European Social Economy Network (@ESEN)

Handbook and Curriculum for Social Entrepreneurs

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IO3. European Social Entrepreneurship Syllabus

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General Information

The **@ESEN Syllabus** is a concrete result of @ESEN Partners' effort deeply committed in pursuing the project's multifaceted objectives:

•building of national and local social enterprise networks by expanding and interconnecting with existing networks

•raising awareness of social enterprise as a way to create job opportunities and face poverty with a positive social impact and promote the work of existing SEs

• curating and sharing knowledge to build capacity building, training & education services to SEs, using ICT to blend methodologies, integrate practices and overcome local boundaries.

The Syllabus

@ESEN Syllabus deals with the social entrepreneurship aspects at two levels. Firstly, it explores topics at theoretical level, helping trainees to draw on their own conceptual frameworks and a common vocabulary that support understanding of enterprise definition and scope in a European context. Secondly, it presents specific practical approaches of planning and executing social entrepreneurship. The Syllabus is structured according to a European perspective, including examples, case studies, business models and strategies from the participating countries, achieving a European impact.

Following the curriculum's articulation, it provides focused contents and material always remaining open to integrations and enrichments coming also from trainers, trainees and all those who'll be involved in the training activities. In this sense, @ESEN Syllabus has to be meant as a live educational environment that aims to better orient and equip its user in order to:

1) outline a personal conceptual framework for understanding social entrepreneurship in the context of changing social arrangements

2) share a vocabulary for thinking and communicating about social values in concrete terms at transnational level

3) discover and also invent models to launch, lead, manage, and evaluate a social venture

4) Specific funding sources for the venture

5) give and receive critical feedback on specific concepts for social entrepreneurship before taking the plunge.

Target audience

The @ESEN Syllabus is designed to be supportive not only to unemployed willing to assess their social entrepreneurship ideas before their elaboration but also to social entrepreneurs who may be interested in expanding their notions in order to achieve the best results.

The Syllabus online

The @ESEN Programme (IO2) and Syllabus (IO3) are core material of the @ESEN e-platform (IO4) connected with the project knowledge network in a circular, dynamic improvement of their contents, contributing to the enhancement of the quality and accessibility of resources, methodologies and tools available at EU level for the support of active and potential social entrepreneurs.

Table of contents

Memorandum

Aims and Objectives

Keywords

Vocabulary

Exercises/Activities

Example

Important

Review Questions

For Further Study

Bibliography

AN INTRODUCTION TO SOCIAL ECONOMY AND ENTREPRENEURSHIP COURSE

An Introduction to Social Economy and Entrepreneurship Course

@ESEN Programme and Syllabus

@ESEN Programme (IO2) has been designed as a scientific and flexible online/real world empowerment pathway matching the ever-increasing need of trainers of social enterprise to overcome theory for shaping and developing their own idea or existing social enterprise's improvement. The @ESEN collaborative educational approach is structured in five modules: *Business Management, Social Innovation and Impact, Social Enterprise Marketing, Fundraising & Resources, Human Resource Power* plus an introductive silo *Basics in Social Economy and Entrepreneurship.* The @ESEN Syllabus (IO3) constitutes the other part of this innovative and comprehensive learning and training system that aims to support European social entrepreneurship, incorporating modern scientific concepts, methods & techniques and satisfying the needs of different target groups in an integrative way.

@ESEN Syllabus

The specific aim of the Syllabus is to train, support and guide active and potential social entrepreneurs in developing their social business idea. The innovative proposition underlying the Syllabus is that individuals, who are motivated to be social entrepreneurs, may have more options and prove more effective by being formally in touch with a collaborative and educational setting regarding social entrepreneurship than a theoretical approach.

It has to highlight that Syllabus retrieves its contents, methodologies and suggestions from the widespread research carried out by Partners that has involved social enterprises, trainers, facilitators, academics, consultants and policy makers.

Moreover, its articulation responds to needs' analysis and suggestions coming from the wide groups of interlocutors of the social enterprise ecosystem.

Structure and the contents

The Syllabus is articulated in chapters corresponding to the curriculum's modules, and each chapter follows the scheme below:

Brief introduction – general description of topics and matter, outlining the discipline and scientific domains.

Aims and objectives – Identification of main aims in terms of skills and competences' development and improvement.

Learning outcomes – list of knowledge and skills to acquire or enhance at the completion of the training activity.

Keywords and vocabulary – a guiding glossary for the most important terms of the module.

Modules' articulation – narrative exposition in paragraphs, that can include also examples, tables, figures, pictures, illustrating concepts, theories and supporting learners in exploring the reference discipline and subject and helping them in focusing and deepening contests and topics of their particular interests.

Set of exercises / activities – A set of exercises of different types and format (multiple choice questions, study cases, etc.) that are available also on @Esen e-platform for online training.

Synopsis – an abstract of the module, explaining its sense and contextualising it within the project's aims and strategy

Review questions – a set of questions for a first learning's evaluation

Annex – a synoptical overview of the modules, with a lessons' breakdown and synthetical information about contents, methodologies, exercises.

Introduction

The module on Social Enterprise will provide substantial knowledge on why and how to plan and run a social enterprise. More specifically, it will allow participants to learn about key elements of Social enterprise and their respective target stakeholders.

Aims and objectives

This introduction aims to provide an overview of the course and to motivate and trigger your interest in order to take it.

This module aims to provide a substantial understanding to novices in the field of Social Entrepreneurship on the following:

- History and definition of social enterprise
- Best practice examples of how social enterprises can transform society and be profitable
- Course overview
- The main objective is for individuals to develop an understanding of social enterprises in order to create a social enterprise of their choice. This module focuses on establishing an understanding of social enterprise and gives the participant an overview of what to come in this course.

1.1 Onboarding

If you are in a group please make yourself comfortable and introduce yourself to the other, to make the participants feel welcomed and valued. Ground rules for the interaction between us are the following: mind your safe space and the safe space of the other, care for yourself, care for the others and care for the whole).

To improve group coherence and assure mutual sympathy the course facilitator will deploy games as ice breakers. They include but are not limited to: The Candy Game, the Marshmallow Game, a Scavenger Hunt, Two Truths and One Lie, Paper Airplane Game, Year of the Coin, One Common Thing, Speed Networking and more. Please use an icebreaker exercise you feel most comfortable with and feel free to use the one that you might already have used and the group is used to. Here are another two icebreakers outlined in more detail. The Personal Artifact Game is great to get to know one another if you work with a new group of people that do not know one another. The Line Up Game is a great game for a group that already knows one another.

1.2 Definitions of Social Enterprise

There is a big discussion about what social enterprise is. This comes out of the different understandings of business and social activity around the world. In the USA for example, there is a large focus on the social entrepreneur and not on the social enterprise. Individualism and a focus upon the business aspect allows the white washing of the social impact. In contrast, on the European continent, there is a focus

upon the communal aspects of social enterprise. Here there is a focus upon the systemic aspects of running a social enterprise and a heavy emphasis on the social impact is laid, in contrast to the understanding in the USA. This theme continues around the world. Slight variations in the legal jargon and regulations create different forms of social enterprise that are mutually excluding each other. Therefore, it is very important to have a very inclusive understanding of social enterprise that does not measure an organisation by its legal form. Rather, we look at what a social enterprise does and how to govern itself.

We are defining social enterprise as businesses that have clear ethics and values, a social purpose, are democratically managed and distribute the wealth they create fairly.

We define the social economy as the sector in which all social enterprises work and prosper. This also includes the legal and social frameworks under which social enterprise work.

The concept of social enterprise developed around the cooperative movement in the United Kingdom in the 1980s. However, there is no clear historical timeline of social enterprise established yet because the concept of it can be found throughout the ages. Scholars of the Field generally accept that the origin comes from the aforementioned UK background but then quickly spread all over the world and was adapted and assimilated by the prevalent Zeitgeist.

1.3 Best Practice Examples

We have worked on providing you a list of best practices from around Europe. Please read our best practice examples here: https://esen.ios.edu.pl/images/ESEN_Good_practices.pdf . We have worked on 25 examples that are very different to one another and show the full scope of how a social enterprise can look like.

Please consider at least a couple from each country and observe their mistakes. The Covid pandemic was a particular challenge to most of them. New social enterprises are born every day and it is easy to miss an example that might be of special benefit to you. Consider doing your own research to find examples that fit with what you consider doing. As the wheel, many innovations are made several times in different parts of the world, keeping an eye on the Zeitgeist will help you to stay ahead. For this purpose you might also want to follow us on Facebook: https://www.facebook.com/esensocialeconomy or Instagram: https://www.instagram.com/esensocialeconomy/

1.4. Course Overview
The facilitator will illustrate to the participants how the course structure is aimed at empowering them as social entrepreneurs. Any open questions regarding the content and its real life impact will be discussed during this part. Vital is the empowerment and excitement that should be implemented here in the participant.

Some aspects of the course might be too advanced or too difficult to grasp. Do not mind if this is the case. We strived to create a holistic course that also includes content for a bit more matured social

enterprise. These insights might not be relatable right now but will become relevant with the success of your social enterprise.

At this point please familiarize yourself with the ESEN Curriculum available at our website: https://esen.ios.edu.pl/en/#IntellectualOutputs .

This course is structured in 5 different modules that span through a large variety of different subjects. This is a very holistic approach and is not aimed at intimidating you. This is to give you options and the ability to self study towards a greater understanding of a variety of subjects that relate to setting up and running a social enterprise.

Module 1 gives you an understanding of Business Management skills. It will prepare you and ask you the most essential questions surrounding your endeavor. It will help you to draft a social enterprise business plan, to conduct risk assessments, to monitor your progress and aids you in the identification of stakeholders as well as guides you in drafting a strategy for yourself. Make sure you always strive to adapt the learning to your own social enterprise venture. Adapt to different ways of thinking about your idea. Strive to be flexible and make sure to record every question that you do not have an answer for yet. In addition, you can also dismiss or add to specific parts of the module using the additional literature or ask for advice in the ESEN network.

Module 2 supports you in trying out and testing your idea to such a point where you are happy with it and are able to commercialize it or to move into the real world, so to speak. This entails the prototyping and testing of your ideas as well as understanding and articulating the value behind what you do. At the heart, this module gives you a path to test your idea. It helps you to make sure that your idea is at a level where you can actually start doing it in the real world. Testing the idea just makes it better and stronger. Do not be depressed if a product test does not go as you wish. There is always room to learn and grow from mistakes, making yourself and your social enterprise much stronger in the process.

Module 3 dives into social enterprise marketing and helps you in conducting a market assessment and a subsequent marketing plan to act upon. Marketing and communication is an important aspect to anything you do. Here you will gain more understanding about how to talk to different people and groups that you are dealing with. Picking the right language in explaining your intentions or negotiating can enrich or break your business. We suggest you take this module as an opportunity to reflect upon the way you talk and your social enterprise engaged with different stakeholders. This is also a perfect place to ask for more outside help and feedback.

Module 4 is all about fundraising and resource management. You will gain more knowledge about financial strategy, power sharing, pitching and diversifying your revenue sources. This is essential for more established social enterprises that already have ongoing business. This module will throw you in the deep end of the pool, giving you an overview of various ways of analysing and managing your social enterprise. This side of your business should be clear to you and this will help you. However, please work with somebody you trust to assure a rigid financial structure of your plans.

Module 5 is about team and diversity management. In this module, you will get a better understanding of what it takes to lead a team. Moreover, you will learn how to strive out of the diversity of your team. You will be able to utilize a diverse team and strive from their different perspectives and experiences. This module will help you to understand and to reconcile your own preconceived notions of diversity and will make you confident to deal with complex teams.

1.5 Develop your own understanding of Social Enterprise

When you look at our definitions, I am sure you have some problems. Maybe you find them too broad or too narrow? Maybe you find them limiting what you want to do? Maybe they inspired you to think about your social enterprise in a different way? Maybe it just confused you and you feel less secure about what a social enterprise is?

Whatever your answer to these questions might be, we at ESEN are here to support you and our community will do the same. Make sure you join us and exchange ideas and understandings of social enterprise between yourselves. There is no right answer, just the legal restraints in your country that you will have to work with.

For Further study (links to available online resources: documents, essays, video, etc.)

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- Social Enterprise London, UK. (2020) *Marketing your Social Enterprise,* at http://www.socialenterprisebsr.net/wp-content/uploads/2016/05/Marketing-Your-Social-Enterprise-Social-Enterprise-London.pdf (Accessed 18th November 2020).

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MODULE A
BUSINESS
MANAGEMENT

Module A – Business Management

Introduction

The module of Business Management will provide substantial knowledge on how social enterprises are developed and operating. More specifically, it will give participants the opportunity to learn about the business models used in Social Entrepreneurship, SWOT Analysis, the Supply Chain mechanisms, the management and assessment of risks, the stakeholder identification and the operational strategy development.

Aims and objectives (for Module 1- Business Management)

This module aims to develop and improve the skills and competences of aspiring social entrepreneurs in understanding how organizational structures within social enterprises function. The ultimate objective is to provide to individuals the know-how and knowledge foundation in order to be able to create a social enterprise of their choice.

Learning Outcomes (for Module 1- Business Management)

Knowledge:

- The different business models for Social Enterprises
- The business plan components
- The SWOT analysis: approaches and tools
- Activities and categories of supply chain management (costs, supplies, transportation, manufacturing and delivery targets)
- The issues and challenges in the supply chain and production line
- Risks associated in a social enterprise
- Strategies and strategic goals, mission and value system
- Stakeholder concept
- Key factors of stakeholder impact on entrepreneurs

Skills:

- to explain different business models
- to define the purpose of the supply chain and production line management
- to identify the risks associated with running a social enterprise
- to prioritize the risks presented in a social enterprise
- to analyse the mission and vision of your organization
- to determine the impact of stakeholders on the enterprise
- to identify key stakeholders

Competences

- To design a business plan based on business model canvas
- To use properly supply chain management decisions
- To create a risk assessment strategy based on risk prioritization and explain the risk decisions
- To define the mission and vision
- To build an enterprise value system
- To define the strategic and development goals of his or her company and identify the necessary resources.
- To analyze main needs and expectations of stakeholders
- To create a stakeholder map

Keywords (for Module 1- Business Management)

Business Management
Business Plan
Business Model
Social Enterprise Business Plan
Social Enterprise Business Strategy
Business Strategy
Business
Stakeholders
Stakeholder map

Vocabulary (for Module 1- Business Management)

- Business Plan: A document which describes in detail how a new business will operate and includes business description and objectives, roadmap of operation, market research, SWOT analysis, target groups, Business model, financial strategy, management and personnel description.
- Business Model: The business model defines the products or services of an Enterprise and offers a description of the target market, the anticipated costs and revenues and the ways it will penetrate into the market.
- SWOT: Stands for Strengths- Weaknesses- Opportunities- Threats. It helps to identify the functioning of the enterprise providing useful information to help an enterprise to find opportunities and identify the risks which it may be exposed to.
- Supply Chain: Supply Chain is the procedure from the raw production to the delivery of the service/product to the client.

- Risk Management: Risks associated with staff, property, liability, resources and regulations around an enterprise. It is the process of identifying, evaluating and overcoming threats and challenges.
- Strategy: Plan of action, the plan of our activities in business. A good strategy is also ethical path planning, hence elements such as the mission, vision and value system of the enterprise are at its core.
- Mission: Concise formulation that defines the organization's core objectives, outlines the overall purpose of its existence, and lays out the basis for strategic actions.
- Vision: The mirror image of the mission. A vision is an idea of the ideal state of an organization in the long term.
- Code of ethics/ values system: Compilation of the most important principles that apply in an organization both inside and outside.
- SMART Strategic goals: SMART goals are: Simple, Strategic; Measurable, Motivative; Achievable, Agreed, Aligned with corporate goals, Action-oriented, Attainable; Relevant, Realistic, Results based; Time-based, Trackable, Time/cost limited, Timeframe, Timely; Exciting, Evaluated; Recorded, Reviewed
- Social Enterprise plans: Business plans where the there is more emphasis on the relevance and need for the business, the social impact and added value of the products and services, opportunities for collaboration and partnership and shared growth, inclusive and democratic organisation structures, seeing sustainability as an important measurement of the business' success and its impact communities and the environment
- Stakeholders: Entities (individuals, communities, institutions, organizations, offices) whose activities may affect the functioning of the company or the success of projects. It is the environment of the organization, entering into direct or indirect relations with it.
- Stakeholder Mapping: A process and tool that allows you to categorize Stakeholders, define their relationships, dependencies between them and group them. Thanks to mapping, it is possible to identify the interests represented by individual groups, indicate the role they play in the context of the functioning of the organization, as well as their goals and expectations.

A.1
SOCIAL ENTERPRISE
BUSINESS PLAN

A.1 Social enterprise Business plan

A.1.1 Business Model

This subtopic will illustrate the business models used in social entrepreneurship and provide the opportunity for participants to identify different business models as well as create their own business model Canvas.

A.1.2 SWOT Analysis

This subtopic will define what a SWOT Analysis is and it can be used for business development and business ideas. Participants will be able to construct a SWOT Analysis based on scenario questions.

A.1.3 Supply Chain Management

This subtopic will illustrate what is Supply-Chain Management, what it consists of and how it can be used. It will provide an analysis on the different activities within the supply-chain to support a social entrepreneur's understanding of all business operations.

A.1 Social enterprise Business plan
THEORY

Business Plan

What is a Business Plan?

A document which describes in detail how a new business will operate and includes business description and objectives, roadmap of operation, market research, SWOT analysis, target groups, Business model, financial strategy, management and personnel description.

What is the purpose of the Business Plan?

The Business Plan helps to identify, describe and analyse a business opportunity, examining its technical, economic and financial feasibility. It introduces the business to others when you want to cooperate with them. All businesses need a business plan in order to:

- To show your commitment to build a business
- To lay out the business milestones and what you want to achieve
- To understand your competition
- To understand your customers and their needs in order to provide better products to them
- To assess any assumptions you might have
- To assess the feasibility of your venture
- To find ways in which your enterprise can make money
- To determine the financial needs and find how much capital you will need

Added elements in the business plan for social entrepreneurship:
- To identify the main purpose of the business and its social value

- To define its social purpose and added value
- To analyse the opportunities for collaboration or shared growth
- To define the organisation structure in respect to inclusion to be used in the social enterprise

What is included in the business plan?

All business models share the goal of achieving sustainability by finding innovative ways to support their enterprises financially. Specifically, the profits gained are reinvested in the enterprise. Once the SE identifies the business model to be used, the business plan should be designed and encompass the business model canvas which will help to identify the entering market route, a SWOT analysis, the target group and market research to provide the innovation of the product.

Specifically, a business plan should include:

- Executive Summary to include summary, business description and key personnel.
- Vision to include the business idea, business goals, competitive advantage, legal aspects.
- Marketing Strategy to include a market research, target groups, competitors, SWOT analysis, Pricing, Promotion and Advertising Strategy
- Running a Business to include a description of staff, premises, supply-chain management, equipment, business model, managing risks.
- Finance to include cost analysis and financial plan for the business and risks.

A.1.1 Business Model

Business Model

What is the purpose of the business model?

The business model defines the products or services of an Enterprise and offers a description of the target market, the anticipated costs and revenues and the ways it will penetrate into the market. Hence, the business model provides a description and a summary of the business strategy and it provides the main idea of how to develop an enterprise.

What are the business models in social entrepreneurship?

In social entrepreneurship there are 8 main business models:

1. Entrepreneur support model refers to selling business support services directly to the entrepreneurs in its target population. An example is the PRO MUJER international organisation- website: https://promujer.org/b2b/en/ - which provides funding support to women of a challenging social and economic background to become entrepreneurs.
2. Market Intermediary model refers to marketing or selling their clients' products or services. An international good example of a social enterprise with this model is the TOPLA initiative of the Save the children organisation. TOPLA's main operation is marketing women-made

food products in urban areas. As a market intermediary, TOPLA manages the marketing, sales and distribution of revenues and products in the market.

3. Employment model refers to the provision of job opportunities and job training to clients. An example is the SIEDLISKO organisation - website https://www.nesst.org/siedlisko - a care centre for the elderly in Poland which provides employment opportunities to people with special needs. SIEDLISKO is considered to be a good practice of social entrepreneurship in Europe, as the organisation gained a lot of support in the latest years and has been awarded for the work environment that it offers to its employees.

4. The Fee-for-Service model refers to when a customer buys a service for a social benefit. An example of a social enterprise is the BOOKSHARE social enterprise- website: https://www.bookshare.org/cms/ . BOOKSHARE is an enterprise which sells books online. The enterprise developed an educational service for people with blindness who could download a book and read it in the BRAILLE CODE (a tactile system that allows blind and partially sighted people to access literacy by reading and writing).

5. Low-income client model refers to selling social services to low-income clients. These can include, prescription drug programmes, educational programmes, legal support services, provision of goods and services to people living in poverty or of a challenging financial and social background, etc.

6. Cooperative model refers to when members pay a fee to be provided with member services. An example of a social enterprise is the Association For Social Cooperatives - website: http://www.spoldzielnie.org/index.php?lang=5 - which has existed since 2003 in Poland. The association provides counselling and information assistance to its cooperators in their current activities.

7. Service subsidization model refers to funding social programs by selling products or services. An example is the Agia Skepi Bio -website: https://www.agiaskepi.com/ - in Cyprus which is subject to, and functions as a subsidiary of a bigger organisation, the Agia Skepi Therapeutic Community- a Drug addiction treatment centre. As part of the treatment program, members of Agia Skepi are involved in the cultivation of organic products which are sold in Agia Skepi Bio Shop. All of the revenues that Agia Skepi Bio gains go back to the parent organisation of Agia Skepi.

8. Organizational support model refers to funding social programs by selling products or services through a parent organization. Similar to the service subsidization model, the mere difference is that revenues are distinctively gained.

How to create a business model?

A useful tool is through the business model canvas which can be done at: https://canvanizer.com/

Benefits of using the business model canvas:

- The business model canvas is a tool that helps you pull apart your business idea.
- It breaks down into easily-understood segments.

- It provides a summary of information on the business strategy.
- It is useful to create a business model.

Business Model Canvas

Figure 1 - Business Canvas Model

What should be included in each section?

- Key Partners: The persons who will own the enterprise and associates.
- Key Activities: The main services the enterprise will provide.
- Key Resources: The places where Anna will provide the service.
- Value Proposition: The values/achievements to be created with the establishment of the enterprise.
- Customer Relationships: The ways Anna will offer support to the customers.
- Customers: The target groups and end-users.
- Channels: The promotional methods to be used to approach the audience.
- Costs: The costs that are needed to create the social enterprise and the costs that are needed to maintain the enterprise (No need to include numbers).
- Revenue: Direct revenues gained through subscription fees and how profits will be accommodated.

A.1.2 SWOT Analysis

This subtopic will define what a SWOT Analysis is and it can be used for business development and business ideas. Participants will be able to construct a SWOT Analysis based on scenario questions.

What is a SWOT analysis?

A SWOT Analysis can be used to identify the business' strengths, weaknesses, opportunities and threats. It can be used not only to identify the current challenges of the organisation but also to define the

challenges and opportunities in Supply Chain to assess the effectiveness and apply decision-making procedures within an organisation.

How does a SWOT Analysis look like?

STRENGTHS	WEAKNESSES
(i.e. Uniqueness of the product, innovation)	(i.e. what can be done to improve his idea?)
• What is the innovation/uniqueness of the business? • What are the competitive advantages? • What are the assets in the team (education-network- • skills-reputation)?	• What is the need of resources? • Are there any gaps in the team? • Are business processes in place? • Location
OPPORTUNITIES	**THREATS**
(i.e. current market segments, thriving market)	(i.e. current competition and what needs to be taken into account before developing the product?)
• What are the current market trends and how are they related to your business? • Are there any upcoming events that can be taken into account? • Are there any regulations which can help your business?	• Are there any market threats? • What is the need for suppliers? Will these change in the long-term? • Is consumer behaviour changing?

Table 1 - SWOT Analysis

Steps to create a SWOT analysis:

1. Find the strengths of your business that create a value and a competitive advantage to the sector of operation in regards to financial positions, experience/expertise, team and management processes.
2. Determine the Weaknesses of your business including the areas that can be improved to increase its reputation and its competitive advantage.
3. Determine the Opportunities of your business which include future trends, economic, laws or political issues that help your business go forward.
4. Identify the threats of your business which refer to the negative things that are outside of the business control including future trends, economic, laws or political issues.
5. Get an overview of the current situation.
6. Leverage the strengths, minimize weaknesses, make use of opportunities and reduce the impact of threats.

A.1.3 Supply Chain Management

This subtopic will illustrate what is Supply-Chain Management, what it consists of and how it can be used. It will provide an analysis on the different activities within supply-chain to support a social entrepreneur's understanding of all business operations. By the end of the topic, participants will be able to identify risks associated in supply chain management which will enable them to proceed to the next topic.

What is the Value Chain?

'The Process or activities by which a company adds value to an article, including production and the provision of after-sales service' (Oxford,2020). It is the whole process an enterprise follows to ultimately deliver the product to the customer.

There are two main different types of the business activity:

1. Primary Activities: Activities that refer to transforming inputs e.g. raw materials into outputs
2. Secondary Activities: Activities that refer to procurement, technology, development and human resource management.

Understanding Michael Porter's Value Chain (1985)

Figure 2 - Michael Porter's Value Chain

These activities are common within all enterprises. To successfully develop a business which will operate and sustain in the long-term, decisions within each activity needs to be taken. It is crucial to know that within the value-chain, the support activities are secondary activities which support the primary activities.

Definition of Value- Chain Activities:

Primary Activities

- Inbound Logistics: Process of receiving, storing, managing and distributing the inbound product/service. Examples include transportation costs, waste handling, items saving in store etc.
- Operations: Activities that change the resources into consumed material. Examples include retailing costs, supply costs, pricing, involvement, payment etc.
- Outbound Logistics: As opposed to the Inbound Logistics, outbound activities refer to the management, selling and transporting the finalized items to the end-consumers. Examples include the delivery costs, warehousing, inventory costs.
- Marketing & Sales: How to motivate end-consumers to purchase your product/service. Examples include advertising, promotional activities costs etc.
- Service: Activities related to the after-sales service and management of customer relationships. Examples include maintenance of services, repair, in-house training etc.

Support Activities

- Procurement: Activities related to what the organisation does to get its resources, to find vendors and negotiate best practices. Examples include manufacturing goods, office material, marketing material, advertising, consulting services etc.
- HR Management: How an enterprise recruits, trains, motivates and rewards its employees. Examples include recruitment training, rewarding, and motivation of employees.
- Technology: Activities related to processing and managing information. Examples include software, system maintenance, IT Security Tools etc.
- Infrastructure: Operation Procedures such as accounting, legal, admin and management. Examples include physical infrastructure such as buildings and equipment needed and informational infrastructure such as distribution and transportation needed, Network and IT Systems.

What are the decision phases within supply chain[1]?

