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Social Entrepreneurship: patterns of development and best practices

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*Ai miei genitori,
per avermi cresciuta con immenso amore
e con la convinzione che tutto è possibile.*

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PREFACE

This work is about people and organizations making a difference in the world. It displays not only the need and desire to repair the world but also the engagement of who is currently doing that. It is about engaging in the interest of others who cannot act in themselves' stake to improve the quality of their lives.

“Everyone is a change maker. Social entrepreneurs are critical in this change – they have a vision, and they have a big impact.” (Bill Drayton, founder of Ashoka)

In the majority of cases social entrepreneurs are moved by humanity, care and desire of improving society through serving their target community. Not only social entrepreneurship is an extremely discussed topic, but also it is a complex and multifaceted phenomenon that can be viewed through different theoretical perspectives and studied at different levels of analysis (Mair & Marti, 2004).

In order to conduct a comprehensive analysis, the work is organized in four different chapters focusing on four distinctive and relevant forms of investigation about the main topic of interest.

Chapter I

“There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order.” (Niccolò Machiavelli)

The purpose of this chapter is to identify a common path followed by social entrepreneurs, so as to build a comprehensive five-stage empirical model. The

methodology used is qualitative interviews; in particular, semi-structured questions were addressed to a sample of ten social entrepreneurs.

Chapter II

“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.” (Lao Tzu)

The second chapter shows how companies can successfully engage in social entrepreneurship and make a concrete and valuable change in the world. The above topic is scrutinized through the analysis of the successful case of danone.communities, a social enterprise create by Groupe Danone.

Chapter III

“The most powerful source in the world is the big idea, but only if it is in the hands of a good entrepreneur. This can move the world.” (Bill Drayton)

Chapter three focuses on how a social entrepreneurship structured solution can add value to traditional entrepreneurship, by examining the case of V.I.V.A. - a social enterprise ideated by a team of Master students, including me - that aims to support traditional entrepreneurs in running their businesses.

Chapter IV

“They are ordinary people doing extraordinary things” (LaBarre & Fishman)

The fourth chapter emphasises the importance of human resources management and partnerships in social enterprises. It provides a comprehensive overview on team dynamics and human resources development but also a powerful tool, called Non-Profit Leadership Team Diagnostic. Furthermore, the chapter illustrates how partnerships empower social entrepreneurs and human resources.

CHAPTER I

A STUDY OF THE PATTERN FOLLOWED BY SOCIAL ENTREPRENEURS

Abstract

The purpose of this exploratory study is to identify a common path followed by social entrepreneurs, so as to build a comprehensive empirical model. The methodology used is qualitative interviews; in particular, semi-structured questions were addressed to a sample of ten social entrepreneurs, whose answers were transcribed and analysed.

The main result is represented by a five-stage pattern followed by social entrepreneurs: each stage is firstly described and further linked to specific challenges that social entrepreneurs face and assets they need during the process. It is fundamental to highlight that some of these stages and challenges are peculiar to social entrepreneurship, differing from regular entrepreneurship.

The key conclusion is that it is possible to identify a common pattern that could guide current and future social entrepreneurs. Furthermore, this research paper emphasises best practices and lesson learned from current social entrepreneurs by leaving a powerful heritage to who is interested in make a real change in society.

Keywords:

Social entrepreneurship, social entrepreneurs, exploratory study, diagnosis and idea, pilot, business model, operation, scale up

Introduction

“The reasonable man adapts himself to the world, the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.” (Shaw, 1921)

Society needs the unreasonable man depicted above and ethically driven social entrepreneurs to break out of negative patterns and to initiate new orders of things. In fact, social enterprises positively influence society through job creation, economic development support, and life quality improvement (Kuratko & Hodgetts, 2004). According to the contemporary business philosopher Peter Drucker, social entrepreneurship will probably reach more importance than for-profit entrepreneurship (Gendron, 1996). Social entrepreneurship globally mainly acts in key fields such as human rights, health and insurance for children and disadvantaged people, housing, education, poverty, elderly, ethnic minorities, work and employment, pollution and climate crisis, food scarcity and waste, clean drinking water, and also empowerment of women.

Although social enterprises seem to be desirable to improve societies' welfare, they represent a quite tough achievement. The main problem is represented by the lack of comprehensive and generalizable knowledge about the path social entrepreneurs should go through in order to succeed, which makes social entrepreneurship's diffusion even more difficult. Presently, social entrepreneurs looking for the best way to begin their enterprise and searching for manners to avoid common pitfalls cannot be fully satisfied with the existing literature, due to the fact that there is a shortage of empirically based theories (Mair, Robinson & Hockerts, 2006). A well-developed body of studies should include a balance of studies that are generalizable, accurate, and specific (Weick,

1979). Albeit case studies may reflect the latter two requirements, they are incapable to offer generalizable models. Therefore, social entrepreneurship research will not reach an advanced level until a relevant sample of empirical results will be analysed in order to find out a comprehensive set of generalizable findings and guidelines for social entrepreneurs. The creation of a model would predominantly benefit social entrepreneurs, but it could also encourage individuals, institutional investors, and private companies to contribute somehow in social enterprises. In fact, a structured pattern to follow will work as warranty of professionalism and would remarkably reduce risks, thus making investors more willing to fund social enterprises.

This research project points at bridging the gap separating what we currently know about social entrepreneurship and what could relevantly boost this emerging field. In particular, this work aims to answer to a specific research question in a deep and structured manner: what is the pattern followed by social entrepreneurs?

Hence, the purpose of this exploratory study can be synthetized as follows:

- i. Discern which steps social entrepreneurs take to be successful;
- ii. Understand the challenges and needs of entrepreneurs along the journey.

Also, a further goal is learning from the inspired and highly pragmatic best practices of social entrepreneurs currently involved in the process to draw lessons for current and future players of this sector. Overall, the work will represent a comprehensive collection of available information pertaining the process of being social entrepreneurs.

This report points to stimulate continuous interest by guiding the reader toward a consistent and logical understanding of both the topic and the research. The rest of the paper consists of the literature review, where relevant existing contributions of literature

are presented briefly; the methodology, which displays in details how the research is implemented and why; the results, consisting in the five-stage model along with insight, challenges and assets for each stage; and the conclusion, where a comprehensive wrap-up is exposed.

Literature Review

Existing literature about social entrepreneurship is considered quite limited (Mair, Robinson & Hockerts, 2006) due to two main reasons: first, although this phenomenon was not born recently, it only lately boomed and raised the interest of society; second, few of the studies and findings available have an empirical foundation. Literature embeds a heterogeneous set of definitions of social entrepreneurs (refer to Table I for definitions).

Table I: Definitions of social entrepreneurs

Author/s & Year	Definition of social entrepreneurs
Bornstein (1998)	Social entrepreneurs are path breakers with a powerful new idea who combines visionary and real-world problem-solving creativity, have a strong ethical fibre, and are totally possessed by their vision of change.
Waddock & Post (1991)	Social entrepreneurs are private senior citizens who play critical roles in bringing about catalytic changes in the public sector agenda and the perception of certain social issues.

Thompson, Alvy & Lees (2000)	Social entrepreneurs are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (people, money) and use these to “make a difference”.
Leadbeater (1997)	Social entrepreneurs combine approaches of business and social welfare. They identify under-utilized resources, such as people, buildings, equipment, and find ways of putting them to use to satisfy unmet social needs.

Overall, I emphasize the necessity for a comprehensive single definition, in agreement with Mair and Martí (2004), stating that social entrepreneurship is a process of creating value by combining resources in new ways, and the combinations of resources are intended primarily to explore and exploit opportunities to create social value by stimulating social change or meeting social needs.

Regarding motivation thrilling social entrepreneurs, there is a set of various sources from which it could trigger, among which: 1) early and recent education and experience, such as parents' example, Scouts or charity initiatives during childhood, social organization at college or university, 2) religion influence, instilling values such as humanity and altruism, 3) workplace culture, 4) friends and community, 5) life hardships and challenges (London & Morfopoulos, 2010). Kuratko and Hornsby (2009) point out further factors that positively motivate the entrepreneur: independence, family employment, and exciting challenges to face when starting one's own business.

Focusing on skills possessed by social entrepreneurs, according to Thompson, Alvy et al. (2000) social entrepreneurs' necessary traits are vision and fortitude. Further features are opportunity recognition ability, collaborative leadership style, long-term community oriented motivation, and teamwork capability (Morse & Dudley, 2002).

Other success factors pointed out by Boschee (1998) are passion, purpose clarity, commitment, courage, customer focus, willingness to plan, strategy, and flexibility. Nonetheless, the aforementioned characteristics can be fairly used to describe all the entrepreneurs, not exclusively social ones. I agree with Drayton (2002) saying that the distinguishable trait is entrepreneurial quality, which refers to the obstinate motivation to change society that social entrepreneurs share within their group of partners and necessarily requires a proactive personality.

