

SOCIAL ENTREPRENEUR SUPPORT TOOLKIT

Building Capacity for Social Entrepreneurship Support Organisations



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MEDUP!

Promoting social entrepreneurship in the Mediterranean Region

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A. Welcome



How to use this toolkit?

Welcome to the MedUP social entrepreneur support toolkit!

This toolkit has been designed to assist organisations and individuals who work to help social entrepreneurs, from pre-start through to scaling social ventures. The toolkit can be used by anyone, though it is primarily aimed at those who are new to working with social entrepreneurs.

This toolkit complements training provided by Impact Hub through the MedUP! programme, however it can also be used on its own as a stand alone resource. It is a collection of advice, resources and information grouped under subject headings and placed in a relevant order. It contains key topics, resources and ideas that will support you along your journey as a supporter of social entrepreneurs. It also has questions and exercises for you to complete as you think about your own ecosystem and to prompt you to evaluate how you might adopt and adapt these learnings to your own context.

This toolkit cannot be exhaustive. In section F there is a list of resources that can give you more detailed guidance on key topics. We will be providing you with definitions that help you to understand the social enterprise sector and how to provide practical support for entrepreneurs, but for a fuller understanding you can also get access to a document that the MedUP project is developing through its advocacy pillar listed in the resources' section.

When using the toolkit you will find it helpful to discuss the themes and topics covered with others who are working with social entrepreneurs to gain different perspectives and exchange knowledge. To facilitate peer learning and knowledge exchange, SES-Os participating in the MedUP programme activities will have the opportunity to join a community of practice through an online platform that is currently under development.

The toolkit is based on many years of experience and evidence of what works for social entrepreneur support. The social entrepreneurs you work with will be at varying stages of readiness, when they approach you for help. Your organisation will also grow and change on your journey to enabling social entrepreneurs to start up and grow. Feel free not to use the toolkit in a linear way, but focus on the information and resources that meet your specific needs at any particular time, adapting it for use to your local context and conditions.

What is Impact Hub?

Our world faces pressing social and environmental challenges. We believe the only way forward is by joining forces to build a future where business and profit work together in support of people and planet.

With 100+ impact communities in over 50 countries across five continents, **Impact Hub** is one of the world's largest networks and accelerators for impact at scale. We align the core of our activities with the Global Sustainable Development Goals (SDG's) and see them as a platform for collaboration with others who share our vision and values. In every city we put social entrepreneurs at the centre of our efforts, providing physical infrastructure and surround them with a supportive community and resources. We build for and with these communities, creating collaborative ecosystems that convene the strengths of business, institutions, policy makers and unlikely allies. We connect these local ecosystems to our 16,000+ members. Our virtually linked, global community of changemakers reaches 40 million people.

About MedUp!

MedUp! Promoting social entrepreneurship in the Mediterranean region aims at promoting social entrepreneurship in Morocco, Tunisia, Jordan, Egypt, OPT and Lebanon as a driver for inclusive growth and job creation. The project, co-funded by the European Union with a budget of 5.5-million-Euros, started in March 2018 and its implementation will last 4 years. Implementing countries are Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. Actions will focus on:

- Promoting country and cross-country policy and advocacy initiatives and public-private dialogue to create an enabling regulatory and policy environments (macro level);
- Reinforcing 60 social entrepreneurship support organisations through capacity-building and networking activities (meso level);
- Providing financial and technical support to 100 social enterprises (micro level).

The project, led by Oxfam Italy, is implemented by European and Southern Mediterranean co-applicants, in coordination with the Oxfam regional platform.

Consortium Leader:



European Partners:



Southern Mediterranean Partners:



Associated Partners:



B. Introduction to Social Enterprise



What is a social entrepreneur?

A social entrepreneur is an individual (or a team of people) applying an entrepreneurial solution to address a social or environmental problem. There is no generally agreed definition, however social entrepreneurs most often combine business activities and social issues in a way that improves the lives of people connected to a particular social or environmental issue. They don't measure their success in terms of profit alone. Success, to a social entrepreneur, means that they have improved the world, however they choose to define that. Philanthropists, social activists, environmentalists, and other socially-oriented practitioners are often referred to as social entrepreneurs.

There are some common characteristics associated with social entrepreneurs:

- “People with entrepreneurial solutions to social or environmental problems” - Zulfiqar Ahmed, Equal Impact.
- “Social entrepreneurs are the essential corrective force. They are system-changing entrepreneurs. And from deep within they, and therefore their work, are committed to the good of all.” Bill Drayton, founder of Ashoka
- “A person who sets up a business enterprise with the aim of alleviating social problems” Collins English Dictionary

Social entrepreneurs are most often identified by their motivation or the purpose behind them starting up a social venture or project. There are two types of social entrepreneur:

- Biographical social entrepreneurs. These people have direct lived experience of the issue and have a solution to the problem.
- Career or serial social entrepreneurs. These people see a social or environmental problem and are motivated to solve it. They may move from solving one problem to another.

Social entrepreneurs share some characteristics; some of the most common ones are below:

- Focus first and foremost—on purpose / social value creation
- Make trade-offs between making a profit and serving their community and creating impact
- Often willing to collaborate & share their innovations and insights for others to replicate
- Social entrepreneurs are willing to jump in before ensuring they are fully resourced
- They push against convention, and challenge the status quo and are often seen as troublemakers

- Identify and apply practical solutions to social problems, combining innovation, resourcefulness, and opportunity
- Innovate by finding a new product, a new service, or a new approach to a social problem Show a determination that pushes them to take risks that others wouldn't dare, often at personal risk
- Balance their passion for change with a zeal to measure and monitor their (once they know how)

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

What is a social enterprise?

Social enterprise is all about combining business with social justice. As with the term social entrepreneur, there is no standard definition for what a social enterprise is. We can see from some of the ways that social enterprises are described that there are some characteristics associated with social enterprises:

1. They have a social mission written into their organisational rules. This is sometimes known as a mission lock.
2. They generate a portion of their income from selling goods and services
3. They invest or give away a portion of their profits to further their social mission
4. They are independent: owned and controlled in the interests of the social mission
5. They are transparent in how they report their social impact and how they operate
6. They look to innovate

Here are some examples of how social enterprises and their business models are described:

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

“A non-dividend company created to solve a social problem. Like an NGO, it has a social mission, but like a business, it generates its own revenues to cover its costs. While investors may recoup their investment, all further profits are reinvested into the same or other social businesses” - Mohammed Yunus

“Businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.” - UK Government

“A social enterprise is an organisation that applies commercial strategies to maximise improvements in financial, social and environmental well-being” - Wikipedia

“Social enterprises are revenue-generating businesses with a fundamental difference. Whether operated by a non-profit organisation or by a for-profit company, a social enterprise has two goals: to achieve social, cultural, community economic and/or environmental outcomes; and, to earn revenue” - Centre for Social Enterprise, UK.

There are different opinions about what constitutes a social enterprise. Some believe the definition applies only to businesses that make money, working toward improving a specified problem by selling products or services. This is known as the “earned income” model. Customers of these social enterprises are often attracted by knowing that their purchase will help support a particular social cause, such as free healthcare for children in need or helping farmers in rural communities to grow food and get it to market for a fair price. A few examples of where this approach has been successful are the global [Fairtrade movement](#) and [Ben & Jerry’s Ice Cream](#). However, the product still has to be good enough for the customer or they will stop buying. Others say people who work to solve a social problem using grant or government money are also social entrepreneurs. Others still say that people who use creative ways of doing advocacy or campaigning on an issue for social change are social entrepreneurs. Sometimes social enterprises combine these different models.

The spectrum of social venture types

The term "social venture" is often used to describe any organisation with social impact as its primary purpose. This is a broad spectrum with various legal forms in use in different countries depending on local laws and regulation. Many countries do not have a specific legal form that signifies that they are a social enterprise. Social ventures that generate revenue are often described as being "profit for purpose". These can be profit distributing and even have shareholders.

We can differentiate each of the social venture types by their legal structure. However the primary difference between traditional business and a social venture is what motivates the entrepreneur and the primary **purpose** of the social venture. This means that purpose is more important than legal structure in defining a social venture.



* The specific legal structures are dependent on local Government policies

It is useful to think of social venture business models as running along a spectrum, from charities and NGOs that are fully reliant on philanthropy and government funding at one end to fully commercial and businesslike at the other.

In recent years, many social entrepreneurs have been driving toward the commercial end of that spectrum to reduce their dependence on philanthropic or governmental subsidies. This is because they want to become sustainable without recourse to charitable or government funds. However, commercial strategies are not always optimal for all social ventures. The business model has to align with the strategy for social impact, but within that constraint, social entrepreneurs work to create sustainable social ventures. For-profit ventures, social business ventures, and hybrid ventures that mix elements from the philanthropic and commercial worlds have become common in many places.

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

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

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

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

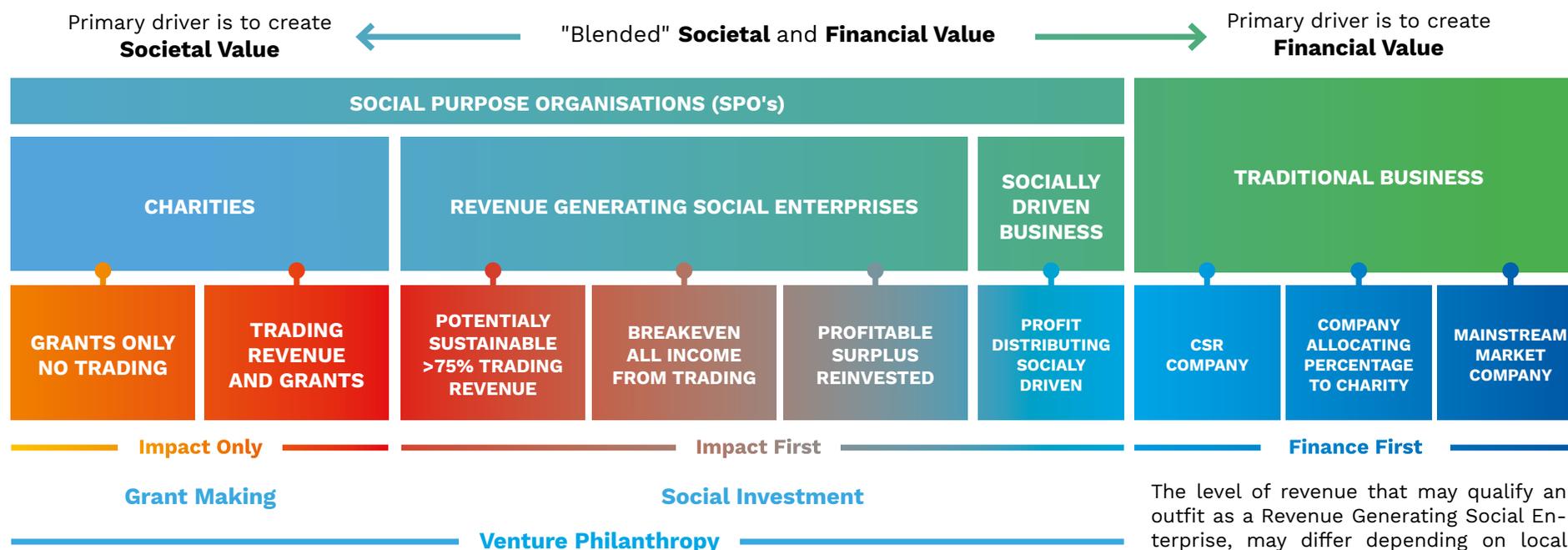
Many social ventures operate both for profit and not for profit structures simultaneously to get the most benefit from from local finance, tax and investor opportunities. An example of this at a large scale is [BRAC](#), a Bangladesh based organisation.