The decisions that are needed to be formulated within supply-chain are the following:

1. Design the Supply Chain Strategy. Decide on:
   a. The Marketing and pricing plans of the service/product
   b. The selection of suppliers
   c. The ways to relocate resources
   d. Who is going to be involved in the supply chain mechanisms including in-house and outsourcing actors

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[1] http://docshare01.docshare.tips/files/7656/76567303.pdf

e. Location and infrastructure
f. Warehouse facilities to store or manufacture the product
g. Modes of transportation along with shipping legs
h. Type of information system to be used within operations
i. Which staff to be included and training to be used

2. Supply Chain Operation

The aim is to maximize the supply chain surplus that can be generated as a result of challenges observed during the first phase. Decisions need to be made on:

a. Which markets will be supplied from which locations
b. The sub-contracting of manufacturing,
c. The inventory policies to be followed
d. The timing & the size of marketing & price promotions.
e. The production facility
f. The target production quantities at each location

3. Supply Chain Management

In this phase, an enterprise makes decisions on customer proceeding orders. The following decisions need to be made:

a. Handling incoming customers' orders
b. Allocate inventory or production to individual orders
c. Set delivery schedule and place replenishment orders

<u>Why is Supply-Chain Management important?</u>

An important element of the business plan is to recognise the financial procedures of the organisation. Supply Chain is the procedure from the raw production to the delivery of the service/product to the client. When supply chain management is successful, the overall company's costs are reduced and profitability is increased.

<u>Questions to Answer:</u>

Which are the main business models in social entrepreneurship?
What is the purpose of the SWOT Analysis?
Define Supply-Chain Management
Think of one reason that a company should formulate decisions on each activity within supply-chain.

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A.2
RISK ASSESSMENT / PROGRESS MONITORING

A.2 Risk Assessment / Progress monitoring

A.2.1 Risks Categories

This subtopic will define what risk assessment is and how risks can be monitored and controlled. It will illustrate the risks categories in an enterprise and participants will be able to identify the numerous risks that can be developed in their business.

A2.2 Risk Matrix

This sub-topic will provide participants with the guidelines of how to use a risk-matrix tool to assess the impact of each risk identifiable in each category. The purpose is to understand the likelihood for each risk to rise, the impact on the organisation and the impact of the consequence. Scenario questions will be used to maximize their understanding.

A.2.3 Risk Management

The main aim of this subtopic is to define ways of overcoming the different risks that can possibly rise in each category e.g. operational, financial, reputational, consumer, regulatory, environmental, IT security and employee.

A.2 Risk Assessment / Progress monitoring
THEORY

A.2.1 Risks Categories

What is a Risk Assessment?

A risk assessment refers to the process in which evaluation of potential risks is taken where these might develop in an enterprise. To do an effective risk assessment the following steps need to be taken:

1. Identify the risk
2. Assess the impact of the risk on the enterprise
3. Develop a strategy to respond to that risk
4. Monitoring the progress of the risk
5. Build a new strategy to reduce the impact of the risk

What are the main type of risks observed in an enterprise?

1. Financial: This type is concerned with money flowing actions e.g. financial loss
2. Regulatory: This type refers to any incompliance with regulations such as compliance with TAX obligations, meeting EU legal frameworks and national company laws depending on each country.
3. Operational: This type refers to incidents occurring in the management of an enterprise. Examples include withdrawal of seniors and other staff, failed internal processes, operational disruption due to unforeseen events such as global crises, fraud etc.
4. Health & Safety: This refers to the occurrence of any injuries caused associated with the brand and putting the appropriate control measures.

5. IT Security: This type refers to any data leakage, loss of important data that can prevent operational/financial continuance.
6. Reputational: This type refers to a negative relationship created between the enterprise and the media derived from undesirable relationships with consumers. Reputation risks can put a threat to brand perception if there is a negative press on an enterprise.
7. Environmental: This type talks about the likelihood of a product/service to cause harm to the environment-
8. Employee: This type refers to the employee dissatisfaction with the organization. The impact of the risk is associated with the number of employees who are dissatisfied and the measures put in place.
9. Customer: This type is concerned with the level of a consumer´s dissatisfaction.
10. Unpredictable risks in the political and economic fields which these are defined as risks that cannot be predicted such as in events of global crises, health crises etc.

A2.2 Risk Matrix

Have you ever heard of the risk matrix? In this part, we will show you guidelines of how to use risk-matrix tool to assess the impact of each risk identifiable in each category in your business. The purpose is to understand the likelihood for each risk to rise, the impact on the organisation and the impact of the consequence. Scenario questions will be used to maximize their understanding.

How to assess the impact of a risk?

Distinguishing the types of the risks enable to list possible risks associated in each category. That is to say, that in each category different risks can be presented. For example:

- Financial risks include a low, moderate or high percentage of financial loss, risks caused by currencies, interest rates etc.
- Regulatory risks include higher costs to achieve compliance with regulations, use of illegal practices, refusal of paying tax or reporting to authorities etc.
- Operational risks include withdrawal of one or more seniors, disruption of operation due to unforeseen events, incompliance with regulatory procedures, closures, inability to use resources for in-bound and out-bound logistic activities etc.
- Health & Safety risks include from light accidents happening in the workplace to fatal ones, health issues when using a product etc.
- IT Security risks include getting malware, data leakage, hacking, threat to the IT system, unavailability of an in-house IT system etc.
- Reputational risks include from short to long-term media coverage of the brand and from a local level (in community) to the international one.
- Environmental risks include incompliance with environmental protection laws, and using procedures that may cause harm to the environment.
- Employee risks include the dissatisfaction of employees to work in the enterprise, the inability of an enterprise to respond to employee inquiries and put relevant measures to protect and motivate employees.

- Customer risks include the number of consumer complaints when using the service/product and the general consumer´s dissatisfaction.

What is the Risk Matrix?

A risk matrix is a tool that can be used to assess the impact of a risk in an enterprise based on the probability/likelihood for the risk to be presented. There are simple steps to take into action to assess the level of each risk:

● Define what the risk is e.g. financial loss, operational disruption, incompliance with regulations, customer's dissatisfaction, data leakage etc. as explained above.
● Assess the probability. Based on previous years' data, the likelihood for a risk to happen should be identified. For example, if during the previous 3 years there was a financial loss of 20.000 Euro per annum then the likelihood to happen again is increased.
● Assess the impact of the risk based on how the identifiable risk can affect the areas of operation. In a case of financial loss, then operation disruption will occur, thus the impact will be higher.
● Assess the consequence of the risk by examining the likelihood and the impact together.
● Use the following table which depicts the Risk Matrix. It is advisable to use a RISK MATRIX for each type of risks such as financial risks, operational risks, environmental etc.

	IMPACT				
	RISK MATRIX	MINOR	MODERATE	MAJOR	CRITICAL
PROBABILITY	76-100%	HIGH	HIGH	EXTREME	EXTREME
	51-75%	MODERATE	MODERATE	HIGH	EXTREME
	26-50%	LOW	LOW	MODERATE	EXTREME
	0-25%	LOW	LOW	MODERATE	LOW

Figure 3 - Risk Matrix

A.2.3 Risk Management

The main aim of this subtopic is to define ways of overcoming the different risks that can possibly rise in each category e.g. operational, financial, reputational, consumer, regulatory, environmental, IT security and employee.

How to create a strong risk assessment strategy?

Once the risks are identified and assessed through the RISK MATRIX tool, then a plan to respond and prevent the risk to escalate should be created. The strategy should provide a structured and coherent approach into accessing and managing a risk.

In general, a number of actions need to be in place to prevent from the occurrence of risks in each category:

Operational risks prevention:

a. Establish an internal management system within the operations
b. Use and integrate technology systems
c. Monitor all activities within supply-chain
d. Prepare a risk management plan
e. Keep a strong entrepreneurial culture

Financial risks prevention:

a. Evaluate business operations
b. Nurture the talent that already exists
c. Upgrade the services provided
d. Create strong Human Resources practices
e. Use risks metrics for every decision taken
f. Prepare for coverage any financial loss

Reputational risks prevention:

a. Build strong ethics and integrity between consumers and the brand
b. Create a strong brand identity
c. Enhance value safety and social innovation
d. Use a strong communication system with the consumers
e. Effectively respond to crises

Regulatory risks prevention:

a. Comply with legal frameworks
b. Keep informed and updated on new regulations
c. Hire a Compliance officer

IT Security risks prevention:

a. Build a strong cyber-security and malware detection services
b. Hire a technical expert
c. Be compliant with ISO

Employee risks prevention:

a. Provide adequate training
b. Comply with Labour Law

c. Provide sufficient compensation and benefits
d. Be minded on health and safety
e. Resolve any internal issues with transparency, efficiency and respect
f. Have adequate employee supervision and conduct

Questions to Answer:

In what areas of operation your enterprise risks can be presented?
What is the purpose of using a RISK MATRIX for your business?

A.3
STRATEGY: TOPIC OVERVIEW

A.3 Strategy: topic overview

A.3.1 Mission and vision

This subtopic will define what is the mission and vision and how to create them. It will illustrate the main questions that should be answered to identify the most important parts of mission and vision for their social enterprise.

A.3.2 Code of ethics – values system

This subtopic will define what is the code of ethics and how to create it. It will illustrate the main groups that should include and show some samples of core values.

A.3.3 SMART Goals

The main aim of this subtopic is to define the SMART method for creating the short and long term goals. This sub-topic will also define useful method when setting the goals is - "6 W questions'':

A.3.4 Enterprise resource planning

The main aim of this subtopic is to define ways of planning resources according to strategic plan e.g. people, administration, infrastructure etc.,

Strategic planning is the basic concept of good and reasonable planning. With strategy, we can set rational and achievable development goals and plan the company's activities in advance, and on this basis plan the use of the company's resources and their needs. A good strategy is also ethical path planning, hence elements such as the mission, vision and value system of the enterprise are at its core. These elements are particularly important to our stakeholders.

Strategic management is the ongoing planning, monitoring, analysis and assessment of all necessities an organization needs to meet its goals and objectives. Strategic management is a continuous searching for how to adapt the organization to changing external and internal conditions by modifying the goals and methods of their implementation

Henry Mintzberg in his 1987 paper, "The Strategy Concept I: Five Ps for Strategy" said that "the field of strategic management cannot afford to rely on a single definition of strategy." [2] Instead, he outlined five definitions of strategy and their interrelationships:

- Plan: Strategy as a consciously intended course of action to deal with a situation.
- Ploy: Strategy as a maneuver to outwit a competitor, which can also be part of a plan.
- Pattern: Strategy stemming from consistency in behavior, whether or not intended and which can be independent of a plan.

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[2] Henry Mintzberg, THE STRATEGY CONCEPT I: FIVE Ps FOR STRATEGY, California Management Review; Fall 1987; 30, 1; ABI/INFORM Globalpg. 11

- Position: Strategy as a mediating force or match between the organization and environment, which can be compatible with any or all of the Ps.
- Perspective: Strategy as a concept or ingrained way of perceiving the world - e.g., aggressive pacesetter vs. late mover - which can be compatible with any or all of the Ps. [3]

Table 1 presents differences between Operational and Strategic Management

Operational	Strategic
Focused on day-to-day business.	Focused on long-term development.
Its goal is to ensure a smooth continuation of daily activities.	Its goal is to find new ways of development through improvement and innovation.
If there is a need to make a change, its solved ad-hoc.	It enables the organisation to focus on the planned management of change.
It makes it easier to ensure that services or products are delivered on a regular basis consistently of a certain quality.	It influences the development of the offer, enriching it with new services and products.
Decisions are taken on a one-off basis or in accordance with established procedures.	Decisions are made taking into account their long-term effects.
Effect - current stability.	Effect - creating future solutions.

Table 2 - Operational / Strategic Management

Source: *"What strategic management is about"*, orig.: *„O co chodzi w zarządzaniu strategicznym"*, https://poradnik.ngo.pl/o-co-chodzi-w-zarzadzaniu-strategicznym

What does strategy give to social enterprise?

Increases the probability for success and sustainability:

1. Creates a framework for making the idea happen
2. Managerial leaders can more effectively adapt to change by thinking about scenarios
3. Provides a meaningful context and direction for employees and volunteers
4. Internal due-diligence tool by aligning controls to key social and economic objectives
5. Method of external communication.

The strategy should be written and should include: an analysis of the competitive position of the organization, the definition of competitive advantages, strategic objectives, tasks assigned to the objectives set, a schedule for the implementation of the strategy, as well as the definition of the necessary measures for the implementation

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[3] https://searchcio.techtarget.com/definition/strategic-management

of the strategy. The complete strategy also contains a list of the necessary resources: human, financial, technological (new technologies, patents, research results) and material necessary for its implementation.

Strategy contains objectives and targets in the short and long term, usually from one month to five years (in the perspective of the long-term goals). So the strategy says:

- WHAT ARE WE TRYING TO ACHIEVE? Mission, vision, values
- HOW DO WE ACHIEVE THAT? Short-term and long-term objectives.
- WHAT WILL PROVE THAT WE HAVE ACHIEVED THIS? Quantitative and qualitative indicators reflecting the objectives of the action.
- WHO AND WHAT WILL BE FAVORABLE TO US?
- WHO AND WHAT WILL BOTHER US?

Analysis of strengths and weaknesses of the organization, analysis of the environment of the organization, analysis of opportunities and challenges

- WHAT CHANGES WILL BE NEEDED TO ACHIEVE ALL THIS?

Social, organizational, structural and legislative changes.

Figure 4 - Vision and Strategy Diagram

Source: https://searchcio.techtarget.com/definition/strategic-management

Enterprise exists better and more stable with all strategy elements such as mission (our purpose), vision (what we aspire for), core values (what we believe in), strategic focus areas (themes, results and/or goals) and the more operational elements such as objectives (continuous improvement activities), measures (or key performance indicators, or KPIs, which track strategic performance), targets (our desired level of performance), and initiatives (projects that help you reach your targets). All of those make us bigger, smarter and more flexible.

The strategy strengthens enterprise inside. By developing the strategy and presenting it (or its elements) to staff and collaborators (volunteers, donors, founders, etc.).), they understand what is the goal of its activity, what

kind of structure it has, and how it works affects the goals implementation. Companies compete with each other, for money, for employees, for beneficiaries, for volunteers, for donors, for partners, etc. In this aspect, the strategy is a well-thought-out plan to exist, to stay in the market, and, of course, to grow.

A.3.1 Mission and vision

Majority of social enterprise founders have a mission! They know why they started this company! But when the question arises, "Where are you going?", a large part of these people don't know the answer. This is because, when we set up a social enterprise, we know who / what we want to work for, but we do not think much about what is the purpose of these activities? What do we want to achieve? We're on an ad-hoc basis, here and now. However, the answer to the questions "why?" and "for what purpose?" That's the mission. A mission is the foundation of an activity that sets goals and shows the direction of our actions.

A mission is a concise formulation that defines the organization's core objectives, outlines the overall purpose of its existence, and lays out the basis for strategic actions. The mission should be short and succinct, and its content should be relevant to the activities being carried out.

"As a social entrepreneur, your mission is why you're in business. Articulating what you care about and how your company will help you fulfill it, helps you make decisions that advance your mission."[4]

The mission builds the identity of the organization. It is the reason for the existence of the organization, it tells about why the organization was created and what problem it wants to solve, and therefore what is the purpose of its action. The mission is linked to the change the organization wants to make and points out the values that are important to it.

The mission answers 5 questions:

- What problem do we want to solve?
- Who / what does this concern?
- What are the circumstances of this phenomenon / problem?
- What's important to us? What values do we hold?
- What does the organization want? How does the organization want to work to achieve its goal?

When designing the mission (as well as any other part of the strategy), it should be remembered that it has to serve the organization and support its action, we do not necessarily need to include in it the answers to all the above questions. It is worth choosing those that we think are most relevant and that most describe our organization and its activities. Similarly, there is no clear answer to the question of the length of the mission-it may be a one-sentence text, but it may as well be contained in a few sentences. It's important that the mission is:

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[4] https://causecapitalism.com/mission-statements-for-social-entrepreneurs-from-other-social-entrepreneurs/

- concise, clear and transparent;
- true-achievable and reliable;
- be linked to the values of the organization;
- indicate the direction of the organization and its scope;
- support the identification of employees with the organization – to be a reference for them.

A powerful mission statement[5]:

- Motivates and inspires customer commitment.
- Is realistic and clear.
- Is specific, short, sharply focused and memorable.
- Says what your social enterprise wants to be remembered for.

Mission should be developed jointly by the whole team - this promotes integration and strengthens the identity of employees. The mission is then also part of the incentive system - it supports employees and strengthens their attachment to the organization. The well-described mission of the organization is a positive challenge for team members, volunteers and all others working for and on behalf of the organization. To be effective, the mission must be consistent with the day-to-day operations of the organization and its value system. In addition to developing the mission itself, the organization should implement it in a thoughtful manner by promoting it and making all stakeholders aware of the importance of the mission records. The implementation of the mission should take place at the very beginning of the organization's activities, so that it becomes an integral part of it for everyone who comes into contact with the organization - staff, volunteers, beneficiaries, partners, donors, funders, supporters, etc.

Vision is the mirror image of the mission. Kate Diveley says, "as a social enterprise, you not only want to sell your product or service, you want to contribute to the greater good of society. So, if you met all of your goals, what would the world look like?"[6]

A vision is an idea of the ideal state of an organization in the long term. The vision includes the perspective of what the organization should be in a year, 5 or 10 years. It reflects the imagined image of the organization, how it should change the surrounding reality and what values the organization should serve. A vision is a set of ideas, the implementation of which is intended to help achieve the goals set by the organization. To be effective, it must be shared by all members of the organisation and its internal stakeholders, who have an influence on how it will be implemented.

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[5] Kate Diveley, Creating Effective Vision Statements for Social Enterprises, at: https://prosper-strategies.com/effective-vision-statements-social-enterprises/
 Kate Diveley, Creating Effective Vision Statements for Social Enterprises, at: https://prosper-strategies.com/effective-vision-statements-social-enterprises/

[6]

Vision should answer 3 questions:

1. **What would we like to hear about our organization in five, 10 years?**
2. **What are we trying to do?**
3. **What will the world look like when we change it?**

Depending on the circumstances, the vision may also be changed. Like the mission, the vision is an expression of the ambitions and aspirations of the founders of the company, but it operates in a certain reality, and depending on what the external and internal environment of the organization looks like, the vision also changes.

Powerful vision statements for social enterprises[7]:

- Take your company out of its present reality and allow you to strive for something greater.
- Capitalize on your company's core competencies.
- Provide a picture of what your company will look like in the future.
- Create a vivid image in your customers' and staff members' minds that promotes enthusiasm.
- Clarify the direction your social enterprise needs to move.
- Give employees and customers a larger sense of purpose.

A.3.2 Code of ethics – values system

Social enterprises will often have a set of values that act as guiding principles around how organisations will operate. Values will often have an ethical or moral foundation; others who join the project or organisation will be expected to support and uphold these values. The ethical values system is the third component of the strategy's foundation. A values system is a compilation of the most important principles that apply in an organization both inside and outside. The system of values is the core of the strategy, because it sets the tone for the chosen goals and further actions. Based on the adopted values, the organization determines the style of work, the scope of relations with beneficiaries or the participation of donors. These values will help you identify and develop relationships with future stakeholders later on and define the boundaries and basic principles on which the entire organization is based. Unlike your vision and mission statements, your initial values set is unlikely to change very much as you proceed but you may well augment it with additional values.

A set of the most important rules in force in the organization both inside and outside. It may include aspects such as:

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[7] Kate Diveley, *Creating Effective Vision Statements for Social Enterprises*, at: https://prosper-strategies.com/effective-vision-statements-social-enterprises/

- employee relations,
- beneficiaries,
- volunteers,
- donors,
- local environment,
- public administration,
- other NGOs,
- or the environment.

Some values may be 'generic' in nature, for example:

- Adhering to ethical trading standards and practices
- Minimising impact on the environment
- Non-discrimination in all areas of engagement and operation

Whilst others may be more specific to your particular project or area of focus, for example:

- Offering employment opportunities where possible to the target group the project aims to support
- Sourcing certain raw materials from a particular group of local producers to promote local employment. [8]

Examples of components of code of ethics/values[9]:

- **Respect for others**. Treat people as you want to be treated.

It's mandatory to respect everyone you interact with. Be kind, polite and understanding. You must respect others' personal space, opinions and privacy. Any kind of violence is strictly prohibited and will result in immediate termination. You're also not allowed to harass or victimize others.

What constitutes harassment or victimization? To answer this, we have a policy on harassment and a more specific policy on sexual harassment you can take a look at. As a general rule, try to put yourself in someone else's place. How would you feel if someone behaved in a specific way to you? If the answer is "I wouldn't like it much" or "I would never let them treat me like that", then we don't tolerate this behavior no matter the person it comes from.

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[8] *Introduction to vision and mission statements*, https://www.unltd.org.uk/our-support/learning-area/setting-your-vision-mission-and-values/

[9] https://resources.workable.com/professional-code-of-ethics-policy

If someone, be it customer, colleague or stakeholder, is offensive, demeaning or threatening towards you or someone you know, report them immediately to HR or your manager. You can also report rudeness and dismissiveness if they become excessive or frequent.

- **Integrity and honesty**. Tell the truth and avoid any wrongdoing to the best of your ability.

First, always keep in mind our organization's mission. We all work together to achieve specific outcomes. Your behavior should contribute to our goals, whether financial or organizational.

Be honest and transparent when you act in ways that impact other people (e.g. taking strategic decisions or deciding on layoffs). We don't tolerate malicious, deceitful or petty conduct. Lies and cheating are huge red flags and, if you're discovered, you may face progressive discipline or immediate termination depending on the damage you did.

Stealing from the company or other people is illegal. If you're caught, you will face repercussions depending on the severity of your actions. For example, if you steal office supplies, you may receive a reprimand or demotion (at a minimum), while if you steal money or data (e.g. engaging in fraud or embezzlement), you will get fired and face legal consequences. The decision is at HR's discretion on a case-by-case basis.

Conflict of interest

Conflict of interest may occur whenever your interest in a particular subject leads you to actions, activities or relationships that undermine our company. This includes situations like using your position's authority for your own personal gain or exploiting company resources to support a personal money-making business. Even when you seemingly act to the company's advantage, you may actually disadvantage it. For example, if an employee uses dubious methods to get competitor intel and raise their sales record, their action will have a positive impact on the company's revenue, but it will put us at a legal risk and promote unhealthy business practices.

If it turns out you have created a conflict of interest for yourself, you will be terminated. If the conflict of interest was involuntary (e.g. buying stocks from a company without knowing they're a competitor), we will take actions to rectify the situation. If you repeat the offence, you may be terminated.

- **Justice**. Make sure you're objective and fair and don't disadvantage others.

Don't act in a way that exploits others, their hard work or their mistakes. Give everyone equal opportunity and speak up when someone else doesn't.

Be objective when making decisions that can impact other people, including when you're deciding to hire, promote or fire someone. Be sure that you can justify any decision with written records or examples. Seek and use the most objective methods in any case; for example, when interviewing candidates, ask the same interview questions to all of them and avoid judging non-job-related criteria, like dress, appearance, etc.

Also, don't discriminate against people with protected characteristics, as this is forbidden by [*laws under the purview of the EEOC*]. If you suspect you may have an unconscious bias that influences your decisions (taking Harvard's Implicit Association Test could help you determine this), ask for help from HR.

When exercising authority, be fair. Don't show favoritism toward specific employees and be transparent when you decide to praise or reward an employee. You're also obliged to follow our employment of relatives policy, which forbids you from having a reporting relationship with a relative.

If you need to discipline an employee, be sure to have prepared a case that you can present to HR. You must not retaliate against employees or applicants (such as in cases when they've filed complaints) as this is forbidden by law.

Be just toward customers or vendors, too. If you think our company was in the wrong in a specific instance, don't try to cover it up or accuse the other side. Discuss with your manager to find solutions that can benefit both sides.

- **Lawfulness**. Know and follow the law – always.

You are obliged to follow all laws which apply to our organization. Depending on your role and profession, there might be various laws you need to observe. For example, accountants and medical professionals have their own legal restrictions and they must be fully aware of them.

When you're preparing contracts, clauses, disclaimers or online copy that may be governed by law (such as consent forms), please ask for verification from [our legal counsel] before finalizing anything.

You're also covered by our confidentiality and data protection policy. You must not expose, disclose or endanger information of customers, employees, stakeholders or our business. Always follow our cybersecurity policy, too.

Following laws regarding fraud, bribery, corruption and any kind of assault is a given. You are also obliged to follow laws on child labour and avoid doing business with unlawful organizations.

If you're not sure what the law is in a specific instance, don't hesitate to ask HR or our legal counsel.

- **Competence and accountability**. Work hard and be responsible for your work.

We all need to put a healthy amount of effort in our work. Not just because we're all responsible for the organization's success, but also because slacking off affects our colleagues. Incomplete or slow working might hinder other people's work or cause them to shoulder the burden themselves. This comes in direct conflict with our respect and integrity principles.

We also expect you to take up opportunities for learning and development, either on-the-job or via educational material or training. If you are unsure how you can achieve this, have an open discussion with your manager.

Also, take responsibility for your actions. We all make mistakes or need to make tough decisions and it's important we own up to them. Failing to be accountable on a regular basis or in important situations (e.g. a crucial mistake in our financial records) will result in termination. If you take responsibility and come up with ways to fix your mistakes where possible, you will be in a far better position.

● **Teamwork**. Collaborate and ask for help. Working well with others is a virtue, rather than an obligation. You will certainly get to work autonomously and be focused on your own projects and responsibilities. But you should also be ready to collaborate with and help others. Be generous with your expertise and knowledge. Be open to learning and evolving. If days go by without you consulting or brainstorming with anyone, you are missing out on opportunities for excellence. Instead, work with others and don't hesitate to ask for help when you need it.

A.3.3 SMART Goals

The strategy should give us an answer to the question "How can we most effectively carry out the mission and fulfill the vision of our enterprise?". To do this, the enterprise should determine the directions of its activities, that is, set strategic goals, and with them specific goals. The most effective, and at the same time the most well-known method of setting the goals of activities is the SMART method (in some cases even SMARTER). It is a method that allows for an in-depth analysis of the planned strategic objectives in terms of their validity and feasibility. Thus, "smart" and achievable goals for the enterprise are set.

SMART method:

ACRONYM	MEANING
S	Simple, Strategic
M	Measurable, Motivative
A	Achievable, Agreed, Aligned with corporate goals, Action-oriented,
R	Relevant, Realistic, Results based
T	Time-based, Trackable, Time/cost limited, Timeframe, Timely
E	Exciting, Evaluated
R	Recorded, Reviewed

Table 3 - SMART method

The strategic and specific goals should be:

- simple – formulated clearly and concretely, without the possibility of any interpretation; their understanding should not be a problem, the wording should be clear and consistent with the mission, vision and values of the organization;
- measurable – formulated in such a way that their achievement and progress can be measured in a "numerical" way or at least there was a method of "verifiability " of implementation;
- achievable / ambitious / action - oriented – realistic and achievable, taking into account the human and financial resources of the organization; stimulating-challenging, but not too ambitious, because the lack of feasibility demotivates; it is important that the goals are action-oriented;
- important/realistic- the goal should be an important step forward, but at the same time it must represent a certain value for the person who will implement it; this is important for the whole organization, but also for the individual employees / members who implement it. This gives you the chance to identify with them, which in turn increases the likelihood of meeting them, and reduces the need for control;
- defined in time and place - the goal should have a precise time horizon in which we intend to achieve it; the time frame should be dependent on its implementer – as far as possible, the goal should also be monitorable through indicators, products and results;

- exciting / evaluated-exciting for the person achieving it in a motivating way; should have defined milestones and associated expected results. Goals should be measured continuously until they are reached;
- recorded / reviewed - recorded goal is easier to remember and motivates you to act-it is difficult to pretend that you do not remember or that it does not exist; after achieving the goal, you should review and reflect on the lessons that came from the process of achieving it, for example: what can you do differently next time? Why? What were the main obstacles? How did you defeat them? What have we learned?

