



PR2 - Curriculum for the acquisition of new skills and competences in Social Entrepreneurship

Unit 1

Building a Skill Set for Social Entrepreneurship

Partner responsible: CODECA

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Unit 3 - Building a Skill Set for your Social Enterprise - INTRODUCTION

Purpose and Objectives

The module aims to equip learners with a set of both Hard and Soft Skills required for establishing of a Social Enterprise. It has been designed to provide necessary tacit and explicit knowledge to assist learners become efficient entrepreneurs. Particularly, it will provide them knowledge on how to manage and prioritise activities, meet deadlines, demonstrate communication business skills as well as to assess their business needs. The selected material, furthermore, will encourage learners to develop critical thinking and crisis management to overcome complex tasks.

Learning outcomes

Upon completion of this Unit, learners should be able to:

- Plan and prioritise activities in an efficient and productive manner
- Organise their workspace and workflow to maximise their time
- Overcome procrastination
- Manage crises effectively
- Demonstrate Communication business skills
- Promote and exhibit their work in an innovative manner
- Identify and assess their business needs
- Solve problems and formulate potential solutions
- Utilise relevant ICT tools to efficiently organise and manage their Social Enterprise



1: SETTING GOALS – HARD SKILL

To be able to establish a successful Social Enterprise, GOAL setting is an invaluable skill, which is a skill many strive to master. This skill is one that can be utilised in every aspect of a person's life: from their day-to-day activities, like taking up a hobby, to work related matters, such as meeting deadlines. Many entrepreneurs fail to establish their goals clearly, since they do not visualise them by writing or preparing a plan to achieve them. This underlines an undoubtable truth: setting goals ensures that you are ahead of the curve.



Commonly when dealing with failure people instinctively tend to project the blame on an external factor, someone, or something else. That way they bear no responsibility for their situation leading to the loss of authority and decision-making power over the issue at hand.

A successful person handles such situations in a vastly different manner, they are dedicated in taking responsibility for both their actions and their lives. A successful person always strives to find ways to overcome unforeseen, uncontrollable, or difficult circumstances that prevent them from accomplishing their goals.

The Three P's

Achieving a dream is a feasible endeavour! However, the first step, that can never be skipped, in this endeavour is setting GOALS! By establishing early on meaningful, long-term goals one creates a road to their dreams. Prior to that, however, is to set and achieve intermittent short-term goals, which will accumulate into the accomplishment of any pending tasks leading up to the fulfilment of long-term goals. However, all goals must share common elements. These three common elements are the Three P's, whose power is essential to a goal's success!

- **POSITIVE:** A goal should be expressed using positive language, feel good wording, encouraging phrases and what you ultimately want to accomplish are a sure way to make one feel that anything is possible. A positive goal would sound like this: "I will advance my business by promoting through social media!"
- **PERSONAL:** A goal must be personalised based on an entrepreneur's ideas and business capabilities and wishes. Goals should not be the reflections of external factors such as the opinions of family, friends, or the media. By personalising a goal, the motivation is greater, the pride in accomplishing it is enormous and the feeling of success will generate confidence for new tasks.

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- **POSSIBLE:** While all elements are important, the previous two emphasise the mentality of setting goals. Here the emphasis is on setting goals that respond to reality. An example is an entrepreneur setting a goal of organising a business event without first checking if they have the required funds for it. For a goal to be achievable it must be grounded to reality.



A Guide to Setting Goals

SMARTER is a convenient acronym for the set of criteria that a goal must have for it to be realised by the goal achiever.

- **Specific:** For a person to accomplish their goals, you must clearly define them! Undefined and generic goals produce ambiguous results. Creating a list of benefits from accomplishing a goal can be a motivator to work towards it.



- **Measurable:** The ability to track one's progress while working towards a goal is vital for goal achievement. To do this a form of objective measuring system is a necessity in keeping track of the progress made. This will further energise and motivate people once they witness the benefits of quantifiable progress.

- **Attainable:** Dreaming big is great, so is setting big goals! However, big goals and unrealistic goals are vastly different things. A big goal motivates one to work hard to accomplish it, while an unrealistic one creates anxiety and de-motivates a person from working towards it. A good goal is one that challenges but is not so unrealistic that you have virtually no chance of accomplishing it.

- **Relevant:** To be able to set goals a person must have a clear idea and definition of their expectations as well as their business target. However, goals that are in harmony with the purpose of one's life do have the power to make them happy.

- **Timely:** No task can be accomplished if a deadline is not set and kept. Without a deadline, you have no compelling reason or motivation to start working on them. By setting a deadline, your subconscious mind begins to work on that goal, daily, to bring you closer to achievement.



- **Evaluable:** Once an entrepreneur has set their goals and started working towards achieving them, the following step is to evaluate them. In this step an entrepreneur should review their goals and their progress. Evaluate if the goals are indeed achievable based on the

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work put into them. Review and reflect on what has helped achieve goals and what has not. This step should be implemented after milestone markers based on your goals.

- **Revisable:** The final step of the SMARTER goal setting method is that goals can be revised. This does not mean that goals should be revised, if they are SMART there should be no need to revise them. However, keep in mind that goals and situations are imperfect, leading to the need to re-evaluate your goals to ensure that they are still on track. If it is determined that they have steered off course, then it is time to revise those goals.

Prioritising and Visualising Your Goals

Both the prioritisation and visualisation of a goal are essential steps to achieving a goal. By creating a visual stimulus of a goal, the desire to work towards it can be manifested. One of the best visualisation tools is a vision board. To create one, take a magazine, cut out pictures that resonate with the selected goal, glue them onto a piece of poster board, and place that board somewhere that you can view it several times a day.

Working towards challenging goals, and achieving them, takes up a lot of mental energy. Due to this, when creating a list of goals some must be given priority over others. Achieving set goals by stretching yourself thin or by attempting to work on too much in one go, is counterproductive. Priority should be given to goals that will greatly impact your life in correlation to how soon they can be achieved. When setting goals, you must not only know what you want but also what you must give up ensuring that that goal is achieved. Oftentimes, people are unwilling to consciously give up anything in their daily lives to achieve their goals.



Learning Activity 1.1: Multiple Choice Exercise

Type of activity
<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed



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NONE
Estimated duration
20 minutes
Instructions
<p><i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.</i></p> <p><i>Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.</i></p>

Learning Activity 1.2: What is missing?

Type of activity
Face-2-Face and/or online
Description of the activity
An exercise where the learners are given statements and are asked to identify what the issue is, in this case they are called to identify which P is missing from the statements.
Purpose/goal
The purpose for this exercise is to have learners understand the importance of the three Ps and why each one must be included when setting goals. Following this, learners will be able to better understand the three Ps and their role.
Group size / individual if applicable
Individual or in group if done as a discussion
Material/s needed
NONE
Estimated duration
5 to 10 minutes if done individually & 20 to 30 minutes if done in as a group discussion
Instructions



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Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.

Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.



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2: ARRANGING YOUR TIME ACCORDINGLY – SOFT SKILL

The ability to manage time does not relate to how a person handles their time, but also to how they handle themselves in relation to time. Time management is about setting priorities and being proactive. It means improving ourselves by letting go of the habits that cause us to waste time. It means being open to trying various methods and ideas that will maximise the time used to benefit them to the maximum capacity.



Pareto's Principle or the 80/20 Rule

In business the 80/20 rule, also known as Pareto's Principle, states that 80% of outputs come from only 20% of inputs. The 80 to 20 rule determines that 20% of any factor will produce the optimal results for a business. The key takeaway is that this principle establishes a business' best attributes and capitalises on them effectively and efficiently. An example would be that if in a business 20% of clients are responsible for 80% of the revenue then it would be wisest to focus on keeping that 20% satisfied, over trying to appeal to the other 80%. Even though this principle is often used in both business and economics, it can be applied to various fields.



The Urgent/Important Matrix

Utilising good time management means that a person is both effective and efficient! It means spending your time managing issues that are important, not just urgent! To do this, you need to distinguish clearly between what is urgent and what is important:

- **Important:** Activities that enable the achievement of goals and have the greatest impact on one's life.
- **Urgent:** Activities that demand immediate attention but are often associated with someone else's goals rather than our own.



The Urgent/Important Matrix is a powerful tool to be used to organise tasks based on priorities. By using it one is enabled to overcome their natural propensity in focusing on urgent activities, providing for time to focus on what's truly important.

The Urgent/Important Matrix:

- **Urgent And Important:** Activities in this area relate to dealing with critical issues as they arise and meeting significant commitments. Perform these duties now.

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- **Important, But Not Urgent:** These success-oriented tasks are critical to achieving goals. Plan to do these tasks next.
- **Urgent, But Not Important:** These chores do not help you advance towards your own goals. Manage by delaying them, cutting them short, and rejecting requests from others. Postpone these chores.
- **Not Urgent and Not Important:** These trivial interruptions are just a distraction and should be avoided if possible. However, be careful not to mislabel time for self-reflection and recreational activities as not important. Avoid these distractions altogether.

Learning Activity 2.1: Multiple Choice Exercise

Type of activity
<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed
<i>NONE</i>
Estimated duration
<i>20 minutes</i>
Instructions
<i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.</i>
<i>Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.</i>



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3: CONFRONTING PROCRASTINATION – SOFT SKILL

Procrastination is the action of needlessly and willingly delaying or postponing something despite knowing that there will be negative consequences for doing so. For the most successful people in the world, the ability to tackle important tasks that positively impact one's life is a common quality.

There are a variety of reasons people choose to procrastinate in completing important tasks! Such reasons include:

- No clear deadline
- Deficient resources available (time, money, information, etc.)
- Overwhelmed in where to begin
- Tasks feels overwhelming
- No passion to put in the work
- Fear of failure or success



Ways to Overcome Procrastination

The ability to select the most important task at any given moment, and then to start working on that task to finish it efficiently and in good quality; will likely be an immeasurable skill going forward. By nurturing the habit of establishing clear goals, setting priorities, and working on important tasks quickly and efficiently, many of the issues regarding time management will easily be diminished.

Here are some advises in handling through tasks effectively and efficiently:

- **Degree of Importance:** What will happen if this task is not completed? Think back to the 80/20 rule, does it need to be done?
- **Delegate:** Since the task is important and must be completed urgently, someone must do it! This does not mean that it is your responsibility to do it, was this task within your assigned tasks? If you cannot complete it, can it be given to someone else?

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- **Do it now:** Do not postpone important tasks that must be urgently finished! Postponing only breeds anxiety and stress, both of which are lethal to a creative process. Finish a task as early in the day as possible.
- **Ask for advice:** Trusted mentors, supervisors, coaches, or experts; they are prime sources of insight and assistance. Asking for help from such experts may provide great insight into where to start and the steps for completing a project.
- **Chop it up:** Breaking large projects into milestones, which are more easily accomplished, so that you receive the positive feedback of a completed task. Staring up to a huge project can be daunting. By breaking it down, it becomes manageable and provides the opportunity to tick a task off a to-do list.
- **Obey the 15-minute rule:** Each task should take only 15 minutes, by limiting the time you would spend on a task it reduces the temptation of postponing it for later.
- **Have clear deadlines:** Setting strict deadlines for tasks and overall projects. Write them down in a day planner or calendar, where they can be seen daily. Ensure that others are informed of any impending deadlines who will hold you accountable.
- **Reward yourself:** Do not neglect to celebrate the completion of project milestones! Give yourself a reward for getting projects done on time. This will positively reinforce the idea that finishing projects leads to good things and motivate you to work harder to achieve your goals.
- **Remove distractions:** Remove anything that might distract you from finishing your tasks! Create an environment that is conducive to your productivity, and which maximises your output. As they say, "Eyes on the prize!"



Face the music!

All projects can be enjoyable experiences, filled with intriguing tasks and interesting milestones! However, certain tasks might not be attractive or easy, and so you must face them first.

This means that these tasks should not be delayed. If there are two important tasks which must be completed, start with the biggest, hardest, and most important task first. This requires effort and discipline to begin immediately and then persist until the task is completed before moving on to a new task. Resist the temptation to start with an easier task, remember that it is vital to prioritise each day what must be done immediately and what can be postponed.

Developing the lifelong habit of tackling the most important task first thing in the morning, is essential to reach the highest possible levels of performance and productivity regarding a business

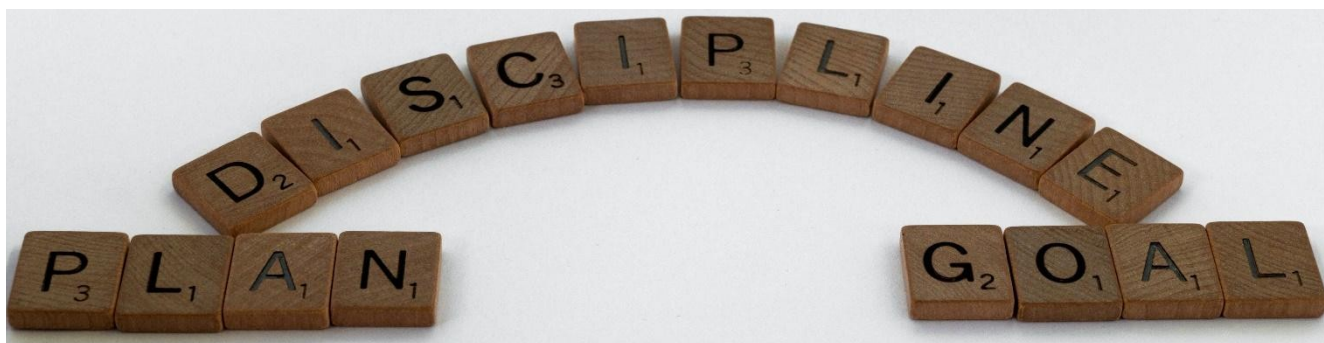


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project. Do not waste too much effort trying to plan ahead, rather develop routines that will assist you in tackling tasks without taking too much time and effort to think on how to proceed.

People who can tackle important and major tasks and who are disciplined to work steadily and single-mindedly until those tasks are completed, are those who can be considered as successful and effective.



Learning Activity 3.1: Multiple Choice Exercise

Type of activity	<i>Face-2-Face and/or online</i>
Description of the activity	<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal	<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable	<i>Individual</i>
Material/s needed	<i>NONE</i>
Estimated duration	<i>20 minutes</i>
Instructions	<i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms,</i>



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where the learners will have access to solve them.

Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.



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4: CRISIS MANAGEMENT – HARD SKILL

When working on a business project, crises are unavoidable, since one cannot plan for everything that might happen. In this topic, learners will be taught how to manage a crisis.



The First Step of Managing a Crisis

Managing a crisis means acting swiftly and decisively while being careful. First, the factor that triggered the crisis must be identified and resolved to manage the crisis efficiently and effectively.

A social entrepreneur must gather and analyse information to better understand the root of the crisis and how to manage it.

- Which events triggered the crisis?
- What were the direct causes? What were the indirect causes?
- What will happen next? What could happen next?
- Who else needs to know about this?

It is VITAL that time is taken to allow for a thorough and accurate research, since it will become the cornerstone for any plan going forward. Acting without having all the information, or even worse based on wrong information, would only escalate the ongoing crisis.

Next is identifying the **threshold time**, which is the timeframe available to act on managing a crisis before it accelerates out of control or worsens to a degree where it is no longer manageable. During this step, it will become apparent if a crisis can resolve itself going forward.

Action Plan



An Action Plan is a document created to establish the timeline of the actions to take to overcome a crisis. The optimal time to create an Action Plan is when all relevant information is gathered and processed. By identifying the trigger of a crisis, deciding on a solution, an entrepreneur can create a timeline to execute the actions required to overcome the ongoing crisis.

While creating an Action Plan outline the steps, the details of each action, the timeline to complete the action and how the work will be distributed. All these will organise the course of action an

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entrepreneur must follow to deal with a crisis. Finally, to ensure that the deadline is not missed, it is helpful to calculate the time it will take to complete these actions.

Below is a sample Action Plan for Art Project 1:

Problem: The Art Project 1 is not completed to showcase at the gallery.			
Solution: Complete the Art Project.			
Timeline: Must be complete within the next 72 hours.			
Step	Action Details	Action Timeline	Work Distributed
One	Gather information on the progress for the Art Project	Two hours	Person X
Two or three	Gather information on what must be done to complete the Art Project	Two hours	Person X
Two or three	Gather information on who will work on it	One hour	Person X
Four	Work on the Art Project	16 hours	Person Z & Person X
Five	Review and edit as necessary	3 hours	Person Z & Person X
Time	24 hours		



Executing the Plan

While executing an Action Plan, it must be evaluated regularly to ensure that it is applied as intended. An example of evaluating the Action Plan from above is, while the plan is implemented it is discovered that the materials needed to complete the Art Project are insufficient. This means that the Action Plan is not applicable since the materials at hand are insufficient. To complete the Project another step must be added, the procurement of sufficient materials to complete the Art Project.

A good practice would be to keep evaluating a plan to ensure that nothing will further delay the completion of the task. To ensure that an Action Plan runs smoothly during its execution, it is vital to remain prepared and on top of events.

Lessons Learned

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Once a crisis is dealt with, an entrepreneur must inquire into what led to it and ensure that it never occurs again. When a crisis is over a good entrepreneur must keep a record of evidence-based practices to ensure that this crisis will not happen again.

In the prior example, the work for the Art Project did not begin on time. By utilising proper time management and setting goals, a learner will know how to plan and prioritise appropriately to prevent crisis from occurring. However, while adjusting and perfecting this knowledge and tools is essential, it is important to know when they might not work.



Some setbacks can't be predicted, such as health issues, being robbed or even natural disasters such as fire. However, there are actions and plans to utilise for such occasions. In the case of a health issue, for example, you could prepare a plan indicating what the procedure would be in case of you being absent due to health issues.

Learning Activity 4.1: Multiple Choice Exercise

Type of activity
<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed
<i>NONE</i>
Estimated duration
<i>20 minutes</i>
Instructions
<i>Trainers: Can read out the exercise details for each activity and present how the activity will be</i>



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carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.

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5: COMMUNICATION TECHNIQUES – SOFT SKILL

Communicating effectively and efficiently is vital for a social entrepreneur! Good communication that is efficient and effective becomes the basis of a good relationship with all the necessary stakeholders for achieving entrepreneurial goals and objectives. A good entrepreneur must communicate his/her idea, and so communication techniques and skills are essential for any entrepreneur.



A confident and good communicator is a person able to impart their goals in an easily comprehensible and inspirational manner, while resonating with stakeholders and clients. This will endear clients into selecting an entrepreneur's brand and stakeholders to collaborate with their business.

On the contrary, if an entrepreneur is unable to communicate their ideas, they will struggle to create networks of collaboration and strategic partnerships with key stakeholders.

Communication techniques and skills do not refer only to speaking and presenting, they expand into reading body language to listening and writing; all of which are critical for an entrepreneur's success.

Speaking

Being an entrepreneur means taking the lead in your business and inspiring confidence in others enabling them to trust your brand. To accomplish this, great communication skills that drive an entrepreneur to accomplish their goals are essential. *"Great leaders are great speakers"* states a well known proverb.

Be Transparent About Your Feelings: Being authentic is an essential part of being a confident communicator. Being willing to be authentic about the pivotal force and passion for their entrepreneurship and goals, will resonate with the audience. There is no need to fabricate a persona to showcase confidence. This should not be limited to communication; it should be implemented to define and promote one's vision and mission. By exhibiting emotional vulnerability, entrepreneurs will be able to connect more easily with potential clients, beneficiaries, and stakeholders.



Be Concise: KISS (Keep It Short and Sweet) is an acronym that should be applied to all communications. Many believe that lengthy and in-depth analysis is the optimal way to explain a concept. However, keep in mind that the average human attention span is allegedly a mere eight seconds and that the mind can retain from four to seven facts at once. Therefore, developing the skill of providing the necessary information in a quick and concise manner is of critical importance.



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Many entrepreneurs often make the mistake of trying to over-explain and driving a point home even after it has been made. This can be a sign of under-preparedness and a lack of confidence. Take the time to create an outline of the key talking points for your presentation, phone call or others. Find ways to make them more interactive, do not monopolise the scene, this will allow the listeners to stay focused and engaged. Never stop editing out non-essential components of a presentation to allow your core message to be the focal point.

Conversing: Conversation is a fundamental form of communication as it is a foundation for many interactions with the wider audience. Establishing comradery with clients and personnel it may assist entrepreneurs to receive feedback about their work and familiarise themselves with current business trends. In addition, being able to approach and commence a conversation provides the opportunity to promote one's business. To accomplish these one must learn to speak in a friendly manner, as well as to actively listen. By learning this skill one can apply it to a variety of situations, from marketing strategy to crisis management.

Writing



In recent years the use of digital communication mediums has been used extensively but not exclusively. Due to the COVID-19 pandemic as well as the inability to meet in person, various means of digital communication tools are now used in daily communication. Which is why it is essential to be able to write well and concisely. To be able to communicate one's thoughts in written format, in a simple and clear manner, allows entrepreneurs to promote their work in times of crisis such as COVID-19.

Nowadays, emails are the most common form of communication between colleagues, partners, or clients. Entrepreneurs **MUST** be equipped with the ability to communicate their thoughts neatly and clearly when penning an email, a report and/or a project idea. This allows entrepreneurs to avoid any misunderstanding, misrepresentation, and pointless meetings.

Presentation

Entrepreneurs are expected to promote their work, ideas, and projects through a well-structured presentation. Entrepreneurs must hone the skill of presenting to use it sufficiently on all levels. Whether it be presenting financials to investors, services to clients, a business proposal to a potential buyer. Even a brief presentation at an event or convention where the exposure and time is limited can make a difference in promoting a brand.

An entrepreneur must always give their best when presenting themselves as it will provide an opportunity to impress the audience, who may become business partners or clients.

When presenting always keep in mind the following:

- Be clear!



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- Be **concise**!
- Always remain **poised**!
- Avoid talking **too fast**!
- Avoid the use of words like “um” **at all costs**!
- Ensure that **good body language** is projected!

Active Listening

Active Listening is an important element in fostering good communication and rapport with others. Providing your undivided attention to clients while they are speaking is something that not everyone does, and because of this people notice and appreciate it.

Active Listening is a skill that will enable entrepreneurs to understand any problems and solve them smoothly and efficiently.

In addition to the above, actively listening allows one to hear the details not stated during the conversation which will provide a better understanding of who they are communicating with.

Body Language and interpreting non-verbal cues are also a part of active listening. An entrepreneur can use body language to project confidence and use it to understand their clients better.

An expert communicator is mindful of their own posture and facial expressions to ensure that their audience receives the message they want to send. Simultaneously they observe the posture, gestures and facial expressions of the person speaking to them. By observing and understanding another person’s body language an entrepreneur can act accordingly. A good example would be that by reading the non-verbal cues when conversing with a client an entrepreneur can discern whether they are happy with their work or not.

Posture is critical to an entrepreneur:

- Sit or stand straight!
- Keep your shoulders back!
- Hold your head high!
- ALWAYS look people in the eye!
- Avoid fidgeting!
- Keep your hands out of your pockets!



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Learning Activity 5.1: Multiple Choice Exercise

Type of activity
<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed
<i>NONE</i>
Estimated duration
<i>20 minutes</i>
Instructions
<i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.</i>
<i>Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.</i>

6: CRITICAL THINKING AND PROBLEM SOLVING – SOFT SKILL

The Cambridge Dictionary defines critical thinking as the “process of thinking carefully about a subject or idea, without allowing feelings or opinions to affect you.” For an entrepreneur critical thinking means solving a problem by carefully gathering information about it, producing ideas



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involving a variety of viewpoints, evaluating the information, using logic, and ensuring that the best possible solution is utilised.

Critical thinking is complex and simple simultaneously. Critical thinking's utmost goal is to ensure that the most suitable solution is found for the issue at hand so the entrepreneur will save time, money, and stress.

Critical thinking promotes:

- Efficient problem-solving skills!
- The enhancement of analytical competency!
- Communication in a team!
- Emotional intelligence!
- Independent and reflective thinking!
- Analysing knowledge and objective evidence!
- Decision making!

Critical thinking and entrepreneurship

For entrepreneurs critical thinking is essential since they do not want to solve problems, but to solve them using the best way possible. This ensures that problems will be solved in an objective and efficient manner, allowing for the business to grow and reduce any needless resource waste.

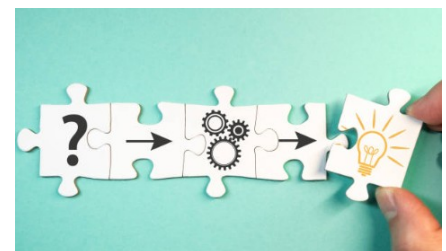
Entrepreneurs with critical thinking are also more likely to accomplish the following:

- Analysing information
- Thinking creatively
- Producing creative solutions to sudden problems
- Devising thought-through, systematic plans

Critical thinking skills

Critical thinking is a soft skill that is a mix of various interpersonal and analytical traits and characteristics.

Here are some essential critical thinking skills that can support workforce success!



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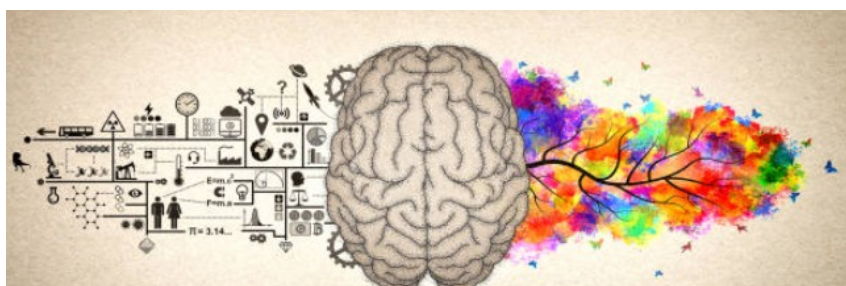
- **Observation:** By utilising critical thinking one can identify a problem – whether it is an existing issue or a brewing one – based on their experience and cultivated perception. They would do this by embracing multiple points of view and looking at the big picture.
- **Analytical thinking:** Means collecting data from a multitude of sources while simultaneously rejecting bias and asking investigative questions designed to discover evidence. It allows one to better assess independent research and filter through the data to establish their accuracy and capability in resolving an issue.
- **Open-mindedness:** People who tend to utilise critical thinking are open to consider the opinions of others and information that may be different from their beliefs and assumptions. This promotes objectivity and at the same time diminishes any bias attitudes
- **Problem-solving attitude:** Critical thinkers utilise a positive attitude when dealing with issues while simultaneously looking for the best available solution to existing problems. They have a proactive attitude in problem solving and in offering solutions to solve issues.
- **Communication:** Once a decision is made it should be disseminated to stakeholders and all other relevant partners.

What are the benefits of critical thinking for an entrepreneur?

Critical thinking allows entrepreneurs to gather the necessary facts and analyse them to make the best decision possible for the business. This ensures that the decisions taken are not hasty providing only a stop-gap solution to the issue at hand.

Critical thinking in the workplace brings the following benefits:

- **Critical thinking improves communication.** As stated earlier when entrepreneurs are not swayed by emotions, they are able to think and communicate more clearly.
- **Critical thinking boosts emotional intelligence.** It promotes the use of analysing rationality. This ensures that the person handling the situation takes the time to do research for the necessary facts and information, to efficiently solve the pending issue while being mindful and respectful of the emotional and ethical associations.
- **Critical thinking encourages creativity.** Critical thinkers become open minded to new perspectives, information and opinions. Because of this they tend to be more creative when coming up with new innovative ideas.
- **Critical thinking saves time and money.** Allows entrepreneurs to identify any issues early on, enabling their business to thrive by saving valuable time and resources.
- **Critical thinking assists** in dealing with **difficult clients** since it teaches one to make informed decisions while managing stressful situations.



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Learning Activity 6.1: Multiple Choice Exercise

Type of activity
<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed
<i>NONE</i>
Estimated duration
<i>20 minutes</i>
Instructions
<i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.</i>
<i>Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.</i>



7: EFFICIENT USE OF ICT – HARD SKILL

Reach Your Goals with ICT tools

In modern society **information and communications technologies (ICTs)** have greatly impacted peoples' lives; at home, school or work, ICTs are now an everyday tool used by all. Regarding work, ICTs have enabled entrepreneurs to work from anywhere they wish and at any time.



In work related matters, ICTs are used to promote people's productivity while simultaneously using less resources. Today an entrepreneur no longer needs to waste precious time and resources to inform a business partner about a new venture, they can create a website where they can refer stakeholders, beneficiaries, and clients to review their business.

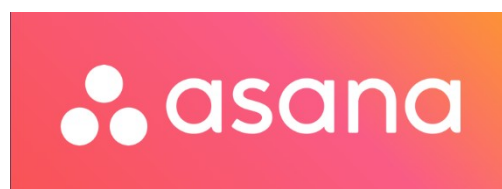
Impacting Work – ICTs

A notable change created by ICTs in workplaces, that became further pronounced after COVID-19 emerged, is how workplaces operate. ICTs have multiplied entrepreneurs' options regarding how to manage work. All that is needed is the right software, a mobile computing device, and an internet connection. Meaning that now there are virtual and physical, or a combination of both, workplaces. Virtual workspaces are particularly popular with an entrepreneur establishing their start-up business since they reduce the costs of starting the business and the administrative costs.

Project management ICTs

ICTs that focus on the management and handling of projects are some of the most often used ones by companies and entrepreneurs. They are a necessity, especially if someone is working remotely. They promote teamwork by allowing others to track the progress of a project, as well as organise their work in an effective and efficient manner.

Please find below a few project management software applications you could utilise to boost your productivity.



Asana is a project management, task management and delegation software. It has a web and mobile application that allows teams to keep track and manage their work. Its key

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feature is categorising work by project, also each member has their own profile which others can view. Additionally, in Asana tasks can be viewed in calendar mode which simplifies their organisation.

Pros & Cons: Asana by combining factors as file storage assists in collaboration and helps manage projects without too much emailing. However, the free version of the software does not give access to all of Asanas' features.



Basecamp is a modern app, which has a social media like interface and allows for carefree team collaboration. It has message boards which allow discussions and reporting features. For clients, it offers a separate interface and allows notification by email options.

Pros & Cons: Basecamp is free. It has simple functionality, makes it easy to use, and a clean design. However, the free version of the software does not give access to all of Basecamps' features.

Internal and External communication ICTs

When working the need for quick and effective communication channels is never ending. While at times an email would suffice, there are times when a quick conversation with a partner abroad is necessary. Therefore, communication tools are necessary for communication with everyone, however internal communication goes the extra step to promote collaboration and communication within a team where they can store information and in-application data. The main point of this software is the efficiency and simplicity of written, video or audio communication.

Webex by Cisco can be used both for internal and external communication.



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The video conferencing service of Cisco Webex Meetings offers a generous free plan. However, it has some feature limitations you'll need to test carefully before committing.

Collaboration ICTs

These ICTs aim to allow teams to be able to work on common documents when necessary to finalise a project. This allows for one part to add onto the existing document without the need to share the file between one another repeatedly. A good software application for collaborations is Dropbox.



Dropbox is a simple, reliable file-syncing and storage service with enhanced collaboration features. It makes a backup to keep all important documents protected under any circumstance. It is more expensive and less integrated than platform offerings like Google Drive, iCloud, and OneDrive. It is available through various media (computers, tablets, phones).

As seen from above there are various ICTs that can help an entrepreneur take their workplace, collaborations, and overall work to greater levels. However, one must keep in mind that ICTs are always evolving, a great application which is currently free may one day require a subscription fee. Another possibility would be that a newer software application may replace existing ICTs if their services are more intuitive, better and overall superior.