In the MENA region, the co-operative legal structure is one of the most commonly used for social enterprise. A co-operative is a business that is owned and run jointly by its members who also share the profits or benefits.

In this region, NGOs are also often active. Though they have few trading activities (and may or may not, therefore, be strictly defined as social enterprises) they can have a sustained economic activity that can provide key products and services for the local community. The rural economy is also highly relevant.

The diagram below illustrates the spectrum of social ventures found most commonly; what the primary objective is and how the legal structure adopted influences the type of funding and investment they can generally access.

The Spectrum of Social Venture Types & Typical Business Models



The level of revenue that may qualify an outfit as a Revenue Generating Social Enterprise, may differ depending on local policies and sector standards.

The table below provides some examples of organisations that fall within each of the social venture types within the social venture spectrum.

The Spectrum of Social Venture Types - A Few examples

Purpose	Social Venture Type	Example
Impact Only	Charity / NGO	<ul style="list-style-type: none"> • BRAC Bangladesh (Social development, Social enterprises, Investment, University) working in 11 countries - website • Ruwwad Al-Tanmeya Jordan, Palestine, Lebanon, Egypt - website
Impact First	Revenue Generating Social Enterprise	<ul style="list-style-type: none"> • Zelij Invent Morrocco - page • Sitti Soap Palestine - website • Dumye - Dolls with Purpose Dubai - article • Souk El Tayeb Lebanon - website
	Socially Driven Business	<ul style="list-style-type: none"> • Body Shop Global - website • Miya Water Global - page
Finance First	Traditional Business	<ul style="list-style-type: none"> • Arab Bank, McDonald's
Shared ownership and decision making	/	<ul style="list-style-type: none"> • Co-operative Women in Hebron Hebron - website • Iraq al-Amir Women's Cooperative Jordan - article • FC Barcelona Spain - website

ACTIVITY

Look at the links provided for each of social venture examples in the table above. With your team:

- Discuss the key differences and any similarities between the different social venture types and what their particular needs might be
- Consider which are the most common in your ecosystem
- Consider which your organisation is best placed to serve

C. The needs of social entrepreneurs



Journey stages of social entrepreneurs

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

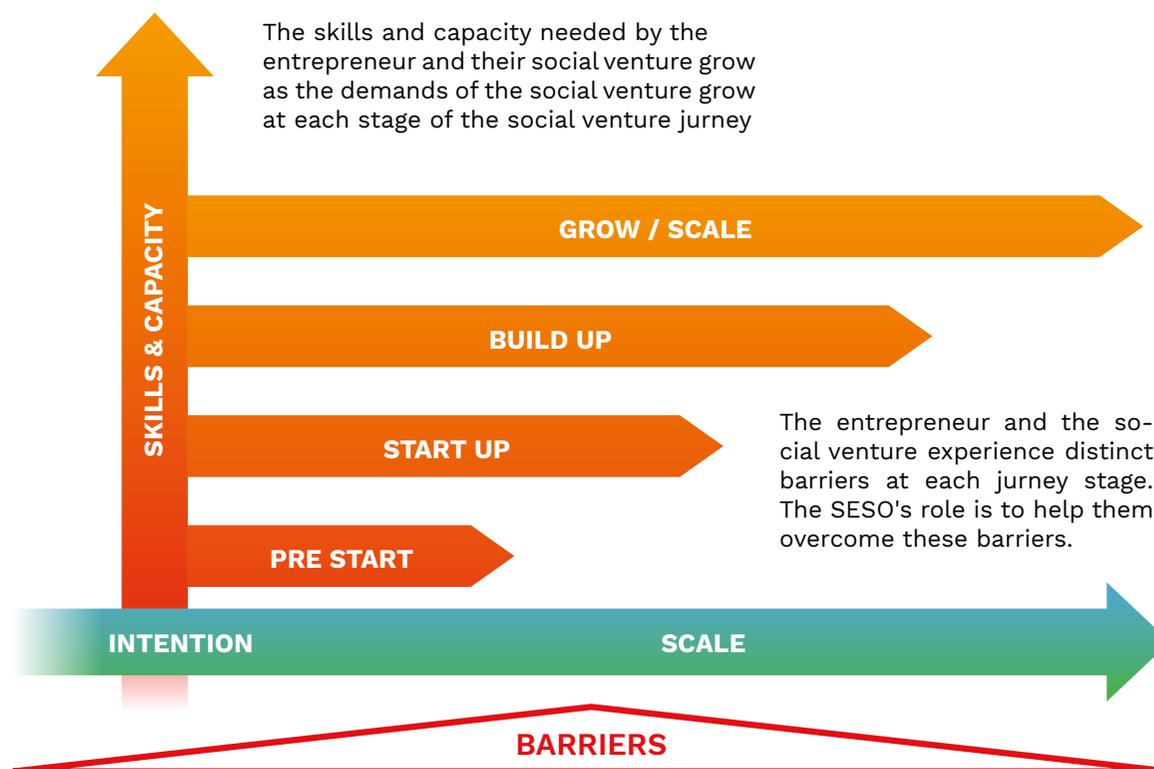
We can identify four key development stages for social ventures:

- Pre-start or Idea stage
- Start up
- Build up operations
- Growth and Scaling

It is worth remembering that the entrepreneurial journey is rarely linear, and there are often a series of micro-steps between each stage. The stages overlap and entrepreneurs may have needs that would typically fall in more than one stage.

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

The role of SESOs is to identify these support needs and provide help that is specific to the entrepreneur and their social venture for the journey stage they are going through.



Typical barriers experienced by social ventures at each stage

Pre-Start:

- What is the happening with the enterprise? Inspiration leading to an idea and then action
- Essence of the needs: Building skills, connections and the confidence and commitment to start up

Personal barriers

- a. Lack of **understanding** or **support** from family and friends. In contexts where entrepreneurship (or self-employment) is not highly regarded, early-stage entrepreneurs are often immersed in a non-supportive network. Sometimes, that lack of support is connected to lack of understanding, misalignment in professional expectations or fear. Comments such as “why don’t you get a proper job - something more secure” coming from friends and family can be damaging to the risk-averse and high motivation needed to start a business.
- b. Lack of **time and focus**. Navigating first steps as entrepreneurs include attending many networking events and probably working a full-time job while starting a business. Some entrepreneurial myths imply that entrepreneurship is a 24/7 activity and that you should always be available, as leads might arise in any context. This means that burnout is a high risk.
- c. **Well-being and social life**: due to high pressure and the combination of many of the mentioned activities, early-stage entrepreneurs struggle to maintain their social networks and social activities. On top of that, irregular and unhealthy meals and the stress of managing an unstable financial situation might lead to poor health.
- d. Lack of **confidence**. Being new to entrepreneurship, early stage candidates might suffer from lack of confidence or self-awareness. Inexperience can lead to lack of clarity about priorities, making everything seem urgent and overwhelming. Developing soft and technical skills is crucial for succeeding in the initial steps.

Financial barriers

- a. Lack of **initial funding** and resources to develop a prototype of the solution and test their ideas. Gaining the first piece of funding to build and start testing and refining the solution can be difficult, especially if the entrepreneur does not have a support network including friends and family. Also, early-stage enterprises can’t afford to pay salaries, so most collaboration needs to be secured pro-bono.
- b. Managing a **constrained cash-flow** with limited financial expertise.
- c. Lack of networks and **connections** to potential co-founders, partners, customers and investors might hinder the first steps towards entrepreneurship.

Ecosystem barriers

- a. **Identifying** and receiving effective and **relevant expertise and support** (including legal, financial and sector specialist support). Some ecosystems lack available and affordable support for early-stage entrepreneurs. Others have numerous options making it difficult for entrepreneurs to navigate the range. Depending on the ecosystem's maturity, entrepreneurs might find different barriers to receive support.
- b. **Lack of Public understanding and awareness** about the concept and value of social enterprise can lead to a lack of incentives to provide support, financial aid and regulatory frameworks to enable social enterprises to thrive. In some societies, social enterprise is equated with charity or NGO.
- c. Level of support or otherwise in the **policy environment** can act as a barrier or as an incentive for the proliferation of social enterprises and support organisations in the field.

Business expertise barriers

- a. Lack of previous **experience or knowledge** of how to run a business is a crucial barrier for early-stage entrepreneurs, as they find it difficult to evaluate if their solution is accurate or if there is a market for it and how to make it financially sustainable.
- b. Lack of awareness of **competitors** or real market potential due to insufficient experience in the sector.
- c. Realistic costing and budgeting can be challenging for entrepreneurs with no financial expertise.
- d. Developing an impact logic focusing on desired impact and outcomes and how the planned activities will achieve to generate that.

Start Up:

- What is the happening with the enterprise? Starting up a social venture, motivated by creating social impact
- Essence of the needs: All the barriers from the Pre-Start stage plus:

Personal barriers

- a. Need to **balance** the competing demands of running the early stage company with setting long-term processes and growth plans.
- b. Need to resist overwhelm, **burn-out** and the fear of failure
- c. Need to define and embed a vision, mission and company culture aligned with personal beliefs.
- d. Need to balance networking commitments and competitions, awards applications with actual work time.

Financial barriers

- a. If the company receives investment or any kind of funding, additional expectations from all **stakeholders** might become challenging to satisfy.
- b. Might need to seek **external help** such as recruiting volunteers or university students to help set-up the first systems.
- c. Managing **cash-flow** as operations grow and acquiring more sophisticated financial systems.

Ecosystem barriers

- a. Need to put in place appropriate **governance** systems and legal structure to support the mission. This might be particularly challenging in contexts where social enterprises are not recognised as specific structures and blended and creative approaches need to be adopted.
- b. Establishing key **partnerships** with relevant stakeholders to make their value proposition stronger.

Business expertise barriers

- a. Need to find **sufficient customers** to cover costs and stay sustainable. If founders don't come from a commercial background, this task can seem especially challenging.
- b. Need to put in place **systems** to deliver the product and service with quality results. Those include financial systems, supply chain and delivery processes, health and safety regulations, HR policies, among others.
- c. Need to go **move from the initial set of customers** (friends, family, acquaintances) to build new relationships by developing a strong marketing value proposition.
- d. Need to put in place **impact measurement** systems and reporting to keep track of the generated impact and be able to adjust the product or service.
- e. Needs to understand and refine the **business model** to plan for growth. At this stage, achieving profitability and being able to self-sustain is a key challenge.

Build Up (up and running)

- What is the happening with the enterprise? Growing operations & demonstrating social impact
- Essence of the needs: Combining ongoing management, systems implementation and growth activities. All the barriers from the Start Up stage plus:

Personal barriers

- a. If the founder/co-founding team has not done so yet, at this stage it's expected that they would **go 'full time'**.
- b. Reluctance to **delegate** and hire the first employees. For that is crucial to identify the founders' strength and gaps in expertise.
- c. **Developing management** skills and experience such as team building, management systems, financials, etc.
- d. Taking care of the entrepreneur's and the team's **well-being**.
- e. If relevant, developing a board of **trustees**.

Financial barriers

- a. Access to **post-seed finance** and knowledge of how to appeal to investors. For that, a strong business model and impact logic should be developed.
- b. Reluctance to take on **loans** or give up **equity** as the enterprise grows.
- c. Establishing book keeping and **cash-management** processes. Reviewing tax structures.