Very useful method when setting the goals is "6 W questions":

1. Who - is responsible for the goal?
2. What - is the subject of the action? What exactly do we want to do?
3. Where - will the work be done?
4. When - will the task be completed? In what time frame?
5. Which - are the requirements or possible constraints for achieving the goal?
6. Why - do you want to pursue this goal? What happens when the task is completed?

A.3.4 Enterprise resource planning

The strategy's implementation plan shall be an action plan. It is in it that we define the tasks and the necessary resources needed to achieve certain goals. It should include:

1. strategic programme actions - answer the questions: How do we want to achieve the basic goals? What methods to use? How can we meet the needs of our customers? How to plan the development of substantive activities appropriate to the needs of the customers? How to carry out the mission? How to develop activities? How to achieve innovative solutions? etc.
2. Team planning - HR policy - is the answer to the questions: what competencies do we need? How are we going to get them? How do we find people who share our values and support our mission and vision? What incentive system to adopt? What is the staff development plan? What will be the competencies of the future in our organization? What system of management relations do we want to apply?
3. financial planning - is the answer to the questions: how much money do we need to operate freely? How will we secure the necessary funds? What costs will we generate? How do we diversify our sources of income? Are we going to do business?
4. strategic planning of the administrative structure - is the answer to the questions: how will we provide stable and professional accounting, secretarial and legal services?
5. planning marketing activities - is the answer to the questions: what image will we build? What is important to us in this regard? How do we build that image? What promotional message will we make available? What will be the target groups of our promotional activities? How do we get to them? What methods will we use? What media do we want to cooperate with? What team is needed to implement marketing plans?

6. infrastructure planning - this is the answer to the questions: how many rooms will we need? What standard of rooms is necessary? What location? What equipment is needed? How much equipment do we need? What equipment will ensure the smooth performance of tasks?

Strategic objective metrics and evaluation

Each goal should have certain indicators/indicators of its implementation – after which we will know that it has been achieved and a specific method and methodology for its evaluation. These two elements of the smarter method should be of particular importance in the goal setting process. The process of monitoring the strategy - its goals - on the basis of certain monitoring indicators, allows to control its effectiveness, efficiency and benefits from the implementation of its objectives and allows evaluation of the development directions defended.

Monitoring is supposed to give an answer m.in. to the following questions:

1. Is the strategy being implemented in line with accepted assumptions?
2. Are the goals being achieved?
3. Are the actions / projects carried out within the time and budget?
4. Are the expected results of the actions/projects (indicators) achieved?
5. Are we heading in the right direction?

Monitoring and evaluation tools are indicators of implementation of activities/projects and objectives (products and results), schedule, budget. Assuming an effective evaluation process, it is also necessary to determine how often and in what form (using what tools and methods) it will be carried out. There are many possible tools and methods: reports, reports, analyses, statistics, opinions, interviews.

A.4 Stakeholder identification and analysis: overview
A.4.1 Stakeholders identification

Organizations establish relationships with various entities that more or less affect the company. They can be formed consciously or, as unfortunately often happens, are considered irrelevant to the efficient functioning of the organization. The starting point in the stakeholder management process is identification of individual entities and an analysis of their interests. This subtopic will show how important it is to ask basic questions: Who are the stakeholders? How do they affect my organization?

A.4.2 Stakeholder's map

Another step in the stakeholder management is to consider how significant their impact is and which entities/groups are key stakeholders in a given case. In this case it would be helpful to create a map of stakeholders. The main aim of this sub-topic is to show possible ways to establish such a map.

A.4.3 Communication with stakeholders

Identifying and defining the most important stakeholders for the company is not enough. Both of these activities serve only to indicate which groups/units should be constantly in our mind. The basis of taking

care of relationships is communication. Last sub-topic will present basic channels to communicate with different types of stakeholders.

A.4.1 Stakeholder identification and analysis - Who matters most?

Relationships are the foundation not only in your personal life, but also play a key role in the business space. Each enterprise, organization, but also any type of institution (e.g., a trade union, public administration unit) functions in a characteristic environment and under certain economic conditions. Whether it wants to do so or not, the entity will interact with other organizations or people, creating relationships and exerting an influence on various groups that will also affect the enterprise. More and more often, in order to gain a competitive advantage, these relations must be properly shaped and it is not just about customers. Managing such relationships is one of the important elements of creating a business strategy. In order for the strategy taken by the company to be effective, it is necessary to analyze the internal and external environment, including, first of all, the needs of stakeholders. In this section, we explain who the stakeholders are, how to identify them, set goals and determine the significance of their impact on the organization, and then communicate with them. The stakeholders very often stimulate changes taking place on the market or in a given company. Dialogue increases the value of the enterprise and positively contributes to its development, at the same time influencing the speed of reaction to the changing environment. Taking into account only our own needs, we act short-term, which may turn out to be disastrous later. In order to achieve long-term benefits, it is worth taking care of the needs of the environment and taking responsibility for the effects of your activities.

A.4.1.1 Stakeholders identification

In this way, we reach the concept of a stakeholder i.e., an entity that will influence the company and will be influenced by the company's activities. The impact may be real or potential expressed, for example, in an assessment, recommendation, opinion or complaint. Very often it is the strength of the influence of the environment that influences the existence of the enterprise. Effective stakeholder relationship management therefore becomes crucial and is particularly important in the context of social enterprises, which should be exceptionally caring for their environment. The main stakeholders are usually employees, customers, suppliers, business partners and the media. However, this is not an exhaustive list. Stakeholders for each enterprise should be considered individually. It is worth emphasizing that the stakeholder does not always have to be closely related to the company through formal authorization e.g., employment or shares held.

In order to be able to effectively manage the relations of the organization with other entities, it is first necessary to determine which groups / units / institutions are important for a given company and why the activities undertaken by the company may turn out to be important for a given organization / person. The next step will be to consider the goals and expectations of the indicated entities. Getting to know the environment of the organization is very important, thanks to which it will be possible to assign weight to individual stakeholders and to prepare a specific map reflecting the key, identified relationships. Having knowledge related to the most important groups for the enterprise, it will be possible to move to the last stage - communication planning.

A.4.1.2 Stakeholder's map

Unfortunately, the list of stakeholders may turn out to be very long, and the expectations of individual groups will often be contradictory. Taking care of relationships and communication with everyone will probably become impossible due to the limited resources, but also the time-consuming nature of this process. Therefore, it will be important to create a hierarchy of importance of the identified stakeholders and to determine their impact on the company's situation. For this purpose, various types of charts, tables or other graphic methods of mapping the relations between particular groups are used, often called stakeholder maps. One of the most frequently used tools is a matrix in which stakeholders are placed in one of the four fields. Individual fields differ in terms of the scope of influence/power and the level of interest of a given group/individual. The figure below is an example of such a matrix.

Figure 5 - Mind Map with identified stakeholders

Source: Own study based on Mendelow, A.L. (1981). *Environmental Scanning - The Impact of the Stakeholder Concept*.

To position the stakeholder in the appropriate field, you need to answer the questions:

- Which stakeholder has the greatest influence/power on the enterprise and which has the least?

- On whom the enterprise has the greatest impact and on whom the least?
- What level of interest in the company's activities are shown by particular stakeholders?
- What is the role of each stakeholder?

Thanks to the answers, it will be possible to assign stakeholders to one of the two values: influence/power in relation to the company and the degree of interest in the company's activities. Only then will it be possible to place individual groups in a matrix in which two axes correspond to the indicated values. The more accurate and detailed the matrix is, the greater will be the possibilities for further work on stakeholder relations.

For each of the squares of the matrix can also be assigned the appropriate communication strategies. In the case of marginal stakeholders, i.e. those who will not have a large impact on the functioning of the company and at the same time the company's operations will not be within their main interests, a monitoring and information strategy should be used. It means communicating about undertaken initiatives, projects and new products. For this purpose, reports, newsletters or a website can be used. Communication concerns both internal and external stakeholders. With stakeholders who show great interest, but their impact on the company is relatively low, it is worth consulting the introduced changes and taking actions at the same time constantly informing them about all events. Consultations will be aimed at getting to know the opinions of stakeholders, e.g., regarding the company's current activities or directions of its development. For this purpose, among others, questionnaire surveys and face-to-face meetings are used. Thanks to consultations, the services and products offered will meet the market expectations to a greater extent. On the other hand, if the stakeholder, in addition to high interest, also has considerable power in the context of the company's operation, it will be beneficial to engage him in planned activities and conduct permanent cooperation. Cooperation may take the form of partnership. Such mutual commitment requires a lot of work and a long-term approach to the relationship. Thanks to the partnership, it will be possible to get to know the expectations of the other party in depth. Such cooperation is, for example, undertaking a joint project, joint organization of an event or taking an initiative and establishing strategic cooperation. Involvement in undertaken projects will positively affect the relationship with a stakeholder who has a lot of power, but shows little interest in the company. Consultations will also be fruitful in this case.

Stakeholder mapping is a process and a tool that makes categorizing stakeholders easier. Thanks to the created map, it is possible to determine the relationships between particular groups and organize the goals and methods used. This method of graphical presentation of relations is also used during the analysis of the conditions of the enterprise, conducting negotiations, and the process of making key decisions.

A.4.1.3 Communication with stakeholders

However, identifying and defining the most important stakeholders for the company is not enough. Both of these activities serve only to indicate which groups/units should be constantly in our mind. The basis of taking care of relationships is communication. Stakeholders should be constantly informed about how the company responds to their needs and expectations.

Example

Imagine that you are managing a social enterprise that sews clothes and employs people at risk of

social exclusion. One of the important stakeholders will be customers. They expect the best quality product, but more and more often the social aspect is also important to them - they value companies whose goal is not only to generate profits. When directing messages / advertisements to customers, in addition to presenting the advantages of products, it is worth informing them that your company has a great idea and by buying your products they contribute to creating better living conditions for people who need support.

However, it should not be forgotten that depending on the group of recipients, the message should be adjusted in terms of the used communication language. Very often it also means completely different communication channels. Thanks to appropriately selected communication, it becomes possible to increase the involvement of stakeholders. The following table lists some examples of tools that can be used for specific groups.

STAKEHOLDER	WAYS OF COMMUNICATION
Clients	Surveys of satisfaction Responding to complaints, inquiries social media Media Hotline Web page
Employees	Internal meetings Face-to-face conversations Intranet Company newsletter Employee opinion survey
Local communities	Cooperation with local organizations Communication with local media Cooperation with the authorities
Suppliers	Evaluation meetings for cooperation Surveys of satisfaction with cooperation Regular correspondence Newsletter

Table 4 – Ways of communicating with stakeholders source: Own study.

Effective communication and dialogue with stakeholders have a positive effect on decision-making and minimizes the risk of crisis situations. Many of the communication tools presented in the table above are universal e.g., meetings. However, it will not always be possible to organize a face-to-face meeting, or we may conclude that for some reason our stakeholder will not be willing to express his real needs during a regular conversation. Therefore, it is worth brainstorming and considering which

communication channel will be the most appropriate in a given case. The information provided should be understandable for the recipient, therefore the sent message should be formulated appropriately. Press release will be a completely different character than the official letter to the post office or in social media.

Synopsis of Module A

The Business Management Module aims to develop and improve the knowledge, skills and attitudes of social entrepreneurs in the business organisational structure of a social enterprise. Participants will get the know-how of how to create a business within the social entrepreneurship field to be able to create a social enterprise of their own. The Module is composed of 4 topics: (1) Social Enterprise Business Plan; (2) Risk Assessment/ Progress Monitoring; (3) Strategy and (4) Stakeholder Communication.

Through the Social Enterprise Business Plan topic, participants will get an insight into the basic elements of a business plan and its importance in order to be able to design a business model based on a business model canvas. Primarily, they will learn about the 8 main business models used in social entrepreneurship e.g. low-income support, free-for-service etc. and be able to choose the most appropriate for their own. Secondly, they will learn to distinguish the components of a SWOT analysis (Strengths, Weaknesses, Threats, Opportunities) and create a SWOT analysis for their business. Thirdly, they will be able to understand Supply Chain Management based on Michael Porter's Value Chain and analyse the different activities within the supply-chain procedures thus to take necessary decisions relevant to the value-chain of their business.

The second topic, Risk Assessment/Progress Monitoring looks into the main risks associated with running a social enterprise and will provide the fundamental knowledge to identify those risks to then be able to mitigate them when presented. The first subtopic illustrates the different categories of risks e.g. financial, regulatory, operational etc. The second sub topic explains the purpose of RISK MATRIX and the ways it can be used to effectively assess the impact and the probability of the risk presented. Lastly, participants will learn how to create a strong risk assessment strategy and take necessary measures to prevent the occurrence of risks in each category.

The third topic, Strategy, aims to develop and improve the skills and competences of participants in adopting a mission and vision for their business through guidance. Secondly, participants will learn about the importance of developing a code of ethics for their social enterprise and will be able to create one for their business. Thirdly, the topic will provide substantial knowledge and skills on how to use the SMART method to set SMART goals through the 6 W questions. Lastly, participants will acquire adequate skills in enterprise resource planning and will be able to allocate and plan resources accordingly.

The last topic within this module, Stakeholder Identification and analysis, shows the importance of identifying key stakeholders in a social enterprise. Moreover, it depicts the importance of creating a stakeholder map and how to create it. Finally, the last subtopic will present the basic channels to communicate with different types of stakeholders based on their background e.g. clients, employees, local communities and suppliers.

In conclusion, participants will establish a solid background in Business Management and what is required for developing a social enterprise. They will learn to create a business model, a SWOT Analysis, learn about the Supply Chain mechanisms, manage and assess risks, identify key stakeholders for their business and create an operational strategy.

Review Questions of Module A. Business Management

1. **What is the purpose of the business plan?**
a. To examine the main competitors of the market
b. **To identify areas of weakness and strengths for an enterprise and its economic and business success**
c. To analyse the economic viability of a business

2. **What is a SWOT analysis?**
a. **It is a technique to assess the strengths, weaknesses, opportunities and threats of a business.**
b. It is a technique to identify the main market segments and competitors to help you create a product.
c. It is a method to be used to assess the financial sustainability of an enterprise.

3. **What does value proposition mean in a business model?**
a. **It refers to a statement that an enterprise makes to give reasons why a consumer should use its products/services.**
b. It refers to the activities that an enterprise will do to promote its services/products.
c. It refers to the revenues expected to be gained.

4. **What does the Supply Chain mean?**
a. It refers to the marketing operations of an enterprise.
b. It refers to the costs associated with the transportation and inventory.
c. **It refers to the entire process from designing a product/service to introducing it to the client.**

5. **Why is Supply Chain management important?**
a. Because it can lower overall costs and boost profitability of an enterprise.
b. Because it helps the enterprise to acquire a competitive advantage in the market.
c. **All of the above.**

6. **One of the main aims of supply chain management is to find the right suppliers and build strong relationships with them.**
a. **True**

b. False

7. What does the Risk Matrix assess?

a. The impact a risk might have

b. The probability of a risk related to a social enterprise.

c. The likelihood and the impact a risk might create in an enterprise.

8. Can short-term negative media coverage impact a brand?

a. Yes, but it will have a low impact.

b. Yes, but it will have a moderate impact.

c. Yes, it will create a strong impact.

9. Strategy:

a. is a detailed business plan

b. includes goals and objectives in the short and long term

c. it is best when it is in the head of the founders, because they know best what is good for the company

10. Mission:

a. it is a concise wording, specifying the main intentions of the company and its goals

b. this is a high-flown phrase designed to lead the crowd behind the company

c. is not needed for the company

11. Strategic management

d. refers to a long period of action and implies general lines of action

e. can be implemented in the perspective of here and now, when the company needs it

f. requires continuous review and ongoing verification that its assumptions are still valid

12. The goal setting method is called:

a) SART

b) SWOT

13. Who is the stakeholder?

a. It is synonymous with the word customer.

b. It is an entity that has only a direct impact on the functioning of the company e.g., employee, client.

c. It is an entity that will influence the enterprise and will be influenced by the activities of a given company.

14. We can divide stakeholders into internal, directly related to the company, and external stakeholders operating in the company's environment.

a. **True**

b. False

15. What values are taken into account during the creation of a stakeholder map?

a. Influence and goals

b. **Interest and power**

c. Potential risk and directness of authority

16. Stakeholders should be constantly informed about how the company responds to their needs and expectations. For this purpose, universal communication channels should be used e.g., meetings, which will bring the best results in each case.

a. True

b. **False**

For Further study (links to available online resources: documents, essays, video, etc.)

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ANNEX 1 MODULE A

Annex 1 - Activities for platform Module A

MODULE A: BUSINESS MANAGEMENT

A.1 Social enterprise Business plan

List of Activities (per topic)	What is this activity about?	What will you achieve by taking it:	Duration	Reference Number of File links, and material included: File name: A.1.1_Video+++
A.1.1 Match the definitions	This activity aims to provide knowledge of participants to understand and compare different business models in social entrepreneurship.	Participants will reflect the knowledge gained to be able to distinguish between different business models.	5 min	MA.T1.A1 Match the definitions
A.1.2 SWOT analysis through a Case Study	In this activity, a scenario of a social entrepreneurial idea will be presented and guidelines will be provided for participants to create a brief SWOT analysis.	Participants will gain understanding and knowledge on how to create a SWOT analysis.	15 min	MA.T1.A2 SWOT analysis- Case Study MA.T1.A2 SWOT analysis- Case Study- Answer
A.1.3 Business model canvas	The trainer will guide participants how to create a business model canvas based on a scenario and description.	Participants will be able to design a business model canvas based on a given scenario. This will provide the main idea behind the development of a business model.	30 Min	MA.T1.A3 Business model canvas- Case Study MA.T1.A3 Business model canvas- Case Study-Answer
A.1.4 Supply Chain Management- Decision-making	This activity will demonstrate the processes of supply chain management and what decisions should be made for its effective implementation.	Participants will learn about the processes within supply-chain management to help them recognize and conduct activities related.	10 Min	MA.T1.A4. Supply Chain Management

A.2. RISK ASSESSMENT / PROGRESS MONITORING

A.2.1 Risks associated with a social enterprise	In this activity, participants will need to match the risk categories to their meaning.	Participants will gain understanding of the risks associated with a social enterprise in all areas.	5 min	MA.T2.A1. Risks associated with a social enterprise
A.2.2 Assess the impact of the Risks	In this activity, participants will need to identify the significance and prioritization of each risk.	Participants will be able to assess the risks identified.	5 min	MA.T2.A1. Risks associated with a social enterprise
A.2.3 Dealing with Risks	Based on a case study which describes the risks faced by a social enterprise, participants should choose the best option of how to overcome the crisis.	Participants will be able to learn how to efficiently deal with a risk that is likely to thrive.	10 min	MA.T2.A3. Dealing with risks

A.3. TOPIC number & name of the 3rd topic

A.3.1 Mission and vision	Providing knowledge about the foundations of the strategy, i.e. vision, mission. Methodology and manner of conducting research on the enterprise environment.	Participants will gain understanding of the meaning of mission and vision. Participants will be able to create one.	20 min	MA.T3.A1 - Mission of activity
A.3.2 Code of ethics – values system	Providing knowledge about the foundations of code of ethics/values. Examples of components of code of ethics/values.	Participants will gain understanding of the meaning of the code of ethics. Participants will be able to create one.	20 min	MA.T3.A2 - Creation core values
A.3.3 Strategy planning	Providing knowledge about the steps that should be taken during the strategy planning. Methodology of creating strategy.	Participants will be able to set up steps during the strategy planning.	15 min	MA.T3.A3-A4 - Exercise. Strategy planning.
A.3.4 Enterprise resource planning	Providing knowledge about the enterprise resource planning methods.	Participants will gain understanding of enterprise resource planning methods	20 min	MA.T3.A3-A4 - Exercise. Strategy planning.

A.N. TOPIC NUMBER & NAME				
A.4.1 Stages of stakeholder management	In this exercise, the participant is expected to identify the necessary steps for stakeholder management.	Participants will consolidate their knowledge of stakeholder management.	5 min	MA.T4.A1
A.4.2 Stakeholder expectations	Participants will assign specific expectations to each type of stakeholder.	Thanks to the exercise, the participant will gain knowledge about the various expectations that stakeholders may have towards the company.	15 min	MA.T4.A2
A.4.3 Communication channels	Based on the case study, the participant should propose communication channels appropriate for a given stakeholder.	This exercise will increase the participant's awareness of the importance of choosing the means of communication.	20 min	MA.T4.A3

MODULE B
SOCIAL INNOVATION AND IMPACT

Module B – Social Innovation and Impact

Introduction

The Module of Social Innovation and Impact teaches prototyping of ideas, services and products to test assumptions regarding the efficacy of a business, the impact it can have, and the optimal route to market when designing a social innovation solution with commercial viability. It educates the learner on how to understand the value chain of a business, including an empathetic understanding of the beneficiaries and stakeholders within the business environment. This module teaches how to write and identify a value proposition, a key tool for capturing the value statements of the business offering and relating them to key target customers and audiences. The value proposition canvas creates a suite of simple yet effective templates to match company offering with customer requirements and needs.

The module of Social Innovation strives to aid the student in identifying their USP (unique selling point) and core business proposition. This element of the business creates a unique differentiator that allows the business to stand apart from their competition, while acting as a beacon to collaborators and partners who align on similar values and vision. The USP is central to planning the businesses brand story, sales and marketing messaging and overall market positioning.

Within this module, students will learn how to prototype a product or service, which consists of creating a light or basic version that can be used for market tests and early customer engagements. Prototyping is a method for progressive development where feedback and learnings from users, clients and stakeholders are captured and analysed to continuously improve the product or service until it has been refined enough to be ready for market.

Social Innovation also focuses on the process of identifying and understanding issues within the wider context of sustainability and social value. The United Nations Sustainable Development Goals (SGD) provide a framework for expanding our understanding of social value and potential, with specific focus on social paradigms, economic drivers, environmental or cultural problems that can be addressed using innovative, enhanced education and sometimes technological approaches. The social entrepreneur develops these ideas that have the potential of becoming commercialised with the intention of creating a sustainable business and at the same time, having a positive impact in society.

Prototyping offers an important tool for ensuring that the product or service that the social entrepreneur creates has a value to the end user, and that there are measurable tools to understand both the social impact as well as commercial viability of the business. The Theory of Change method can be used within this context to test and validate assumptions on a given problem or issue, and allow the social entrepreneur to progressively develop their business idea within a streamlined framework.

By teaching a hybrid of Design Thinking Prototyping, Sustainability and Circular Innovation models via the UN SDGs and The Theory of Change Framework, social entrepreneurs will learn to map and analyse value chains to determine the optimum balance of business growth and social impact. This in turn allows for the entrepreneur to understand their strategic direction, route to market and business planning fundamentals to achieve success. The Theory of Change Framework utilises the following components to connect Idea Prototyping with tangible impact analysis:

- Problem Statements, Audience Analysis and Entry Point Identification.
- Business Modelling and Value Chain Mapping
- Circular Designs for wider inclusion and equity across business and social impact.
- Design Thinking to ideate, test and validate new pathways and solutions.
- Enhancing community participation and democratic development structures.
- Models for Impact analysis and measuring including utilisation of independent data sources.
- Mapping and understanding the socio-political and economic landscape.

Aims and objectives (for Module 2- Social Innovation and Impact)

Collectively the goal of this module is to capture the fundamental value statement of the business and articulate essential parts of the business within the context of the commercial viability, social impact and enterprise sustainability. The module focuses upon the core service and product, identifying their main draw and appeal as well as pathways to implement it in real world environments. It demonstrates how to connect ideas and value statements to specific customer types and audiences, so that the social entrepreneur can easily capture and engage target markets that have the most resonance with the business offering. The process of Prototyping and Theory of Change allows for progressive testing and analysis until a product or service has been validated and is ready for market.

Learning Outcomes (for Module 2- Social Innovation and Impact)

The learner will gain both enhanced knowledge, capacity development and skills transfer in this module, across the following areas:

Knowledge:

How to understand and articulate the value of product or service

Identifying target customers and audiences

Mapping a Value Chain and understanding customer needs

The appropriate testing methods and progressive phased development

Prototype or Minimum Viable Product (MVP) iteration and refining

Creating Value proposition and USP assets

Interactions with learnings from other modulus (ie. costs and customer feedback)

Skills:

To complete a product/ service design cycle, while considering inclusive design and human centered design

To create sales and marketing assets to capture the business value

To pitch to stakeholder through effective communications

reflective methods

To shape and understand your value proposition to different stakeholders and clients

The analysis social impact in line with theory of Change and SDG Frameworks

Competences

The student will learn the fundamentals of business foundations and be able to prototype a service and product to a point where it can be introduced to the market or to potential investors. They will be able to identify their USP using stakeholder analysis and stakeholder communications, in turn allowing for tangible business planning and engagement strategies to be created. They will be able to identify value propositions based on different clients and needs. Last but not least, they will be able to evaluate stakeholders in order to find out if their social activities work like intended.

Keywords (for Module 2 - Social Innovation and Impact)

Design Cycle

Human Centered Design

Product Design

Service Design

Prototyping

Value Proposition
Unique Selling Point
SDGs
Theory of Change

Vocabulary (for Module 2- Social Innovation and Impact)

- Design Cycle – 4 steps: understand opportunity or problem, develop ideas, test solutions, evaluate and repeat. These activities run simultaneously with frequenting intensity.
- Human Centered Design: use of participatory action research making the target group part of the design cycle, Minimum Viable Product, Safety and Regulations, Patenting
- Value Proposition - A value proposition is a promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced and acquired. A value proposition can apply to an entire organization, or parts thereof, or customer accounts, or products or services.
- USP - A unique selling proposition (USP, also seen as unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."
- Minimum Viable Product - the product at the end of the design cycle. It allows you to test the products core functions to assure the USP is reached.
- Theory of Change - a standardised framework for measuring social impact and creating viable pathways for route to market strategies.

B.1
PROTOTYPING AND TESTING

B.1 Prototyping and Testing

Welcome to Module 2. Here we start thinking about making your idea a reality. No matter if you like to create a product or service or just want to try out a social experiment or invent social research, you will have to test and constantly refine your approach or product. This commonly adheres to repeating cycles of trial and error that is natural in any innovation and testing process. When we talk about prototyping we commonly understand this as the process of producing a test for your service, product or idea and testing it. You can have prototypes that are just a minor part of your idea or a prototype that is already very close to the end product, or the final so-called final prototype. The process of getting to this point demands that you constantly question yourself, your core assumptions as well as how you think the world works. It is important not to get lost in this process and not move on from it because you did not solve all the small problems that you did not sort out until now.

