fundamental basis for any economic sector thus getting funds for your social entrepreneurship initiative, and being able to prepare and implement a funding strategy first, and secondly insure a proper financial management will increase the chances to transform your initiative into a sustainable business in respect with your social responsible principles.

In order to address such learning outcomes, the contents of this Module will be provided in a progressive way:

- We will start with exploring the funding environment in regards with the field of social entrepreneurship in Europe, accessibility of the resources, trends, etc.
- We will continue to spot the sources of funding for social entrepreneurship initiatives, understanding the mechanisms of funding, advantages and disadvantages of various sources for funds
- We will explore instruments and strategies that may support us in identifying funds for implementing our social entrepreneurship initiative. We also consider the ICT tools available.
- We will explore the various organisational forms of social economy structures in Europe.
- An overview on financial planning, internal and external monitoring and control systems in regards with financial administration in order to achieve the safeguarding and transparency goals are also parts of our investigation.



Elements of social entrepreneurship

2. Funding framework for social entrepreneurship in EU

A significant part of the economy in Europe is organised under the field of social economy. The main structures of social entrepreneurship include NGOs, cooperatives, mutual societies, foundations or social enterprises. These structures operate an extended number of commercial activities, providing products and/or services across the European Union and generate millions of jobs.

The structures of social economy are also representing an important engine of social innovation in European Union. With over 11 million people working in the field (6% of the EU's employees) represent 10% of all businesses in EU . The development level of the social economy sector is a great indicator of economic and social development of a country. The countries with the strongest economies in EU have the most developed social economy sector.

Funding mechanisms at EU level are related to the organisational form of social entrepreneurship structures. In EU there are several programs with a clear component related to social entrepreneurship, but sometimes the access to this

funds may be restrictive, especially for the young entrepreneurs.

Different regulations in the EU countries and activity related obstacles for some legal forms of social economy enterprises may represent barriers for social entrepreneurs, but EU is one of the friendliest environments for social entrepreneurs.

The main EU programs that prioritise social entrepreneurship based upon the recommendation of the EU Commission are:

1. COSME – The programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME): https://ec.europa.eu/growth/access-to-finance/cosme-financial-instruments_en

It is improving access to finance for SMEs through two financial instruments:

- COSME Loan Guarantee Facility
- COSME Equity Facility for Growth

2. European Structural and Investment Funds – 2 out of 5 funds have an important priority related to social entrepreneurship

- European Regional Development Fund: http://ec.europa.eu/regional_policy/en/funding/erdf/
- European Social Fund: <http://ec.europa.eu/esf/home.jsp>

3. Erasmus for Young Entrepreneurs: <https://www.erasmus-entrepreneurs.eu/index.php>

Is focused on supporting the young entrepreneurs to develop practical entrepreneurial skills. Social enterprises managers and starting entrepreneurs are eligible under this programme.

Other funding programs of the European Union which also allow interventions in the field of social economy specific initiatives are:

a. Erasmus + 2014 – 2020: https://eacea.ec.europa.eu/erasmus-plus_en

It is a funding scheme to support activities in the fields of Education, Training, Youth and Sport.

b. Creative Europe

A programme that aims to support the European audio-visual, cultural and creative sector.

c. Horizon 2020: <https://ec.europa.eu/programmes/horizon2020/en/>

EU programme for innovation and research.

d. Europe for Citizens: https://eacea.ec.europa.eu/europe-for-citizens_en

Funding initiatives to strengthen remembrance and to enhance civic participation at EU level.

Beside the EU funds, in the most of the Western European countries the social entrepreneurship initiatives rely on government funding and contracts since in the Eastern Europe the lower involvement of the government generate a more consistent involvement of the private sector. In Central and Eastern Europe, the percentage of the private income is the highest - at around 21% .

EU it's a privileged environment with all the general support and initiatives related to supporting young entrepreneurs in implementing their ideas in field of social entrepreneurship. The key factor that may transform an idea into a real business are determination in identifying the best track from business idea to a qualitative application for the most appropriate public or private fund that may answer to the specific need of the young entrepreneur.

3. Sources of funding for social enterprises

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The structures of social economy may have a wide range of funding sources, but all this sources may be classified in three major categories:

- Governmental funds / public funds – including the EU programs
- Private contributions
- Commercial revenues

In the following pages we will have an approach on all this sources, exploring the advantages and disadvantages that each of this types may have.

3.1. Governmental funds

Public funds for the structures of social economy are playing an important role in Europe, since the EU programs as well as some governmental programs in different countries of European Union represented the main support for development of social enterprises. Since in most of the situations the social businesses represent part of the so called 3rd sector, the European Commission and the national

governments launch various numbers of calls for proposals in the field of social entrepreneurship. In this contexts, the social entrepreneurship organisations are invited to respond to the calls with applications that may be granted, and the structures of the social economy becomes a partner of the European or national policy in implementing those policies.

The trend is now to involve the private sector as a partner of the government in implementing the policies and this contexts allow participation of private entities (structures of social economy) to solving public needs that usually represent the responsibility of the public sector (personal services, education, social assistance, health, integration of the migrants, environment, cultural services, etc.). The funds may be subject of a contract or an indirect payment from the state, since there are some examples of countries (Romania) where the taxpayers may orient parts of the taxes they have paid to the state to private structures of the social economy / NGOs. Since the EU funds were thought to support implementation of the EU policies at European and national level, this funds represent also a public support and the beneficiaries act as an extension of the public authority transferring into practice the EU policies.

These funds represent an important support and the most of the structures of the social economy in Europe started their activity or still make use of public funds (European or national programmes).

Government funding can represent an important source of funding the social entrepreneurship initiatives and represent a good form of collaboration between state and private sector through decentralization.

Of course, there are a lot of advantages related to this funds source, and some disadvantages as well.

Advantages

- predictability
- financial stability during the duration of the projects
- increased legitimacy and public image
- good potential for "crowding in" effect - possibility to attract other funds

Disadvantages

- "crowding out" effect - focus only on public funds
- increased bureaucracy
- "creaming" effect - organisations search for funds, not for achieving their goals
- vulnerability to policy change and dependency to public funds

3.2. Private funds

They may represent an important category of funds for new social entrepreneurship start-ups. We may classify private funds in 3 major type of funding sources:

- Donations
- Sponsorship
- Private grants

Private funds are a great source of financial support since the bureaucracy is reduced and usually the private donors are more result oriented being more flexible as long as the results are achieved. An important element associated to obtaining financial support from private donors: once you have managed to convince companies or sponsors to invest in your idea, you gain legitimacy in the community and influence as well. Receiving financial support from private sources it means your idea is relevant and significant members of your community like the private companies invest you with trust. In the same time, there is an aspect related to financial and "ideological" independence: if your social enterprise rely only on private donors, they may have an important influence in regards with the mission, vision and objectives of the social enterprise, and you may realise a distortion from the initial mission of the organisation.

In any case, receiving private funds may reinforce your social business and may empower your organisation also as a confirmation that your idea is valid, and the added value of the services for the society is relevant.

Obtaining private funds may represent a challenge for young entrepreneurs due to the fact that it claims more than expertise in writing applications for public funds, but a stronger connection with the donor, fundraising expertise, costs to set up fundraising events, etc.

There are two major risks in regards with focusing only on obtaining private funds for the social enterprise:

A risk related to the mission and objectives: some organisations may orient their activity on high interest directions, without maintaining their initial goals.

Some organisations risks to have their mission and objectives imposed by donors, not by the values that were driven them in initiating the social entrepreneurship initiative.

Like in the case of public funds, there are some pros and cons elements that are presented below:

Advantages

- ☑ reduced bureaucracy
- ☑ public legitimacy and social recognition in the community
- ☑ increased flexibility and independence
- ☑ positive image in the community

Disadvantages

- ☑ fluctuations connected to the state of economy
- ☑ risks related to fluidity of the mission and objectives of the organisation
- ☑ emergence of fundraising costs to attract revenue

3.3. Commercial revenue

An important source of revenue for social economy businesses should be their commercial revenue. A social entrepreneurship initiative is not necessarily focused on growing the business and making more and more profit, rather to generate sufficient income in order to respond to its social goals. The type of the revenue for social entrepreneurship initiatives are related to the type of business developed by the entrepreneurs. In the field of personal services there are many areas of interventions and before initiating the social enterprise it's important to consider what are the opportunities and the social needs that may be approached by the social business.

Since there is an ethical aspect related to the fact that usually a social enterprise should provide services or goods to those in need who doesn't afford or have barriers in benefiting of those services or products. This is why it's essential to maintain a balance between sustainability and social mission of the organisation.

For most organizations, however, commercial activities have a secondary character, supporting the main projects being carried out. Income from these business activities actually finances the social mission.

The balance between sustainability and social mission is a key element of success for a social entrepreneurship initiative. Selling services and/or products helps organization to become independent and to attract staff, or to improve competences and quality of the offer. In the same time, being focused on selling services or products puts the social enterprises in the same situation with companies from the private sector, were the goal is making profit, not responding to a social mission.

4. Methods and instruments for getting funds for social entrepreneurship initiatives

We noticed the state of the art related to available funds for social enterprises in European Union, also different sources of getting funds for your social entrepreneurship initiative. When talking about efficient methods and instruments for getting funds we have to have a clear distinction upon several concepts:

- Fundraising: the management of relations between an organisation and groups of donors.
- Mobilizing resources: the various methods used by an organisation in order to attract and generate funds from different donors.
- Philanthropy – a modern form of contribution aiming to solve social issues and needs such as: education, innovation, talent development, and people empowerment in general.
- Charity – a traditional contribution oriented towards those in needs.



All the above are connected with organisations of social entrepreneurship organisations and it's important to decide the right path in order to get funds for your social business.

4.1. Project based approach

Many social enterprises in Europe started their activities and implemented their business plan based upon a public fund, European or a national or a private grant and the process of being funded involved developing an application form.

A project is an intervention upon a problem or a need and involves limited resources: human, financial/material and time.

When an organisation apply for a grant should take into consideration the aspects mentioned above, as well as the fact that the funder would impose beneficiaries to provide concrete results (outputs and outcomes) till the end of the granted period.

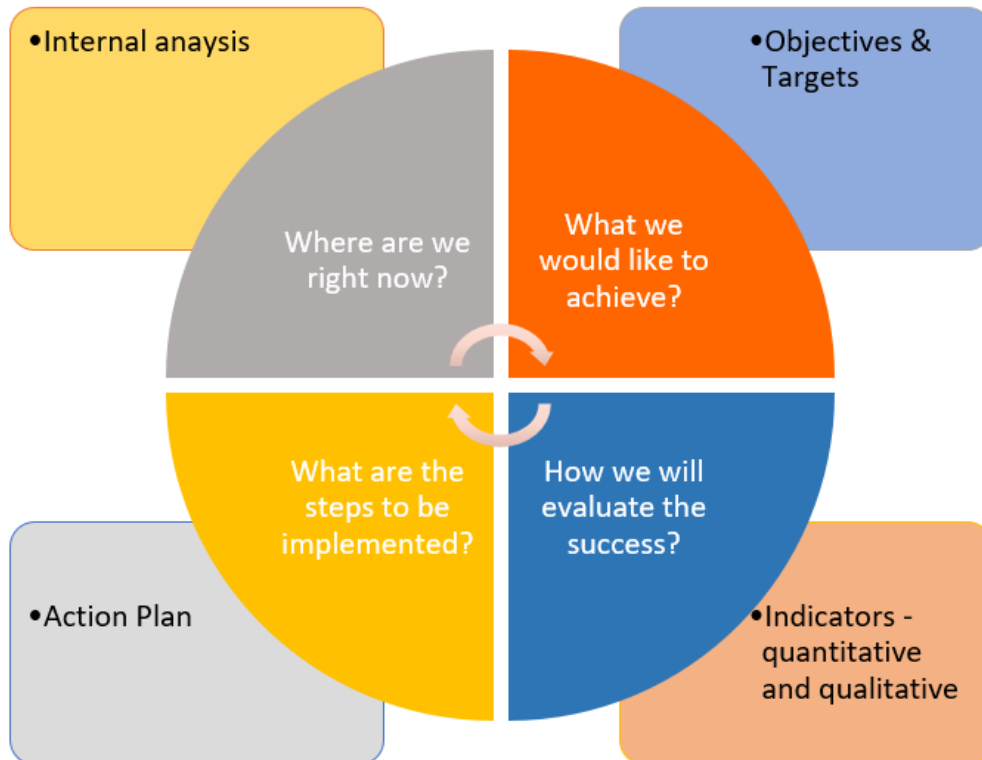
An application form involve the following elements:

- Description of the applicant organization: operational capacity, human resources, competences of the initiators
- Description of the idea: what problem will be solved after the project's intervention? Needs analysis.
- Objectives, activities, results, indicators of achievement, monitoring and evaluation
- Impact and sustainability
- Budget

Sometimes the complexity of the funding program may impose the support of experts and consultants, but as a manager of the future business is important to be familiarized with all the elements of a project, since the responsibility of the implementation rely on the initiators of the social business.