Ecosystem barriers

- a. Finding effective and relevant **support**. If the ecosystem is well developed, navigating different support organisations and programmes could be challenging. If the ecosystem is not yet developed, finding suitable support might be complicated.
- b. Lack of **public and institutional understanding** and awareness of the value of social enterprise as a concept

Business expertise barriers

- a. **Recruiting an expert team**. This includes identifying and writing job descriptions and understanding which roles to resource first
- b. Developing **more efficient and effective systems**, processes and policies for measuring performance and improving results (financial, HR, marketing and sales, etc).
- c. Demonstrating and **measuring impact**. Using impact data to refine the solution and to attract and please stakeholders.
- d. Having the discipline to pivot or **let go of projects/products** that are not best practice or not fully funded.
- e. Develop a reliable **sales pipeline** and ensure the quality of delivery and customer service.
- f. Generate **stakeholders' engagement** mechanisms and promote long-lasting partnerships.

Scale/Grow:

- What is the happening with the enterprise? Scaling Impact & Securing Social Investment
- Essence of the needs: Clarifying strategies and systems, market research and resourcing growth or replication. All the barriers from the Build Up stage plus:

Personal barriers

- a. Stepping out of delivery and into **leadership mode**.
- b. Ensure the **well-being** of entrepreneur and team while managing teams in different locations.
- c. Promote a sense of unity and team-building in remote locations.
- d. Understand **own motivations for growth** and decide the right strategy depending on the depth of control that they want to maintain vs the potential impact.

Financial barriers

- a. Finding and obtaining appropriate **investment** especially to sustain the value chain and production expansion.
- b. Produce evidence of **impact and return on investment (ROI)** to convince potential investors and funders. Explore international investors.
- c. Reluctance to lose control over the product or service by giving up equity or replicating the solution elsewhere.
- d. Managing ongoing relationships with **demanding investors**. Balancing own timeframes and expectations with aggressive expansion plans from investors.

Environmental barriers

- a. Understanding routes to market and specific contacts in new markets. Includes studying regulations and key support organisations.
- b. Set up payment systems and digital presence in **new markets** (including new languages, currencies, banking and tax).
- c. **Establishing new expert** support and peer support and networks in different locations.
- d. Public and institutional understanding of social enterprises and available **support for scaling**.

Business expertise barriers

- a. Understanding how to run a more **complex organisation**, including managing teams located geographically distant.
- b. Potential need to **pivot or hone products** to suit new markets. Simplifying the offer to penetrate a new market and adopting an iterative approach to test value propositions.
- c. Need to develop/**update product**, or create new product lines to remain competitive
- d. Need to **update marketing** materials to align with new markets, products and customers. Cultural understanding is a key factor while designing marketing strategies for new markets.
- e. Ensure that **quality** is maintained when running a larger organisation. Includes developing operational manuals and training materials.
- f. Need to build **new partnerships** to allow for faster growth - relationship and contracting skills
- g. Ensuring the right balance between local bespoke approaches and unified **best practice/simplicity**
- h. **Automating** more systems and processes (e.g. allowing online booking and payment)

Q ACTIVITY

Fill in the table below with the answers to these questions:

- What are the main barriers for social entrepreneurs in your context?
- What is your organisation currently doing to mitigate those?
- What kind of support could you offer to help entrepreneurs overcome those barriers?

	Early Stage	Start Up	Build Up	Grow / Scale
Identified Barriers				
Existing support				
New ideas for supporting entrepreneurs as part of your menu of support				

D. Social Entrepreneur Support Organisation



What does a SESO do?

The social entrepreneur support ecosystem is made up of a diverse group of individuals, networks and organisations who want social entrepreneurs to succeed. These social enterprise support organisations, or SESOs, are present in the public, private and NGO sectors.

The role of a SESO is to enable social entrepreneurs to have the best chance of success; providing the right support at the right time according to the needs of the social entrepreneur and their social venture. There are five key roles that SESOs can play to achieve this aim:

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

Most SESOs will do this by designing and implementing high-quality support programmes, which are either time-limited or form a continuing support relationship. These programmes may include one or more of the following services to form a 'menu of support':

Skills: Skills-centred, based around particular models of support provision where the social entrepreneur's skill set is developed, enabling her/him to become the founding initiator of a successful social venture.

Bespoke: Each entrepreneur receives tailor-made support specifically developed around her/his needs.

Thematic: Theme-focused supporters are motivated by transforming a particular issue. They provide support tailored to the needs of social entrepreneurs tackling the issue, such as technology, climate change or education or selected from an underserved group, such as women, minorities or young people.

Investment Readiness: Focus on getting early-stage social entrepreneurs and their ventures to the point where other investors are prepared to invest. This often involves similar activities to other supporters, just with different priorities and intensity levels.

Space: Support is built around work-space provided by the SESO. This is often accompanied by support programmes inspired by any of these other methodologies but the key idea is that the space encourages peer support and communities of practice to build up.

Networks: These may include peer networks of the programme participants themselves (who provide role models and mutual support) and wider connections to partners, suppliers, customers or other stakeholders. These networks may be facilitated in person or through online networking platforms.

Ecosystem: Larger support organisations have grown to become hybrid hubs that provide comprehensive support programmes, permanently innovating, with a range of different types of support methodologies.

Funding and social investment: Focus on the provision of grants, loans or blended finance options.

Q ACTIVITY

Here are some examples of well established SESOs from around the world. With your team, take a look at what they do and generate ideas that may be feasible to include in your own menu of support.

Acumen Fund	www.acumen.org
Alfanar	www.alfanar.org
Ashoka	www.ashoka.org
AVPN	www.avpn.asia
Echoing Green	www.echoinggreen.org
Global Social Entrepreneurs Network	www.gsen.global
Impact Hub	www.impacthub.net
MaRS	www.marsdd.com
Omidyar Network	www.omidyar.com
NESTA	www.nesta.org.uk
Social Enterprise UK	www.socialenterprise.org.uk
UnLtd	www.unltd.org.uk
Yunus Social Business	www.yunusb.com

Guiding values and principles for SESOs

SESOs need the right technical skills to support social entrepreneurs, but it is also about more than this. The values and principles that underpin a SESOs work is vital. Arguably, embedding the right values into your work is the most impactful elements of any social entrepreneur support programme. These values then guide the way that you interact with social entrepreneurs, driving the behaviours that generate successful support.

Here are some important attributes for SESOs to build into your culture:

- A firm belief that the talent is out there
- Recognising that the people closest to the problem often have the best solutions
- Be focused on the needs of both the entrepreneur and their social venture
- Backing the 'unusual suspects' and people with lived experience of the problem
- Look for ideas and people with with potential; not only those that will succeed anyway
- Provide needs-based help
- An active driver; looking to take the social venture forward to where they want to be
- Adopt a questioning & listening, coaching style
- Help the entrepreneur understand and learn rather than doing things to or for them
- Use reflective practice; learning and using the learning in practice and to help each other
- Ensure your efforts are relationship based; having a trusting relationship enables real challenge and support
- Acting as a critical friend; one on the social entrepreneurs side but who will provide support and challenge as needed
- Walk the journey with the entrepreneur
- Bring objective insights based on experience and knowledge
- Be results and quality focused. Monitor and celebrate success; theirs and yours
- Work with and connect to others to ensure the social entrepreneur has the best chance of success
- 'Walk the talk' - entrepreneurs take risk, and so should supporters
- Learn from experience and continually improve the offer to social entrepreneurs

Q ACTIVITY

Discuss the guiding values and principles set out here with your team and key decision makers and decide how best you can work towards embedding these into your working practice and organisational culture.

E. Developing a support programme for SEs



Most social entrepreneur support programmes will involve nine key stages to become effective:

Stage 1: Programme identification and design

- Map your ecosystem and understand the social needs that exist
- Develop your programme and menu of support for social entrepreneurs
- Ensure your team and any partners involved have the right skills and values needed

Stage 2: Fundraise for your support programme

- Create a budget for your project
- Identify the key messaging around your organisation and programme
- Identify potential funders and apply for funding

Stage 3: Your outreach strategy

- Decide how you will reach out and attract social entrepreneurs to your programme.

Stage 4: Assessment & Selection

- Assess and select social entrepreneurs for your support programme.
- Assess the support needs of social entrepreneurs.

Stage 5: Enable

- Developing a menu of support for social entrepreneurs that you will deliver.
- This should focus on both the needs of the social entrepreneurs and their social ventures.

Stage 6: Connect

- Helping social entrepreneurs to navigate to other support in the ecosystem such as mentoring and pro-bono help.
- This often means partnering with others.

Stage 7: Impact Management

- Knowing what works and adapting your support offer through learning and evaluation.

Stage 8: Finance and Investment for Social Ventures

- Connect entrepreneurs to the right kind of funders and investors to help them start or grow

Stage 9: Demonstrating and Influencing

- Demonstrating your achievements and getting others on board to support your work.

Most of the rest of this toolkit will be based around these stages, allowing you to plan a programme step by step.

Stage 1: Programme Identification and Design

① Problem Definition

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

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

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

Key questions at this stage include:

- What is the target group? The more specifically you can answer this question the better, for example, young people aged (18-25) or early-stage female entrepreneurs from Ramallah
- What are the main challenges identified by that target group? It is important to understand what the entrepreneurs identify as their important challenges and not what you think is important.
- How are they currently solving the problem? What support or advice are they receiving already? What gaps are there that they need help with?

To help you answer these questions:

1. Identify your key assumptions
2. Use qualitative research approaches to gain an understanding of underlying reasons, opinions and motivations. The aim is to attain insights into the problem that could help to develop new ideas.
3. Organise a team brainstorming session. Define your challenge. Define your participants' profiles by using [Empathy Maps](#) or [Value Proposition Canvas](#).
4. Organise your themes: what you would like to know, what you already know, what you want to validate?
5. Decide on research methods and instruments: for example: in-depth semi structured interview, focus group, shadowing, mystery shopper, etc.
6. Develop your qualitative research guidelines
7. Interview/observe your potential participants (target population)
8. Capture your insights
9. Use insights to design a first programme draft. Specify a value proposition for each participants' target.
10. Test and refine.

Below you can find an illustration that summarises the kind of issues you are considering. In this diagramme, VP means value proposition. A value proposition is basically the value that you are aiming to create for the entrepreneurs that you are working with.

Participants' Pains

List all the mentioned barriers to access entrepreneurship/ materialise their ideas.

- Physical / tangible
- Intangible
- Emotional
- Financial
- Risks

Hints:

- What is too costly for them?
- What are the main frustrations?
- What are current VP in place?
- What are feared negative consequences?
- What are the main barriers for them to adopt a VP?



Classify them in a pain severity continuum...



② Mapping the Ecosystem

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

Ecosystem elements include:

1. The surrounding environment

- The business environment consisting of policy, legal, institutional and regulatory conditions
- The investment climate, which takes a broader view on a country's competitiveness.

2. Interacting Actors

- Individuals such as business founders or investors
- Organisations (e.g. companies, universities, banks)
- Institutions

3. Entrepreneurial Culture & Attitude

- Behavioural Patterns
- Desirable Career Choices
- Promotion of Entrepreneurship



Q ACTIVITY

Map your own ecosystem and use it to identify needs and gaps for your enterprises

Step 1: Map Key Actors in your Entrepreneurial Ecosystem.