Concerning social entrepreneurs' personality characteristics, researchers agree on the following: criticism acceptance, lower failure-fear, perseverance, communication skills, trustworthy appearance, creativity, goal-oriented, and hard-worker (McLeod, 1997; Prabhu, 1999). Still, for the same reason of non-exclusiveness discussed above, the very distinctive feature shared by social entrepreneurs seems to be pro-social personality, which includes two dimensions: empathy, also known as ability to share others' feelings, and helpfulness (Penner & Fritzsche, 1993). Moreover, self-belief and social support are considered key elements for a social entrepreneur to be successful, due to the fact that social entrepreneurs cannot succeed alone. Thus, it is paramount to construct relationships grounded on trust and cooperation (Aldrich & Martinez, 2001).

Existing literature could play a crucial role in acknowledging society about this expanding phenomenon and increasing awareness of people in terms of the importance of social welfare. However, there is a lack of practical guidelines derived from real

cases, and a comprehensive model could be helpful to social entrepreneurs in identify the stages they need to go through in order to run a social enterprise, since they cannot rely on practices implemented by regular enterprises. In order to overcome the aforementioned literature shortage, it is crucial to conduct an exploratory study that will lead to empirically based results.

Methodology

For the purpose of this exploratory study, qualitative interviews have been implemented, since they are particularly useful for getting the story behind a participant's experiences by reconstructing events, for collecting information about human behaviour, and for allowing the interviewer to pursue in-depth information around the topic (McNamara, 1999). Qualitative research provides a more realistic insight of the reality that can scarcely be embedded in numerical data, and the use of unstructured data also confers descriptive capability (Boodhoo & Purmessur, 2009). An email invitation to participate in the study was sent to fifteen social entrepreneurs requesting an interview in person.

Between the 7th of February and the 5th of March 2013 ten social entrepreneurs were interviewed. The ten social enterprises have diverse profiles (refer to Appendix I for a detailed description of the enterprises snapshot) and belong to highly different domains, such as social integration, education, health, art, sport and food. To gain greater understanding of the social entrepreneurship phenomenon, I interviewed entrepreneurs whose business aims to solve a currently existing social problem, without placing boundaries on when the enterprise has been settled to include all enterprises having a life from 1 to 7 years. Furthermore, all social enterprises are specialized in

offering services. Nine interviews were conducted in person and one via Skype.

A set of standardized open-ended questions (refer to Appendix II for a detailed description of the questions) have been selected and addressed, privileging broad questions in order to allow respondents to widely share their stories and challenges (Gal, Gal, & Borg, 2003). The above technique further allows addressing follow-up questions, in order to ensure to obtain optimal responses from participants (Creswell, 2007). The interviews' timing varied from 45 to 60 minutes. Answers have been all recorded and transcribed for the subsequent analysis (McNamara 1999).

Finally, responses have been studied and collated through compiling the data into groups of information, also known as codes (Creswell, 2003, 2007), which are consistent ideas that were common among research participants (Kvale, 2007). At a conclusive stage, a systematic five-stage development pattern has been built. Moreover, quotes of the respondents have been included as illustrative and confirming the stages (Folkestad, 2008).

Results

The interviews' examination led to a methodical five-stage pattern followed by social entrepreneurs. Each stage can be divided into further steps aiming to define entrepreneurs' actions in details (refer to Table II for a detailed description of the model). Moreover, respondents shared the main challenges and assets' needs while their move forward along the process; some of these stages, challenges and assets are different from regular entrepreneurship.

To show a comprehensive picture of the model, some key features that social entrepreneurs have in common have been identified and pointed out for each stage, as shown in the table below.

Table II: Five-Stage Pattern of Social Entrepreneurship

	1.	2.	3.	4.	5.
Stage	Diagnosis & Idea	Pilot	Business model	Operation	Scale up
Key Features	Vision Passion	Pragmatism Objectivity	Analysis Credibility	Effectiveness Efficiency	Promptness
Steps	Social diagnosis Idea generation Skills analysis Benchmarking Team building	Business model sketching Pilot Assessment	Business model Partnerships Investors	Reach target Offer service Impact	Growth Scale up

Stage 1: Diagnosis & Idea

This is the very first stage for a social entrepreneur and it consists of several consecutive steps. Firstly, an accurate social diagnosis of the existing issue the entrepreneur wants to solve is required. In the majority of cases, it came out that the recognition of the social problem is strongly related with the desire of contributing somehow to improve society and fulfil citizenship duties.

Secondly, the main idea on which the project will be founded is generated; several interviewees believe that the idea can be inspired by something happened during their childhood, something their community deficits and also by the participation to social

entrepreneurship competitions organized by business schools and institutes. Some of the interviewees avow that they started their social enterprises after understanding that their life was not fully rewarding from a personal perspective.

“I asked myself if I was changing the world in any way and whether I was feeling accomplished at the end of each day. Being the answer negative, I decided to contribute to people happiness through my true project of life.” Frederico Fezas Vital – Terra dos Sonhos founder

The skills analysis step consists in investigating on key skills currently possessed by the founder and partners, whether they are already involved in the project.

Thereafter, respondents engaged in national and international benchmarking, so as to understand strengths and weaknesses of similar projects currently implemented worldwide. According to them, the main insights came from US based social enterprises, which are strongly focused on innovative but easy to realise activities.

Finally, founders started to recruit their team, trying to make sure that each team member incorporated values coherent with the project as well as skills and backgrounds indispensable to shape a significant impact.

“Benchmarking has a double function: gather feedbacks about the project and give insight about best practices already successful.” João Simoes – Sinergi founder

“In defining priority areas of intervention at this stage, I wonder how I could satisfy a specific unmet social need better than existing solutions.” Gustavo Brito – Marias founder

“It was very complicated to gather a great team, since we were looking for passionate and skilled people but we could not offer them any remuneration.” Charlotte Specht – Plugged-in founder

“It is hard to define when social projects start. They are apples growing on a tree that we pick when they become mature. Often the idea is already there, you just need to recognize it.” João Rafael Brites – Transformers founder

“In this first stage, being passionate makes the difference. The idea of the project was not there at the beginning, in fact it was born from my passion and desire to contribute in somehow to societal welfare.” João Simoes – Sinergi founder

Insights into Stage 1

- Interviews show that the diagnosis & idea stage is characterized by specific challenges for social entrepreneurs. React to conventional opinions and force reaction in society, attract the right people and think out-of-the-box are some of these hitches. Also, all the respondents agree on the fact that the main hurdle was to align team members' expectations and responsibilities, especially because people are likely to destroy value instead of creating it when acting uncoordinatedly.

“Challenges are what do improve people. Which any other reason would motivate people to enhance?” Nuno Gonzaga – Escolinha de Rugby da Galizia founder

- Interviewed entrepreneurs recognized that there are specific assets being crucial in this first stage. Social entrepreneurs need support, not criticism. They look for answers, not for silence. Also, skilled and competent individuals are vital to create effective synergies, Internet connection and phones are fundamental to communicate internally and with external stakeholders, and strong will, passion, values and inspiration should foster the initial idea by crafting it into social enterprise. Further,

having a wide and variegated network is a further advantageous asset, especially if it is based on trust and long-lasting relationships.

“It is very important that you give answers to others. Bear in mind that you will someday need for answers from others.” Eduarda Melo Cabrita – APPDAE founder

Stage 2: Pilot

The pilot or prototype represents the second and tougher stage for most of social entrepreneurs. In fact, it denotes the transition from abstract concepts to a pragmatic initial implementation of the project. Specifically, this stage includes three steps that are business model sketching, pilot itself and its assessment. The former step involves people with managerial capabilities, who engage in planning and building guidelines for the project, even though the definitive business plan will be outlined afterward. Interviewees experiencing a lack of competences in this stage told us they asked to foundations or institutions for help, defining the latters as their “business angels”. The pilot is a practical trial of the set of activities the enterprise will implement, with the purpose of assessing whether chances of success exist and to what extent. Hereafter, assessing the prototype scheme and the impact of its activities is compulsory before taking any further decision.

“The pilot has been paramount to understand in practice the best way through which our project could properly satisfy a social unmet need. It also gave us motivation by making the crew even more passionate.” João Simoes – Sinergi founder

“During the pilot, make sure you follow the golden rule - small scale, at low cost and with low risk.” Gustavo Brito – Marias founder

“When realizing your business sketch, talk with people and make them involved in the project. Do not be afraid to share your ideas with others; they will be helpful to recognise your value proposition.” Frederico Fezas Vital – Terra dos Sonhos founder

Insights into Stage 2

- Bureaucratic complexity, lack of answers by government, municipalities and institutions is the set of crucial challenges faced by interviewees, owed to the fact that social entrepreneurs are often forced to rely on others' answers in order to obtain permissions.