First chapter of this module present the main European funds available for social entrepreneurs. Sometime, the private grants may be more result oriented focused and the application procedure is less bureaucratic comparing with the public funding programmes. Each funding programme has a Call for proposals and specific Guidelines for applicants.

For building your project idea we propose you the model below – starting from internal analysis and intention to the concrete action plan.



Great information sources on available funding opportunities in EU:

- <https://www.welcomeurope.com/europe-funding-opportunities.html>
- https://ec.europa.eu/info/funding-tenders/how-eu-funding-works_en
- <https://publications.europa.eu/en/web/general-publications/eu-funding>

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4.2. Crowdfunding

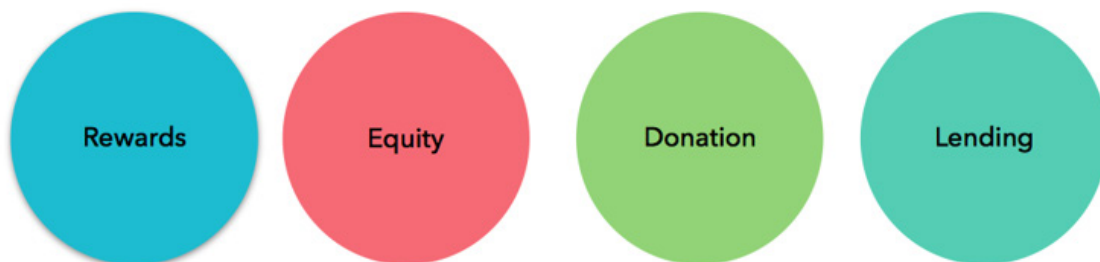
Crowdfunding has become a trendy concept and it express much more than just raising money from the crowd/public. It's one of the best ways to raise money for a business project, since once the set-up of the crowdfunding was established in a proper way, the bureaucratic work is less comparing to project based approach.

Crowdfunding is a method of raising capital through the collective effort of individual investors that may be friends, family, customers or clients. This approach is connected to the collective effort of a large group of people that become investors. Non-profits use crowdfunding to collect donations. They often define crowdfunding as online fundraising, social media fundraising or peer-to-peer fundraising.

Nowadays crowdfunding turned into mobilizing funds from a large pool of indi-

viduals, primarily online via social media and crowdfunding platforms. Crowdfunding is an alternative approach to business finance where the entrepreneurs would create their business plan, will present their sustainable idea for their services or a prototype of the product they plan to create. Usually the plan is presented to investors, banks or wealthy organisations or individuals.

There are several types of crowdfunding:



1. Equity based crowdfunding

It is really appropriate for social entrepreneurship and it's used to raise investment capital – start-up capital. It is a joint effort made between individuals to support the causes of other people or organizations in the form of equity. Contributors may act as investors and receive shares directly, or the crowdfunding service may act as a nominated agent. The main concept is built to facilitate access to funds for innovative companies.

2. Reward-based crowdfunding

It is used for a wide variety of business ideas including civic and social projects. Due to of several characteristics is sometimes called non-equity crowdfunding.

3. Donation-based crowdfunding

Focuses on mission and charity. Funds are raised for social or environmental purposes. Usually there is no incentive or return for donation, just the affiliation with the initiative/mission.

4. Lending-based crowdfunding

Or debt-based crowdfunding since the investors lend funds with the idea of getting money in return and also making profit with interest.

Crowdfunding platforms

In this sub-chapter our aim is to introduce you some relevant crowdfunding platforms. We are presenting you below several crowdfunding platforms active in

Europe. The variety of this type of platforms is wide, and not all of them may be suitable in all the EU countries. World Wide Web represent their environment, this is why an in depth research may connect you with the most suitable platform for your social business idea.

European Crowdfunding Platform (<https://eurocrowd.org/>)



It's not a crowdfunding platform itself, but promotes crowdfunding as a viable offering of job creation, social innovation and boost to entrepreneurship to the European public, policy makers and stakeholders. The platform is providing resources, professional support and a forum for collaborative action regarding crowdfunding, and promote innovative financial solutions for funding social & business projects. Create and influence the political discourse regarding crowdfunding within the European Union. It also offer many training and informational tools, including country reports related to EU member states.

Startupxplore (<https://startupxplore.com/en>)



It was founded in 2014 is the largest start-ups and investors community in Spain, with more than 10,000 companies. The site's main focus is its syndicate investment platform, which helps time-savvy, unexperienced investors to invest in Spanish start-ups while diversifying their portfolio by co-investing along a group of top-level Spanish lead investors with a proven track record on start-up investment. The goal Startupxplore is to give you the tools so that you can create a diversified and balanced portfolio of investment in innovative companies.

Kickstarter (<https://www.kickstarter.com>)

KICKSTARTER

It is a funding platform for creative projects. Everything on Kickstarter must have a project with a clear goal, like making an album, a book, or a work of art. It isn't probably the best example for crowdfunding for social enterprises, but is the most notorious crowdfunding platform.

Verkami (<https://www.verkami.com>)



A crowdfunding platform that offers creators an alternative way to fund their projects through individual pledges. It works very well in Spain, where there are many good practices examples of granted projects.

Startarium (<https://www.startarium.ro>)



A Romanian crowdfunding platform. It offers to entrepreneurs plenty of educational tools, mentorship and access to a wide range of resources beside the possibility to raise funds for the start-up.

PPL (<https://ppl.pt>)



It is the Crowdfunding platform of reference in Portugal, covering a wide range of thematic and areas.

GoGetFunding (<https://gogetfunding.com>)



It empowers you to raise money for various topics, from personal causes and events to projects. It works successfully in Bulgaria.

Ulule (<https://www.ulule.com>)



It enables creative, innovative and community-minded projects to test their idea,

build a community and make it grow. Within 6 years, Ulule has become the leading European crowdfunding website, with more than 25,000 successfully funded projects.

Goteo (<http://en.goteo.org>)



Social network for crowdfunding and distributed collaboration for projects that contribute to the common good, free knowledge, or open code. Goteo invites financiers and collaborators to work on getting social good projects off the ground through rewards-based arrangement. Goteo also uniquely offers two co-funding rounds, each with duration of 40 days. The first is an "all or nothing" round for the minimum essential budget, while the second is for an optimum sum to carry out additional improvements.

FundedByMe (<https://www.fundedbyme.com/en/>)



It was founded in Stockholm, Sweden, in March 2011 and is one of the first crowdfunding platforms in the world to offer both reward-based and equity crowdfunding. The platform has a major focus on European entrepreneurs to facilitate cross-border investments that benefit both entrepreneurs and investors. FundedByMe operates on a global scale and has offices in Sweden, Finland, Denmark, Norway, Spain, Germany, Italy, and Singapore. While its reward based orderings are available across the world, equity crowdfunding is available only in Europe and loan-based options are currently available in Germany.

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Indiegogo (<https://www.indiegogo.com>)

INDIEGOGO for Entrepreneurs

It is an international crowdfunding website founded in 2008 in California. The site is one of the first sites to offer crowd funding. Indiegogo allows people to ask funds for an idea, charity, or start-up business. Indiegogo charges a 5% fee on contributions. Fifteen million people visit the site each month.

Tips & tricks on how to create a Successful Campaign

Based upon the research we did for the module we have collected several ideas that may help you to design a successful crowdfunding campaign. It's true, the

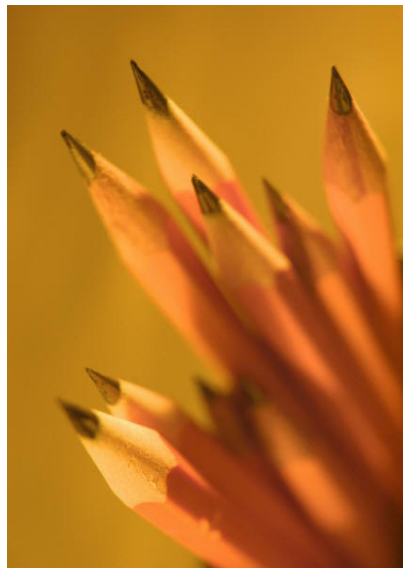
US and Asian crowdfunding is dominating the market, but also the European context has a lot of potential to grow:

Crowdfunding is a social tool and the business idea financing idea must necessarily:

- Impress and reward the donors
- Be explained in a very simple way
- Be connected with success stories
- Be credible

Watch inspiring and successful campaigns

You don't necessarily need to be highly original and innovative. Sometimes, exploiting the knowledge of the others we may improve and adapt our own work, without copying other's ideas.



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Choose the proper crowdfunding platform

Not all fundraising sites are built to support the same things, so you'll first want to understand the type of fundraising you're looking to do. It's a very complex operation and some prior research is necessary. You may search for concrete success stories close to your environment.

Write a good story

The story is an essential element of the fundraising campaign. The story is the

one that will lead audience to donate or not. The story should include “the hook” that maintain attention of the audience. It should also presented the context and the impact of the business idea in the future.

Create a video

If you have the possibility to do it, create a video or add pictures to your story to make it more visually appealing. Videos give a better idea of your project and the audience see you or your service/product in action rather than clicking through a series of static images.

4.3. Philanthropic Grants

We have defined already philanthropy – a modern form of contribution aiming to solve social issues and needs such as: education, innovation, talent development, and people empowerment in general. The word itself it's composed from two Greek words that designate love/care and human. It's a word expressing care and involvement in other's needs, so it fits very well with the concept of social services in field of personal services. In the context of this module we refer to funds from a foundation or a grant-giving institution. It usually work on the basis of a project application form or a crowdfunding initiative, or it may request preparation of a business plan.

There are several models in Europe in regards with the forms of philanthropy. In many cases it's rather focused on humanitarian aid, but sometimes it's focus on developing long-term sustainable initiatives. The main sources for donations:

- Individual giving
- Foundations
- Corporate giving

4.4. Social Enterprise Business Plan Competitions

There are a large numbers of business plan competitions were the entrepreneurs might apply with online or offline applications in the form of an idea or a business plan. According to the setting fixed by the organisers of such competitions, there may be several filters in analysing the successful ideas, but usually this type of competitions are finished with a business plan. The business plan is a written document detailing your plans for a profitable and well-growing business. The business plan is mandatory for every new start-up social enterprise. More details

on elaboration process of a business plan and ways to prepare it properly may be found in the Module 4 of this training course. Usually, you will complete an online application and submit your idea and/or a full business plan. Depending on the competition, there may be a number of rounds to narrow the applicants based on votes through social media, or expert judge's votes.

4.5. Business Incubators

An incubator is a working-space created to offer start-ups access to the initial resources they may need to test the feasibility of the business idea. They are usually organised as not for profit entities and they offer beneficiaries access to experts, mentors, administrative support, office equipment, training, and potential investors.

4.6. Business Accelerators

Business accelerators are organizations that offer short-term services (consultancy, expertise, education, and logistics) and access to funding opportunities for start-ups to boost their fast growth. Start-ups that are taking part in mentorship programmes receive infrastructure, access to capital and investment, in return for start-up equity. The program is implemented for a determinate period of time and the start-up is exposed to opportunities. We can call accelerators schools for businesses, once the start-ups finalise the program they are able to enter in the market competition.

- **A Quick Guide to the best European Incubators and Accelerators can be found here:** <https://www.etondigital.com/guide-to-european-incubators-and-accelerators>

4.7. Microfinance - Microcredit

A common instrument related to funding structures of social entrepreneurship. It is popular in Europe and worldwide, with a bigger intensity in the developing countries. The social goals pursued by microfinance institutions are primarily focused on financial inclusion and job creation¹. Microcredit in the EU means loans smaller than EUR 25,000. It is tailored to micro enterprises, employing fewer than 10 people (91% of all European businesses), and unemployed or inactive people who want to go into self-employment.

1 <https://www.european-microfinance.org>

4.8. Bank Loans

Loans from a bank or a similar institution with the obligation that you pay back over a period of time, and interest on the amount of the loan. Usually the bank asks for different types of guarantees. From country to country is more or less complicated to get a loan for a social entrepreneurship initiative. The rate of interest can be sometimes unattractive for investor.

4.9. Impact Investing

Impact investments are investments made with the intention to generate a positive social and environmental impact alongside with a financial return. The area of implementation is wide, from sustainable agriculture, education, healthcare, personal services or green energy. A key concept related to Impact Investing is financial inclusion and it describe the situation when business initiators have access to affordable financial products and services that meet their needs that are delivered in a responsible way. Promoters of financial inclusion argue that financial services can be viewed as having significant positive externalities when more people and entities participate.

4.10. Angel Investors

Son individuos que poseen capital y están abiertos a mantener a empresas sociales durante su puesta en marcha. Por lo general, solicitan a cambio acciones o participación en la empresa social. Por otro lado, tenemos la figura de los capitalistas a riesgo, que son inversores que proporcionan capital de préstamos al inicio del proyecto, o para ampliaciones de capital.