B.1.1 Design Cycle

This subtopic will illustrate the design cycle for the development of a product or service. It will provide the opportunity for participants to understand how they can take advantage of as well as create their own design cycles. This is not a very strongly structured process in which you can neatly compartmentalize each activity. While working on a prototype or conducting a test, there are constantly new ideas or concerns that will have to be addressed. The design cycle is a matrix or a guide that orientates you when to address which concern efficiently. Try to have a lot of fun!

B.1.2 Human Centered Design (HCD)

This sub-topic will define what HCD is and it can be used for the design of a product or service. Participants will be asked to engage with HCD and to apply it to their own project. To keep it quick. HCD is the process of putting yourself in the shoes of the group or person in such a way that you do not miss anything important. Ideally this process will guide you to invent and implement the idea with the people you most want to serve with your idea.

B.1.3 Prototyping

This subtopic will illustrate what prototyping consists of and how it can be used. It will provide an analysis on the different activities within prototyping to support a social entrepreneur's understanding of the design process. Ideally prototyping allows you to test all aspects of your idea in such a way that you are confident to implement your idea. It assures that there are safeguards in place to take care of any emergency or unintended consequences. Just make sure you enjoy this process not too much as some inventors never leave the prototype stage. Make a plan and stick to it and ask for help along the way.

B.2
DESIGN CYCLE

B.2.1 Design Cycle

THEORY

What is a Design Cycle?

A mode of designing a product or service which describes in detail how a new idea will come into being and includes the Inquiry and Analysis phase(explain, identify, analyse & develop); the developing Ideas phase; the Creation of the Solution phase (construct, demonstrate, create & justify) and last but not least the evaluation phase (test, evaluate & explain).

What is the design cycle?

All products and services that you develop follow a method. This has been formalised for your convenience to assure that you do not miss or skip a step. Specifically, each step is a multitude of actions that you have to define as a practitioner, considering your time and resources. It is also of essential importance to regard the cycle as such. Do not stop because you underwent the cycle one time. You will have to undergo the design cycle a multitude of times to assure that you come up with the best minimum viable product.

Specifically, a Design cycle includes:

- Inquiring and Analysing stage: Here you outline and examine the need that you are trying to satisfy with your product and service. You will identify and prioritize what open questions still need to be answered in order for you to start producing a test product/service. At the same time, you should examine already existing products/services that you are competing with and that you want to learn from. Through these activities you will be able to formulate a design brief, which is nothing else, then a document that outlines the priorities and scope of the work ahead.
- Developing Ideas stage: Here you start to sketch out design ideas. While doing so you come up with specific benchmarks and points of importance that you want to keep in mind. Looking at all the different design ideas, choose one and present the design to people that will work on the design or that will benefit from it. Based on the Feedback develop a detailed plan for a service/product that you want to prototype. Ideally, sketch it out in detail the design and follow it until you could test it.
- Creating the Solution stage: Here you plan everything you need to produce the design you want to test. Assure you acquire, possess the, or lean on somebody with the technical skills required in making the design a reality. Marketing Strategy to include a market research, target groups, competitors, SWOT analysis, Pricing, Promotion and Advertising Strategy
- Evaluation the outcomes stage: Here you design tests and decide upon evaluating parameters and benchmarks. If the design did not reach the goal you can use the benchmarks to explain how the design could be improved to reach a better outcome. Now the cycle comes full circle, so to speak, you are now asked to explain the impact of the design on the need you address. Starting the cycle anew if you let it.

It is important to stress that these stages of the cycle touch one another and their synergy between them becomes more apparent. This is by no means a set in stone process but rather a guiding wheel that prevents you from losing focus.

Example: I want to bake you a cake. What cake do you want? I will ask you! I will examine your feedback and look at current best practices and contemporary recipes about cakes to find inspiration for a recipe. I will write down a new recipe that I want to test out. I will develop the test recipe further and ask you for feedback. I will then look into testing the recipe in the real world, assuring I have the skills, tools and safety measures that should be inplace, I will bake a very small test cake following the test recipe. I will set out a couple of parameters that link to your original feedback (maybe fruity or very moist or very creamy). I will test eat the cake and evaluate the outcome. Did it meet the parameters you gave me for a great cake? If so, I will proceed to bake a very big cake for you, if not I will try to improve the recipe and my understanding of your needs. Please enjoy some imaginary cake I made for you. It took me a couple of attempts to find out exactly what you need and how to bake the perfect cake for you.

B.2.2 Human Centered Design

What is the purpose of Human Centered Design?

There are many ways of going about designing a product or service. Schools of thought have formed around different approaches. The one most potent and applicable for social enterprise is human centered design. This approach was developed by a design firm with a strong background in empathic design and user lead design called IDEO back in the 1990s.

Human Centered Design follows a very fundamental principle which is that the user or consumer of a service or product is the best to make design decisions. It is a creative approach to problem solving. When you understand the point of view of people that you try to reach, you will not only change your perspective but also come up with ideas they embrace. HCD is a process that consists of 3 phases and compliments you design cycle. Inspiration, Ideation and Implementation are the basic components when applying HCD to your different parts of your design process. The following instructions come straight out of the guide which you can find online.[10]

Before outlining the different phases it is important to assure the right **mindset** is present. You should be aware that you are able to do anything and change anything. It needs individual change makers that lead the way for others to follow and anyone can be that person. You are able to make things with your hands or with your brain that are unique. This confidence has to be felt by the practitioners of HCD and should motivate him or her to engage into the creative process with an open mind and a positive spirit.

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[10] Human Centered Design Guide by IDEO
https://d1r3w4d5z5a88i.cloudfront.net/assets/guide/Field%20Guide%20to%20Human-Centered%20Design_IDEOorg_English-0f60d33bce6b870e7d80f9cc1642c8e7.pdf

Failure has to be embraced and to be learned from to do better, iterate your designs and change specific aspects of it to feel the real world change the design change made. Assure that you feel a lot of empathy with the people you want to design for.

The **Inspiration** phase is about learning on the fly, opening yourself up to creative possibilities, and trusting that as long as you remain grounded in desires of the communities you're engaging, your ideas will evolve into the right solutions. You'll build your team, get smart on your challenge, and talk to a staggering variety of people.

In this phase you repeatedly define your design challenge and the problem you want to solve. Iterate this as much as possible to frame your design problem appropriately. Strive to build a team, do research on secondary sources (Internet, books, articles, etc.) and strive to recruit people to join you with the project, while you create your plan to test your design. Timing is important, assure that you have a calendar at hand to plan when you do what. Interview people about the design problem you want to solve to create empathy and increase your understanding of the problem. Please make sure you ask open ended and unbiased questions when interviewing people that are giving you their thoughts. In addition, it is very helpful to conduct group interviews and expert interviews to clarify issues that you need further information on or to nail down a specific point. Make sure you illustrate the outcome of your research in various ways and mirror it back to the people you talked to.

A good approach to spark ideas is to address their problems as they are seen. Too often disadvantaged people and communities define their problems in the terms handed down to them by the authorities and agencies that service them, from the police to the housing, social care and education agencies and others.

The problem tree workshops are a way of getting people and communities to understand their problems in their own terms as an important step to solving them by setting up their own social enterprises. But there is no shortcut to this. What is first needed is a conversation with all the parts of a community; the young, the old, the students, the mothers, the migrants, etc, about how they see their community and the problems they face. This takes time and patience and preferably something that local people should do themselves with some support.

Once these conversations have been had, it is important to start focusing on the key problems as they are seen. Taking each problem at a time, the Problem tree approach allows to see the problems in their full, understanding the causes and effects.

Problem Tree Analysis:

The problem analysis is based on taking one problem at a time and exploring the causes and effects in detail giving a good logical base upon which to structure the social objectives. To begin there should be an agreement about the actual social problems to be addressed by an organisation or a group of people. Once the problem has been identified, the possible causes need to be identified (the roots of the tree).

Each cause can be further analysed by asking why? Next is to examine the effects of the problem (branches of the tree) and analyse what each effect might lead or contribute to.

Turning problems into objectives:

The statement of the problem tree gets converted from a negative statement into a positive one. This simply turns the problem tree into a tree of objectives. The previous causes (roots) become objectives that should be achieved and the effects (branches) become goals that will be obtained once the problem is fully addressed or even solved.

In the **Ideation** phase you'll share what you've learned with your team, make sense of a vast amount of data, and identify opportunities for design. You'll generate lots of ideas, some of which you'll keep, and others which you'll discard. You'll get tangible results by building rough prototypes of your ideas, then you'll share them with the people from whom you've learned and get their feedback. You'll keep iterating, refining, and building until you're ready to get your solution out into the world.

This is when you start actually making things — this phase is about visualizing, brainstorming, and discussing all the potential solutions. It doesn't matter if they're flawed or impractical; you want to document all your ideas because there is always a reason you thought of them. There might be aspects of one idea that are silly, but there may be aspects that you can apply to another idea where they make more sense. Seeing all of your ideas in front of you will help you and your end-user hone in on what's going to work and what's not. This is not the time to get going with high-fidelity prototypes — basic sketches, lists, or small-scale models are what you'll need to tap into your creativity without the pressure to produce a polished final product. A storyboard is an exercise when you walk through the main events of someone using your product to determine the structure of it. A really important part of the ideation phase is to collect your users' reactions to your concepts. It could turn out that what seemed like the best idea to you doesn't feel quite right to your users — and it's much better to find that out before you spend a lot of time making a beautiful interactive prototype or start coding. If you consider that feedback early, you can iterate on your best ideas until you've made your way to a well-developed concept that works for everyone.

In the **Implementation** phase you'll bring your solution to life, and to market. You'll build partnerships, refine your business model, pilot your idea, and eventually get it out there. And you'll know that your solution will be a success because you've kept the very people you're looking to serve at the heart of the process.

You'll build partnerships, refine your business model, pilot your idea, and eventually get it out there. And you'll know that your solution will be a success because you've kept the very people you're looking to serve at the heart of the process. While doing so consider new offerings and new users for your solution.

B2.3 Example - HCD in action

One team designed a comprehensive sanitation system to serve the needs of low-income

Ghanaians. The Clean Team service is a custom-designed stand-alone rental toilet as well as a waste-removal system, but the design work extended to the entire service ecosystem including branding, uniforms, a payment model, a business plan, and key messaging. Unilever and WSUP piloted the project with about 100 families in the city of Kumasi, Ghana, before launching in 2012.

INSPIRATION - The Inspiration phase of the project was intense, with scores of interviews needed to understand all facets of the design challenge. "Because sanitation is a systems-level challenge we knew that we couldn't just design Clean Team's toilet," says team member and designer Danny Alexander.After six weeks of talking with sanitation experts, shadowing a toilet operator, digging into the history of sanitation in Ghana, and talking to scads of Ghanaians, key insights about what the toilet should look like and how waste should be collected emerged.An important historical note came out too: For years Ghana had night soil collectors, people who cleaned out bucket latrines each night. But because many night soil collectors dumped human waste in the streets, night soil collection was banned in the 1990s as a threat to public health. This meant the team could leverage an existing behavior around in-home waste removal, but they would have to avoid any association with illegal dumping.

IDEATION - This was a lightning-fast phase in the project, one that leapt from learnings to prototypes in seven weeks. After brainstorming with its partners and everyday Ghanaians, the team determined which direction to take and began testing its ideas. What aesthetics did people like? Would a urine-diverting toilet work? Would people allow servicemen into their homes? Where in the home would the toilet go? Can you design a toilet that can only be emptied at a waste management facility?

By building a handful of prototypes and modifying existing portable toilets, the team got tangible elements of the service into the hands of Ghanaians. They learned how the service should be positioned, early ideas around marketing and promotion, as well as certain technical limitations, namely that though flush functions appeared popular early in the goings, water scarcity was a major factor to contend with and nobody relishes disposing of his own waste.

IMPLEMENTATION - Once the service offerings and look and feel of the toilet were more or less fleshed out, WSUP ran a live prototype of the Clean Team service. Because tooling for toilet manufacture is so expensive, WSUP used off-the-shelf cabin toilets, which approximated about 80% of the toilets that IDEO.org would design, to test the service. They got great results, went ahead with manufacturing, and as of 2012, the toilets were in production. They sport IDEO.org-created branding and the Clean Team service has found its way into the lives of thousands of people.

B.3
PROTOTYPING

B.3 Prototyping

Please examine the presented cycle. A new type of design cycle? Or is it? Please go through the steps of this cycle and ask yourself how this is different to what has been talked about before!?

Yes they are all the same. Everyone is just copying from one another, as no one has a precise recipe for innovation. Learning by doing while not losing focus is the name of the game.

It is now time to start prototyping! Before you start, make a plan to lay out all the needed steps for your design/prototype cycle. Make sure you plan for benchmarks and involve the people you design and prototype for. This is an amazing time to ask for help, make friends and find supporters.

Please assess where you will make it? Makerspaces, Fab Labs, Innovation Labs, Business Accelerators, Design sprints and more opportunities might be around the corner.

Tools designed for prototyping are Wikifactory, Figma or just pen and paper. Visualize your idea. Here are more tools that you might want to consider: Sketch (design platform), Figma (design platform), InVision (great functionality and easy to use), Marvel (currently better for embedding videos), NounProject (icons), FontAwesome (icons), Unsplash (quality photos). It also helps to build a prototype out of lego or playdough. Go wild, go crazy, just keep the objective and time in mind.

Please consider a Gantt chart. You have to list the different steps you take, the resources and tools to take them as well as the timeline itself. Now take a small step and try out a specific problem to solve. Do not use your main design. Purely use a specific problem you have that might be related or might be something in your room or how you use a certain object in your daily life. You have one hour to plan and you have one hour to prototype a solution to the problem. This does not need to be an object, this can be service or a change in behaviour. This exercise is purley there to understand and apply the process, not to come up with something that works!

Example: Prototyping

My problem was sitting comfortably while typing. For you, it can be any problem, like a constant cold draft on your neck, anything.

This was difficult, right? This was an exercise to get comfortable with not knowing what a good result looks like. Learning by doing! What did you design? Build? I adjusted the position of my screen by constructing a little tower for my laptop out of old boxes and attached a keyboard to it allowing my neck to relax while I look at the screen. Others have created an air funnel for their office A/C so the air does not flow directly onto them. What did you build?

B.4
VALUE PROPOSITION & USP DEFINITIONS

B.4 Value Proposition & USP definitions

Let us start by familiarizing yourself with the terminology.

Value Proposition - A value proposition is a promise of value to be delivered, communicated, and acknowledged. It is also a belief from the customer about how value will be delivered, experienced and acquired. A value proposition can apply to an entire organization, or parts thereof, or customer accounts, or products or services.

USP - A unique selling proposition (USP, also seen as a unique selling point) is a factor that differentiates a product from its competitors, such as the lowest cost, the highest quality or the first-ever product of its kind. A USP could be thought of as "what you have that competitors don't."

USP is not just marketing. It is about making sure that all your stakeholders are aware of and can articulate the USP with regard to their individual position. USPs are not just for customers but also for investors and workers.

Now let us consider what a customer or target group profile looks like and what unique way you might have found to engage with them. In order to do so, it helps to consider the following graphic. Here you see the relationship between the "Value Proposition" and the "Customer Profile".

The "Value Proposition" allows you to analyse your own business. At first ask to list the gain creators to your customers. What specific aspects of your service or product create gains? Next, you are asked to list all the products and services that you offer. Finally you are asked to list the pain relievers you are able to relieve with your product or service.

This is put in contrast to the customer profile. There are a variety of ways to create a customer profile. Here is one: Analyze your customers according to the pains they have and the gains they want. At the same time, list the products and services they usually use and find any discrepancies between these points.

Another way to better understand the customer and your USP is by creating an Empathy Map of your customer. Please think of the customer engaging with your product or service. What will he say, see, do

Having thought and worked around your USP, it is now time to answer the following questions in a very direct way. Please try to be as concise and straightforward as possible! Ideally you are able to answer this question in one sentence purely focusing on your core business/social function.

Synopsis of Module B

The ability to invent and learn from mistakes while working on an invention is a stressful task. One's own ineptitude to do everything and the inability to learn certain things can lead to frustration and anxiety. The tools offered in this Module are supposed to support you and calm you. Not to increase the anxiety levels. Working on a prototype and really understanding your USP is not a straightforward process like a cooking recipe that you can just follow and get a nice cake. Much rather it is like learning to ride a bicycle or playing an instrument. Trial and error is the name of the game.

You were asked to prototype and iterate as well as refine your prototype in this Module. Then we moved to the unique selling point of your idea and worked on really understanding it, as well as articulating it to various stakeholders. You learned to articulate your value proposition in different ways and dug deep into the design and prototype cycle by doing it yourself.

Tools like empathy maps and maker communities hopefully guided your path of understanding as well as enlightened you towards the long road ahead. Please keep the Human Centered Design approach in the forefront of anything you do.

Review Questions of Module B.

1. **What is the purpose of the Design Cycle?**
   a. To assure that cycles are designed holistically.
   b. **To lay out a plan to design a product or service.**
   c. To assure that you design a test for your prototype.

2. **What is Human Centered Design (HCD)?**
   a. **It is a technique to design a product or service focusing on the user.**
   b. It is a technique to identify the main target user of the product or idea.
   c. It is a method to be used to assess the design cycle in relation to prototyping when conducting a user impact evaluation.

3. **What is the difference between a Design Cycle and Prototype Cycle?**
   a. **A design cycle outlines the method of how to design your product or service, while the prototype cycle gives me a method to plan the prototyping process.**
   b. There are no large differences between them.
   c. A design cycle outlines a plan of how to design your product production and scale it, while the prototype cycle gives me a method to cycle between different working steps in the prototype phase.

4. **What is a maker space?**
   a. It refers to the place where small businesses produce their goods.
   b. It refers to the space where you meet with other people that produce similar products and services such as yours.
   c. **It refers to the space where you can produce and plan your idea with the help of their tools and a community.**

5. **Why is Supply Chain management important?**
   a. Because it can lower overall costs and boost profitability of an enterprise.
   b. Because it helps the enterprise to acquire a competitive advantage in the market.
   c. **All of the above.**

6. **A GANTT chart is a drawing of my plan touching upon the time and resources I will need for each step I want to take.**
a. **True**
b. False

7. **What does an Empathy Map do?**
a. It measures how much people like your idea.
b. It measures the amount of empathy in your target user or client.
c. **It measures how people perceive your product or service according to their senses.**

8. **Can a value proposition summarize all advantages of your idea/product/service?**
a. Yes, this is the purpose of the value proposition.
b. **No, the value proposition just focuses upon the most important cost reward aspects of the idea.**
c. Yes, it highlights all aspects of the idea focusing on all the aspects of the product for all stakeholders with special emphasis on finances.

9. **What does USP stand for :**
a. Understated selling point
b. **Unique selling point**
c. Unique saturated perspective

For Further study (links to available online resources: documents, essays, video, etc.)

- How to teach prototyping:
  https://www.youtube.com/watch?v=9O9Q8OVWrFA&ab_channel=GDC
- IDEO how to prototype a service:
  https://www.youtube.com/watch?v=Szw6KlTMUT4&ab_channel=IDEOU
- IDEO Tom Kelly on Human Centered Design:
  https://www.youtube.com/watch?v=L1pBhHjGKvI&ab_channel=HighResolution
- Design Thinking for Innovation:
  https://www.youtube.com/watch?v=8IavbiZ9GAs&ab_channel=USDSchoolofBusiness
- The Design Thinking Toolbox: A Guide to Mastering the Most Popular and Valuable Innovation Methods by Michael Lewrick and Patrick Link
- What is your USP: https://www.youtube.com/watch?v=LYuk9aMWRQ8&ab_channel=TomFerry
- Tips for defining your USP: https://www.youtube.com/watch?v=_-exzBjsUhI&ab_channel=InnovateUK

- Design Cycle introduction:
  https://www.youtube.com/watch?v=1qHxB0kwOmo&ab_channel=MeredithHuskies

📖 Bibliography/ References/Internet sources

- Pirozzi M. *Stakeholder Perspective and Effective Relationship Management,* PM World Journal Vol. IX, Issue VIII – August 2020. Available at: https://pmworldlibrary.net/wp-content/uploads/2020/07/pmwj96-Aug2020-Pirozzi-stakeholder-perspective-series3-stakeholder-identification-and-analysis.pdf. (Accessed 8th April 2021).

- Human Centered Design Guide by IDEO https://d1r3w4d5z5a88i.cloudfront.net/assets/guide/Field%20Guide%20to%20Human-Centered%20Design_IDEOorg_English-0f60d33bce6b870e7d80f9cc1642c8e7.pdf (Accessed 8th April 2021).

ANNEX 1 MODULE B

Annex 2 – Activities for platform Module B

MODULE B: BUSINESS MANAGEMENT

B.1 Design

List of Activities (per topic)	What is this activity about?	What will you achieve by taking it:	Duration (min)	Reference Number of File links, and material included: File name: A.1.1_Video+++
Exercise MB.T1.A1. 2 Design Cycles	This activity aims to provide knowledge of participants to understand the design cycle.	Participants will reflect the knowledge gained to be able to apply the design cycle.	5 min	
Exercise MB.T1.A2. HCD and Food Distribution	In this activity, a scenario of a product and service design will be presented. The participants are asked to reflect upon them.	Participants will gain understanding and knowledge on how to create and use the design cycle and human centered design.	15 min	
Exercise MB.T1.A3. Difference between Design and Prototype cycle	The trainer will guide participants in identifying the similarities between prototyping and the product design cycle.	Participants will be able to better understand and apply the product design cycle and engage with prototyping.	15 min	
Exercise MB.T1.A4. Join a Maker Community	This activity will demonstrate the support that is available online and offline when engaging with the maker community.	Participants will learn about and engage with the maker communities relevant to them.	10 min	
Exercise MB.T1.A5. Prototype and create a Gantt chart to plan your prototyping	This activity will highlight how and why prototyping can be planned and conducted.	Participants will learn how to design their own design cycle and prototyping by trying it out themselves.	60 - 120 min	

B.2. Value Proposition				
Exercise MB.T2.A1. Create an Empathy map of your customer	In this activity, participants will need to understand and create an empathy map.	Participants will gain understanding on how to create empathy and engagement with their target community.	10 min	
Exercise MB.T2.A2. Create a Value Proposition Canvas for your social enterprise	In this activity, participants will need to identify their value proposition.	Participants will be able to assess the value proposition of their idea.	5 min	
Exercise MB.T2.A3. Create or identify your USP	In this activity, participants will be able to understand and articulate their own USP.	Participants will be able to learn how to articulate their USP.	15 min	
Exercise MB.T2.A4. Self reflect your USP	In this activity participants will answer the most central questions surrounding their USP. They are asked to think about pitching and stakeholder communication.	Participants will be able to articulate their USP and core competencies	15 min	

MODULE C
SOCIAL ENTERPRISE MARKETING

Module C - Social Enterprise Marketing

Introduction

A social enterprise is a business created for a social purpose. It is supposed to achieve social good by applying business principles and practices. Social enterprises do not fundamentally differ from normal businesses apart from their social mission. SEs usually put more emphasis on applying ethics and values, democratic and inclusive decision making, and wealth sharing. They tend to build a wide network which is also used for   their marketing. Even so, the key marketing rules that all social enterprises have to obey are the same for the business enterprises.

Marketing is a bridge linking SE to its business and social goal. SE cannot implement its mission without respecting marketing rules and requirements. It needs to run a process of elaborating the cohesive strategy for creating, communicating, delivering, and exchanging products/ services with value for customers.

Each SE running a business has to refer to the specific group of consumers most likely to want SE's product or service. It has to break a large market into smaller segments to concentrate on a specific group of customers and focus on meeting their needs.

Aims and objectives (for Module C: Social Enterprise Marketing)

This module aims to develop and improve the skills and competencies due to understanding social enterprise (SE) marketing. The ultimate objective is to provide individuals the know-how and knowledge foundation to be able to run a social enterprise getting benefits from putting SE Marketing into practice.

This module aims for the learners to understand what social enterprise (SE) marketing is and develop their skills in planning it.

The participants will know and understand how to market a social enterprise's a product/ service and mission. They will be able to implement this knowledge into their everyday practice:

- Who is the target audience of their SE's a product/service and mission?
- How can they meet their needs with the SE's product/service?
- How to create a proper marketing strategy for their SE's a product/service and mission?

After the completion of this module, the participants will be in a position to:

- Understand the concept of Social Enterprise Marketing and know how to implement it into practice.
- Understand how to build a bridge between their SE and customers.
- Discuss issues and challenges of SE Marketing from personal and organizational perspectives and share experiences
- Communicate effectively.

Learning Outcomes

Knowledge:

- The marketing mix elements: Product, Price, Place, People, Process and Physical evidence
- The target audience definition and practical justification
- Methods of targeting the audience
- Unique challenges ESs face with regards to marketing their products/services/ mission.

Skills:

- To explain the marketing due to SE activities
- To use 7 Ps mix for planning marketing due to SE's activity.
- To analyze the market due to targeting the audience.

Competences:

- To plan SE's marketing
- To run a business and keep social values at the same time.
- To target the audience in SE's practice and analyzing the market.

Keywords

- Marketing
- Marketing mix
- Target audience
- Marketing communication

Vocabulary

- Marketing is the management process responsible for identifying, anticipating, and satisfying customer requirements profitably.
- The marketing mix is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market.
- Targeting - in marketing is a strategy that breaks a large market into smaller segments to concentrate on a specific group of customers within that audience. It defines a segment of customers based on their unique characteristics and focuses solely on serving them
- Target audience refers to the specific group of consumers most likely to want SE's product or service. Therefore, the group of people who should see SE's campaigns and other activities.

C.1
MARKETING PLANNING: OVERVIEW

C.1. Marketing planning: overview

C.1.1. Marketing in social enterprise

This sub-topic will illustrate how social enterprises are fundamentally no different from normal businesses apart from their social mission. It will emphasize that SE's should put all that the organization intends to do in a business plan concerning its social mission and consider the social impact.

C.1.2. Marketing planning

This subtopic will illustrate how marketing focuses on the fundamental practices that every company/ SE has to carry out - identifying customers, researching their needs and preferences, analyzing factors that influence their purchasing decisions, and persuading them to buy products and services from you rather than a competitor.

C.1.1 Marketing planning as a part of SE's activity

THEORY

C.1.1. Marketing in social enterprise

What is marketing?

Marketing is the activity for creating, communicating, delivering, and exchanging products/ services that value customers.

The marketing focuses on the fundamental practices that every company/ SE has to carry out - identifying customers, researching their needs and preferences, analyzing factors that influence their purchasing decisions, and persuading them to buy products and services from you rather than a competitor. All this requires a coordinated, considered, and realistic strategy in terms of making the most effective use of the resources and budgets available.

Marketing is considered a key management discipline that ensures that producers of goods and services can interpret consumer desires and match or exceed them.

What is Societal Marketing?

Societal Marketing is based on the principle of societal welfare. It emphasizes that an organization must make strategic marketing decisions keeping in mind the consumer wants, the organizational needs and most important the long term interests of the society.