Learning Activity 7.1: Multiple Choice Exercise

Type of activity



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<i>Face-2-Face and/or online</i>
Description of the activity
<i>Multiple Choice Questions are exercises where the learners must select the correct answer.</i>
Purpose/goal
<i>The purpose for this exercise is to have learners understand the material covered in this topic clearly and see where they are having trouble understanding a concept.</i>
Group size / individual if applicable
<i>Individual</i>
Material/s needed
<i>NONE</i>
Estimated duration
<i>20 minutes</i>
Instructions
<i>Trainers: Can read out the exercise details for each activity and present how the activity will be carried out. If Face-2-Face, they should be given as handouts which can be solved after each topic is completed. If online, the exercises should be done in an online format, such as Microsoft Forms, where the learners will have access to solve them.</i>
<i>Learners: After the trainer reads out the instructions of the activity and the activity, they should read them again and complete them either on the handout or in MS Forms.</i>



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LEARN MORE

This section will include min 2 - max 4 real-life examples/case studies/best practices/OERs/articles/videos/testimonials etc. demonstrating the applicability of the topic/s in real professional contexts, including:

- a) one sentence to describe the purpose of the item/s*
- b) at least one images*
- c) any relevant link/s*



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FINAL SELF-ASSESSMENT TEST

ASSESSMENT

- 1) When prioritising your goals, it is better to focus on several goals at once.
 - a) True
 - b) False

- 2) Which one is not one of the Three Ps of goal setting?
 - a) People
 - b) Positive
 - c) Personal
 - d) Possible

- 3) The 80/20 rule states that 80% of your _____ come from only 20% of your _____.
 - a) Errors / mistakes
 - b) Results / actions
 - c) Time / actions
 - d) Results / friends

- 4) A deadline to complete a project due next month can be considered Urgent and Important on the Urgent/Important matrix.
 - a) True
 - b) False

- 5) Which item is a reason to procrastinate?
 - a) Do not know where to begin
 - b) Task feels overwhelming
 - c) No clear deadline
 - d) All the above

- 6) What habit will enable you to overcome procrastination?
 - a) Have a clear deadline
 - b) Delay the task
 - c) Make more plans
 - d) All the above

- 7) When a crisis hits you should implement the first solution available.
 - a) True
 - b) False

- 8) The best approach when creating a plan during a crisis is to:
 - a) Identify the problem
 - b) Decide on a solution
 - c) Create a timeline
 - d) All the above



Social Entrepreneurship for ARTS



- 9) Which of the following is/are benefit/s from utilising critical thinking?
- a) Emotional intelligence
 - b) Creativity
 - c) Reducing expenses
 - d) All the above
- 10) What does ICT stand for?
- a) Information and Communication Technology
 - b) International Communication Technology
 - c) International Communication Theory
 - d) Information and Communication Theory

ANSWERS

- 2) When prioritising your goals, it is better to focus on several goals at once.
- a) True
 - b) False**
- 3) Which one is not one of the Three Ps of goal setting?
- a) People**
 - b) Positive
 - c) Personal
 - d) Possible
- 4) The 80/20 rule states that 80% of your _____ come from only 20% of your _____.
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- 8) When a crisis hits you should implement the first solution available.



Social Entrepreneurship for ARTS



- a) True
 - b) False
- 9) The best approach when creating a plan during a crisis is to:
- a) Identify the problem
 - b) Decide on a solution
 - c) Create a timeline
 - d) All the above
- 10) Which of the following is/are benefit/s from utilising critical thinking?
- a) Emotional intelligence
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- 10) What does ICT stand for?
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 - c) International Communication Theory
 - d) Information and Communication Theory

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PR2 - Curriculum for the acquisition of new skills and competences in Social entrepreneurship

Unit 2

How to market the social value and impact of your enterprise_

Partner responsible: Materahub

Unit 2 - How to market the social value and impact of your enterprise

INTRODUCTION

1. The milestones of your marketing strategy: the social values of your business

- Activity 1: "Build your value proposition"

2. Social Marketing: what it is and its basic principles

- Activity 2: "The 4 Ps in social marketing"

3. How to market your mission-driven business online: the digital marketing

- Activity 3: "Your Target Audience"

4. Insight into social media marketing: how to create an effective strategy 14

- Activity 4 a): "Build effective social media marketing goals"

- Activity 4 b): "Identify your social media marketing channels"

LEARN MORE

FINAL SELF-ASSESSMENT TEST

Bibliography



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Unit 2 - How to market the social value and impact of your enterprise

INTRODUCTION

Purpose and Objectives

The unit aims at supporting learners in gaining knowledge about the key principles, characteristics and elements of social marketing. Particularly, regarding the digital and social media marketing to promote the social purposes and core values of their business.

By introducing the concept of social values in business, this Unit aims at providing learners with methods, practical tools and competences to market their business effectively and promote the social impact of their business.

Learning outcomes

Upon completion of this Unit, learners will be able to:

- Understand the importance of the social values of their business and their characteristics as milestones of a marketing strategy,
- Identify their business core values connected to the target audience/customers,
- Apply the basic principles of social marketing to advance the social impact of their business and communicate their values,
- Recognise key characteristics and types of digital marketing,
- Organise an effective strategy to market their business brand and mission online, and
- Develop a social media strategy.



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1. The milestones of your marketing strategy: the social values of your business

Nowadays, a new “class” of **Creative Social Entrepreneurs** is emerging as young workers generating market demand for their goods and services while also contributing to the dynamic shift in cultural sustainability, social justice, and economic development around the world. It is about creative professionals who are committed to the same goals driving social entrepreneurs, from sustainable cities to wellbeing and inclusion.

Social Enterprises (SEs) and CCI (Creative and Cultural Industries) businesses contribute to the social well-being by boosting social and economic cohesion, smart and inclusive growth and by building a mixed and resilient market economy.



Both foster economic growth through job creation, innovation, smart, inclusive and territorial development:

- CCIs contribute to sustainable development by boosting competitiveness, youth employment, cross-sectorial fertilisation, urban and social development,
- SEs have a more targeted impact on communities and their territories by taking care of their real needs and looking for solutions through an integrated approach and in a cooperative manner.

To make social contributions though, it is crucial for entrepreneurs and businesses to have **clear social values as primary goals to convey and achieve**. Social values refers to the values placed on the changes experienced in one’s lives. For instance living close to green spaces or from learning new skills, like first aid or growing vegetables, which can support and enhance individual’s quality of life and those of their communities.

Businesses, services and products adopting social values have society's best interests in mind and aim at delivering results focused on empowering communities and benefiting consumers.

That is how entrepreneurs can set clear and tangible objectives in their business; by defining what the positive outcomes for people and society are while managing their budget and delivering a product that people actually need.

Social values can be incorporated into everyday business plans or can be the driving force behind starting a business venture. Any type of business can promote social values such as:



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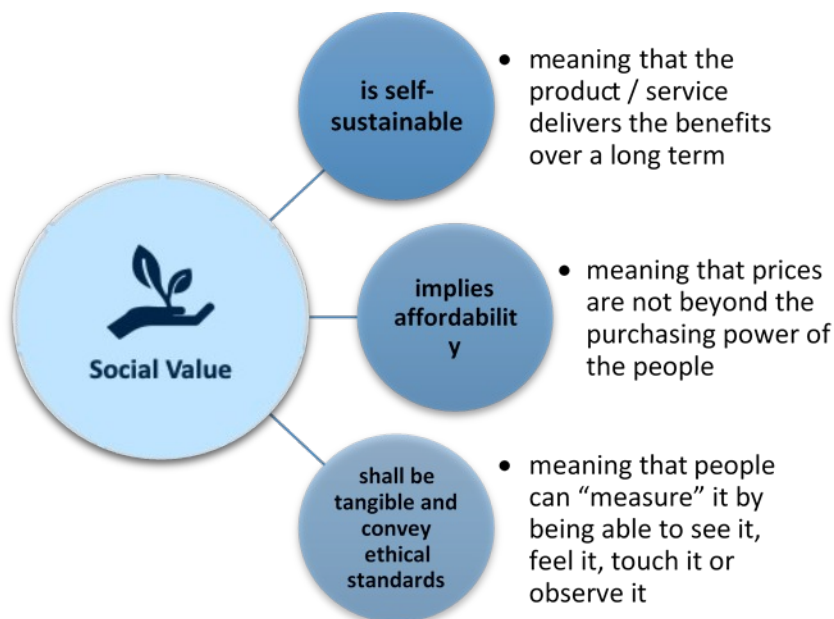
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- **Protecting the environment** that can easily become part of anyone's business processes by purchasing recycled products for instance or properly disposing of any hazardous waste materials, turning off computers and lights when not in use or keeping company vehicles in good working order to reduce harmful emissions.
- **Supporting humanitarian causes** related to ones' business. For instance, a restaurant owner may decide to donate part of the revenue to assist those in need.
- **Generating impacts on one's own community** by demonstrating social values, by sponsoring or raising money to improve community services for instance.
- **Adopting specific business procedures or promoting specific social purposes**, for instance by charging a reasonable price for your goods and services while placing a strong emphasis on customer service or producing and marketing a "green" product that helps the environment.

The social value of a product or service, which is more than satisfying a need, needs to be delivered and highlighted throughout its design to deliver the benefit/s offered by the product or service.



The key question now is: *how does one stand out from the competition, capture customers' attention, and drive sales based on your value rather than your pricing? **How do you communicate and market your core social values?***

Well you can begin by defining, communicating and marketing your unique values and social purposes by focusing on the following 3 key initial steps.

- **Step 1: Identify your core values** - *What is/are the social values and purposes of your business?*



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- **Step 2: Know your target audience / consumers** - What are their goals? Their challenges? Their fears? What problems do you help them solve?
- **Step 3: Market your values** – your values shall speak to your customers' goals or problems and communicate the exact results your customers will enjoy.

The following activity helps you reflect and go through the first 2 steps by identifying the core social values of your business and state what your value proposition is, which is **the value that your business promises to deliver to customers/audience and explains why they should choose to buy/use your service/product**. A value proposition is part of a company's overall marketing strategy.

- Activity 1: “Build your value proposition”

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
This activity articulates the product/service's features and uses and differentiators while taking into account the customers' problems in order to identify the core value of the product/service.
Purpose/goal
At the end of this activity, learners will be able to: <ul style="list-style-type: none"> - reflect on the different aspects (emotional, intellectual, material/financial, social, other) of the product/service for themselves and others - identify the main drivers that engage people with it - the benefits and the impact generating by the product/service to themselves and to others - clarify whether it satisfy a need or solve a problem - to become aware of some key aspects of the people who they are targeting
Group size / individual if applicable
From 2 to 4 people
Material/s needed
If face-to-face: hand-out print (see Annex Activity 1), pens, blank papers, pens, markers If online: the trainer may create an interactive file or convert the hand-out into an online file through jamboard or other online tools
Estimated duration



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45 minutes
Instructions
<p>a. learners are introduced to the topic: this phase is not included in the overall timing of the activity (the trainer may create a ppt presentation or simply use the contents included in the introduction of the activity worksheet attached)</p> <p>b. if the activity is individual, learners reflect upon their own product/service and relevant target group or, if they work in teams, they can either refer to a case study presented by the trainer or select one existing business run by one of the team members</p> <p>c. learners are asked to complete the activity worksheet as per instructions included in the activity worksheet provided</p> <p>d. learners present their outcomes, share thoughts, suggestions, experiences etc.</p>
Links / references
<u>How to Write a Value Proposition (+ 6 Modern Examples)</u>
Extra tips, options or adaptations, checklist and so on

2. Social Marketing: what it is and its basic principles

While you are exploring the social purpose of your product/service and the people that you want to engage, it is time to learn about social marketing, which has a solid foundation on the social purpose of a product or service.

Starting from a careful mapping out of target groups, social marketing aims at understanding their needs, lives and motivations to find product/service-market fit, i.e. a product or service that fulfils the target group's needs. Clearly, although social marketing is based on commercial marketing principles, its purposes go beyond simply achieving profit only.

According to Andreasen Alan R. (1988), social marketing is "*the application of commercial marketing techniques to social problems*". In other words, this means that the core objective of social marketing is to drive and lead people to change their behaviours to foster the well-being and long-term benefits of society as a whole through the selected cost-effective resources and interventions that have the best impact over time.

In other words, **the core of social marketing is about changing people's behaviours for the benefit of the consumer or that of society. Additionally, to promote social, environmental and economic issues and evoke consciousness through marketing tools.**



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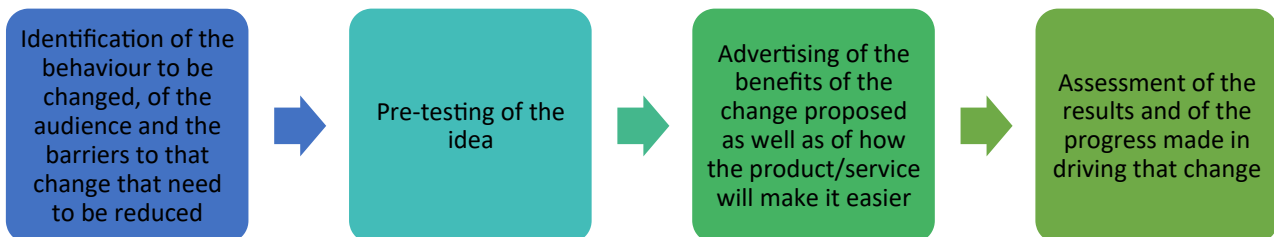
Social marketing generates different advantages for the:

- businesses who besides their financial goals (profit), work to achieve more sustainable goals including people and the planet to develop products and services satisfying consumers/audience's needs for the good of the society and the environment
- consumers who are driven to buy / use products/services that are ethical and socially sustainable and responsible

Among the many examples of social marketing which is targeting different issues related to the environment, social awareness or body health, there are some interesting ones as described in [Z Inspirational Social Media Campaigns](#), including:

- [Getty Museum Challenge](#), which is when the [Getty Museum](#) used Twitter, Instagram, Facebook when during the pandemic lockdown, challenged the public to share homespun recreations of its various artworks. There was positive feedback from the public, who enthusiastically responded by creating various works of art paying homage to the artists in both hilarious and impressive ways.
- [Save The Music's #musicsaves](#) which used TikTok to raise awareness of the importance and the impact music can have on mental health, as well as draw attention to the foundation itself.
- [Zalando's #styledayfriday](#), which used Instagram and TikTok to overcome the difficult period of the Covid lockdown when the sales dropped down dramatically. So, the European fashion brand Zalando promoted a weekly, get-dolled-up challenge among its followers: turn [Casual Friday into Style Day Friday](#).

The key steps for a successful social marketing may be summarised as follows:



Since the change cannot happen overnight, it is crucial to raise interest and awareness and motivate people into changing their attitudes to make them willing to act for change.

Finally, since social marketing has its roots in commercial marketing, knowing the fundamentals of marketing, social or profit-oriented, is essential. In the commercial marketing, we refer to the 4 Ps:

- **Product** is about “what you are marketing”, which for social marketing is the product/service that will drive the change.
- **Price** in social marketing is not only about money but also a question of time or how much effort it will take to change a behaviour.



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- **Place**, which is crucial to make your product/service not only available, but also easily accessible to as many as people possible.
- **Promotion** is the advertising that you can do.

In a very interesting article 4 Ps of Social Marketing by Arindra Mishra (August 9, 2020), the author provides a clear overview of what the 4Ps from commercial marketing may mean for social marketing with a focus on “serving society”. The 4 PS are explained as:

- **Purpose**, which will help giving direction to the business marketing strategy
- **Platform**, which are the channels used to communicate with the customers/audience that differ depending on the types of activities to be performed and the characteristics of the audience/consumers.
- **Participation**, which shall imply active interaction of the audience/consumers
- **Performance** to monitor and assess the achievements of the social marketing strategy applied.

In order to define your business brand, firstly you need to understand the elements that make up your company’s marketing mix.

As shown in the graph below, the 4 P’s of Marketing can be outlined as follows:

Product: regardless of your type of business, you have to have a clear vision and understanding of exactly what your product or service is and why or what makes it unique before you can successfully market it.

Price: price is a crucial factor that influences your profit margins, supply, demand, and marketing strategy, which can influence the place and the promotion chosen to market your service/product.

Promotion: this action implies many ways to disseminate your service or product information to consumers, clients or audience and includes advertising, PR, social media, email marketing, search engine marketing, video and more.

Place: it is crucial to put the right product/service at the right price, place and at the right time. Above all, it is crucial to identify most ideal locations to convert potential clients into customers.



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- Activity 2: “The 4 Ps in social marketing”

Type of activity
Group activity (F2F & online)
Description of the activity
This activity helps learners understand the elements that make up a company’s marketing mix through the 4 Ps of Marketing and how to use them when presenting your product or service to the market.
Purpose/goal



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At the end of this activity, learners will be able to: <ul style="list-style-type: none">- identify what the product/service offers, its benefits and how the target audience will use it- what makes it unique before being able to successfully market it- the costs involved within their marketing strategy- how to make their product/service available to the target audience- what advertising and promotional strategy to adopt
Group size / individual if applicable
From 2 to 6 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>Activity 2</i>), pens, blank papers, pens, markers If online: the trainer may create an interactive file or convert the hand-out into an online file through jamboard or other online tools
Estimated duration
30 minutes
Instructions
<ol style="list-style-type: none">learners are introduced to the topic: this phase is not included in the overall timing of the activity (the trainer may create a ppt presentation or simply use the contents included in the introduction of the activity worksheet attached)learners are presented with a case study chosen by the trainer or they can select one existing business run by one of the team memberslearners are asked to complete the activity worksheet by answering the questions included in the activity worksheet attached to fill in the chartlearners present their outcomes, share thoughts, suggestions, experiences etc.
Links / references
4 Ps of Social Marketing
Extra tips, options or adaptations, checklist and so on
This activity may be carried out individually by referring to the learners' product/service



3. How to market your mission-driven business online: the digital marketing

Surely, one of the most effective ways of marketing and messaging a business brand as well as its mission including social values and purposes is digital marketing, also known as online marketing.

According to Kotler and Armstrong, 2009 ([Digital Marketing](#))¹, *digital marketing is a form of direct marketing which links consumers with sellers electronically using interactive technologies like emails, websites, online forums and newsgroups, interactive television, mobile communications etcetera.*

Nowadays, the online channels are highly accessible and it is easy to build target audiences/customers profiles online, deliver and advocate the impact of businesses social purposes. They also speed up the impact that a product/service may have in changing people's behaviours and lives and are cost-effective compared to the traditional profit-centric marketing strategies.

For small businesses, digital marketing is even more suitable as it has minimal upfront costs and is a cost-effective marketing technique, which includes several strategies, technologies and electronic devices allowing you to reach consumers online such as in social media, pay-per-click, search engine optimization, and email marketing.

Thanks to this, **digital marketing allows businesses to:**

- **establish their brand identity,**
- **provide effective customer experience,**
- **convey promotional messaging, and**
- **measure its impact through the customer journey.**

As any marketing techniques, in order to establish a successful digital marketing strategy, there are key steps to follow:

- *Identify the target audience/customers, their needs and interests in connection with the business mission and products/services*
- *Creating valuable content (such as blogs, podcasts, videos, tweets and so on)*
- *publish, promote and distribute that content effectively and efficiently for people to discover the brand, learn about and support the business and its mission, therefore using/buying the service/product*



It is important to consider the different types of digital marketing, including:

Search Engine optimisation (SEO), which is more a tool than a form of marketing, allows a business to rank higher in Google search results by identifying the words or phrases that consumers use to search for information online in order to use

¹ Digital Marketing from <http://mailchimp.com/marketing-glossary/digital-marketing/>

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them in the messages to market. When optimising a web page for a search engine, it is crucial to consider the quality of content, level of users' engagement, mobile literacy and other aspects.

Content marketing aims at sharing information and distributing significant and valuable content (meaning blog posts, resources like white papers and e-books, digital video, podcasts, storytelling and much more.) to increase brand awareness so that readers are motivated to take action and become consumers/audience based on a sustainable and trusting relationship.

Social media marketing that engages people in discussion online to drive them to use/buy a product/service by highlighting the business brand, products, services, culture, and more. Depending on the business goals and audiences, some of the most popular social media marketing channels are Facebook, Twitter, Instagram, LinkedIn, YouTube and many others. In the next section, these forms of social media marketing will be explained in depth, which are about creating posts for social channels and responding to any comments posted.

Pay-per-click marketing in which you pay a fee every time someone clicks on your digital ads (such as Google Ads for instance). This allows paying for the ads individuals view with rather than paying a set amount to constantly run targeted ads on online channels.

Affiliate marketing lets someone make money by promoting another person's business. As an affiliate, one gets a commission every time a customer purchases the item that the affiliate promotes. As a merchant, one pays the affiliate for every sale they help make.

Influencer marketing relies on working with an influencer (an individual with a large following, such as a celebrity, industry expert, or content creator) in exchange for exposure.

Email marketing uses emails to promote a business' product/service to make customers/audience aware of the latest items or offers

Mobile marketing which allows engagement with the target consumers/audience through mobile devices, such as smartphones and tablets via SMS and MMS messages, social media notifications, mobile app alerts, and more.

Since the benefits of digital marketing include cost efficiency with a broad geographic reach, easier personalisation with quantifiable results and more effective conversations with more connections with customers, it is crucial to know how to create a digital marketing campaign by:

- **Setting social media marketing smart objectives** (to focus on those goals that will drive your strategy)
- **Identifying the target audience/consumers**
- **Creating a budget**



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- **Selecting the most fitting digital marketing channels** (which often depends on the goals, audience and budget)
- **Assessing the marketing efforts**

The actions to take start with setting up your digital footprint, including the creation of:

1. **Website** with a URL easy to remember and smart device friendly, all key information about your products, services, offers, organisation mission and vision and your team if applicable (a free and easy way to create websites is by using [Wordpress!](#))
2. **E-mail list** that should include the existing contacts of personal, professional and social networks as well as social media contracts.
2. **Social networks**, such as Facebook, LinkedIn, Instagram and so on.
3. **Google analytics**, which is a platform collecting data from your websites and apps to create reports that provide insights into your business
4. **Engaging and valuable content** that is relevant to the products/services, SEO friendly, easy to read and original/innovative as much as possible.

- Activity 3: “Your Target Audience”

Type of activity
Group activity (F2F & online)
Description of the activity
This activity allows learners to learn how to connect with and engage prospective buyers or target audience who is/may be interested in the product/service and integrate the findings into the marketing strategy, create a personalised content and develop long-term relationships.
Purpose/goal
At the end of this activity, learners will be able to: <ul style="list-style-type: none"> - understand who their target audience is - what their target audience need - develop a strategy to guide target audience through the purchasing process - refine their marketing plan with the data collected
Group size / individual if applicable
From 2 to 8 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>Activity 3</i>), pens, blank papers, pens, markers



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If online: the trainer may create an interactive file or convert the hand-out into an online file through jamboard or other online tools
Estimated duration
60 minutes
Instructions
<p>a. learners are introduced to the topic: this phase is not included in the overall timing of the activity (the trainer may create a ppt presentation or simply use the contents included in the introduction of the activity worksheet attached)</p> <p>e. learners are presented with a case study chosen by the trainer or they can select one existing business run by one of the team members</p> <p>b. learners are asked to complete the activity worksheet by answering the questions included in the activity worksheet attached and fill in all boxes</p> <p>c. learners present their outcomes, share thoughts, suggestions, experiences etc.</p>
Links / references
<i>Digital Marketing for Social Enterprises: Definitive Guide [2022]</i>
Extra tips, options or adaptations, checklist and so on
This activity may be carried out individually by referring to the learners' product/service.



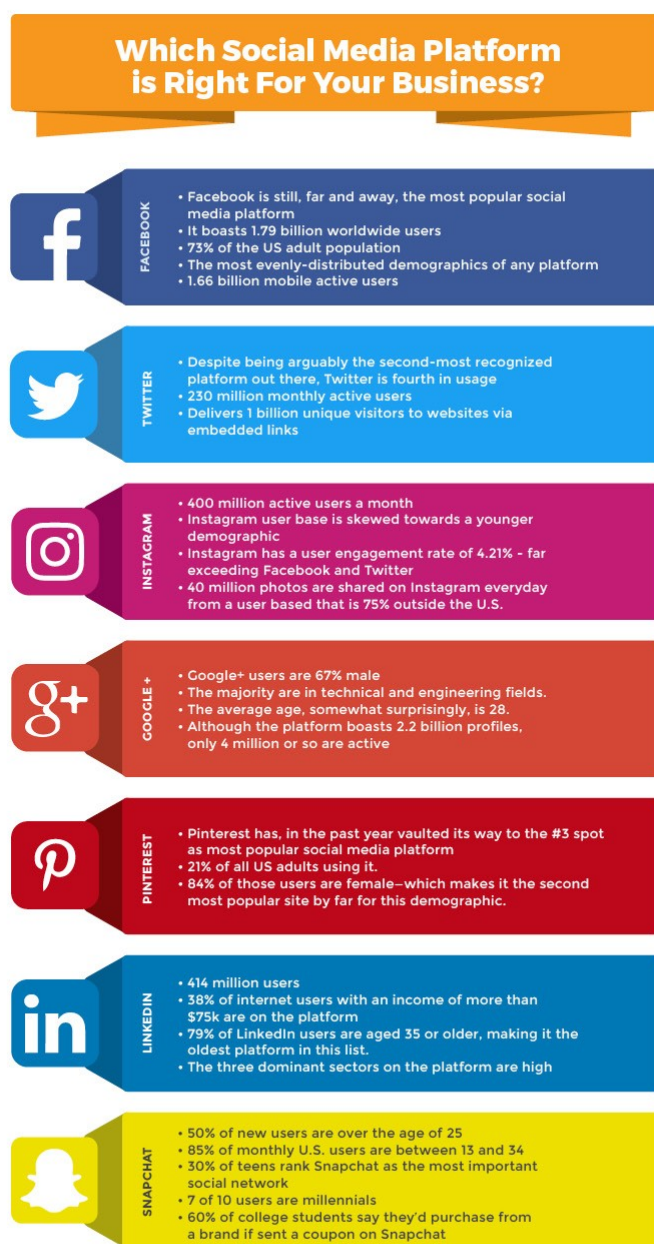


4. Insight into social media marketing: how to create an effective strategy

Social Media Marketing is a widespread and mostly costless form of digital marketing which uses social media channels helping businesses to:

- increase brand awareness,
- engage communities,
- promote, advertise and sell products or services to target audience/consumers,
- deliver social customer service, and
- monitor and track performance as well as fine-tune marketing strategies.

Source: [Social Media Marketing Plan: An 11-Step Template to Use in 2022](#)



The key aspect of a successful social media marketing campaign is the capability to customise it, to make it consistent in both marketing and branding online and, above all, to master one social media channel first, because, whether it is a start-up or an existing business, it is crucial to be smart and strategic.

In order to build a business social media presence, it is important to consider the:

- **Time** that can be devoted to a social network each day, week, and , month and so on,
- **Resources** needed to design contents and visuals, and
- **Target Audience/consumers' characteristics** to select the most appropriate social media channel to reach your target audience.

Based on all this, let us analyse the most commonly used social media channels.

Instagram is great for brands with a lot of visually appealing content. *For instance sustainable clothing and fashion brands use it a lot as people love the stories behind the products and of course, the products themselves.*

SOURCES:
<http://blog.wishpond.com/>
<http://mediakix.com>
<https://zephoria.com>

wishpond

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Facebook is ideal for companies that want to begin attracting new customers and sharing a business content. For smaller social impact companies, it is advisable to have a dedicated Facebook Group, which can provide their time and valuable feedback to the customers, thus building a loyal customer base.

Hints:

- *build authentic likes and supporters from the beginning to make sure that you are targeting those people who will become customers.*

- *Facebook strategies should be all about engagement:*

- *How active are your followers?*
- *Do people leave you 5-star reviews?*
- *Do people watch your videos?*
- *The number of followers does not mean anything without engagement!*

Twitter is a powerful social media tool to connect with your target audience and to spread a message. Additionally, for live events, where people can share their images, updates and check-ins with others no matter where they are there.

Hint: make sure you use hashtags properly and keep updating your Twitter feed enough to increase engagement and get followers.

Snapchat is very effective for new brands targeting younger demographic.

Hint: advertising on Snapchat is still relatively cheap and it is ideal if your content suits the fast-paced, visually stunning format of Snapchat.

Finally, **Tik Tok** defines itself as the “destination for short-form mobile videos.”²

It is considered as an effective way to engage with young audiences, encourage user-generated content and partner with relevant influencers. Many creative influencers use TikTok to reach new global audiences, engage with like-minded communities and work with brands to promote their products and services.

A successful Social Media Marketing strategy involves some key steps, including:

1. The very first step to start a Social Media Strategy Planning is to identify **SOCIAL MEDIA MARKETING SMART OBJECTIVES**, defining the reasonable and affordable efforts, the time, the tangible (material) and intangible (human) resources as well as smart goal energy to dedicate to the campaign. Of course, these social media marketing goals shall align to the business objectives. One of the most well-known methods to set Specific, Measurable, Achievable, Realistic and Time bound goals is the SMART goal setting framework (see the activity below), further developed as “smarter” goal setting presented in unit 1.

SMART is an acronym for:

Specific - *the goal shall clearly state what is to be achieved, by whom, where and when it is to be achieved.*

² An In-Depth Look at Marketing on TikTok from <https://digitalmarketinginstitute.com/blog/an-in-depth-look-at-marketing-on-tiktok>



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Measurable - Measurability applies to both the end result and the milestones along the way to attaining a goal. It answers the question of quantity – how much, how often, how many?

Attainable - The goals shall be achievable; if they are unbelievable even to oneself it is very unlikely you will achieve them.

Relevant - The goals shall be relevant to what one wants to achieve in the short term and the long term.

Time-bound - This sometimes overlaps with the goal being Specific, but it aims to ensure that the goals are outlined into a time-frame.

Below, there are some examples of realistic social media goals.

Business objective	Social media goal	Metric(s)
Grow the brand	Awareness <i>(these metrics illuminate your current and potential audience)</i>	Followers, shares, etc.
Turn customers into advocates	Engagement <i>(these metrics show how audiences are interacting with your content)</i>	Comments, likes, @mentions, etc.
Drive leads and sales	Conversions <i>(these metrics demonstrate the effectiveness of your social engagement)</i>	Website clicks, email signups, etc.
Improve customer retention	Consumer <i>(these metrics reflect how active customers think and feel about your brand)</i>	Testimonials, social media sentiment, average response time (for social customer service/support) etc.

Source: [How to Create a Social Media Marketing Strategy in 9 Easy Steps](#)

Clearly, each channel implies different goals. For example, if you use LinkedIn to drive traffic to your website, you would measure click-throughs. If Instagram is for brand awareness, you might track the number of Instagram Story views. If you advertise on Facebook, cost-per-click (CPC) is a common success metric.

2. The second step, as stated several times in this unit, concerns the **TARGET AUDIENCE/CONSUMERS** of the business that needs to be analysed and defined by considering age, location, typical job title or industry, interests, needs, etc.

Moreover, every platform attracts different audiences. According to the analysis made by [Jamia Kenan](#) in her article [Social media marketing: What it is and how to build your strategy](#) published on September 22, 2022, some key features of the most common platforms are:

- Facebook and YouTube are both prime places for ads due in part to their high-earning user bases.
- The top social networks among Millennials and Gen Z (Millennials are anyone born from 1981 to 1996 - Generation Z is anyone born from 1997 to 2012) are [Instagram](#), [YouTube](#) and [TikTok](#) signalling the strength of bold, eye-popping content that oozes with personality.
- Women vastly outnumber men on Pinterest, which is noted to boast the [highest average order value](#) for social shoppers.



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- [LinkedIn's user base is well-educated](#), making it a hub for in-depth, industry-specific content that might be more niche than what you see on Facebook or Twitter.
3. The third step is developing the most appropriate **CONTENT MARKETING** to build your audience profile by studying the daily habits and lifestyle of your target audience. The metrics for this are the “reach” (the number of unique users who simply view your content), the “clicks” (the number of clicks on your digital content, company name or logo), the “engagement” (The total number of social engagements split by the number of impressions) and the “hashtag” performance.
- As for the audience, also the content should be kept aligned with the purpose of each network. For instance, brand awareness videos on Twitter may be not appropriate if the channel is used for customer support. Metrics are important for assessing, re-evaluating and testing again the social media marketing strategy.
- Do not forget about the visual content marketing, including brand statement, the use of emoji, hashtags and so on that shall be consistent and uniform throughout the whole campaign strategy.
4. The fourth step is another key aspect concerning the need to **KNOW YOUR COMPETITORS**, not only through competitive analysis but also through “social media listening” to find out what they share and what people say about them.
5. Finally, the fifth step is to create a **SOCIAL MEDIA CONTENT CALENDAR**, where you can list the dates and times at which you will publish different types of content on each channel and monitor the frequency of the posting in general, which should never be too much or too little. Some suggested figures are as follows:
- Instagram (feed): 3-7 times per week
 - Facebook: 1-2 times per day
 - Twitter: 1-5 times per day
 - LinkedIn: 1-5 times per week

- Activity 4 a): “Build effective social media marketing goals”

Type of activity
Group activity (F2F & online)
Description of the activity
This activity aims at practising one of the key planning and management, i.e. goal setting.



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Purpose/goal
At the end of this activity, learners will be able to: <ul style="list-style-type: none">- clarify and identify the ultimate goal to be achieved- analyse the <i>smart</i> aspects of it to improve the chances of success by meeting the five goal setting principles- plan the steps, eventually core activities and resources, to achieve it and guide their action planning throughout this experience
Group size / individual if applicable
From 2 to 8 people
Material/s needed
If face-to-face: hand-out print (see Annex Activity 4 a), pens, blank papers, pens, markers If online: the trainer may create an excel file or convert the hand-out into an online file through jamboard or other online tools (see also https://miro.com/templates/smart-goals/)
Estimated duration
45 minutes
Instructions
<ol style="list-style-type: none">learners are introduced to the <i>smart</i> goal setting process: this phase is not included in the overall timing of the activity (the trainer may create a ppt presentation or simply use the contents included in the introduction of the activity worksheet attached)learners are presented with a case study chosen by the trainer or they can select one existing business run by one of the team memberslearners are asked to complete the activity worksheet as per instructions included in the activity worksheet attached starting from the case studylearners present their outcomes, share thoughts, suggestions, experiences etc.
Links / references
How to Set SmartT Marketing Goals
Extra tips, options or adaptations, checklist and so on
This activity may be carried out individually by referring to the learners' product/service.