En Europa existen plataformas que ponen en contacto a emprendedores con inversores, tales como:

- Business Angel Network (EBAN): <http://www.eban.org>
- Business Angels Europe: <https://www.businessangelseurope.com>

4.11. Elements to be considered during the financial administration of your social enterprise and in relations with your donors or sponsors

We propose you a several tips and tricks with aspects that may contribute to in-

ensuring a proper financial health of your social enterprise in field of social services:

- A social entrepreneur should have knowledge upon the financial legislation and accountability related to the organisational form of the social enterprise. Besides that, the manager of a social enterprise should be fully aware about all the financial processes such as income, expenses, or types of the budget lines.
- You have to foresee a backup budget to cover the periods with lower cash flow.
- You need to invest in your financial education: to be able to understand and apply the legislation, to have the ability to plan budgets and to insure the sustainability of your business.
- Cultivate the relation with the donors - once they were open to donate for your social enterprise, they may be easily convinced to do it again, and they can engage others to the same.
- Get information on the legal framework and regulations of the activity you will implement, otherwise it may cost you loses.
- Be able to ensure traceability of the expenses.
- Don't forget to promote the image of your donors – in the case of EU funded grants, the funder has identity and visibility regulations.

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5. Organisational forms

A social enterprise is a structure that aims to make use of business strategies in order to generate income and to become sustainable, as well as to maximize the social impact in regards with the area of interest and activity. These types of structures are aiming to generate benefits not only for investors and donors, but they want to be sustainable and to generate added value for the public benefit, incorporating business and social goals. This is why, a social enterprise can be organised as a non-profit or for profit entity.

In the EU context, a social enterprise is an economical operator whose main objective is to have a social impact rather than make a profit for their owners or shareholders.

The EU Commission uses the term “social enterprise” to cover the following types of business:

- The businesses with a social objective of the common good is the reason for the economic/commercial activity.
- The businesses that reinvest their profit to achieve social objectives.
- The economic entities where ownership system, method of organisation and control is democratic and participatory, with focus on social justice.
- Businesses providing social services and/or goods and services to vulnerable people (access to housing, health care, assistance for elderly or disabled persons, inclusion of vulnerable groups, child care).
- Businesses that ensure social and professional integration through employment for people disadvantaged people due to insufficient qualifications, health issues, social or professional problems leading to exclusion and marginalisation.

The most social enterprises are organised as non-profit entities, but there are also for-profit social enterprises in Europe. The non-profit entities are also entitled to generate profit, and this profit is used for supporting the mission and reinvested in the organisation's activity (staff, infrastructure and logistics, expertise, development).

The main organisational forms the following:

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5.1. Cooperatives

A cooperative is an autonomous association of persons united voluntarily to meet their economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise:

- Businesses owned and managed by the people who use their services (a consumer cooperative)
- They are organizations managed by the people who work there (worker cooperatives)
- They may be multi-stakeholder or hybrid cooperatives that share ownership between different stakeholder groups. For example, care cooperatives where ownership is shared between both beneficiaries and care givers.
- Members or beneficiaries might also include non-profits or investors
- As a concept connected with IT world there are platform cooperatives that use a cooperatively owned and conducted website, mobile app, or a protocol to facilitate the sale of goods and services

5.2. Non-Governmental Organizations, Associations – NGOs

Non-governmental organizations in many cases referred to as NGOs are non-profit organizations active at local, regional, national or international level. They are independent of governments, and they are usually active in field of humanitarian aid, education, health care, public policy, social field, human rights, environment, and other areas relevant in the society. They are organizations made up of a group of people (national legislations in EU define this legal condition – usually minimum 3) who, on the basis of an agreement, share and without the right to restitution their contribution, knowledge or contribution to the pursuit of activities in the general. The association is an expression of freedom of association, freedom of expression, allowing members to take a stand on matters of public interest or interest for the community or group of its members. It's a usual form of organization for social entrepreneurship.

5.3. Mutual societies

The mutual societies are civil legal entities whose associates are both insured and insurers. A mutual insurance company operates on the principles of civil code, being a non-profit society, such a company resulting in a surplus and not a profit. Unlike a joint-stock company whose purpose is to create profit and is driven by majority shareholders, within a mutual company, those who assure themselves can also be insurers ("shareholders"), thus controlling the work of the mutual society and redistributing surplus, all members having equal rights.

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5.4. Foundations

A foundation is a non-governmental entity that is established as a non-profit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. This broad definition encompasses two foundation types: private foundations and grant making public charities. Usually the private foundations represent a spread form of organisation involved in social entrepreneurship.

5.5. Social Enterprises

Work Integration Social Enterprises or professional insertion companies. Social enterprises for labour integration are economic entities whose main objective is the professional integration of people who face serious difficulties on the labour

market. This integration takes place on the free labour market, in protected workshops or through professional training and qualification. Professional insertion companies are active in various fields, among which the most common in Europe are: manual activities (construction, carpentry), waste collection and recycling, green space maintenance, public cleaning, product packaging.



Forms of social enterprises in the European Union

Many structures of the social economy are non-profits organisations, this is why as a social entrepreneur you need to take a decision if your focus is on the social mission of the enterprise, or if you would prefer to be more business oriented and to bet on the commercial success of your social enterprise. The advantage of being a non-profit structure allow you to obtain financial support from outside sources and to increase your sustainability through the service you provide to your clients.

A social entrepreneur should balance between the social mission and the business dimension, and should be open for permanent learning in order to have together in the organisational structure people guided by the social mission of the enterprise as well as equipped with adequate skills and competences required by the business model.

6. Practical Activities

6.1. True or false activity

<https://goo.gl/forms/DZyN9Norrp1NRIYm2>

6.2. Blank space activity

<https://goo.gl/forms/M10F3sdSn6SAtCgE3>

6.3. Final test

<https://goo.gl/forms/LXQEy7VHQu8rt8p2>

7. Glossario

Annual report: A detailed statement published by a foundation or corporation describing its grant activities. A growing number of foundations and corporations use it to inform the community about contribution activities, policies and guidelines

Assets: The amount of capital - money, stocks, bonds, real estate or other resources - of the foundation. Generally assets are invested and the income used to make grants.

Challenge grant: A grant made on condition that the funded project has other sources of money, either on a matching basis or via some other formula, usually within a specified period of time. Also called a matching grant.

Community foundation: An organisation that makes grants limited to a specific locality, such as a city, a county or an estate. Funds are usually derived from many donors and held in an independently administered endowment; income earned by the endowment then being used to make grants.

Cooperative venture: A joint effort by two or more grant-makers. The partners may share funding responsibilities or contribute information and technical resources.

Creaming: The activities of an organisation that is adapting itself to the areas

where funds are easily accessible.

Crowding in: it occurs when a governmental financial support generate interest from other donors and support for the initiative or project

Crowding out: a phenomenon that occurs when increased government involvement in a sector of the market economy substantially affects the remainder of the market, either on the supply or demand side of the market.

Deficit funding: Funding which is to be used to finance an excess of expenditure.

Endowment: Funds intended to be kept permanently and invested to provide income for continued support of an organisation.

In-kind contribution income: A contribution of equipment, supplies or other such property as distinct from a financial grant. Some organisations may elect to donate office space or staff time as a contribution in kind.

Multi-year grant: Funding that is received in instalments paid as the project is developed.

One-off grant: Award of a fixed amount of money to fund the whole or a part of a project.

Philanthropy: A term used to describe voluntary giving by an individual or a group to promote the common good. It also includes foundations and corporate donors giving programmes to non-profit organisations.

Pledge: Time payments plan for dues, which allow the donor to pay in several instalments and allow the group to receive more money. A popular renewable source of money is a pledge that is a promise to pay a certain amount of money per time period.

Seed money/Start-up support: A grant or contribution used to start a new project or organisation. Seed grants may cover salaries and other operating expenses of a new project.

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- **Country Crowdfunding Factsheet** –Bulgaria, Portugal, Romania, Spain - <http://eurocrowd.org/crowdfunding-by-country/>

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8.2. Webgraphy

- <https://grantspace.org> - Skills, insights, and connections for a stronger social sector
- <https://www.socialgoodimpact.com> - A great resource with plenty of practical resources and tools for all aspects of social entrepreneurship.



- <https://fosigrid.org> - The Global Resource & Information Directory (GRID)
- <https://www.nesst.org> - Resources for social entrepreneurs
- <https://atlas-platform.org>
- <https://www.futurelearn.com> - Learning resources for social entrepreneurs
- <https://educatiefinanciara.techsoup.ro> - Financial education resources for non-profit entities

MODULE 3 - TELL YOUR STORY: COMMUNICATION, MARKETING STRATEGY AND NETWORKING

1. Introduction

"Stories are the most powerful weapon in a leader's arsenal"

Howard Gardner

Effective communication is one of the most important life skills we can learn. If you want to have better conversations in your social life or improve your ideas at work, here are some essential tips for learning how to communicate more effectively.

The most effective way to engage your audience is with the narrative: humans are prepared for it. Our brain generally does not distinguish between fiction and reality; therefore, we plunge into stories as if we were part of them.

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Humans have been telling stories since the beginning of time. One of the most important stories you will tell is your entrepreneurial history. Your ability to do this well will have a direct impact on your success.

When people invest in your business - be it your time or money - you are investing, at least in part, in your story.

When we say “history,” we are talking about much more than a progression of events leading to a result. Your entrepreneurial history is not a timeline, it is a culmination of key moments, and lessons learned, pivots, motivation, frustrations, and successes.

Understanding the components of a narrative can help people develop the skills that can expand their ability to increase their own sympathy factor and connect with others, both in the professional world and in the personal world. Storytelling can play a role in connecting with others, both in the workplace and in a social setting. Good storytellers often have an innate ability to attract people to listen to them. Even if you are not a born storyteller, you can still understand the components of the narrative and use one or more combinations to enhance your ability to connect with other people and develop your sympathy factor. What follows is not an exhaustive list of the components of the narrative, but the most important components that can help people to become a compelling storyteller.

Storytelling is not new to business, but the reality is that entrepreneurs often choose to use the wrong kinds of stories. Creating long, complex stories, or failing to connect with your audience, can hurt your performance. Here are **six ways to make sure your stories are effective**:

1. Use concrete words to induce emotion

Being concrete creates a sensory response that triggers and activates the brain further. The more you can commit to the brain, the more memorable your story will be. For example, instead of saying that the kitchen smells good, say that it smells like chocolate chip cookies out of the oven.

2. Avoid the temptation to use epic stories

Stories can be short and objective. You do not need to tell the kind of epic stories you see of big names of entrepreneurs. These have earned the respect of your audience, so choose the side of caution and add fewer facts so you do not lose your reader, listener or audience.

3. Have a clear message

Communicating well is not just about having a refined vocabulary to use as you please. In addition to speaking and writing well, it is fundamental to organize ideas well, to identify the best way to communicate for each type of person.

It is very important to know how to communicate with each type of person. After all, the communicative process involves at least two people. Express-

sing yourself well does not do any good if your recipient does not understand what you are trying to say.

4. Finish on a positive note

If we pay attention to popular stories, movies and books, there is a common topic, the happy ending. Our brains are trained to expect a happy ending and if you are using narrative as a tool, you must make sure you are leaving your audience with positive emotions. The world loves a happy ending. So when writing your stories, carefully consider this issue and how you can put it into practice.

5. Develop your own style

Entrepreneurs usually have their own talent, so try to include that in your narrative. If it is discreet or otherwise quirky and colourful, use the stories that attach to your personality. Think about what you can do to make your stories uniquely yours and develop a signature style.

6. Know what response you want from your audience

Your stories should always come with a plan. Look at your audience and think what emotions you want to induce. To educate? To inspire? Take them to take action? ... Your story should have a desired response by the audience and the stories must be inextricably linked to this outcome.

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Stories can be used literally in all facets of your marketing, from the media to advertising and lectures to help reinforce your message. When reviewing your brand's marketing strategy, take the time to plan where specific stories can be used to target specific messages to your audience.

As the owner of your good social brand, you are the main storyteller. Telling a story is not only important to captivate and connect with your audience, but also to build your brand.

It may not be easy to get started, but like any enterprising tool with practice, trial, error, and refinement, your entrepreneurial history will become a powerful weapon in your arsenal.

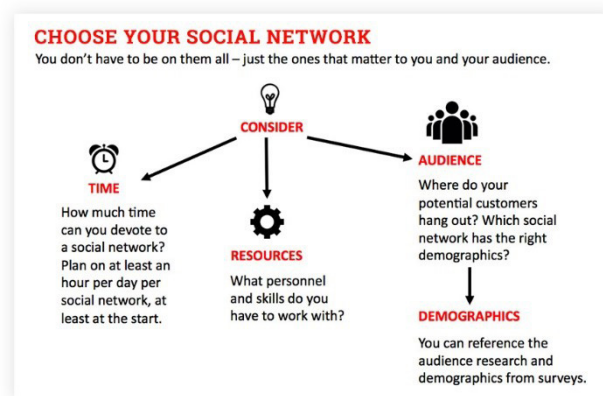
2. Marketing Plan

2.1. Step One - What Social Media to Use?

The media are as homogeneous network of contacts for network of contacts as the soda is brand to brand. Each network with its best practices, its own style and its own public, marks its individuality and is therefore unique.