Moreover, shortage of support and opportunities in the external environment also makes the path difficult and displays every objective as impossible to reach. Also, the majority of respondents consider as paramount the understanding the target, its culture and characteristics.

“In my experience, bureaucracy often makes the simplest actions the toughest ones.” Antonio Costa Pereira – Dariacordar founder

“My father always told me that if I can overcome a difficulty today, I would be able to overcome the impossible in the future.” Antonio Costa Pereira – Dariacordar founder

- Not only managerial but also IT capabilities are some of the essential assets in this second stage, especially to set up an appealing and user-friendly website or platform where demand and offer can convene. The entrepreneurs interviewed unanimously agree on the fact that two assets can definitely and positively determine the success of the pilot, which are financial resources and media presence, which are critical to

advertise the existence of the initiative and its value creation for society, with the consequential result of increased awareness of both targets and investors.

Stage 3: Business model

This third stage is the central not only due to its position in the pattern but also owed to its function. It takes place through some principal steps that are business plan creation, partnerships and investments deals. At that point, adjustments of the previous business draft are likely to occur. Several respondents stated that they largely reconsidered their business model after the pilot assessment, by partially or entirely editing their sketch. For instance, one common mistake for respondents was to rely on external services' suppliers; henceforth, in this stage they responded by largely internalizing several services. Part of the sample interviewed used Canvas business model (Osterwalder, A., Pigneur, Y., Smith, A. et al., 2010) (refer to Appendix III) but everybody argued that some specific themes should undeniably be developed in the business plan: a) Vision and objectives, b) Plan, including activities, timeline, team skills, leadership, responsibility and delegation, budget, risk assessment, c) Target, including its needs, characteristics and promotion initiatives toward it, d) Fundraising, including investors, partners and respective promotion initiatives through media planning, e) Review, including quantitative and qualitative indicators and recommendations.

Interviewees agree on the fact that having a clear and structured business plan is one of the prerequisites investors care more about, since they indeed favour enterprises whose success probabilities are higher. Respondents often refer to key partners and investors by using the appellative "business angels", due to the fact that they are willing

to offer to social enterprises monetary and non-monetary resources, such as professionals, infrastructures, and equipment; the inclusion of these activities into their CSR programs and social responsible initiatives allow investors to obtain their counter payment mainly through increase in reputation. Business angels bestow credibility to enterprises by opening doors in terms of opportunities and by creating a virtuous cycle due to the fact that new investors will reach entrepreneurs following the best example given by business angels.

“Having a set of business guideline questions to answer to in the very first step would have made things easier and avoided lots of on-going mistakes.” Charlotte Specht – Plugged-in founder

“The most useful thing we did was realizing a presentation of the project both with lots of visuals and details. It was crucial to make the project appealing to both the target and investors.” João Rafael Brites – Transformers founder

“FAO asked to me to share with them the project business plan. When I asked why, they told me it is rare to see a pragmatic and detailed enterprise model in the social sector, and this is the only way to succeed.” Antonio Costa Pereira – Dariacordar founder

“Social enterprises should create value as for profit businesses do. We need even more investors than the for-profit sector needs.” Francisco Alvim – Academia des Champs founder

Insights into Stage 3

- Attract and engage stakeholders such as targets and investors, manage bureaucracy, effectively use managerial skills and network creation are some of the key

challenges that entrepreneurs face at that stage. Some of the entrepreneurs have time to travel, learn and establish networks; however, the smaller ones encounter more troubles in networking, but still need access to information. Social entrepreneurs strongly need to share strategies, best practices and lesson learned, especially because they often cannot afford consultancy experts and large teams of talented professionals. The above need could be fulfilled through peers' event in local, national and international forums and events. Particularly, a large majority of entrepreneurs encountered hurdles in finding investors and establish long-term relationships with them. Conversely, among the few respondents immediately succeeding in terms of fundraising, the merit of their early attainment seems to derive from media exposure, such as participation in TV and radio shows, organization of events and conferences, and online presence through social networks.

“Every partner brings a unique set of expertise and experience. Thus, it becomes vital for the project and we start wonder how we managed things before its coming.”

Francisco Alvim – Academia des Champs founder

“Events are our engine, they make the project sustainable.” Nuno Gonzaga – Escolinha de Rugby da Galizia founder

- Decisive assets in this third stage are public relations skilled people, a physical office as point of contact between entrepreneurs and investors where meeting can take place and through which the credibility and reliability of the project can arise, the presence of professional managerial guidelines procured by “business angels”, and media representatives as magnifying lens increasing stakeholders' awareness and interest in the social initiative. Media access and presence remarkably made the

difference in several enterprises; in fact interviewees believe organizing events and conferences definitely played a key success role.

“In this stage, we really needed skilled people capable to manage all the operational aspects, but also a physical head office; going through this phase was the major challenge for us.” Eduarda Melo Cabrita – APPDAE founder

Stage 4: Operation

The three consequential steps taking place in this fourth stage are target reach, service offering, and impact measurement. Firstly, the target that has been selected during stage three is reached by the enterprise through a combined use of media and word-of-mouth. However, its reach is not enough, in fact entrepreneurs need to take the targeted people on board, involving them within the project that has been cautiously tailored on them.

Successively, the service preventively crafted is concretely provided to the target, by implementing specific sets of activities, just as for-profit firms do.

Lastly, a comprehensive and objective evaluation of the on-going operations and their impact is the essential precondition in order to verify the current business plan and explore the scale up potential. However, impact assessment can unquestionably be considered as a transversal stage embracing the entire five-stage model. At the moment of the study, the majority of enterprises were experiencing the operation stage (refer to Appendix I).

“Especially at this stage, doing baby-steps could make the difference between a social enterprise and a successful social enterprise.” Frederico Fezas Vital – Terra dos Sonhos founder

“The operation stage offers the proper chance to make the crew even more involved in the social enterprise: delegate tasks, let them work on the field and they will fall in love with the project.” João Rafael Brites – Transformers founder

“How do we know whether we are on the right track? We actually do not know that. Thus, we are starting a research project to identify the best fitting performance measurement indicators.” Francisco Alvim – Academia des Champs founder

Insights into Stage 4

- In particular, the need for a structured organogram consistently emerges when respondents described challenges faced in the fourth stage. As proof of its significance, enterprises that own an organogram since the beginning of the project collected extremely positive results in terms of efficiency, effectiveness and tasks' achievement. Also, engaging target and stakeholders, such as municipalities and investors, is seen as a sturdy task owed to limited credibility and general societal pessimism, which lead to scepticism on change-maker projects. Social entrepreneurs are challenged to inspire, force reaction of the public, raise awareness of society, think out-of-the-box, and change the biases according to which society is mainly based on security and success, and money is the most valuable resource. These people mostly fight for values without earning money, work without income and use their own resources. Further, time management issues often arise due to lack of delegation, unclear task division, and scarcity of resources; the majority of the interviewees dedicate part-time efforts to social enterprises, despite the fact it would require a 24/7 engagement to run them properly. Thus, the need to provide the proper conditions thanks to which social entrepreneurs can

work on the project full-time rises. Thus, being volunteers is one of the prime challenges in this demanding stage.

“Having already a quite established organogram in this phase helped enormously to focus on operations instead of focusing on tasks and responsibilities allocations.”

Nuno Gonzaga – Escolinha de Rugby da Galizia founder

- Financial resources undoubtedly represent the essential asset in the fourth stage. When facing cases of financial shortage, the interviewees' aim is to guarantee their project sustainability by implementing profitable activities such as classes, events and gala dinners to obtain extra cash inflows along to investors' donations. Monetary resources allow enterprises to buy equipment, infrastructures and any missing resource. Secondly, media and networks play a crucial function in reaching both target and investors. These assets are perceived by respondents as essential to achieve objectives in a more rapid and effective manner. The possession of a physical space is considered another valuable asset. Part of the sample does not have any space where basing the enterprise and the majority of the respondents believe it is useful as point of contact, stability and credibility, especially if equipped of phones, computers and managed by a secretary. This would also facilitate arrangement of meeting through which fostering an effective internal communication system, which is especially helpful when implementing operations and assessing them. Finally, both specific quantitative and qualitative indicators are needed to guide the evaluation step; they allow enterprises to measure the gap between expected and obtained results and to reduce it through improved practices and lessons learned.

Stage 5: Scale up

It is the fifth and last stage in the path followed by social entrepreneurs. Characterized by two steps that are growth and scale up, this stage represents a new beginning for social enterprises that have the opportunity to scale their projects. That occurs whether potential chances of success arise from the impact assessment and whether sustainable growth ensues. Among the interviewees, respondents wonder if their existing business model should be merely shifted to new societies or, most likely, adaptations due to local differences are required. A further emerging result is that when a “business angel” is involved into social enterprises, it plays a crucial role in consulting entrepreneurs in terms of scaling, by supporting them in choosing where and how to spread.