- Capacity development providers
- Resource Providers – all people contributing to the entrepreneurial landscape
- Key allies and complementary movements
- Investors, financial services providers and donors
- Mapping of actors and investors
- Mapping of key relationships/partnerships/gaps

Step 2: Identify the environmental conditions

- Politics and administrative processes and structures: new laws, rules, regulations, processes, procedures, corruption
- Economics: economic health, distribution of wealth, growth of markets, trends in fundraising
- Geography & infrastructure: physical location, transportation, communication, urban/rural/suburban issues
- Societal norms and culture: norms, beliefs, values, cultural memes, social networks, demographic trends
- Research: scientific breakthroughs, relevant studies, impact trends

Step 3: Analyse and draw conclusions

③ Design your support programme

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

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

As you design your programme, use the stages of the 'Developing a Support Programme' section of this toolkit as a checklist to ensure that you have covered all the elements.

Stage 2: Fundraise for your support programme

Fundraising for programmes is never easy. It is time consuming and you will not succeed with every funder you approach. Devising a well thought through fundraising strategy to help you focus your time and resources on the highest potential opportunities is therefore important.

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

- Organisational structure - your structure needs right, not just for now but also for future priorities, development and growth
- Governance - a skills and committed board should be in place
- Clear mission & values - All fundraising should be aligned to the social ventures mission, and these should be set out clearly
- Programme budget - A clear outline of what resources are needed
- Policies and procedures in place - including financial management and controls, health and safety, HR and equal opportunities
- Monitoring and Evaluation - Funders will want to know what difference their support has made. It is likely to be a condition of their support that they receive programme evaluation or impact reports. We cover this in detail in Stage 7 below.

Write a budget for your programme

A typical programme budget should include the staffing, space, communications, administration and materials that your programme needs to run effectively. You would also usually be able to add a proportion of the costs to go towards the running costs of the SESO as a whole. Exactly what is in your budget will, of course, depend on the length, scope and beneficiary group of your programme. Typical elements that could be included include:

- Project Management costs
- Development/Fundraising costs
- Programme design costs
- Publicity and marketing costs, inc. staff time, printing, video or leaflet design, PR costs, etc
- Room bookings
- Workshop facilitators
- Mentors and consultants (if paid - some are pro bono)
- Equipment or materials/resources costs
- Travel costs for team and/or participants
- Grants or investments for entrepreneurs (if you choose to provide them)
- Overhead costs (contribution to your normal running costs, such as rent, electricity, etc. Normally a small flat fee or percentage of the total contract)
- Admin fee (to cover finance, admin etc)
- Impact measurement costs, particularly if you are using an external agency to undertake this
- Contingency - a small percentage in case things don't go exactly according to the budget.

Some of these costs you may be able to cover pro bono, particularly mentors and workshop providers. Sometimes a funder may want to see an in kind contribution from you. Perhaps you could provide the rooms for free, but fund the salaries. Be wary of budgeting a programme in such a way that you are running it below cost price, however.

Sources of funding for programmes

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

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

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

Typical funders for this type of activity are:

Public funding

This is funding that come through the collection of taxes and distributed through a variety of channels including central government departments, municipal authorities, European funding and sometimes through intermediary organisations and institutions

Charitable Trusts and Foundations

These are bodies usually set up by philanthropists. The money within the trust is invested with the income generated to used to fund charitable activities

Companies

The private sector is a major source of support for social ventures. Many companies provide funding that is flexible through cash donations and also equipment such as computers or free support through pro bono services and mentoring.

Individual Giving

This is money given by members of the public directly. It could take the form of a direct cash donation, a legacy or even through a payroll giving scheme.

Community fundraising

This is an informal way to generate funds, for example sponsored walks, fundraising dinners, or radio appeals.

Crowdfunding

Crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals—primarily online via social media and crowdfunding platforms—and leverages their networks for greater reach and exposure.

High Net Worth Individuals

High net worth individual (HNWI) is a term used to describe an individual or a family with liquid assets above a certain figure. HNWI fundraising can take up a lot of time, though can be rewarding, and HNWIs often look for new and interesting ideas and people they can support.

Building a case for support

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

The case for support should be written in a style and format that is suitable for the funder being targeted. For example, a corporate or investor may prefer a short powerpoint presentation initially, whilst a trust or foundation may prefer more a more detailed document.

The case for support should clearly and concisely include:

- Who you are, and why you exist
- What is your idea or project
- Why is your idea or project needed, what problem does it solve and how?
- Why is your organisation best placed to work on the issue
- Who will benefit and how
- Who else is involved and how, if there are other partners, funders or supporters
- What will happen when the funding you are asking for runs out
- What are the outputs and outcomes
- What does success look like
- How will you measure the results of the work you are asking for funding for

10 tips for effective fundraising

1. Pick the right funders to approach. Always try and speak to someone to ensure your ideas fit what they funder is looking for. This will save you and the funder time.
2. Make sure to tell a story. Why your work matters and who it matters to, what difference you will make and what the expected results are.
3. Find your angle. Why is your solution important or different, why should it matter to the funder and people you want to benefit.
4. Make it interesting, appealing and understandable: be clear, be concise, provide examples and evidence of why your solution is needed and can work.
5. A good pitch needs to follow a logical narrative. Make sure your narrative makes sense, read and reread it, and get others to read it and provide feedback
6. Know what type of funding you're looking for. Your narrative may need to change depending on the funder you are targeting. Different funders will be interested in different cases for supporting your work.
7. Build relationships. Think about good fundraising as a long term effort. It's important to build deep relationships with funders before you approach them where possible. This is is the best way to achieve repeat funding.
8. Learn to think like your funders. You should know why the funder you want to approach would be interested in your work, what issues they are interested in and why they think and behave in the ways that they do.
9. Follow-up. Always keep in touch with your funders after you have been supported. Provide regular reports, share good news and learning, invite them to your events and invite them to get the involved in your work.
10. Recognise the support your funders give you by making them part of the story you tell about your success. This can be in presentations, reports, in the media or social media.

ACTIVITY

- Write a two page request for funding for your social entrepreneur support programme
- Devise a budget for your programme in line with your programme design
- Share the two page funding proposal and budget with people who can give you feedback to help improve you proposition before you send it to funders you have identified

Stage 3: Your outreach strategy

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

Key tips for designing an outreach strategy:

Language, branding and assets

- Use examples of social entrepreneurs so that people can identify themselves with your programme based on their ideas and inspiration from others. Case studies can communicate what you are looking for and inspire people to step forward with ideas.
- Make sure the branding and look and feel of your materials is consistent and clear, so applicants can recognise it easily. Ensure that your 'call to action' is really easy to find and do, such as a 'click here' readily visible on your website or a short web link on your leaflets
- Make sure your criteria and application process are described in clear and simple language. This will help to minimise any misunderstanding and the amount of time you will spend on answering queries from potential applicants.
- Networks and partnerships
- Identify the key channels which support or invest in social entrepreneurs. Determine specific strategies for reaching them and getting them on board. Based on the strategies identified communicate your programme criteria and process.
- The most effective means of scouting involves identifying and engaging with different partners to promote your programme and explain the selection criteria and application. process. You will need to build relationships with other outreach and partner organisations to help with the promotion of the programme. Often small, local organisations have the trust of communities and know how to reach people that may be difficult to reach.
- Work with existing social entrepreneurs. They are often connected to networks where other social entrepreneurs can be found.
- Find opportunities to undertake public speaking to relevant audiences, distribute posters, information pamphlets and roll up banners locally, using appropriate channels.
- Develop local media contacts and encourage them to publicise the programme.
- Use social media to target specific communities you want to target with your programme campaign.
- Resist using mainstream newspapers and major media outlets. This will result in high quantities of ineligible applications.
- Ensure potential applicants are well informed
- Where possible provide 'pre-application support' to help applicants meet the criteria for your programme and allow those that are not eligible to select themselves out. This can be done through outreach surgeries, webinars and presentations by you and by your partners.

- Ensure universal access to the programme. Where specific target groups you are looking for, and are usually difficult to reach, it is expected that the communications and outreach programme addresses these in your scouting strategy.
- Brief your partners and networks, ensuring they have the information they will need for scouting.
- Schedule information surgeries, webinars and workshops in advance of the application deadline. Think about access issues such as people with disabilities.
- Put programme information, assessment criteria and application form on your website, including a 'Frequently Asked Questions' section.

Stage 4: Assessment and Selection

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

- Design a way to compare applications. You can use a range to score by, for example 1-5 or use high, medium, low to indicate the degree to which the applicant has met each of the criteria. Balance the need to score applications with your 'gut feeling'.
- Design the programme application forms ensuring that your selection criteria can be addressed by the applicant through clear questions.
- Make sure the application forms are easy to edit using mainstream software that is commonly available. For the applicants, it is easier if you use a system that allows them to start an application and then come back and complete it later.
- Applications are usually led by a single entrepreneur or by a team. Make sure if there is more than one person leading the social venture you can collect this information.
- Be clear about the application process and how applications should be submitted, including any deadline and contact details for someone who can help if the applicant has any questions.
- Where possible build in an opportunity to speak to the applicant. You can do this face to face or by telephone. Be clear about what you want to know in advance and be prepared to ask searching questions.
- Make sure that the applicants know where they can find detailed programme information. This will usually be on your website.
- Ask for at least two references to reduce the risk of fraudulent applications and make sure you follow up with referees if the application get to the support, and or funding stage.

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

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

1. **Need** - is there a demonstrable need for the solution being proposed?
2. **Demand** - is there is a clear demand for the solution being proposed?
3. **Motivation & Skills** - the applicant is motivated and determined and has the potential to deliver
4. **Feasibility** - is the idea realistic and achievable
5. **Impact** - is the proposed impact clear and measurable
6. **Sustainability** - does the idea or enterprise has the ability to become sustainable

You can use this assessment framework for any of the journey stages, however the amount and type of information you will need to collect will become more detailed the further along the journey stages your support programme works. Here are some of the basic application assessment criteria for each journey stage.

Selection criteria based on the journey stage of the social venture

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

In early stage support programmes SESOs should encourage risk taking and recognise the need to back people and ideas with the potential to succeed. This means you might be looking for evidence of achievement against the odds, rather than academic qualifications or social status.

Q ACTIVITY

For the journey stage(s) your social entrepreneur support programme will focus on, use the assessment framework and example criteria provided to design the assessment criteria for your support programme.

The Assessment Process

Once you have received applications for support from your programme from social entrepreneurs, the next step is assess each of them. You will need to think about two things:

1. Who is doing the assessment? It is common to assemble an expert panel or jury to decide upon participants, made up of experts who know about business and about the particular social issues that the applicants are planning to tackle. Use the assessment process as an opportunity to engage experts, companies and funders that can help with resources and support for the social entrepreneurs.

Sometimes you will provide your panel with the full list of applications, but most often you will shortlist the applicants first, filtering out those who have not completed the full application, or who are obviously not suitable.

Try and meet the applicants in person as part of the selection process. If you need them to travel to do this, ensure that you include provision in your budget for reimbursing their travel costs.

An interview will give you a better sense of the applicants and help you to establish if you can work with them, their ability to deliver their idea, any specific support needs and whether their values fit with your programme. Try and ensure you can get a good idea about any specific challenges the applicant faces, for example do they have additional support needs due to a disability, health issues or family circumstances. These should not prevent you from supporting applicants. Focus especially on the proposed business model for the social venture and its ability to become viable and create impact.