Social Entrepreneurship for ARTS



- Activity 4 b): "Identify your social media marketing channels"

Type of activity
Group activity (F2F & online)
Description of the activity
This activity allows learners to investigate different aspects of a communication, promotional and informative social media marketing strategy.
Purpose/goal
At the end of this activity, learners will be able to identify: <ul style="list-style-type: none">- how they can reach your audience/clients/users- which tools / places can you use- how can they collect feedback and how can they use it?
Group size / individual if applicable
From 2 to 8 people
Material/s needed
If face-to-face: hand-out print (see Annex Activity 4 b), pens, blank papers, pens, markers If online: the trainer may create an excel file or convert the hand-out into an online file through jamboard or other online tools
Estimated duration
30 minutes
Instructions
<ol style="list-style-type: none">learners are introduced to the SMART goal setting process: this phase is not included in the overall timing of the activity (the trainer may create a ppt presentation or simply use the contents included in the introduction of the activity worksheet attached)learners are presented with a case study chosen by the trainer or they can select one existing business run by one of the team memberslearners are asked to complete the activity worksheet as per instructions included in the activity worksheet attached starting from the case studylearners present their outcomes, share thoughts, suggestions, experiences etc.
Links / references



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[Choosing the right social media channels for your business](#)

Extra tips, options or adaptations, checklist and so on

This activity may be carried out individually by referring to the learners' product/service.



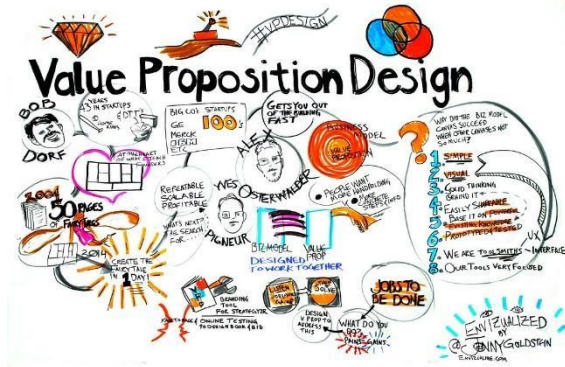
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LEARN MORE



- [Value Proposition – Elements, Requirements and Examples](#)

This article illustrates key elements, features, requirements and suggestions on how to write a successful value proposition creation and some relevant examples from famous brands.

Source: [15425472390_748763801b_b.jpg \(1024x684\) \(staticflickr.com\)](https://www.staticflickr.com/15425472390_748763801b_b.jpg)

- [How to Sell Your Art on Social Media \[CASE STUDIES\] – Sell Art Online](#)



This article presents nine ways to sell more art using social media marketing, including case studies and how-to guides.

- [How the British Museum Increased Social Media Engagement by 126%](#)



This is a very interesting article detailing how a social media strategy focussed on audience engagement and customer service helped the British Museum attract millions of new followers—while deepening engagement and uncovering actionable insights.

- Social EU project is an Erasmus + project for social media skills primarily aiming at supporting project managers coordinating communication and



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dissemination activities within an EU funded project, but providing a wide, interesting and engaging knowledge and tools for any professionals using social media channels. The enrolment to the [Social EU Online Training course](#) is free.



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FINAL SELF-ASSESSMENT TEST

- 1. Social marketing is the use of marketing principles to influence human behaviour in order to improve health or benefit society.**

True - False

- 2. Common elements of commercial and social marketing are (mark all that apply):**

- A. Know your audience and put them in the centre of every decision you make.
- B. It is about action. Be clear in what you want your audience to do.
- C. There must be an exchange.
- D. Competition always exists. Your audience can always choose to do something else.
- E. All correct

- 3. This “P” is the desired behaviour you are asking your audience to do, and the associated benefits, tangible objects, and/or services that support behaviour change.**

- A. Product
- B. Price
- C. Place
- D. Promotion

- 4. This “P” comprises the communication messages, materials, channels, and activities that will effectively reach your audience.**

- A. Product
- B. Price
- C. Place
- D. Promotion

- 5. Social marketing is only advertising, slogans, reaching everyone with a media blitz and a quick process.**

True - False



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PR2 - Curriculum for the acquisition of new skills and competences in Social Entrepreneurship

Unit 3

Creative, Social and Remunerative: How to stand out with your CSE and navigate the market successfully

Partner responsible: ITALCAM



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Unit 3 – Creative, Social, and Remunerative: How to stand out with your CSE and navigate the market successfully

INTRODUCTION

- Purpose and Objectives

This unit provides aspiring social entrepreneurs with the necessary knowledge on management to find their way in the market jungle. The learners will develop valuable skills to build and maintain their business and to guarantee sustainable and maturing growth for the CSE. They will learn how to start the process by developing a business model and a business plan and continue with other important steps. The unit gives the young social entrepreneur tools at their hand and input to make important decisions. The purpose of the module is to give the entrepreneur a guideline on where to start and what to consider keeping their business competitive in the market while at the same time mastering the social mission of the CSE.

- Learning outcomes

Upon completion of this unit the learners will be able to:

- Develop a business model and write a business plan
- Decide on the structure of your business
- Choose your Mission, Vision, and Values statement
- Choose the right digital tools
- Estimate the importance of cooperation and synergies and build a team



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1. ESTABLISHING YOUR CSE



It is widely assumed that businesses and sustainability are on two opposite ends of the spectrum, and compromise is rarely achieved. However, as a social entrepreneur you are in the position to merge those two and state the example that social change is not confined to government programs and NGOs. In fact, a business can be as capable to achieve sustainable goals as a dedicated government organisation.

As a social entrepreneur you are the responsible person for the decisions made within your CSE. Therefore, you can steer the business in the direction of your choice. Furthermore, in the situation the global economy and generally the world is now, it may be crucial that enterprises become not just economically but also socially and environmentally sustainable. Therefore, it is important to combine this core value of your business with a successful business strategy.

To be able to manage a business successfully and in a sustainable way a social entrepreneur must show various sets of skills that was explained in [unit 1](#). But to set up your business you also need to make some strategic decisions. In this chapter you will learn which business and organisational structures exist, the difference between mission, vision, and values statements, and which digital tools you can profit from.

BRING STRUCTURE TO YOUR CSE

When you set-up your business it is important to choose the right and best fitting **legal structure**, also referred to as Business Structure, that is recognised in a particular jurisdiction. The ability of an organisation to engage in certain activities, such as raising capital and taking on financial obligations for the enterprise, as well as the amount of taxes the company owes to taxing authorities, are significantly influenced by its legal form.

If you want to start a business, you should first consider your business' priorities and goals as well as be familiar with the characteristics of each business structure before deciding on the type of legal structure. Inform yourself on the different conditions of the legal form you choose, make yourself comfortable with all the conditions that are linked to this, e.g., how to do the taxes, is there a maximum income per year, can you receive donations etc.

The legal structures of a business differ in each European country. Some have no form for a social enterprise at all, others have different models to choose from. When finding the right legal structure for your business, you can go to your local municipality, a business support organisation or find the information online. The most reliable online sources are government pages and pages of chambers



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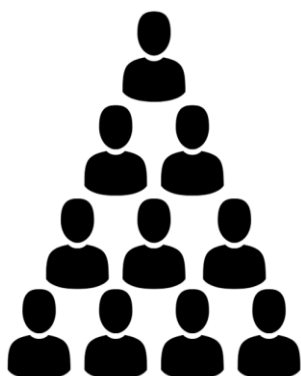
of commerce (e.g., IHK in Germany). Many universities also have start-up or entrepreneurship hubs where students can ask for this information and get some help. There is a [website from the European Union](#)¹ that lists all possible legal forms for each country and that is a good starting point for your research.

In some countries (e.g., Estonia) you can register your business online, in others you have to do the registration in the municipality where your business is located.

In addition to the legal structure, also the **organisational structure** of your CSE is important. It indicates how your business organises its staff to represent the different layers of management. In case your company grows, and you will have new partners and employees it is helpful to already have a plan on how responsibilities are distributed and which kind of hierarchy you want to establish. In case you are starting the CSE being two or more people, it is crucial to have a clear understanding of each one's expectations of the structure and organisation of your business and the responsibilities need to be clear. Ask yourself which chain of command you want to apply, which decisions will be made by whom and which will be taken together.

The most common division is in hierarchical and flat structure. In a company with a **hierarchical** structure often a 'top-down' approach is used as a chain of command. Furthermore, the responsibilities of a manager are often quite narrow. For a smaller business, normally **flat** structures are preferred and adapted. This means the chain of command is shorter and a manager typically has more responsibilities.²

Hierarchical structure



Flat structure



¹ https://europa.eu/youreurope/business/running-business/start-ups/starting-business/index_en.htm, accessed 21.10.2022

² <https://www.bbc.co.uk/bitesize/guides/z6v847h/revision/1>, accessed 21.10.2022

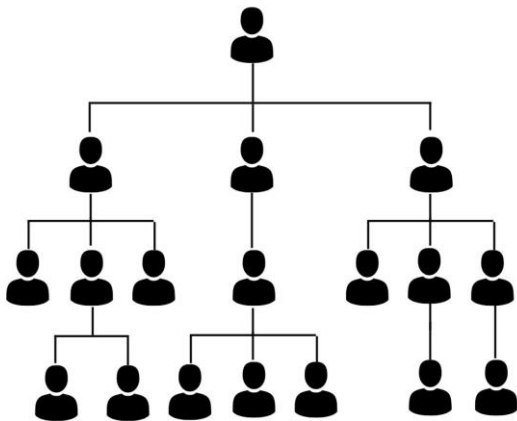


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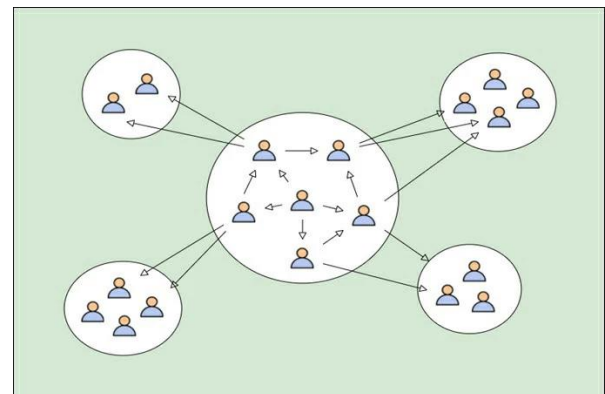


Small CSEs should also consider the approach of the **team-based** organisational structure or even a **network** organisational structure in case you have a lot of external collaborators.³ A **team-based** organisational structure is intended to disrupt the conventional hierarchy by emphasising cooperation, problem-solving, and providing employees more power. On the other hand, the **network** structure is a type of organisational structure viewed as less hierarchical, more decentralised, and more flexible than other ones. In a network structure, managers coordinate and control relationships that are both internal and external to the firm. A network organisational structure makes sense of the spread of resources.⁴

Team-based organizational structure



Network structure



Source: <https://gitmind.com/types-of-organizational-structures.html>

Another decision to be made at the beginning of forming a company, is whether your organisational structure/management style should be **centralised** or **decentralised**. This regards especially decision making and the chain of command.⁵ Normally, centralised structures, where the decision is made at the top and goes down to all the hierarchies, is adapted when there is a hierarchical structure. When it is decentralised instead, the decisions are made together on various staff levels. This makes it possible for all employees to be involved. It is common in flat organisational structures.

Find the list of advantages of decentralised management:

- allow top management to focus on long-term goals rather than day-to-day problems
- encourage accountability and taking ownership of the work
- enable talent development and leadership skills in the workforce
- improve the quality and speed of the decisions being made
- foster innovation and open exchange of ideas
- reduce the staff turnover and improve staff satisfaction⁶
- improved employee motivation

³ Williams, on the Lucidchart Blog, <https://www.lucidchart.com/blog/types-of-organizational-structures>, accessed 21.10.2022

⁴ Williams, on the Lucidchart Blog, <https://www.lucidchart.com/blog/types-of-organizational-structures>, accessed 21.10.2022

⁵ <https://www.bbc.co.uk/bitesize/guides/z6v847h/revision/2>, accessed 21.10.2022

⁶ <https://www.nibusinessinfo.co.uk/content/decentralised-organisational-structure>, accessed 21.10.2022





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- allowing managers lower down the chain to make decisions to suit their local area and customers
- more responsibility for employees⁷

Disadvantages on the other hand could be:

- strong leadership is not established to give direction to the organisation
- administrative or service functions are duplicated across decentralised units
- unhealthy rivalry is emerging between units
- too much focus is placed on the needs of the unit, rather than the business as a whole
- uniform and consistent policies are required across the various units⁸
- managers can make ineffective decisions
- may negatively impact sales and overall business performance, e.g., because of ineffective decisions by managers lower down the chain⁹

MISSION, VISION AND VALUES

To not lose track of your moral compass, it is essential to define your mission and your vision statement. A mission statement describes what you do and how you work right now, and the vision statement looks at the future and what you envision to succeed in.¹⁰ They should not be too long and consist of a few sentences (or even just one for each). If you want your business to be social and sustainable, you should also include your moral values into these statements or even create a value statement that contains them.

Mission:

With a mission statement, you tell the world what you do, how you do it and who you are doing it for. It should contain what you are offering and why you exist, who your core clients /target audience is and what makes you different. Find answers to these questions, write them down and then try to put them together in one statement, changing the order, substituting some words etc. Now you may have several sentences/statements that all contain the same message. In a next step, evaluate what you like and what you don't like about each of them. You may even rearrange or create new sentences. Think about what may still be missing in the statement. If you have business partners, discuss it together with them. It is also helpful to collect feedback from externals like family or friends or the target group to get an outside perspective.^{11 12}

Here are some examples of mission statements from different companies that fit very well:

- Etsy: *Our mission is to Keep Commerce Human.*

⁷ <https://www.bbc.co.uk/bitesize/guides/z6v847h/revision/2>, accessed 21.10.2022

⁸ <https://www.nibusinessinfo.co.uk/content/decentralised-organisational-structure>, accessed 21.10.2022

⁹ <https://www.bbc.co.uk/bitesize/guides/z6v847h/revision/2>, accessed 21.10.2022

¹⁰ <https://www.atlassian.com/de/work-management/strategic-planning/mission-and-vision#>, accessed 25.10.2022

¹¹ <https://www.atlassian.com/de/work-management/strategic-planning/mission-and-vision#>, accessed 25.10.2022

¹² <https://www.batonglobal.com/post/how-to-write-mission-vision-and-values-statements-with-examples>, accessed 25.10.2022



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- Walt Disney: *The mission of The Walt Disney Company is to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world's premier entertainment company.*
- Twitter: *To give everyone the power to create and share ideas and information, instantly, without barriers.*
- Nike: *Bring inspiration and innovation to every athlete* in the world. *If you have a body, you are an athlete.*
- TripAdvisor: *To help people around the world plan and have the perfect trip.*
- LinkedIn: *Connect the world's professionals to make them more productive and successful.*

Vision:

The vision statement is a bit more abstract because it contains the vision you have not just for your company but for what it can create in the future for the world or society. To start, think about your ultimate vision that you want to achieve and try to find answers to the following questions: Why does your work matter? How does it make people's lives better? What does it do for them? In the next 5 to 10 years, how would you imagine your company/product has helped these people or society? How do you know that you reached it? Think big and be bold. Write down different options. Proceed similar to how you did with the mission statement until you have one or more options with which you are satisfied and get feedback. Your vision can and may change over time.^{13 14}

The following are well fitting vision statements of some companies:

- Wikimedia Foundation: *Imagine a world in which every single human being can freely share in the sum of all knowledge. That's our commitment.*
- Habitat for Humanity: *A world where everyone has a decent place to live.*
- Walt Disney: *To be one of the world's leading producers and providers of entertainment and information.*
- Oxfam: *A just world without poverty.*
- Nike: *To bring inspiration and innovation to every athlete in the world.*
- Ikea: *To create a better everyday life for the many people.*
- LinkedIn: *Create economic opportunity for every member of the global workforce.*

Values:

Your mission and vision statements may already include some of your core values, but your CSE benefits from formulating a separate values statement. "Core values are intrinsic to the organisational vision that defines what businesses believe and present to the external world—as well as how they're perceived—and are fundamental to attracting and retaining the best, most capable employees who contribute the most to organisations."¹⁵ Make a list of the most important values that you and your CSE hold. Ask yourself what you stand for, what behaviour you stand for over all else, how you will conduct your activities to achieve your mission and vision and how you

¹³ <https://www.atlassian.com/de/work-management/strategic-planning/mission-and-vision#>, accessed 25.10.2022

¹⁴ <https://www.batonglobal.com/post/how-to-write-mission-vision-and-values-statements-with-examples>, accessed 25.10.2022

¹⁵ Lampton, October 1, 2020, published on Strategic Finance Magazine: <https://sfmagazine.com/post-entry/october-2020-core-values-are-organizational-pillars/>, accessed 25.10.2022

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treat members of your organisation and community.¹⁶ The statement may include points like “environmental sustainability”, “good workplace for parents” or “social justice”. As a CSE it is important that you include your social values - the ones that set you apart from other companies. How to formulate the right ones and communicate them in the right way was explained more thoroughly in [unit 2.1](#) “How to market the social value and impact of your enterprise”.

It is important that these are not just empty statements but are lived by you, your CSE, your partners and your employees. Clients or potential employees should see where you stand and what they can expect from you and if your values align with theirs.

To get a better understanding of values statements, look at the ones of the following three companies:

Etsy:

- We commit to our craft.
- We minimise waste.
- We embrace differences.
- We dig deeper.
- We lead with optimism.

Gusto:

- Ownership mentality.
- Don't optimise for the short term.
- We are all builders.
- Go the extra mile.
- Do what's right.
- Be transparent.

LinkedIn

- We put members first.
- We trust and care about each other.
- We are open, honest and constructive.
- We act as One LinkedIn.
- We embody diversity, inclusion and belonging.
- We dream big, get things done and know how to have fun.



Developing and publishing these statements helps you and your CSE to be accountable for them, even in case you work alone. Be aware that your mission, vision, and values statements are not marketing slogans but make up your CSE's DNA. Developing them you should follow the KISS principle: **Keep It Short & Simple**

USE DIGITAL TOOLS TO YOUR ADVANTAGE

In order for a business to prosper, productivity is essential. It is easy to get lost in the details or focus too much on one part and forget about another, maybe less likeable. Therefore, it is important to find a way that works for you to maintain everything under control, have a good overview about everything when needed and to communicate with and distribute tasks to employees. Digital business tools play a large role in this regard. Having proper tools is crucial for efficient operation,

¹⁶ <https://www.batonglobal.com/post/how-to-write-mission-vision-and-values-statements-with-examples>, accessed 25.10.2022

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which boosts employees' motivation because they will run into fewer problems. A business management tool is an application, system, or methodology that helps a business operate effectively, maintain a competitive position, and improve performance.

Choosing the best business tools for your organisation can be challenging because there are so many different kinds of tools available. Here are some tips to help you choose the right tools for your needs:

1. Define your business needs
2. Consider your budget
3. Research the available options
4. Ask for recommendations from other business owners
5. Look for tools that are compatible with your other systems
6. Evaluate the ease of use
7. Trial different tools before you buy them: There exist many different tools with different options and different prices. You can try most of them for free and see which work best for your business' needs and budget.
8. Consider a coaching for the tool (if you cannot afford it, take time to watch videos that show how to best use the tools and what functions are included)
9. Take time to adapt to it



You should not always choose the best tool on the market but the best one for you and your CSE in that period. The important thing is to understand which ones you need and whether they can interconnect and integrate with each other. For example, check if your mail client does have integrations for the project management tool you would like to choose so you can directly add an email as a task. Or if you want to open an online shop, it is important that the tool you choose for e-commerce can be integrated (e.g., via plug-in) in your website.

In the European Union it is also relevant to check, if they are GDPR compliant in case you insert your client's data. This means that the data and privacy of your clients is stored according to law, saving you from future problems. It may also help that their servers are stored in a country that is part of the European Union. Usually, this kind of information can be found on the company's website.

A good tool to start with, is a **project management** tool. Project management tools and techniques are software and strategies that help entrepreneurs and teams manage their day-to-day operations. They aid in streamlining the procedures necessary to complete project deliverables. Without a reliable and efficient project management software program, it is very hard to manage a complex project, whether it is organising workloads, planning your calendar, or tracking your progress.



Here are some examples that you can check to find the right one for you:

[Asana](#), [Trello](#), [Wrike](#), [Monday.com](#), [Bitrix24](#), [ClickUp](#), [Workzone](#), [ProofHub](#), [MeisterTask](#), [Teamwork](#), [Podio](#).





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Think about the different areas of your business and look for tools that could help you in that regard. Here are just some of the fields for which you can think about using a tool:

- **Website** (e.g. [WordPress](#), [Wix](#)),
- **Invoicing** (e.g. [Zoho Invoice](#), [Invoice Ninja](#)),
- **E-commerce** (e.g. [WooCommerce](#), [Shopify](#), [Spreadshop](#)),
- **CRM** (customer relationship management) (e.g. [Salesforce](#), [SugarCRM](#), [Zoho CRM](#)),
- **HR** (e.g. [BambooHR](#), [kiwiHR](#), [Personio](#), [Monday.com](#)),
- **Content creation** (e.g. [Canva](#), [Gimp](#), [Renderforest](#)),
- **Internal and external communication** (e.g. [Teams](#), [Zoom](#), [Skype](#), [Slack](#)),
- **Newsletter** (e.g. [SendinBlue](#), [Mailchimp](#)),
- **Data sharing & cloud storage** (e.g. [Google Drive](#), [Dropbox](#), [Sharepoint](#), [WeTransfer](#))
- **Analytics** (e.g. [Google Analytics](#), [SAS Business Analytics](#)), etc.

There are many more, but it is important to find the right ones for you. Start by concentrating on the essential ones. While your business is evolving you should regularly check if there are additional tools that could be of more use at that stage. It may take some time to get used to them, but they will make your workflow much more efficient and pleasant.

- Activity 1: “Let’s write some statements!”

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
This activity helps the learners to brainstorm on and develop their mission, vision and values statements as explained in chapter 1.
Purpose/goal
At the end of this activity learners will be able to <ul style="list-style-type: none"> - develop a mission statement for their CSE - develop a vision statement for their CSE - develop a first values statement for their CSE
Group size / individual if applicable
1-5 people
Material/s needed
Pen and paper or an app like <i>notes</i> (if alone) or <i>mentimeter</i> (in groups) to take notes/brainstorm; Annex 1 if necessary (example of BanBag)
Estimated duration
45 minutes
Instructions
a) Mission statement

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The learners should brainstorm on the right mission statement for their business idea (or in case they don't have a business idea yet, work with the example of BanBag presented in Annex 1) following the steps explained before.

b) Vision statement

In a second part of the activity, the learners should think about what their vision is and brainstorm on how they could best formulate it as a statement with their business idea (or in case they don't have a business idea yet, work with the example of BanBag presented in Annex 1) and their target group in mind.

c) Values statement

Last part of the activity gives the learners the possibility to reflect on their values and which of them are their core values that they want to transform into a values statement. They should again take their business idea and work on that basis (or in case they don't have a business idea yet, work with the example of BanBag presented in Annex 1).

For a timely matter the instructor may choose only one between a, b and c.

Links / references

<https://www.atlassian.com/work-management/strategic-planning/mission-and-vision>

Extra tips, options or adaptations, checklist and so on

During the activity 1 of unit 2 the learners developed their social values. They should take them into considerations while doing activity 1 c) of this unit, developing their values statement.



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2. DESIGNING YOUR CSE

THE BUSINESS MODEL

The starting point for any good business venture should be a common understanding of what a business model is. Therefore, the model should be **simple, relevant, intuitive, and understandable**, while not oversimplifying the complexities of how enterprises function.

Following the principle of simplicity, a business model can be summarised into “the rationale of how an organisation **creates, delivers, and captures value**”¹⁷. Therefore, a business model has the function of identifying the **products or services** the company plans to **offer**, its identified **target market**, and the **expected expenses**.

Some of the benefits of business models for both new and established companies are to help the company **develop, attract investment, recruit talent**, as well as to **motivate management and staff**. In this regard, a business model is **not a static** document, but rather a **living and reflecting** one. It must be regularly updated (usually a revision takes place once a year), or enterprises will not be able to anticipate future trends and challenges.

In addition, business models also help investors evaluate companies they are interested in, as well as employees to understand the future of a company they may aspire to join.

Business Model as Canvas

The most know method is the Business Model Canvas developed in the late 2000s by entrepreneur Dr. Alexander Osterwalder and professor Dr. Yves Pigneur, together with a team of 470 co-creators. It is known for being quite intuitive and simplifying the journey for entrepreneurs¹⁸.

In this model, there are **nine building blocks** that should be considered when creating an enterprise: **customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure**.

Below we will explain each of the components and the questions that one should ask in each one of the blocks in order to create a successful business model.

1) The Customer Segment: Defines the different groups of people (or organisations) that an enterprise wants to reach. Customer segments can be acknowledged as different groups if their needs require and justify a distinct offer, if they have different distribution channels, relationships, or profitability.

Which customer and users are you serving? Which jobs do they really want to get done?

There are five different types of customer segments:

- **Mass Market:** They do not distinguish between customer segments. They have the same value proposition for all customers and deliver this offer through the same channels with the same type of customer relationship.

¹⁷ Osterwalder, A.; Pigneur, Y. (2010). *Business Model Generation*. New Jersey: John Wiley & Sons, Inc. p. 14, Accessed from: Online: <https://www.strategyzer.com/books/business-model-generation>

¹⁸ Osterwalder, A.; Pigneur, Y. (2010). *Business Model Generation*. New Jersey: John Wiley & Sons, Inc. Accessed from: Online: <https://www.strategyzer.com/books/business-model-generation>





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- **Niche Market:** They have a specialised customer segment, which means that the value proposition, channel, and relationship are tailored to their specific requirements.
- **Segmented Market:** separates customers into groups with common needs and who respond similarly to a marketing action. It is therefore specified in delivery and retention, having an adapted proposition, sale channel, etc.
- **Diversified Market:** In this type of market, an enterprise offers diverse products or services to different customer segments.
- **Multi-sided Market:** Here two or more different customer segments are served and brought together. They create value by connecting different types of customer segments. Important questions to ask yourself before deciding this option are:

Can we attract enough customers for each side of the platform? Which side is more price sensitive? Can that side be enticed by a subsidised offer? Will the other side of the platform generate sufficient revenues to cover the subsidies?

2) Value Proposition: Is the **bundle of products and/or services** that **create value for a specific customer segment**. The aim of an enterprise is to solve customer problems or satisfy customer needs with value propositions.

Each value proposition consists of a selected bundle of products/services **tailored to the requirements of a specific customer segment**. Some value propositions may be innovative and describe a new or disruptive (ergo innovative) offer, others might be already existing offers, readapted with new attributes. Some features that can be added to an existing offer could be an improved performance, a better customised product or service, a new design, being a certain brand or proving a new status, having a better price/quality relationship, better accessibility, being more convenient, having a risk and / or cost reduction.

*What value do we deliver to the customer? Which problem are we helping to solve?
What need are we addressing/satisfying?*

3) Channels: Are how the product or service is delivered to the customer segments. For example, through an online-shop, retail outlet, physical sales force, etc. This is an important customer contact and plays a crucial role in the customer experience, serving functions such as: raising awareness about a company's products and services, allowing the acquisition of the company's products / services, providing customer support, etc.

Channels can be divided between owned and partner channels and then between direct and indirect channels. Moreover, they have five distinctive phases:

How do customers want to be reached? Through which interaction points? Which channels work best for our customer segment? Which channels are the most cost-efficient?

4) Customer Relationships: Are established and maintained with each customer segment. An enterprise should clarify the type of relationship it wants to establish with each customer segment. There are several categories of customer relationships existing inside of a company (some of them in parallel), e.g.: Personal assistance, Self-service, Communities, Co-creation.

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What relationship are you establishing with each segment? Personal? Automated? Acquisitive? Retentive?

5) Revenue Streams: Represent the different ways in which a business earns money. A business model can involve two different types of Revenues Streams:

1. Transaction revenues resulting from one -time customer payments
2. Recurring revenues resulting from ongoing payments to either deliver a Value Proposition to customers or provide post-purchase customer support.

There are various forms of generating revenue streams: asset sale, usage fee, subscription fees, lending/renting/leasing, licensing, advertising, brokerage fees. There are two main types of pricing mechanism: fixed and dynamic pricing.

What are customers really willing to pay for? How? Are you generating transactional or recurring revenues?

6) Key Resources: On the supply side there are important elements that an enterprise uses to organise itself. The key resources are required to offer and deliver the previously described elements. Different resources are needed depending on the type of business model, in this regard, it can be distinguished between four different types of resources: physical, such as manufacturing facilities, machines, tools, buildings, etc., intellectual, like knowledge, patents, copyrights, brands, databases, human, such as contacts, employees, and financial, e.g., credit, cash, stocks. Resources can be owned or leased by the company or acquired from key partners.

Which resources do you have at your disposal? Which resources underpin your business model? Which assets are essential?

7) Key Activities: Are the most important actions an enterprise must perform to be successful. They are needed to create and offer Value Proposition and earn revenues. They differ depending on the model type and can be categorised into production (designing, making, delivering a product or service), problem solving (providing solutions to customer's problems), platform/network.

Which activities do you need to perform well? What is crucial? Which activities do our Value Proposition need?

8) Key Partnerships: Are crucial make the business model work. Companies forge alliances for many reasons, and alliances are becoming the cornerstone of many business models. Four different types of alliances can be distinguished:

1. Strategic alliances between non-competing companies
2. Coopetition: strategic partnerships between competitors
3. Joint ventures to develop new businesses
4. Buyer-supplier relationships to ensure reliable supply

Which partners and suppliers leverage your model? Who do you need to rely on? Which activities do your partners perform? What resources do you get from them?

9) Cost structure: Describes all costs involved in the business model. It can be distinguished between two broad classes of business model Cost Structures: **cost-driven and value-driven**



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Cost-driven: These models focus on minimising cost wherever possible. They use low value propositions, maximum automation, and extensive outsourcing.

Value-driven: Here the focus lies on having a premium value proposition and a high degree of tailored service.

The cost structures have the following characteristics:

Fixed costs: costs remain the same despite the volume of goods or services produced.

Variable costs: the costs change according to the volume of goods/services produced.

Economies of scale: cost advantages that a business enjoys as its output expands.

Economies of scope: cost advantages that a business enjoys due to a larger scope of operations.

What is the resulting cost structure? Which key elements drive your costs?

Business Model for Social Entrepreneurship

A Business Model with social purposes has some variations than one profit oriented one since there are more elements to consider. Different from the profit-oriented Business Model, social enterprises start because they aim to generate a certain social change. Therefore, there are at least two other types of customer's segments in these kinds of enterprises. First, the **beneficiaries**, which is the target group intended to be helped and second, the **paying customers**.

The Social Business Model Canvas was created in 2013 by the Social Innovation Lab and Tandemic. In this model we find new key components that were not considered in the for-profit Business Model such as **Core Intervention, Surplus, Beneficiaries, Value for Beneficiaries, Social Impact Mission and Value for Customers**.

There are three new sections encompassing the social and economic aspects relevant for these types of enterprises: **Value Creation, Value Delivery and Value Capture**.

Fear not, since most of the elements from the regular Canvas Model remain the same, and only some are slightly changed. Moreover, the Social Business Model is very intuitive like the other one and quite easy to adapt to different projects. Below a quick revision with the new added features.

1. Value Creation:

- **Social Impact Mission:** What is the ultimate social change your organisation aims to generate?
- **Beneficiaries:** Which target group are you aiming to help with your enterprise?
- **Core Intervention:** What is your core product, service, or solution?
- **Value for Beneficiaries:** What exactly are the beneficiaries receiving with your enterprise?
- **Customers:** Who are your paying customers?
- **Value for Customers:** What are your paying customers receiving with your enterprise?
- **Channels:** What are your sales channels?

2. Value Delivery

- **Key Activities:** What are the activities that keep your enterprise running?
- **Key Resources:** What are your physical, intellectual, human, technological or financial?
- **Key Partners and Stakeholders:** Who provides external support to keep the enterprise running?