“Before scaling, a ‘replication’ manual should be realized by the team together. Through that, the social value creation process becomes tangible and easily replicable in several other societies.” Antonio Costa Pereira – Dariacordar founder

“We included a scale up stage in our business plan even though we did not know whether the project would have succeeded. That was a further engine of motivation to work even harder.” Nuno Gonzaga – Escolinha de Rugby da Galizia founder

Insights into Stage 5

- Among the challenges tackled at that point respondents stated that one of the most difficult to cope with was uncertainty about future events. Social entrepreneurs do their best to forecast the future of their organizations but things go often differently, mainly owed to financial uncertainty. Another challenge resulted to be timelines in

taking opportunities and promptly adapt to unexpected change; timing not only durably test enterprises' success but also it can sometimes decide on their survival.

- In order to overcome some of the aforementioned dares, people are one of the most valuable assets for social enterprises. In particular, the most valuable collaborators needed by social entrepreneurs in this phase should have managerial, networking, and time-management skills. Moreover, since the new market environment should be explored before expanding there, respondents stated that contacts with locals living in the region where the scale will occur are indispensable, especially if a mentor institution is not involved in the scaling procedure. Also, formal recognition is considered a key asset; it could be achieved through awards, conferences and papers and it encourages the enterprise to formalize their efforts and share them with the public. Finally, the majority of respondents agree on the importance of having voice to educate others, in order to have more opportunities to be widely heard and to communicate with people who share their values.

“The most rewarding achievement is when you realize you made the impossible possible.” Frederico Fezas Vital – Terra dos Sonhos founder

Comprehensive Insights

The entire sample of entrepreneurs been interviewed shared with us that their enterprise mission is hidden beside the activities they implement. In other words, their operations are functional tools to reach the very and primary aim of the project, which always consists in creating a substantial social change. For instance, social enterprises operating through sports such as tennis, rugby and surf have the purpose of fostering

young people in terms of values, passion, result-orientation, sacrifices, and team working, which are fundamental pillars in everyday life.

Henceforward, those target people are likely to be more satisfied and self-accomplished individuals and they will likely contribute to make their society a better place to live in. The above enterprises therefore assess two main areas of success: the first is improvement of the target in sports and the second is enhancements in life, such as school progresses.

Conclusion

Although the social entrepreneurs interviewed were different in terms of area of interest, experience, skills, personal and educational background, evidence shows that they share specific stages, challenges and assets, which differ from conventional entrepreneurship. Due to that, this report not exclusively answer to the initial research question “which is the pattern followed by social entrepreneurs?” by building an empirical-based five-stage model, but it further gives valuable insight about how to successfully produce concrete change.

Running social projects requires a high level of proactivity and promptness in reacting and facing difficulties, thus the opportunity to learn from previous experiences could indubitably benefit new players in the social field. Being a social entrepreneur has been described by respondents as exhausting and unrewarding at times; people who stick their values and take risks are often disliked by others, being victim of the so called “Tall Poppy Syndrome”, a social phenomenon in which people of genuine merit are resented because their achievements elevate them above their peers.

On the other hand, interviewees agree on the fact that running a social enterprise is the most amazing and unpredictable adventure they ever had, due to the fact that it allows to leave a consistent footprint in the world. For these reasons, the creation of empirical-based knowledge can provide best practices and lesson learned so as to facilitate the above rough route, allowing the positive side of being a social entrepreneur to overcome the disadvantageous side.

As stated by Gartner and Birely (2002), one should be not only aware of the strengths of a study but also of its shortcomings. Although the revealed model can provide a framework for social enterprises' stakeholders as well as for future studies, a limitation of this study is represented by the fact that the sample of interviewees currently run enterprises that are exclusively located in Portugal. Hence, the above geographical constraint could represent an area for further research; the latter could involve a sample of social enterprises located in more than one country, in order to compare obtained results and comprehend whether they match with the five-stage model presented in this paper. Additionally, assessing social performance and impact is one of the greatest challenges for practitioners; the issue is not the assessment itself, but the way in which the key qualitative measurements can be shifted into quantitative data (Mair & Marti, 2004). Hence, major efforts in this direction are also required.

Taking into account the aforementioned arguments, social entrepreneurs decidedly represent "the unreasonable men" described by George Bernard Shaw; all major social progress depends on them and our future will be substantially determined by their actions. In fact, social entrepreneurs are inventing new business models that are key to catalyse social change and faces epochal challenges that cannot be surmounted relying on existing business models and players (Elkington & Hartigan, 2008).

This research paper does not represent the conclusion of a study; conversely, it is the starting point for a positive present and future change that the world needs.

It is important to bear in mind one of the most powerful lessons learned from social entrepreneurs: instead of revisiting existing possible solutions, we should focus on making the impossible becoming possible. “You see things as they are and ask, ‘Why?’ I dream things as they never were and ask, ‘Why not?’” (Shaw, 1921).

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Appendices

Appendix I: Enterprises snapshot

Business Name: Plugged-in

Interviewee: Charlotte Specht

Location: Start-up Lisboa - Lisbon

Years in business: 1

Type of business: broker between street artists and public providing booking service

Employees: 5

Life cycle stage: Pilot

Website: www.bookastreetartist.com

Business Name: Academia des Champs

Interviewees: Francisco Alvim, Ricardo Loro

Location: Rua Castilho 13 D - Lisbon

Years in business: 4

Type of business: social integration for children through sport, in particular tennis

Employees: 5

Life cycle stage: Operation

Website: www.academiadoschamps.org

Business Name: Terra dos Sonhos

Interviewee: Frederico Fezas Vital

Location: LX Factory - Edifício NORMAJEAN - Rua Rodrigues Faria, nº 103 - Lisboa

Years in business: 6

Type of business: solution created to make kids' wishes come true

Employees: 6 full time + volunteers

Life cycle stage: Operation

Website: www.terradossonhos.org

Business Name: Dariacordar

Interviewee: Antonio Costa Pereira

Location: Avenida Defensores de Chaves, 52 - Lisboa

Years in business: 5

Type of business: recover and distribution of spare unused food

Employees: 10

Life cycle stage: Scale up

Website: www.dariacordar.org

Business Name: APPDAE – Associação portuguesa de pessoas com dificuldades de aprendizagem específicas

Interviewee: Eduarda Melo Cabrita

Location: N/A

Years in business: 6

Type of business: association for the diffusion of knowledge about specific learning disabilities

Employees: 10 + 250 associates

Life cycle stage: Scale up

Website: www.appdae.net

Business Name: Sinergi

Interviewee: João Simoes

Location: N/A

Years in business: 1

Type of business: platform to allow non-profit organizations gathering resources

Employees: 5

Life cycle stage: Pilot

Website: www.sinergi.pt

Business Name: Transformers

Interviewee: Joao Rafael Brites

Location: Universities' offices - Lisbon

Years in business: 3

Type of business: turning teens into transformers

Employees: 69

Life cycle stage: Operation

Website: www.projectotransformers.org

Business Name: Marias

Interviewee: Gustavo Brita - EDP foundation

Location: N/A

#Years in business: 3

Type of business: mediator between householders and domestic services employees

Employees: 4 founders + 62 employees

Life cycle stage: Operation

Website: www.projetomarias.org

Business Name: SURF.ART

Interviewee: Paulo Canas

Location: Cascais

Years in business: 2

Type of business: social integration for children through sport, in particular surf

Employees: 6

Life cycle stage: Operation

Website: www.pressleyridge.pt/projeto-surf-art-ajuda-a-desenvolver-o-potencial-e-autonomia-de-criancas-e-jovens/

Business Name: Escolinha de Rugby da Galizia

Interviewee: Nuno Gonzaga

Location: Estoril

Years in business: 7

Type of business: social integration and personal development support for children through rugby and post school

Employees: 12










Life cycle stage: Scale up

Website: www.escolinhadagaliza.blogspot.pt

Appendix II: Semi-structured interviews questions

1	Where did you start and what did you do first?
2	Which are the main steps you went through?
3	What were your challenges in becoming a social entrepreneur? What would have made the process easier for you?
4	Which are the key assets the social entrepreneur has and which of them enabled the solution to emerge?
5	How do you know you are successful?