The choice of social networks should take into account the strategy and goals to be achieved in the media.

It is not necessary to be present in all social networks, but in those that are important for the target audience. There are a few factors that should be considered and that can help define how many and which social networks to use.



Target Public: Where are your potential customers?; What social network has the right demography?

Time: How much time do you have to dedicate to a social network? Spend at least an hour a day on social networking, at least at the beginning. (Tools as Buffer can be useful to save a little time).

Resources: What people and skills do you need to work with? Social networks like Facebook emphasize quality content. Visual social networks such as Pinterest and Instagram require images and videos. Do you have the resources to create what you need?

For the first part of this choice, you can consult the public survey and demographic research data such as those conducted by Pew Research. For example, Pew has complete demographic data from Facebook, Instagram, Pinterest, and LinkedIn.

2.2. Step Two – Fill out profiles completely

Visit each of our profiles on social networks and ensure that they are updated with new and complete information, photos and posts. An up-to-date and com-

plete profile shows professionalism, highlights the brand and is a sign for visitors to manage social networks and their followers seriously.

The profiles will require two parts: visual and text. For visual effects, we seek consistency and familiarity with the visual resources we use in the media.



To create the images, you can see a graph of the size of the social network image that will show the exact division of the dimensions of each photo in each network. To facilitate this process and waste less time, you can use a tool such as Crello or Canva, which comes with pre-created templates and sets the appropriate sizes.

For the text, there are six simple rules

- Show instead of saying, "what I do" sometimes works better than "who I am";
- Adapt your keywords to your target audience;
- Use careful language and avoid slang;
- Show your followers what value you have to offer them;
- Be close and presentable;
- Be frequent in the management of your network(s).

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Knowing what makes you unique

Knowing your Unique Selling Proposition and the following marketing strategy is essential to beat the competition and solidify the value of your company in the market. The exclusive sales proposal (USP) is closely linked to your brand and its content as these are the channels through which your proposal will be communicated. And communication is fundamental. Clearly state your exclusive sales proposal (USP) and do it frequently on your site, on your social networks, by email, through ads, etc. For suggestions on how to formulate your exclusive selling proposition, read The Ultimate Guide to Finding Your Unique Selling Proposition.

Ensure a strong brand

Branding can be one of the strongest assets a business has and, if done properly, will attract buyer loyalty. The consistency of the brand is fundamental. Is your brand consistently represented across all channels, including your logo, website design, trade show booth, printed marketing materials, business cards, email signatures, advertisements, gift designs, social networking profiles? Check out all the means by which your audience gets in touch with your brand and ask what each one says about your brand as a whole.

Optimize your website

Website design is more than just a beautiful page. The website is often the first impression your potential customers will have of your company. This means that your website has to be more than beautiful (this helps), it needs to be clear and functional. If your site is confusing and difficult to navigate, you will lose "buyers" automatically. Just think of the last time you visited a poorly designed and overloaded website. Have you spent much time exploring it? Did you have an immediate impression of the company? Likewise, if visitors do not know what you sell or what your value proposition is, they will surely be uninterested. There is often a direct correlation that if your website is hard to work with, your business should be hard to work on as well.

So be clear in your messages. Make sure that your site is a place that people want to visit, not only because it is beautiful, but also because the information they need is easily found. There is a whole science and methodology behind site design, including where to put buttons on the page, what content works best and where, what colours convey certain feelings, and so on. As a suggestion, read some examples of Fantastic Web Design for inspiration and consider hiring a web designer specializing in Inbound Marketing and SEO to ensure that your website reaches its full potential.

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Create a Kick-Ass Content

If you've read anything about inbound marketing or content marketing, you've probably heard the phrase "content is a king" (content is king). Content is the focus that will attract your buyers / followers / investors / donors etc. This is what Google uses to search for keywords and direct users to your site, and what "buyers" use to collect information and knowledge while browsing the search engines.

Content marketing provides useful information. It is not about selling, but about informing. For example, if you write clever and well thought out content on your social platform, weekly for example, where you somehow solve a problem, answer

a question, or simply entertain your audience, you'll end up being a resource for those people. They will likely return to your platform because you are providing them with a free service, while building trust and establishing brand influence. And, when those followers need a product or service that you sell, they are more oriented to your organization.

In this sense, it is essential that the content be stimulating to the target audience to become an option in addition to defining what types of content to use and when.

2.3. Step Three – Find the Voice and the Marketing Tone

For those who are starting their marketing plan in the media environment, to make this process easier, start by asking the following questions:

Ask yourself...

If your brand was a person,

- What kind of personality would it have?
- What relationship would it have with the consumer?
- Describe in adjectives what is not the personality of your company.
- Is there a company that has a personality similar to yours?
- What image would you like your customers to have?

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At the end of this exercise, you will have some adjectives that describe the voice and tone of your marketing. Note that:

- Voice is the mission statement.
- Tone is the implementation of this mission.

MailChimp created an independent website for its voice and tone. Here's an example of how they implement these qualities in your communication: Cultivate a voice that delights your customers, and they will be happy and satisfied and will spread your organization faster.

2.4. Step Four – Choosing the publishing strategy

How many times is it ideal to make publications on social networks? How often should you post? When should it be published? What should you publish? The

answer to all these questions is: It depends. Much of the experience of social networking is about your individual audience and niche markets. What works for some may not work for others and this individuality requires some study. However, there is some data that may help you know where to start.



What should be published?

Publishing content in video format generates a more feedback and has more impact in the audience than other formats. As you browse your Facebook news feed and the Twitter timeline, you're likely to see all the videos. There is data to back up this trend: Video publications get more views, shares, and tastes than any other type of post.

On Facebook, video publications have a higher average involvement than link or image posts, according to BuzzSumo, which analysed 68 million Facebook publications. On Twitter, videos are six times more likely to be retweeted than photos and three times more likely to be retweeted than GIFs.

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How often should it be published?

Some of the factors that may affect the frequency of your shares may include your industry, its reach, its features, and the quality of your updates. In addition, each social network has its own best practices. However, below we present some guidelines based on a research on the frequency of publications in social networks.

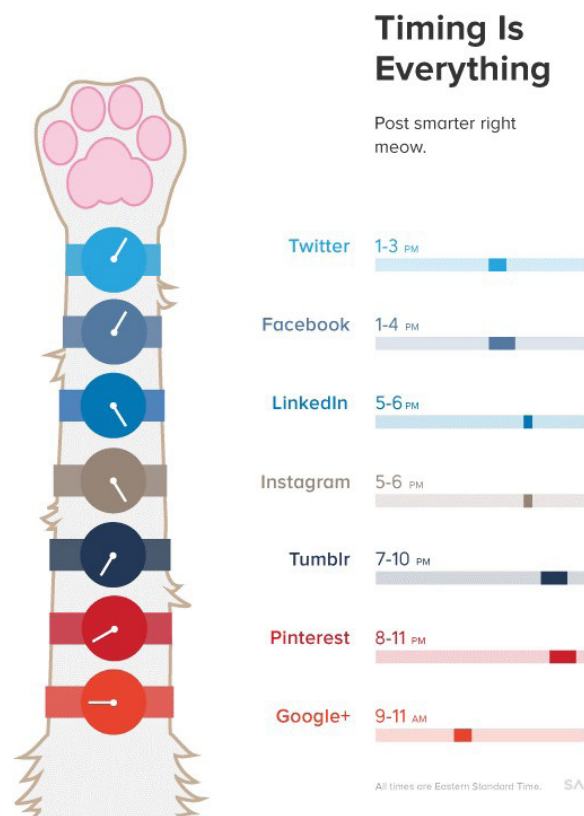
- Facebook – once or twice a day
- Instagram – once or twice a day
- Instagram Stories – eight to sixteen stories, twice a week
- Twitter – three to ten times a day
- LinkedIn – once or twice a day
- Pinterest – five to ten times a day
- Snapchat – five to twenty times a week

When should publication be made?

There are many tools to show you the best time of day to post to Facebook, Twitter and other networks. These tools analyse your followers and your publication history to see when your audience is online and when historically their best moments have been shared.

But what should you do if you are starting your contact with social networks, without public and without history?

Again, this is where best practices come in. Perhaps SumAll's infographic, which has compiled time surveys from sites like Visual.ly, Search Engine Watch and Social Media Today can help you understand how you should start your journey.



- Twitter – 1:00 p.m.- 3:00 p.m. on weekdays.
- Facebook – 1:00 p.m. - 4:00 p.m. on weekdays.
- LinkedIn – 7:00 a.m.- 8:30 a.m. and 5:00 p.m.-6:00 p.m. Tuesday, Wednesday and Thursday.
- Tumblr – 7:00 a.m. - 10:00 p.m. on weekdays 4:00 p.m. on Fridays.
- Instagram – 5:00 p.m.- 6:00 p.m. on weekdays y 8:00 p.m. on Mondays.

- Pinterest – 2:00 p.m.-4:00 p.m. and 8:00 p.m.-11:00 p.m. on weekdays with weekends being the best.
- Google + – 9:00a.m.-11:00 a.m. on weekdays.

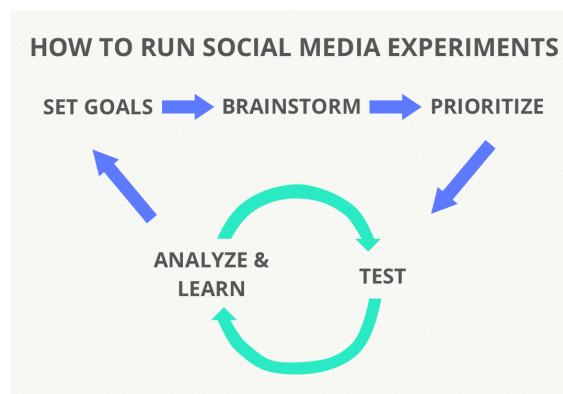
We recommend that you run some experiments based on these times (in your local time) and sometimes randomly selected while you are starting.

After publishing for a while, you can use your own data and tools to find the best time for your brand to publish and define your publishing strategy.

2.5. Step Five – Analyse, test and repeat

As you make your publications you will realize what content, time and frequency is right for your business.

Most major social networks have built-in basics allowing you to find information in a comprehensive dashboard and thereby show in detail the performance of each post in the areas of views, clicks, shares, likes, and comments.



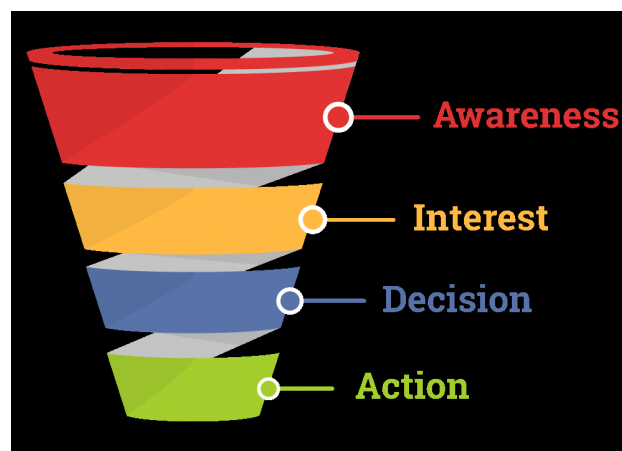
3. The social funnel: a breakdown

It does not take much market research to know that the world is increasingly connected to the internet and that social networks are part of this routine. In a globalized world where people are connected all the time, be it at leisure or at work, on the phone or on the computer, businesses need to go after the potential customers on the network. Making digital marketing campaigns is essential in small and large enterprises. Digital marketing takes care of the brand image on the internet, carries out campaigns and follows up on its dissemination and interaction with Internet users. It is not enough for the company to have an account in a social network to have a digital marketing, it is necessary to know how

to administer this account.

Social networks are great allies of today's companies. Having a page on Facebook, Twitter, YouTube, Google+, among others is not difficult, the important thing is to know how to manage the profile of the brand in social networks. You need to plan and set goals and objectives. That's why metrics are fundamental to digital marketing, as you need to measure your progress in social networks.

Before addressing the metrics, let's look at where each of them goes down into the sales funnel or pipeline. We segmented the funnel into four important steps in the customer's shopping cycle:



- **Awareness:** These metrics illuminate your current and potential audience.
- **Engagement:** These metrics show how audiences are interacting with your content.
- **Conversion:** These metrics demonstrate the effectiveness of your social engagement.
- **Consumer:** These metrics reflect how active customers think and feel about your brand.

Every stage is populated with its own set of must-measure metrics, KPIs that shed light on the effectiveness of your social media marketing.

4. Awareness metrics

4.1. Brand awareness

Brand Awareness is the attention your brand gets, across all social media, during a reporting period, or a specific span of time that yields statistically relevant data.