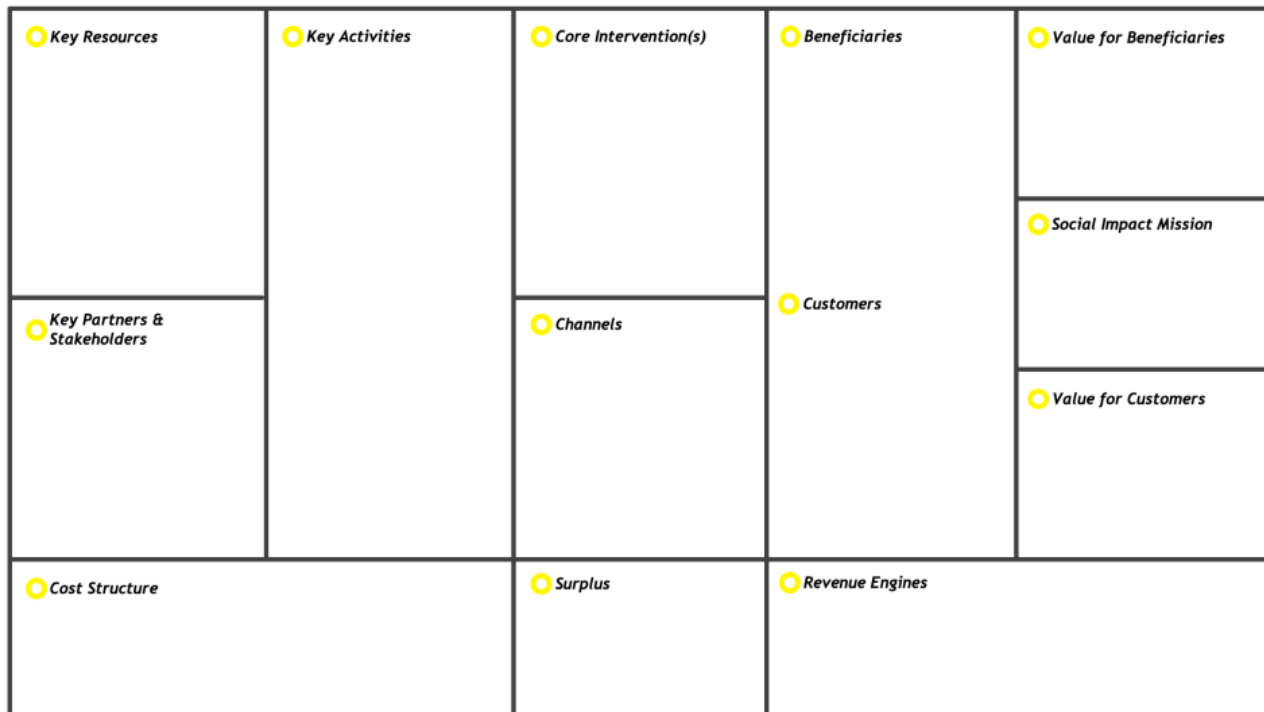
3. Value Capture:

- **Cost structure:** What are the major elements of cost impacting the business?



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- **Revenue Engines:** Social enterprises usually rely on a mix of different revenue streams to become (and remain) financially viable. What are yours?
- **Surplus:** If you have some, how do you reinvest it?



Social Business Model Canvas. Template adapted from Social Innovation Lab and Tandemic

You can find this Business Model Canva for Social Enterprises in Annex 2.

To see how a business model for social entrepreneurship works with a fictive case study please take a look at Annex 1 of this unit.

THE BUSINESS PLAN

After deciding on your business model, you now need to draft your business plan. A business plan is a **roadmap for how to build your enterprise** and it lays out your growth plan for at least the next 24 months. It explains your business **goals** and your **strategy** for reaching them. It includes **market research** to support your plans. It also serves to communicate the enterprises' value proposition to employees, advisors, partners, customers, and investors.

It is important to consider that while business plans address all the questions needed for any business, social enterprises also need to consider the alignment with mission, organisational background, and structure, as well as the evaluation of both financial and social impact.

The purpose of a business plan

Formulate an idea, create an entity in the form of a company and then run it.

Somehow, many small businesses have nothing documented in this way and venture into starting a business without having written down what they want to do and how.



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A business plan aims to help the management of an organisation by **setting out ambitions, how they will be achieved and precisely when**. The plan will also help to summarise **what the business is about, why it exists and what goals it wants to achieve**.

In addition, an important point is that the business plan serves as a key reference point for investors, partners, employees, and management to assess progress against objectives.

To sum up, a business plan intends to:

1. Align team's member's ideas
2. Provide an operational plan
3. Help to communicate with stakeholders
4. Attract funding

Further questions that help to build a business plan are:

1. How do the funders link together?
2. How detail oriented are the founders?
3. How big is the market?
4. Is there a competitive advantage (and which one)?
5. What is the growth plan?
6. How will you overcome barriers?
7. How will you develop your enterprise?
8. What happens if your co-founders leave?

To establish credibility, it is critical that a business plan **does not overestimate market sizes, underestimate competition, or projects results over-aggressively**. Rather, they must present realistic scenarios for achieving success, including various scenarios planned to explain both a **best-case** and a **worst-case** scenario for each of the following sections:

Financial, Staffing, Marketing and Operations

Setting your goal

As an entrepreneur you need to understand where you should centre your efforts and concentration. The first steps of starting your enterprise can be very chaotic because there is so much to set up, think about, implement, and develop. Amid all this and with a huge list of to do's, it is very easy to lose track of what needs actual focus.

When writing a business plan, you're defining exactly what your organisation is today and then intends to become tomorrow.

To proceed with building your enterprise, you should first decide and understand who exactly your **customers and beneficiaries** are, including their **needs and wants** and then expand on this and on how your products or services address their requirements.

These are vital matters to address during the first steps. Before creating your own business plan take yourself the time to analyse and research your **market, competition, and target customer**. You need to really understand the problem your target customer has, to be able to address it successfully. Therefore, you need to carefully consider following points:

1. Identify the problem that your product or service wants to solve
2. Specify how the product or service is going to solve that problem



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3. Quantify the specific benefits delivered
4. Argue why your proposition is the better option on the market (for your target group)

Common problems

There is an inherent need in a business plan being user-friendly. Keep it simple and only include the essential parts. Therefore, there are three common mistakes that you must avoid when developing your business plan:

1. The logic of your business plan is too hard to follow

A business plan should be focused and precise. A priority list with under 5 items provides that focus.

2. The business is not obvious

The business plan should be tailored to the target audience. You should think carefully about who will be reviewing the plan and try to anticipate any questions or concerns. Then work to clearly address those areas and provide the right information.

3. There is too much information

The goal of writing a business plan is to focus only on the most important and relevant information about the business. If the plan is longer than 20 pages, it is probably not focused enough. For this reason, try to focus on the most important information, such as your product, your competition, the market problem, and its solution, etc.

In case a potential investor wants more information, you can always have separate documents prepared that are more detailed in each area. But for the plan itself, the information should be concise, organised and to the point.

WRITING A BUSINESS PLAN

1. *Visualise your target group.*
2. *Consider your range of options to minimise risk*
3. *Have a plan B in a worst-case scenario*
4. *Remember that your business will change, and that this is a good thing.*

To not get discouraged it is important to remember that *“no plan survives the first customer contact”*. A business plan is useful for enterprises that are already established. If you are starting a business, you first need a Business Model you will follow. Therefore, take yourself the time to analyse different options and ask yourself what type of business you want to build. Do not make a choice without considering several models first. Once you have done that, you need to test your business model.

Why is that?

Your initial idea is a hypothesis, which you need to test first and prove that it will really work. If not, you risk losing money, time, and resources. This testing phase is called **Customer Development**.

Developing a business is divided into two main activities: **Research and Execution**.

In the research phase you should first verify every possible hypothesis. Talk to your prospective customers to test each of the different pieces of your model and your plan and repeat until proven. One way of doing so is concluding the sales of a minimum viable feature set. Adapt the model to



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your needs until it is the correct one. Once you have done that, then you can start with the execution phase.

The execution phase encompasses scaling your marketing efforts and building your organisational structures.

Do not start your business plan or build your company, until you have verified your business model.

Key elements of a Business Plan

Although there are several business plans available, there are some key characteristics that all successful plans must contain.

Here a list of these elements and what they intend to do:

Executive Summary: The executive summary should answer the most important questions of your enterprise. It will be the first part of your business plan and precedes all other parts. Its purpose is to give a quick overview of the topic at hand to the potential readers. Be precise in your choice of words and don't leave out relevant details. Budget and target figures should always be included. Present your reader the most relevant numbers of your first years; how much revenue will your business create and when can you expect to start making profit.

List your own capital resources, how much borrowed capital is required to start your business, etc. Try to keep your executive summary under two pages, if possible, although it can be longer if necessary. To be sure to include everything relevant a potential lender might want to know about your social business, you can structure your Summary around the famous 5 P's:

Passion, Purpose, Plan, Partner, and Profit

1. **Passion:** this is a critical element of every business and when you convey your passion driven position to your cause as a social entrepreneur you will gain immediate credibility and authenticity. Be honest with your scope and with your limits and aim for values that you personally, as well as your audience, the stakeholders and your employees are willing to support.
2. **Purpose:** state the purpose of your business clearly and distinctly. Identify the target group (beneficiaries) that your business wants to support and be transparent with the ways you want to achieve this. Give your clients a clear instruction how your product or your service benefits in particular the social cause and how they can participate efficiently by engaging with your company.
3. **Plan:** be prepared to face difficulties and obstacles along your way. They will inevitably come, but if you have a plan, your enterprise will be much more persistent to the turbulences of the market. Consider potential negative outcomes and risks and project them on your CSE. With the right preparation and a flexible mindset, you will be able to navigate your business through economic upheavals.
4. **Partner:** the right people in your team can make a world of a difference. Especially as a social enterprise you want your staff to have values, be purpose-driven and take responsibility. Take advantage of synergies and don't be afraid to delegate tasks to others. To create a great team, you can follow the philosophy of hire for character and train for skill.

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5. **Profit:** After all, you are a business. On the market. The vision and social purpose of your CSE can only be successful if your business is thriving. Be sure to account for revenue streams and keep an eye on your expenses. In the end it is easier to do good with a profitable business than with a struggling one.

Even if it might sound counterintuitive; write your executive summary last. A good summary should include and present all the important facts and figures of your business plan, and you will have a much better overview of all the topics when the main text is already written.

The Business / Organisation: Basic details like the name, address, etc. The business Idea, social purpose, legal status, and structure. Moreover, you should include the background of the enterprise, mission statement and aims.

Key Staff: Quick overview of the staff with their skills, experience, knowledge, roles responsibilities and training requirements.

Product or Services: This includes information about the problem you are aiming to address, your solution and how your product or service fits into the existing competitive landscape. Ask yourself: What is the problem your product is aiming to solve for your customers and what is your solution?

1. Product/service description
2. Positioning of products/services
3. Possible future products/services

Competitive Analysis: Next, you should describe your competition both non-profit and for-profit, and the value proposition, or market advantage, of your proposed business. If you have any competitive advantages, such as specific intellectual property or patents protecting your product, this chapter is a good place to talk about them. Do an analysis of the competition, find out: Who else offers solutions that try to solve your customers' problems? What are your competitive advantages over other companies?

1. Primary competitors
2. Competitive products/services
3. Risks and opportunities in competitive market
4. Recent or emerging changes in the industry
5. Specific description of competitive advantage/ value of proposed product or service

The Market: The market analysis is the heart of the business plan and is too often inadequately explored when planning a social enterprise. Solid research is necessary to understand the target customers and how the enterprise will meet a gap and demand in the market. No matter how good a mission or undertaking is, if there is a deficiency in market knowledge, there will also be a lack of demand for the product or service.

First, describe your target market. Your target market is the group of people you intend to sell to and the group of beneficiaries. Here it is important to be as specific as possible, as this will make it easier to create a sales and marketing plan that reaches your customers.



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Next, you should do a market analysis and research in which you explain how your market is growing over time and how your company is positioned to take advantage of the expected changes in your sector.

1. Summary of current market situation
2. Target market and customers
3. Customer characteristics, unmet demands and buying factors

Social Purpose: A social enterprise of a non-profit organisation may contribute directly to achieving a certain social purpose; may be complementary or supportive of purpose; or may be unrelated to purpose (with primarily financial goals). The alignment to the purpose is a critical question.

1. Organisation mission and/or vision statement
2. Relationship of social enterprise to organisational mission, or separate mission for the enterprise

Social Impact: The social impact you are creating with your enterprise is just as important as keeping your finances in order. Therefore, you need to establish some parameters to understand it and work on it. You need to clarify how you will measure your social impact. You might use a mix of quantitative and qualitative methods to get the best picture. Quantitative data includes numerical and financial data. Qualitative data includes more subjective data like quotes, images, or videos which could be collected using surveys or focus groups. There are several methods out there to measure your impact. For more info and strategies visit: [Moving worlds](#)

Marketing and Sales: Here is where you detail how you plan to reach and sell your target market segments, what your pricing plan is, and what types of activities and partnerships you need to make your business a success.

The plan should analyse the logistics and costs of selling the products, as well as the potential obstacles the company may have to overcome.

*You can do a **SWOT analysis**. This is a good way to explain how your products and services are positioned to deal with competitive threats and take advantage of opportunities.*

Finance: the financial section includes projections for revenue and expenses for at least three years with a summary narrative of the key assumptions. This section also details the start-up costs for capital equipment, inventory, initial marketing and staffing, and subsidies needed to cover losses during the start-up period. These capital requirements may be funded from a combination of contribution from the non-profit, grants for the enterprise, and/or debt financing.

1. Start-up costs and investments in equipment, technology, or one-time costs
2. Capital requirements and sources
3. Income and expense projection
4. Pro forma balance sheet for start up
5. Cash flow summary or projection
6. Assumptions and comments

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Templates

We have attached in the annex two templates specially made for social entrepreneurship: Annex 2 is a Business Model Canvas template and Annex 3 is a Business Plan template

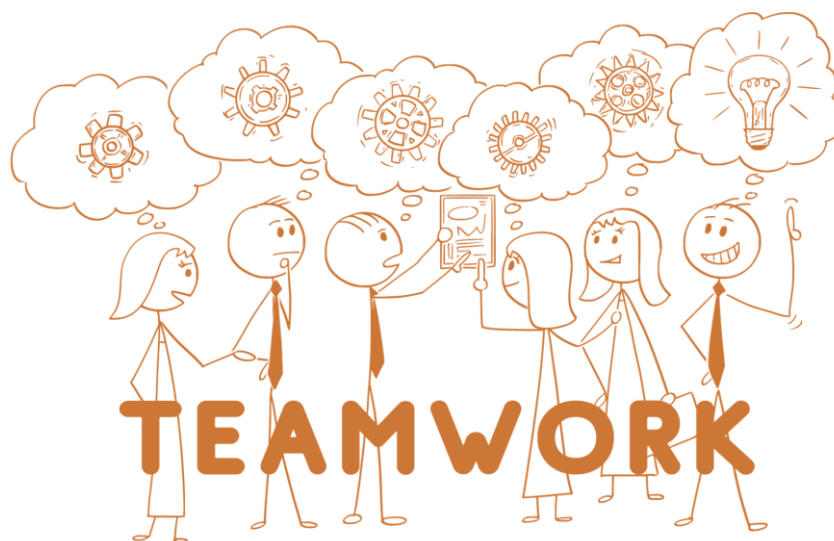
- Activity 2: “Bring your business idea to a higher level: Make a Business Model”

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
On the basis of the templates that were introduced in chapter 2, the learners should develop a business model with their own business idea, taking into consideration the blocks that were discussed.
Purpose/goal
At the end of this activity learners will be able to <ul style="list-style-type: none">• develop a business model using the Social Business Model Canvas• estimate the importance of Analysing the Market and Competition• know the importance of Research and Testing before creating a business• understand the synergies between the different blocks of a business model• know the Do's and Don'ts when developing a Business Model
Group size / individual if applicable
1-5 people
Material/s needed
<ul style="list-style-type: none">- Pen & paper or computer- Annex 2
Estimated duration
1 - 1,5h
Instructions
Use the template of the Social Business Model (Annex 2) introduced in chapter 2 and fill in the relevant information. Please highlight the importance of doing a detailed testing and research phase when deciding for a business model, since without it no business plan should be developed.
Links / references
https://socialbusinessdesign.org/social-business-case-studies/
Extra tips, options or adaptations, checklist and so on
Check the Case Studies from the Webpage “ Social Business Case Studies Social Business Design ” to inspire yourself!



3. TEAMWORK IN A CSE

While much literature is focused on the individual skills an entrepreneur might need to establish and lead a prospering business, less emphasis is often put upon the topic of succeeding teamwork.¹⁹ However, with the right people a team can become more than just the number of workers in a business. A good relationship among the people you work with, or that work for you, can determine a non-negligible proportion to the success of your SE and the realisation of your idea. In the next subchapters you will be presented with the value of good teamwork, how freelancers might help you take the next steps in your entrepreneurial endeavour, where you can find other SEs to initiate creative exchange, why it is often a good thing to leave competences to specialists, and where the advantages and disadvantages of teamwork lie.



INTERACTION IN A TEAM

The research demonstrates that having supportive connections, a sense of belonging, and productive teamwork promotes employee well-being and helps to mitigate the negative impacts of workplace stress.²⁰ The bottom-line benefits from solid working connections as well.

Team building can encourage people to interact. It promotes collaboration, which boosts productivity. Finding ways to make use of each person's skills and then applying them to a project at work leads to more effective work and overall team happiness. It is important not to underestimate this aspect.

Staff morale has a strong impact on the performance and the better the morale is, the better is the overall performance of your CSE.²¹ Employee morale, also known as workplace morale, refers to the general well-being of the people who work in that environment. Employee morale encourages cohesiveness in an enterprise, which results in team or staff morale, making achieving organisational

¹⁹ <https://www.seechangemagazine.com/build-effective-teams-social-impact-convo-founder-shifting-patterns-consulting/>, accessed 30.09.2022

²⁰ Berkman et al., 2014, Social Epidemiology, Oxford University Press, <http://ndl.ethernet.edu.et/bitstream/123456789/31016/1/Lisa%20F.%20Berkman.pdf>, accessed 13.10.2022

²¹ Nene, S. W., & Pillay, A. S. (2019). An Investigation of the Impact of Organisational Structure on Organisational Performance. Financial Risk and Management Reviews, 5(1), 10–24.



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goals simpler. The general success and performance of a corporation is directly impacted by workplace morale. Employees are more likely to be pleased and motivated at work if their morale is higher. Strong morale among employees increases output and motivation.²² Furthermore, as a social enterprise, the satisfaction and wellbeing of your employees is part of your social values.

The concepts of **New Work** and **Workplace Innovation** are on the forefront in the field of Human Resources, not just for social businesses. Workplace Innovation (WI) is a relatively new concept, which is found in all types of organisations, and can be defined as a “combination of structural and cultural practices that enable employees to participate in organisational change and renewal”²³. It therefore improves the quality of work life and organisational performance. It is important to consider that technology research accounts for only a small part of the innovation introduced in a company, and what makes technology successful is rather related to management, organisation, and work practices at the firm level.^{24 25 26} According to the literature, leaders/managers are the ones responsible for building an innovative climate and motivating the team towards innovation.²⁷ In this sense, the leader/manager plays a key role in fostering innovative behaviours and attitudes that favour innovative initiatives.²⁸

It may be of use to your CSE to inform yourself about the concepts or get training on them when you start having employees. Especially if you want your company to be socially sustainable, it is crucial to have systems in place that guarantee high employee satisfaction. Businesses that successfully adopt a culture of innovation in the workplace have a variety of advantages over their competitors. This setting not only naturally encourages creative thinking and the exchange of innovative ideas, but it also has a significant impact on worker engagement and satisfaction. The most prosperous businesses are those who cultivate a strong innovation culture and include their employees in the process.²⁹

CREATE NEW AND INNOVATIVE IDEAS

One reason why some new companies are failing on the market is their lack of competent system thinking. **System Thinking** is a way of perceiving the world not in isolated events but rather to assess intertwining patterns, overall structures, and cycles in different systems. This is a powerful tool to help you spot the causes of problems in organisations and it gives you an indication where to start

²² Burtler, Jude, 2022, <https://study.com/learn/lesson/employee-morale-influence-importance.html>, accessed 25.10.2022

²³ Oeij et al., 2016. Implementing workplace innovation across Europe: why, how and what? Economic and social changes: facts, trends. Forecast, 5 (2016), pp. 195-218

²⁴ Totterdill et al., 2014. Your Guide to Workplace Innovation. European Workplace Innovation Network (2014)

²⁵ Volberda and van den Bosch, 2004. Rethinking the Dutch Innovation Agenda: Management and Organization Matter Most. ERIM Report Series Research in Management, ERS-2004-009-STR

²⁶ Pot et al., 2009. Quality of working life and organizational performance- two sides of the same coin? Scandinavian Journal of oek, Environment & Health, 35 (6) (2009), pp. 421-428

²⁷ Wipulanusat et al., 2017. Exploring leadership styles for innovation: an exploratory factor analysis. Ekonomia i Zarzadzanie, 9 (2017), pp. 7-17

²⁸ Oke et al., 2009. The influence of leadership on innovation processes and activities. Organizational Dynamics, Vol. 28 (1), pp. 64-72

²⁹ <https://project-win.eu/>, accessed 20.10.2022





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to tackle the issue. An interdisciplinary and dynamic team can help to go into the right direction with your CSE's management and help it to see beyond the obvious and observe an entire system.³⁰

Creativity is key when promoting a new or refurbished idea on the market. The term "brainstorming" is used extensively nowadays, but it is still one of the best approaches to solve an issue. When many people from different backgrounds, beliefs, skills, and training gather to think about the same problem, everybody will inevitably have a different way of perception and observation. It is important to mention here that the members of your team will expose themselves to the spotlight of their colleagues when voicing their opinion on the issue. Thus, it is important that the manager of the CSE creates a safe space for their employees to let the brainstorming sessions happen in a protected environment. Creative thinking can be mitigated when team members feel vulnerable or lack confidence to present their ideas due to a fear of criticism. The manager's job should be to eliminate fears and to create a friendly and creative environment where ideas can cross-fertilize each other, and nobody is afraid to come forward with a proposal.

Brainstorming is not a chaotic procedure. Before any session, make sure that the task is well defined beforehand and that your team has been briefed on the subject at hand. Key data and outlines, like duration, budget, accessible resources, technology, and any other constraints must be known by everybody prior to the actual brainstorming. Also, the rules of the meeting should be clear to everybody before the session. Some basic rules for a successful session could be:

1. The focus lays on the quantity of the ideas,
2. There are no "bad" ideas, every idea is worth presenting,
3. There will be no criticism or judgement during the session.

To avoid group thinking, it is also vital that every member of your team works on their ideas independently first. This should ensure that everybody has already thought about the issue and has already developed their own ideas which the member can then bring forth at the brainstorm meeting.

INTERDISCIPLINARY WORKING

An interdisciplinary team involves professionals from various disciplines who work together and have the same mission. Ideally, they should complement one another's proficiency and actively coordinate to work towards shared goals.³¹ Efficient interdisciplinary teamwork is accomplished through interdependent collaboration, open communication, and shared decision-making. This in turn adds value to organisational and staff outcomes. The manager's task is to use the existing resources to combine the different skill sets each team member brings to the CSE. By achieving that, they facilitate group consciousness, a shared vision among employees, a mutual sense of purpose, interdependence, and interaction, and coordinated action. This strengthens further personal qualities and commitment of staff, in-team communication, and the opportunity to expand creative working techniques. Especially for a Creative Social Enterprise which builds its foundation on a social cause, a common understanding of the importance of the work and the purpose is key to a smoothly

³⁰ <https://managementhelp.org/misc/defn-systemsthinking.pdf>, accessed 30.09.2022

³¹ <https://www.indeed.com/career-advice/finding-a-job/interdisciplinary-team>, accessed 30.09.2022



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running workflow. Interdisciplinary teamwork has gained momentum in the last few decades and derives its importance of different social factors, among them are:³²

1. The demographic and global divide stands in stark contrast to a world in the process of globalisation. To understand these controversies better, being free from bias and dynamic problem-solving skills are necessary.
2. Skills and knowledge get more and more complex and specialised. Every additional team member knows how to contribute effectively to fields where your knowledge might fail.
3. The fragmentation of disciplinary knowledge results in a situation, where there is not one, but many approaches to solve an issue.

Benefit from Synergies

Synergy is an often-heard buzzword in the business world and has as such lost conciseness over time. However, the concept is simple and not at all redundant. In its core, synergy means that two or more parts of a whole constitute a greater value than the sum of the individual parts added together. As a Social Entrepreneur and as the manager of your social business you will be rewarded by increased productivity when you spot possibilities for effective synergies in your team. Often employees do not only complement each other but boost each other's productivity in one way or the other. This can be accomplished through different means, and some are listed below:³³

1. The team approaches work in a new way
2. Team members become proactive
3. Employees challenge themselves
4. Team members coach and support each other
5. Workers of their area of expertise show some sort of leadership
6. Connections are made across teams.



Synergy

When the team reaches a state of efficient synergy, it becomes more independent. Over time, the maturity and capability of each team member allow them to lead in their field and take on more responsibility. The role of the manager changes from being a leader to being a facilitator who enables increased performance by creating the conditions for a prospering team.

You should always look for these synergies on each level. This may be at the beginning of your journey when you find the perfect business partner but also when you are growing and building teams or even hiring freelancers.

HIRING FREELANCERS

While founding your business there will be tasks that need to be done just once and then maintained every other year. Rather than hiring a full-time employee or approaching the problem yourself, it can be sensible to acquire external knowledge in the form of a freelance expert. Hiring a freelancer has benefits as well as downsides. It is now easier than ever thanks to the possibilities of remote work to quickly hire a freelancer. The next paragraph compares the advantages and disadvantages of hiring freelancers to give you a quick overview of the concept.

³² <https://human-resources-health.biomedcentral.com/articles/10.1186/1478-4491-11-19>, accessed 30.09.2022

³³ <https://the-happy-manager.com/article/characteristics-of-effective-teamwork/>, accessed 30.09.2022





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There are a range of benefits a freelancer can offer your company and contribute efficiently to your project. First, a freelancer does not require as much attention or training as a full-time employee. No dedicated workspace is needed in your company as most of the work a freelancer does is executed from remote. You can target specialised talent, expertise, and experience. Often, freelancers are delivering faster than regular employees because they focus on one project alone and are not assigned with different tasks of several projects at once.

On the other hand, a freelancer often does not know much about your SE and seldomly identifies with its values and ideals. The cost for hiring is rising with the skillset, which means, consequently, that an inexpensive freelancer is often also offering less quality labour. When it comes to the aggregate cost, an expert freelancer can be just as costly as a committed full-term employee. Also, if a freelancer is hired for a special project and it needs maintenance, it will be difficult to hire the same freelancer ad hoc and new freelancers need some time to enter the subject which drives up the costs.

FIND MENTORS

Several successful entrepreneurs, athletes, teachers, or artists can point out at least one mentor who made a difference in their career. Having a strong mentor can be essential to success, regardless of the business you are in, the type of profession you are pursuing, or the type of person you are. Business mentoring refers to a relationship between an experienced businessperson (the mentor) and a business owner or employee (the mentee). It is beneficial to both mentors and mentees and can be employed at any point in the business life cycle. In order to help their mentees, run and grow their businesses and to encourage them to develop the skills they need to succeed, business mentors provide guidance and support. The advice comes from the mentor's own knowledge and experience, which is extremely valuable.

If you are wondering why the guidance of a trusted mentor is that important, here are some of the ways in which a mentor can help novice entrepreneurs³⁴:

1. To compensate for the mentee's lack of experience, offer new information
2. Providing a supportive environment for complaints and concerns
3. Offer an alternative perspective on procedures and problem-solving
4. Developing soft skills in the mentee
5. Joining a bigger, more reliable network
6. Encouragement to take risks

They can offer you the guidance they wish they had had when they first started. In a way that traditional education cannot, they offer personalised help. The best mentorships are fuelled by empathy. To find the proper mentor for you and your business, it is really important to know what to look for. The right mentor is the one who possesses the knowledge, abilities, and perspective you lack. Someone who will push you when it is required and support you when you most need it. Mentors may also be helpful in growing your own network and make the right connections. Most importantly, your mentor must be an effective instructor with a style of communication that works for you.

³⁴ <https://foundr.com/articles/leadership/personal-growth/find-a-mentor>, accessed 17.10.2022



Social Entrepreneurship for ARTS

Try to identify exactly what you are looking for in a mentor by considering subjects such as the skills you need, the processes you need to learn, what industries are most relevant to your mentor and what communication style will be most effective. Once you have written down the qualities and qualifications you are seeking in your mentor, you will have a clearer understanding of what you are searching for, and you will be ready to look for one.



In case you prefer exchanging with other social entrepreneurs and a community, there are networking and exchange platforms you can join. One of these is [Babele](#), a useful online platform to successfully engage stakeholders and manage your mission-driven innovation program. They help you engage intrapreneurs, mentors and experts, but also develop the processes and systems that can support a concept from ideation to a scalable business. The approach aims to leverage the collective wisdom of your extended network, so that everyone can contribute to the innovation process, collaborate, learn from peers, and share knowledge. Explore these realities further and make connections with other social entrepreneurs who share your interests!

Germany:

To better bring together the companies and people driving a responsible economy, “Polarstern” has developed a [map](#) where you can find social businesses from all industries. Just select what you are looking for in the filter and zoom into your region. With the map of social businesses, the diversity and examples of social enterprises in Germany are shown; it can also be viewed as a list, by the way. Another list of German Social Entrepreneurships can be found [here](#).

The “Social Entrepreneurship Netzwerk Deutschland” is a network which already has over 800 members (innovative social enterprises, up-and-coming social start-ups, committed social entrepreneurs, and supporters from business and society): [here](#) you can find fellow Social Entrepreneurs and also become a member of the network if you wish.

ACCEPT BOUNDARIES AND KNOWLEDGE GAPS

Gaps in knowledge or skills usually refer to deficiencies in your performance or the performance of your employees. It is the disparity between an employees' existing set of skills and the qualities they must possess to do their job efficiently. It is in a company’s best interest, especially in critical areas, to identify knowledge gaps and close them through training and reorganisation. Future success depends on identifying knowledge gaps, which requires the enterprise to do a knowledge gap study (also known as a skills gap analysis). You must evaluate both, where your employees are right now and where you want them to be in the future, when conducting a gap analysis. By conducting an organisational gap analysis, you can optimise your business and lead it towards a brighter future that benefits the company and the people who work there. Gap assessments can also help to improve productivity and help to differentiate you from your competitors.



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To succeed with a gap analysis, you should follow a few fundamental steps³⁵. First, define the goal and business requirements. After developing a future strategy, you must identify the abilities needed to carry it out. Considering where you are currently and seeking out areas for improvement will help you to define the measures necessary to accomplish your future goals. You should also identify gaps in knowledge. After following these steps, you will have a clear idea of what you need to achieve your business goals and you can address these gaps in skills to effectively resolve them. To conduct a skills gap analysis, you can use the template provided in Annex 4.

There are different ways to address skills gaps³⁶:

- **Cross-Training:** encouraging employees to improve themselves in skill gap areas will not only fill immediate shortages but will also provide an overall higher quality workforce and improve knowledge transfer across the organisation.
- **Strategic Hiring:** practices such as hiring new graduates with the necessary training can help companies attract the talent they need without overpaying.
- **In-house Development:** providing in-house development opportunities is not only a great way to ensure that skill gaps that impact your business are closed, but it also helps improve employee engagement and retention.
- **Outside Education:** in some cases, it may be cheaper or easier to look externally and provide employees with development opportunities.

With the growth and development of your business, your goals may change and thus, also the knowledge gaps do. Checking them on a regular basis gives you and your team the possibility to be up to date. The time and money spent for the adequate training of you and your staff should be seen as an important investment that brings new and interesting opportunities.

- Activity 3: “Find out your knowledge gaps and address them”

Type of activity
Both individual and group activity (F2F & online)
Description of the activity
On the basis of the template provided (Annex 4 a & b), the learners should conduct a skills gap analysis, taking into consideration the few fundamental steps.
Purpose/goal
At the end of this activity learners will be able to <ul style="list-style-type: none"> - identify gaps in knowledge - make an action plan - address the gaps
Group size / individual if applicable
1-5 people

³⁵ <https://climbtheladder.com/tips-to-identify-and-eliminate-knowledge-gaps/>, accessed 17.10.2022

³⁶ <https://www.bridgeviewit.com/mind-gap-4-ways-address-skills-gaps-organization/>, accessed 17.10.2022



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Material/s needed
<ul style="list-style-type: none">- Pen & paper or computer- Template given (Annex 4)
Estimated duration
max 1 h
Instructions
<p>Conduct a skills gap analysis as described in chapter 3 based on your CSE (or in case you don't have a business idea yet, work with the example of BanBag presented in Annex 1). To do so use the template (Annex 4) and fill in the relevant information. You are welcome to change the template depending on your needs. Follow these 4 main steps and define:</p> <ol style="list-style-type: none">1. skill description In order to identify the skills that the organisation needs now – and in the future – you need to ask and answer certain questions first. For instance: What is the organisation's mission? What are the organisation's business goals? What critical skills are needed to be able to perform the mission and meet the business goals? With regards to future skills that are needed in your organisation and industry, you need to know, among other things: What jobs within your organisation/industry are likely to be (partially) automated? What skills are currently on the rise in your industry? What kind of (non-existing) jobs will your company need more of?2. current skills level3. desired skills level4. action plan Learners should create an intervention that fits the needs of the organisation. Once you've found out where the skill gaps are in your organisation, you can create a strategy to best fill these gaps. Choose the best way to address the identified skills gaps as described in chapter 3.
Links / references
<p>https://emeritus.org/blog/how-to-conduct-a-skills-gap-analysis/</p> <p>https://www.youtube.com/watch?v=gpd7DLGmH_U</p>
Extra tips, options or adaptations, checklist and so on
<p>You can adapt the provided template depending on your preferences and needs, but in case you prefer using another one, here you can find many available.</p> <p>https://templatelab.com/gap-analysis-templates/</p>



Social Entrepreneurship for ARTS



LEARN MORE



[Knowledge Hub | How to run an accelerator and engage stakeholders? \(babele.co\)](#)

Online mentoring community to support social innovation initiatives. Don't have a team yet? Here you will sure find one!