Appendix III: Canvas business model

<i>Key Partners</i> 	<i>Key Activities</i> 	<i>Value Proposition</i> 	<i>Customer Relationships</i> 	<i>Customer Segments</i> 
	<i>Key Resources</i> 		<i>Channels</i> 	
<i>Cost Structure</i> 		<i>Revenue Streams</i> 		

CHAPTER II

HOW COMPANIES CAN SUCCESSFULLY ENGAGE IN SOCIAL ENTREPRENEURSHIP AND MAKE A CHANGE IN THE WORLD: DANONE.COMMUNITIES CASE

Overview

Poverty, unemployment and malnutrition are complex problems present all over the globe. According to the United Nations, about 25.000 people die every day of hunger or hunger-related causes, which corresponds to one person every three minutes (Poverty.com, 2013). Also, the World Health Organization – WHO - states that a good indicator for monitoring population nutritional status is child malnutrition, and in 2010 it was estimated to exist 103 million children under five years old in developing countries underweight, with prevalence in regions of South-central Asia, followed by Eastern, Western and Middle Africa (WHO, 2013). This situation is of course related with poverty and the data presented by The World Bank shows that, in 2008, 47.5 % of the population of Sub-Saharan Africa lived on less than 1.25 \$ per day and 36 % of South Asia inhabitants were in the same situation (The World Bank, 2013). In Muhammad Yunus' opinion the actual economy structure and conventional theory of business have as sole mission the maximization of profits, disregarding important goals such as create social benefits. In order for businesses to be capable of addressing social problems, the type of business has to change and it is necessary to recognize that the real human being has a multi-dimensional personality, meaning that there are other goals than making personal profit.

Social business is a term that was first defined by Muhammad Yunus, Nobel Peace Prize winner in 2006. Contrary to other companies, the main goal of social businesses is not earn profit, but support specific social causes with the potential to cause a change in sub-developed societies. Social businesses are managed with the principles used in traditional profit-maximizing businesses and in their market places, but the aim is creating services or products that provide a social benefit. Therefore, this is not considered a charity or a non-profit organization, but rather a non-loss, non-dividend business. Investors that support social businesses do it not to make personal profit, but because they believe in projects that have the goal to make a positive impact in societies helping solving social and environmental problems. Hence, when a social business generates a surplus, the investors only receive the amount equivalent of their initial investment and all the rest is reinvested in the business, enabling its growth and helping to achieve long-term goals and to expand horizons (Yunus & Weber, 2007).

Groupe Danone origin

Groupe Danone is a French multinational company specialized in food products. The company holds number one position worldwide in dairy products and in sweet biscuits, as well as number two worldwide in bottled waters (Pederson & Grant, 2000).

“Danone” was the name of a special yogurt introduced by Greek doctor Isaac Carasso that was often used as a treatment in case of digestive problems in certain parts of Spain; it is from the above product that the social business was created. Due to the expansion of this unique business, Danone merged within few years with some other companies such as Gervais. In 1973 Danone came together with the glass manufacturer company BSN (Boussois-Souchon-Neuvesel), and its CEO Antoine Ribaud changed the

concept of glass making company by creating BSN Gervais Danone, the biggest food company in France.

In 1994 the enterprise was renamed to Groupe Danone. Antoine stressed the importance of expanding outside of Europe – especially to Asian markets. As he claimed: *“All the world’s big food-industry firms are out there. If we want to stay in the race, we have to pretty much follow their example. If we do not, we will fall behind and be unable to catch up...”* He drew attention to the potential of emerging markets and during the following years he started focusing more on social enterprise (Danone.com, 2013).

Antoine’s son Franck Riboud changed the company’s concept two years later. He sets up three main goals of the company: health and nutrition attitude, global presence, and more flexible and informal business.

Furthermore Franck Riboud launched the “Danone Way”, leading to socially responsible corporate values. In fact, the company has been trying to apply sustainable development in less developed countries with the aim to bring health and food to as many people as possible.

Social commitment

In 2005 Franck Riboud met Muhammad Yunus, founder of Grameen Bank, and due to their similar ideas about bringing progress to people in developing countries they set up a joint venture named Grameen Danone Foods. This company created a yogurt factory in Bangladesh with the mission of contributing to local development. From the beginning, the business was established to be sustainable and financially independent, focusing mainly on social goals such as improving health, creating jobs, reducing

poverty and protecting the environment. Profits earned by the company are re-invested with the aim of running and expanding the business. Furthermore, danone.communities was created in December 2007 as funding institution designed to encourage social business initiatives (Danone.communities, 2013). This project is an incubator of many new social business projects around the world, which use the mutual fund to support technical requirements of projects fighting poverty and malnutrition.

Danone chooses new activities according to their priorities, such as access to water and nutrition; from a geographical perspective, countries in Asia and Africa have priority with respect to other nations. The projects must improve the health and living conditions of the poor, with a measurable social impact, and fit into Danone's mission that is "to bring health through food to as many people as possible". The projects should be managed by professionals or experienced partners with long-term interests. Each idea should create social impact, be innovative, sustainable and replicable, and have reasonable chance to succeed.

Danone.communities are currently present in seven countries – Bangladesh, India, Cambodia, Mexico, France, Senegal and China – where they manage ten projects. In Bangladesh, apart from Grameen Danone Foods Ltd. that is specialized in bringing health through food and fighting poverty, there is another project called JITA, which creates job for women and provides access to some necessary goods in rural areas. Also, several social projects taking place in Mexico are Mexican project, El Alberto, Indian Naandi Community Water Services and Cambodian 1001 Fountains, all focused on providing access to drinking water. Looking at France, Isomir concentrates on leveraging local farm production to create jobs for small producers; while in Senegal

Laiterie du Berger is leveraging milk production. Overall, it is admirable that more than 900 000 people are impacted by danone.communities (Down to Earth, 2013).

Due to the 5th anniversary of the project this year, danone.communities is hosting the Global Communities Meeting Tour to promote social business and to involve as many people as possible by involving them in a set of workshops and seminars. When the Tour reached Paris, Muhammad Yunus and Franck Riboud were present too.

Bangladesh children saved by yogurts

The first social project of Grameen Danone Foods Ltd. started in Bangladesh in 2007. The level of malnutrition in Bangladesh is one of the highest in the world: studies show that 41% of children are underweight and 43.2% suffer stunting, a clear indicator of malnutrition (BBS, 2004). This causes high rate of child deaths, blindness, anemia, more vulnerability to illnesses and intellectual impairment. For this reason, Grameen Danone Foods was built on an innovative idea: create a yogurt plant in Bangladesh in order to support local community development along the entire value chain. To reach such a goal, Grameen Danone Foods Ltd. based its business model on four main objectives:

- 1) Create a product with a higher nutritional value, affordable to everybody;
- 2) Create local employment;
- 3) Protect the environment and avoid waste of resources;
- 4) Create a sustainable and replicable project. (Danone.communities, 2013)

The yogurt factory is located in Bogra and it produces a nutrient yogurt for kids called Shukti+Doi, which means “yogurt that make you more strong” in Bengali. From a more technical perspective, 60g of yogurt contain 30% of a child’s daily need of

iodine, zinc and iron, responsible for the bones' growth and anemia problems, and Vitamin A, important to fight blindness. In addition, since a very small percentage of the population can afford refrigerators, the yogurt is also designed to maintain fresh for a week. To create such a yogurt, Danone worked together with the NGO Gain – Global Alliance for Improved Nutrition – in particular to make sure that all such nutrients do not react one another, souring the yogurt.

From an operational view, other efforts were necessary to find a way to produce such yogurt in a cheaper way. The solution was a smaller plant of 600sq-m able to produce yogurt at lower costs thanks to an innovative fermentation process. The plant is also much simpler to use than traditional Danone's plants, with the important advantage that workers do not need to be highly skilled. Hence, local workforce can be employed so that the social enterprise will contribute to unemployment decrease (Time Magazine, 2010). As result, Shokti+Doi is sold for six cents of euro, which is an affordable price also for the poorest families.

Moreover, in order to enhance the sense of community and allow every part of the value chain to be sustainable, the project is rigorously integrated both upstream and downstream. Milk is the main raw material and it is bought every day from local villages; successively, it is mixed with sugar and other ingredients, which are all locally grown as well. Danone pays local farmers slightly more than they would receive from other customers, creating relevant and long-term oriented relationships with them.

Regarding the downstream, only a small part of the yogurt is distributed through shops; a network of women who bring bags full of yogurt and allocate them to local villages delivers the majority. These women further explain the nutritional benefits of Shokti+Doi, sometimes with the help of Danone representatives, (BBC News, 2009).

Analyzing the whole project, it is possible to highlight several performance indicators and key success factors. Firstly, all Danone's projects are designed to be sustainable and replicable: they must ensure a measurable social impact and, at the same time, generate enough profits to allow the fund's sustainability. Accordingly, in order to assess the impact of such project, Danone uses the following two sets of indicators (Down to Earth, 2013):

- 1) The number of yogurt cups sold every day and the number of children consuming Shokti+Doi regularly;
- 2) The number of "Shokti-ladies", the average number of cups sold for each woman and the number of working days each month.