The Societal marketing concept is significant because of the following advantages it has:

- It ensures that all the economic resources are channelized in the right direction.
- It develops enterpreneurs as well as managers in a specified society.
- It raises the living standard of the people.
- It increases the speed of economic development of society.
- It makes economic planning more significant and more fruitful to people's life

(source: https://www.managementstudyguide.com/societal-marketing.htm)

Why should SEs work on marketing planning?

A social enterprise is a unique way of doing business. The key difference between it and other businesses is the fact that a social enterprise is a business created to further a social purpose in a financially sustainable way.

A SE is distinguished from a conventional business because it is established to tackle a problem or promote a cause as its primary intention. Tackling that problem or challenge becomes the organizations' 'social mission'.

Although social enterprises apply business principles and practices to achieve social good, the key elements of the marketing activity for a large profit-making company and a small co-operative or social enterprise are the same, but the scale can be different.

As social enterprises do not fundamentally differ from normal businesses apart from their social mission. Although profits are not the primary motivation behind a social enterprise, revenue still plays an essential role in the venture's sustainability. Sustainable revenue differentiates a social enterprise from a traditional charity that relies on outside funding in the form of donations or grants to achieve its social mission. Regarding this, SE's should put all that the organization intends to do in a business plan concerning its social mission and consider the social impact.

The marketing planning should be central to the SE's business performance because it addresses the most important aspects of the market. SE's cannot implement their mission without respecting marketing rules and requirements.

C.1.2 Marketing planning

What is marketing planning?

The process of elaborating the cohesive strategy for creating, communicating, delivering, and exchanging products/ services with value for customers is called marketing planning. It involves analyzing and deciding on:

- Who your target market(s) are?
- How you meet their needs with your products and/or services
- How to market your SE and its mission, your products, and services effectively?
- How to create a proper marketing strategy for the future?

Traditionally, these considerations were known as the 4Ps — Product, Price, Place, and Promotion. As marketing became a more sophisticated discipline, three 'Ps' were added: People, Process, and Physical evidence. All are called the marketing mix. Philip Kotler and Gary Armstrong (2010) define the marketing mix as the set of controllable, tactical marketing tools – product, price, place, and promotion – that the firm blends to produce the response it wants in the target market.

Marketing mix:

- Product - SE has to find out what customers need or want and then develop the right product/ service with the right level of quality to meet their expectations, both now and in the future.
- Price - SE has to find out how much customers are prepared to pay for its product/ service, regarding its quality, competing with larger rivals, value-adds, or better value for money making a profit.
- Place - SE has to find out how to make its product/ service appropriate and convenient for the customer due to the right place, the right time, and the right quantity (while keeping storage, inventory, and distribution costs to an acceptable level).

- Promotion - SE needs to decide how to communicate what it does and offer customers regarding offered product/ service and its mission and social impact. SE must gain attention, be appealing, send a consistent message, and - above all - give the customer a reason to choose SE's product/ service.
- People - SE has to be aware that its reputation rests in the hands of SE's team. It must be appropriately trained, well-motivated, and have the right attitude.
- Process - SE has to decide how to deliver the product/ service to gain customer satisfaction. Customers may want reassurance they are buying from a reputable organization that acts concerning social values.
- Physical evidence - SE has to decide how to confirm the customer's assumptions, low their uncertainty while he/she decides on choosing the product/service.

Each of the elements of the marketing mix is key to success. All of them should be considered together. No element can be considered in isolation — you cannot, for example, develop a product without considering a price or how it will reach the customer.

For example, SE cannot develop a product/ service without considering a price or how it will reach the customer.

C.2
**TARGET AUDIENCE
MAPPING AND TESTING:
OVERVIEW**

C.2. Target Audience Mapping and testing: overview

C.2.1. Target Audience Mapping

This sub-topic will illustrate who the target audience is and what factors should be considered while targeting the audience. The emphasis will be put on benefits from targeting the audience.

C.2.2. A practical approach to Target Audience Mapping

This subtopic will focus on practical aspects of defining the audience for social enterprises, including SE's customers and the community it impacts.

C.2.1 Target Audience Mapping and testing
THEORY

What is ES's target audience?

A target audience is a specific group of customers or receivers most likely to respond positively to SE's product/ service/ message. It is crucial to know who SE's audience is.

The target audience refers to the specific group of consumers most likely to want SE's product or service, and therefore, the group of people who should see its activities. The target audience may be dictated by age, gender, income, location, interests or a myriad of other factors.

Mapping the target audience allows breaking a large market into smaller segments to concentrate on a specific group of customers within that audience. It defines a segment of customers based on their unique characteristics and focuses solely on serving them.

What benefits from targeting the audience can SEs get?

To run SE activity effectively, it should first need to define its target audience. When SE tries to appeal to the broadest possible audience for its products and services, it often feels exhausted without much to show for its efforts. Its messaging doesn't resonate with anyone in particular. Instead of trying to reach an entire market, a brand uses target marketing to put its energy into connecting with a specific, defined group within that market.

Through targeting SEs' products/ services get more specific about their target market. They can focus on a small group of customers who will most likely benefit from and enjoy their products/ services.

For example, a SE that sells a homemade soap may decide to focus on a smaller, specific target market. Instead of marketing to the masses, they may focus solely on selling soap to young mothers for their kids. Or they could choose to market to vegans exclusively. Both examples are smaller, more specific segments of the soap's potential market.

SE can benefit from targeting the audience thanks to:

- Figuring out what every customer wants, and meeting those expectations, will keep SE in business. SE knows that it needs to improve and extend existing products and sometimes develop new ones.
- Speaking directly to a defined audience - marketing messages resonate more deeply with audiences when readers can relate directly to the information. SE can focus on crafting messages for one

specific audience. When it speaks directly to the people it wants to target, it is more likely to attract the right people.

- Differentiating its product/ service from competitors – instead of speaking to every customer, SE can focus on a smaller audience segment and start to stand out from competitors. When customers can identify with SE's brand and its unique selling propositions, they will choose SE's products/ services over competitors.
- Building deeper customer loyalty - the ability to stand out from competitors by reaching customers on a more personal, human level also creates longer-lasting relationships. When customers identify with SE's product/service and feel like SE advocates for their specific perspectives and needs, they will likely be more loyal and continue to buy product/service over a longer period.
- Improving product/service - knowing the customers more also helps look at the product/ service in a new way. Having a deep understanding of SE's target audience, SE can put itself in its shoes and see how it can improve its offerings.
- Staying focused allows SE to get more specific about its <u>marketing strategies</u>, initiatives, and direction of product/service. It helps clarify the vision and get everyone in the organization on the same page. SE has more direction in shaping upcoming plans for both marketing and the business as a whole. A focused approach helps SE fully optimize its resources, time, and budget.

C2.2 A practical approach to Target Audience Mapping

<u>How to target the audience in SE's practice?</u>

It is crucial to know who SE's audience is. When defining their audience for social enterprises, SE has to define its customer and the community its impact (a traditional company only needs to understand their customer).

Most often, the target audience analysis is based on specific factors like:

- Demographic: age, gender, education, marital status, etc. ·
- Psychometric: values, beliefs, interests, personality, lifestyles, etc.
- Behavioral: purchasing or spending habits, user status, brand interactions, etc.
- Geographic Areas: neighborhood, city, region, etc.

Target audiences can be segmented further into categories that reference intent, <u>location</u>, interests, and more:

- Interest - Separating groups based on their various interests, including hobbies and entertainment preferences. It can help SE make <u>data-driven</u>, highly personalized messaging that allows SE to connect with its audience in meaningful ways that can help drive <u>brand loyalty</u>.
- Purchase Intention - Defining groups of people who are looking for a specific product. It will help SE understand its audience's pain points and create tailored messaging that addresses their needs.
- Subcultures - Referring to groups of people who share a common experience, such as music genres or entertainment fandoms. By understanding some of their motivations, SE can better understand who it is trying to connect with.

To be successful at targeting, SE should use real data and facts to form its target audience. It is useful to:

1. Conduct interviews with SE's former and current customers.
2. Talk to SE's sales team and find out what trends they see and experience.

3. Track data on SE's point of sale systems and web analytics.
4. Engage in social listening on social media to see what conversations customers have about your brand and industry.

There are a few techniques for targeting an audience. Two of them are described below:

- The Empathy Map shows how to map SE's target audience's behavior and influence their way of thinking. It treats six different aspects of SE's target audience. What they hear, think & feel, see, say & do but also their pain and gain. Each of these areas helps to look from a different perspective to understand the target audience truly.

THINK AND FEEL
- What do they dream about?
- What is their ambition?
- What makes them feel good/bad?
- What do they want to change?
- What motivates them, and what frustrates them?
- How do they feel they do a good job

SEE
- What does their environment look like?
- Where do they work?
- Which media do they use?
- How do they experience that they are appreciated?
- How do they contact their surroundings?

General data:
Age
Sex
Family
Income
Residence
ect.

SAY AND DO
- What kind of attitudes do they have?
- What does their environment say and do?
- What do they talk about with their colleagues?
- What do they do in their spare time?
- What does their day look like?

HEAR
- What do their friends say?
- What influences them?
- Who gives them challenges?
- How do they get access to their knowledge?
- To whom do they work?
- How do they work together?
- How do they socialize?

GAIN
What does the target audience want to reach?
What do they need/ desire?
How do they measure success?

PAIN
What are the fear, frustrations and obstacles or challenges that the target audience faces?

Figure 6 - Empathy Map (source: https://www.textmetrics.com/map-target-audience (2021.06.29)

- Making Persona – allows creating a lifestyle, gender, age etc. and testing all of SE's ideas and content to this person. SE can search for real people who fit SE's personage and ask for their opinion or fit SE's ideas to what SE thinks its target audience likes. Persona helps to focus on SE's target audiences. Creating audience personas is key to put yourself in SE's target audience's shoes and tailor its offer to their interests.

Knowing ES' ideal audience helps decide which target markets to focus on. When ES deeply knows its ideal customer, it can identify ways to segment them into a more defined audience.

To make a persona, you can follow questions like below:

- Who are these people?
- What are their values?
- What is important to them?
- How would they dress?
- How old are they?
- Where do they go for leisure, and how often?
- Where do they shop?
- Where do they spend most of their time, on or offline?
- What social media sites do they use?
- …
- …

The list of questions is uncomplete and should be developed due to the SE's activity and offering product/ service/

How to test the audience?

The big companies carry out testing methods when they are getting ready to launch a new product/service. They may conduct public testing trials by allowing the customer to use the product or service for free in return for their feedback. SEs which have limited resources can smartly use this testing method. You get up close and personal with the person you have targeted as your target audience and offer them the opportunity to test out your product or service, then get them to give their feedback. It may mean you gift them a free product in return for a review, or you can offer a free trial of your service for a review.

Synopsis of Module C

The Social Enterprise Marketing Module aims to develop and improve your knowledge, skills and attitudes due to achieving social good by applying business principles and practices. You will learn about the key aspects of marketing a social enterprise's product / service and mission. The Module focuses on practical aspects of how to market your social enterprise's product/ service concerning your SE's mission.

Through the Social Enterprise Marketing topic, you will get an insight into the basic elements of the marketing planning (like 7Ps), similarities and differences between business-oriented entities and social-oriented ones, and benefit from targeting the audience. These specific factors are considered while mapping

the audience and breaking a large market into smaller segments to concentrate on a specific group of customers and meet their needs.

The Module is composed of 2 topics: (1) Marketing planning as a part of SE's activity; (2) Target Audience Mapping and testing. Both of them include some practical tools you can implement in your practice.

Review Questions of Module C.

All questions will be elaborated on during the sessions by the participants. This method of self-assessment is highly effective due to learning long-term outcomes).

1. What does the key difference between the business activity of social enterprises and profit-oriented business entities?
- **Combining social mission with a financially sustainable business activity**
- Putting less emphasis on financial sustainability
- Tackle problems that business entities do not face
- Employing persons who face some difficulties in the labor market

2. What is marketing for?
- Identifying customers and researching customers' needs and preferences
- Analyzing factors that influence customers' purchasing decisions
- Persuading customers to buy products and services from you rather than a competitor
- **All above**

3. Why do social enterprises have to follow the marketing process?
- To create a proper strategy for their SE's a product/service and mission
- To build a bridge between their SE and customers
- To take under consideration all elements and factors that can influence their business activity
- **All above**

4. What elements of the marketing mix is the most important for social enterprise?
- Product, price and promotion
- Product, promotion and people
- Price, process, place and physical environment
- **All elements should be considered together as all together are the key to success**

5. What is the target audience?
- A specific group of people who can support social enterprise's mission
- **A specific group of customers or receivers most likely to respond positively to SE's product/ service/ message**
- All potential buyers
- A specific group of people who can benefit from the social enterprise activity

6. Why should social enterprises target the audience?
- To meet donors expectations
- To complete the formal requirements
- To reconstruct its mission
- **To focus on selected group's needs with its product/service**

7. What factors should be considered while targeting the audience?
- To build more personal communication and longer-lasting relationships
- To improve product/service
- To optimize its resources, time, and budget
- **All above**

For Further study (links to available online resources: documents, essays, video, etc.)

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- The Chartered Institute of Marketing, *Marketing, and the 7Ps: A brief summary of marketing and how it works* https://www.cim.co.uk/media/4772/7ps.pdf (Accessed 18th November 2020)
- Social Enterprise London, UK. (2020) *Marketing your Social Enterprise,* at http://www.socialenterprisebsr.net/wp-content/uploads/2016/05/Marketing-Your-Social-Enterprise-Social-Enterprise-London.pdf (Accessed 18th November 2020)

ANNEX I MODULE C

Annex 3 - Activities for platform Module C

MODULE C: BUSINESS MANAGEMENT

C.1 Marketing planning as a part of SE's activity

List of Activities (per Topic)	What is this activity about?	What will you achieve by taking it:	Duration (min)	File links and material (you will save each activity with the same reference number)
T1.C1 A word association thing game	Group creative discussion on marketing. The trainer can ask the following questions: • What does marketing say to anyone here? • What metaphors would you use to explain the marketing due to social enterprise activities? • What words are associated with marketing due to social enterprise activity?	The participants know and understand the meaning and importance of marketing in the context of social enterprise activities	20 min	MA.T1.C1 A word association thing game
T1.C2 The case study – the social mission and challenges	Participants work individually or in small groups. They choose the case and complete the task: Imagine that your social enterprise runs a similar activity. Answer the following questions: • How this business activity supports your social mission? • What challenges can you see due to financial sustainability The trainer gathered answers from individuals/ small groups to let the participants benefit from sharing the group comments/conclusions during the whole group discussion	The participants know and understand the meaning and importance of marketing in the context of social enterprise activities	65 min (45 min group working + 20 min whole group discussion)	MA.T1.C2 The case study – the social mission and challenges
Presentation and group discussion	PP presentation on defining marketing mix.	The Participants know the 7 Ps mix	15 min	Presentation and group discussion
T1.C3 The case study – elaborating marketing mix	Individual or small groups work on chosen cases. Instruction for the participants: Continue working on the chosen case. Decide on all elements of the T Ps mix: Product, Price, Place, People, Process, and Physical evidence and are ready to use this knowledge during the next session's activity.	The Participants understand the 7 Ps mix and can use it for marketing planning	75 min (45 for elaborating 7Ps + 25 min for presentation and comments)	MA.T1.C3 The case study – elaborating marketing mix
T1.C4 Online Mind-map	Small groups create together an online mind-map or Padlet wall that illustrates the answer for one of the following questions: 1. What is special about marketing in social enterprise? 2. Why should marketing planning be considered as part of the SE activity?	The participants understand what unique challenges do ESs face with regards to marketing their products/ services. (running a business and keeping social values)	30 min	MA.T1.C4 Online Mind-map

C.2 Target Audience Mapping and testing

Presentation and group discussion	2-3 slides presentation on defining ES's target audience and group discussion on benefits from audience targeting	Participants understand what target audience is and what benefits SE can get from targeting	30 min	Presentation and group discussion
T2.C1 Case Study - targeting the audience	Case study – continuation working on the previous cases. The participants work collaboratively in small groups and simulate targeting the audience. The trainer makes "pit-stops" to comment on the challenges, answer the questions, underline the key issues raising by participants. They present the outcomes to other groups and get feedback.	Developing the participants' skills due to targeting the audience in SE's practice and analyzing the market. The participants know how to target the audience and can implement this knowledge into the practice.	90 min	MA.T2.C1 Case Study - targeting the audience
T2.C2 Case Study - Testing the audience	Case study – continuation working on the previous cases. The participants work collaboratively in small groups and simulate testing the audience. Tasks: How can you get feedback from your target audience? Elaborate 3-5 questions that will help you know if there is any room for improvement of SE's product/ service. When questions are ready, groups use them for the simulation: trainer plays the buyer persona's role and asks them. The group needs to formulate conclusions about how the product/ service can be improved.			MA.T2.C2 Case Study - Testing the audience
T2.C1 The self-assessment questions	Self-assessment by using the evaluation questionnaire.	Enhancing learning outcomes	10 min	MA.T2.C1 The self-assessment questions

MODULE D
FUNDRAISING AND RESOURCES

Module D – Fundraising and resources

Introduction

The module aims to support the learners to acquire knowledge about the range of funding opportunities available to social enterprise organisations, as well as to learn how to develop compelling bids, tenders and pitches in order to finance their organisations.

Aims and objectives

Learners will understand how to build an effective financial strategy which allows them to manage resources effectively, monitor performance, improve decision-making, plan for the future and identify problems before they occur.

The learners will learn about new organizational models of social entrepreneurship, as the Wealth Shares model and its application in social enterprise in order to understand how resources can be attracted, used and/or generated in enterprise and/or in projects "*maximising ...the ...potential for power and wealth sharing, and improve community well-being*".

The module will provide learners with needed competences for pitching their social enterprise ideas to investors. Finally, the module deals with how to diversify revenue sources by activating untapped community finance and power.

At the end of this module, the participants will be able to:
- to identify different funding opportunities available for social enterprises
- to develop compelling bids, tenders and other campaigns for financing the social enterprise
- to build an effective wealthy financial strategy
- to apply the Wealth Shares model for raising capital contributions by stakeholders
- to pitch the social enterprise idea to an investor
- to diversify the revenue sources by activating untapped community finance and power.

Learning Outcomes

Knowledge

Social enterprise values and principles

Basics of financial strategy in a social enterprise

Funding opportunities: private and public sources

Basic understanding of Wealth Shares principles

Bids, tenders, campaigns (fund raising, crowdfunding ecc.) for financing the organisation

The concept of untapped markets and the social enterprises

Social enterprises financial objectives

Primary and secondary social enterprise stakeholders

Definition of the social enterprise mission/vision

Public speaking skills

Community finance and power

Skills

To identify the elements of an effective financial strategy, outlining an implementation plan using also Wealth Shares model;

Deploy Wealth Shares principles into action

 to orientate oneself among the different revenue sources by looking for untapped markets;

To identify suitable bids, tenders, drafting the related documents, forms and templates;

to orientate oneself among the different fundraising approach campaigns;

To identify the social enterprise stakeholders and assign them the right power;

Able to define the social enterprise values and principles;

To present the social business idea to investors with the appropriate tools and media.

Competences

To participate, according the level of experience that progressively will be improved, to the implementation of the social enterprises financial strategy, aware of the organisation's mission, vision and available resources;

To collaborate, with autonomy according to the level of experience, to free up resources, with a diversification approach, analysing the different opportunities (grants, bids and tenders, crowdfunding, ecc.);

To care for the drafting of memorandum, documents, forms and template for the participation to bids, tenders;

To- participate, according to the level of experience, to the organisation of fundraising and crowdfunding campaigns;

To pitch investors, preparing the needed set of materials and documents.

Keywords

- Financial Strategy
- Financial Model
- Internal Resources
- External Resources
- Funding
- Fund raising
- Wealth Shares Model
- Pitching

Vocabulary (for Module D- Fundraising and resources)

- Financial Strategy:
- Financial model
- Match-funding model
- Capital-fund model

- Social Impact bonds
- Equity
- Social Investment
- Income Statement
- Break Even analysis
- Balance Sheet
- Shared Wealth Model
- Social Investor
- Funding Instrument
- Financial resources
- Pitching

Financial Strategy The expression refers to the approach for the planning and development of the company finance function according to a defined vision and roadmap. This approach deals with financial resources, analysis of cost structure, estimating profit potential, accounting activities. The aim of the financial strategy is to assure availability of sources, usages, and management of funds, aligning financial management with enterprise's objectives and market growth.

Financial model is usually understood in a real technical and practical way as a tool or application to forecast a company's financial performance into the future. In a broader sense it can be understood as the theoretical framework of a company's performance, including expectations and previsions about the future and includes income statement, balance sheet, cash flow statement, and supporting schedules.

Funding model A funding model is an institutional and systematic approach to set up a reliable revenue base for supporting an organization's programs, activities, plans and services. It is widespread practice among nonprofits to seek funding from multiple sources. Studies and analysis show that SEs still have a single source of revenue-oriented funding model approach.

Match-funding model The match-funding model is characterised by governments or private foundations matching investments made by private investors (pension funds, banks, mutual funds, etc.) with taxpayer money or philanthropic donations. In this model there are expert intermediary organisations (investment funds, NGO) through which private investments flow to SEs.

Capital-fund model The capital fund model is characterised by the presence of one or more private investors or foundations that place long-term investments in a capital fund that in turn places individual investments in social enterprises. SEs have to respect certain criteria and usually an application process is necessary.

Social Impact bonds The social impact bond, also called Pay for Success Bond, is a financial instrument aimed at raising private financing by the public sector. It is a contract with the public sector or a governing body. The remuneration of the invested capital is linked to the achievement of a specific social result, with savings for the Public Administration. The achievement of the expected social result will in fact produce savings for the Public Administration and therefore a margin that can be used for the remuneration of investors. If the objectives are not achieved, investors receive neither a return nor repayment of principal.

Equity Through equity financing a social enterprise raises funds to meet its liquidity needs by selling stock in exchange for cash. The portion of the stake depends on the promoter's ownership in the enterprise.

Shares can be sold to public, institutional investors, or financial institutions. They are referred to as shareholders.

Social Investment Social investment is the use of repayable finance to achieve a social as well as a financial return. Often social enterprises are considered too risky for banks or traditional lenders, hence they can take repayable finance from a social investor, this way accessing finance otherwise unobtainable.

Income Statement The income statement (or profit and loss statement, statement of operation, statement of financial result or income, or earnings statement) is a financial statement with income and expenditures, indicating if the company is making profit or loss. It is part of the company's documentation (with balance sheet and cash flow statement) for understanding its financial situation.

Break Even analysis Break-even analysis calculates margin of safety on the basis of revenues collected and associated costs, showing how many sales are needed to pay the cost of doing business. It included also the analysis of different price levels relating to various levels of demand.

Balance Sheet It is a statement of the assets, liabilities, and capital of an organisation at a particular point in time, detailing the balance of income and expenditure. It provides a picture of what a company owns and owes and the amount invested by shareholders. It is useful in company's financial analysis.

Shared Wealth Social Enterprises. This is a model based on FairShares principles whereby as well as being social enterprises that have purpose, value and democratic organisation structure they also maximise the fair distribution of the wealth they create, usually through the allocation of shares, profits, payments.

Social Investor Social or impact investor is an investor considering its capital with double bottom line approach and attributing concrete value to the social and environmental return of its investments with respect to the mere economic return.

Funding Instrument Funding instrument is a wide expression defining a broad range of financial support varying according different socio-economic systems and including different types of support, as donations and grants, to new approaches to funding such as impact investing and crowdfunding. Funding's sources can be private philanthropic, corporate, impact investors, high-net-worth individuals or families) and public (governmental).

Financial resources The term covers all the financial funds of an organisation. From an economic perspective, financial resources are part of the assets (property) of the organization. From the point of view of control they are articulated in business funds, corporate capital, other financial resources.

Pitching Pitching in business indicates the activity of presenting business ideas to potential investors, community, institutions, potential customers. It should include all the characters and aspects of the company, from vision and mission to financial information and it has also to be calibrated according target audience and specific goals.

D.1
FINANCIAL STRATEGIES FOR SOCIAL ENTERPRISES: APPROACHES AND SCENARIOS

D.1 Financial Strategies for social enterprises: approaches and scenarios

D.1.1 Business model and financial strategy

This sub-topic outlines the financial strategies of a SE also taking into consideration the business model and the company organization and legal structure. Among the organizational structures, according to an EU vision, Social Enterprise represents a referential model of market and business approaches that can combine advanced and smart growth and fundamental principles as inclusivity and sustainability.

At a subsidiarity dimension and a national level, SE can collaborate with public institutions in pursuing challenging social objectives, operating, at the same time, as new jobs' creator and outlining a new idea of growth.

Having on the background the structural aspects of SE, the first point of reflection is about the request of resources from European Social Enterprises, the financing gaps and the opportunities and financial strategies effectively responding to these needs.

The SE model shapes a "non-profit" company involved in economic activities for the production and exchange of goods and services. However, it operates in the market and substantially in competition contests, developing its business using various typologies of resources (including voluntary work and donations). This characterizes its operational possibilities; hence the SE can operate also in areas where the market demand is scarce.

While pursuing "economic objectives", but non strictly "profit" or "lucrative finalities", SE operate at service of the community aiming at finalities and objectives broader than specific interests of the organisation. Moreover, in a SE there is collaboration among workers, users, volunteers, in developing activities and producing income as value for a wide range of people that directly or indirectly have benefit, economic and also of other kind, from its existence.

In a SE it is possible to involve different visions, interests and people. Therefore, new forms of governance are needed, moving the system from the management of particular interests to an approach based on mutuality and reconciliation of different visions, positions and interests. The synthetic expression is: multi-stakeholders' governance.

Multi-stakeholders' governance, finance and costs

1. The SE governance's scenario is shaped by the presence in the organisational base of the stakeholders. This impacts the decision-making process, which is characterised by a multiplicity of requests, points of view and interests. The social and economic performance and the chosen decisions of the SE are deeply qualified by the closeness with its context and environment.

In the case of the workers, a major involvement makes evident an increased awareness and connection between results and higher commitment stimulating motivation towards the goals' achievement.

2. Stakeholders involvement and resources

2.1 This is a critical passage. When **stakeholders are strongly engaged**, the SE is also stronger on the market and more able from the financial point of view, better identifying and raising resources: funds, donations etc. On the other side, SE that are committed in improve network and relationship with stakeholders can be more attractive for human resources and volunteers

2.2 At the same time, there is also an improvement in the information flow towards and from the external scenarios (markets, private and public networks etc.). This allows, for example, a better identification of needs and shortcomings, social issues in the reference contexts, improving the capacity of SE being a reference actor for the territory.

In this sense, the awareness and knowledge about SE organisation profile and aspects and stakeholders' composition and contexts affects noticeably also financial awareness and approaches. In consequence, mastery of the financial strategy, structure, needs and opportunities is essential in communicating and presenting the SE.

2.3 The **involvement of the user** contributes to improving the organizational effectiveness and the quality level of the service offered, because the involved user, instead of no longer purchasing the good or service in the event of a high price and / or low quality, can "resort to voice, rather than exit "and this implies that" the customer or member tries to change the practices, addresses and products of the company he buys from or the organization he belongs to "(Hirschman, 1970, p. 30).