[Alex Osterwalder](#)

Founder of the Business Model Canvas. In this Webpage there are numerous podcasts, tutorial and educational material to get you started with your social entrepreneurship



[SBD Blog: Social Entrepreneurship, Business Design & more \(socialbusinessdesign.org\)](#)

SBD Blog
Social entrepreneurship, business design & more

This is a comprehensive blog about social entrepreneurship and social business. Here you can learn about different topics.



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FINAL SELF-ASSESSMENT TEST

- 1) The business plan is a key part of your journey as an entrepreneur. You should always start first with this and after you have tested and verified it you can move on to developing your business model.
- 2) When creating your business plan, you have to present possibilities of best-case worst-case scenario for the following sections:
Financial, Production, Marketing and Operations
- 3) When developing a business, there are two main activities: Research and Execution.
- 4) A network organisational structure is intended to disrupt the conventional hierarchy by emphasising cooperation, problem-solving, and providing employees more power.
- 5) With a vision statement, you tell the world what you do, how you do it and who you are doing it for.
- 6) A business management tool is an application, system, or methodology that helps a business operate effectively, maintain a competitive position, and improve performance.
- 7) Having supportive contacts, a sense of belonging, and productive teamwork promote employee well-being and help mitigate the negative impacts of workplace stress.
- 8) The most important for checking the knowledge gaps of your team is at the beginning of each year.



FINAL SELF-ASSESSMENT TEST – ANSWERS

1) The business plan is a key part of your journey as an entrepreneur. You should always start first with this and after you have tested and verified it you can move on to developing your business model.

FALSE! *A business plan needs first a Business Model to follow. You should first analyse different options and ask yourself what type of business you want to build and based on that you should develop your business plan.
Remember! Do not make a choice without considering several models first.*

2) When creating your business plan, you have to present possibilities of best-case worst-case scenario for the following sections:

Financial, Production, Marketing and Operations

FALSE! *Financial, Staffing, Marketing and Operations*

3) When developing a business, there are two main activities: Research and Execution.

TRUE! *References: Osterwalder, A.; Pigneur, Y. (2010). Business Model Generation. New Jersey: John Wiley & Sons, Inc. From: Online: <https://www.strategyzer.com/books/business-model-generation>*

4) A network organisational structure is intended to disrupt the conventional hierarchy by emphasising cooperation, problem-solving, and providing employees more power.

FALSE! *In a network organisational structure managers coordinate and control relationships that are both internal and external to the firm. A team-based organisational structure is intended to disrupt the conventional hierarchy by emphasising cooperation, problem-solving, and providing employees more power.*

5) With a vision statement, you tell the world what you do, how you do it and who you are doing it for.

FALSE! *With a mission statement, you tell the world what you do, how you do it and who you are doing it for. The vision statement contains the vision you have not just for your company but for what it can create in the future for the world or society.*

6) A business management tool is an application, system, or methodology that helps a business operate effectively, maintain a competitive position, and improve performance.

TRUE

7) Having supportive contacts, a sense of belonging, and productive teamwork promote employee well-being and help mitigate the negative impacts of workplace stress.

TRUE

8) The most important for checking the knowledge gaps of your team is at the beginning of each year.

FALSE *Especially at the beginning of creating your team it is important to do that analysis but then you should do it on a regular basis, especially if there are newly hired employees.*

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PR2 UNIT 4

Unit title:

Spicing Up Your Finances: gain CSE financial management skills and spice up your fundraising and profit-making experience

Partner responsible:

ICTIDC



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Unit n°4

Spicing Up Your Finances: Gain CSE Financial Management Skills and Spice Up Your Fundraising and Profit-Making Experience

Summary of Unit`s Content

Social entrepreneurship is a concept that allows the creation of alternative models for doing business that are market oriented and at the same time integrating all parties on the free market - workers and employees, employers, investors, consumers and others. The promoting of the concept of social entrepreneurship opens the discussion of a business activity, oriented not only to maximize profit, but to achieve results related to the welfare of the whole community and to certain social disadvantaged groups.



All businesses, including arts-based social enterprises, require accurate and timely financial and operational performance data to inform decision-making about enterprise operations and growth. Social enterprises are unique hybrid entities with financial management and reporting needs that are not adequately addressed by either non-profit or business accounting and financial reporting systems and practices.

This Unit addresses the unique issues and needs of financial management competencies for sustaining arts-based social enterprises as well as the financial literacy challenges of the young ARTrepreneurs, helping them to assess past performance, identify risks to the financial position of the enterprise, and to find opportunities to improve performance and create social change.

In order to talk about financial management of Creative Social Enterprises (CSE), we first need to put some clarity on the relevant legal aspects. Based on a SE4Arts project research on the training needs of European ARTrepreneurs, we will also explain how to identify and distinguish the creative social enterprise financial needs from those of other enterprises; what basic financial literacy skills would an ARTrepreneur need; as well as how to set up your CSE financial goals, create a business plan and develop financial assessment approaches.

- Purpose and Objectives



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General purpose of the Unit:

- To empower learners with knowledge and skills on financial management of arts-based social enterprises in Europe.

Course objectives:

- To motivate young art graduates or students and young artists to establish arts-based social enterprises and take over their financial management and leadership.
- To provide an understanding of the specific aspects of managing the finances of a social enterprise, putting the necessary financial competencies in comparison with those needed for managing a business or an NGO.
- To boost the financial literacy of young ARTpreneurs.
- To offer practical tips and step-by-step solutions to financial management challenges faced by arts-based social enterprises.
- To raise awareness that arts-based social enterprises can create value and success if they implement strategies that respond to market opportunities by exploring their resources.

- **Learning outcomes**

General learning outcomes:

- Present and prospective young European ARTpreneurs are empowered with knowledge and skills on financial management of arts-based social enterprises in Europe. Their awareness about the importance of arts in social enterprises have been raised, along with their motivation to become leaders of social change in their communities, taking over the (financial) management and fundraising activities of new arts-based social enterprises.

Particular learning outcomes:

- Obtained knowledge of legal basis for establishing a social enterprise in the respective county.
- Developed understanding of the role of arts-based social enterprises in the economic life of the local communities.
- Obtained financial literacy on social enterprises: setting up business goals, developing a business plan, maintaining financial sustainability.
- Achieved an understanding of the specific aspects of managing the finances of a social enterprise, distinguishing them from the financial skills needed for managing a business or an NGO.
- To raise awareness that arts-based social enterprises can create value and success if they implement strategies that respond to market opportunities by exploring their resources.





Art-based Social Enterprises as a Social Business

A social business is a cause-driven business. The company goal is to solve problems that can threaten our society. The profit generated doesn't play the main role here. The investors of the social business do recover their investment contributed to the company, but once they recover it, the profit generated is reinvested in the company in order to improve its activity. This means, that the

investors normally don't receive company dividends. The purpose of the investment is to achieve social objectives as a result of the company operation. The employees of the social business are paid on a market rate basis, but they work in better work conditions.

The success of social businesses is measured through the impact generated on people or on the environment, not through the amount of profit made. The similar point to other businesses is that social businesses are sustainable too; they generate enough profit to continue operating.¹

Definitions Used in this UNIT

- Social Enterprise

The European Commission uses the term 'social enterprise' to cover the following types of business: those with a social or societal objective, often in the form of a social innovation; those where profits are mainly reinvested to help achieve this social objective, and where the organisation or ownership reflects the mission, under democratic or participatory principles or is focused on social justice.

European Commission COM (2011) 682 final, 'Social Business Initiative – Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation'

"Social enterprise is a key element of the **European social model**. It is closely linked to the EU2020 strategy and makes a significant contribution to society. By supporting and promoting social enterprise, we can make the most of its growth potential and capacity to create social value. The EESC supports the Commission's launch of a political framework and action plan to promote social enterprise in Europe and stresses the importance of its full implementation at both EU and Member State level."

The exploratory opinion of the European Economic and Social Committee on Social Entrepreneurship and Social Enterprise -

Creative Social Enterprise (CSE)

Creative social enterprise combines creative and artistic entrepreneurial activity with a social purpose. Its main aim is to have a social impact, rather than maximise profit for owners or shareholders. The most important characteristic of creative social enterprises is that they combine societal goals with artistic products and services in an entrepreneurial spirit.

¹ Definition of social business, based on Yunus.



Based on the European Commission's definition on social economy and inclusive entrepreneurship - Social entrepreneurship

- **ARTrepreneur**

“A resourceful person who merges his or her artistic skills and business expertise to establish a sustainable career. ARTrepreneurs are leaders in the creative social economy. Their innovation powers the engine of growth and community vitality. ARTrepreneurs produce and distribute goods and services that generate jobs, revenue, and quality of life. What happens when you merge art and creativity with a business plan? You become an ARTrepreneur.”

Melissa Crum, PhD, College of Arts and Sciences, Ohio State University

We use the term “ARTrepreneur” (Harvey, [2013](#)) to mean both artist entrepreneurs and freelance artists, because in our study their employment status is similar. Their work is typically entrepreneurial in nature, and its meaningfulness and success are linked to their ability to control their own work.

On the other hand, they also share similar problems and challenges. Both entrepreneurs and freelancers working in the arts field must cope with the uncertainty and instability of work and income. Besides their main occupation, most of them work on other assignments at least occasionally and the “other work” locates often in another sector than arts and culture. This diversity of jobs and statuses has been called “hybrid work” .

Ansio et al., 2018; Bille et al., 2017

- **Training & Development**

Educating and developing in oneself or others, any skills and knowledge that relate to specific useful competencies. Training and development have specific goals of improving personal and/or organizational capability, capacity, productivity and performance.

- **Creative Social Entrepreneurship (ARTrepreneurship) Training & Development**

A process, empowering individuals, start-ups and entrepreneurs with knowledge and skills to develop and fund art-based solutions that directly address social issues, exploring business opportunities that have a positive impact on their community, in society or the world. Usually, the objective of the creative social entrepreneurship programs is to equip and prepare the young ARTrepreneurs to understand the social enterprise landscape and further empower them on an actionable information to enable them make informed decisions on furthering their social impact skills and knowledge, developing their interest and ability to apply their learning achievements creatively to sustain and scale their conceived impact idea or prototype.

- **ARTrepreneurial Financial literacy**



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Financial literacy is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. The meaning of ARTrepreneurial financial literacy is the foundation of the ARTs-based social enterprise's relationship with money, and it is a lifelong journey of learning. The approach starts by working on financial knowledge, then shifts towards skills improvement and, ultimately, focuses on a sustainable acquisition of positive financial behaviours. ARTrepreneurs need an innovative and experience-based learning processes aiming to translate financial knowledge into daily practices.

- **Financial Skills and CSE Development Support**

Aims at motivating ARTrepreneurs to consider social entrepreneurship as an alternative and viable option for self-employment and wealth creation. It would create healthy minds and contribute to social cohesion, enhancement of participants and promote socio-economic development and growth. The innovative and creative ideas that would emerge would march participants along the road to economic development, creation of wealth, shaping and sharing of sustainable best practices. It would assist visionary ARTrepreneurs, with daring ideas who are transforming their lives, community and business be able to produce and submit a bankable business plan which would be submitted to our wide networks of development partners for support.

- **Seven Principles of Social Business**

1. Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization.
2. Financial and economic sustainability.
3. Investors get back their investment amount only. No dividend is given beyond investment money.
4. When investment amount is paid back, company profit stays with the company for expansion and improvement.
5. Gender sensitive and environmentally conscious.
6. Workforce gets market wage with better working conditions.
7. ...do it with joy.²

² Rise2019 Project - [https://ec.europa.eu/programmes/erasmus-plus/project-result-content/cd6b8f06-7987-4d7ca73f-c9cdeb44a67b/IO1%20-%20Social%20Entrepreneurship%20Training%20Manual%20\(EN\).pdf](https://ec.europa.eu/programmes/erasmus-plus/project-result-content/cd6b8f06-7987-4d7ca73f-c9cdeb44a67b/IO1%20-%20Social%20Entrepreneurship%20Training%20Manual%20(EN).pdf)





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Topic 1: Financial Literacy

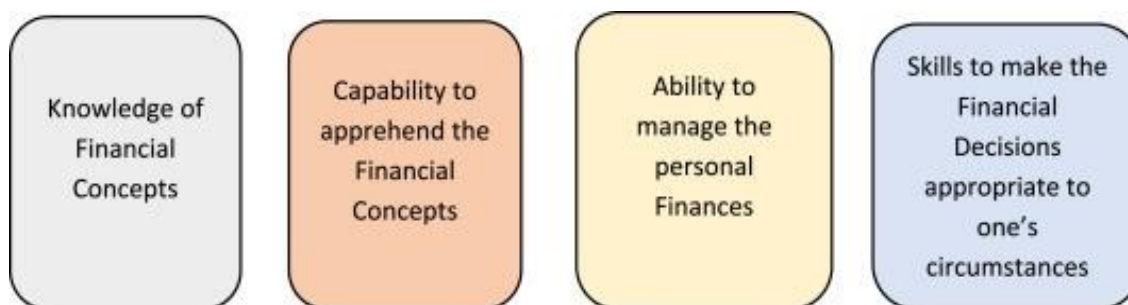
INTRODUCTION: THEORETICAL BACKGROUND

The backbone of every business venture ultimately comes down to money, more specifically the inflow and outflow of cash to sustain it. For social enterprises on the other hand, it is essential that both financial and social aspects are to be given due attention. Starting from an individual level, any ARTrepreneur needs to know how to allocate or restrict their assets, to gain even more funds or keep some for future causes. As such, it is the responsibility of any aspiring social entrepreneur to learn about how to efficiently manage their business, while having the patience to take on this long-term endeavour that will ultimately reap great personal and societal rewards.

Each social enterprise is responsible for the cause it supports and must set aside a portion of the profits, investing them to achieve what is planned.

Since start-up arts-based social enterprises are still a non-traditional way of doing business, that used to be only or partially for profit, the prevalent concern for the ARTrepreneurs is whether a balance of funding and social mission could be found. This delicate balance can only be achieved by ARTrepreneurs who are financially literate.

Financial literacy, as defined by Investopedia, is the education and understanding of various financial areas including topics related to managing personal finance, money, and investing. As every educational process, acquiring financial literacy integrate the development of knowledge, attitudes/capabilities and skills, as shown below.



Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. This definition stresses the importance of ability, and it speaks to knowledge, skills and life changes.

Financial literacy deals with concepts on how to invest, budget, and plan at both personal and organizational level. Being informed about how to manage finances, ARTrepreneurs will not only be able to sustain their social enterprises better but also overcome barriers to their

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business goals. Moreover, financial literacy specifically assists potential ARTrepreneurs in making better financial decisions, identifying better sources of funding for their start-ups.

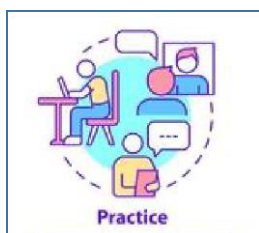
Whether it's about cash flow management, creating a business plan, hiring a new employee, or anything else, ARTrepreneurs will have a completely different perspective once they're financially literate.

Financial literacy is an important element of the social enterprise support infrastructure at different stages of the business life-cycle³:

Stage of business life-cycle	Developing business ideas	Business planning and development	Social entrepreneurship and leadership development	Growth, scaling, replication
Start-up	Incubators & work-spaces supporting innovation	Schools for skills development Advisory services	Schools for skills development Advisory services Mentoring & coaching, peer support networks	
Established social enterprise	Social R&D programmes	Capacity building Strategic skills development	Mentoring & coaching Peer support networks	Social franchising Consortia Growth Diversification Spinoffs

³ Policy meets practice - enabling the growth of social enterprises Results of the Social Entrepreneurship Network – an ESF learning network 2013-14





Learning activity 1:

5 KEY INGREDIENTS TO CSE FINANCIAL LITERACY

Type of activity

- *Interactive activity with Cards with practical tips for success “5 KEY INGREDIENTS TO CSE FINANCIAL LITERACY”*
- *The interactive activity is based on non-formal learning methodology, including individual and small group learning, moderated discussions, feedback and evaluation sessions.*
- *The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.*
- *It could be also used in a blended mode, taking a mixture of physically present and virtually participating in the activity learners.*

Description of the activity

- *Introductory level of difficulty - Delivery mode:*
 - *Face-to-face delivery*
 - *Online delivery*
 - *The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.*
- *Profile of learners*
 - *ARTrepreneurs in their introductory level of learning about financial management of social enterprises.*
 - *Mixed groups of learners, part of them could be physically present and the rest of the group could be included in the activity via online participation.*

Purpose/goal



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- *To provide participants with practical tips for acquiring financial literacy on managing art-based social enterprises.*
- *To discuss the Practical tips with the learners and get their feedback and questions, clarifying the vague areas and providing additional comments and explanations.*

Group size / individual if applicable

- 2 to 12 learners

Material/s needed

- *A printed or e-copy of the Cards with practical tips for success “5 KEY INGREDIENTS TO CSE FINANCIAL LITERACY” for each participant.*
- *In case of a face-to-face experience – an adequate to the size of the group meeting room; connected to internet devices in cases of blended delivery with both offline and online participants in the activity.*
- *Chairs, ordered in a circle*
- *A flipchart with 4 colours markers for taking notes on the brainstorming experience*
 - *Moderator`s notes*
- *Coloured post-it papers for the final assessment of the learning experience.*

Estimated duration

- *60 to 90 min, depending on the group size and previous experience*

Instructions



The group moderator should prepare well in advance the necessary logistical arrangements and learning materials, as listed above.

The timeline of the activity should be following the following steps:

- *Introduction to the learning activity – purpose, origin, expected learning outcomes – 10 min*
- *Division of the group into couples (or groups of three learners) and explanation of the task – how to work in couples, reading and reflecting on the Cards. Delivery of the Handouts with the Cards – 10 min*
- *Small working groups – getting acquainted with the cards – questions and feedback notes – 30 min*
- *Plenary presentation of small group work. Questions and answers - 20 to 30 min, depending on the group size and previous experience.*
- *Wrap and conclusions – 10 min.*

HANDOUTS:

The content of the Cards with practical tips for success “5 KEY INGREDIENTS TO CSE FINANCIAL LITERACY” is provided below.

Links / references

The activity is developed by ICTIDCenter, available on the web page: www.ictidc-ie.eu

Extra tips, options or adaptations, checklist and so on

NA

TOPIC 2 - PECULIARITIES OF SE FINANCIAL MANAGEMENT

INTRODUCTION: THEORETICAL BACKGROUND



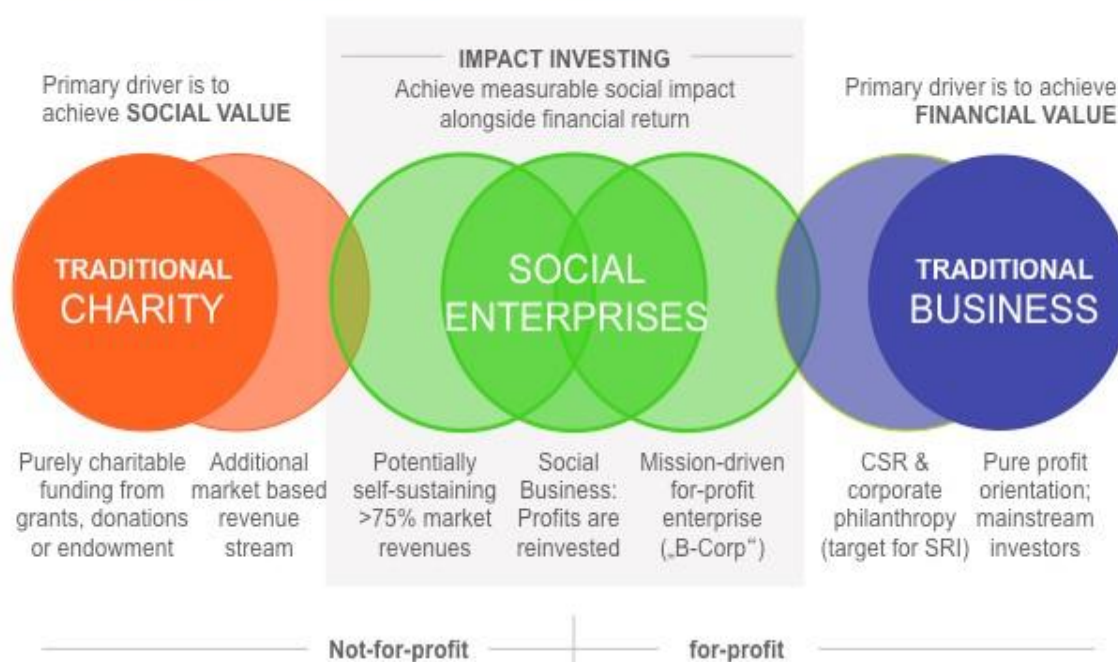
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Talking about the peculiarities of the Social Enterprise financial management, it is important to outline the differences between the traditional charities, social enterprises and the so-called traditional business.

The business model spectrum revisited



Source: Adapted from J. Kingston Venturesome, CAF Venturesome, and EVPA.

While in business enterprise the profit is shared among the shareholders, social enterprises use their profits towards whatever social aims they want to achieve in the first place.

On the other hand, traditional charities are designed to benefit the public. With this in mind, registration as a charity can mean reduced business rates, tax relief on income and preferential treatment for certain types of grant applications. However, charities are also restricted in what they can do and how they must be governed.

Social enterprises on the other hand, are entrepreneurial organizations that innovate to solve problems. They include non-profit and for-profit ventures, and their returns blend social benefit and financial revenues. They come in many flavours, but they all face the same fundamental question: Can they generate enough revenue and attract enough investment to cover their costs and grow their activities?



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Scaling Objectives: Social Impact Versus Profit Maximisation

When an organisation's main objective is to prioritise profit maximisation or shareholder value – as is the case for conventional enterprises – scaling normally means growing the business, expanding markets and reaching economies of scale.

Conversely, the main aim of social enterprises is to expand and deepen the social impact by creating value for people, communities and society. Some social enterprises aspire to reach a greater number of users or beneficiaries, and therefore aspire to scale widely their social impact (quantitative approach).

Others diversify their activities, either to address emerging needs at the local level or tackle the same needs from multiple angles. These social enterprises aspire to scale deeply their social impact (qualitative approach). In this view, scaling translates into expanding, or replicating and adapting, organisational structures and processes. This may also prompt social enterprises and other public or private stakeholders to establish partnerships and share knowledge.



Some social enterprises can earn a profit that is sufficient to get the business funded by investors. They might provide goods and services to customers willing to pay a premium for a socially beneficial product—green energy, say, or organic food. They might sell an essential service to poor customers at a decent profit while still providing that service more affordably than other suppliers do. But many, if not most, social enterprises cannot fund themselves entirely through sales or investment. They are not profitable enough to access traditional financial markets, resulting in a *financial-social return gap*. For example, the social value of providing poor people with affordable health care, basic foodstuffs, or safe cleaning products is enormous, but the cost of private funding often outweighs the monetary return.

Many social enterprises survive only through the largesse of government subsidies, charitable foundations, and a handful of high-net-worth individuals who will make donations or accept lower financial returns on their investments in social projects. The ability of those enterprises to provide their products and services rises or falls with the availability of capital from these sources, and their fundraising efforts consume time and energy that could be spent on their social missions.

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The lack of funding opportunities is one of the major disadvantages that social enterprises face. A conventional business can use its balance sheet and business plan to offer different combinations of risk and return to many different types of investors: equity investors, banks, bond funds, venture capitalists, and so on. Not so for many social enterprises—but that is changing. An increasing number of social entrepreneurs and investors are coming to realize that social enterprises of all sorts can also generate financial returns that will make them attractive to the right investors. This realization will dramatically increase the amount of capital available to these organizations.

Specificities of goods and services delivered by social enterprises

Social enterprises in Europe are active in many areas and sectors, from the more traditional (e.g. care services) to the more innovative (e.g. arts-based social interventions). Some social enterprises deliver

general interest services; these focus on the local context, and are labour intensive and relationship-based, as they strongly depend on the interaction between providers and users or beneficiaries.



The services supplied by these kinds of social enterprises – e.g., work integration social enterprises (WISEs) – might be difficult to replicate elsewhere, and are therefore best suited for addressing deeply rooted and/or context-specific challenges.

Other services and goods can be relocated and traded more easily – including through online platforms – so that the social enterprise can achieve broad – or even transnational – social impact. In both cases, social enterprises may inspire art-based social entrepreneurs in different locations or contexts to replicate and adapt their model in order to address challenges of a similar nature.

How do creative social enterprises get access to finance?

Access to finance is key throughout social enterprises' life cycle. As social enterprises can be forprofit, not-for profit, or at least non-loss enterprises, the profit seeking is still not their main purpose. As a result of their mission-related purpose, social enterprises will incur additional “social costs” or may receive income subsidies above and beyond pure business costs and revenues. To bring innovative products and services to the communities, to produce robust and scalable social



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change, CSEs must have access to reliable funding and be run by staff with adequate financial management knowledge and skills.

Financial instruments to support social enterprises usually combine different types of financing, so that they are appropriate for all stages of the business life cycle. In the best case, they should combine grants (for start-ups) with loans for established businesses. They also might include equity and guarantee instruments. A CSE should not only make a profit or generate income by doing good, but also should reinvest its profit and revenues to strengthen out that, depending on their development stage, creative social enterprises derive financing from a combination of resources, ranging from subsidies and debt instruments to equity, patient capital and impact investments. Private donations are another source of funding. There are various financial intermediaries, whose role is essential in assisting social enterprises to become more investment-ready, and connecting them with potential funders. In many European countries public support may remain the principal (if not the only) source of funding for some creative social enterprises facing particularly intractable challenges. Its social mission.



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Learning activity 2:

5 Steps to Get Ready to Meet the Peculiarities of CSE Financial Management

Type of activity

Group work and facilitated discussion on practical tips for success: **“5 Steps to Get Ready to Meet the Peculiarities of CSE Financial Management”**.

The interactive activity is based on non-formal learning methodology, including individual and small group learning, moderated discussions, feedback and evaluation sessions.

The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.

It could be also used in a blended mode, taking a mixture of physically present and virtually participating in the activity learners.

Description of the activity

- Medium level of difficulty - Delivery mode:
 - o Face-to-face delivery
 - o Online delivery
 - o The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.
- Profile of learners
 - o Mixed groups of learners, part of them could be physically present and the rest of the group could be included in the activity via online participation.

Purpose/goal

- To provide participants with practical tips for Entrepreneurial success on tackling the peculiarities of financial management of social enterprises.
- To discuss the Practical tips with the learners and get their feedback and questions, clarifying the vague areas and providing additional comments and explanations.

Group size / individual if applicable

- 4 to 15 participants

Material/s needed

- A printed or e-copy of the **“Tips for Success” Cards “5 Steps to Get Ready to Meet the Peculiarities of CSE Financial Management”** with practical tips for success for each participant.



- *In case of a face-to-face experience – an adequate to the size of the group meeting room; connected to internet devices in cases of blended delivery with both offline and online participants in the activity.*
- *Chairs, ordered in a circle*
- *A flipchart with 4 colours markers for taking notes on the brainstorming experience*
 - *Moderator`s notes*
- *Coloured post-it papers for the final assessment of the learning experience.*

Estimated duration

- *60 to 90 min, depending on the group size and previous experience*

Instructions

The group moderator should prepare well in advance the necessary logistical arrangements and learning materials, as listed above.

The timeline of the activity should be following the following steps:

- *Introduction to the learning activity – purpose, origin, expected learning outcomes – 10 min*
- *Division of the group into couples (or groups of three learners) and explanation of the task – how to work in couples, reading and reflecting on the Cards. Delivery of the Handouts with the Cards – 10 min*
- *Small working groups – getting acquainted with the cards – questions and feedback notes – 30 min*
- *Plenary presentation of small group work. Questions and answers - 20 to 30 min, depending on the group size and previous experience.*
- *Wrap and conclusions – 10 min.*

HANDOUTS:

The content of the “Tips for Success” Cards “5 Steps to Get Ready to Meet the Peculiarities of CSE Financial Management” is provided below.

Links / references

The activity is developed by ICTIDCenter, available on the web page: www.ictidc-ie.eu

Extra tips, options or adaptations, checklist and so on

NA

Topic 3: Access to Finances and Financial Sustainability



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INTRODUCTION: THEORETICAL BACKGROUND



Access to finances

Although social enterprises derive a portion of their revenues from the markets, financial support from various streams remains essential to them during their scaling trajectory.

As social enterprises are addressing social issues, the ecosystem supporting them

needs to be multi-faceted. CSE development requires a more wide-reaching approach than that offered by conventional small business support. Social enterprises require business support throughout their developmental phase. Targeted public support for CSEs such as hubs, accelerators or incubators are existing in most European countries, seeking to ensure the SE's independence and sustainable development. Although still rare, there are some newly tailored financial literacy trainings, coaching or consultancy services, offered as core tools in building young artists and entrepreneur's skills in developing business plans, accessing diverse funding sources and becoming financially self-sustainable.

Public funds – such as subsidies – may be more relevant to social enterprises that choose to scale their impact by replicating a proven model and build their organisational structure from scratch. Loans and other schemes (such as equity or quasi-equity, and subordinated debt from commercial and co-operative banks) seem more appropriate for social enterprises with consolidated business models, which may have a lower risk profile or greater collateral.

Emerging hybrid funding sources, together with social-impact investing or venture philanthropy, could also apply to social enterprises, based on their investment-readiness and regardless of their development stage or scaling pathway: foundations and/or actors engaged in this field provide high engagement, tailored financing, multiyear support, non-financial support, network involvement, organisational capacity building and performance measurement (OECD, 2014; OECD, 2015).

Essentially, the insight is that you can treat the funding of a social enterprise as a problem of financial structuring: The enterprise can offer different risks and returns to different kinds of investors instead of delivering a blended return that holds for all investors but is acceptable to very few. This new approach to structuring can close the financial-social return gap.

Social entrepreneurs are creating “blended” values, delivering social and/or environmental benefits along with financial returns. But those organizations who provide financing are still distinct:

- the “**funders**” who grant funds or (less often) lend to social (non-profit) enterprises
- the “**investors**” who invest in or lend to social-purpose (for-profit) businesses



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Financially sustainable social enterprise

According to Woods Bowman (2011), financial sustainability of social enterprises refers to the ability of an organization to maintain *financial capacity* over time. In other words, it's all about acquiring, managing and optimizing economic resources to:

- cover general/recurring costs of operations,
- seize new opportunities and
- be able to react to unexpected events (i.e. pandemic, economic crises, etc.).

The Social Enterprise Ecosystem

The components may seem to be separate pieces, but they have to be understood as part of a system, a living, integrated ecosystem. The author and physicist Fritjof Capra has stated it so well in all of his work on ecosystems: "This is not a model based on the individual parts, but it is a system, it is a series of relationships."



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Increase Business Acumen

Many social enterprises are developed from the passion of organizations or individuals wanting to solve a critical and complex social, environmental or cultural issue. These founders may know the social issues really well, but often do not possess the required business planning nor the required entrepreneurial capacity. A system of learning and skills development focused on blended-value business planning and practice is an essential foundational component of the ecosystem. This includes support for idea exploration, business planning, incubation, and technical assistance that promote the business skills and practices through the entire development and scaling of the social enterprise sector.

Provide Access to Capital

With a blended-value ROI, an invigorated and growing field of social finance is emerging, but it needs continued development and encouragement. Blended-value businesses are entwined with the emerging social finance space. They have a specific set of needs along the development path from

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feasibility, business planning, launch, start-up, and growth, including grants, loans, investment, patient capital and equity.

Enhance Market Opportunities

The business development resources will build the supply side, but potential success of the social enterprise sector also requires a market demand dimension. Building markets requires quality products and services with the attached marketing and sales. This is encouraged further when the purchasing evaluation and decisions include a consideration of the social component of the purchase. Increasing attention to the inclusion of a social component to all purchasing will lead to more demand; more demand will build the sector and push more businesses to a blended-value proposition.

Demonstrate Impact

A blended ROI requires mapping, networking, and research on the collective social and financial impact of social enterprises, critical to aggregate and share the value. We need aggregated sectorwide evidence if we wish to influence public policy, social purchasing practices, and tell the full story.