Attention can be expressed through a variety of metrics, including @mentions, shares, links, and impressions. Reporting periods are also variable, usually lasting a week, a month, or a quarter.

How to track it:

- **STEP 1:** Establish the attention metric(s) your organization wants tied to brand awareness.
- **STEP 2:** Define the reporting period your organization wants tied to brand awareness.
- **STEP 3:** Be consistent. Consistency ensures that you're benchmarking trends with accurate, dependable data.

Nota: una herramienta de monitoreo de marca facilita el seguimiento cada vez que alguien menciona tu marca en redes sociales, ya sea con o sin el símbolo @ de mención.

4.2. Audience Growth Rate

Audience Growth Rate measures the speed at which your brand's following increases on social media. It's how quickly you gain followers.

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As access to the internet continues to increase around the world, brands' social media followings will also increase. TrackMaven calls this social media inflation, or the expectation of growth.

That said, don't ask, "How many net new followers did we get last month?" Instead, ask, "How fast did we gain last month's net new followers — and was it faster than our competition?"

How to track it:

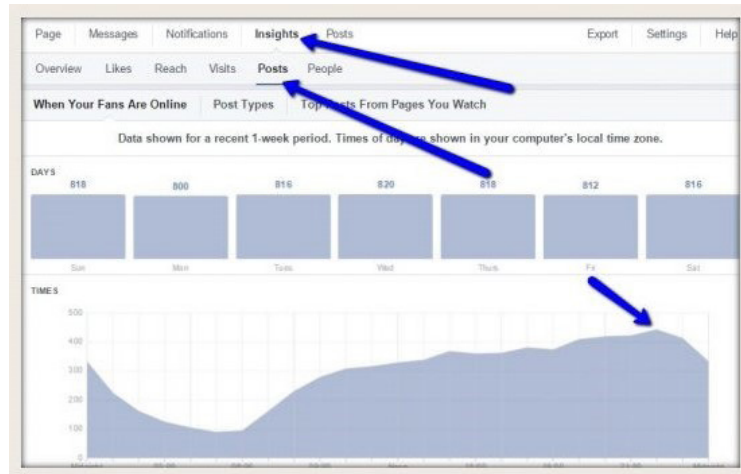
- **STEP 1:** Measure your net new followers (on each platform) over a reporting period.
- **STEP 2:** Divide your net new followers by your total audience (on each platform) and multiply by 100 to get your audience growth rate percentage.

Note: You can track your competitors' progress the same way.

4.3. Post Reach

Post Reach denotes how many people have seen a post since it went live.

This metric is easy to find and even easier to understand. Most importantly, it's actionable, since it's affected by the timing (i.e., when is your audience online?) and the content (i.e., what does your audience find valuable?) of your post.



How to track it:

- **STEP 1:** Measure the reach of any given post.
- **STEP 2:** Divide the reach by your total number of followers and multiply by 100 to get your post reach percentage.

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Note: On Facebook, the "When Your Fans Are Online" feature will tell you the optimal time to post. Use this data to increase your reach.

4.4. Potential Reach

Potential Reach measures the number of people who could, realistically, see a post during a reporting period.

In other words, if one of your followers shared your post with her network, approximately two to five percent of her followers would factor into the post's potential reach.

Understanding this metric is important because, as a social marketer, you should always be working to expand your audience. Knowing your potential reach enables you to gauge your progress.

How to track it:

- **STEP 1:** Use a brand monitoring tool to track your total number of brand

mentions.

- **STEP 2:** Record how many followers saw each mention (i.e., the audience of the account that mentioned you).
- **STEP 3:** Multiply those two numbers together to get your Theoretical Reach, or the absolute maximum number of people who could, in theory, see your brand mentions.

Your potential reach is 2 to 5 percent of your theoretical reach.

4.5. Social Share of Voice (SSoV)

Social Share of Voice measures how many people are mentioning your brand on social media compared to your competitors.

Mentions can be either:

- Direct (e.g., "@Hootsuite")
- Indirect (e.g., "hootsuite")

SSoV is, essentially, competitive analysis: how visible—and, therefore, relevant—is your brand in the market?

How to track it:

- **STEP 1:** Measure every mention your brand receives—direct and indirect—across your social networks.
- **STEP 2:** Measure your competitors' mentions during the same reporting period.
- **STEP 3:** Add your mentions and those of your competitors to get the total industry mentions.
- **STEP 4:** Divide your brand mentions by the grand total and multiply by 100 to get your SSoV percentage.

Note: Using social media analytics tools will make this process easier.

5. Engagement metrics

These numbers show how people are interacting with your content.

5.1. Applause Rate

Applause Rate is the number of approval actions (for example, likes, and favourites) that a post receives relative to the total number of followers.

When a follower likes or add to favourite one of your publications, you recognize that it is valuable to him. Knowing what percentage of your audience that finds value in the items you publish can- and should- inform your content in the future.

How to analyse:

- **STEP 1:** Add up the total number of approval actions a publication received over a reporting period.
- **STEP 2:** Divide this number by the total followers and multiply by 100 to get the applause rate percentage.

Note: Use a social media impact tool to help track approval actions and simplify the process.

5.2. Average Engagement Rate

Average Engagement Rate is the number of engagement actions (e.g., likes, shares, comments) a post receives relative to your total number of followers.

It's an important metric because higher engagement means your content is resonating with the audience. To prove that, track the engagement rate of every post. If you have a high engagement rate, the actual number of likes and shares and comments is irrelevant.

How to track it:

- **STEP 1:** Add up a post's total likes, comments, and shares.
- **STEP 2:** Divide by your total number of followers and multiply by 100 to get your average engagement rate percentage.

Note: The benchmark for this metric is different on every platform. Facebook and Twitter, for example, typically have lower engagement rates (e.g., 0.5 to one percent). Instagram, on the other hand, is known for its relatively high engagement rates (e.g., three to six percent).

5.3. Amplification Rate

Amplification Rate is the ratio of shares per post to the number of overall followers.

Basically, the higher your amplification rate, the more willing your followers are to associate themselves with your brand.

How to track it:

- **STEP 1:** Add up the number of times a post was shared (e.g., retweeted, repinned, regrammed) during a reporting period.
- **STEP 2:** Divide that number by your total number of followers and multiply by 100 to get your amplification rate percentage.

5.4. Virality Rate

Virality Rate is the number of people who shared your post relative to the number of unique views (i.e., impressions) it had during a reporting period.

Like the other metrics on this list, virality rate goes beneath the surface. It's about more than just likes.

"A post that gets 17,000 likes may only get 0.1% virality," writes Nicolas Gremion, "while another post that receives 10,000 likes gets 9.97% virality—and that's a far better post."

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How to track it:

- **STEP 1:** Measure a post's impressions.
- **STEP 2:** Measure a post's shares.
- **STEP 3:** Divide the number of shares by the number of impressions and multiply by 100 to get your virality rate percentage.

6. Conversion metrics

These numbers demonstrate the effectiveness of your social engagement.

6.1. Conversion Rate

Conversion Rate is the number of visitors who, after clicking on a link in your

post, take action on a page (e.g., subscribe to your newsletter; download a gated content asset; register for a webinar) against that page's total visitors.

A high conversion rate means your content is valuable and compelling to the target audience. From a social media standpoint, it's a sign that your post was relevant to the offer. In other words, it kept its promise.

How to track it:

- **STEP 1:** Create a post with a call-to-action link. Use a URL shortened to make it trackable.
- **STEP 2:** Place a "cookie" on the user's machine. Doing so attaches the lead to a campaign.
- **STEP 3:** Use the campaign reporting to track the total number of clicks and conversions generated by the post.
- **STEP 4:** Divide conversions by total clicks and multiply by 100 to get your conversion rate percentage.

Note: A post's conversion rate can be high even if its traffic is low. The two metrics are mutually exclusive.

6.2. Click-Through Rate (CTR)

Click-Through Rate, or CTR, is how often people click on the call-to-action link in your post.

Not to be confused with other engagement actions (e.g., shares, likes, comments), your CTR is specifically tied to a link that brings the audience to additional content.

Tracking CTR, often and accurately, will give you invaluable insight into how compelling your offer is to the target audience.

How to track it:

- **STEP 1:** Measure the total clicks on a post's link.
- **STEP 2:** Measure the total impressions on that post.
- **STEP 3:** Divide the number of clicks by the number of impressions and multiply by 100 to get your CTR percentage

6.3. Bounce Rate

Bounce Rate is the percentage of page visitors who click on a link in your post, only to quickly leave the page they land on without taking an action.

Bounce rate lets you measure your social media traffic—and, in turn, ROI—against other sources of traffic (e.g., traffic from a Facebook post vs. traffic from an organic Google search).

If your social media bounce rate is lower than that of other sources, it's proof that your social media campaigns are targeting the right audience — and, in turn, driving high-value traffic.

How to track it:

- **STEP 1:** Set up Google Analytics.
- **STEP 2:** Open the "Acquisition" tab, and look under "All Traffic" for the "Channels" segment.
- **STEP 3:** Click on the "Bounce Rate" button, which will rank all of the channels from lowest bounce rate to highest.

Note: Demonstrating the relative effectiveness of your social media efforts will go a long way in proving its value to the business.

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6.4. Cost-Per-Click (CPC)

Cost-Per-Click, or CPC, is the amount you pay per individual click on your sponsored social media post.

Whether you choose to advertise on Facebook, Instagram, Twitter, or LinkedIn, don't focus on the total amount of money spent. Instead, look to your CPC. It'll help you weigh if your investment in attention is efficient, or wasteful.

How to track it:

- **STEP 1:** Check your platform's Ad Manager.
- **STEP 2:** Check it often.

Note: Never let your CPC campaigns go unattended for an extended period of time.

6.5. Cost-Per-Thousand Impressions (CPM)

Cost-Per-Thousands Impressions, or CPM, is the amount you pay every time a thousand people scroll past your sponsored social media post.

Unlike in a CPC campaign, a CPM post won't necessarily drive action. It'll only create impressions, views. Therefore, CPM is a faster and less expensive way to split test content.

How to track it:

- **STEP 1:** Check your platform's Ad Manager.
- **STEP 2:** Check it often.

Note: Never let your CPM campaigns go unattended for an extended period of time.

6.6. Social Media Conversion Rate

Social Media Conversion Rate is the total number of conversions that came from social media, expressed as a percentage.

Understanding this metric will give you clear insight into the effectiveness of each post in a campaign. In other words, it answers this question: how well does this offer resonate with our target audience?

How to track it:

- **STEP 1:** Create a link in the post using a shortened URL that places a "cookie" on the user's machine.
- **STEP 2:** Measure your total number of conversions.
- **STEP 3:** Divide the social media conversions by the total number of conversions and multiply by 100 to get your social media conversion rate percentage.

6.7. Conversation Rate

Conversation Rate is the ratio of comments per post to the number of overall followers you have.

It's another metric coined by Avinash Kaushik—and it's better than tracking comments without any context. After all, getting an average of 20 comments per post is a lot more impressive if you only have 200 followers.

Tracking your conversation rate will help you understand how much of your audience is compelled to add their voice to the content you post on social. Or as Kaushik puts it, "Is what you are saying interesting enough to spark the most social of all things: a conversation?"

How to track it:

- **STEP 1:** Use Hootsuite Analytics to pull the number of comments you received during a reporting period.
- **STEP 2:** Divide that number by your total number of followers and multiply by 100 to get you conversation rate percentage.

7. Customer metrics

7.1. Customer Testimonials

Customer Testimonials are any customer review, assessment, comment, endorsement, or interview relating to a brand.

Ultimately, great testimonials are the product of customer delight. If your brand makes people happy, they'll be more likely to share their good experience with others.

The benefits are clear: a consistent stream of sincere testimonials on social media will garner trust and credibility while boosting your brand's presence.

Want more customer testimonials?

- Ask your best customers to leave a review. Never offer to compensate them for their effort, of course, as that would undermine your credibility.
- Run a social media campaign that encourages people to create written, video, or online testimonials about your product, service, or mission.
- Link to your Google My Business review form to make leaving testimonials a simple, seamless process for your brand evangelists.

Bonus: Get the step-by-step social media strategy guide with pro tips on how to set goals and metrics to prove (and improve) ROI.

7.2. Customer Satisfaction (CSat) Score

Customer Satisfaction, or CSAT, is a metric that measures how happy people are with your product or service.

Usually, the CSAT score is the product of one, straightforward question: How would you describe your overall satisfaction with this product?

Customers are then asked to rate their satisfaction on a linear scale, either numerically (e.g., one to 10) or sentimentally (e.g., Poor; Fair; Good; Great; Excellent).

CSAT has become a nearly ubiquitous way to understand how customers feel about your brand, mainly because it's clear, concise, and easy to administer, especially on social media.

How to track it:

- **STEP 1:** Create a CSAT survey on social media.
- **STEP 2:** Add up the sum of all the scores.
- **STEP 3:** Divide the sum by the number of respondents and multiply by 10 to get your CSAT score.

7.3. Net Promoter Score (NPS)

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Net Promoter Score, or NPS, is a metric that measures customer loyalty.