2.**4 Participatory government** therefore appears to be the obligatory choice of social enterprises in order to improve their performance (Modena, 2006; Pestoff, 2007). However, the adoption of a **multi-stakeholder structure** implies the need to identify the stakeholders and the ways in which they participate.

As regards the first point, starting from the assumption that even if the company were able to identify all the stakeholders it could not relate to everyone, the problem can be solved with the **"selection" by the company of the subjects to be involved**, or by informing and consulting.

It is in the optical story that the "**stakeholder mapping**" finds space. Once identified, the stakeholders are involved in one or more ways such as, for example, information, consultation, collaboration, co-planning, co-decision. Each mode of involvement has a different impact on the decision-making process, minimum in the case of information only, maximum where involvement also leads to co-decision.

2.5 The **presence of multiple stakeholders**, each with their own sometimes divergent interests, however, is more demanding and expensive (in terms of time, investments and staff information) than a traditional or hierarchical style. In general, the greater the involvement, the more it impacts on the decision-making process and the more expensive it will be.

The SI, therefore, must a priori define the level of participation to be developed and maintained within the organization, knowing that the different forms of involvement have different repercussions on the side of implementation costs, on the management methods of the organization and on the perceptions of the stakeholders themselves.

D.1.2 Financial/funding Models

Financing of social enterprises requires different actors and products, hence it is unsurprising that different models have emerged globally.

In the following section **we present three models: the match - funding model, the capital fund model and the model that utilizes social impact bonds**. These models are not necessarily pure models and hence variations are discussed. For each model strengths and weaknesses are listed.

Starting from these three approaches that also defines systems of stakeholders and actors the SE, considering its peculiarities and operating scenario, put in correct relations a set of elements

• The right type of capital (grant, loan, equity, etc.)

• At the right time (suitable for the lifecycle phase where the social enterprise currently is)

• For the right purpose (e.g. not keeping a bad business afloat through donations)

• For the right impact (ensuring that the capital provided is the most suitable for pro--- moting the desired social and/or financial impact)

• For the right returns (ensuring that the returns are not so high that they choke the ability of the enterprise to generate social impact, and not so low that they do not in--- still incentives)

D.1.3 Typologies of resources / instruments

In this subtopic the typologies of resources useful and usable by a SE are outlined.

Grant capital	Repayable grants	Grants that include clauses for repayment of some or the whole grant in case the social enterprise achieves certain financial thresholds or milestones.
	Matched grants	Grants that match the surplus or equity generated by the social enterprise over a specified period of time. This incentivises the social enterprise to maximise its income generated by commercial activities.
Debt capital	Social enterprise lending	Ordinary loans, but with special conditions applying to social enterprises, such as low interest rates, no interest rates, interest-free periods, longer repayment periods, etc. Typically provided by social banks or through foundation or government supported schemes.
	Program Related Investment Loans (PRI)	Mainly used by foundations as a supplement to grant funding. Their investment in social enterprises can typically motivate other funders to get involved, while receiving a low return on investment years later (interest rate of 1-4%).
	Subordinated debt	Debt providers have a subordinate status in relationship to the normal debt. It has a lower credit rating and therefore, a higher yield. However, it has a lower priority than other debt in case of liquidation during bankruptcy.
Equity capital	Social angel investments	Individuals (angels) or networks of angels who invest promising social enterprises in return for equity, decision-making power and a social return. Typically accompanied by non-financial support i.e. sparring, access to networks, etc.
	Social impact investment	Impact investors typically finance either social enterprises or for-profit companies that have social impact potential. In return, they typically take on partial ownership through which they gain decision-making power.
Mezzanine capital	Convertible loan / mezzanine fi- nancing	Mezzanine financing is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time or in full. Typically used to finance expansion and growth.
Hybrid capital	Recoverable grant	A regular loan that must be repaid if the project reaches certain predefined goals. If the goals are not reached, the loan is converted into a grant.
	Forgivable loan	A loan that is converted into a grant if certain pre-defined milestones are reached. In a way, it is the opposite of a recoverable grant.
	Quasi-equity	Typically a loan where the financial returns are cal- culated as a percentage of the future revenue of the company. Attractive to social enterprises that, due to their legal structures, often cannot attract share capital.
	Social impact bonds	Social enterprises and other non-profit service providers (with support from intermediaries) are contracted to deliver a specific social impact. Impact investors and philanthropic organisations fund it. The government only pays if the programme succeeds.
	Royalty financing / revenue share agree- ments	The investor provides funding for the social enterprise for a guaranteed percentage of future revenues. Upside: Paying back in down months not a problem, no giving up control to equity investors. Downside: Usually high interest rates.

Table 5 – Typology of financial resources

There is an update to the FairShares Model called Shared wealth. We spend some time at the end of the chapter to highlight this development.

111

D.2
FAIRSHARES MODEL

D.2 Model FairShares

FairShares Values and Principles

A set of principles indicates social enterprise's improvement, the FairShares approach has a particular interesting value considering its highlighting the environmental aspect that is aligned with the "green deal" mainstreaming of EU policy. These set of principles can be used as a grid for evaluation / self-evaluation (see table below).

1. Wealth and power sharing amongst primary stakeholders

This principle leads companies, co-operatives, associations and partnerships to increase equality and equity between members, stakeholder groups and trading partners and this impacts also on how the company is structured. Company shares wealth amongst founders, users, produces and investors, enhancing reciprocity and mutuality

2. Specification of social purpose(s) and auditing of impact(s)

Empowerment of the members by their constitution to set social goals to review through social auditing. The social auditing is the process for verifying with stakeholders whether the social, economic, environmental goals are achieved.

3. Ethical review of the choice of goods/services offered

Members are encouraged to think carefully about the well-being that their joint enterprise creates through designing and offering products and services, good for people, society and environment (a triple-bottom line goal).

4. Ethical review of production and retailing processes

Managers, workforce and users of a FairShares enterprise's products and services are encouraged to consider how the process of production and retailing affects members, society and the environment. This entails both product and process.

5. Social democratic ownership, governance and management

A FairShares enterprise extends ownership amongst all primary stakeholders directly affected by operations so that they have a clear right to participate in decisions on how the (natural, human, social, intellectual, economic and financial) capital (see below the six forms of capital) they contribute is managed.

To understand if the company complies with FairShares some "guiding questions" can be used:

a) what are the main activities and purposes of the company?
b) what are the values?
c) Is it relevant, why the enterprise is needed?
d) is it feasible, does the business model work?
e) is it sustainable, what are the benefits and positive changes?
f) who are the owners?
g) What is the decision-making process?
h) Do the enterprises practice forms of social innovation?
i) Can the enterprise be qualified as FairShares?

0 = no implementation of the principle

1= FairShares principle is applied but little evidence

2= principle is promoted applied, using own mechanism for ownership, governance and management

3= FairShare principle is applied using FairShares schemes.

No.	VALUES AND PRINCIPLES	0	1	2	3	EVIDENCES
1.						
2.						
3.						
4.						
5.						

Table 6 - FairShares principles and values self-review

Five Values and Priniciples
• Wealth and power sharing with primary stakeholders
• Specification of social purpose(s) and auditing of social impact (s)
• Ethical review of the choice of goos / services offered
• Ethical review of production and retailing processes
• Social democratic models of ownership, governance and management.

Rory Didley-Duff and FairShare Association
2017, Creative Commons 4.0

Six Key Questions
1. How can you configure the ownership, governance and management systems to distribute wealth and power to all stakeholders?
2. What is the purpose(s) of your enterprise (network)?
3. What values and principles quite the choice od good / services offered?
4. Who are your primary (secondary) stakeholders?
5. What values and principles guide production and consumption?
6. How are the social environmental and economic impacts reviewed?

RELEVANCE   FEASABILITY   SUSTAINABILITY

Figure 7 - FairShares value and principles / key questions

LP.	KEY QUESTIONS	EVIDENCES
1.		
2.		
3.		
4.		
5.		
6.		

Table 7a - FairShares Six Questions self-review

D.2.2 FairShares organisation and strategy: six forms of wealth

The **FairShares Model** can orientate Social Enterprise (or make it reflecting about how) to enhance its innovative social dimension considering six forms of characterizing wealth:

- **natural**
  About the way enterprise/project uses land, air, water and minerals, and evaluate whether they are sourced, managed and developed in ways that sustain them.
- **human**
  About the impact of enterprise/project on the skills, capabilities and well-being of the people affected by it.
- **social**
   About the size and quality of the social networks created (or harmed) by enterprise/project activities
- **intellectual**
  About the number, quality and availability of workers' ideas and designs produced by your enterprise/project.
- **manufactured capital**
  About how the enterprise/project uses up and/or adds to the quality of manufactured goods (tools, machinery, premises, services) and how accessible they are to primary stakeholders.
- **financial**
  About rise and fall in funding levels (cash flows, nett values of surpluses/profits)

115

Figure 8 - FairShares Wealth Typology

D.2.3 FairShares financial aspects: defining corporate arrangements

Anyway the Social Enterprises is a business with the double bottom line of social and financial return. In a FairShares enterprise The financial dimension is pushed ahead. This implies technical deepening on business finance. Consider this paragraph a way to reflect about company financial aspects.

Moreover, the FairShares' system is structured with precise rules and coorporate's arrangements as to **shares**, **dividends**, according the typologies of actors.

 It is suggested to go over some concepts and finance terms and principles. First of all, "shares" and "dividend".

In general terms:

Shares: *Shares are units of equity ownership interest in a corporation that exist as a financial asset providing for an equal distribution in any residual profits, if any are declared, in the form of dividends. Shareholders may also enjoy capital gains if the value of the company rises* (Investopedia)

Dividend: *reward, cash or otherwise, that a company gives to its shareholders. Dividends can be issued in various forms, such as cash payment, stocks or any other form. A company's dividend is decided by its board of directors and it requires the shareholders' approval. However, it is not obligatory for a company to pay dividend. Dividend is usually a part of the profit that the company shares with its shareholders* (The Economy Times).

It is also suggested to ask oneself some questions / to find same essential information about (own) company financial organisation:

MY SOCIAL ENTERPRISE'S COUNTRY IS...	
Enterprise legal status	?
What rules about share?	?
What Rules about dividends?	?
Do (my) social enterprise pay dividends?	?
Can (my) social enterprise have shareholders?	?

Table 8 - Social Enterprise: legal form overview

Now it is possible to understand better how far the FairShares model goes. It is stressed again that the FairShares model is used as a mean to deepen and investigate some aspects more than a proper model to be implemented.

The FairShares model identifies different types (or situations for) shares

- for entrepreneurs Founder Shares (or membership) are provided,
- for workforce members Labour Shares (or membership)
- for trading commitments User Shares (or membership)
- Financial capital creation is rewarded with Investor Shares

What are the purposes of
your enterprise (network)?

How are social, environmental
and economic impact
reviewed?

**Consumer
Cooperation**

**Social
Entrepreneurship**

**Worker
Cooperation**

What values and principles
guide the choice od goods/
services offered?

Founder(s)

Users

FairShares Model

Labour

Investors

What values
and principles guide
production
and consumption?

**Customers
Users**

Supporters

*Producers
Employees*

How can you configure the ownerships governance and
management systems to distribute wealth and power
to all primary stakeholders?
Who are your primary (secondary
and tertiary) stakeholders?

Rory Didley-Duff, Maureen McCulloch and
Christine Gilligan, 2018, Creative Commons 4.0

Figure 9 - FairShares Model

FairShares financial aspects: some further deepenings

In case of **profits** the return is not only for the providers of financial capital but also for the contributors of other types of capital (natural capital, human capital, social capital, intellectual capital, manufactured capital, financial capital).

capital gain's issuing. 50% is issued to Labour and User Shareholders as new Investor Shares, while the other half increases the value of existing Investor Shares.

Surpluses can be allocated to restricted funds controlled by Labour and User member-owners, who can then use them for social investment projects.

Investor Shares can be issued to external investors if debt finance is hard to secure. But even with this, at least 70% of the wealth accumulated will find its way into the hands of producers and consumers.

FairShares Articles of Association also include **community dividends** reserved for philanthropic capital if the enterprise is ever dissolved.

D.2.4 Using the FairShares model: a warning

In principle, t*he FairShares Model offers a system for ensuring that capital is allocated to different types of contribution so that wealth and power can be more fairly shared, but...*

Social Enterprise International as one of the founders of FairShares identified that the issuing of shares to stakeholders and the enshrinement of how power is shared in the company constitution <u>are very impractical</u>. In same cases this might even not be allowed in some Countries while in others this way of organising is connected with unbearable administrative duties that occur every time new shares are issued.

We further developed FairShares into Wealth Shares where we do not ask founders to state the way they divide wealth into their company charter <u>but rather we stress the importance of democratic governance and informal but more legitimate forms of wealth and power sharing are deployed</u>.

D.2.5 Definition Shared Wealth

Shared Wealth Social Enterprises are companies that have a social purpose or a positive social impact. They apply values and ethics to their organisational structure and operate inclusive and democratic decision making processes. They try to maximise the fair sharing of the wealth they create and ensure that all those who create wealth, be they founders with their ideas, investors, workers and customers are fairly rewarded for their efforts. "Fair" being the state of fairness agreed mutually and taking into consideration internal and external factors.

Shared Wealth Social Enterprises are growing worldwide and there are many companies who operate like them without being identified as Shared Wealth Social enterprises. The founders and leaders of these companies argue that through having a strong social brand, motivated workers, loyal customers and incentivised investors their companies are competitive and successful as well as being sustainable and positive contributors to the communities they affect and the environment.

History

The idea of Shared Wealth Social Enterprises owes itself to the Social Enterprise summer schools of 2014 - 2016 run in the UK by Sheffield Hallam University and Social Enterprise International (then named Social Enterprise Europe). The summer schools identified unrestrained inequality as a major problem in the world leading to abject poverty on the one hand and unseemly wealth hoarded by a few on the other. The main driver of this inequality was the way most businesses were run, rewarding unfairly those with money at the expense of all the other stakeholders who created wealth through enterprise.

The solution proposed was a new model of business called FairShares. Promoted by SEi and Sheffield Hallam, this model gained rapid interest worldwide. Professor Rory Ridley Duff both a Director of SEi and a tutor at Sheffield Hallam wrote a well read book The Case for FairShares and also a novel called The Dragon's Apprentice.

Interest in FairShares led to the setting up of the FairShares Association and the FairShares Institute was set up at Sheffield Hallam University. The first FairShares company called AnyShares was registered in the USA in 2017 (ceased trading two years later). SEi and partners secured European funding to set up FairShares Labs in several European countries. Allied to that programme were well worked business training courses some of which were held by Sheffield Hallam. Thirty five universities from around the world who were part of the EMES project agreed to include FairShares training in their courses. A FairShares platform was created so that those setting up Fairshares companies could register, promote and develop their companies. An

online FairShares planner helped social entrepreneurs work through the rules to make their business FairShares. Model rules were made available through the Association and translated into Spanish and German The promoters of FairShares spoke at several conferences in Europe, Asia, Africa and Canada between 2017 - 2019.

At the end of the decade the Directors of SEi identified a problem with the FairShares model. Despite the high level of support and promotion there was a disappointing few number of companies trading as FairShares. The company carried out a dialogue with some of the entrepreneurs who had shown an interest in FairShares, or who had attempted to apply the model rules had given up.

What SEi discovered was that whilst the principles were popular and supported the application of complicated rules were not. SEi approached a number of companies who they has attempted to convert to FairShares and discussed the problems with them. From those discussions a new approach was adopted by SEi which eventually createdFairShares but with a very different model but based more or less on the same principles.

The new principles agreed between SEi and the companies now form the basis for the Shared Wealth Social Enterprise model.   SEi is now working with 15 companies who are calling themselves Shared Wealth Social Enterprises and working with them are developing the model.

The Shared Wealth Model: The Principles
The principles of the Shared Wealth Social Enterprise movement are

1. Wealth sharing is maximised among stakeholders contributing to the social purpose and creating wealth for the company

2. Companies will have different and valid interpretations of what wealth is being created and how it is best shared

3. A Statement of purpose and how success is measured is produced through a consultation process

4. The Ethics and values are incorporated into daily working practices and are defined by the participants

5. A democratic culture is created encouraging inclusive participation in decision making. Fostering culture not an ever increasing formal rules set.

Starting with the business model
One of the golden rules of creating good social enterprises is that you support the social entrepreneur or social enterprise to create a robust and viable business model and then look at the best organisational and legal structure to support that model. This approach was advocated in the 2000s by Geof Cox Associates.
Once the business model is settled then the discussion should move to developing the social purpose or social impact, what values are being applied, who should be involved in decision making and how and what wealth is being created and how it should be shared.

Defining wealth and how to share it

Every company will have a different interpretation of what wealth they are creating and the best way to share it. For example some will see the wealth in the growing value of their company (LocoSoco PLC) and the shares they are able to create. Others put an emphasis on the Intellectual Property and knowledge they create (Solar Ear Brazil) Others look at the source of their revenue and how that could be shared (Fairbnb) Or some focus on the profits they create and the wages they can pay (Research Automators). Wealth is therefore shared through the issuing of shares, distribution of profits, equal wages,free IP or distribution of income at source.

As new companies identify with the Shared Wealth different interpretations of what is wealth and how it is best shared are emerging. SEi is producing a series of case studies based on 15 such companies which will help new companies go through this process.

Democratic decision making

Shared Wealth Social Enterprises committed to an inclusive and democratic decision making process look to the following guidelines to make that process effective.

Carry out a stakeholder analysis to ensure that all those who are creating the wealth of the company are involved in the decision making process at the level that suits them

Make full use of new digital softwares for internal and external communications to create a flow of dialogue that is transparent and inclusive and adheres to the values of the company

Look to creating non hierarchical structures based on teams and pair working (e.g the Innotiimi model or Sociocracy)

Separate ownership from decision making. One way this could be done is by moving the rules governing decision making from the formal constitution to a Company Rule Book; an internal and inclusive document that is easily changed and also married to the changing values and ethics of the company

Create an inclusive culture. By bringing in rules that reinforce values such as trust and openness, make it easy and safe for stakeholders to express their opinions on the aspects that matter to them.

Consider doing a Social Audit. An going process that helps the company review its purpose and the well being of stakeholders, improve the dialogue between stakeholders and measures the social impact in a way that is defined by the company.   A Social Audit also gives the company the opportunity to test the fairness of their model by asking all stakeholders if the distribution of wealth and decision making has been "fair" from their viewpoint

Legal structure

The legal structure should be chosen to suit the business model and the country context. Guidelines are

Companies limited by shares make it easier to share wealth through the issuing of shares to contributing stakeholders

A growing number of Shared Wealth companies are adopting two tier structures (with a holding company) and registering as a PLC for example LocoSoco PLC (registered in Austria) and Foremedia PLC (Registered in London)

D.3
ACTIVATE UNTAPPED COMMUNITY FINANCE AND POWER

D.3 Activate untapped community finance and power

D.3.1 The Resource mix

Figure 10 - Revenue stream scheme – (surce: A Map of Social Enterprises and Their Social Ecosystems in Europe (2015, Directorate-General for Employment, Social Affairs and Inclusion)

4.3.2 Future perspectives

Several model of alternative **financing instruments with respect to risk capital** are under experimentation in different parts of the world. These models are often linked to and operating in specific national contexts, so they are firstly interesting in terms of "perspective" and then, maybe, as operational possibility. Among them:

- Purpose Capital
- The Working World,
- Transform Finance
- Community Shares

An additional aspect can concern the payment system, and in this sense Fairpay could be examined.

IT pushed organizations ahead also as to the forms for

- "collaborative decisions": as examples **Loomio** and **Enspiral**
- Legal arrangements to ease compliance with tax and labour rules: **FreedomCoop**
- Innovation in governance and capital plus labour mix:
    - FairShares
    - MastlY

○ Timefounder
○

Blockchain technology makes possible to decentralize organizations:

- Backfeed
- Comakery
- Colu, that aims to valorize individual contribution and promote the creation of local currencies

The context is dynamic but it is also risky, complex and fragile. **There are still not validated models** and some questions arise about effective coordination among the key aspects of risk, ownership, profits and control.

D.3.2 Financing opportunities: European context

One of the main problem for SE growth is the **limited access to finance**. Somehow it is grounded also on **a prejudice**: SE has **higher risks** and is **less profitable** with respect other forms of business. Other aspects have to be considered:

- SEs are mostly small
- SE has low skills in outlining effective business plan
- expected financing amounts are small too
- there often is request of long-term capital, therefore the need to pay financial intermediaries for transaction costs.

There is the need of a better **financial ecosystem**, **specific support** and improved knowledge of risks and opportunity for financing SE.

In 2011 EU launched the **Social Business Initiative** *. to introduce a short-term action plan to support the development of social enterprises, key stakeholders in the social economy and social innovation. It also aims to prompt a debate on the avenues to be explored in the medium/long term. There are 11 priority measures, organised around 3 themes:*

Theme 1: Making it easier for social enterprises to obtain funding

Theme 2: Increasing the visibility of social entrepreneurship

Theme 3: Making the legal environment friendlier for social enterprises

Within this strategic approach European Union promoted other actions, providing instruments for pursuing those objectives.

European Social Entrepreneurship Funds (EuSEF) (2013) The regulation does not provide funding to SE but establish the EuSEF label facilitating investments in social businesses

Under the **Programme for Employment and Social Innovation (EaSI)** themicrofinance and social entrepreneurship axis has been promoted, with a budget of around €171 million for 2014 - 2020 period.

The European Commission does not finance directly enterprises but selects microcredit providers and social enterprise investors in the EU to increase lending. These organizations (private and public) can apply for funding and then can provide microcredit for persons and microenterprises and/or financing for social enterprises in their countries. The measure has expanded the European Progress Microfinance Facility, set up under the **EaSI programme** in 2010.

Other two important financing instruments, under EsSI are:

EaSI Guarantee Instrument

Also in this case there is no direct financing to SE but a system of selected intermediaries

> *Thanks to the **risk-sharing mechanism** between the financial intermediaries and the European Commission, the EaSI Guarantee Instrument enables **selected microcredit providers and social enterprise finance providers** to expand their outreach to underserved micro and social enterprises, **facilitating access to finance for target groups who have difficulties in accessing the conventional credit market**.*

 EaSI Capacity Building Investments Window.

The functioning is similar and the scope is

> *The objective of this instrument is to build up the institutional capacity of selected financial intermediaries that have not yet reached sustainability or are in need of risk capital to sustain their growth and development.*

These **micro-loans** (up to €25 000) are specific for micro-enterprises and social entrepreneurs.

Another instrument set up in 2015 by EIB Group (European Investment Bank and EIF) is the Social Impact Accelerator (€243 million, distributed among fund managers providing social enterprises with finance in the form of equity)

> *SIA operates as a **fund-of-funds managed** by EIF and invests in social impact funds which strategically target social enterprises across Europe. In the context of the SIA, a social enterprise shall be a self-sustainable SME whose business model serves to achieve a social impact. It shall provide an entrepreneurial solution to a societal issue based on a scalable approach, and shall have a measurable impact*

Social enterprise is an investment priority of the **EU cohesion policy** under the **European Regional Development Fund (ERDF) and European Social Fund (ESF)**

The goal of 'promotion of social economy and social entrepreneurship' can be declined in different actions, programs and measures at national level, also through other investment priorities that cross social values and aspects:

Active aging and labour

Inclusion

Investments for SMEs

Small scale infrastructure

Funding is usually accessible through **calls** or **tenders** at the local and regional level.

Some direct measures / opportunities are programmed, these are placed usually within broader programs or actions and annual or multi-year planning. As an example:

- InnovFin under Horizon 2020 (research and innovation investments for enterprises) providing financing instrument for your research and innovation project.
- COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises).
- European Fund for Strategic Investments (EFSI) Equity instrument via **pilot equity investments** through funds linked to incubators and accelerators, (co- investments with social business angels).

In order to improve the SE performance EU has provided a social impact performance methodology.

> *SIA **Social impact performance methodology** entails that the fund manager commits to a number of specific tasks to measure and report on the impact achieved by its underlying portfolio companies. First, portfolio companies, in coordination with the fund manager, are asked to define from 1 to 5 social impact indicators and set pre-investment target value for each of these social impact indicators.*

GECES Sub-group on Impact Measurement set up by the European Commission has elaborated <u>approaches for social impact measurement</u>. It addresses mostly "social fund managers, supporting them for taking decision *whether they will invest in a particular enterprise and will help investors and grant givers see if the enterprises they have backed have achieved their stated social objectives, but is also of wider application, both internally and externally*.

D.3.3 Fundraising and crowdfunding

By **fundraising** we mean, in general terms, the collection of resources and in fact also constitutes a "marketing tool for the social enterprise. It is a "tool" that allows non-profit social enterprises to better:
- respect the constraint of economic and financial balance;
- organize themselves in the best possible way to face the different market contexts.

4 types of fundraising strategies can be identified

1. Generic direct:

    a)   there is a relationship between the social enterprise and the donor and it is without intermediaries and it is not connected to a specific project.

    b) very important in this scenario the brand image that has to guarantee correct use of financial resources and social / operational profitability;

2. Direct to project:

    a) there is a specific project and a one-to-one correlation between the offer and the visible results of the use of financing;

    b) . In this approach there are: i) an ex ante phase of objectives' specification, ii) the "in itinere" phase of fundraising, b) an important "ex post phase" in which results of donor are communicated and measured

3) Indirect to project

a) there is an intermediary (television, more often crowdfunding platforms, etc.) that raises funds from supporters and then donates for a specific project

b) very important the quality and visibility of the partners

c) profitability is equally linked to good names of the partners and attractiveness of the idea / project

4. ..Generic indirect:

    a) a) there is an intermediary that fundraises for a social enterprise indistinctly;

    b) the intermediary should have a long-term partnership with the social enterprise

c)   the donor receives advantages in the exchanges ("cause related marketing").

Figure 11 - Fundraising strategy

4.3.1 Crowdfunding

Crowdfunding, literally "funding from the crowd", is one of the most diffused way of raising money through the network, reaching a wide audience through social media, to finance an idea, a project, an activity, matching stakeholders in really flexible and fast way

The rewards to supporters / finances can be of different types, it depends also on the type of platform that is used.

Crowdfunding platforms give the advantage to be usable and accessible by individuals and also companies in a start up phase and they can be a valuable instruments for a very beginning of entrepreneurial idea or for short-term project with mutual and non-profit purposes.

The first crowdfunding platform to appear on the market was ArtistShare (United States), founded in 2000 focused on cultural and creative project.

4.3.2 Crowdfunding process

The steps are simple: the registration on the chosen platform, the presentation of the idea / project, objectives and the amount of money needed to achieve the goals, terms of collection, deadline of the campaign and the provided rewards.

The transaction are online and transparent.

If within the planned deadline the collection objective (expected amount of money) is reached or exceeded, then the collected funds are transferred to applicant. Usually if the planned amount is not achieved money is not raised from investors. Some platforms transfer collected funds even if is nor reached the planned amount.

Platforms may retain some percentage for management, the percentage varies.