Build an Engaged Community

A supportive infrastructure is more than the individual parts working in their individual areas; it is a living, engaged system. To achieve this requires actively leading, facilitating and participating in multi-sector activities. The practice includes an entire array of activities: the informal conversation; organized meetings and conferences; online engagement; physical and facilitated hubs; supply chain and business relationships; policy efforts, and on and on. It requires focused and effective engagement in the ideas, policy and practice of engineering the social enterprise ecosystem.



Learning activity 3: Step-by-Step Guide

“How can ARTrepreneurs finance their enterprise?”

Type of activity



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Group work and facilitated discussion on “Step-by Step Guide “**How can ARTpreneurs finance their social enterprise?**”:

The interactive activity is based on non-formal learning methodology, including individual and small group learning, moderated discussions, feedback and evaluation sessions.

- It could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.
- It could be also used in a blended mode, taking a mixture of physically present and virtually participating in the activity learners.

Description of the activity

- Medium level of difficulty - Delivery mode:
 - o Face-to-face delivery
 - o Online delivery
 - o The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.
- Profile of learners
 - o Mixed groups of learners, part of them could be physically present and the rest of the group could be included in the activity via online participation.

Purpose/goal

- To provide participants with practical tips for Entrepreneurial success on tackling the peculiarities of financial management of social enterprises.
- To discuss the Practical tips with the learners and get their feedback and questions, clarifying the vague areas and providing additional comments and explanations.

Group size / individual if applicable

- 4 to 15 participants

Material/s needed

A printed or e-copy of the “Step-by Step Guide “**How can ARTpreneurs finance their social enterprise?**” with practical tips for success for each participant.

- In case of a face-to-face experience – an adequate to the size of the group meeting room; connected to internet devices in cases of blended delivery with both offline and online participants in the activity.
- Chairs, ordered in a circle
- A flipchart with 4 colours markers for taking notes on the brainstorming experience
- Moderator`s notes
- Coloured post-it papers for the final assessment of the learning experience.



Estimated duration
- 60 to 90 min, depending on the group size and previous experience
Instructions
<i>The group moderator should prepare well in advance the necessary logistical arrangements and learning materials, as listed above.</i>
<i>The timeline of the activity should be following the following steps:</i>
<ul style="list-style-type: none"> - Introduction to the learning activity – purpose, origin, expected learning outcomes – 10 min - Division of the group into couples (or groups of three learners) and explanation of the task – how to work in couples, reading and reflecting on the Cards. Delivery of the Handouts with the Cards – 10 min - Small working groups – getting acquainted with the cards – questions and feedback notes – 30 min - Plenary presentation of small group work. Questions and answers - 20 to 30 min, depending on the group size and previous experience. - Wrap and conclusions – 10 min.
HANDOUTS:
<i>The content of “Step-by Step Guide “How can ARTpreneurs finance their social enterprise?” is provided below.</i>
Links / references
The activity is developed by ICTIDCenter, available on the web page: www.ictidc-ie.eu
Extra tips, options or adaptations, checklist and so on
NA



Learning activity 4: Practical Tips
“3 Steps to maintaining financial sustainability “

Type of activity



- *Interactive and facilitated group activity*
- *Delivery mode:* ○ *Face-to-face delivery* ○

Online delivery

- *The activity could be delivered both online and as a face-to-face activity as a brainstorming session, based on the tips, followed by a moderated discussion and final assessment of the learning experience.*

Description of the activity

- *The activity is based on non-formal learning methodology, including individual and small group learning, moderated discussions, feedback and evaluation sessions*
- *Profile of learners* ○ *Beginners and medium advance learners in financial literacy for arts-based social enterprises.*
 - *Possible Mixed groups of learners, part of them could be physically present and the rest of the group could be included in the activity via online participation.*

Purpose/goal

- *The activity aims to provide participants with practical tips for managing financial sustainability of social enterprises.*
- *It also aims to discuss the recommended steps with the learners and get their feedback and questions, clarifying the vague areas and providing additional comments and explanations.*

Group size / individual if applicable

- 4 to 20 learners

Material/s needed

- *A printed or e-copy of the Handouts of the activity – “Practical Tips for Managing Financial Sustainability of Social Enterprises” - for each participant of the interactive activity.*
- *In case of a face-to-face learning experience – an adequate to the size of the group meeting room; connected to internet devices in cases of blended delivery with both offline and online participants in the activity.*
- *Chairs, ordered in a circle*
- *A flipchart with 4 colours markers for taking notes on the small working groups experience*
- *Moderator`s notes*

Estimated duration



- 60 to 75 min, depending on the group size and previous experience

Instructions

The group moderator should prepare well in advance the necessary logistical arrangements and learning materials, as listed above.

The timeline of the activity should be following the following steps:

- Introduction to the learning activity – purpose, origin, expected learning outcomes – 10 min
- Division of the group into couples (or groups of three learners) and explanation of the task – how to work in the small groups, reading and reflecting on the tips. Delivery of the Handouts– 5 min
- Small working groups – getting acquainted with the tips – questions and feedback notes – 20 min
- Plenary presentation of small group work. Questions and answers – 15 to 30 min, depending on the group size and previous experience of learners and facilitators.
- Wrap and conclusions – 10 min.

HANDOUTS:

- The content of practical tips for managing financial sustainability of social enterprises is provided below.

Links / references

Adopted from the recommendations on Social Business Design -

<https://socialbusinessdesign.org/when-is-a-social-enterprise-financially-sustainable/>

Extra tips, options or adaptations, checklist and so on

NA



LEARN MORE

What business support structures for CSEs are available in European Union?

- **The Social Business Initiative of The European Commission**
http://ec.europa.eu/internal_market/social_business/index_en



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The Social Business Initiative of The European Commission has given wholehearted support to the development of social enterprises, and in 2011 launched the Social Business Initiative (SBI), which embodied several good design features:

- **integration:** a cross-policy helicopter view, which looked at the policy framework with social enterprises at the centre, rather than fragmenting it to fit in with policy silos;
 - **dynamism:** the view of the social enterprise's environment as an 'ecosystem', in which supportive and restrictive forces are in a constant battle for survival, can grow and change, and can be protected or destroyed by human action;
 - **partnership:** a multi-stakeholder advisory committee (GECES) which promotes dialogue between governments, social enterprises, experts and researchers, and gives institutional status.
- The SBI's 11 actions cover most if not all of the crucial levers for mainstreaming social enterprises: public investment through the European Structural and Investment Funds (ESIFs) and Progress, public procurement, private investment (the EuSEF regulation), research (a mapping study and Framework Programme projects), impact measurement, legal forms and visibility. The new Commission is currently considering how to follow this up, with the European Parliament and the Economic and Social Committee giving their full support.⁴

- **Spotlight on the EC Challenge Platform**

At the EU level, the European Commission recently launched a call for proposals to establish a "Challenge Platform" that seeks to mobilise social enterprises and SMEs to jointly address topical societal challenges. Similar initiatives could also be launched at the national or regional levels.

For further information, please refer to:

<https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/h2020/topics/23436-innosup-04-2016.html>

- **The bilancio sociale – social accounting in Italy**

Source: Dal bilancio sociale d'impresa al bilancio sociale degli enti locali italiani, G. Rusconi, 2008

The social balance (bilancio sociale) is an annual statement that reports on an organisation's social impact. It is a tool for communicating an organisation's values to workers, funders and other stakeholders. In Italy, the preparation of a social balance is compulsory for organisations registered

⁴ <http://www.eesc.europa.eu/resources/docs/conclusions-en--5.pdf>





as social enterprises and also for those registered as social co-operatives in the regions of Lombardy and Friuli-Venezia Giulia. The content of these compulsory social balances is laid down by national or regional law, and covers the organisation's aims, governance, activities, outcomes, finances and the methodology used to prepare the social balance. They use them primarily to communicate with their workers, as a tool to increase participation within the enterprise. They distribute them externally to build trust among other stakeholders such as customers, service users, volunteers and donors.

- What kind of financial training programs are offered in the EU?

The need to foster social entrepreneurship not only in the short term, but also in the long run call for the need to develop education and skills that breed entrepreneurial behaviours. However, creative social enterprises do not require the same services as commercial enterprises: because of their double bottom line, they need to balance financial sustainability with maximising social impact.

The 2013 OECD/European Union Report on Social Enterprise Development in Europe pointed out that we need to promote “braided support” (a model blending specialised and mainstream services) both for general business skills and social enterprises' specific needs. Nowadays in all European countries there is a variety of formal and non-formal educational programmes on social entrepreneurship that provide learners of all ages with opportunities to develop new solutions to unresolved social challenges, and learn about business creation processes and planning. The programs are developed and provided both by states and private actors and at secondary and higher educational levels or by adult learning centres, charities and social enterprises.

The more specific trainings for ARTpreneurs are more limited but already growing as a number in more European countries. They offer a range of training tools for creative entrepreneurs to grow themselves and their organizations through education, resources and networks. Those programs are open to entrepreneurs of all art disciplines, as well as those working at the intersection of art, technology & innovation, including, but not limited to: Performance Arts, Visual and Media Arts (including Film/Video), Dance, Music, Multidisciplinary, Craft, Theatre & Literary Arts. The trainees are expected to be fresh graduates or actively practicing or operating as an independent artist, leader of an arts organization, or the founder of a creative business. A good perspective for a positive

development towards more adequate educational program development is the growing number of partnerships between the social enterprise community, artistic communities, training centres and research institutions, seeking to develop the evidence base, improve understanding and raise visibility of the field.





FINAL SELF-ASSESSMENT TEST

1) ARTpreneurs should use established techniques to help decide whether or not to commit time, resource and money on investment opportunities.

TRUE

2) Knowing how to make and increase profit is not important for achieving social and cultural mission of your arts-based social enterprise.

FALSE!

3) ARTpreneurs don't need specialized financial literacy training for social enterprises and get the support of qualified trainers and educators.

FALSE!

4) To build a supportive infrastructure and ecosystem for your arts-based social enterprise requires actively leading, facilitating and participating in multi-sector activities.

TRUE!

5) Maintaining financial sustainability over time is essential while pursuing the social impact mission of your arts-based social enterprise.

TRUE!

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PR2 - Curriculum for the acquisition of new skills and competences in Social Entrepreneurship

UNIT 5:

Tools For Creative Social Enterprise Risk Assessments and Risk Management Skills Development

Partner Responsible: EYNCRIN



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Unit 5

TOOLS FOR CREATIVE SOCIAL ENTERPRISE RISK ASSESSMENTS AND RISK MANAGEMENT SKILLS DEVELOPMENT

Summary of Unit`s Content

Being a social entrepreneur can be a truly fulfilling career. You get to follow your dreams, change people`s lives, all while obtaining financial freedom.

But there are definitely many risks and challenges associated with becoming a fully-fledged social entrepreneur, and you should be fully aware of them before embarking on this journey.



For social enterprises, the ability to focus limited resources on what really matters is essential. Strong risk foundations can help to provide that focus.

Risk is the effect of uncertainty on objectives. When an organisation's risk foundations are strong and integrated into operational practices and culture, it can meet its purpose. A clear understanding of the key risks and how they are managed is integral.

This unit aims to provide an introduction to the arts-based social enterprise`s risk management principles and standards, used as a starting point to involve learners into an educational process that will enhance their decision-making skills to balance risk as a fundamental driving force to fostering social entrepreneurship.

The unit has been designed to boost the effective risk management skills of young artists and ARTpreneurs, providing competences for a high organizational sensitivity and effectively challenging the social enterprises proactively.

4



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Purpose and Objectives

- To provide an introduction to the arts-based social enterprise's risk management principles and standards, used as a starting point to involve learners into an educational process that will enhance their decision-making skills to balance risk as a fundamental driving force to fostering social entrepreneurship.
- To boost the effective risk management skills of young artists and entrepreneurs, providing competences for a high organizational sensitivity and effectively challenging the social enterprises proactively.
- To obtain competencies in designing risk management solutions and processes for management of an arts-based social enterprise.

Learning outcomes

- Proactively and automatically identifying risks, mitigating threats, and protecting social entrepreneurial obligations in order to be competitive and serve the local communities they are dedicated to.
- Developing the right set of soft skills – the personal, emotional and social skills that allow managers to operate effectively as leaders and contributors to social change.
- Building the soft skills to help manage risk in arts-based social enterprises and not just measure it.





Topic 1: Risk Management – Framework and Process

INTRODUCTION: THEORETICAL BACKGROUND

Getting ready to risk it with a CSE

As much as starting a social enterprise is an opportunity, it is also a challenge, no matter how good your business idea seems to be or how many supporters an ARTpreneur might have. It is popular knowledge that most small businesses fail within the first three years. Social enterprise is not immune to these same challenges and to the market forces that impact all small businesses. But there is an important difference that makes developing a social enterprise even more complex: the enterprise is embedded in a sector and organizational environment that thinks and works differently than the traditional business sector.

Organizations that operate social enterprises are accountable to multiple stakeholders - clients and community members, funders and investors, and customers. The rules governing private enterprise may seem simple in comparison. What is important to realize is that there are high transaction costs in managing these multiple accountabilities and bottom lines, and the process might lead to tensions around mission focus. For CSEs that manage to implement a business will face additional challenges in maintaining or growing that business. A continual cultural shift needs to take place, towards becoming more entrepreneurial; and there are additional pressures on the organization in terms of staffing, financing, and maintaining existing programs and services. Any person or organization that wants to develop a social enterprise must be sure it is ready to undertake these challenges.

According to Investopedia, all companies face risk; without risk, rewards are less likely. The same is valid for all social enterprises, including the arts-based and creative social enterprises. The flip side of this is that too much risk can lead to business failure. Risk management allows a balance to be struck between taking risks and reducing them.

Effective risk management can add value to any organization. In particular, social enterprises rely heavily on risk management as the foundation that allows them to withstand market crashes.

An effective risk management framework seeks to protect an organization's capital base and earnings without hindering growth. Furthermore, donors and investors are more willing to invest in social enterprises with good risk management practices. This generally results in lower borrowing costs, easier access to capital for the firm, and improved long-term performance.

6





Risk Concepts Explained

Risk involves uncertainty about the effects/implications of an activity with respect to something that humans value (such as health, well-being, wealth, property or the environment), often focusing on negative, undesirable consequences. Many different definitions have been proposed. The international standard definition of risk for common understanding in different applications is “effect of uncertainty on objectives”.

Risk exposure at a glance



The understanding of risk, the methods of assessment and management, the descriptions of risk and even the definitions of risk differ in different practice areas business, economics, environment, finance, information technology, health, insurance, safety, security etc. On the other hand, risk is a probabilistic measure and so can never tell you for sure what your precise risk exposure is at a given time, only what the distribution of possible losses are likely to be if and when they occur. There are also no standard methods for calculating and analysing risk. Risk is often assumed to occur using normal distribution probabilities, which in reality rarely occur and cannot account for extreme or "black swan" events¹.

¹ A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight. Black swan events can cause catastrophic damage to an economy by negatively impacting markets and investments, but even the use of robust modelling cannot prevent a black swan event. Reliance on standard forecasting tools can both fail to predict and potentially





Every decision either increases, preserves, or erodes value. Given that risk is integral to the pursuit of value, strategic-minded enterprises do not strive to eliminate risk or even to minimize it, a perspective that represents a critical change from the traditional view of risk as something to avoid.

Risk Avoidance

Identifying and mitigating risk is an area where risk managers excel, sometimes to the detriment of understanding the importance of seeking risk. The connection between risk, whether seeking or avoiding, and business needs to be inexorably linked if a risk management program has any chance for long-term success. Rather, these enterprises seek to manage risk exposures across all parts of their organizations so that, at any given time, they incur just enough of the right kinds of risk—no more, no less—to effectively pursue strategic goals.

This is the “sweet spot,” or optimal risk-taking zone, referred to the figure on the right. It can be common for organizations to view risk as something to avoid or eradicate completely. However, organizations with a RMP in place view risk through a lens of **awareness** and **opportunity**. This approach is finding the "sweet spot" that allows CSEs to take the right kinds of risks so it can effectively pursue strategic goals. Determining this sweet spot means deciding how much risk each social enterprise is willing to accept in pursuit of its objectives.



increase vulnerability to black swans by propagating risk and offering false security. The term was popularized by the book, *The Black Swan*, by Nassim Nicholas Taleb.



Risk Management Strategies

A risk management strategy is a key part of the risk management lifecycle. After identifying risks and assessing the likelihood of them happening, as well as the impact they could have, you will need to decide how to treat them. The approach you decide to take is your **risk management strategy**. This is also sometimes referred to as risk treatment. Choosing the right Risk Management Strategy will mean the difference between managing each potential risk effectively or facing serious consequences that could damage your social enterprise.

The four main risk management strategies, or risk treatment options are:

- Risk acceptance - A risk is accepted with no action taken to mitigate it.
- Risk transference - A risk is transferred via a contract to an external party who will assume the risk on an organisation's behalf.
- Risk avoidance - A risk is eliminated by not taking any action that would mean the risk could occur.
- Risk reduction - A risk becomes less severe through actions taken to prevent or minimise its impact.

Business risk

Creative social enterprises are business so they should be seen as prawn to business risks. Business risks arise from uncertainty about the profit due to unwanted events such as changes in tastes, changing preferences of consumers, strikes, increased competition, changes in government policy, obsolescence etc.



Business risks are controlled using techniques of risk management. In many cases they may be managed by intuitive steps to prevent or mitigate risks, by following regulations or standards of good practice, or by insurance.

Risk Management

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These risks stem from a variety of sources including financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents and natural disasters. A successful risk management program helps an organization consider the full range of risks it faces. Risk management also examines the relationship between risks and the cascading impact they could have on an organization's strategic goals. Enterprise Risk Management includes the methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives.



"We don't manage risks so we can have no risk. We manage risks so we know which risks are worth taking, which ones will get us to our goal, which ones have enough of a pay-out to even take them," said Forrester Research senior analyst Alla Valente, a specialist in governance, risk and compliance. The management of risk is not linear or a standalone piece. It is a journey that will be unique for your social enterprise. It is likely that you are already managing risks and, as your organisation matures, so too should your approach to risk management.

Risk Assessment

Risk assessment enables social enterprises, corporations, governments, and investors to assess the probability that an adverse event might negatively impact a business, economy, project, or investment. Assessing risk is essential for determining how worthwhile a specific project or investment is and the best process(es) to mitigate those risks. Risk analysis provides different approaches that can be used to assess the risk and reward trade-off of a potential investment opportunity.

A risk analyst starts by identifying what could potentially go wrong. These negatives must be weighed against a probability metric that measures the likelihood of the event occurring.

Finally, risk analysis attempts to estimate the extent of the impact that will be made if the event happens. Many risks can be identified, such as market risk, credit risk, currency risk, etc.

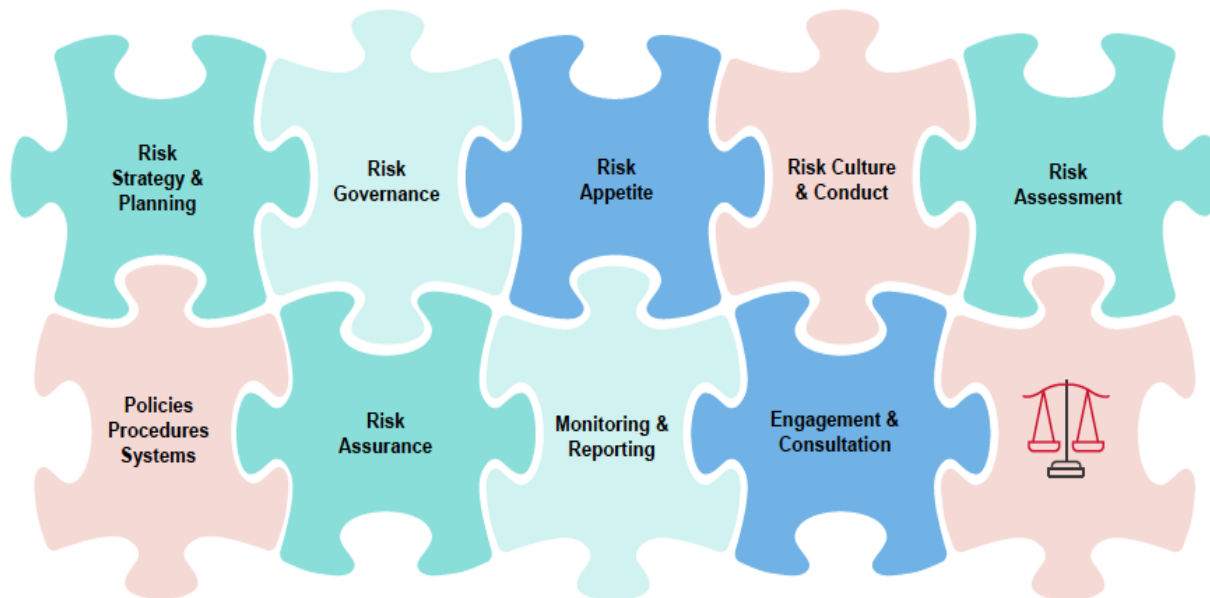
Risk Management Framework

Effective risk management plays a crucial role in any social enterprise's pursuit of financial stability and superior performance. The adoption of a risk management framework that embeds best practices into the CSE's risk culture can be the cornerstone of an organization's financial future.

The CSE Risk Management Process involves a wide range of tools and systems required to assess and monitor risks and opportunities. The goal is to generate an understanding of the top risks to the strategic success of the enterprise. A structured approach and framework around risk management related processes is critical to the success of Risk Management in any creative social enterprise.

Well-run social enterprises will have a comprehensive risk management framework in place to identify existing and potential risks and assess how to deal with them if they arise.

With knowledge of the most significant risks on the horizon for the CSE, management then seeks to evaluate whether the current manner in which the entity is managing those risks is sufficient and effective. When thinking about responses to risks, it is important to think about both responses to prevent a risk from occurring and responses to minimize the impact should the risk event occur.



Components of a risk framework



The Risk Management Framework includes the following key components:

- **Risk strategy** – Provides the overall RM strategy, direction and the principles and culture that will guide the creative social enterprise.
- **Risk Management process** – The process by which risks are identified, assessed, monitored and reported across the social enterprise.
- **Risk governance** – Clearly defined structure, roles and responsibilities for the operationalisation and oversight of risk management within the social enterprise. It is important that the risk management Risk governance provides clear accountability and decision-making structures, which will provide adequate oversight of risk assessment, monitoring and reporting.

The Framework is tailored to the unique requirements, circumstances and context of each creative social enterprise. In each social enterprise the Risk Management Framework should be regularly reviewed and communicated to all relevant stakeholders.

The framework for risk management comprises many interconnected parts. When integrated into existing CSE governance structures and processes, they work together to deliver a robust approach to decision-making and activity that supports the creative social enterprise strategic objectives. Regular reviews of the risk management framework for effectiveness and engagement; and communication strategies successfully build risk awareness and understanding with key stakeholders.



Risk Management Process

The risk management process is a framework for the actions that need to be taken. There are five basic steps that are taken to manage risk; these steps are referred to as the risk management process.

It begins with identifying risks, goes on to analyse risks, then the risk is prioritized, a solution is implemented, and finally, the risk is monitored.

The benefits of risk management in CSEs can be substantial. Properly managing risk in a social enterprise can help ARTpreneurs to minimize the impact of threats, thus allowing them to deliver projects on time, on budget and with the quality results demanded by project donors and communities.

Step 1: Identify the Risk. The initial step in the risk management process is to identify the risks that the CSE is exposed to in its operating environment. There are many different types of risks: Legal, Environmental, Market, Regulatory risks etc. It is important to identify as many of these risk factors as possible. The advantage of this approach is that these risks are now visible to every stakeholder in the social enterprise with access to the system.

Five Steps of Risk Management Process





Step 2: Analyse the Risk. Once a risk has been identified it needs to be analysed. The scope of the risk must be determined. It is also important to understand the link between the risk and different factors within the CSE. To determine the severity and seriousness of the risk it is necessary to see how many businesses functions the risk affects. There are risks that can bring the whole CSE to a standstill if actualized, while there are risks that will only be minor inconveniences in the analysis.

Step 3: Evaluate the Risk or Risk Assessment. Risks need to be ranked and prioritized. Most risk management solutions have different categories of risks, depending on the severity of the risk. A risk that may cause some inconvenience is rated lowly; risks that can result in catastrophic loss are rated the highest. It is important to rank risks because it allows the organization to gain a holistic view of the risk exposure of the whole organization. The CSEs may be vulnerable to several low-level risks, but it may not require upper management intervention. On the other hand, just one of the highest-rated risks is enough to require immediate intervention. There are two types of risk assessments: Qualitative Risk Assessment and Quantitative Risk Assessment.

Step 4: Treat the Risk. Every risk needs to be eliminated or contained as much as possible. This is done by connecting with the experts of the field to which the risk belongs. In a manual environment, this entails contacting each and every stakeholder and then setting up meetings so everyone can talk and discuss the issues. The problem is that the discussion is broken into many different email threads, across different documents and spreadsheets, and many different phone calls. In a risk management solution, all the relevant stakeholders can be sent notifications from within the system. The discussion regarding the risk and its possible solution can take place from within the system. Upper management can also keep a close eye on the solutions being suggested and the progress being made within the system. Instead of everyone contacting each other to get updates, everyone can get updates directly from within the risk management solution.

Step 5: Monitor and Review the Risk. Not all risks can be eliminated – some risks are always present. Market risks and environmental risks are just two examples of risks that always need to be monitored. risks also allows your CSE to ensure continuity.





Learning activity 1: UNDERSTANDING THE OVERALL RISK MANAGEMENT PROCESS

Type of activity
<p>Interactive Learning Activity for group training.</p> <ul style="list-style-type: none"> Peer learning in small working groups Brainstorming and feedback in a group of learners Critical thinking towards practical application of learned concepts Professional feedback from facilitator
Description of the activity
<ul style="list-style-type: none"> The activity has been developed to provide knowledge and boost skills of young artists and ARTpreneurs interested in their capacity-building for risk management of CSEs. The activity could be delivered in residential mode, but also online.
Purpose/goal
<ul style="list-style-type: none"> To provide knowledge and develop participants` skills in risk management of CSEs.
Group size / individual if applicable
<ul style="list-style-type: none"> 2 to 10 participants
Material/s needed
<ul style="list-style-type: none"> Each participant needs to obtain a copy of the “OVERALL RISK MANAGEMENT PROCESS” graph. When the activity is delivered in residential mode, it is necessary to prepare a suitable study room with chairs, flipchart and markers. When the activity is delivered in online mode, it is important to ensure the necessary hardware equipment and software (by choice of the facilitator and groups` accessibility), as well as to adjust the planned timing for each working slot of the activity. Facilitator`s Diary with notes and feedback on participants` inputs. HANDOUTS provided in the Appendix to the Learning Activity 1.





Estimated duration
<ul style="list-style-type: none"> ● 60 to 90 min, depending on the group size and previous experience of learners.
Instructions
<ul style="list-style-type: none"> ● The facilitator introduces the “OVERALL RISK MANAGEMENT PROCESS” graph and explains the task of the activity. ● Each participant receives a copy of the graph (a printed copy for the residential activities and e-copies for the online activities). ● The group is divided in smaller groups of 2-3 participants, who get 45 min to explore the “OVERALL RISK MANAGEMENT PROCESS” graph and reflect on its practical application for a chosen by them creative social enterprise. ● The small working groups examples and debate on the practical application of this risk management framework for their social enterprise, nominating the risk assessment aspects and strategies that would be most appropriate to use. Each group take group reflection notes to present to plenary. ● Each couple of learners presents their notes to the rest of the participants, followed by feedback from their peers and the group facilitator. ● The activity is summarised with conclusions by the group facilitator.
Links / references
<p>The Activity is developed by an EYNCRIN research and training team within the SE4Arts project, based on the Council of Europe’s Manual “Performance Management, Risk Management & Internal Audit at Local Level”, page 63 - https://rm.coe.int/toolkit-on-performance-management-/168070c09f</p>
Extra tips, options or adaptations, checklist
<p>NA</p>







TOPIC 2 – TOOLS FOR CSE RISK MANAGEMENT

INTRODUCTION: THEORETICAL BACKGROUND

Enterprise Risk Management (ERM)

The holistic approach to managing risk is called Enterprise Risk Management (ERM). The ERM provides the guidance and boundaries within which Risk Management related activities in a social enterprise should be carried out.

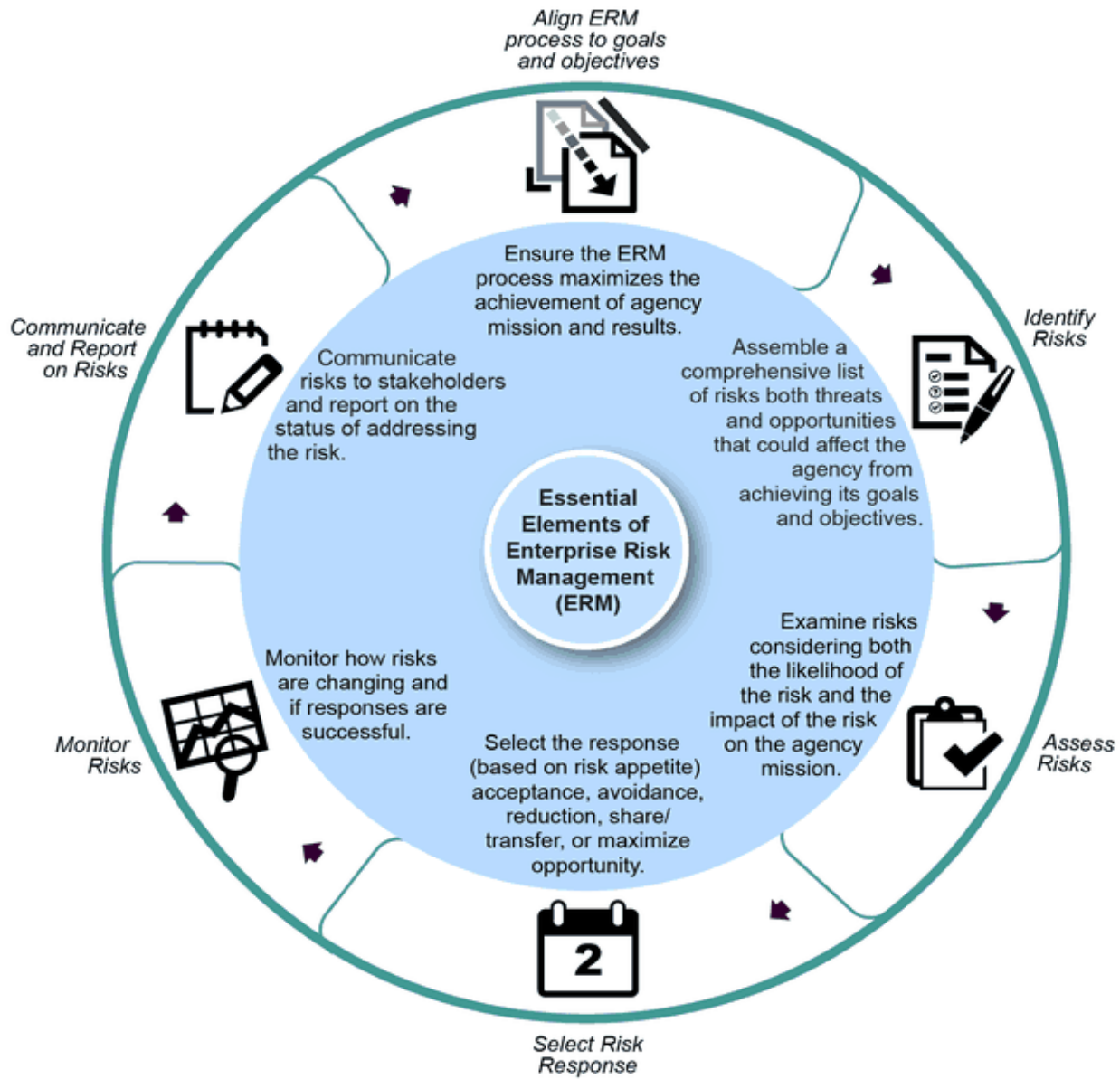
ERM is a tool that seeks to provide information about risks affecting the organization's achievement of its core objectives, it is important to apply a strategic lens to the identification, assessment, and management of risks on the horizon. An effective starting point of an ERM process begins with gaining an understanding of what currently drives value for the business and what's in the strategic plan that represents new value drivers for the business.

To ensure that the ERM process is helping management keep an eye on internal or external events that might trigger risk opportunities or threats to the business, a strategically integrated ERM process begins with a rich understanding of what's most important for the business' short-term and long-term success.

- In addition to a focus on internal and external threats, ERM emphasizes the importance of managing *positive* risk.
- Enterprise risk management (ERM) is a widely used strategy to identify and prepare for hazards with an organization's finances, operations, and objectives.

ERM allows social enterprises to shape their overall risk position by mandating certain business segments engage with or disengage from particular activities.

The graph below provides a detailed overview of the essential elements of Enterprise Risk Management. (ERM).