Unlike CSAT, NPS is good at predicting future customer engagement because it is the product of one—and only one—specifically phrased question: How likely is it that you would recommend our [company/product/service] to a friend?

Customers are then asked to answer on a scale of zero to 10. Based on their response, each customer is grouped into one of three categories:

- Detractors: 0 – 6 score range
- Passives: 7 – 8 score range
- Promoters: 9 – 10 score range

NPS is unique in that it measures customer satisfaction as well as future sales, which has made it a valuable, go-to metric for organizations of all sizes.

How to track it:

- **STEP 1:** Create a NPS survey on social media.

- **STEP 2:** Subtract the number of promoters from the number of detractors.
- **STEP 3:** Divide that number by the total number of respondents and multiply by 100 to get your NPS.

Whether you meet with your boss once a month or once a day, your conversations will be more substantive—and impactful—if you highlight metrics that demonstrate the bottom-line impact of your effort.

So dig deeper, and go beyond the readily accessible vanity metrics that literally anyone can report. Showcase your skills by presenting social media analytics that tell a story, a narrative that's inherently valuable to your organization.

8. Practical activities

8.1. True or false activity

<https://goo.gl/forms/Hxb3OizxTGXymuVs1>

8.2. Blank space activity

<https://goo.gl/forms/xocHe9KOVvf6mFz12>

8.3. Final test

<https://goo.gl/forms/S1VPXO9mqrgTsYjd2>

9. Glossary

Backup: It is often used in computer technology to indicate the existence of a copy of one or more files stored on different storage devices. If, for any reason, the original files are lost, the stored backup can be restored to restore the lost data.

Advertising Campaign: The advertising campaign may consist of pieces in various media, whether mass (radio, television, newspapers, magazines) or segmented (telemarketing) that are exploited according to a prior planning of actions obtained by data collected in Market Research over a period of time. Another type of action that can constitute a campaign is promotional (tasting, distribution of gifts at points of sale, promotional shows, parades of models and events in general).

Cookie: Cookies are Internet files that temporarily store what the Internet user is visiting on the network.

GIF's: GIF is a bitmap image format widely used on the World Wide Web for both still images and animations.

Google Ad Manager: It is an online advertising service brand launched by Google. It can be used as an ad server but it also provides several features to manage the online ad sales process using the dedicated sales team.

Google Analytics: Google Analytics is a free service and is offered by Google in which, when activating the service through a Google account, and when registering a website is received a code to be inserted in the page registered and, every display, statistics visitation are sent to the system and submitted to the website owner.

Hootsuite Analytics: It is a tool that measures the impact of social networking channels and the performance of teams working with them in easy-to-understand dashboards.

Inbound Marketing: Inbound marketing or attraction marketing is a form of online advertising in which a company is promoted through blogs, podcasts, video, e-Books, newsletters, whitepapers, SEO and other forms of content marketing.

KPI: A Key Performance Indicator, are management tools for measuring and achieving the level of performance and success of an organization or process, focusing on the "how" and indicating how well processes are enabling their goals to be achieved.

Link: Hyperlink that is, a word, text or image that when clicked by the user, forwards it to another web page, which may contain other texts or images.

Metrics: They are tools that allow you to measure, monitor and evaluate your strategic processes in a simple, clear and objective way.

Network: A network is a stream of connections that intersect at regular intervals, involving contacts and relationships that can help you achieve your professional goals.

Post: Message or content posted on a social network, forum or blog.

Target market: A target market is a group of customers within the market available for company services in which the company has decided to direct its marketing efforts.

Social Networks: Social network is a social structure composed of people or organizations, connected by one or several types of relationships, sharing common values and goals.

SEO: SEO stands for Search Engine Optimization. It is a set of optimization techniques for websites, blogs and web pages. These optimizations aim to achieve good organic rankings by generating traffic and authority for a website or blog.

Social Share of Voice: tool that serves to measure how many people are mentioning your brand in social networks.

USP (Unique Selling Proposition): exclusive offer of sale

Google My Business: Google My Business is a free tool that enables businesses and organizations to manage their online presence on Google, including Google Search and Maps. By validating and editing company data, you can help customers find you and tell you the history of your business.

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MODULE 4 - GET YOUR PROJECT SET UP AND RUNNING: THE BUSINESS PLAN

1. Introduction

The business plan is a written document detailing your plans for a profitable and well-growing business. The business plan is mandatory for every new start-up social enterprise.

Preparing a business plan should be the first step in managing your new business. However, the business plan is more than a document - this is the overall process you are going through in order to outline and plan the activities of the future social enterprise.

Apart from serving the internal management of your business, such plan is often provided to external organizations and people to attract additional resources. It serves investors to assess the viability of your business.



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assess the viability of your business.

First, get the information you need! Then is the time to support your idea with facts. Analyse information about:

- The product
- The client
- Your financial statement

Here you can also use external help: consultants, specialized agencies for market research, regional development agencies and business centres. Using external help in analysing your information will give you a professional look at the situation and action option. You will get a more credible starting point on which to develop your business plan.

Whether you are using external help or just your own resources, do not forget one thing - the ultimate decision to start a business is YOURS! Unlike the traditional business plan, the social enterprise business plan has a duality. This is dictated by the double value of the social enterprise rather than purely commercial.

On one hand, this is the economic value of an enterprise that is derived from a cash flow analysis of the business performance.

On the other hand, it is a social value that comes from spending and revenue-generating, through which we achieve social benefits by minimizing the engagement of external donors.

2. Content of the business plan of a social enterprise

2.1. Summary

It contains information on the organization, main areas of activity, mission and purpose of the social enterprise, product and market, influence of the social enterprise on the mission of the organization, critical risks and success factors.

The Summary synthesizes the key points of the business plan:

- Highlight the attractiveness of your business idea. Make sure it sounds plausible, but maintain it short - no more than two pages.
- Prepare it as a "stand-alone" document. The one who reads only the summary should create a complete picture of the proposed endeavour:
 - What do you plan to implement?
 - Who will implement it?
 - Why it will be successful?
- Formulate your business in no more than one or two sentences.
- Make a brief summary of the main conclusions of each part of the social enterprise business plan - your key success strategies.

2.2. Vision, mission and description of the business

This includes information about the idea of your social enterprise, the goals of the organization, and a brief description of the business. It is important to highlight how the social enterprise contributes to the achievement of the social mission.

Three things are business-related, whose answer gives a “business description”:

- What is the product or service?
- Which is the sector?
- Which is the targeted market?



The answers to these three questions define the basic strategy for the development of the social enterprise. The presentation of the product/service should be simple so that everyone can understand what your business is about. It is desirable to pay attention not only to the product but to its market.

Formulate in a few concise sentences a description of your business, the product/service you offer, your vision, the mission and objectives of the social enterprise. Present the work and achievements of the organization, its history and key competencies.

Focus on strategy and achievements. Describe the enterprise and the product/service in great detail; Repeat the short description of the business; then submit details. Finally, describe the product/service offer, customers and market interest.

Identify your “vision” - the social goal that your business is identified with.

2.3. Analysis of the market

Information about the target market, supply and demand, market size, trends, and barriers to entry is included. Pay attention to each market segment, what are the initial motives for buying each product or service. Explain why customers from your target market will purchase your product or service. **Distinguish the customer from the end user!**

In this section, include the four key features that give you insight into the com-

pany's market opportunities:

1. Targeted market

- Needs of the clients
- Segments of the targeted market

2. Proof of successful sales

3. Potential of the market

- Demand
- Barriers and challenges

4. Market size and trends

Targeted Market

Demonstrating consumer benefit will reinforce your claim that good sales can be realized and therefore your business idea is appealing. The best indicator of the marketing capabilities of an enterprise is the ability to demonstrate this benefit to the consumer, what will he earn from the purchase of a product / service. The user benefit varies widely across products. It can also be quantified by describing the customer's cost savings. Similarly, the benefit to consumers can also be expressed in terms of profit for the client or through different types of non-cash benefits, e.g. maintaining good appearance.

Evidence of successful sales

Even if the product / service benefits the customer, one critical question is whether there are enough customers who would buy it. Here is the place to expose and prove your commercial skills.

Potential on the market

This section analyses the market potential of the social enterprise. Market potential is determined by: **1) demand** - your target market wants to invest in a good or service; **2) opportunities** - availability of solvent demand; and **3) low entry barriers** - meaning that there are no impossible challenges that may hinder market entry / functioning, restrictive regulatory environment, costs, competition, and more. In this part you have to show that you understand the market and that your decisions are based on facts rather than on assumptions.

Market size and trends

Here you need to show how the product/service will become the property of the customer. Without sales, the business will fail, it will not exist.

2.4. Assessment of the organization, the environment and the sector

This section includes results from strategic analysis (SWOT, PEST) - assessment of strengths and weaknesses, opportunities and threats, analysis of the external environment and the sector. It is important to identify the key success strategies of the social enterprise, how to deal with the risks of the environment, what are the opportunities of the sector. The external environment analysis includes factors that are external to the organization and must be extremely well structured and focused on data that have a direct and indirect impact on the business sector.

3. Elements of a business plan

3.1. Marketing plan

The role of the marketing plan is crucial in developing the business plan of a social enterprise. It is the basis on which all the other sections are compiled. Here are included the elements of the marketing mix: product/service, distribution, pricing, promotion, sales strategies. Remember: The product and cost strategy of the social enterprise is based on market analysis and competitors. If your product has more competitive advantages, then you can be more flexible with the price. However, if you have a lot of competitors with a similar product, you have to stick to the average price level.

You need to analyse the main elements of the so called marketing mix:

Product & Prize & Positioning & Offer

Marketing strategies

Here you can consult the building structure of a marketing plan:

- How will you act within the market segment you define in the previous section, any marketing tools and what combination would you use?
- What is your product strategy and its competitive potential?
- What is your price strategy, its flexibility and its impact on demand?

- On what basis will your distribution strategy be based on delivering your product in the desired quantities, at an appropriate time, in a convenient and affordable place for buyers?
- Will any promotional strategy be applied to successfully penetrate the market and to ensure it?
- How will you advertise your product?
- Will you also use any form of direct marketing?
- How will you stimulate sales?
- What will you do to create a prestigious image of your product and a good name for your company?
- How will your marketing strategies sustain as you will observe the impact of their implementation and how do you make the necessary adjustments?



Characteristics (description) of a product

Make a detailed description of your product/service from point of view of the quality, benefits and advantages it gives to users, including:

- Purpose, features and properties.
- Life cycle
- Applicability and economy.
- Design, style, update
- Quality - compliance with an international or national standard
- Key features and properties (clustering and constructive features, ergonomics, aesthetics, ecology)
- Further in-depth sales and after-sales service (transport, standardization, warranty, service, etc.)
- Services that accompany sales of the item

- The trademark, patent protection, artistic features of the product and the consumer.
- Make sure you have done the legal protection of your product
- Indicate also if you use, on a contractual basis, a foreign trade mark (franchising, know-how, license)

Pricing

- What is your primary price target and what price strategy did you choose? Why?
- What is the price elasticity of the demand for your product/service?
- Make a feature and analysis of the size, cost structure of the product/service.
- If you find it necessary - provide a cost calculation. Compare your costs with those of the competition!
- At what price do your main products/services offer to your industry?
- Where can your product/ service be placed in a price list in the industry according to price and quality?
- What pricing method do you apply?
- How will you adapt the price to specific market conditions and what adjustments would you make to its market demand?

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Distribution (placement)

- How will you distribute your product - will you offer it directly to users or you use intermediaries?
- How do you use intermediaries? Identify the distribution channel, the relationships you build, and the distribution of the roles of the participants.
- Provide information on the contractual terms and conditions in which you will make the distribution, the inquiries of distributors and traders.
- What control will you exercise on your distributors' activities to protect your commercial interests?
- Justify from an economic point of view the choice of a distribution strategy.

Promotion, advertisement, PR campaign

- What promotional tools will you use? Justify their choice.
- Where and how will you advertise your production / service?

- Advertising goals
- The Inspirational Message

In order for your marketing strategy to be successful, you need to develop a plan to implement the promotional strategy you have. Critical to the future success of the product are also actions aimed at its presentation to real and potential users. The promotion includes all the ways you offer your product/service to your clients and the means by which your message reaches your target group.

3.2. Management plan

This part of the business plan includes the management structure, the social enterprise team, and a description of the organizational structure. It is important for investors to know that you have people with the necessary skills and experience to make successful ventures, so if any problems arise, their investments will be protected. Important issues related to the staff and organizational structure of the social enterprise:

- What are the roles/functions of the existing social enterprise team?
- Who is the key staff? What is their qualification?
- What are the performance, responsibilities and obligations of each position?
- Will new staff be recruited? If so, what is the recruitment plan and the timing of recruitment?
- What kind of incentive plan could you use to motivate and retain staff?
- What are the specific training needs and technical assistance for the company's staff? Who will provide the training; what are the related costs?
- What organizational structure is the most favourable (organizational chart)?