D.4.3 Classification and models

Crowdfunding platforms can be classified

- according the methods to contribute capital
- types of rewards for supporters
  - donations (usually no reward)
  - passive investments (with a reward)
  - active investments (with a reward)

DONATION: In case of no type of rewards for choice or characteristics of the project (civic, no-profit, social), organizer use crowdfunding platforms specialized in free donation.

PASSIVE INVESTMENTS are related to platforms providing also reward in form of money (Peer-to-Peer lending), but usually the reward is an outcome provided by the supported company

ACTIVE INVESTMENTS, in this case together with reward investors and supporters, can purchase stakes of shares, participating in the business.

The crowdfunding sector is extremely dynamis, hence new models are developing, also with hybrid solutions.

Crowdfunding Models

CROWD DONATION	Money is donated to support a specific cause, no rewards, in case they are symbolic if not intangible.
EQUITY	It is a financing by donors who invest their money in the own capital (equity) of a company, buying shares or quotas.
REWARD	There is reward, according the amount invested in the campaign and it can have the form of a product or service. Often it is a pre-sale and, the model is defined "pre-selling crowdfunding".
ROYALTY	The owner of the business sells and at same time investors purchases part of the revenues generated by the future sales of the activity
SOCIAL LENDING	Also social lending or peer-to-peer lending, it consists in a loan between individuals, issued through online platforms and finalized to the development of specific business projects.

Table 9 - Crowdfunding models

From this essential first classification it is easy to understand that a typology of platform matches better
- Non-profit
or

- For profit

Or a type of promoter:

- Individual

- Group (company, institution, organization)

- Start-up

For example:

● for a **non-profit association** that aims to raise funding for charity scope is suitable a **crowd donation platform**

● **a start-up** aiming to develop a business (a prototype) finds interesting **crowd equity platform**.

Other interesting models are

CIVIC	It is bottom-up financing approach that can involve directly citizens, fundraising is implemented through flexible tools, usually in favor of territory and communities' project. It is quite interesting because anyone can launch a campaign and anyone can support it. Hence, both individuals and social organizations can develop community-based projects. Also municipalities are using this instrument to finance public works and restoration activities and it shapes new collaboration methods between the institutional sphere and social actors and individuals. Among these are the public campaign for the construction of a pedestrian bridge in Rotterdam in 2011, the one for the conversion of an underground warehouse into a public park in New York and the one launched by the Mayor of Philadelphia in 2013 to buy school supplies.
CORPORATE	It is a type of crowd financing based on the concept of CRS (Corporate Social Responsibility). It supports companies in the design of products / services and can involve customers in this phase. It can have the form of the donation, do-it-yourself and reward.

Some examples of crowdfunding platforms

PLATFORM	MAIN TARGET	SOME FEATURES
INDIEGOGO	For all	Available in 235 countries and territories, crowdfunding campaign for any idea or product that you want to launch. Campaign is for up to 60 days. Fee: a 5% platform fee plus a 3% to 5% third-party processing fee
SEED INVEST	For startup	500+ startups funded. It supports raise awareness among venture capital firms and angel investors No fees if fundraising isn't successful All startups go through an intense vetting process, not all are selected.
MIGHTYCAUSE	For NonProfit	Wide range of campaigns, from peer-to-peer fundraising to giving days. Average processing fee of 1.2% of the raised money using the platform plus 29 cents per transaction. Possibly, a free "starter" option, for fundraising campaigns that are year-round, peer-to-peer, event-related, and more.
START ENGINE	For investing	Investing in any of the companies listed on its website with as little as $100, depending on the share value listed for the given company. Each company's profile includes the company's valuation, price per share, number of investors, and more.
GOFUNDME	For individuals	Simple process: a) detailing the amount of money to raise, b) storytelling also including photos and videos, c), sharing r campaign through social media, text message, and email
PATREON	For creative professionals	It is possible to create monthly subscriptions. Software integrations are available with Vimeo, MailChimp, and more Fees start at 5% and go up to 12%, depending on the chosen plan level you choose

Table 10 - Crowdfunding platforms: some examples

D.4
PITCHING

D.4. Pitching

D.4.1 Pitching approaches and tools

This module relates to strategies, approaches and ways to prepare an effective presentation using the appropriate tools and language. The pitch presumes a deep knowledge of the SE organization, financial structure and strategy, stakeholders' network , perspective and needs.

With this "digested" information and knowledge in the background it is possible to get investors' attention by pitching to them.

D.4.2 Pitch content

The essential elements of a pitch, regardless the format and media, are information about the product / service to be sold

- the social cause addressed
- marketing plan and SE originality and uniqueness
- and how it serves your customers
- A visual component in the form of a slide deck that showcases at least two of the following:
- A company logo
- Sketch of the product(s) / service(s)
- Marketing flyer draft

D.4.3 Pitch structures and implementation

Pitching structure provides for

- A lay out
- Outlining of the SE and products / services
- A SE organization overview and team
- Specifics about products / services
- The SE Business Model and the Road Map
- Scale up perspectives
- Financial projections

Actually "media pitch" is a "concise message". Pitches are used to quickly share idea's draft or submit impacting presentations to journalists and media service. In our case, pitching is a more structured and articulated activity / output to communicate stakeholders for integrated and concurrent aims: raising funds, sharing ideas, setting up networks. Media and format support can be textual and/or video and, obviously, mixed. The two forms can be combined. Moreover, the human factor is essential.

A valuable pitching should include both a well organised set of complete and organised information about the SE (2) and the feeling to be in presence of something socially useful, innovative and human-centred (1). Look at these two examples (many other on web simply following the search threads from these one).

1 Presentation of Joelex	2 Bertha Center – Pitching template - process

D.4.4 - Practising Pitching

In this sub-module a pitch, in several formats and media, is developed. A ppt presentation, a speech (video presentation is suggested), the outline of a flyer with writing down also of a marketing text. In pitching the graphics aspect is certainly essential and it can be true also that "the medium is the message". But the first step is to outline a clear, effective presentation of the SE, its vision, its need and the actual requests.

Synopsis of Module D

The module aims to increase skills on the aspects of financial organization of the social enterprise and on finding resources for the creation and development of one's own business. Furthermore, the module intends to increase the skills in presenting one's own company or entrepreneurial project in a convincing and persuasive way with the aim of motivating stakeholders to finance and support it.

The first topic presents a picture of the business models and financial strategies for the social enterprise, illustrating some aspects of the governing body and the meaning of "multistakeholders", on the ways of involving the various categories of stakeholders. The chapter also briefly outlines the possible types of financial instruments, the aspects of which can be studied in depth with the teacher or even in self-learning.

The second topic illustrates a particular model of social enterprise organization, the so-called FairShares model. The intention is not to propose it as a business system, but, through its description, to bring out some organizational and financial aspects, to stimulate reflection or even rethinking the business organizational model. Beyond the actual practicability and feasibility, the FairShare model is particularly useful for investigating aspects relating to the sharing of wealth in the social enterprise and to better position it in the broader social contexts of society.

The third topic further develops the aspects of social enterprise financing, illustrating some profiles relating to European initiatives and the role of financial intermediation and outlining the opportunities offered by crowdfunding, with some indications of the different types of crowdfunding and examples of platforms for collection. of financing.

The fourth topic concerns the preparation of a pitch of one's own company or entrepreneurial project, through which to enhance one's mission and vision, communicate effectively with stakeholders and financiers and find the necessary resources by convincing one's interlocutors to invest and also participate in

the business idea. The chapter gives indications on the structure of the pitch and on the techniques for editing the text, on the choice of format, also experimenting with methods of presentation and presentation.

Review Questions of Module D

1. **What are the best resources for a Social Enterprise**
   a. Capital grants
   b. Debt Capita
   c. Equity Capital and Mezzanine Capital
   d. It depends on financial plans and circumstances

2. **Social Investment Angels**
   a. Are only individuals
   b. Are only networks
   c. Usually provide also for non-financial support

3. **Matched grants**
   a. Include clauses for repayment
   b. Match the surplus or equity generated by social enterprise
   c. Are mainly used by foundation as a supplement grant founding

4. **Wealth Shares model**
   a. Is a European reference approach for SE
   b. Is only a voluntary approach that integrates founders, producers, consumers and, small investors
   c. Is recognized only by a few Governments

5. **In a pitch**
   a. It is better non outline the financial strategy
   b. The description of the SE team is mandatory
   c. A specific financial request is recommended

6. **Pitch addresses**
   a. Only SE and investors
   b. Investors and other stakeholders
   c. Only investors

7. **European Social Entrepreneurship Funds**
   a. Provides financial contributions to Social Enterprises
   b. Lay down laying down a framework for the registration of managers of qualifying social entrepreneurship funds
   c. Identify categories of Social Enterprises that can more easily obtain contributions from European Commission.

8. **The Social Impact Accelerator**

    a. Is a funds created for investments up to 25.000 euros

    b.Evaluates preliminarily the eligibility of an investment

    c. Is a fund of funds

9. **For benefiting from a microloan**

    a. Applicant has to be an employer with at least 5 employees

    b.The request is centralized at European level

    c. The provider can be a public bank

10. **Crowd-funding**

    a. Cannot be implemented by Social Enterprises without authorisation

    b. A budget limit has to be established

    c. Is a fund of funds

For Further study (links to available online resources: documents, essays, video, etc.)

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ANNEX I MODULE D

Annex 4 - Activities for platform Module D

List of Activities (per topic)	What is this activity about?	What will you achieve by taking it:	Duration (min)	Reference Number of File links, and material included: File name: A.1.1_Video+++
T.1. Financial Strategy				
4.1.1 Business model and financial strategy	Participants work on social enterprise models and organisation with a focus on financial aspects / characters.	Participants are able to identify the principal forms of a social enterprises and their financial characteristics	15 min	MD4.T1.A1 - Exercise of SE models and financial aspects / characters (matching items)
4.1.2 Financial Models	Participants analyze more deeply the different financial models of the social enterprise, on the basis of the personal experience, highlighting pros and cons	Participants have knowledge of the financial models of the social enterprises and are able to identify the structural elements of a financial strategy	15 min	MD4.T1.A2 - Exercise on financial models: choose your SE financial model and describe it (matching items)
4.1.3 Typologies of resources	Participants examine the different typologies of resources for the functioning and developing of the social enterprise and its activities identifying the different types of financial interlocutors / stakeholders	Participants get to know the different typologies of financial strategies and the usable financial mix for the development of the social enterprise	30 min	MD4.T1.A2 - Exercise on financial resources: identify the financial resources for your SE and identify the financial interlocutors / stakeholders (matching items)
4.1.4 Administrative and financial organisation	Participants examine the essential financial documents, in order to have an overview of the structure and contents of Income Statement, Cash Flow Statement, Break-even Analysis, Balance Sheet of the social enterprise	Participants know the essential financial documents of a social enterprises and are able to retrieving from them data and information about financial state of art and further needs	30 min	MD4.T1.A3 - The administrative and financial organisation of a SE: describe its characters and where to find financial data and info about state of art of the enterprise(matching items)
4.1.5. Financial strategy and social enterprise's growth	Participants analyze the business development as to the financial strategy and the resources' needs, identifying the suitable typologies and , the target interlocutors and stakeholders	Participants knows how to participate actively to the implementation of the social enterprises' financial strategy, aware of the organisation's mission, vision and available resources	30 min	MD4.T1.A4 - Exercise: Simulate a financial development plan, identifying needed resources, possible sources, financing institutions (assignment)

T2 - WEALTH SHARES MODELS

4.2.1 Wealth Shares philosophy	Participants analyze and discuss about setting up ownership, governance and management systems to distribute wealth and power to all key stakeholders	Participants know the essentials and settings of the the Wealth Shares models	30 min	MD4.T2.A2 - Exercise: Define the characters of a SE operating according Wealth Shares Model assignment)
4.2.2 Wealth Shares experiences and practices	Participants analyze and discuss the purpose of the enterprise beyond sharing power and wealth more equitably (definition of the social enterprise mission/vision)	Participant understand how the Wealth Shares model can impact on mission, vision and financial strategies	30 min	MD4.T2.A2 - Exercise: Outline your SE organisation according the Wealth Shares model and identify the common and different characteristics assignment)
4.2.3 Wealth Shares financial model	Participants analyze and discuss definition of values and principles which guide the choice of goods/services offered and addressed to each identified stakeholder.	Participants are able to use the Wealth Shares model as to financial improvement of their SE	30 min	MD4.T2.A3 - Exercise: Define financial peculiarities of a SE operating according Wealth Shares principle (assignment)
4.2.4 Using the Wealth Shares model	Participants collecting the knowledge and elements from previous working sessions elaborate an advanced financial scenario for their SE, focusing mission and vision; flag project(s) and identifying resources and financial stakeholders	Participants are able outline an original and customised implementation of the SE and fundraising plan using also Wealth Shares model inputs and hints	30 min	MD4.T2.A4 - Exercise: Outline your SE financial scenario making reference to Wealth Shares Model and highlight differences with respect current activity (assignment)

MODULE E
HUMAN RESOURCE POWER

Module E – Human Resource Power

Introduction

Europe's labour force is growing increasingly diversified as a result of demographic, social, and economic changes.

As a term, diversity generally refers to the differences among people, such as race, colour, gender, religion, age, sexual orientation, political affiliation.

As a management practice however, it involves much more than "just" a set of HR policies. Diversity management is about the culture of the organisation and the source of its strategic thinking.

Aims and objectives

The purpose of this chapter is for the learners to understand what a team is and to realize the value of effective teams. Learners also will understand the context of Diversity Management, its meaning, benefits, and will be able to use the steps of creating inclusive culture in organizations, means and challenges of the Diversity implementation.

Learning Outcomes

After the completion of this module the participants will be in a position to:

Knowledge
- The concept of the team
- The characteristics of a team
- The stages of team development
- The characters and the role each of them has in team work
- The concept of diversity management

Skills
- To demonstrate working cooperatively and flexibly as part of a team
- To implement strategies and management processes in a working environment
- To gain critical skills about Diversity Management in organizations
- To demonstrate that can avoid/how to handle cultural diversity in everyday professional practice
- To analyse the challenges in each area as well as principles and means of Diversity practical implementation.

Competences
- To develop positive attitude towards team working
- To gain positive attitude for taking responsibility for one's actions
- To gain positive attitude for 'making it happen'

- To use the necessary steps to create inclusive culture in organizations
- To contribute to the development and sustenance of change that fosters a more inclusive, respectful & productive workforce and workplace.

Keywords

Team, team roles, team characteristics, stages, Diversity, Inclusion, Diversity Management, challenges of diversity management

Vocabulary

Team: A team is a group of people that depend on each other and pursue a common goal.

Diversity Management: refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs (Barak, 2014)

Inclusion: is involvement and empowerment, where the inherent worth and dignity of all people are recognized. An inclusive workplace promotes and sustains a sense of belonging; it values and practices respect for the talents, beliefs, backgrounds, and ways of living of its members.

Stereotype is defined as a generalization about a person or a group of people based on preconceived judgments and thoughts that lead an individual to make an unfair judgment or assumption about that individual or situation.

Prejudice is an unfair or unfounded opinion either in favor of or against something or someone that may or may not be truthful. Such strong feelings may be difficult to change because they are deeply rooted within an individual.

Employer Branding (EB) – the process, aimed to build company's ability to differentiate and promote this identity to a defined group of candidates, whom they're interested in hiring.

Diversity hiring is hiring based on merit with special care taken to ensure procedures have reduced biases related to a candidate's age, race, gender, religion, sexual orientation, and other personal characteristics that are unrelated to their job performance.

E.1
WORKING WITH A TEAM

E.1 Working with a team

E.1.1 Team and team working

Definition: *A team is a group of people that depend on each other and pursue a common goal.*

The team members:

- ✔ have a common purpose
- ✔ are independent
- ✔ have mutual respect
- ✔ are selected
- ✔ are dedicated

Effective teams – Characteristics of a team

An effective team needs to have:

- Vision
- Goals 'What are we going to do?'
- 'When do we have to do it?'
- 'Who and how?' Action steps and clear and precise roles
- Commitment from all members for the implementation of common goals
- Procedures
- Honest communication
- Trust, respect and mutual support
- Continuity and unity
- Commitment
- Consent
- Fair treatment of all members
- High spirit
- Organization

Effective team leaders know, understand and are committed to their goals, respecting and supporting each other. Effective teams (Tuckman model) control their performance, do not deviate from their goals and take care of solving their problems.

McGrecor (1960) introduced the characteristics of effective and ineffective groups:

EFFECTIVE GROUPS	NON-EFFECTIVE GROUPS
Good information, comfortable atmosphere	Boring or annoying atmosphere (frequent tensions between members)
Frequent conversations with a high degree of participation	Monopoly of group discussions by one or two people and often for unlucky
Understandable goals of the team and a high degree of commitment in their implementation	Vague goals
Members listen and participate creatively	Team members tend not to listen to each other
Conflicts are not avoided but discussed and resolved creatively	Conflicts are sometimes extinguished and sometimes lead to open disputes
Most decisions are made on the basis of The principle of majority	Ordinary majorities are considered satisfactory for group decisions, decisions that must be accepted by the rest
Ideas are expressed freely and openly	They keep their feelings secret, while criticism of others is welcome
Strategic decisions are not just about the leader but are often discussed openly with other executives as well	Leadership is based on the "formality", not the substance.
The group examines the degree of progress of its actions	The group avoids any discussion about its own actions
Low rate of team staff changes and even lower disposition for absences	High rate of staff turnover and absences.

Table 11 - Characteristics of Effective and Ineffective Groups

E.1.2. The stages of team development

An effective team is not created automatically. Requires skills, experience and team building at all levels. The elements required for the development of a team are the development of synergy between its members, coordination, continuous and honest communication, the cultivation of mutual trust and respect and finally the common goal and the development of vision.

A team also goes through various stages of development from creation to maturity. Each stage of development is indicative of its behavior, evolution and efficiency. The stages of the development of a team are 4 (article 'Twelve Tips for Building a Winning Team')

Forming: People get in touch and are wary, anxious, insecure and nervous. They try to get to know, establish themselves and delimit their space. They need to understand what their job is and what goals they need to achieve. You need information and the necessary resources.

The leader must:

- ✔ give explanations about the project, the standards and the deadlines
- ✔ set team goals
- ✔ provide information and the necessary resources

Storming: It is the stage where disagreements emerge that are expressed through contradictions and quarrels. Members feel more confident and challenge each other. This stage is important because it releases the necessary energy for change towards creativity and innovation. Communication is direct, the person may face rejection or conflict with other team members or conclude that it was a mistake to join the group and therefore run the risk of some people becoming frustrated and leaving the group. That is why the issues should be repositioned and new directions should be given to the team.

The leader must:

- ✔ Resolve personal or other disputes that have arisen between team members
- ✔ To resolve emotional issues
- ✔ To clarify and concretize the project
- ✔ To properly separate the rejection of certain ideas

Norming: The team acquires identity and rules, instructions and roles are defined. Leadership plays the role of coordinator and settles any contradictions. The individual must harmonize with the actions of the other members. He should establish peer relationships with the members of his team.

- ✔ The position of the leader is less central or authoritarian
- ✔ Collaborates with the team in setting standards
- ✔ Encourages cooperation and mutual support

Performing: The team is able to work efficiently, achieve goals and evaluate them. Mutual trust and relationships of respect and understanding have been developed between the members.

The leader:

- ✔ Recognizes that the team has reached a point of mature thinking and judgment
- ✔ Allows team members to make their own decisions and find solutions
- ✔ Encourages the team to follow self-management methods

An example of a leader who led to the formation of a strong team at the national level is that of the young Hindu lawyer who returned home after completing his studies in London and peacefully inspired his people to make their own revolution and successfully claim their independence. This is Gaddy, who

recognized the situation in his country, created a strong vision and at the same time loyal fans who voluntarily gave their best for the team to achieve its goals.

Adjourning: When the team life cycle is completed with or without the goal, the team ceases to exist.

Glass (1996) later followed the same logic, distinguishing the following four stages of a group's development.

- ✔ Birth: It is the first stage of group formation, formally or informally, the group implements its first steps.
- ✔ Childhood: It is the identifying stage of the group. e.g. a child knows the world before adulthood.
- ✔ Adulthood: The team is established and operates with principles and policies like an adult who knows what to do and what not to do.
- ✔ Maturity: It could also be defined as the aging of the group, which enters the stage of decline or can through a reorganization renew its life cycle and be reborn.

A basic condition for the development of the team is its cohesion. The key factors that determine group cohesion are shown in Table 1.2. while the factors that negatively affect the cohesion of the group are presented in Table 1.3.

Membership agreement on group objectives

Frequency of membership contact

The interpersonal relationship between members

The high performances of the team

The competition of the team with other teams

Table 12 - Group Cohesion Factors

The large size

Non-commitment to common goals

The existence of a climate of competition between the team members

The imposition of some members in the rest of the group

Table 13 - Factors Negatively Affecting Group Cohesion

E.1.3 Characters and roles in a team

In the literature is often published a concept, which is the HOST model (Hares, Owls, Squirrels, Turtles) of the authorships of (Hansen, Allen, 2002). The authors distinguish four roles: hare, owl, squirrel and turtle, which represent a wide variety of features and complement each other:

Different kind of characters in a team

❖ Hares (Rabbits) – Ideas
   ✔ The people that come up with ideas'.
   ✔ They think randomly
   ✔ They love to come up with ideas
   ✔ After they have thought of an idea, they are then bored of it
   ✔ They are creative
   ✔ Usually they start something but they do not finish it

❖ Owls – strategic

   ✔ They prioritize
   ✔ They plan strategies for success
   ✔ As soon as they hear of an idea they think which are the next steps to utilize it
   ✔ Practical people
   ✔ They like communication
   ✔ They like to create action plans

❖ Squirrels– Detail Processors

✔ They focus on detail
✔ They work step by step
✔ They think and act methodologically and logically
✔ They keep everything organized, running smoothly
✔ If their team sets steps and expectations they perform miracles

❖ Turtles – Analysis
✔ 'slowly and steadily they win the game'
✔ They are suspicious with every new idea
✔ They like tradition, solutions already tired
✔ The risks are not for them
✔ They have talent in pointing out problems. They see what can go wrong
✔ They help the team at the stage of conceptualizing an idea, to win time and money by looking at the possible failures that can come up

Different roles in a team and the importance of each

In a team, different individuals have different roles to play.

Here are four roles for a team: Leader, Facilitator, Coach or a Member.

All these are the components of a team, but remember that these need not be exclusive. A leader can act as a facilitator and a coach as well at different times. It's not necessary that the team will have one individual as a leader, one individual as a facilitator and one individual as a coach and members. The leader depending on the situation can act as a coach, facilitator or a member.

The role of a **leader** to provide direction to the team, vision to the team, motivation to the team and establishes ground rules for working with each other. What sort of communication will happen, how things will be reported. All these ground rules are set by the leader. The role of leader, of course, is to make the successful completion of the team goal. So sets the goal, clarifies the goal, provides direction, and also if there are regular meetings to be held then the leader is responsible for preparing for those meetings and conducting those meetings effectively. Team leader assigns individual roles to team members.

The **Facilitator** many times doesn't have a formal authority, the facilitator helps the team to make the decision. Even if a leader is acting as a facilitator, then the leader is asking the team or helping the team to make those decisions. The facilitator helps the team to understand objectives and supports the team on how to achieve that objective. That's how he or she facilitates the team towards the goal.

Coach provides one-on-one support after training. If a team member has been trained with something, the coach is someone who provides support after the training. The coaching is one-to-one training and if the team faces any problems, the coach should be the first person to go to. These rules might overlap. A coach might be the same person as the team leader.

The role of **members** is to participate in team meetings, do whatever is assigned to them, and actively participate when it comes to brainstorming, idea generation or any other support they need to provide. Members actively engaged in the team.

E.1.4 Tips for successful team building

❖ **Clear Expectations:**

Staff should know exactly what the intent of the team building activity is (other than getting out of work for a few hours!) Are you trying to develop a new company mission statement? Are you hoping to come up with more efficient processes, or do you want to do a better job of integrating new hires with the rest of the team? You don't need to give away all your secrets about the event but employees may be more on board if they know *why* the activity is taking place.

❖ **Commitment:**

Team members have a strong sense of belonging to the group**.** They experience a deep commitment to the group's decisions and actions. This sense of belonging is enhanced and reinforced when the team spends the time to develop team norms or relationship guidelines together.

❖ **Competence:**

Getting everyone involved in a team building activity gives you an opportunity to emphasize the strengths each individual brings to the team. But just as important as highlighting one another's strengths is learning to work with each other's weaknesses. Team building activities inherently bring to the surface your team's most relevant strengths and weaknesses.

Once your team is aware of one another's strengths and weaknesses, they can become a more effective team. You and your staff can divide responsibilities according to what each individual is best at.

Enhance effectiveness by ensuring the team has enough resources at its disposal. Resources aren't important just for getting their job done, but also for improving team building.

Have books available on leadership and successful teams and allow team members to borrow them or read them during lunch breaks.

Hand out powerful quotes and exercises in team building and communication.

Organize a guest speaker to come and inspire the team with occasional talks.

❖ **Control:**

The team has agreed-upon procedures for diagnosing, analyzing, and resolving teamwork problems and conflicts. The team does not support member personality conflicts and clashes nor do team members pick sides in a disagreement. Rather, members work towards the mutual resolution of problems and disagreements.

Members of the team make high-quality decisions together and have the support and commitment of the group to carry out the decisions made. They also gain the support and commitment of the people they report to in order to accomplish and communicate the team's progress and success.

They gain the support and commitment from senior leadership by demonstrating all of these ten teamwork necessities each and every day. The team lives high-quality interaction that is observable and an example for all other teams to emulate.

❖**Collaboration:**

Creating team-building activities aims to strengthen the collaboration and not give rise to internal competitions. But to jinx up, the team-building experience employers often involve too much gamification turning the collaborative task into a competition.

Employees who are already divided into teams tend to do everything to beat their peers. This should be avoided at all costs. And the HR managers should also take measures to prevent this while creating any team-building activity.

Team building isn't about making individuals work within their own team and win it all. It is about fostering the ability of already divided teams to build a rapport within themselves and compensate for each other's strengths and weaknesses to create a productive work culture.

At the end of the day, the only thing that matters is how strong is the cross-functional teamwork within the organization.

Hence, whenever you're hosting any team-building games, always allow inter-team communication and design your task with the same motive.

❖**Communication:**

Communication is open, honest, and respectful. People feel free to express their thoughts, opinions, and potential solutions to problems. People feel as if they are heard out and listened to by team members who are attempting to understand. Team members ask questions for clarity and spend their thought time listening deeply rather than forming rebuttals while their co-worker is speaking.

They do this by formulating questions that will lead them to more deeply understand their teammate's points of view.

❖**Consequences:**

Evaluation techniques are part of the process of developing a great team. You need to use obvious metrics, such as financial measures to evaluate the success of the team and each individual in it. When you set precise goals, you must measure the achievements at precise intervals of time.

Working effectively and proficiently requires a team to come together for a common goal. They should also have a clear understanding of how the company and fellow team members work. Which is why team management needs to be a priority for organizations.