Source: GAO. | GAO-17-63

PESTLE-SWOT Analyses Tools

Together, a PESTLE and SWOT analysis are common risk assessment tools that can be used to gain sufficient certainty in order to make appropriate and sound business decisions. Within this Chapter, it will be provided an overview of how to apply PESTLE-SWOT analysis for CSEs.

1. PESTLE stands for “Political, Economic, Social, Technological, Legal and Environmental” factors that a social enterprise may be exposed to, or in another way “What is out there that can affect an CSE’s ability to meet its goals and objectives?”
2. SWOT stands for Strengths, Weakness, Opportunities and Threat.



Striking the right balance between risk and return is the underlying philosophy to complete a PESTLE-SWOT analysis for any social enterprise. This will allow a CSE to get a handle on the significance of each risk to achieving its overall goals, and develop a strategic path going forward to manage a CSE’s risk profile.

A tiered and iterative approach, as outlined below, can be taken to understand the “risks” (or using PESTLE nomenclature – “Factors”) that a social enterprise will face.

PESTLE Analysis

The purpose of the PESTLE analysis is to identify external factors that could impact a social enterprise’s ability to meet its goals and objectives – whatever they may be. These external factors fit two key criteria:

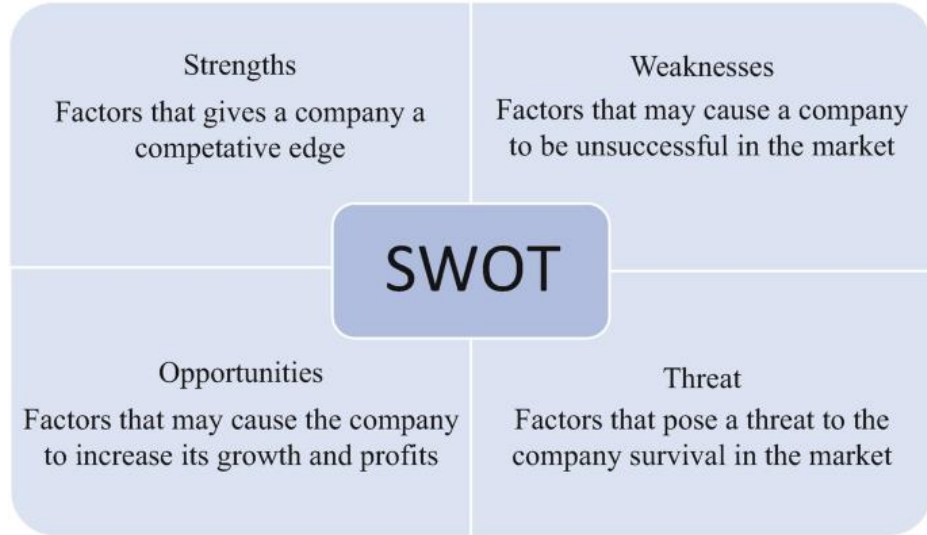
1. Factors of Concern – outside the direct control of a social enterprise.
2. Factors of Influence – within the direct control of a social enterprise, able to influence their impact on the social enterprise

A step-wise approach to completing the PESTLE Analysis is illustrated in the following figure. Further details are provided in the subsequent sections.



SWOT Analysis

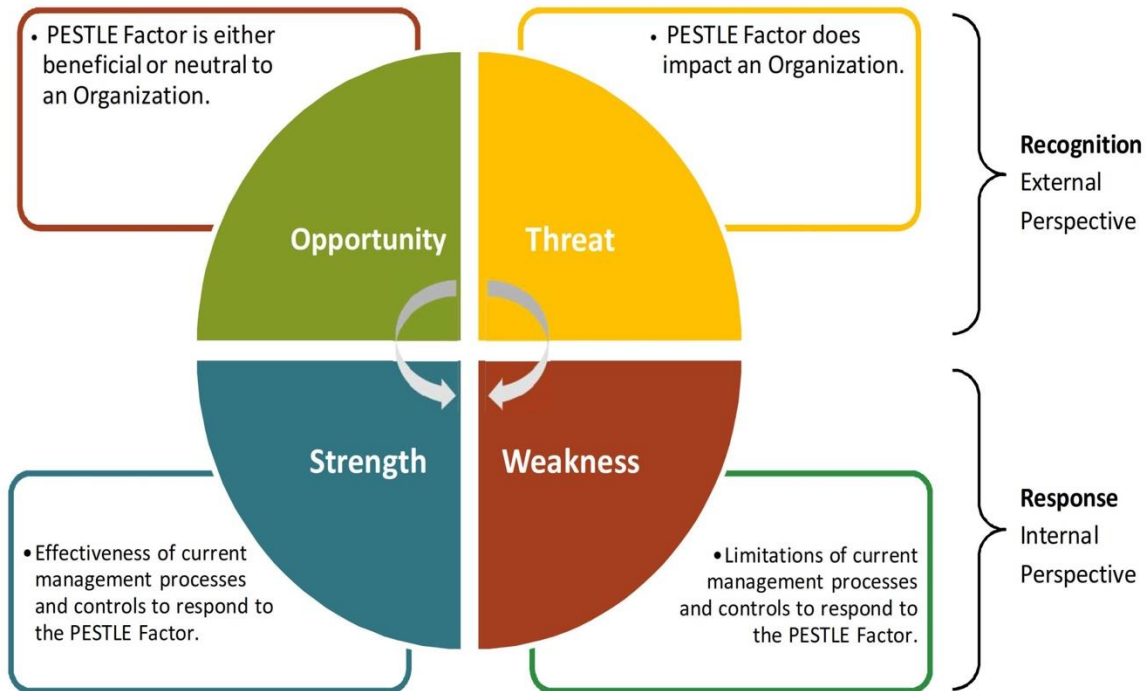
A SWOT analysis is a framework to assess a business, based on the four criteria of Strengths, Weaknesses, Opportunities and Threats. By having a broad overview of the potential competitors in a given market, a social enterprise can have a clearer view of the strengths and opportunities they can leverage on and potential weaknesses and threats to work on.



In the PESTLE- SWOT Tool, the goal of the SWOT Analysis is to measure the ability of a social enterprise to respond to the PESTLE factors. In principle, the SWOT will allow you to:



- a) recognize whether the PESTLE factor is an opportunity, a threat or a combination of both; and b) develop appropriate responses taking into consideration existing internal strengths and weaknesses. A general overview of our approach is illustrated in the figure below.



Learning activity 2: Application of PESTLE-SWOT Analysis

Type of activity
<ul style="list-style-type: none"> Interactive learning activity for group training Critical and analytical thinking Brainstorming and feedback in a group of learners Professional feedback from facilitator
Description of the activity
<ul style="list-style-type: none"> The activity has been developed to provide knowledge and boost skills of young artists and ARTrepreneurs interested in their capacity-building for risk management of CSEs.
Purpose/goal



<ul style="list-style-type: none"> To provide knowledge and develop participants` skills in using PESTLE and SWAT analyses as risk management tools for CSEs.
<p>Group size / individual if applicable</p>
<ul style="list-style-type: none"> 5 to 20 participants
<p>Material/s needed</p>
<ul style="list-style-type: none"> Handout 1 Handout 2 Facilitator`s Diary with notes and feedback on participants`` inputs. Both HANDOUTS provided in the Appendix to the Learning Activity 2.
<p>Estimated duration</p>
<ul style="list-style-type: none"> Min 3 hours.
<p>Instructions</p>
<ul style="list-style-type: none"> The activity needs to be facilitated and attended by representatives of a social enterprise`s various units and art industries. This allows for a robust discussion to capture the various social enterprises` perspective of the importance of the various factors, the probability of these factors influencing the current market, and how the social enterprise would address those factors if they were to occur. In order for the SWOT Session to be effective, it will be important to have the appropriate staff from a social enterprise in attendance. They will need to be comfortable speaking openly and candidly of the strengths and weaknesses of current policies, operating procedures and other internal processes – which is critical to prioritizing a risk assessment action plan. Due to the complex nature of the activity, detailed instructions on Step-by-step delivery are provided in the Handout 1 of the Activity.
<p>Links / references</p>





The Activity is developed by an EYNCRIN research and training team within the SE4Arts project, based on the Dave Pool`s article “Strategic Planning & Decision Making - Application of PESTLE-SWOT Analysis to Evaluate Alternatives”.

Source: <https://www.linkedin.com/pulse/strategic-planning-decision-making-application-analysis-dave-poole/>

Extra tips, options or adaptations, checklist

NA



Topic 3: Developing a Positive Risk Culture

INTRODUCTION: THEORETICAL BACKGROUND

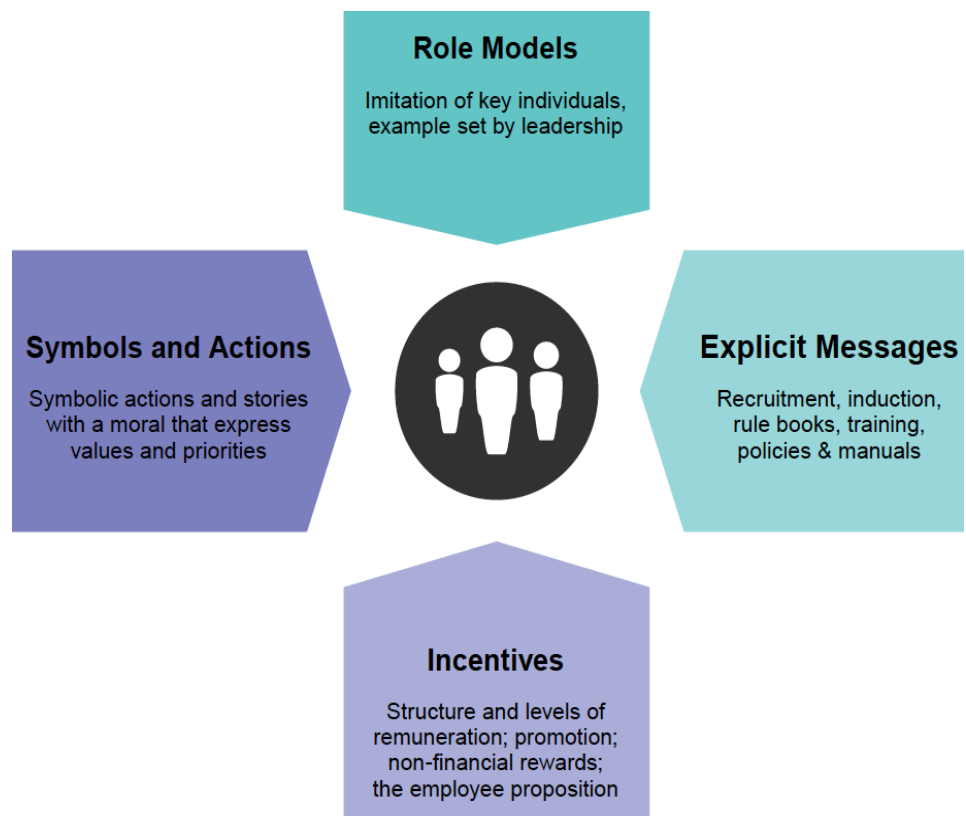
A positive risk culture² is one where staff at every level appropriately manage risk as an intrinsic part of their day-to-day work. Such a culture supports an open discussion about uncertainties and opportunities, encourages staff to express concerns, and maintains processes to elevate concerns to appropriate levels.

This chapter provides guidance in relation to element five of the Risk Management Approach including:

- how risk culture is influenced and developed
- how to determine your entity’s current risk culture
- how to determine your entity’s target risk culture
- implementing a risk culture change programme
- examples of positive risk culture goals

Shaping organizational culture of positive risk

Any organisations culture is complex and will be driven by a number of factors. Before attempting to change an entity’s culture it is first useful to understand the ways in which people are influenced.



² Based on Developing a Positive Risk Culture, Australian Government, Department of Finance. <https://www.finance.gov.au/sites/default/files/2019-11/Risk-Culture.pdf>



The four key channels through which people are influenced and pick up cultural messages are:

1. **Role Models.** The risk management behaviours that role models display will be influential on others, including both positive and negative behaviours. In doing this, they instil values that over time become the core beliefs about acceptable behaviour in an entity.
2. **Explicit messages.** Explicit messages incorporated in organisational policies and procedures set out expectations and influence behaviour. During their careers, officials are provided with many instructions and guidelines from their entity. These are influential in determining how officials view and manage risk. It is also important to consider who conveys these messages and how they are delivered.

3. **Incentives.** The manner in which officials are rewarded and recognised for displaying good risk management behaviours will indicate how risk management is valued. Officials will be unlikely to take appropriate risks if there is no incentive to do so or where risk taking is punished.

4. **Symbols and actions.** The daily actions of senior officials are noticed by staff and often mirrored. Think about whether senior officials manage risk in the manner in which they would like their staff to. Small, positive actions by senior officials can take on much wider symbolic importance and can help spread values across the entity.



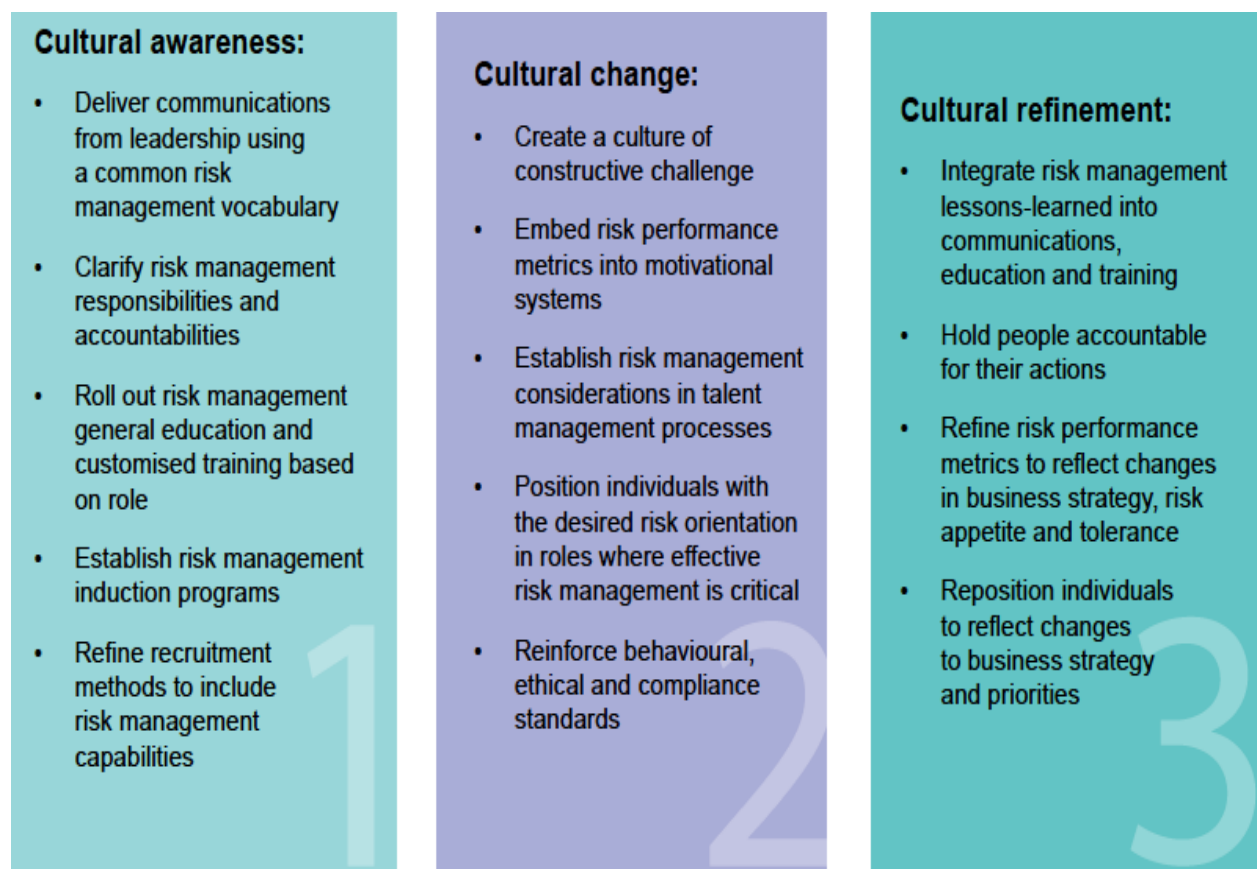


Implementing a Risk Culture Change Program

Cultural change towards positive attitudes to risk in social enterprises require meaningful changes to established ways of operating and will take time. It is rarely possible to successfully change more than five aspects of an organisation’s culture in a 12-to-18-month period.

Therefore, social enterprises may wish to consider focusing on the few key changes that are most important. It is important to adopt a targeted, systematic approach to cultural change that focuses on a few key issues at a time. Understand the risk behaviours that need to be changed most, develop practical strategies to achieve this, and then repeat the process over time.

Improving risk culture in a social enterprise is a process that can be separated into three broad stages which are depicted below:





Stage 1: Building awareness of risk culture

The awareness stage involves establishing the basic expectations for managing risk in the entity and defining relevant roles and responsibilities around risk. Clear, consistent and continuous communication from leadership is an important aspect of setting these expectations. Educate staff about risk via training so that they can meet the entity's expectations for managing risk. It can be useful for training and development programmes to leverage real examples and scenarios as a powerful catalyst to prepare individuals for change.

Stage 2: Changing the CSE's culture

Once the desired culture for managing risk has been established and communicated, the next step is to develop and implement practical strategies to achieve this. This is the stage where motivational systems are developed to reward the desired risk behaviours and discourage the wrong behaviours. In designing strategies to change the risk culture, an effective review process can be used to identify the root cause of any behavioural shortcomings or weaknesses. Communications and training alone will not be effective without understanding the underlying drivers of risk attitudes and behaviours. Assessment and communication of lessons learned are an opportunity to enhance the entity's risk culture, and to enact real change for the future. Where possible, it can be useful to integrate any risk management improvement initiatives with other major change programmes in the CSE.

Stage 3: Refining the CSE's culture

Entering the third stage, entities will have achieved many of the desired changes to their risk culture. The next step is to begin monitoring cultural performance versus expectations. An ongoing regular programme of risk culture assessment and comparison to prior results provides an objective way to demonstrate the real impact of changes achieved while also identifying any new or emerging areas requiring attention.

Having successfully achieved change in Stage 2, it is important to continue to make considered adjustments of strategies and communications in order to maintain a positive risk culture. Only CSEs that can demonstrate that they have the ability to adjust and adapt will be able to maintain a positive risk culture when their operating environment changes.





Learning activity 3: Towards Risk Culture Changes in CSEs

Type of activity
Interactive Activity <ul style="list-style-type: none"> Group Work and Facilitated Critical Debate
Description of the activity
<ul style="list-style-type: none"> The activity has been developed to support young artists and ARTpreneurs who are searching for way to change their organizational culture towards building a social enterprise that is embracing risk as a positive development. The activity could be delivered in residential mode, but also online.
Purpose/goal
<ul style="list-style-type: none"> To provide knowledge and develop participants` skills in analysing risk culture change goals and learn how to achieve those goals in CSEs.
Group size / individual if applicable
<ul style="list-style-type: none"> 3 to 15 participants
Material/s needed
<ul style="list-style-type: none"> Each participant needs to obtain a copy of the “Examples of Risk Culture Change Goals” When the activity is delivered in residential mode, it is necessary to prepare a suitable study room with chairs, flipchart and markers. When the activity is delivered in online mode, it is important to ensure the necessary hardware equipment and software (by choice of the facilitator and groups` accessibility), as well as to adjust the planned timing for each working slot of the activity. Facilitator`s Diary with notes and feedback on participants`` inputs. HANDOUTS provided in the Appendix to the Learning Activity 3.
Estimated duration
<ul style="list-style-type: none"> 60 to 90 min, depending on the group size and previous experience





<p>Instructions</p>
<ul style="list-style-type: none"> • The facilitator introduces the research of the AG “Developing a Positive Risk Culture” and explains the task of the activity. • Each participant receives the “Examples of Risk Culture Change Goals” (a printed copy for the residential activities and e-copies for the online activities). • The participants chose a learning partner form the group and get 45 min to study on the examples and debate on their applicability within their social enterprise. They take notes on conclusions to present to plenary. • Each couple of learners present their notes to the rest of the group, followed by feedback from the other participants and the group facilitator. • The activity is summarised with conclusions by the group facilitator.
<p>Links / references</p>
<ul style="list-style-type: none"> • The Activity is developed by an EYNCRIN research and training team within the SE4Arts project, based on Based on “Developing a Positive Risk Culture”, by Australian Government, Department of Finance. https://www.finance.gov.au/sites/default/files/2019-11/Risk-Culture.pdf
<p>Extra tips, options or adaptations, checklist</p>
<p>NA</p>





LEARN MORE

Articles, Studies, Resources

- **Benefits & Risks of Social Enterprise** - <https://www.laubach-on.ca/sites/default/files/Benefits%20and%20Risks%20of%20Social%20Enterprise.pdf>

	Benefits	Risks
Financial	<ul style="list-style-type: none"> Generates sustainable source of income Diversifies revenue streams Reduces donor dependency Leverages existing assets Unrestricted funds Cost savings in shared back office Increases credibility with Funder 	<ul style="list-style-type: none"> Lose money Start-up costs higher than willing to commit Traditional nonprofit funders may decrease support Opportunity cost (earned income vs. fundraising)
Mission	<ul style="list-style-type: none"> Sustainable programming vehicle Accountability for achieving social objectives Leverages mission activities and core competence 	<ul style="list-style-type: none"> Mission and reputation could be compromised if the venture is seen as a sell-out by stakeholders Organization has difficulty balancing mission and money, causing mission drift from core social activities to business Enterprise could have negative impact on clients
Operations	<ul style="list-style-type: none"> Incorporates organizational development and business tools Requires organizations to manage social interest, assets, and investment Enhances strategic thinking to function in a dynamic market Increases efficiency and cost effectiveness Improves market responsiveness 	<ul style="list-style-type: none"> Venture may divert management and staff attention Increased organizational complexity New systems required to support enterprise add costs Business skills needed for enterprise may necessitate hiring new staff
Culture	<ul style="list-style-type: none"> Innovation Entrepreneurship Market orientation Results orientation 	<ul style="list-style-type: none"> Cultural differences of social programs and enterprise may cause tension Staff may leave due to "business culture" Board and staff may feel sold out Resistance to change

- **How to manage risk and impact as a social enterprise, Louisa Ziane and Eddie Finch**

Source: <https://www.pioneerspost.com/videos/20220630/how-manage-risk-and-impact-social-enterprise>

The film explores what 'risk' means for a social business in a conversation between expert social business advisor Eddie Finch, social entrepreneur Louisa Ziane and *Pioneers Post* founding editor Tim West. They look at the different kinds of risk that exist and the practical ways in which one can prepare for them – such as creating 'risk registers' – even when, like a global pandemic, they seem highly unpredictable.

- **The Social Sector Needs to Take More Risk and Accept Failure, Harvard Business Review**

Source: <https://hbr.org/2013/02/the-social-sector-needs-to-tak>

In their article in Harvard Business Review, Sir Ronald Cohen and William A. Sahlman point out that while throughout private industry — from H. J. Heinz to Steve Jobs — enterprising individuals have launched businesses that failed or have been fired only to rebound to great success, across the social enterprises sector, there is a grave fear of failure and a low appetite for risk. While traditional businesses are tolerating risk and applauding enterprising individuals who undertake something new or hard that has potential for big impact, social entrepreneurs refuse to take even small risks as they start their ventures

“For social impact organizations to scale in the same way entrepreneurial tech companies do, investors need to increase their tolerance for non-moral failure. They need to foster a culture of innovation and risk-taking. The social sector needs to embark on an era of experimentation and innovation if it is to identify better ways of addressing social issues. We need to fund lots of creative high potential social ventures even if they carry the risk of failure. Most importantly we have to stop pumping support into struggling ventures because we are afraid to see them fail and be prepared to back again those who have learned from their failures. Smart people are more willing to attempt disruptive change when they know their value will not be destroyed if it doesn't pan out.

Venture capital is active, staged commitment of capital to multiple high-potential, high-uncertainty investments with great potential. Failure is inevitable and healthy. Impact investing needs to become the same. This is the only way foundations and other funders can maximize the social benefit from their assets, and move the needle on solving persistent social issues.”

- **Surviving the “Valley of Death”**

Source: <https://www.evpa.ngo/insights/capacity-building-risk-sharing>

The EU **Social Economy Action Plan** recognises the potential of the social economy to create quality jobs and contribute to fair, sustainable and inclusive growth. However, **early-stage social enterprises** still face many barriers to accessing growth capital. This stage is often referred to as the **‘Valley of Death’**: social enterprises in this stage require investments that are too large and commercial for donations or philanthropic foundations, but too small and risky for traditional

investors. Moreover, the cost of small ticket size transactions is disproportionately high for investors compared to the size and limited financial upside. Investors therefore tend to wait to scale more mature social enterprises requiring larger ticket sizes. These risks drying out the investment pipeline due to the lack of financial support for social enterprises early on.

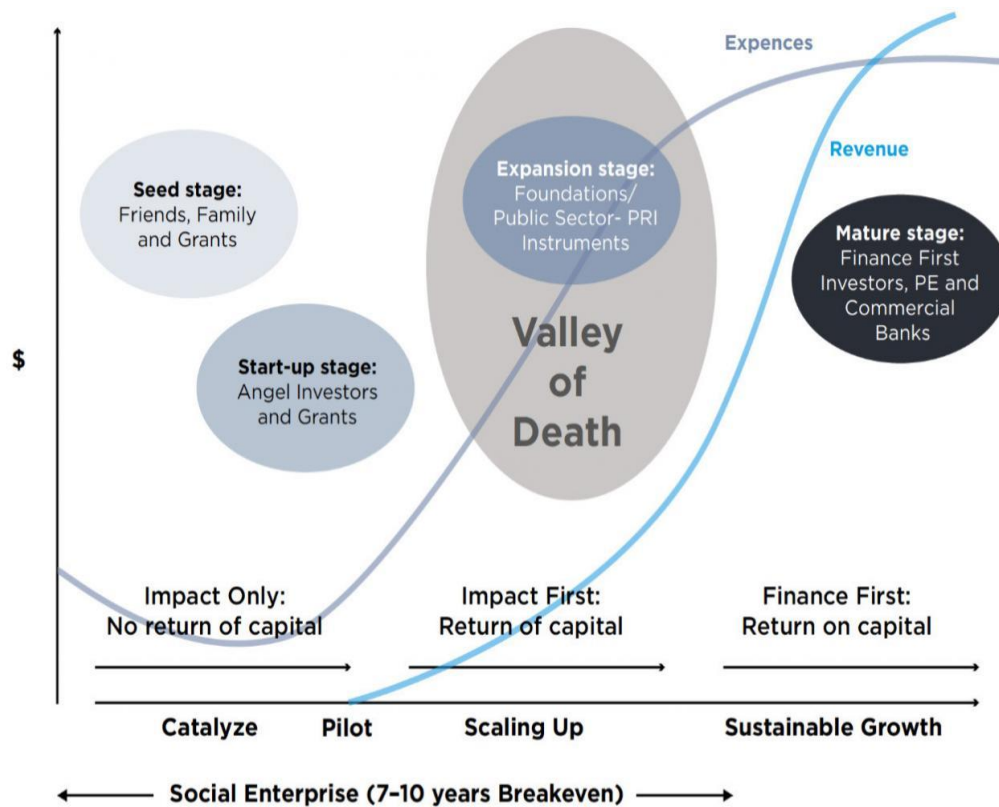


Figure 1: Growth stages of enterprises, from start-up to sustainable growth

Source: Bolis, M. et al. (2017), “Impact Investing: Who are we serving? A case of mismatch between supply and demand”, Oxfam and Sumerian Partners.

Fortunately, financial intermediaries such as the **Financing Agency for Social Entrepreneurship (FASE)** in Germany are dedicated to building bridges between different social investors and early-stage social enterprises to drive social innovation. FASE provides hybrid funding to early-stage social enterprises through tailored “deal-by-deal” support, designing innovative financing schemes - i.e. equity, mezzanine, hybrid or debt - that match the needs of social enterprises and impact investors. It also supports both sides during the whole transaction process, helps social enterprises become investment-ready, and secures impact-minded investors by building awareness on the impact, risks and return prospects of social impact investments.

- **Risk-sharing for social impact. What is unique about the European Social Innovation and Impact Fund (ESIIF)?**

Source: <https://www.evpa.ngo/insights/capacity-building-risk-sharing>

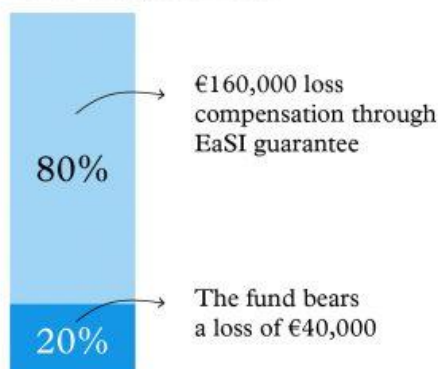
The first impact mezzanine fund to have received the EaSI Guarantee.

- Focused on social enterprises with a measurable contribution to solving social and/or environmental problems.
- Diversified target portfolio of around 60 early-stage social enterprises.
- Investors can choose two different risk-return profiles, junior and senior tranches.
- Fund investors and direct investors invest alongside.
- Low management fees due to passive investment approach.
- Term of 10 years plus twice and extension option by one year each.

The European Social Innovation and Impact Fund (ESIIF) mobilises additional risk capital to help bridge the funding gap for early-stage social enterprises and scale their impact. ESIIF is designed as a closed-end fund that provides **mezzanine capital** – a hybrid of debt and equity financing– to 60 selected early-stage social enterprises located in the EU, focused on a wide range of areas such as education, health, social services and the environment. The fund was launched in 2019 as the first-ever impact fund in Germany to receive the EU level **EaSI Guarantee from the European Investment Fund (EIF)**. The fund’s application process took two years, but once the guarantee was signed, the risk-sharing mechanism played an essential role in the establishment and success of the fund.

The EaSI Guarantee covers up to 80% of initial losses of investments in social enterprises, with a cap of 20% of the total invested capital of the fund. This means that the guarantee covers losses of the fund’s investment of up to €3.2 million of the fund’s target volume of €20 million.

EaSI Guarantee Example for a €200,000 Loan



Moreover, the EU guarantee is connected to the investment period of the fund. The fund is structured as a closed-end fund with a five-year investment period and a five-year portfolio period.

During the five-year investment period the investors look for the SEs to be invested and make the first round of investments. After this phase, the five-year portfolio period starts and the investors focus on the portfolio that was built to assist the SEs of the first five-year investment period.

ESIIF is appealing as it offers different risk-return profiles – junior and senior tranches - and the EU level risk-sharing instrument attracts German investors interested in deploying capital for positive social change who might have otherwise been reluctant to commit to a risky investment.

FINAL SELF-ASSESSMENT TEST

1) Risk management allows a balance to be struck between taking risks and reducing them.

TRUE

2) Risk is often assumed to occur using normal distribution probabilities, which in reality rarely occur and cannot account for extreme or "white swan" events.

FALSE!

3) Risk acceptance means that a risk is eliminated by not taking any action that would mean the risk could occur.

FALSE!

4) The risk management process is a framework for the 10 actions that need to be taken.

FALSE!

5) In each social enterprise the Risk Management Framework should be regularly reviewed and communicated to all relevant stakeholders.

TRUE!

6) It is practically not possible to get a clearer view of the strengths and opportunities that a social enterprise can leverage on by analysing the potential competitors in a given market.

FALSE!

7) A positive risk culture of a CSE supports an open discussion about uncertainties and opportunities, encourages ARTrepreneurs at all levels of managing a social enterprise to express concerns, and maintains processes to elevate concerns to appropriate levels.

TRUE!





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PR2 - Curriculum for the acquisition of new skills and competencies in Social entrepreneurship

Unit 6

Partner responsible: AKEP

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Unit 6 – Moving with ease in the financial and occupational market

INTRODUCTION

Purpose and Objectives

The unit aims at supporting learners in gaining knowledge about the key skillset that they must have developed to become competent professionals within the current or anticipated economic and Labour environments.

It will also familiarize the participants with methods, and practical tools to develop capabilities, set priorities, goals, and objectives, and design action plans around them.