Capacity building

The capacity of the social enterprise consists largely of human resources, their qualifications and experience, as well as the interrelationships between people in the formation of organizational culture. Here it is important to reflect the competencies and new skills that you need to acquire in your team so that you can successfully develop a social enterprise. If you find that your team is lacking in business competencies, it is important to develop a plan for building sustainable capacity.

Management

What is the management structure of the social enterprise? Who has the responsibility to control? Who takes part of the Board/Advisory Board? What are his/her roles?

- Develop a detailed job description for the social enterprise manager. Remember that the manager must have business knowledge, be able to negotiate, persuade and be able to successfully sell.
- Show how business will be managed - responsibilities, reporting procedures, decision makers.

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3.3. Operational plan

The next step after defining the goal is to draw up a plan that describes how it will be achieved. When we have a plan, things become more specific and measurable, it allows us at any moment to know where we are and what remains to be done. The plan is in fact a list of tasks that we need to accomplish in order to achieve the goal.

Since we cannot plan everything, we only plan the things we consider to be the most important. We need to keep in mind that something unforeseen can happen in the process of achieving the goal, so we need to plan more time when setting deadlines. If we want to achieve our goals within that timeframe, we need to plan 60% of it, leaving the rest of the time for unforeseen problems and tasks.

The effective plan contains the following elements:

- Schedule of all the tasks required to meet the goal. Tasks must be realistic and acceptable, their implementation must be monitored, and each must have a fixed deadline;

- Information on the resources needed to reach the target, e.g. information, human resources, finance, technical equipment, etc.;
- Backup plan for unexpected events.

This part of the business plan includes a description of the facilities, equipment, supply channels, production process and other assets required to operate the proposed venture. Describe the process and technology of production, quality control systems.

Define the process of production:

- Steps to produce and distribute the product or service;
- Internal and/or provided by vendors supporting services;
- Technology map of products/services - defines the sequence of operations to the final stage of production;
- Performance and market analysis (time, people and equipment needed to produce and distribute x number of product/service);
- Inventory management;
- Quality control;
- Describe the supply chain as: key relationships; costs; economies of scale; susceptibility to supply disruption;
- Describe the necessary equipment, including furniture and installations, taking into account the criteria of convenience, scale, utility;
- Describe the management information system: tracking, monitoring and reporting, quality control systems.

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3.4. Financial plan

This part of the business plan involves creating project finance documents that will help you transform your business goals into reality. Developing a successful finance plan requires a good understanding of the underlying financial management tools and well organized financial reporting. The main elements include:

- Financial planning objectives
- Predicting Starter Costs
- Estimated earnings statement

- Estimated balance
- Estimated cash flow statement
- Critical Point Analysis

For the success of your business, one of the most important tools is financial analysis based on your business documentation. Accurate document management will help you answer some very important issues such as:

- Do you win or lose? How much?
- Is your business financially stable or will you have many difficulties in the future?

A robust accounting system is the basis from which you can extract this valuable financial information. If you rely on external accounting, it is enough to learn just some basic principles in accounting.

Fundamentals of Accounting

This is not a manual for accountants. You need to understand how accounting works in order to operate with your company affairs. Accounting is a system for documenting all transformations in your company's ownership, a system that informs your company's financial status at any time. In order to control, each transaction or transformation is registered each day in the appropriate registers.

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Accounting balance sheet

The global equity to be observed in each balance sheet is that between the asset (i.e. the company's funds) and the liability (i.e. the sum of capital and liabilities). In other words, company funds (current and fixed) should be equal to financial sources / equity and loans /. The difference between the assets of the company and its liabilities determines the carrying amount, i.e. the amount of net / own /

capital. Some of the liability items affect the status of certain asset items and are simultaneously subject to the reverse. Depending on the company's specificity, there is a certain variety in the balance sheet construction but it is more formal in character and does not affect the basic principles that apply to all countries.

Assets

They represent the current value of the property owned by the company. Company assets are divided into current and fixed assets. The main difference between them is the time for which they can turn into cash. Current assets are converted into money within one year, and in fixed terms it is in parts for several years.

FTT/Fixed Assets

Fixed assets or so-called long term assets participate in the production process on a long-term basis, do not lose their material substance and transfer their value to the product in parts. Fixed assets are divided into tangible /land, equipment/ intangible /patents, licenses, trademarks, research and development products/, financing /shares in companies and subsidiaries, lending to other companies, where funds are invested, etc. Fixed assets are means that are not an objective of the activity but are involved in its achievement. For example, a company car is a fixed asset, but if the company sells cars, the car is not a fixed asset. Fixed assets lose their value over time, with the exception of land.

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Depreciation

Over time, your fixed assets lose their value, mainly due to obsolescence and even still functional, they need to be replaced. To calculate the current value of fixed assets, you must deduct the value that was lost due to their aging. Devaluation for a certain period is included in the price.

Current/Short Term/Assets

- **Financial resources.** This is the cash available in the cashier plus the current bank accounts. Securing cash is essential to the company's good financial standing. The vast amount of reserves ensures higher liquidity, which is a vital tool for reducing the vulnerability of the company from high and volatile interest rates, inflation, shortage of supply, reduced sales, etc. For optimal management of cash it is needed to minimize cash availability as it does not bear interest. It is a good idea to focus on several bank accounts, as many

make it more difficult to understand and raise bank charges. The duration of the different types of payments should be monitored. Temporarily excess cash, that is, this amount of money, which exceeds the assigned reserves, both in the short and long term, must be invested in the most efficient way. If the remainder is short-term, i.e. serve to finance upcoming investments or equalization seasonal variations, it is recommended that short-term use (short-term bonds, deposits in deposit accounts, etc.). If the “extra” money in the short term are not needed, they can invest in real estate high risk securities, payment of debts, etc.

- **Receivables.** Receivables represent receipt of money against the submission of invoices or other documents issued for goods delivered or services rendered. There are also receivables due to shortfalls, claims, receivables related to the participation of the company in other companies, etc. Receivables are an important current asset and therefore it is necessary to exercise strict control over them.
- **Inventories.** These include raw materials, goods and unfinished production. Inventories are less liquid than account receivables, and funds are usually difficult to obtain from the bank, typically up to 20% of their value. It is very important for the company to monitor the efficiency of the use of inventories.

Liabilities

These are sources of finance that allow the company to own property. They are subdivided into long-term and short-term.

- **Equity:** It is one of the financial sources of the company. If it is a company - it is formed by the shareholder contributions of the founders, and if it is a joint stock company - the capital is in the form of securities that the company issues and trades on the stock exchange. Another part of the content of equity is the undistributed profit. It is part of the net profit to remain in the firm.
- **Liabilities:** Another financial source of the company is the creditor, which is divided into current and long-term liabilities. The current ones are the obligations to be repaid in one year and the long-term ones for more than one year. They consist of bonds and bank loans. Bonds are a debt document. They are subject to certain interest rates over a given period and, when the maturity occurs, the initial amount invested. If the bond loan is secured by a pledge of real estate, it takes the form of a mortgage loan. Long-term bank loans are taken for specific needs with long-term effect. It is usually used for investment purposes. It is very important for the firm to accurately assess the advantages and disadvantages of having more or less equity,

respectively, of less or more loan capital. Acquisition of borrowed capital is cheaper than equity capital, but the borrowed capital is linked to its payment on a certain date, until dividend payment, although causing problems to the firm, does not lead to bankruptcy.

4. Useful advices for the development of a business plan

- **Be patient!** The development of a business plan is a long term process.

Take enough time to develop a business plan for your social enterprise. However, this is your business and you need to pay attention to all the details. First, collect the necessary data; then write your business plan. Convincing business plans are built on convincing data.

- **Be sure!** That you have the necessary data before you start writing your business plan.

Avoid jumping directly to the financial plan until you have yet collected enough data to support it. Discover your weakest places and fix them. When looking at the business plan structure, decide where you have the most data and best analysis and where your biggest gaps are. Many of the business plans of social enterprises prove to be inadequate in the sector / market and marketing plan. If your situation is similar, make efforts to address these issues as soon as possible.



- **Be short!**

Long business plans are not readable. Bankers, for example, review the first few pages and the financial section. Investors often pay attention to sector / market analysis, managerial and financial capacity. For the purpose of this project, 25 pages without additional documentation are the recommended maximum length.

- **Be corporative!**

Convince the social enterprise team to participate in the business plan. The business plan is not subject to authorization. Books and consultants can help but be sure that the manager who will be responsible for the venture plays a leading role in drafting the business plan.

- **Be objective!**

Every enterprise has competition. Often business plans of social enterprises claim that their endeavours have no competition. For every endeavour in practice this is not true. Just because no one offers the same services does not mean there is no competition. Customers always have the choice to spend their money and time where they want. Sometimes the choice is to do nothing. Customer judgment is a central part of the business planning process.

- **Accept the doubts!**

Every business, and hence any business plan, is built on a certain amount of uncertainty, even an assumption. Be aware of where your data is very strong and where it is unclear or almost hazy. The risk assessment section provides an opportunity to assess these doubts, to develop a strategy for their prevention, to develop a backup option and a strategy to reduce incidental events.

5. Analysis and assessment instruments

5.1. Brainstorming – an effective instrument for creativity

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Brainstorming is a group technique based on the method of free associations. The goal is to uncover new and original ideas and solutions to a particular problem. Brainstorming is a technique for gathering information and data that is needed to solve problems, to reveal many opportunities and to point out different aspects of the solution. Let us not forget that the idea does not mean a solution. The aim of brainstorming is ideas. The solution will be found when we evaluate and look at all the ideas.

It is usually conducted in a group of 4-12 participants. The more varied their profile, the higher the success rate of the session.



A constant rule of brainstorming is that all participants are absolutely equal and therefore the session should be in the spirit of a social encounter. The session is usually conducted by a moderator. At the beginning of the session he/she should clearly indicate the question and purpose. The participants then generate the largest number of solutions that are recorded on a flipchart, blackboard, etc. The moderator conducts the session, trying to provoke the participants to a high level of activity.

During the session any kind of criticism or evaluation, whether on the part of the participants or the moderator, is strictly forbidden. Even the slightest idea of criticism or assessment can cause a stop flow of ideas. The critical phase of evaluation of the material resulting from the brainstorming session takes place at the very end. Any idea, no matter how unrestrained, is worth noting. The purpose of the session is to produce as many ideas as possible. The duration of the session depends on the topic and purpose. Usually it is between 30 and 40 minutes, up to an hour. At the end of each session, ideas are evaluated and assigned to groups. They are then provided to selected teams of specialists for consideration.

The advantage of brainstorming is the transfer of enthusiasm to all participants, the creation of a competitive environment and the suppression of stereotypical thinking habits.

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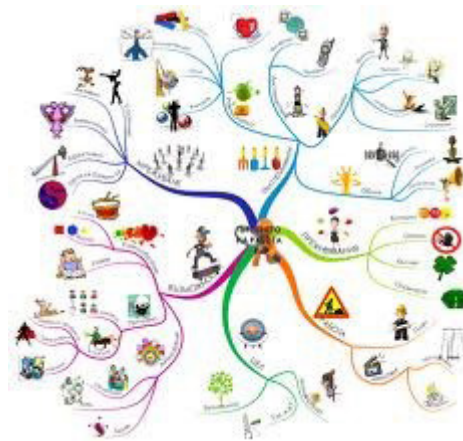
5.2. Mind map

Mind map is a technique for systematizing and graphically presenting our ideas. The mind maps are a convenient way to portray the process of general system thinking through a scheme.

These are charts used to visualize information (ideas, tasks, goals) linked by a keyword or idea. They can be used to generate, structure, and visualize ideas, as well as a tool for training and organizing information, problem solving, or decision making.

They are based on the use of a central idea from which the associated ideas or categories are branched out, each idea being represented by a keyword and visual elements (images, colours, patterns, shapes). The individual categories represent semantic links between parts of the information.

Mind maps are based on the use of non-linear, radiant thinking. In this way, using a system of words, images, numbers, logic and colour, unlocks hidden brain capabilities and increases its capacity, supports the brain's ability to plan, organize, and memorize.



The human brain keeps knowledge in the form of “tuffs”. It works in such a way that it establishes connections between the different terms, thoughts and ideas - compares them, sorts them, arranges them in a common system that is unique to each person and reflects its individuality. The “mind maps” technique uses the same principle of “capture of thoughts” that is distributed in separate “tuffs”.

The technique is applicable in all areas where a problem or subject needs to be addressed from all possible perspectives. Research has shown that with the help of “mind maps”, productivity increases from 3 to 5 times.

5.3. SWOT Analysis

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This is a widely popular technique of strategic management. SWOT is an acronym for the following words: Strengths – Weaknesses- Opportunities- Threats

SWOT analysis is an extremely useful tool for understanding different business situations and decision-making. It provides the necessary framework for reviewing a company’s organizational strategy and direction, but also a project, business proposition, or any other idea.

SWOT analysis is a method not only for analysis but also for planning. This clarification is very important!