In 2010 Danone sold about 72,000 cups per day, 1 child over 4 ate Shokti+Doi at least once a week and 821 women received, directly or indirectly, revenues from Danone. Moreover, preliminary studies conducted by GAIN and Johns Hopkins Bloomberg School of Public Health show that Shokti+Doi has a positive impact on both children's stature and their ability to concentrate and learn (Social Enterprise Buzz, 2012).

An important reason for the success of the project was Grameen's contribution in terms of sales and distribution knowledge. In particular, Grameen was able to leverage word-of-mouth and door-to-door sales, by reaching illiterate people without a notion of nutrition that otherwise would not benefit from Shokti+Doi. Furthermore, as already mentioned above, the decision to sell Shokti+Doi for the equivalent of six cents of euro was central in allowing a wide diffusion of the nutritional yogurt among the poorest part of the population. An additional key decision is represented by the fact that Danone plants are built in rural areas in order to contrast exodus toward cities and enhance the

development of suburbs. Further, local development was boosted also by using only local grown raw materials for the production of Shokti+Doi and by employing local people in less automated factories. The latter allowed to reduce both initial and maintenance costs, with a positive impact also from an environmental perspective. But probably, the key success factor of this first project is the decision to start with a product they already have experience with, in a country they are familiar with and where the project has an high probability to succeed and improve people's lives (ESSEC Business School Knowledge, 2012).

Thanks to the success achieved in Bogra, Grameen Danone Food created danone.communities with the aim of implementing social projects analogous to the one started in Bangladesh also in other poor countries worldwide.

Danone.communities in Senegal: la Laiterie du Berger

Meanwhile the successful Bangladesh experience, danone.communities implemented an innovative social project in Senegal. Some data should be considered when talking about Senegal: it has a population of 12.5 million people, half of which living in urban areas; 45 % of the population is aged below 14; 64 % of the people lives on less than two USD per day; only 39 % of food consumption comes from local production (Danone.communities, 2013).

One of the paradoxes characterizing this African country concerns the milk situation. Senegal has a quite long breeding tradition, in fact 30 % of the population live on breeding and 90 % of families consume yogurts weekly; although that, more than 90 % of the traded milk is imported and it is reconstituted from powder milk. The above

paradox takes place because there is not any link between production and market (Danone.communities, 2013).

In order to solve this fundamental issue involving the population and its wealth, Bagoré Bathily, a young Senegalese entrepreneur, founded *la Laiterie du Berger* in 2006. This social business aims to develop and increase local dairy production in the Richard Toll region, located in the North of Senegal. It provides regular income to dairy farmers, all the while offering quality nutritional products to a broad public. Concerning shareholders, the Bathily family and Investisseurs & Partenaires, private finance company with a social mission are not alone in realizing this impressive project. Danone.communities and Grameen Crédit Agricole Microfinance Foundation hold in total more than 35 % of *la Laiterie du Berger*'s capital (Grameen Credite Agricole, 2013).

Concerning its functioning, *la Laiterie du Berger* collects milk from Fulani dairy farmers and processes it into yogurts and other dairy products. In a country where 90 % of consumed milk is imported in powdered form, this social business encourages local dairy production and contributes to Senegal's autonomy in terms of food. *La Laiterie du Berger* is a dynamic business at the service of social objectives; in fact, different services are offered beside milk collection, such as hygiene, cattle feed, vet services, breeders' organization, technical supervision, veterinary and insemination services. As a result, herders earn higher incomes on a more regular basis and local supply becomes definitely more profitable than importing powder milk. Since 2009 *la Laiterie du Berger* products have been distributed in Senegal under the Dolima brand name, which is the sole brand in Senegal delivering dairy products made of fresh local milk. Regarding the price, it is very affordable (90 g pouch costs 15 cents) so as to make sure

everyone can buy fresh products. As studies demonstrate, poor pay more than rich people for the same goods. The latter occurs due to the fact that poorer people can neither have access to public transport nor they own cars; as a consequence, they cannot reach big grocery shops and they are forced to buy goods from small proximity shops, much more expensive because of the smaller volumes traded. *La Laiterie du Berger* faced this challenge by creating more than 6000 point of sales in 2011, as well as more efficient trading in small proximity shops, by allowing locals to buy what they need spending less money. Moreover, there are evidences showing the extent to which this project is successful and well structured. In 2006 the company started its production from 500 litres of milk collected per day; it now collects over 2500 litres per day from 946 dairy farmers organised into the M'Bane Co-operative. The Richard Toll factory can handle up to 10,000 litres per day. By the end of 2012, the company wishes to reach an annual volume of more than 1.5 million litres, collected from 1,000 dairy farmers. Due to the 30 % growth per year achieved from 2007 to 2012, Danone, Grameen and the Bathily family are starting to look at future steps such as improvement of management and productivity, launch of an innovative mix of yogurt and cereals, acceleration of suppliers development (Danone.communities, 2013).

From an analytical perspective, there are several success factors that definitely contribute to make this ambitious project unique. First of all, critical source of success are the three projects selection filters, which are criteria used by Danone and Grameen Foundation to choose projects to work on: convergence, pertinence and efficiency (Down to Earth, 2013).

Additionally, developing dairy farming and improving living conditions of dairy farmers are not only seen as positive outcome of the process but also as the reason motivating the shareholders to take part of the project.

Thirdly, the fact that *la Laiterie du Berger* contributes to provide quality food to for the Senegalese people certainly represents a crucial advantage. Also, local employment rates have increased since the beginning of the project, due to the fact that native people are personally involved in handling the breeding process. Thus, Senegal population is taking advantages of the expertise and guidelines provided by Danone and Grameen so as to develop professional competences and higher the level of education in the country. Moreover, the whole project contributes to increase health and safety standards in Senegal, which were really low few years ago. This is possible thanks to clean cattle and instruments but also to higher level of care on animals' food and water. Therefore, welfare in Senegal is growing; more employment and better living conditions allow people to appreciate the project and buying from *la Laiterie du Berger*, by doing something "good for me, good for the country", as consumers say.

Additionally, the social business is fostering a huge number of communities both in Senegal and abroad, thanks to which locals can share practices and ideas with other people involved in similar situations so that to create synergies and higher value for all the stakeholders involved. A further success factor is represented by the will of *la Laiterie du Berger* to measure its impact with the following criteria: herders integrated to the milk collect, litres of collected milk each year, improvements on cow productivity.

Having the above clear and specific guidelines allows the business to continuously monitor its on-going process by ensuring that results are aligned with

initial plans. Overall, the success of the social business is continuously awarded, in fact la Laiterie du Berger is a finalist for Africa Awards for Entrepreneurship, whose objective is to highlight business leaders “who serve as role models to Africa’s aspiring entrepreneurs and who demonstrate business excellence, innovation and profitability” (Danone.communities, 2013).

Conclusion

As it was visible through the aforementioned evidences, danone.communities is able to create relevant changes in poor populations improving their living standards by implementing different kind of simple actions. Danone.communities is a clear example that a social business can be a great change maker in distinct societies.

However, even though a specific set of actions can be successful in one country, it is important to bear in mind that these factors should be adjusted before being applied to a different country. Each region has specific problems that should be addressed with different approaches. Danone is a successful example of the idea that financial aid rarely is the right solution for developing societies’ troubles and much more can be done by providing tools instead of exclusively giving money (Moyo, 2009).

The initiatives carried out by Danone.communities have been achieving amazing progress around the world, by creating sustainable projects and contributing to the development of rural areas. Nevertheless, there could be several further programs that the company could implement; in fact, even though Danone.communities exists in many countries, it is crucial to endorse the importance of Africa. Danone Groupe is already present there (South, Africa, Mozambique, Egypt, Tunisia, etc.) and employs a considerable number of people; therefore, it might be easier to approach local

employees and their families. An example of key African project to implement could focus on fighting against HIV/AIDS, which is one of the crucial problems for Africa and its population. For instance, in Mozambique the amount of HIV prevalence is 11, 5 % (Unicef, 2012). It is paramount to engage in educating local people, included children and young population, by using seminars, regular check-ups and increasing awareness of this problem in the numerous local communities.

Another significant initiative could be to set up “Food Gardens projects” in as many countries as possible; Groupe Danone is already working on that in South Africa, obtaining significant results. The food gardens are sustainable means of complementing school feeding programs, with the purpose of providing children with fresh vegetables and teaching them how to produce their own harvest. Food gardens save water, improve the soil and provide the possibility of subsistence gardening. Furthermore, the project can improve their food education in terms of choosing healthy food (Danone South Africa, 2013).