Learning outcomes

Upon completion of this Unit, learners will be able to understand:

- what a social enterprise and social entrepreneurship are.
- the importance of social economy and how it can differ from country to country
- the peculiarities of social entrepreneurship in Arts
- what is the available finance and other support for small companies and opportunities for Social Enterprises





1. What is a social enterprise and social entrepreneurship?

- Social enterprises

To have a unique definition of social enterprise is almost impossible. In fact, many definitions exist since several organizational forms are used in Europe and around the World. In Europe, social enterprises were born from the tradition of the social economy, which is characterized by the principles and values listed above: solidarity, social cohesion the primacy of the individual over the capital, social responsibility, democratic management, not-for-profit driven and reinvestment of the profit in the enterprise itself.^{1 2}

The Organisation for Economic Co-operation and Development (OECD) gives the following definition of social enterprises: “any private activity conducted in the public interest, organized with an entrepreneurial strategy, but whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the problems of social exclusion and unemployment”.³

In the last decade, the European Commission has identified the social economy and social enterprises as innovative responses to the current economic, social, and environmental challenges, in which social entrepreneurs are **striving to make a significant impact on society, the economy, and the environment**.⁴

Overall, social enterprises are operators in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders.⁵ **Social enterprises operate by providing goods and services for the market in an entrepreneurial and often innovative fashion, having social and/or environmental objectives as the reason for their commercial activity.** Profits are mainly reinvested with a view to achieving their societal objective. Their method of organization and ownership also follows democratic or participatory principles or focuses on social progress.⁶

Definition of the term Resilience

“The only thing that is constant is change” is a famous quote by the ancient Greek philosopher Heraclitus. Indeed, life is constantly changing and evolving. This means that from time to time, things just stop existing. Losing a job, ending a marriage, or moving to another place are examples of changes that many people have experienced. We lose out on something important, a big plan collapses, or we are rejected by someone. Another way of expressing this feeling of loss is that a door is being closed. However, the end of one thing is always the beginning of something new. We have the option to stay focused on what is not here anymore

¹ <https://www.diesis.coop/resource/the-y-seh-kit-for-start-up-and-management-of-social-enterprises-2/>

² <https://www.diesis.coop/resource/how-social-enterprises-contribute-to-alternative-food-systems/>

³ https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf

⁴ European Commission, A map of social enterprises and their eco-systems in Europe Synthesis Report, 2020

<https://ec.europa.eu/social/BlobServlet?docId=12987&langId=en>

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and The Committee Of The Regions “Social Business Initiative: creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation” COM(2011) 682/2

<https://ec.europa.eu/docsroom/documents/14583/attachments/3/translations/en/renditions/pdf>

⁶ SEAP



Social Entrepreneurship for ARTS



(the doors that have been closed) or become aware of the new avenues that unfold. Optimism is about the latter option. It is about also seeing the doors that are being opened. It is about holding a favorable view of the future, taking closing doors into consideration, and turning them into something beneficial.



People before profit

Social economy enterprises and organisations prioritise people and communities over profit, driven by their mission to serve the common good and general interest



Democracy at work

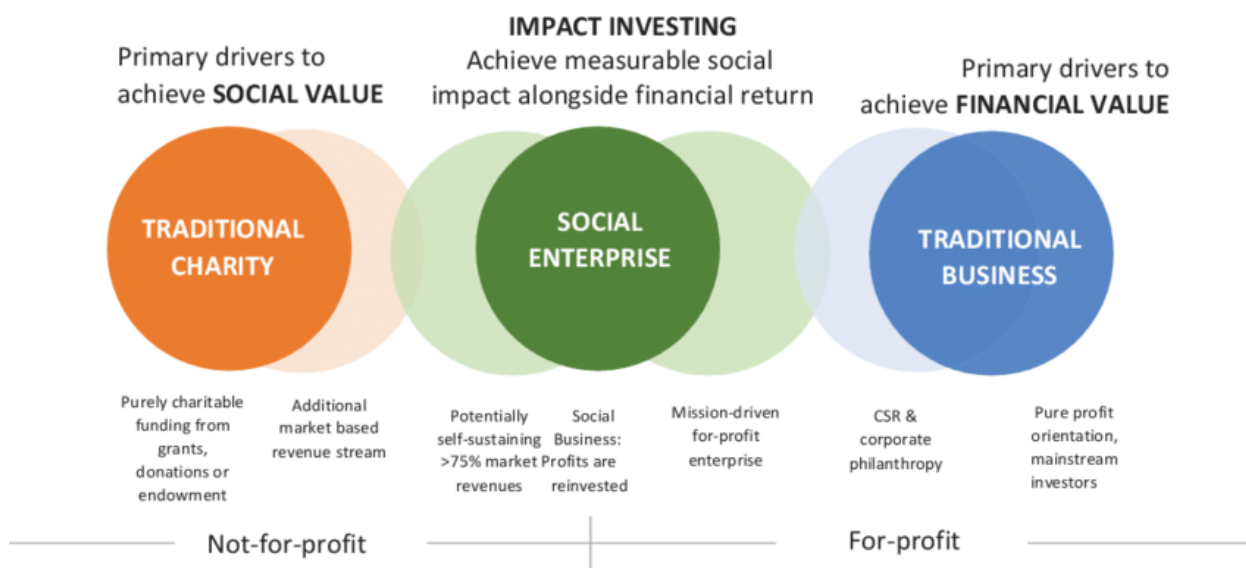
Social economy enterprises and organisations have inclusive and democratic governance



Reinvesting profits

Social economy enterprises and organisations reinvest most of their profits or surpluses to pursue sustainable development objectives

Items defining a social enterprise ⁷



Nowadays, **social enterprises are present in almost every sector of the economy**, serving the needs and interests of their communities and society. Indeed, social enterprises are versatile organisations, which address areas of unmet social need and create new social opportunities where other actors have failed to

⁷ Source: <https://www.socialeconomy.eu.org/the-social-economy/>



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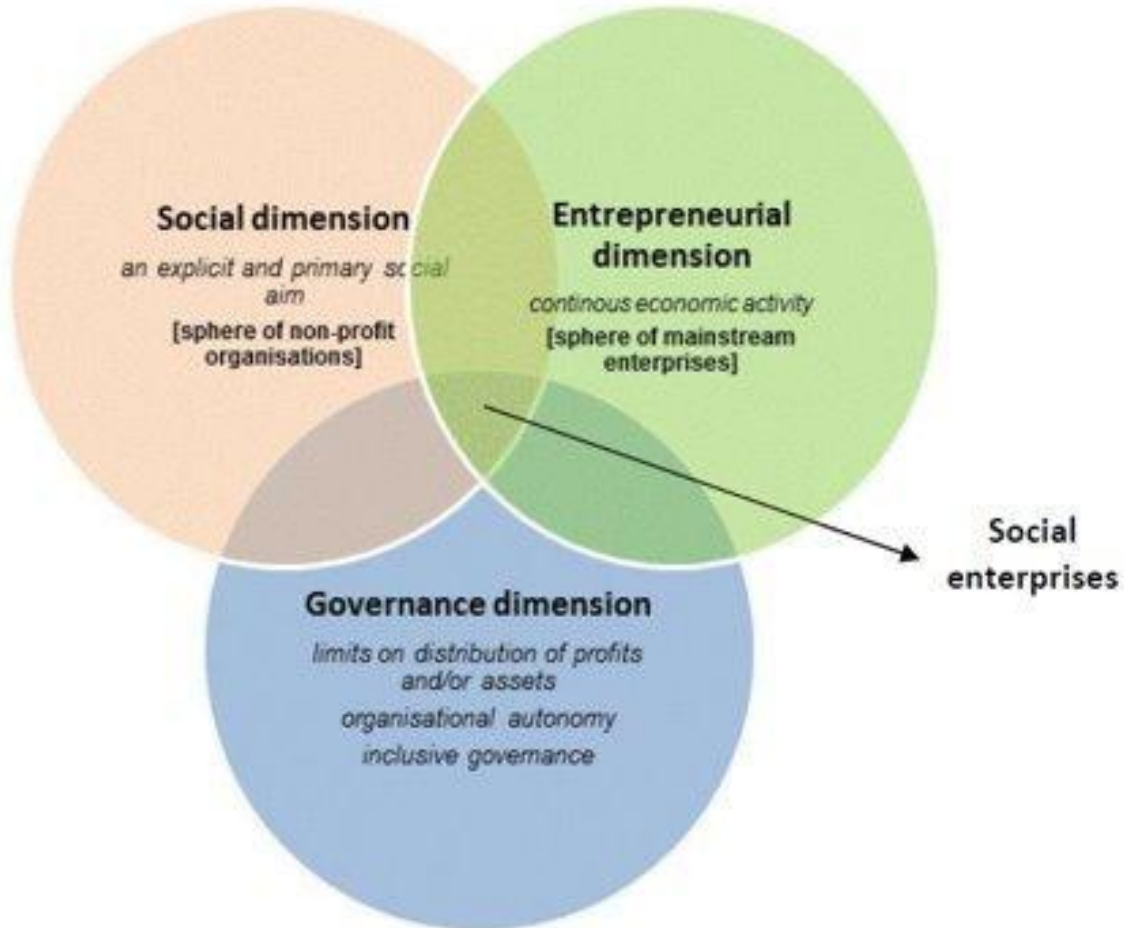
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act. Having in mind the impact they have on the environment and society as part of their long-term vision and strategy, ultimately, they contribute to smart and sustainable growth.⁸

Figure ES1.1 The three dimensions of a social enterprise



8

<https://diesiscoop.sharepoint.com/sites/Diesis/20ATL/Shared%20Documents/Projects%20completed/Programs&Funds/ERASMUS/E+%20Y-SEH/4.%20DELIVERABLES/6.%20OI%202/Y-SEH%20KIT%20final%20version.pdf?CT=1660894018681&OR=ItemsView>



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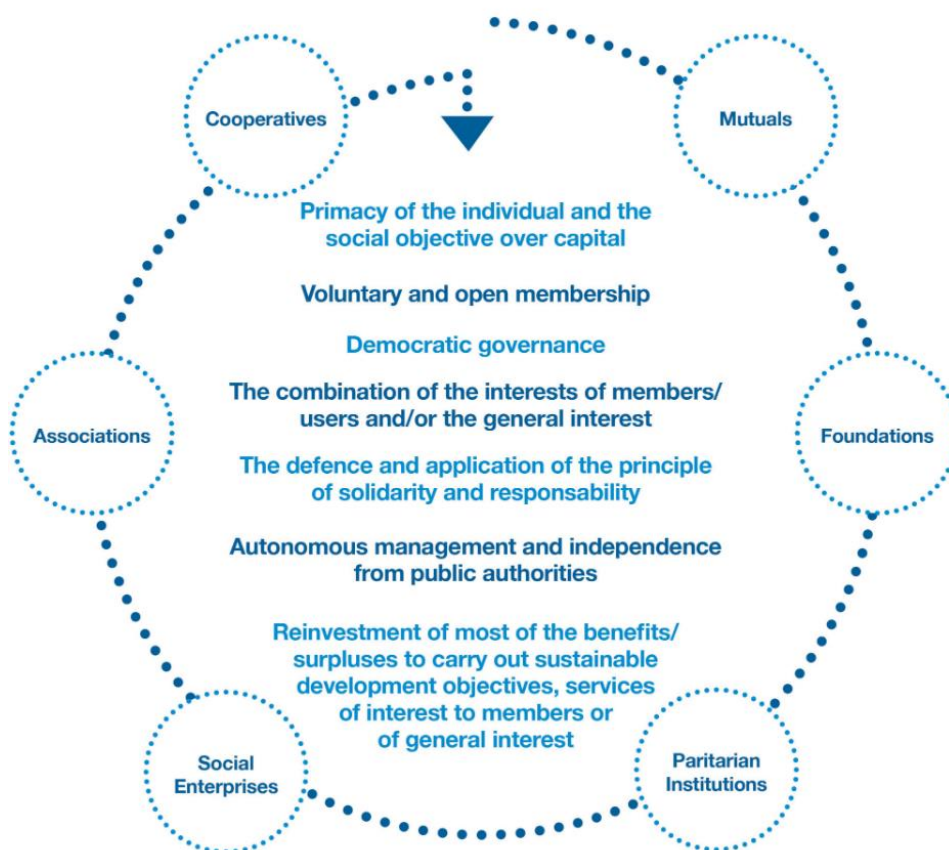
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The three dimensions of a social enterprise⁹

Social enterprises adopt a variety of legal forms depending on the national context. Nevertheless, usually, and most commonly, social economy enterprises could be organisations such as cooperatives, mutuals, associations, foundations, and social enterprises themselves in countries where this legal form exists. Despite the different legal forms, these organisations are united by shared values and features.



Values and items that unite social economy organisations¹⁰

⁹ Source: European Commission, A map of social enterprises and their eco-systems in Europe Synthesis Report, 2015

¹⁰ Source: <https://www.socialeconomy.eu.org/the-social-economy/>



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- Social entrepreneurship

Social entrepreneurship is an evolving concept. Its definition evolves to align to changing perceptions in society and of entrepreneurs, legislators, and investors on the role of entrepreneurship and business in society. It has been used to define entrepreneurs who combine entrepreneurial activity with a social purpose. Its primary aim is to maximise social impact and effectively contribute to inclusive and sustainable growth. As such, social entrepreneurship shows a double bottom line including social impact and economic profit.

Social entrepreneurs can generate innovative ideas capable of producing significant social changes and have an entrepreneurial vision when it comes to developing their project. Of course, their motivation does not stem from generating financial values, but they do so by implementing social changes that are sustainable over time. Indeed, the typical social entrepreneur cares for its customers, as well as for its beneficiaries.

Activity 1 : “What is social entrepreneurship?”

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
Participants are asked to watch the following videos <ul style="list-style-type: none"> - What is Social Entrepreneurship? By CEDRA Split: https://www.youtube.com/watch?v=aTo0qtdVMpM - What is social entrepreneurship? By SENS MREŽA: https://www.youtube.com/watch?v=1ecKK3S8DOE <p>and then provide a list of the 5 most important characteristics of Social Entrepreneurship.</p>
Purpose/goal
At the end of this activity, learners will be able to: Understand the characteristics of social entrepreneurship
Group size/individual if applicable
Individuals/groups of 2-4 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>SE4A Unit 6_chapter 1 Activity 1,</i>) pens, blank papers, pens, markers



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If online: the trainer may create an interactive file or convert the hand-out into an online file through jam board or other online tools
Estimated duration
25-35 minutes
Instructions
Links / references
<u>Videos to watch:</u> <ul style="list-style-type: none">- What is Social Entrepreneurship? By CEDRA Split: https://www.youtube.com/watch?v=aTo0qtdVMpM- What is social entrepreneurship? By SENS MREŽA: https://www.youtube.com/watch?v=1ecKK3S8DOE
Extra tips, options or adaptations, checklist, and so on
Make sure that all participants will actively participate in identifying the requesting information and the relevance to the training topic.

2. Social economy: how it can differ from country to country

Depending on the national legal system and other contextual characteristics, social enterprises cover a variety of legal and organizational forms in each country.

These include ad hoc legal forms/statuses that have been designed specifically to further social enterprise growth (ex social enterprises) and legal forms not designed explicitly for social enterprises (i.e., associations, cooperatives and mutuals, foundations, conventional enterprises, and specific types of non-profit organizations in various countries.¹¹

¹¹ European Commission, Social enterprises and their eco-systems in Europe, 2020:

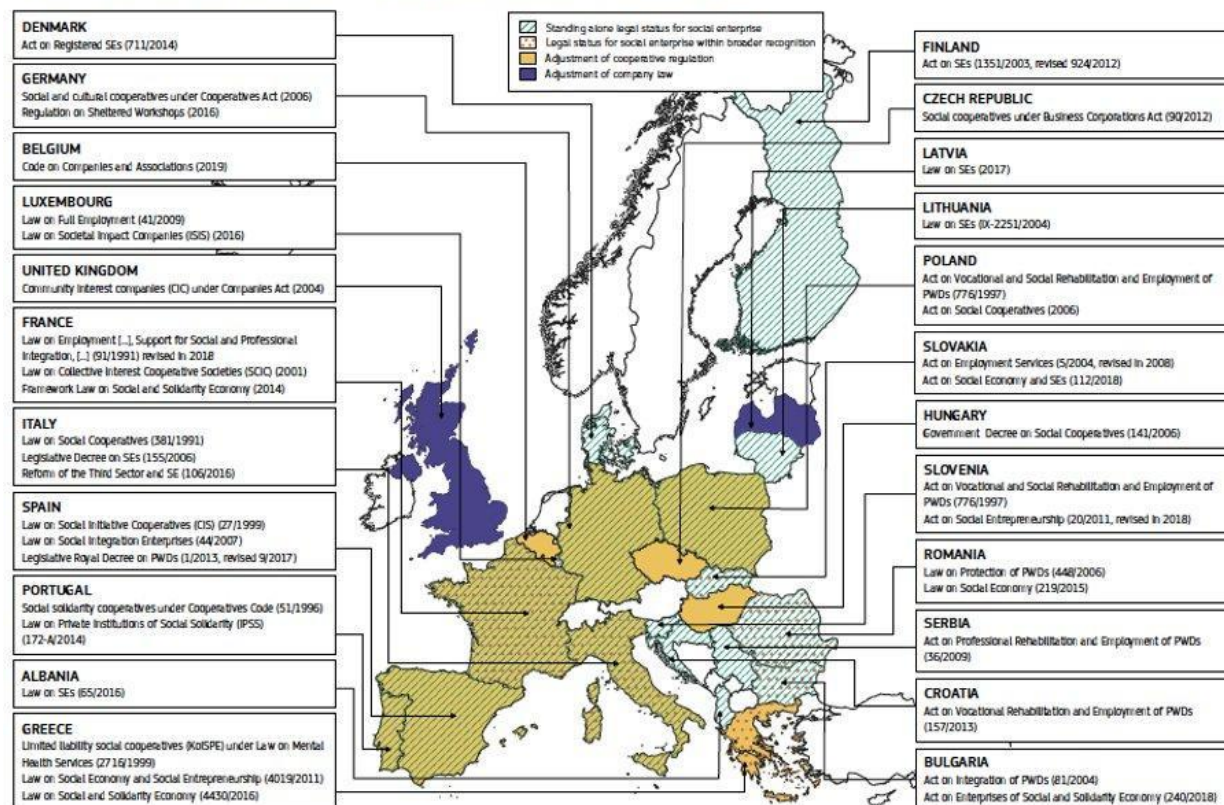
<https://ec.europa.eu/social/BlobServlet?docId=22304&langId=en>



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Figure 4. Countries with laws on specific legal forms or statuses for social enterprises



Country with laws on specific legal forms or statuses for social enterprise¹²

Nevertheless, a common trend is that the interest in social enterprises amongst policymakers, public authorities and researchers has increased remarkably over the years. The number of social enterprises and people employed is progressively increasing in most EU Member States. The domains of engagement of social enterprise are progressively broadening. Social enterprises constantly engage with growing societal problems, which differ from country to country and within countries and local territories.¹³

According to the European Economic and Social Committee study on the Recent Evolutions of the Social Economy in the European Union there are 2.8 million social economy enterprises and organisations in the European Union, that employ 13.6 million people, which means 6,3% of the EU's work force and between between of all jobs across Member States and represent 8% of the EU's GDP.^{14 15 16}

¹² European Commission, Social enterprises and their eco-systems in Europe, 2015

¹³ European Commission, Social enterprises and their eco-systems in Europe, 2020:
<https://ec.europa.eu/social/BlobServlet?docId=22304&langId=en>

¹⁴ <https://www.eesc.europa.eu/en/our-work/publications-other-work/publications/recent-evolutions-social-economy-study>

¹⁵ SEAP

¹⁶ <https://ec.europa.eu/social/main.jsp?catId=1537&langId=en>



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- Activity 2: "Social economy characteristics per country".

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
Each group will look for the characteristics of the social economy sector in your country by downloading your country report produced by the European Commission at this link: https://ec.europa.eu/social/main.jsp?advSearchKey=socentercountryreports&mode=advancedSubmit&catId=1307&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0
Present them in a table and share them in turns, with the rest of the group.
Purpose/goal
At the end of this activity, learners will be able to: Understand the characteristics of the social economy sector and identify their relevance in social entrepreneurship in arts.
Group size / individual if applicable
Individual/groups of 2-4 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>SE4A Unit 6_chapter 1 Activity 1</i>), pens, blank papers, pens, markers If online: the trainer may create an interactive file or convert the hand-out into an online file through jam board or other online tools
Estimated duration
25-35 minutes
Instructions
Links / references
https://ec.europa.eu/social/main.jsp?advSearchKey=socentercountryreports&mode=advancedSubmit&catId=1307&doc_submit=&policyArea=0&policyAreaSub=0&country=0&year=0 https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8274&furtherPubs=yes
Extra tips, options or adaptations, checklist, and so on
Make sure that all participants will actively participate in identifying the requesting information and the relevance to the training topic.



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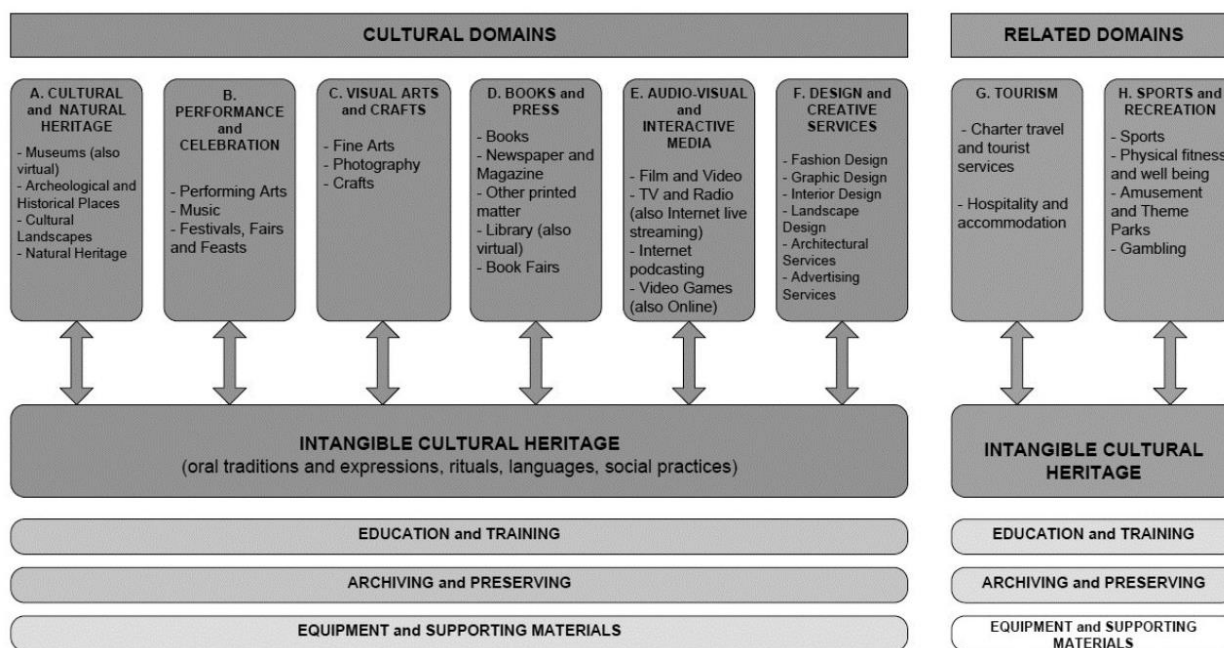


3. Social economy and the Creative and Cultural Industries- Social Entrepreneurs in Arts

Cultural and creative sectors are all sectors whose activities are based on cultural values, or other artistic individual or collective creative expressions.¹⁷

“The cultural and creative industries are those sectors of organized activity that have as their main objective the production or reproduction, the promotion, distribution or commercialization of goods, services and activities of content derived from cultural, artistic or heritage origins. Cultural and creative industries, entail a focus on the further stages of the value chain - including the production and dissemination stages of industrial and manufacturing operations.”¹⁸

According to UNESCO, this approach places the emphasis on goods, services, and activities of a cultural/ artistic and or heritage nature, whose origin lies in human creativity, whether past or present. It also underscores the necessary functions of each aspect of the cultural value chain that allows goods, services, and activities to reach a public and market. Therefore, this definition is not limited to only the output of human creativity and industrial reproduction but includes other activities that contribute to the creation and distribution of cultural and creative products.¹⁹



Cultural and creative sectors are fundamental for ensuring the continued development of societies and are at the heart of the creative economy. Knowledge-intensive and based on individual creativity and talent, they generate considerable economic wealth: indeed, from an economic perspective, they show above-average

¹⁷ <https://culture.ec.europa.eu/cultural-and-creative-sectors/cultural-and-creative-sectors>

¹⁸ <https://culture.ec.europa.eu/cultural-and-creative-sectors/cultural-and-creative-sectors>

¹⁹ <https://en.unesco.org/creativity/sites/creativity/files/digital-library/What%20Do%20We%20Mean%20by%20CCI.PDF>



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growth and create jobs - particularly for young people - while strengthening social cohesion . On top of this, they are critical to a shared sense of identity, culture, and values.²⁰

Arts and cultural activities really do improve lives: they provide participatory creative activities that help to restore people’s well-being and increase their self-esteem, confidence, and empowerment, as well as reducing anxiety and depression, and aiding social cohesion, education, and personal development

Activity 3: “Case study”

Type of activity
Individual activity, but applicable also with groups (F2F & online)
Description of the activity
Participants are asked to choose one of the ten case studies on the: Culture and creative sectors in the European Union – Key future developments, challenges and opportunities by the European Parliament (at least the executive summary): https://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU(2019)629203_EN.pdf and present the main challenges that each of them is presenting.
Purpose/goal
At the end of this activity, learners will be able to: Understand the characteristics of the social economy sector and identify their relevance in social entrepreneurship in arts.
Group size / individual if applicable
Individual/groups of 2-4 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>SE4A Unit 6_chapter 1 Activity 1</i>), pens, blank papers, pens, markers If online: the trainer may create an interactive file or convert the hand-out into an online file through a jam board or other online tools
Estimated duration
25-35 minutes
Instructions

²⁰ <https://culture.ec.europa.eu/cultural-and-creative-sectors/cultural-and-creative-sectors>





Links / references

[https://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU\(2019\)629203_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU(2019)629203_EN.pdf)

Extra tips, options or adaptations, checklist, and so on

Make sure that all participants will actively participate in identifying the requesting information and the relevance to the training topic.

4. Finance and other support for small companies and SE- Opportunities for Social enterprises

Introduction to Social Finance

“Social investment provides capital that enables social organisations to deliver both social and financial returns. The investment is repayable, often with interest, and is typically used to develop new or existing activities that generate income - such as trading activities or contracts for delivering public services” - Cabinet Office (UK)

Social finance is used commonly to describe repayable finance, but there are many financial instruments including risk capital that are developed under this umbrella concept

Financial Instruments for Social Enterprises

Repayable Finance

- Debt is the most accessible finance for SEs
- Limitations:
 - i. Eligibility: Many organisations will lack the necessary assets needed in order to secure loans and start-ups will lack the financial history needed to prove that they are credible
 - ii. Repayments: A fixed commitment to paying back loans can inhibit the crucial early stage of an enterprise. One solution is a “two-year holiday” between investment and first repayment but there is little flexibility in terms of risk sharing

Types of loans for SEs

- Peer to Peer (P2P) loans:
- Blended finance: Repayable loan + non-repayable grant



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- Charity Bonds: Tradable loans offered by social investors to charities or social enterprises, over a fixed rate of time with a fixed interest rate
- Social Impact Bond (SIB): The contract is on a payment-by-results basis and the repayment is dependent on social targets being achieved
- Emergency Finance: During COVID-19 many social investors privately negotiated terms of repayment with borrowers to support them

Equity Finance

If you are a...

- Registered charity: You can't take equity finance unless you do it through a subsidiary company of the charity that trades
- Company limited by guarantee: There are no financial incentives for equity investors to invest
- Community Interest Company: There is a cap on the profits and there are little financial incentives
- Legal company limited by shares: There could be high ROIs which make it very attractive to investors

If you use equity there is a high risk of conflict of interest. Investors' interest (profitability) can be squared with the ethical aims of the business (social impact)

Ways for SEs to gain investment using shares

- **Crowdfunding**
 - Entrepreneurs can get funding directly from individuals who already care about the business' mission and are willing to invest small amounts of money
 - There are many crowdfunding platforms (e.g. Kickstarter)
- **Incubators, accelerators, fellowships**
 - Many offer funding, but some offer also training, mentoring, access to investors, office space etc.
 - For-profit accelerator programs provide funding in exchange for equity (~5-10%)
 - They could boost your enterprise's credibility and exposure

Other types of Social Investment

- **Community Shares**
- A specific kind of share that can only be issued by co-operative societies, community benefit societies and charity community benefit societies



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- A great way to raise capital whilst also remaining independent from any single owner
- Some characteristics are that they are *non-transferable, their value is fixed, shareholders have only one vote, there is a limit on the interest paid for each share* and more...

Other types of Social Investment

➤ **Quasi-equity**

- It reflects some of the characteristics of shares but without the organisation taking equity
- Repayments are based on performance of the company such as profit or income - the more you earn the more you pay
- The investor buys a Revenue Participation Right that provides him/her with the right to a percentage share in the revenue of the business
- Useful when share capital is not possible

Measuring your Social Impact

The wish for a social positive outcome is the defining feature of a social enterprise, therefore, if you are hoping to start up a social enterprise it is essential to find a way to prove the impact of your organisation

- **Theory of change & logical frameworks**

- The preferred methods for accountability for the charity sector
- It link your organisation's goals with specific outcomes, outputs and activities
- Usually presented in a diagram providing a quick overview of what your organisation does and what it aims to achieve

- **Social Return on Investment (SROI)**

- SROI evaluates your impact relatively to the resources used to achieve this impact in monetary terms
- Probably the most popular UK framework for measuring and accounting for the value created by an investment

Social Return on Investment (SROI)

PROS

- It calculates a monetary value even for social or environmental outcomes
- It can measure the social value generated by the entire organisation or focus on one specific goal
- It can be used for strategic planning, making investment decisions, measuring impact etc.

CONS



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- Organisations work with different stakeholders and will have made different judgments when analysing their social return – it's not appropriate to compare the social ratios alone

Support from the government

There are 3 major channels in which the government supports SEs and the charity sector

- Awarding grants and supporting preferential access to finance*
- Supporting tax breaks for investments in socially responsible businesses and donations*
- Through Public Services Act in 2012 and later the social value framework in 2020 (UK)*

Delivering public services, grants, social prescribing

- Often the public sector pays for social enterprises to deliver services for them
- Public sector uses commissioning which is a process to decide what services they need and how they will allocate funding
- If you deliver services like *social care, youth services, health services etc.* you can look for public funding for your work
- Social enterprises have a very high amount of potential public activities they could provide

Support from corporations and from individual consumers

- **From corporations**
 - The private sector is also reassessing its procurement policies to support social enterprises
 - Specially large corporations with Corporate Social Responsibility (CSRs) commitments
- **From individual consumers**
 - We, as millions of individuals, have purchasing power that can boost the social enterprise movement
 - Governments and corporations won't achieve much if individual consumers don't support value-driven organisations

Activity 4:

Type of activity
Group activity (F2F & online)
Description of the activity
Participants work in groups and are asked to identify the most common sources of funding for a social enterprise which has been included in the above training material. Then, they are asked to carry out desktop research in order to identify the terms and conditions that are applicable in each of them and present them to the rest of the group.
Purpose/goal



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To be in a position to make use of Financial Instruments that could support a Social Enterprise
Group size / individual if applicable
From 2 to 6 people
Material/s needed
If face-to-face: hand-out print (see Annex <i>SE4A Unit 6_chapter 2 Activity 2</i> , pens, blank papers, pens, markers If online: the trainer may create an interactive file or convert the hand-out into an online file through jam board or other online tools
Estimated duration
45 minutes
Instructions
Links / references
Extra tips, options or adaptations, checklist, and so on

FINAL SELF-ASSESSMENT TEST 5 questions

The quiz is composed by 10 multichoice questions, only one answer is correct:

1. The main objective of the social economy is to:

- Help people in need
- Boost economic growth, while having a positive social and environmental impact
- Develop business managed in a fair way

2. Social economy in the EU represents:

- 8% of total GDP
- 4% of total GDP
- 11% of total GDP

3. A social economy enterprise is:

- are operators in the social economy whose main objective is to have a social impact rather than make a profit for its owners or shareholders
- are managed in a democratic and open way



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- both answers are correct

4. Social enterprises:

- Are bottom-up processes that respond to the needs of the community at all costs, even if not profitable
- Are bottom-up processes that respond to the needs of the community at all costs remaining profitable on the market
- Are bottom-up processes that respond to the needs of the community at all costs by sometimes carrying out business activities

-

5. Social enterprises operate only in social-related fields:

- True
- False

6. Social enterprises:

- Can have multiple legal forms depending on the country
- Are gaining relevance at EU level
- both answers are correct

7. Incubators, accelerators, fellowships

- Many offer funding, but some offer also training, mentoring, access to investors, office space etc.
- For-profit accelerator programs provide funding in exchange for equity (~5-10%)
- They could boost your enterprise's credibility and exposure
- All the above





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- Social Entrepreneurship: The Case for Definition by Roger L. Martin & Sally Osberg:
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- Recent Evolutions of the Social Economy in the European Union, by the European Economic and Social Committee: https://www.ciriec.uliege.be/wp-content/uploads/2017/10/RecentEvolutionsSEinEU_Study2017.pdf
- Culture and creative sectors in the European Union – Key future developments, challenges and opportunities by the European Parliament (at least the executive summary):
[https://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU\(2019\)629203_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2019/629203/IPOL_STU(2019)629203_EN.pdf)