An analysis, however detailed and accurate, without the next step - planning - is generally useless. What if we took the time to analyse something about our company if we do not know or cannot improve it or use it in our favour in any way?

In this sense, SWOT analysis is often followed by the preparation of some kind of plan - marketing plan, sales plan or business plan.

	Helping For achieving the goal	Barriers For achieving the goal
Internal Organisation's factors	Strengths	Weaknesses
External Environment factors	Opportunities	Threats

Strengths and weaknesses are **internal factors** that depend entirely on us. **External factors** do not depend on us, and we are usually not able to influence them, but at the same time they have a huge impact on the results of our actions.

Here's what's good to think about and what issues it's important to answer when doing SWOT analysis:

Strengths	
<p>Strong points in the SWOT analysis include things like strong brands, patents, know-how, and good reputation among users, exclusive access to natural resources, and favourable access to distribution channels, and so on. In short, strengths are all that can form a competitive advantage.</p>	<ul style="list-style-type: none"> ● What is your advantage? ● What do you do better than everyone else? ● Do you have unique or very cheap resources to win and not have others available to? ● What are the factors that will help us make our sales? ● What is your unique offer to sell?
Weaknesses	

<p>Weaknesses may include a weak brand, lack of patent protection, poor reputation among consumers, expensive resources, lack of access to quality natural resources, unfavourable access to distribution channels, etc.</p>	<ul style="list-style-type: none"> ● What can be improved in the company? ● What should be avoided? ● What do people in the industry think is a weak point of the company? ● What are the reasons why the company misses sales?
<p>Opportunities</p>	
<p>Useful opportunities can come from changes in technology, markets, state regulation, social change, lifting of trade barriers, changes in lifestyle, etc.</p>	<ul style="list-style-type: none"> ● What good opportunities exist? ● What interesting trends are on the agenda? ● How do the needs of the target group change?
<p>Threats</p>	
<p>Threats may come from changes in consumer preferences, the emergence of substitute products, new government regulations, trade barriers, etc.</p>	<ul style="list-style-type: none"> ● What difficulties do you face? ● What is the competition? ● Do the quality standards or product requirements change? ● What are the changes in technology? ● Can any of the weaknesses seriously threaten its market positions?

This step provides the necessary business context, as these six categories are exactly what a business does. So accurate measurements can be used in the six categories, and the actions of the people or teams responsible for conducting the analysis become more focused, concrete and manageable.

5.4. SMART Goals

SMART is a popular abbreviation from the following words:

Specific, **M**easurable, **A**ttainable, **R**elevant, **T**ime-bound

SMART GOALS is used in management and project management for goal setting and assignment of tasks. In order to for a goal to become a SMART goal, it should be specific, measurable, accepted by all who will work to achieve it, realistic and with a deadline. The presentation of a goal in a SMART type actually allows formulating the main points of the plan for its achievement.

Each of us sets goals that he/she wants to achieve. Very often, people set goals and make decisions at the beginning of each year, but they often quickly give up their realization. Why is that? The reason lies in the fact that these plans or goals are not actually put in place they are just desires or intentions.

Every well-placed goal should be SMART by meeting the following criteria:

S	Specific: What is your goal? Can you describe it?
M	Measurable: What are the criteria you evaluate it with? How will you know that you have achieved it?
A	Attainable / Acceptable / Ambitious: What are the criteria you evaluate it with? How will you know that you have achieved it?
R	Relevant and realistic: Is your goal feasible? Is this the best choice for you today?
T	Time-bound: When can you start? What will be the stages? What deadline do you define?

5.5. PEST Analysis

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This is a framework that strategists use to scan the external macro environment in which the organization operates. PEST is an abbreviation of the following factors:

Political - Economic - Social - Technological

These factors play an important role in choosing a strategy. They are out of control of the company and should be considered as threats or opportunities (see SWOT analysis). It is important to note that macroeconomic factors may vary across continents, countries and even regions. Therefore, the PEST analysis is usually prepared at the country level.

When PEST analysis is undertaken, concrete responses are sought for the following chain of questions:

- Which of these factors are the most important in the current organization?
- Which of these factors are likely to be the most important in the next 4-5 years?

Political environment	Economic environment
<ul style="list-style-type: none"> ● Legislation in a business/public sector ● Specific secondary legislation ● Current draft laws ● Stability/instability of political governance 	<ul style="list-style-type: none"> ● Interest rates ● Inflation ● Accessibility of financial credits ● World and national regional cycles ● Energy costs
Social environment	Technological environment
<ul style="list-style-type: none"> ● Demographic curves of the population ● Income scales ● Styles of life ● User styles ● Social attitudes and worries 	<ul style="list-style-type: none"> ● State of innovation ● Level of investment in technology ● Age of technological aging ● Cost curves for research and development

5.6. Social lean canvas

The model in which each organization creates, distributes and receives value in economic, social and cultural contexts. The model of the social lean canvas of each company, no matter how large, consists of 10 elements. The cells of each of them can be painted, filled out directly, market with sticky notes, and so on. The most important thing is to fill in as accurately as possible. Here's what it's good to think about and which questions it's important to answer when filling out the channel of your business:

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Problem	<ul style="list-style-type: none"> ● What are the specific problems each of the different type of customers face?
Solution	<ul style="list-style-type: none"> ● What is your product or service? ● Effectiveness of the solution
Key metrics	<ul style="list-style-type: none"> ● What are the numbers that will show your business model is working? ● What are the needed resources?
Unique Value Proposition	<ul style="list-style-type: none"> ● What is the unique combination of benefits your product or service will offer to overcome problems the customer has?

Competitive Advantage	<ul style="list-style-type: none"> ● Why is your business going to be successful?
Channels	<ul style="list-style-type: none"> ● How will you reach your customers in a scalable way? ● How will you communicate the message of your social enterprise?
Customer Segments	<ul style="list-style-type: none"> ● Who do you need to move to make your business model work? ● Which customers will move first?
Cost Structure	<ul style="list-style-type: none"> ● What are the major costs associated with running this social enterprise?
Revenue	<ul style="list-style-type: none"> ● What are the ongoing flows of income that will create financial sustainability for this venture?
Impact	<ul style="list-style-type: none"> ● What is the intended social or environmental impact of your venture? ● Who are the beneficiaries?

What you get through Social Lean Canvas is a clear structure to answer your questions about the activities of your business. The social business model is used both to lay the foundations for a start-up business and to optimize large companies.

SocialLean Canvas is adapted from The Lean Canvas (www.lean-canvas.com) which is in turn adapted from The Business Model Canvas (www.businessmodelgeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.

<p>PURPOSE Clearly defined in terms of the social/environmental impact that is intended and any financial goals as well as any other key aspects of the vision. This will include the overarching problem/s that the venture will look to solve. This box is not really part of the canvas as it is not part of the business model that needs to be validated. This needs to be in place before starting on the rest of the canvas as it will serve as a set of guiding principles for the development of the business model.</p>			
<p>PROBLEM What are the biggest problems? Note these are specific problems faced by the customers (in customer segments) not the overarching problems that arise in the Purpose section.</p> <p>Existing Alternatives How are these problems currently being solved?</p>	<p>SOLUTION What solution will deliver the UVP/s to the different customer segments?</p>	<p>UNIQUE VALUE PROPOSITION What single or multiple value propositions remove the problems faced by the different customer segments?</p>	<p>UNFAIR ADVANTAGE Why will this venture succeed?</p>
<p>KEY METRICS What key numbers tell you whether your venture is succeeding?</p>	<p>CHANNELS How will you reach your customers in a scalable way?</p>		<p>CUSTOMER SEGMENTS Who do you need to move to make this business model work? - Customers - Users - Investors/Funders - Volunteers etc</p> <p>Early Adopters Which customers will move first?</p>
<p>COST STRUCTURE How much will it cost to deliver your solution to customers at scale?</p>		<p>FINANCIAL SUSTAINABILITY 1. Traditional Revenue Model - ongoing income, e.g. customers paying for your product/service, ongoing donations etc. 2. Funding Model - individuals or organisations contributing initial capital (also include the ownership structure proposed for this venture)</p>	
<p>social lean canvas V1.04 Available at www.socialleancanvas.com</p>		<p>IMPACT What social or environmental impact will result and who are the beneficiaries? Including defined metrics for how these outcomes will be measured (these assumptions will be validated (and potentially pivoted on) like every other part of the business model).</p>	

6. Practical activities

6.1. True/false activity

<https://goo.gl/forms/4igOzpTGyqoP62Qq2>

6.2. Blank space activity

<https://goo.gl/forms/cq3oac4mmOOcdQ3r2>

6.3. Final test

<https://goo.gl/forms/8RNNyqq2lTUyzTLH2>

7. Glossary

Business plan: The business plan is a document that covers the company's main goals and contains detailed analyses, plans and budgets showing how the goals will be achieved.

Social enterprise: An enterprise which is entirely dependent on its own economic activity on the market, which functions for the benefit of its employees by providing them with employment or for the benefit of other vulnerable groups or social causes.

Marketing: "Marketing" comes from the English word for market and one of the most literally means the process of selling anything. Marketing is a combination of theoretical and practical activities, sales of product, service, idea, etc.

Management: The management is the performance and exercise of management activities in a particular organized system.

Budget: The budget is a formal written statement, a list of all planned revenue and expenditure expected for management over a period of time, usually a year, but not necessarily a calendar.

Legal form: Form of management of an organization, which may be different types.

Vision: Presentation of the meaning of the activity and long-term prospects for

the development of an organization.

Mission: It expresses the type, the scale of activity, the differences from the competitors, without embracing in perspective the prospects for future development and other changes.

Resources: Stock of funds, tools

Risk assessment: Identifying the hazards associated with the work, the work process and the working environment with subsequent decision-making to limit or eliminate that risk.

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SUMMARY

Every social entrepreneurship project is based on three fundamental pillars: **the entrepreneur, the idea and the market in which it is going to start.**

The social entrepreneur is defined as the **individual who formulates and presents new solutions to social problems.**

The **idea** is **the solution that is offered to solve a particular social problem**, and may have been generated by observing the environment, detecting the needs of a segment of society without addressing or relying on an innovative process.

The **market is the environment in which the idea is going to be implemented**, and it is composed by the physical environment and the people who will be the clients or users. Before starting the idea it is necessary to analyse those elements of the environment that can affect the idea and the users of it.

The digital economy and ICT applications are sources of business ideas, the entrepreneur must know the technological trends that drive the creation of new innovative solutions, empower and connect disadvantaged groups or enhance citizen participation.

Likewise, social entrepreneurs must know the ICT management tools that allow them to save on costs and mobility during the start-up of the entrepreneur project.

In social services, the **greatest business opportunities** are linked to services for dependent persons, integration of migrants, integration of disabled people, and the environment; as well as the circular economy and the digital economy.

The structures of social economy may have a **wide range of funding sources**, but all this sources may be classified in three major categories:

- Governmental funds / public funds – including the EU programs
- Private contributions:
 - Donations
 - Sponsorship
 - Private grants
- Commercial revenues

In the EU context, a **social enterprise is an economical operator whose main objective is to have a social impact rather than make a profit for their owners or shareholders.**

The EU Commission uses the term "social enterprise" to cover the **following types of business:**

- The businesses with a social objective of the common good is the reason for the economic/commercial activity
- The businesses that reinvest their profit to achieve social objectives
- The economic entities where ownership system, method of organisation and control is democratic and participatory, with focus on social justice
- Businesses providing social services and/or goods and services to vulnerable people (access to housing, health care, assistance for elderly or disabled persons, inclusion of vulnerable groups, child care)
- Businesses that ensure social and professional integration through employment for people disadvantaged people due to insufficient qualifications, health issues, social or professional problems leading to exclusion and marginalisation.

Social networks have dramatically changed the way business communicates, interacts, and communicates, enabling consumers to communicate more dynamically and targeted to the right audience, and social business is no exception. Modern businesses are constantly challenged to alter their strategies. Marketing on social networks affects virtually any business regardless of its nature, size and purpose.

The most effective way to engage your audience is with the narrative: humans are prepared for it. Our brain generally does not distinguish between fiction and reality; therefore, we plunge into stories as if we were part of them. To make sure your stories connect with the audience follow the six steps to make sure your stories are effective:

- Use concrete words to induce emotion
- Avoid the temptation to use epic stories
- Have a clear message
- Finish on a positive note
- Develop your own style

- Know what response you want from your audience

The business plan can be defined as a summary of the details of the creation and development activities of a social enterprise in a given business area. The description of the service offered, the way of financing, the management of operations, marketing and advertising, as well as the justification of a reasonable profit, are in general terms its content. The existence of a business plan guarantees the sustainability and survival of a social enterprise and the timely creation of such a plan ensures the fulfilment of the mission and vision of the social enterprise.

The ideal structure of a business plan must contain at least:

- **Summary**
- **Vision & Mission**
- **Market Analysis**
- **Assessment of organization**
- **Environment, industry**

And other elements as:

- **Marketing plan**
- **Management plan**
- **Operational action plan**
- **Financial plan.**