“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.” (Lao Tzu)

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CHAPTER III

HOW A SOCIAL ENTREPRENEURSHIP STRUCTURED SOLUTION CAN ADD VALUE TO TRADITIONAL ENTREPRENEURSHIP: V.I.V.A. CASE

Overview

There is a plenty of issues that social entrepreneurship can focus on in order to consistently contribute so society's enhancement. V.I.V.A. initiative represents an example of social enterprise ideated by a team of Master students - including me. The process through which the project has been generated is deeply described and all its focal features analysed. The methodology selected to conduct the research consists in surveys and the community needing the intervention is Veneto, which is a region located in the North East of Italy. The case of V.I.V.A. is particularly notable owed to the fact that its implementation adds value not only to society but also to traditional entrepreneurship.

The problem

"[...] If Veneto Region does well, Italy does well too [...]. Veneto is Italy's Locomotive." (Vip.it, 2012)

Veneto Region can be defined as the European Silicon Valley of the 20th century (Sole24Ore, 2012). Historically it was a poor agricultural region, as well as a land of mass emigration. But, since the 1970s it has seen impressive development, thanks to the so-called "Veneto Development Model" that is characterized by strong export-oriented entrepreneurship in traditional economic sectors and close social cohesion. With a GDP of 310.952 billion Euros, it represents one fifth of Italian GDP. It accounts over 500,000

companies and firms, third Italian region in absolute numbers, first if compared to population (Ministero dell'Economia e delle Finanze, 2012).

The typical Veneto's entrepreneur is a self-made-man, low educated, pretty wealthy, hard worker, who runs a small-middle size business employing less than 15 people and producing inputs that are first part of big companies' value chain.

From the beginning of this century, globalization and new competition from emerging markets were attacking this system that tried to defend itself by promoting excellence and quality of production. Also, financial crisis and European debt crisis hit strongly. Since 2009 more than 100,000 jobs were lost, more than 3000 companies filed for bankruptcy, 1122 only last year, and from recent studies in first 5 years of life 49.6 % of firms close for failure (The New York Times, 2012). Closing a firm is not an isolated story; in fact failures generate negative externalities for the whole society.

Moreover, especially in Veneto where the concept of failure culturally represents a shame for failing even in own life and where, when the firm expires its business, the owner expire a bit as well, crisis led to a terrible escalation of suicides. Since beginning of the year 26 entrepreneurs died for suicides (Beppe Grillo, 2012). Bankruptcy is an unbearable burden that isolates entrepreneurs, leading them to suicide; the myth of the entrepreneur that never has to ask anyone for anything, of the tiny American dream, is stronger here than elsewhere.

"The honest small-scale entrepreneur in Italy is a hero. The State rewards him with the highest taxes in Europe, to be paid in advance. For reimbursements, however, there is always time. And it is almost impossible to get payment on the unpaid invoices. Veneto has a dark evil, a tremendous one, if it obliges someone who has invested his life and his resources in this country to hang them in a garage or to shoot them in the

empty office on a Saturday morning. Pensioners are important as public employees are, but without the enterprises they will end up in the middle of the street” (Beppe Grillo, 2012).

Since suicide is the ultimate problem (refer to Appendix I, where “The problem tree” is displayed), in the sense that there is nothing left to solve once suicide is committed, this study will focus mainly on bankruptcy as the focal issue to solve. As presented in Figure I, the above issue is important, neglected and creates externalities.

Figure I: Enterprises' bankruptcy problem



IMPORTANT

- The problem involves more than 15,000 families that are related to failure of business, unemployment consequences and the drama of losing a fundamental component of families.



NEGLECTED

- Italy is the country in Europe that pays firms that have worked for the government after longest time (more than 180 days). This generates problem of liquidity in companies. Tax burden also increased by 10% in the last decade. Government doesn't take into account needs of entrepreneurs and it's responsible for tragedies involving the region.
- Veneto entrepreneurs runs small firms and are alone in taking crucial decisions when the credit institution denies credit.



EXTERNALITIES

- Positive spillovers can be generated not only to a certain category of people or the ones directly interested by the problem, but also to the entire society: preventing failures and suicides may avoid families disruption, helps government to reduce subsidies, sustain natality, prevents unemployment by generating employment and richness, increases GDP, generates positive spillovers for the entire supply chain.

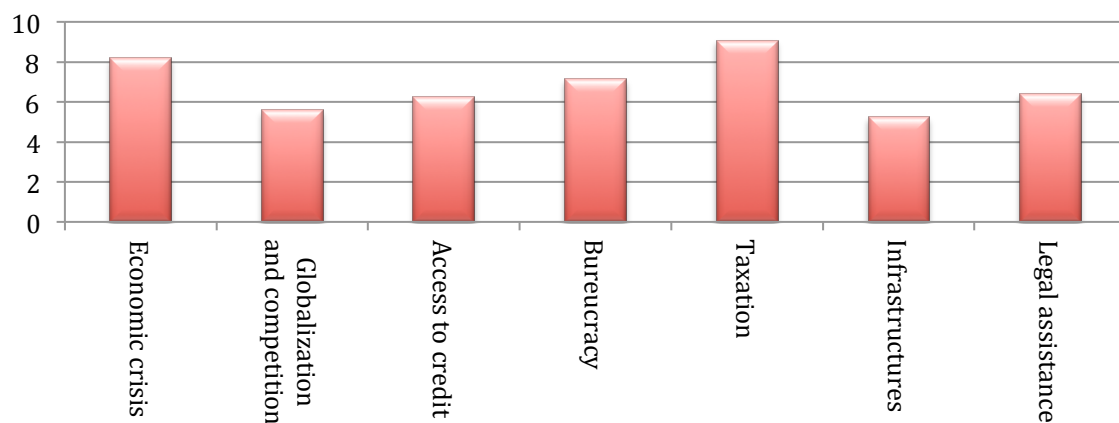
Survey results

In order to understand the extent to which the problem and its causes are important for the community, a survey was addressed to a sample of Veneto's entrepreneurs, verifying that initial assumptions were true. Indeed it was not proper to directly ask about suicides, owed to the fact that it is a highly sensitive argument; thus, the main goal was trying to understand their opinion about it. Although it was difficult to contact Veneto's entrepreneurs from Lisbon, thirty-three answers have been collected.

The sample is characterized by male population (91 %), average age of 44 years, 80 % of them finished their studies at high school, 40 % of them are facing crisis and have difficulties in surviving with the money they earn. Their firms have an average life of 29 years, 87 % have a capital under one million euro, 80 % employ less than 30 people, and in half of the cases other components of the family work inside the business.

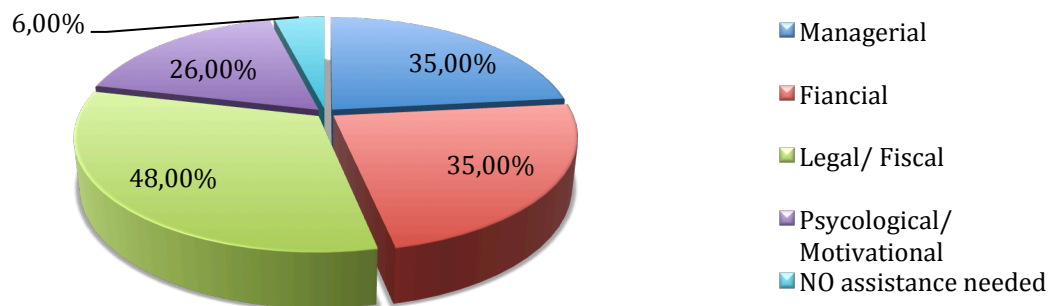
When asking to the sample: "What is your opinion on the causes of difficulty in the daily management of a business in a 1 to 10 scale?" the answers collected were the ones showed in Figure II.

Figure II: Entrepreneurs' opinion about the main causes of difficulty



They identified excessive taxation, economic crisis and bureaucracy as the main issues. From 1 to 10, it was also asked how they value assistance by local and central government. For the first the mean was 3.42, for the second 2.55, indicating low level of trust in institutions. Concerning their opinion about business failure, 13 % of respondents told us that a failure is helpful to grow as an entrepreneur, 48 % thinks it is hard but life goes on, 19 % think is not conceivable and 19 % did not want to answer, thus highlighting sensitiveness to this subject. Finally, there is the need to know from them what was the main help they need and their answer is presented in Figure III.

Figure III: Fields in which entrepreneurs need help



The opportunity

“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.” (Winston Churchill)

When there is a problem outside, there is an opportunity for V.I.V.A., which is the acronym of Venture of Interconnected Volunteering Activities; investing time, money and resources in this project can generate a huge return for the whole society and increasing welfare for business entrepreneurs. Keeping a family united, maintaining a local community, and providing everyone a job are duties of every government; when it

fails in providing them, V.I.V.A. sees an opportunity for fulfilling those genuine social needs through its action.

The value proposition

“V.I.V.A. contributes to the personal and professional success of Veneto’s entrepreneurs by delivering a wide-ranging and integrated set of services aimed to assist them through an interconnected network of psychological, legal and business supports.”