Building an effective team is one of the most important responsibilities of a leader. It's not something you can instantly achieve. It's an ongoing process, which requires constant attention and evaluation.

E.1.5 Ability to work cooperatively

A team environment is one in which brainstorming, collaboration and joint projects are the norms. This type of dynamic can be beneficial and rewarding if everyone communicates well and pulls their weight. Working effectively in a team environment requires tact, patience, and a willingness to work in concert with your colleagues.

When colleagues work well together, either on specific team-related projects or in various departments, it improves productivity, morale and the overall quality of the organization's product or service. When there is conflict between staff, it has the potential to inhibit teamwork, which can delay projects, result in cost overruns or decrease the effectiveness of the work that's performed. Successful teams can make a huge contribution to organizational productivity and effectiveness.

Working in a collaborative fashion, effective teams have the ability to agree on goals and strategic plans, divide work equitably and work together to develop new ideas and concepts. In this way, each team makes a contribution to organizational productivity and effectiveness.

Effective teams must have certain important characteristics:

Effectiveness :

- **Presents** ideas in organized and concise manner

- **Offers** ideas related to group purpose or goals

- **Supports** contributions with facts, examples etc.

- **Uses** precise language

- **Expresses** ideas with energy and confidence

Appropriateness :

- **Connects** ideas to content and process of group assignment

- **Contributes** and responds with courtesy and tact

- **Uses** technical terminology and familiar, concrete and socially appropriate language

- **Shows** respect through behaviours such as turn-taking, maintaining eye contact with all group members

Responsiveness :

- **Builds** on or links with contributions of others.

- **Clarifies** ideas based on feedback

- **Demonstrates** active listening by asking questions, paraphrasing, summarising, maintaining eye contact, nods, affirming etc

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E.2
DIVERSITY MANAGEMENT

E.2 Diversity Management

E2.1 Diversity Management in Organizations

❖ **What is Diversity Management in Organizations**

Inclusion of diversity principles as an integral part of workplace policies brings concrete, real advantages of diversity in the workplace and to the organization at large. The success and competitiveness of an organization depends upon its ability to embrace diversity and realize the benefits

Definition - *Diversity Management refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs (Barak, 2014)*

Figure 12 - Diversity and inclusion in organisation

Definition - *Inclusion is involvement and empowerment, where the inherent worth and dignity of all people are recognized. An inclusive workplace promotes and sustains a sense of belonging; it values and practices respect for the talents, beliefs, backgrounds, and ways of living of its members.*

❖ **Benefits of Diversity and Inclusion in the Workplace**

Increased Productivity

Having a diverse culture at your workplace means different people are striving towards one common goal, which can be a great tool to increase productivity. A multicultural environment means you foster different skillset and different perspectives at your workplace, which can be highly beneficial for the result.

Different people bring different skills and value-sets to the organization, and the organization can benefit from this knowledge. Fresh ideas and content could be created in an environment with different people and help foster a learning environment.

Increased Creativity

Another advantage of having a diverse culture is that you can increase creativity at your workplace. When people are coming from different communities and races, they bring in several values and a fresh set of ideas that could be of great help for a company to grow.

With diverse minds in the workplace, you can expect several solutions to a single problem because every person would bring a unique solution to the problem. Companies are now more open towards a diverse workforce to enhance and increase work productivity.

Promotes Harmony

Employees working in the same workplace interact with each other daily, and this is how they can learn about various cultures, norms, traditions, and values. This regular interaction decreases intolerances and promotes harmony. Cultural diversity educates employees about various cultures. Employees and coworkers share incidents and memories from their schools or festivals during casual conversations, which can help people discover various cultures. This is a good way to learn and enhance exposure.

Positive Reputation

If your company encourages inclusion and diversity, and you are able to retain those employees, then you will be known as a progressive workplace. Companies that encourage and hire employees belong to different cultures, religions, sex, and ethnicities, etc., become known for their equal-opportunity orientation. Your clients and other business partners would value your organization because of your values and principals. The employees working at your organization would feel welcomed and encouraged in an environment where there is no bias or discrimination.

The following are the **main benefits of diversity and inclusion** policies:

- Employees develop mutual respect

- Diverse groupings are empowered

- Assists in the resolving of internal conflicts.

- Exposure to a broader range of talent groups

- Enhances the company's public image and communication

- Creates a higher level of employee engagement

- Positively influences Employer Brand, that helps attract more employees.

E2.2 Challenges of Diversity Management

❖ **Challenges of Diversity & Inclusion Management:**

- Diversity and Inclusion must be a priority for senior management

- Understanding common values

- Discrimination and harassment must be combated and managed

- Creating and implementing the code of conduct and workplace rules

- Including every employee on every level, not only key specialists

- Getting the right balance of global and local viewpoints

Challenges of Diversity & Inclusion Management: Organizational, Cultural and Psychological

By implementing Diversity & Inclusion policies it is important to point out that this is an important process for all employees at all levels, regardless of their affiliation to any of the groups or not.

The **most common Diversity Management** challenges are:

Organisational challenges appear when Global multinational organisations are creating Inclusive culture and trying to implement Diversity and Inclusion Policy. Global approach can be too general from a local perspective. Finding the right balance is very important.

Cultural challenges are related to different wording. Understanding the importance of using the right language when communicating with and about diversity groups – the way to overcome the cultural challenge.

Psychological challenges - unconscious bias, how to recognize them and overcome those.

❖ **Challenges of Diversity & Inclusion Management:**

Psychological challenges – unconscious bias

We all have conscious biases that we are aware of, such as biases directed toward others based on gender, ethnicity, race, and other factors. In the meantime, we have unconscious prejudices that we aren't aware of. Those are ingrained in our minds and have a direct effect on how we think and act; for example, a name on a CV may bring up images of specific professions or responsibilities that men or women could fill.

It is critical to recognize our unconscious prejudices and recognize their presence at work in order to successfully adopt D&I policies and practices. Determine how these factors influence workplace decision-making, interpersonal connections, and organizational culture. It is important to provide and get resources in order to reduce the harmful impact that unconscious biases have on an organization's culture.

Through identifying, challenging and reducing bias creates a more communicative workplace as well as the diverse and successful workforce.

Unconscious bias can influence decisions in various employment processes, such as in recruitment or performance evaluation. It can be discriminatory when it is directed to some of the diversity groups.

Strategies to counter the unconscious bias

There are various strategies to counter the unconscious bias:

- ▪ Take time during the decision-making process;

- ▪ View each person as an individual;

- ▪ When recruiting or promoting create broader decision-maker pool;

- ▪ Change outlook to prevent bias;

- ▪ Be honest with you about your bias;

- ▪ Improve awareness on diversity, inclusion and equality;

- ▪ Note your opinion and impression about the applicant or employee and later review it separately.

Cultural

When companies and organizations hire people from different cultures, races, and ethnicities with different backgrounds, it means they are including cultural diversity in their work environment. Once a company learns how to retain employees from different cultures, they make a huge difference as compared to conventional teams.

The world is rapidly advancing and growing with newer studies and inventions around the globe. People now appreciate having a diverse team of people to learn new perspectives and continue to grow together as one, regardless of boundaries defined through geographical borders.

The main challenge employers face with respect to cultural diversity is overcoming the deep-rooted prejudices and stereotypes that all individuals have and encouraging individuals from different backgrounds, religions, races, genders, etc. to work together.

Definition - *A **stereotype** is defined as a generalization about a person or a group of people based on preconceived judgments and thoughts that lead an individual to make an unfair judgment or assumption about that individual or situation.*

Definition - *Similarly, a **prejudice** is an unfair or unfounded opinion either in favor of or against something or someone that may or may not be truthful. Such strong feelings may be difficult to change because they are deeply rooted within an individual.*

Creating an inclusive workplace environment necessitates the use of inclusive, unambiguous, and unbiased language. Inclusive language reflects diversity in the workplace positively and is necessary for successful diversity initiatives to be implemented. Any D&I policy or action will fail if it is based on language that excludes people and continues to perpetuate stereotypes or prejudice.

Stereotypes and prejudices can contribute to a variety of problems in the workplace:

- Communication problems resulting from different groups ' failure to understand one another;
- Discrimination and stereotyping with regard to ability to do the job;
- Increased tension and conflicts between different groups;
- Individuals with similar backgrounds have a tendency to remain together, recruit similar people, and choose similar people to work on projects with;
- Discrimination and harassment, as well as the creation of a hostile work environment.

How Can You Foster Diversity and Inclusion?

Surprisingly, all types of businesses, whether big or small, are keen to include a diverse workforce. Whether its small carpet cleaning companies or multinational organizations, everyone is welcoming diversity and inclusion.

An organization looking to encourage diversity and inclusion can do so in the following ways:

- Objective criteria – free from bias

- Recognition and rewarding

- Engage with employee resource groups

- Psychological training

- Employee survey and feedback

- Policies

- Empathy

Organizational

Embracing D&I management may be perceived as a need, but when implemented without a strategic approach and leadership commitment, it may quickly become a formal process. When D&I management is delegated solely to diversity groups, attempts to improve diversity are more likely to fail, resulting in a diversity crisis.

Organisational dimensions are relevant or significant to the organization itself. They include factors such as management status, Unit or division, work field, seniority, union affiliation and management status. Communication issues stemming from the failure of different groups to understand one another.

To overcome the challenges it is crucial to implement steps, which would ensure the inclusion of all the employees:

- Raising awareness of various groups - Diversity management entails much more than providing the same opportunity for employment. Managers should realise that change occurs at a slow pace, but yet should continue to encourage change.

- Raising understanding that diversity is part of a long term strategy - Dealing with diversity also requires providing a secure environment for managers and workers to communicate, such environments include social gatherings and business meetings where every member feels comfortable to be and creates a friendly atmosphere to speak freely as well as listen to others.

- Training all employees - Mentoring programs should be implemented to guide employees on how to access information.

- Include all employees

- Give constructive feedbacks to the employees should be given to the employees after they have learnt about their mistakes and when they are successful in implementing the lessons learnt to achieve success.

E2.3 Practical Steps for Diversity Management
❖ **The Impact of Diversity Management on the Employee's Organizational Journey**

The journey of the employee in the organisation has stages and different areas that are managed by Human Resource function: Attraction & Employer Brand, Recruitment and Selection, Performance management, Training & Development, Career management, Equal pay, Outplacement.

Figure 13 - Corporate strategy

Attracting and retaining a diverse workforce. Employer Reputation/Brand

☐ **Employer Branding - Employer** branding (EB) necessitates the use of product branding, marketing, communication, and human resources (HR) techniques. Its goal is to recruit, engage, and retain current and potential employees. Most HR functions, in collaboration with their Marketing and Communication counterparts, should be able to execute EB Management.

    Definition - *Employer Branding (EB) – the process, aimed to build company's ability to differentiate and promote this identity to a   defined group of candidates, whom they're interested in hiring.*

☐ **Advertising -** The EB relies heavily on job advertisements. The way businesses promote themselves in their advertisements can have a big impact on the number of people who apply or don't apply for a job. Employers should also think about how job advertisements are written, making sure that the phrasing doesn't imply that you're searching for someone with a specific background. Skilled, formulated, welcoming message encourages applications from those groups that are under-represented in the organisation.

☐ **Recruitment and Selection / Diversity hiring: Selection Criteria and Job Interview**

When looking to hire new staff, you should advertise in at least two different places to reach a wide range of people from different backgrounds.

You can also promote your values as an equal opportunities employer and how you welcome applications from:

- anyone who believes they meet the essential requirements of the job

- anyone under-represented in the organisation – this is called 'positive action'

For example, you might say that applications from qualified candidates with disabilities are welcome.

If you take positive action, you must be able to prove it's been reasonably thought through and does not discriminate against others.

You could get managers trained on skills that help them including:

- use the job description and person specification to choose the best applicants

- have an inclusive attitude

- avoid making decisions based on what they think or believe about a person because of their protected characteristics ('unconscious bias')

Main steps for diversity hiring:

Step 1: Conduct a diversity hiring audit on your current hiring process

Step 2: Pick one metric to improve for your diversity hiring

Step 3: Increase your diversity hiring in your candidate sourcing

Step 4: Increase your diversity hiring in your candidate screening

Step 5: Increase your diversity hiring in your candidate shortlisting

Step 6: Evaluate your diversity hiring metrics

What is Diversity hiring?

Definition - *Diversity hiring is hiring based on merit with special care taken to ensure procedures have reduced biases related to a candidate's age, race, gender, religion, sexual orientation, and other personal characteristics that are unrelated to their job performance.*

Tips for job interview practices to avoid discrimination and increase diversity:

✔ Create a standard set of criteria
✔ Use non-discriminatory language
✔ Use non-discriminatory language
✔ Don't ask questions based on protected criteria
✔ Avoid unconscious bias
✔ Offer based on ability
✔ Keep a record
✔ Feedback

☐ **Performance Management - Making sure your workplace is inclusive:**
   ✔ Having a workplace policy & Putting the policy into action
   ✔ Recruitment
   ✔ Training and development
   ✔ Equal pay
   ✔ Religious beliefs and practice
   ✔ Dress code
   ✔ Unacceptable behavior
   ✔ Dismissals
   ✔ Redundancy
   ✔ Parents who are on leave & Flexible working
   ✔ Communication
   ✔ Leadership
   ✔ Promoting inclusive events and activities

☐ **Training & Development:**

Equality, diversity and inclusion should also have a place in the training, development and promotion of staff. This includes:

- awareness building
- skill building
- helping employees understand the need for and meaning of managing and valuing diversity
- educating employees on specific cultural differences and how to respond to differences in the workplace
- providing the skills necessary for working in diverse work teams
- improving employee understanding of the cultural mix within the organization and
- assisting employees in learning about the culture and the community the organization is serving

Training should show why it's important to value everyone's differences and how to do this. Employees should feel they can apply for more senior roles, regardless of a protected characteristic.

 Career Management

All employees should be informed about promotion opportunities. Do not make assumptions about an employee's capacity to attend certification training or retraining based on their age, gender, or other identifying characteristics.

There are two significant objectives of the career development in this initiatives:

1st is to ensure that high-potential varied applicants are given opportunities for development, and

2nd is to increase diversity in the ranks of level management

 Equal pay

The equal pay law is aimed at equal pay for men and women doing equal work. But pay discrimination claims could be made for any protected characteristic, for example age, disability, race or religion.

You should check regularly that all employees doing equal work have equal:

- pay
- benefits
- terms and conditions in their employment contracts

 Outplacement

Outplacement support is a service offered by organizations to assist departing employees (voluntarily or involuntarily) in transitioning to new jobs and reorienting their careers. Companies who provide this type of service demonstrate an inclusive mindset and improve (or at least mitigate) their own Employer Branding.

The outplacement service is usually provided by a consulting business that is paid by the company. Practical guidance, training, workshops, and, in rare cases, psychological help are all used to provide support.

It creates security for survivors and preserves the culture

It's not just about the employees you're laying off. It's about the ones who remain, too. Layoffs cause a lot of anxiety among survivors who wonder if they're next. Knowing their colleagues got help finding new jobs does a lot to calm those fears. And it creates loyalty, too, when they see you doing right by their friends and colleagues.

When advanced notice is possible, allow existing employees to begin using outplacement services while still at their jobs — the period when they're at their most marketable. They are far better prepared to hit the ground running when their employment ends and more likely to remain willing ambassadors of their previous employer's brand, endorsing their company online and among their peers, or at least standing neutral. Many scenarios don't allow for this. But, there is always room for high-touch handling of offboarding in these sensitive situations.

Sustainable Diverse and Inclusive Culture in the Organization

Despite the importance, diversity strategies are difficult to implement. Once in place they often do not deliver the benefits they promise.

Why is this the case?

One reason is definitely the attitude of the company. Diversity programmes are likely to fail if they are set up because it is perceived to be the right thing to do without reflecting a true commitment to creating a work environment that fosters the best workforce.

The other thing is that many companies underestimate the time and effort required to implement such a strategy. Rather than working towards integrating diversity into the organisation's strategy and all HR activities, companies often see it as just another "stand-alone project".

Finally, large companies especially often fail to address the more hard-wired aspects such as management style, hierarchy and culture. Because of that, the implementation often fails.

How to work around this?

Best practice experience suggests at least five crucial steps when implementing a successful and lasting diversity strategy. These are listed below:

5 strategies to create a culture of inclusion (Graham, 2018):

- Commit with Purpose
- Meeting Change
- Leadership Matters
- Acknowledge the Biases
- Embrace the Differences

Determine Initiatives

One huge part of how to manage diversity in the workplace is determining the initiatives that your organization will undertake. Again, this process will involve stakeholders throughout the organization—from the top on down. Meet with leadership and employees to determine what is working, what isn't, and what initiatives you should start on for an authentic management effort.

Every company will be different; there is no "one size fits all" solution for your diversity management efforts (especially for global organizations). It will take careful planning, thought, and execution—but it will be worth it.

3 steps to sustainable initiatives:

- Focus on your employees – Diversity & Inclusion strategies must be aligned to and owned by the organization broadly

- Prioritize a metric that tracks overall progress over time - foster an inclusive work environment by testing their initiatives along seven key dimensions, including fair treatment, decision making, trust and diversity

- Embed D&I into existing talent and business processes - Talent management processes — succession planning, recruiting, performance management — are the most susceptible to bias, and should be the starting point for embedding D&I. Also are looking at other key business functions and their processes, such as finance and accounting and operations, for opportunities.

Benefits of sustainable workplace diversity

The benefits of a sustainable diverse workforce include :

- better decision-making

- higher creativity and innovation

- greater success in marketing to foreign and ethnic minority communities

- better economic opportunity in foreign countries

Some of the advantages of addressing diversity include:

- ✔ attracting and retaining the best talent in the labour pool

- ✔ increasing the satisfaction of employees

- ✔ improved morale and employee commitment to organisational goals

Best Practices in Diversity and Inclusion

Case 1

Deutsche Bank was named one of the Top 50 Employers for Women and received an award for its global sponsorship program ATLAS, which assists women in advancing to senior positions. However, Deutsche Bank focused on people with disabilities in India, where many people suffer from polio or other diseases due to a lack of treatment options. As a result, Deutsche Bank collaborates with an independent third party. As a result, Deutsche Bank collaborates with a non-governmental group to train disabled persons to work for the corporation.

Case 2

Johnson & Johnson, a worldwide healthcare business that has been named to Diversity Inc's Top 50 eleven times, recognised that success in global diversity required culturally relevant approaches in each location. Because the corporation was having trouble coordinating its diversity initiatives in the US and Europe, it held the world's first live video conference on mutual perspectives, diversity, and respect.

Case 3

FACE – Fondation Agir Contre l'Exclusion - E-learning on Diversity - This practice is an e-learning course on diversity designed for businesses to train their employees on the topic in order to improve cohesion, comprehension, and combat preconceptions. This FACE-developed online training program is 45 hours long and is divided into two parts (sensitization -15 hours and expertise -30 hours). It includes quizzes, concrete examples, and videos to help users understand concepts and functions as a forum where users (HR and managers) can get advice and support from other users. (https://www.f ondationface. org/)

Case 4

FormEthic - Training to foster professional equality and to enable organisations welcoming people with disabilities - There are two training courses in this practice. One is on professional gender equality, which consists of a two-hour online module on legislation and a seven-hour face-to-face session on personal representations. Individual support is provided following the training. The second course, on welcoming persons with disabilities, is a six-hour face-to-face session aimed at improving skills in integrating individuals with disabilities into organizations. (ttp://www.for methic.org/)

Synopsis of Module E

The world has progressed in the past few years. Diversity and inclusion in workspaces have proven to be of huge benefit and success for companies as you widen the pool of resources, get people from different mindsets, and exposure to working together towards a common goal.

There are several challenges as well that are faced by organizations; however, through proper guidelines and values, you can avoid such issues and build an environment that caters to the dynamic needs of modern business. Proper management level efforts are required to ensure smooth execution and implementation.

Review Questions of Module E.

1. Please, choose the most appropriate missing word(s)
   a)Diversity
   b)Diversity Management
   c)Inclusion
   d)Inclusive language
   e)Workplace diversity

   I.   _____ refers to the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs.

   II. _____ means creating an inclusive environment that accepts each individual's differences, embraces their strengths and provides opportunities for all staff to achieve their full potential.

   III. _____ authentically bringing traditionally excluded individuals and/or groups into processes, activities and decision/policy making in a way that shares power.

   IV. _____ is the condition of having or being composed of differing elements; variety especially: the inclusion of different types of people (such as people of different races or cultures) in a group or organization

   V.   _____ is free from words, phrases or tones that reflect prejudiced, stereotyped or discriminatory views of particular people or groups.

2. True or False?
Diversity & Inclusion policies are focusing mainly on employees representing diversity groups and by that excluding other groups that might be seen as more privileged than others.

☐ True
☐ False

Most dominant groups more often have an unconscious bias towards subordinate groups or individuals and usually have a direct preference towards members of the group they belong.
   ☐ True
   ☐ False

3. Please, select words which are inclusive according to the inclusive language (multiple answers)

☐ Cleaning lady

☐ Gay man

☐ Guys

☐ Homo

☐ Husband

☐ Lesbian

☐ Negro

☐ Person of colour

☐ Roma

4. What kind of discrimination you can see in this job add? (Multiple answers)

Job add

We are looking to recruit young and energetic male waiter for a new restaurant opening in London.

Job description:

Waiter greets customers and offers restaurant or cafe menus, answers questions about menu offerings, processes food and drink orders, carries food and drinks from kitchen to tables, and prepares bills and process payments. He must ensure that customers are satisfied with their meals and processes orders for additional courses if necessary.

Job requirements:

- At least 5 years of prior experience in a high-volume dining restaurant
- Perfect physical health
- Excellent customer relationship skills
- Basic math skills
- Applicant should be of European origin
- Ability to work in team environment

☐ Gender

☐ Age

☐ Disability

☐ Ethnicity

☐ Social status

☐ Sexual Orientation

5. Is that discrimination?

Cheryl attends an interview for a position in fashion retail. The interview panel engages in small talk with Cheryl at the beginning of the interview and one of the panel member asks Cheryl if she has any children. Cheryl says that she has two young children.

☐ Yes, Cheryl could make a complaint of discrimination

☐ No, there is nothing wrong to ask candidates about their parental status

6. You are interviewing candidates for a position that will require international travel.

What is the right way to ask about their abilities to perform this requirement?

☐Do you have any family responsibilities?

☐How old are your children?

☐Will you be able to travel abroad once a week?

☐Who will take care about your children when you are abroad?

7. What is Diversity hiring? (multiple answers)

☐ Diversity hiring is hiring, based on competence needed with special care taken to ensure procedures are free from biases related to a candidate's age, race, gender, religion, sexual orientation, and other personal characteristics that are unrelated to their job performance;

☐This is hiring, based on as much criteria as you can measure during selection;

☐This is hiring based on the competence needed. It doesn't matter which gender or sexual orientation group is represented;

☐When candidates have a chance to be selected based on a few job-related criteria;

☐Hiring, where personal characteristics, unrelated to the job performance are not taken into consideration;

For Further study (links to available online resources: documents, essays, video, etc.)

EU legislation

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ANNEX I MODULE E

Annex 5 – Activities for platform Module E

MODULE E: HUMAN RESOURCE POWER

E.1 Social enterprise Business plan

List of Activities (per topic)	What is this activity about?	What will you achieve by taking it:	Duration (min)	Reference Number of File links, and material included:File name: A.1.1_ Video+++
Let's create a profile in FB	The main aim of this exercise is for the participants to understand the main principles of team working.	Through the exercise the participants will realise the importance of collaboration and communication for a team to perform effectively and efficiently. They will also realise the importance of role allocation and coordination in team work.	25 minutes	ME_T1_A1_Let's create a profile in FB
Aliens Have Landed!	This tool is designed to improve the performance of a team and also to realise the benefits and the challenges of working in teams.	The main aim of this exercise is to encourage communication among workers, build out-of-the-box thinking, and creative thinking. The more your trainees talk and create ideas, the more at ease they will feel about their colleagues so going forward, working together won't seem so intimidating.	30 minutes to one hour	ME_T1_A2_Aliens Have Landed!
Blind Origami!	This tool is designed to improve the performance of a team and also to realise the benefits and the challenges of working in teams	The main aim of this exercise is to encourage communication among workers and to highlight the importance of listening and asking for feedback.	25 to 30 minutes.	ME_T1_A3_Blind Origami!
Virtual Book Club	to discuss feelings and thoughts about the book.	This exercise will give something common for employees to bond over and encourage them to be open to differing opinions – something that's very important in a workplace.	30 minutes to 1 hour	ME_T1_A4_Virtual Book Club_PBL
Leadership Pizza	This exercise can help people to reflect on the different dimensions of what skills and attitudes they need in order to be a good leader	This leadership development activity offers a self-assessment framework for people to first identify what skills, attributes and attitudes they find important for effective leadership, and then assess their own development and initiate goal setting.	30 minutes	ME_T1_A5_Leadership Pizza_PBL

E.2. Diversity Management				
Heart, Hand, Mind	Diversity	To examine something (product, process, activity, anything) from different points of view, such as emotional, rational and practical, also finding meanings not imagined at first glance.	20 - 60 minutes	ME_T2_A1_Heart, Hand, Mind
Story Around the Circle	Creating a story together can be merely for fun, or it can help the team imagine its future or recall its past.	Fun, getting to know each other, creating a vision for the team, exercising imagination, appreciating diversity of thoughts and styles.	30 – 90 minutes	ME_T2_A2_Story Around the Circle
The Sketch Game	A drawing exercise that shows us how we can have different perspectives on various subjects and/or objects - demonstrating cultural diversities.	It can help us unlock some of our unconscious assumptions and biases. The task is fairly simple to execute and doesn't require more than 6 A4 pages/or post-its and a pen for each participant, or a Miro/Mural or virtual whiteboard. (Jamboard)	30 – 60 minutes	ME_T2_A3_The Sketch Game
The Circle of Trust	PBL - Assignment	The Circle of Trust is a tool that can be used both individually and for groups. You can rate your circle of trust - think of your 'inner circle'; work, school, or another group - to see how diverse the group of people you trust is. This tool helps to uncover unconscious, affinity bias.	30-60 minutes	ME_T2_A4_The Circle of Trust_ PBL
What kind of discrimination you can see in this job add?	Multiple Response Question	Revise the educational material	15 minutes	ME_T2_A5_What kind of discrimination
What is the right way to ask about their abilities to perform this requirement	Multiple Choice Question	Revise the educational material	15 minutes	ME_T2_A6_What is the right way to ask about their abilities to perform this requirement

True or False	True/False Question	Revise the educational material	15 minutes	ME_T2_A7_True of False
Choose the most appropriate missing word(s)	Matching Question	Revise the educational material	10 minutes	ME_T2_A8_Choose the most appropriate missing word(s)
What is Diversity hiring-(multiple answers)	Multiple Response Question	Revise the educational material	10 minutes	ME_T2_A9_What is Diversity hiring-(multiple answers)
Cultural Artifacts	PBL - Assignment	This activity encourages students to think about their personal cultural identity in a safe environment, while addresses issues of cultural diversity.	60-90 minutes	ME_T2_A10_Cultural Artifacts_ PBL