2. What criteria are you using to assess the applications and make your decision? The answer will, of course, be based on the answers that you came up with on the activity above, where you identified your own assessment framework and criteria. Below we have provided an assessment template that you can adapt to your own purposes and use to filter applications from social entrepreneurs. It is based on the six key assessment criteria areas. You will need to add in any additional assessment criteria that you decided to include for your programme.

APPLICATION ASSESSMENT FORM

Comments on assessment area

Fit with assessment criteria

THE INDIVIDUAL / TEAM		ASSESSMENT NOTES	LEVEL
The individual / team	Does the individual / team possess certain essential and key characteristics of a social entrepreneur (ie. visionary, risk taker, determined, resourceful)?		High Medium Low
The individual / team ability to deliver	Does the applicant have the ability, with support, to deliver the project and create the social impact that is being proposed?		High Medium Low
Reciprocity	Is the applicant willing to provide peer support by sharing their skills and experience with others on the programme?		High Medium Low
THE PROJECT			
Vision	The applicant articulates a vision for the project		High Medium Low
Need & Demand	The applicant demonstrates a need and demand for the project		High Medium Low
Motivation	The applicant demonstrates motivation and commitment		High Medium Low
Feasibility	Is the project vision realistic and achievable, or can it with help from the programme?		High Medium Low

Social Impact	Is there potential for social impact? if so how and what might it achieve?		High Medium Low
Support	What support may the individual and project need?		High Medium Low
Project Budget	Is the proposed budget feasible? If there the applicant required additional funds, how likely is it they will get these?		High Medium Low
What feedback is needed for the application to have a stronger chance of success			
Is the application recommended for support	Yes No		High Medium Low
If the application is being rejected – reason for rejection			
If the application is being recommended for support – reason for the recommendation			

Once you have selected the social entrepreneurs you want to include on your support programme, provide feedback to the applicants that were not successful. This will help them to refine their ideas and keep progressing.

Send the social entrepreneurs you have selected a ‘welcome pack’ containing all the information they will need, including details of your staff that will support them. If your programme includes funding, ensure you have a contract in place with each social entrepreneur and they know how the funds will be paid and any reporting requirements. Follow up on references provided by applicants, if you requested them.

Stage 5: Enable

Diagnostic and Action Plan

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

It is crucial to achieve the best results that you take the time, and make the effort to building trusted and mutually respectful relationships with the social entrepreneurs you work with. This will make things more effective for you and the social entrepreneur. In particular, it will mean that you can provide support as a critical friend, and the social entrepreneur can be confident that they can tell you when things are not going well for them.

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

The support diagnostic and action plan framework is built around 5Ps

Person: The entrepreneur's skills, strengths, experience, areas of personal support

Proposition: What they intend to change and the feasibility of their idea

People: The founder, team, challenges and stakeholders

Performance: How they have done, and how they are doing

Plan: The stage of development, future strategic and development plans

Bellow you can find a template you can use for a suitable support diagnostic and action plan for each of the enterprises you are working with:

Headlines

- **The social venture summary (vision, aims) current impact, track record, delivery model**
- **Key beneficiaries**
- **Stage of development**
- **Positives sales / income, partnerships, services being procured**
- **Lines of business: proven in terms of impact and financial sustainability?**
- **Capability and capacity of the Manager/team**
- **The challenges and risks**
- **The most important next steps**

1. The Person

Diagnosis of current critical challenges:

- **The entrepreneur or manager: skills/strengths/awareness. Areas supported**
- **The entrepreneur or manager: awareness of and attitude towards learning & development needs**
- **Actual areas of support need**
- **Concerns or challenges that could hinder success of entrepreneur or manager and/or venture**
- **Does the entrepreneur / manager have any health and or well being challenges and are they aware to ensure these areas are well managed and supported?**

- **What are the positives?**
- **What work is required?**

2. The Proposition

Diagnosis of current critical challenges:

- **The entrepreneur or manager: skills/strengths/awareness. Areas supported**
- **The entrepreneur or manager: awareness of and attitude towards learning & development needs**
- **Actual areas of support need**
- **Concerns or challenges that could hinder success of entrepreneur or manager and/or venture**
- **Does the entrepreneur / manager have any health and or well being challenges and are they aware to ensure these areas are well managed and supported?**

- **What are the positives?**
- **What work is required?**

3. The People

Diagnosis of current critical challenges:

- Founder/management team make-up. Strengths/complementary observations/ challenges/needs
- The proposed or adopted governance structure and how it is working for the team/venture
- External stakeholder awareness and engagement
- Other challenges, needs, concerns

- What are the positives?
- What work is required?

4. The Performance

Diagnosis of current critical challenges:

- Reality right now in terms of measuring and understanding performance – sales, impact, team performance
- Sales pipeline and method of tracking
- Social impact measurement
- Team/ staff performance

- What are the positives?
- What work is required?

5. The Plan

Diagnosis of current critical challenges:

- Stage of development and immediate needs for prioritisation
- Key partnerships in place or ideal partnerships to be pursued
- Operational plan
- Financial plan
- Income / Fundraising Generation plan
- Communications and Marketing plan
- Growth area understanding - key lines of business / effective income increase
- Capacity of management team / staff to deliver plan(s)
- Wider challenges / opportunities

- What are the positives?
- What work is required?

Financial and income / fundraising plan

- Intention and ambition to for start up/ development/growth
- Experience of managing investment, contracts, funds, income
- What investment, contracts, funds, income is needed for the next year
- What are the resourcing options?
- What work is needed to get the right resources in place?

Q ACTIVITY

In a small group use the example of your own organisation or a social venture you are supporting to practice completing the support Diagnostic and Action plan.

The most important aspect of using the diagnostic is learning to ask good questions and agreeing actions that you and the social venture you are supporting can both commit to.

Providing effective support to social entrepreneurs

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

- Workshops and training
- Online and offline resources and learning materials
- Bespoke individualised support such as mentoring or expert consultancy
- Peer support and cohort building
- Introductions to networks that can provide support, sales or finance
- Finance provided by you or access to finance provided by others

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

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

Workshops and Training

It is worth running a workshop if you are wanting to share knowledge, insights and information with groups of between 5 and 50 people, ideally between 8 and 20.

The participants will get the most out of a workshop that is less about theory and more about how they can apply it to their own social venture. The more interactive you make your workshop, the better the participants will retain the knowledge. Ensure that the participants have opportunities to apply the knowledge to their own circumstances, find solutions to questions, undertake role-plays or support one another with decisions.

Typical workshop topics for early stage social ventures (for incubation or pre-start enterprises) might include problem definition / value proposition, understanding and filling in a business model canvas, pitching, understanding social or environmental impact, financial forecasting, organisational legal structures, market research and customer definition, pricing, distribution and logistics, marketing and publicity including online options and other fundamentals of starting a business.

At later stages, workshops may include some of the same topics (financial forecasting, marketing, impact measurement or pitching for example) but are also likely to include organisational structures and team roles, HR, management, scaling, investment, quality management, IT systems such as CRM or finance systems, market research for new markets and other topics specifically related to improving performance or generating growth.

You may have the expertise in your organisation to run the workshops yourself. However, it is common to connect into specialist experts in your ecosystem to deliver these. It also means that the participants get a range of people to learn from, which can be more stimulating than seeing the same person all the time.

Mentoring, Coaching, Consultancy

Mentoring

A mentor is a person who has already experienced the journey that the mentee is now going on and can share insights from that experience. Mentoring is therefore a deep, transformational professional and personal relationship with an experienced individual (frequently more advanced entrepreneurs). Mentoring is usually appealing for senior professionals as a way of sharing their knowledge and enabling other promising entrepreneurs to thrive. Both mentors and mentees benefit from this relationship and exchange.

Good mentoring skills and practices include: active listening skills, self-awareness, ability to provide useful feedback and willingness to enable connections.

Having a mentor can be beneficial for entrepreneurs at all stages, with different results and needs. Good generic outcomes for all entrepreneurs comprise: building confidence, establishing focus and proper work plans, generating the right connections and learning from mistakes among others.

Consultancy/ advice

Consultants or advisors are knowledgeable professionals with specific expertise that provide help on a specialist basis. Examples include financial advisors, marketing consultants, HR experts, etc.

Before hiring an advisor or consultant is important to:

- Create a brief presenting the main challenges or problems you need help with
- Establish key expected outcomes
- Have the flexibility to receive unexpected advice
- Make expectations clear to your advisor including: expected delivery dates, key milestones, the time you have available to contribute, key support people from your organisation that are available to support the consultant.
- Agree on a scope for the consultancy and a final price (if paid)

Coaching

Business coaches offer support to clarify your goals, keep on track regarding your own objectives while helping you find motivation. The coaching technique is intended to facilitate enhanced performance, improve learning mechanisms and development processes. Coaches use powerful questioning techniques, visioning, action planning and other methods to help you evaluate what is truly important to you.

	Advisor	Coach	Mentor
Focus	Guiding	Task and performance; building skills and competence	Building capability
Key skills	Imparting own experience and wisdom	Giving feedback on performance	Helping learner discover their own knowledge and experience
Goal orientation	Helps align individual and organisational goals	Helps learner establish goals	Usually works with learner's own goals
Closeness of relationship	Low-moderate	Moderate	Relatively high, often leading to a strong relationship
Flow of learning	Mainly one-way	Mainly one-way	Usually two-way

For more detailed information and tools see [Mentoring Guide](#)

The Social Business Model Canvas

A well known tool for creating a solid business model around a social venture is the business model canvas, and in particular its 'social cousin', the social business model canvas. It is also a collaborative tool that helps your social ventures communicate different business models with their stakeholders and brainstorm new ones. The Social Business Model Canvas can be used at any stage of the business, and is a way of capturing a snapshot of the key areas of the business and in engaging new entrepreneurs in how to think about the different elements they need to prepare or improve.

In addition to the traditional elements you would expect to include in a business plan, the Social Business Model Canvas has four additional elements that are important for any social venture to consider as part of the business planning process.

Beneficiary Segments

Clearly identify who your beneficiary segments are -- even if they aren't paying you and there is no place for them in the regular business model canvas

Social and Customer Value Proposition

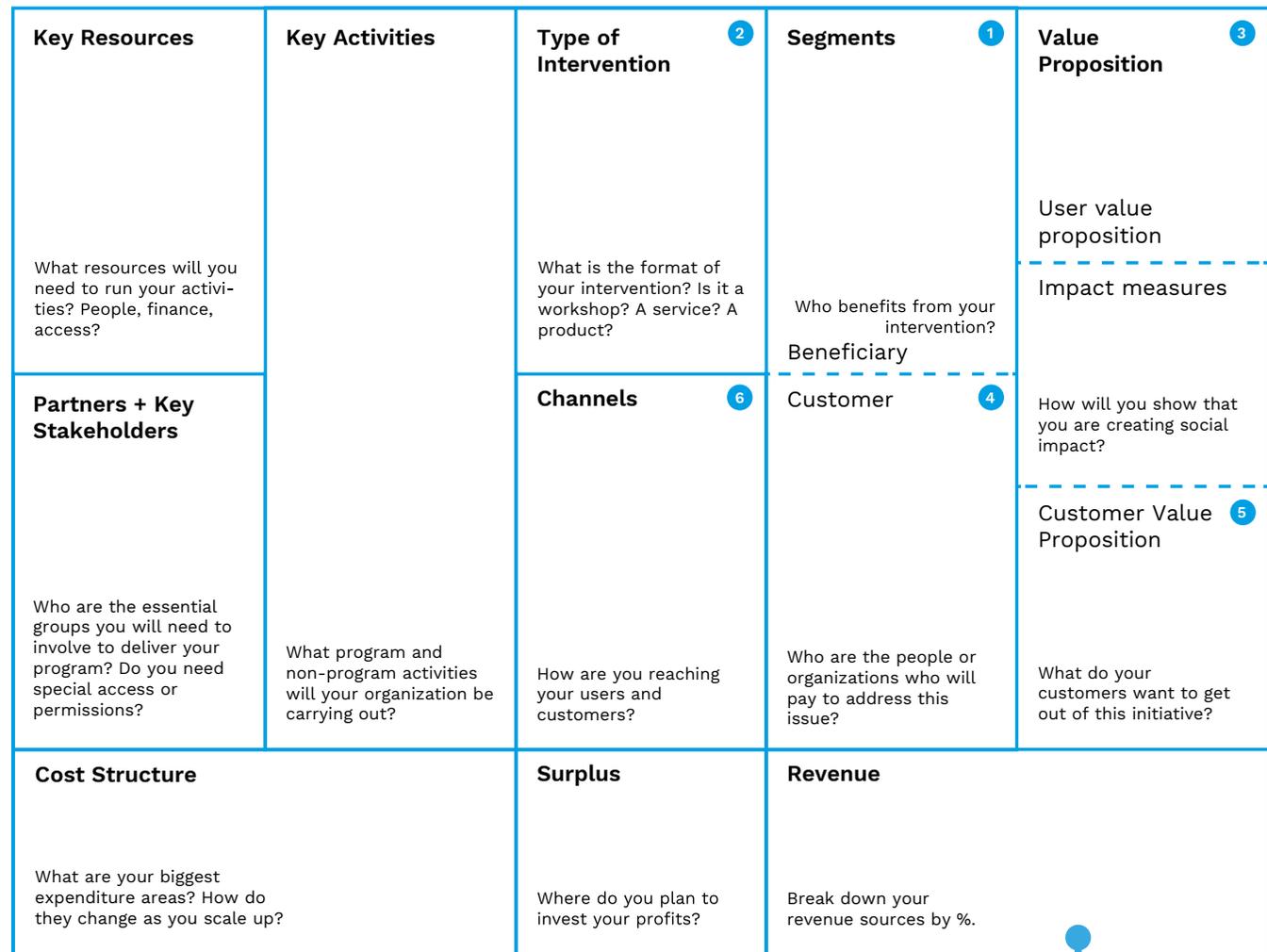
Ensure that you have laid out a compelling rationale that will drive your customers to buy without forgetting about your impact on society

Impact Measures

Develop clear thinking around what kind of social impact you're creating and how it could be measured

Surplus

Plan and communicate what happens with profits and where you aim to reinvest them



Q ACTIVITY

Practice using the Social Business Model Canvas for your own organisation or with a social venture you are supporting.

A helpful toolkit to guide you through the process can be found [Here](#)

Business Planning

A business plan can be a useful way of helping social entrepreneurs to bring together all their ideas and plans in one place. This is especially helpful when a social venture is starting up or when the venture is growing rapidly or raising funds. The needs and demands of the social venture will change rapidly during its early stages; and a short business plan on no more than a couple of pages is a helpful way to communicate with and test out ideas and plans with funders, investors, customers and supporters.

A business plan would usually include the following:

Organisation	The mission, vision, values, organisational structure, history, governance
Strategy	The overall objective and goals, and what they key success factors are; any unique selling proposition
Products / Services / Activities	The types of activities that are to be undertaken to achieve the intended goals
Market	What is the need and demand for the social venture? What is the broader environment it operates in? Who are the key competitors and stakeholders?
Social Impact	What are the main aims the social venture wants to achieve? How does it intend to collect information to demonstrate what works?
Operations	Staffing plans, management, systems and processes, sales and marketing plans
Fundraising plan	What funding is to be sought and from who?
Financials	Current status, forecast, budget for the year ahead

These are similar topics to the content of the business model canvas, but outlined in more depth and detail.

Stage 6: Connect

The power of networks

The phrase ‘it takes a village to raise a child’ can also be applied to (social) ventures. The ones who succeed are the ones who are the best connected to support, other businesses to collaborate with and customers. As a SESO, you can help by building and actively maintaining an ecosystem that enables these connections. Each social venture that you help then strengthens that ecosystem further.

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

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

Having a strong ecosystem of support is tremendously powerful. Supporters tend to find involvement with social ventures very rewarding, and recommend others to participate, strengthening the network over time. It is important, therefore, to cultivate this network of support, providing training and networking opportunities for the people who are helping you out, remembering to get regular feedback from them about their interactions with your entrepreneurs and thanking them for their contribution. People will do a huge amount, often on a pro bono basis, if they feel that their contribution is valued.

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

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

- Business networking and introductions
- Peer to peer support
- Pro-bono help
- Access to collaborators and customers
- Celebration of success, both social entrepreneurs and supporters
- Access to suppliers
- Access to finance and funding opportunities
- Health and wellbeing opportunities

Peer Support and Cohort Building

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

However, you can catalyse this natural connection more successfully in a number of ways, including:

- Running programmes around a particular theme such as health, employment, food or climate change. When teams are working on a similar sectors, not only is it easier for you to find workshop topics that are more relevant to all the participants (making them more likely to attend), they are more likely to find it easy to collaborate.
- Ensuring your workshops are interactive, and there is also time for the teams to share their progress and experience with one another during the programme
- Pairing peers with one another to hold one another accountable or to learn from one another's experiences
- Facilitating conversations between participants on ways they might collaborate such as jointly selling products, running an event together or sharing skills and expertise
- Arranging opportunities for participants to socialise together at lunch time or in the evenings after training has taken place (the participants themselves might also arrange these opportunities)
- Encouraging the group to stay in touch between your sessions. Groups sometimes set up Facebook or WhatsApp groups, do group calls or arrange other times to meet.

Stage 7: Impact Management

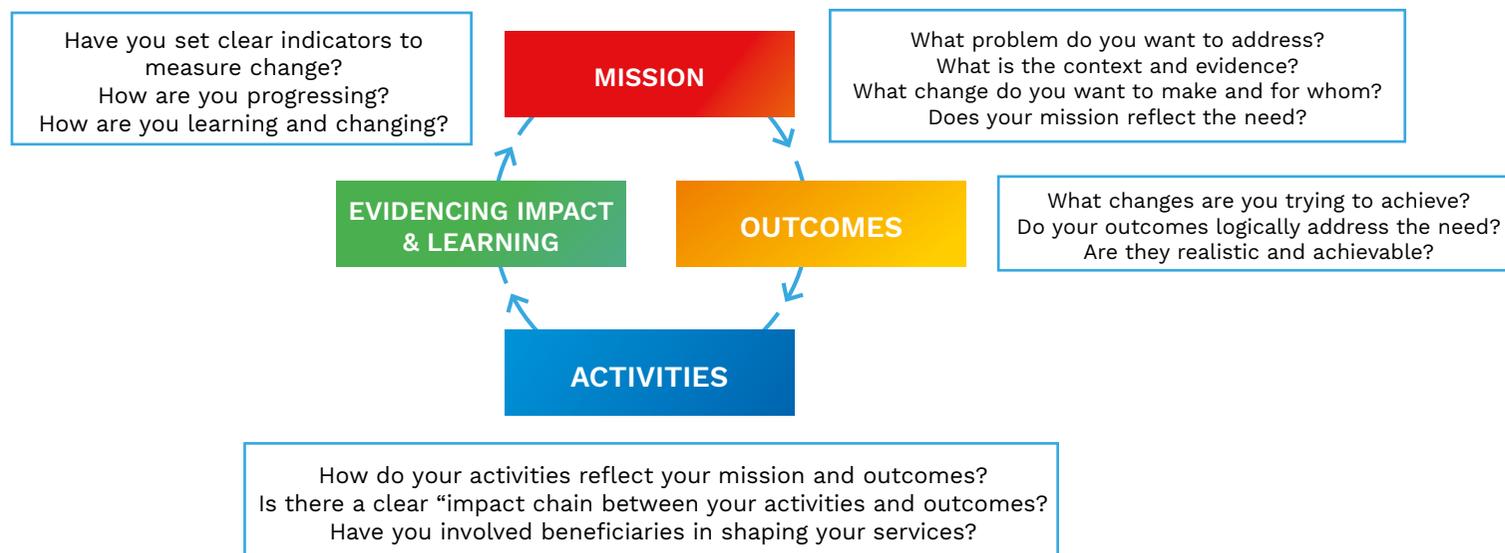
Both you as a SESO, assessing your programmes, and the entrepreneurs that you support, will need to think about managing and measuring social impact. What exactly do we mean, when we talk about social impact management? We call the process of understanding and capturing the changes we make as a result of our interventions, impact management.

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

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

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

Any approach to impact measurement should be part of an Impact Strategy. The diagram below illustrates the process and key questions at each stage.

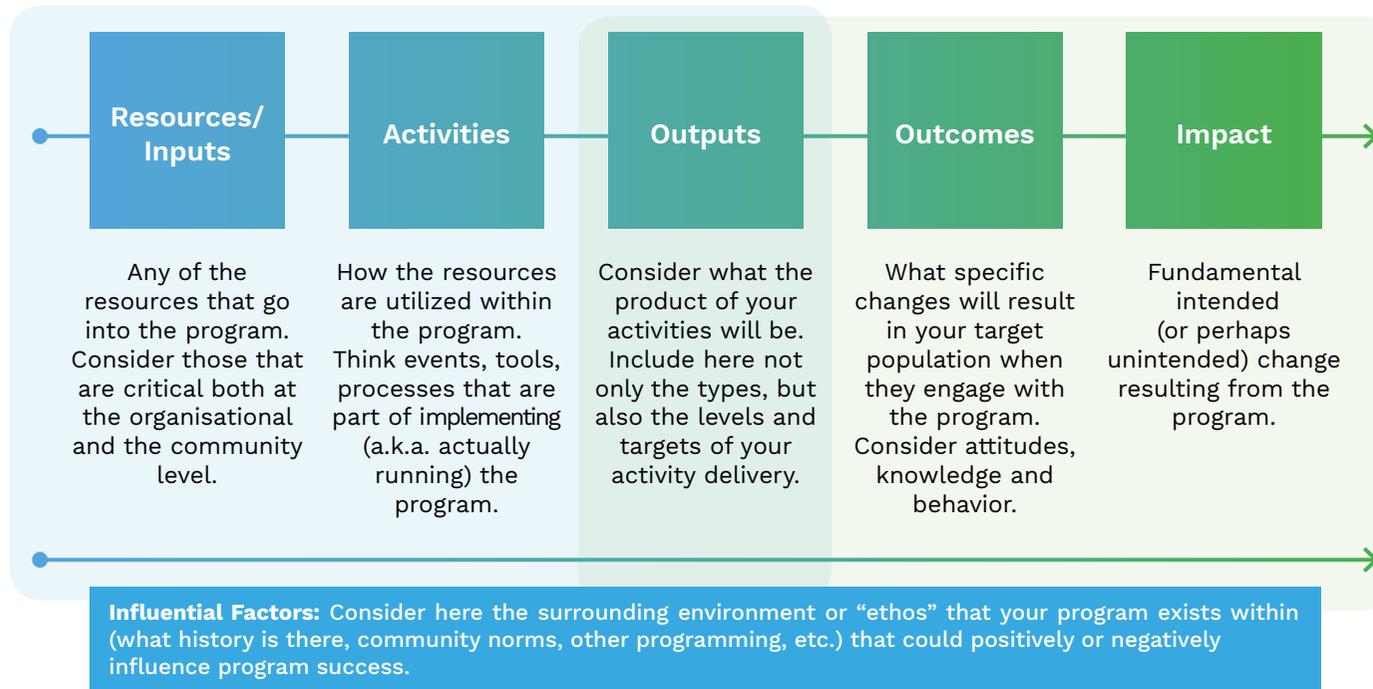


A helpful way to understand the impact that you create and the ways in which that impact is created is to develop an impact logic for your organisation or a specific project you are planning.

An impact logic is a tool that can help you translate your Theory of Change into a linear input to impact model. It allows you to more easily map your process from inputs, to activities, outputs, and outcomes, set targets, and measure them. An impact logic model is a visual diagram that illustrates how your programme will work. Logic Models can be used for:

- Programme planning, implementation, evaluation
- Improving your strategy and strengthening your team
- Measuring your impact
- Communicating your work
- Learning and improving programmes and processes, and innovating
- Creating new partnerships

It is a relatively simple tool that helps entrepreneurs understand what they do and its effects. It is a helpful bridge to more complex impact management approaches that a social venture may need as it grows. An example of a logic model is:



Logic models can also include:

- Problem statement – why the service or project is needed. It is advisable to define the problem statement before developing the logic model so that you can test out whether the problem you are trying to solve is indeed being resolved by your logic model.
- Goal – the overall aim
- Assumptions – the basis for the ideas
- Rationale – information in the mode

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

There are some terms that are commonly used in impact management:

- Theory of Change: Theory of Change (ToC) is a specific type of methodology for planning, participation, and evaluation that is used in the philanthropy, not-for-profit and government sectors to promote social change. Theory of Change defines long-term goals and then maps backward to identify necessary preconditions.
- Inputs: the systems, processes and activities that you do as part of running a programme
- Outputs: are the results from the venture that can be measured relatively objectively
- Outcomes: are the ultimate changes that one is trying to make in the world, but are usually costly and difficult to measure
- Indicators: a 'measure' of what happened in your programme. There are two types:
 1. Quantitative facts without distortion from personal feelings, prejudices, or interpretations presented with a specific value - objective- preferably numeric measured against a standard.
 2. Qualitative values based on or influenced by personal feelings, tastes, or opinions and presented as any numeric or textual value that represents an interpretation of these elements.

There are generally three key steps to designing an impact management approach:

Step 1 - Define the target audience

Step 2 - Agree the goals you want to achieve

Step 3 - Plan for change



Q ACTIVITY

For each of the three steps, the questions you should ask at each step and work templates to help you develop an impact management plan are below.

Step one: Define your target audience

Consider the issue your service or programme is trying to address, followed by the particular group of people you work with. Answer the questions below which contains additional guidance:

- What is the scale and scope of the issue?
- What is the cause of the issue?
- What are the consequences of the issue?
- Who are the target group you will work with?
- Are you planning on working with those directly affected or other people that can influence the situation?
- What are their characteristics, strengths and needs of your target group?
- What are the inclusion and exclusion criteria for those you are going to work with?

THE ISSUE / PROBLEM

Key questions	Your response	Guidance
Who is affected?		Think about how many people are affected by the issues and who they are. Are some groups more affected than others?
What is the scale and scope of the issue?		What type of issues do people face and how big are their problems?
What is the cause / root problem of the issue?		What are the root causes of the issues that people face?
What are the consequences of the issue?		What are the knock-on effects?

TARGET AUDIENCE

Key questions	Your response	Guidance
<p>Who are the target group you will work with?</p> <p>Are you planning on working with those directly affected or other people that can influence the situation?</p>		<p>Are you working directly with people affected by an issue (e.g. with young people), at a system level (e.g. with government), or are you working with intermediaries (e.g. with teachers)?</p>
<p>What are the characteristics, needs and strengths of your target group?</p>		<p>Try and define your target groups as clearly and specifically as you can. Think about their relevant characteristics (e.g. where or in what context do they live?), their needs (e.g. how they are disadvantaged?) and their strengths (e.g. what assets or resources do they have?).</p>
<p>What are the inclusion and exclusion criteria for those you are going to work with?</p>		<p>It is not possible for a single organisation to serve populations with very varying needs equally well. Think about the criteria you use to define your target group.</p>

Step two: Agree goals

- What difference do you want your programme or service to make? Agreeing the changes you want your programme or service to make will help you measure and achieve them. Answer the questions below.
- What is the long term change (or impact) are you are aiming for?
- What shorter term changes (or outcomes) are you aiming for to create that long-term change?
- What does existing research say about how to achieve the change you want to see?
- What best practice can you draw on?
- What are the inclusion and exclusion criteria for those you are going to work with?

LONG TERM CHANGE (IMPACT)

Key questions

What is the long-term change (or impact) you are aiming for?

Your response

Guidance

This is may not be something you can achieve within the life of the project. It should be quite long term and reflect a sustained change. It should link back to the need and audience you have already considered.

SHORTER TERM CHANGES (OUTCOMES)

Key questions

What shorter term changes (or outcomes) are you aiming for that contribute to your long-term change?

Your response

Guidance

It is often helpful to think about short term changes in knowledge, skills, attitudes and/or behaviours that will contribute to the long term change you want to achieve. Think of these as the assets you want your audience to have or the ways through which you are trying to equip them to change.

Step three: Plan for change

How will the changes take place?

Articulating how you expect your programme or service to bring about change will help you figure out what to measure. Answer the questions below or download our template, which contains additional guidance:

- What's the type of service are you providing? How much? How often? Where? Delivered by whom?
- How would you like the users to experience and engage in the programme for it to be successful?
- What is unique, distinctive or special about your project or organisation?
- What quality standards will you work towards and measure?
- What existing research and good practice is there about how to engage and work with your target group?

YOUR ACTIVITIES

Key questions	Your response	Guidance
<p>What's the type of support you are providing? How much? How often? Where? Delivered by whom?</p>		<p>Activities are the things you do as an organisation. Words like 'run', 'support', 'help', 'provide', 'offer' are common when describing activities.</p>

INGREDIENTS FOR SUCCESS

Key questions	Your response	Guidance
<p>How would you like the users to experience and engage in the programme in order for it to be successful?</p>		<p>Think about whether your users need to turn up on a regular basis, to listen and understand? Or do they need to form strong relationships with others and have good quality interactions with them? Do they need to trust you or whoever is delivering the project? Do they need to interact with others or contribute in a particular way?</p>
<p>What do you need to have in place to make the programme successful?</p>		<p>Think about the ingredients for success. For example, do your materials and resources need to be engaging, sensitive, varied, adaptable or interactive?</p>
<p>What is unique, distinctive or special about your project or organisation?</p>		<p>Try to define what makes your project or organisation special. Is a culture of honesty and openness key? Is the programme user-led? Is there something about your approach that is particularly important?</p>
<p>What quality standards will you work towards and measure?</p>		<p>On the basis of your answers to the earlier questions you should be able to say what quality standards you will work towards. A useful tip is to think about what you want your users to be 'thinking, feeling, saying & doing' as they use your service.</p>
<p>What existing research and good practice is there about how to engage and work with your target group?</p>		<p>Think about the existing research and best practice that is already out there. What does it say about how to engage and work with your target group?</p>

A more detailed guide to impact management can be found [Here](#).

Stage 8: Finance and Investment for Social Ventures

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

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

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

Developing a fundraising strategy

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

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

A fundraising strategy should always flow out of the social venture's business plan. One element of the business plan is funding, which includes a list (pipeline) of funders and finance options that the social venture intends to approach and the target amount of funds being sought. The list of funders will continue to evolve because not all funders on the target list will provide funding and new opportunities for funding will continue to emerge. The funding strategy describes why the social

venture has come up with the list of funders and how they will raise the amount of money they have specified. A fundraising strategy doesn't need to be complicated and shouldn't be. To be successful, a fundraising strategy should be reviewed regularly. Setting targets and monitoring these is key to helping track and assess progress; and to make decisions about any changes that may need to be made. The fundraising strategy should be included as part of any business plan, both for the projects and activities that are underway or planned, and for the finances that are linked to these.

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

1. Context

Brief description of the idea or social venture

2. Projects

What activities is funding needed for?

What are the priorities?

3. Targets

How much is needed to be raised and what for?

4. Prospects / Pipeline

An analysis of where the funding will come from - e.g. trusts and foundations, earned income, corporates etc. These must be well researched and chosen because the criteria for support meets the work and needs of the social venture. You should keep a list and track progress for each prospect on your pipeline.

5. Timeline

Make an assessment of how long each funding opportunity may take from initial approach to potentially getting the funds. Always build in more time than the funders published timeline because decisions can be often delayed.

6. SWOT Analysis

Try and understand and demonstrate an appreciation of the social ventures strengths and assets alongside any challenges.

7. Financial information

An assessment of the resources you will need to deliver the fundraising plan. This should include both time and money.

8. Communication

How will the people involved be continually engaged in fundraising both internally with any staff, volunteers or board members and externally with potential funders, investors or donors.

9. Monitoring & Evaluation

Funders and investors will want to know what difference their support had made. It is likely to be a condition of their support that they receive programme evaluation or impact reports. The social venture must be able to show that it understands and can articulate its outputs and outcomes; and has a way of gathering and reporting on these.

See [Stage 7](#) for more detail on how a social venture can organise this information.

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

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

Often investors are wary of social businesses because they believe (often incorrectly) that they are less likely to receive their money back, compared to investing in a mainstream enterprise. It is true that social enterprises often want to invest more of their surplus into the social cause, and to have a smaller return for the investors, but this varies from enterprise to enterprise and there are many that are financially investable.

Raising investment

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

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

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

Essentially, Series A is funding from angels or venture capital firms, usually of US\$2-10m, to allow the company to take off rapidly, in return for equity (shares). In order to get the return, investors expect the enterprise to grow fast. Most social enterprises, therefore, don't go down this route, as they remain focused on the local ecosystem, but for those with very high growth potential and high financial returns, this can be a good way of getting the right financing to make a big difference is your business.

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

Funding types

We already went into some detail about funding sources for your programmes in the Stage 2 above. These same funding sources may also be available for your social ventures, including public / government funding, charitable trusts and foundations, corporate/company/CSR funding or in-kind support, individual giving, high net worth individuals, community fundraising or reward-based crowdfunding. These funders tend to fund activities that are more charitable in nature, where the funder does not expect a financial return.

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

Incubators and accelerators

Incubators and accelerators exist to help enterprises start-up and grow. As part of this, most incubators provide funds and being attached to an incubator also comes with a whole host of added benefits beyond just funding, like mentoring, access to networks, legal services, business expertise, among others. As a SESO you might be able to fundraise for your programmes to include a financing element, be it a start-up bursary or an equity investment fund.

Family, Friends & Fools

Money borrowed or donated by people you know. This is the most common way that a business finds funding to start. However, SESOs may try to find methods that allow people who could not afford to fund themselves to be included.

Earned income & Trading

This is the money earned directly from selling goods and services.

Loans

A loan is a sum of money that is expected to be paid back with interest within a specified period of time. A loan can be secured or unsecured.

Blended finance – part grant, part loan

A package of funding that is a mixture of investment, that needs to be repaid and a grant that doesn't need to be repaid. For example, a grant of 20,000 alongside a loan of 50,000 that needs to be repaid over 5 years with 10% interest.

Equity investment

An investment in exchange for shares in your organisation. For example, an investor pays 10,000 to own 10% of your organisation. Equity investors receive a share of any profits paid out by your organisation and get to have a say in how it is run, proportionate to the amount they invest.

Quasi-equity

An investment that reflects some of the characteristics of shares but without your organisation offering up equity. Rather than paying back a set amount each month, your repayments are typically based on the performance of the organisation – such as profits or income. For example, you receive an investment of 50,000 and agree to pay the investor 2% of your annual income for 3 years.

Crowd-funded investment

An investment that is raised via an online platform and not secured against an asset (a building or equipment). A ‘crowd’ of individual investors put (mostly) small amounts towards a loan to your organisation and you repay it on an agreed basis, usually with interest on top.

Stage 9: Demonstrating and Influencing

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

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

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

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

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

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

You can do this by:

- Ensuring you build flexibility into the delivery of your programmes. Check the added value constantly with the social entrepreneurs and improve by doing what they need.
- Build meaningful partnerships and aim to provide comprehensive support.
- Design a follow-up, monitoring and evaluation system from the beginning.
- Include several feedback mechanisms in your programmes with all stakeholders.
- Adjust and improve each time you run a programme or even during the programme.

F. Useful resources



Here is a library of helpful tools:

Definitions

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

Pre-Start

www.diytoolkit.org

[MaRS Guide to building a Business Model](#), including details of value proposition and business model design.

[MaRS Guide to Legal Structures for Social Ventures](#) in Canada.

[UnLtd guide to setting up a social enterprise](#).

[How to Start a Social Enterprise](#).

Start Up

[Business Planning for Social Enterprises](#).

[Social Lean Canvas](#).

[Start, Sustain, Impact Toolkit](#) from UnLtd (UK).

Grow

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

Scale

[Spring Impact Social Replication Toolkit](#).

[17 things to think about if you want to franchise your social business](#).

[How to scale your social business](#) - Impact Hub blog using guidance from Spring Impact (formerly the International Centre for Social Franchising).

[Entrepreneur guide to Scaling Social Enterprise Ventures.](#)

[How to Scale Up Social Programs that work.](#)

[NESTA: Making it Big: Strategies for Scaling Social Innovations.](#)

[IDIA: Scaling Social Innovation.](#)

Ecosystem Development

[WAMDA research report on the social enterprise sector in Egypt, Palestine, Lebanon and Jordan.](#)

[Entrepreneur Middle East: Social Entrepreneurship is on the Rise.](#)

[Global Social Entrepreneurship Network.](#)

Mentoring

[UnLtd guides to mentoring social entrepreneurs.](#)

[Mowgli Mentoring.](#)

Impact Measurement

[The Outcomes Matrix](#) - helps organisations plan and measure their social impact. It includes outcomes and measures for nine outcome areas and 15 beneficiary groups.

An [assessment tool](#) for organisations looking to become B Corps, created by BLabs.

[Big Society Capital Social Impact tests](#) - used by a large social financing organisation in the UK to assess how 'social' a SESO or social enterprise actually is.

[Ten Steps to Measure your Social Impact](#) - blog about a training by Heather Black from Economic Change.

A [summary of lots of difference resources and methodologies](#) for impact measurement, theory of change etc.

Finance

[Guidance](#) on how to write a funding application.

[Guide](#) to different types of social finance.

[Supporting Social Enterprise](#) (Guide for Philanthropists).

Legal

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

Design thinking

[Dschoool Stanford University](#): A virtual crash course in design thinking.

[IDEO.ORG](#) - Design Kit.

Case Studies and Success Stories

Devex: [What you need to know about the Middle East new social entrepreneurs](#).

Devex: [What aid agencies can do to boost social enterprise](#).

Well-Being for entrepreneurs

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

E. Jargon Buster



Angel Investor: Angel Investors are used in social enterprises to help them leverage their business. These are private individuals who fund the business or get it off the ground.

Benefit Corporation: A type of corporation, currently recognised in 30 U.S. states and D.C. with legally protected requirements of higher purpose, accountability, and transparency.

Blended Finance: A mix of grants and repayable finance that encourages investment into: voluntary & community organisations, charities and social enterprises.

Bond: A type of loan where the borrower pays interest only for a period of time, before paying back the original sum in one go on an agreed date. The bond is issued by the borrower e.g. a corporation or a charity.

Business Angel: Wealthy individuals who invest their money into start-up businesses, in return for part ownership of the business e.g. Shark Tank / Dragon's Den. A Social Angel or Angel Investor is a business angel who invests in social enterprises.

Blended Value: The delivery of both a social or environmental return and a financial return. It's a win-win that does not require compromise on either side of the social or financial equation

Certified B Corp: For-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

Changemaker: A term coined by the social entrepreneurship organisation, Ashoka, meaning one who desires change in the world and, by gathering knowledge and resources, makes that change happen.

Collective Impact: Collective impact occurs when organisations from different sectors agree to solve a specific social problem using a common agenda, aligning their efforts, and using common measures of success

Corporate Social Responsibility: The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

Crowdfunding: Crowdfunding is a great way to fund your social enterprise, by asking a large amount of people to contribute via an online platform.

Design Thinking: A distinctive process of developing innovative solutions that is rooted in principles of physical, spatial, graphic, and user-interface design. It is characterized by an emphasis on deeply understanding the practical needs, behavior, and perspectives of actual users and constituents and may be applied to a wide variety of challenges, including programs, services, products, and processes. It is an action-oriented approach to generating creative solutions to complex problems

Equity: The value of the shares issued by a company e.g. she owns 40% of that company's equity.

Ethical Banks: A bank that restricts its investment to ethical investments e.g. they will not invest in fossil fuels, weapons, tobacco etc., and they may typically offer banking facilities to low income customers.

Ethical Investment: Choosing not to invest in areas such as tobacco, weapons, pornography etc.

Ethical Business: Ethical Business is simply putting ethics at the heart of business.

Investment Readiness: Becoming investment-ready, is the process of preparing your organisation to apply for social investment or a loan. An investment-ready organisation will have the resources to identify, apply for impact investment.

Impact Investment: Investment with the intention to achieve both a positive social, cultural or environmental benefit and some measure of financial return, and secure investment or loans.

Legal Entity: An business structure that has a legal standing in law. This could be an association, corporation, partnership, proprietorship, trust, or an individual. A legal entity has legal capacity to enter into agreements or contracts, assume obligations, incur and pay debts, sue and be sued in its own right, and to be held responsible for its actions.

Mezzanine: Mezzanine debt is any debt which is senior only to the equity in the company. It is the lowest ranking form of debt which gives the lender the right to convert to equity in case of default. Also known as quasi equity.

Revenue: The money that comes in from the sale of goods and services.

Risk Finance: Any finance that is structured to take account of the level of risk.

Social Angel: Wealthy individuals who invest their money into start-up social enterprises, in return for part ownership.

Shared Value: A set of corporate policies and practices that enhance the competitiveness of a company, simultaneously advancing social and economic conditions.

Social Capital: The institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together.

Social Impact: All forms of significant change experienced by individuals and communities. This includes income and labour market impacts, education impacts, social inclusion and relationship changes, mental and physical health effects, and overall impact on quality of life and well-being.

Social Innovation: A novel solution to a social problem that is more effective, efficient, sustainable, or just than current solutions. The value created accrues primarily to society rather than to private individuals

Social Investment: This is finance provided to voluntary, community and social enterprise (VCSE) organisations which investors expect to be returned, and that is designed to have a social value.

Social Intrapreneurship: People within companies who take direct initiative for innovations that address social or environmental challenges.

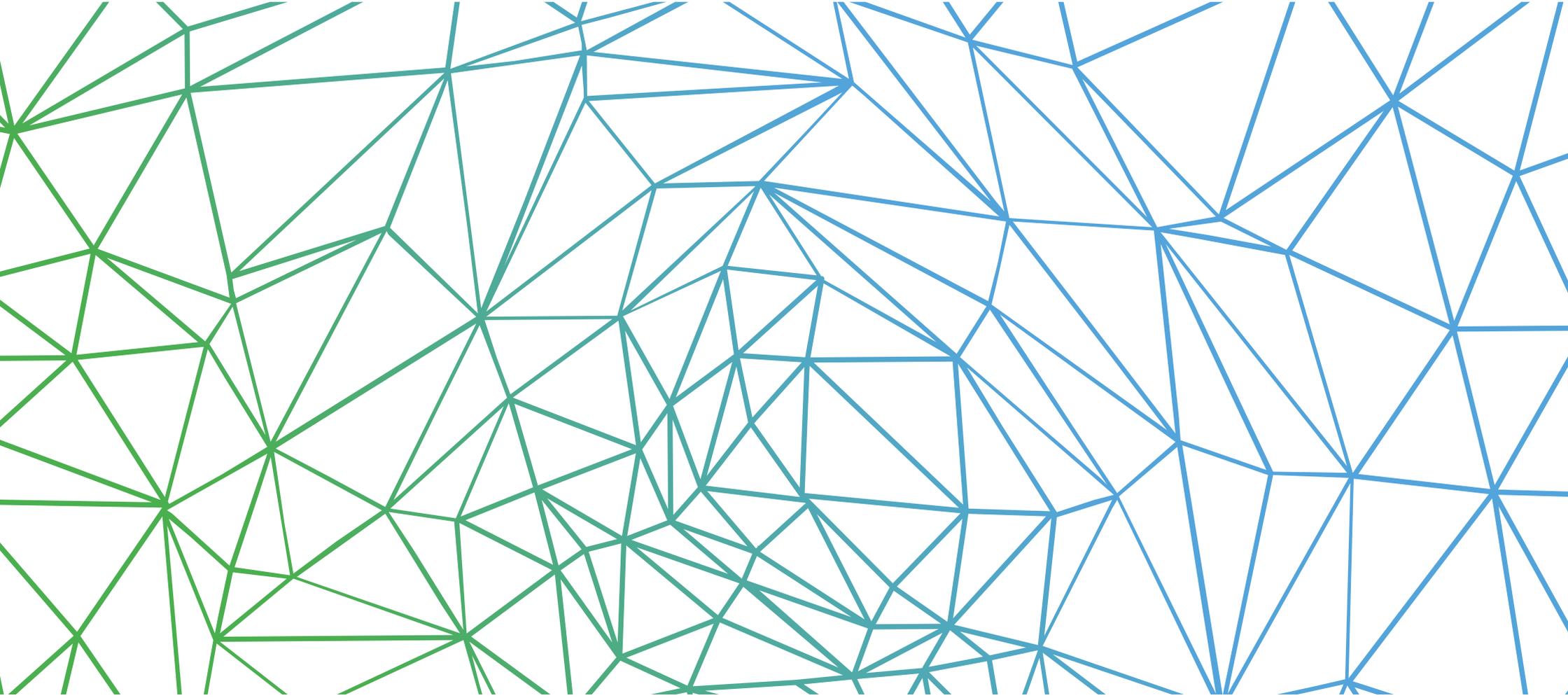
Social Venture: An organisation that has solving a social or environmental issue as its primary purpose.

Systems thinking: The ability to understand interconnections in such a way as to create sustained and meaningful social change.

Triple bottom line: Consists of three Ps: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account of the full cost involved in doing business.

Venture Capital: Venture Capital is the process by which a company invests money (usually equity) into startups that they believe will succeed and have high growth potential.

Venture philanthropy: Philanthropic giving to social ventures that operate a business model and is generally associated with social start up or growth capital needed to deliver or grow a social mission. It generally, means the donator is not seeking anything other than a social return or community (non-private) benefit.



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MEDUP!

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