From Causes to Goals

From a pragmatic perspective, only once the causes of the problem are clearly identified it is possible to set goals in order to reach a concrete and adequate solution. Therefore, a set of currently existent and widespread causes can be identified and directly related to practical goals to achieve.

First of all, difficult access to credit causes bankruptcy, which could be solved by facilitating access to credit through a network of entrepreneurs and credit institutions. Secondly, profitability obsession derives from both Veneto’s exigent environment and the difficulty to separate the professional life from the personal one; this issue can be addressed by offering psychological support and workshops, in order to enable entrepreneurs to face problems in an open-minded manner and without being biased by social boundaries. Additionally, support to families can also be provided in order to help them to cope with the involvedness entrepreneurs frequently have. Moreover, costly legal assistance can be moderated thanks to the availability of volunteer legal

professionals. Finally, low academic education level should be faced by giving birth to teams of consultancy experts, gathered in universities and social associations.

Analyse and Select Options

With reference to the analysis and selection of options, it is worth to focus on five main contents: 1) the roots of Veneto's entrepreneurs falling into crisis are unprofitability and bankruptcy pressure; 2) the main affected party are definitely entrepreneurs in Veneto, whose life is entirely based on their business; 3) interests and passions that generally make entrepreneurs passionate are sense of citizenship, social sustainability, international networking, politics, education, cultural differences and social equality; 4) skills and resources needed in order to develop the project are volunteers, experience in social consulting, curiosity, background in business and contacts in Veneto, which have been essential to run surveys and to go deeper into the scenario surrounding this social problem; 5) the solution, as previously anticipated, is V.I.V.A., a comprehensive network able to support entrepreneurs in the different vulnerable areas that personally involve them when running their own businesses, which are legal, psychological, credit and organizational fields.

Stakeholder analysis

Concerning stakeholders, it is crucial to highlight their contribution, gains and value expected (from 0 to 5) deriving from the implementation of V.I.V.A's activities. Indeed, the main parties affected by business bankruptcy and entrepreneurs' suicide are entrepreneurs, entrepreneurs' families, Veneto's community, national and local governments and competitors (refer to Table I).

Table I: Stakeholders' analysis

Who	Contribution	Gains	Value Expected
Entrepreneurs	After reintegration in the cycle: Experience and accumulated learning to be shared with participants Role models Bring credibility	Problems-solving across different areas (professional and personal) Business sustainability Improved life conditions, namely increased psychological health	5
Entrepreneurs' family	Target, intermediate	Increased life standards; Increased family cohesiveness	5
Veneto's community	Initiative support Volunteering	Higher welfare	4
Government	Support Increase program's credibility	Reduction in subsidies targeting low-income families	3
Competitors	Partnerships	Greater stimulus to innovation and healthy competition	4

Benchmarking

Referring to benchmarking, the proof that this problem is neglected lies in the fact that existing solutions are not able to offer a complete range of needed solutions with respect to this social issue. Figure I synthetizes the set of current activities aimed to support Veneto's entrepreneurs facing troubles and bankruptcy. In particular, the figure shows the solution taken, respective causes tackled, advantages and disadvantages.

Table II: Existing solutions

Solution	Causes tackled	+	-
Free training courses for entrepreneurs	Lack of business knowledge and skills	Empowering entrepreneurs	Problem is only partially solved
Simpler access to financing	Liquidity crisis	Leading to investments	Problem is only partially solved
Start-up assistance	Lack of know-how on how to establish a business	Incentivizing entrepreneurship	Problem is only partially solved
Free telephone assistance	Psychological problems	Assisting the person from a human point of view	Problem is only partially solved
Microcredit bank	Financial resources scarcity	Reduce bankruptcy risk	Problem is only partially solved

Synthesizing the above table, it is evident that a wider and complete solution to the problem does not exist yet. In fact, Veneto's current initiatives represent a fragmented range of solutions that should be interrelated in order to create more value by properly tackling the main issue.

The solution

The solution proposed, V.I.V.A. – Venture of Interconnected Volunteering Activities – is, as the name indicates, a set of supporting activities performed mainly by volunteers that belong to a network targeting entrepreneurs who face difficulties to run their business.

The very first step of the project is to connect all the volunteers through a database discriminating their field of expertise, weekly availability and location. To do that it is necessary to increase awareness of V.I.V.A. project and engage a reasonable number of volunteers. In order to have individual and enterprise contributions, two different approaches can be implemented to reach our experts: on the one hand, through V.I.V.A. website, Facebook page and flyers, on the other hand, through direct proposals to for profit businesses, not for-profit enterprises, and universities.

Along with the initiatives to promote the participation of volunteers, it is crucial to advertise the program to its main target, the entrepreneurs, by using V.I.V.A webpage, Facebook page and information sessions. After having both the participants and the volunteers, next step is to explain each activity that will be implemented through the project:

Help Phone Line

The process begins with a help phone line available for each struggling entrepreneur managed by psychologists, since they are the most appropriate specialists to be approached by desperate entrepreneurs at the very first contact. The phone line system will redirect entrepreneurs' calls to the available psychologists and the call will be recorded as a way to do a better analysis afterwards.

Screening

During and after the call, the psychologist will do the analysis of the problem in order to gain a better understanding of whether the person exclusively needs psychological support or also technical support, such as legal or managerial. This phase

may include asking other experts' opinions to evaluate the situation, or even scheduling a personal meeting to better understand the case. The place where the meeting would take place can be agreed between the parties depending on each case.

Checking & Allocation

This stage consists basically on checking the possible solutions proposed by experts that can be useful for the entrepreneur's situation and on arranging the best combination between them, both in terms of availability and location. Once again, the meeting place will depend from case to case: a partner space (this is, a space provided by one of our partners), the entrepreneur's workplace, the entrepreneur's house, the expert's workplace or a public space.

Core and Parallel Supports

Each entrepreneur will always receive psychological support and, along with it he/she can also receive five different types of support: credit support, legal support, managerial support, family support and organizational support. The differentiation between core and parallel supports is relevant in order to address both the main cause of entrepreneurs' failure and parallel causes that may further aggravate the situation. Hence, each of the five provided supports may be labelled as core or parallel depending on each case.

CREDIT SUPPORT

V.I.V.A. is not a credit institution and its role is not to provide credit but to facilitate access to credit. These experts will do an analysis of the current entrepreneur's situation and give advices on how to improve it. Besides redirecting entrepreneurs to

available credit options that they may not be aware about, being members of V.I.V.A. project will give them credibility with financial institutions.

LEGAL SUPPORT

It is one of the main problems that Veneto entrepreneurs face, since they find it hard to enforce their debtors to pay them what they owe. At the same time, legal processes are lengthy and costly so most of the times these entrepreneurs end up not receiving their money, even from the government debts. This way, legal experts will be of great help, both to solve current situations and prevent future ones, for example by teaching entrepreneurs how to properly write effective contracts.

MANAGERIAL SUPPORT

Veneto entrepreneurs mostly run small businesses so they need to coordinate and perform all the related tasks needed to sustain a business. However, their managerial skills are limited and they do not know how to allocate resources in the most efficient way and, for example, in a situation of crisis they do not have the flexibility to cut costs and look for most efficient solutions. Thus, mentoring these entrepreneurs in this area is crucial, in fact it will allow them to focus on their core skills and competences.

FAMILY SUPPORT

The life of an entrepreneur is not always easy to manage owed to the fact that it is often difficult to separate the personal life from the work life and, as a consequence, the psychological integrity of entrepreneurs may be compromised. From what has been observed in Veneto, the lack of this distinction has lead to extreme consequences, being

the worst of them suicide. Furthermore, the high-pressure environment that they live in reinforces the above problem. Therefore, family support aims at helping entrepreneurs and their families to find the best way to separate work and family lives by managing their budget and time.

ORGANIZATIONAL SUPPORT

Organizational support is designed not only to deal with the organizational structure that each business has, but also to involve V.I.V.A. participants to engage with each other, in order to share experiences as well as frustrations. On the one hand, the aim is helping the enterprises' employees, who may also need to be sustained and could possibly contribute to relieve the entrepreneur. On the other hand, it is crucial to foster group sharing because of the importance for entrepreneurs and employees of understanding they are not alone and they can learn from others' experiences.

Follow up

Empowering the participants to make part of the network is crucial since they will feel valued for what they have already achieved and incentivised to put in practice what they have learn so to continuously improve. Furthermore, it is also a way for them to bring their networks to V.I.V.A. project and expand the number of entrepreneurs the initiative can reach. Along with receiving help through diverse initiatives, entrepreneurs are also invited to join V.I.V.A. as community from which they can definitely benefit in terms of enlarging their networks and sharing ideas and practices. By comparing the entrepreneur's situation when starting the core and parallel supports with the current

situation it would be possible to assess the support process and identify the key results of the program for each participant.

Resources

Figure III: Resources needed

PRE-PROCESS	<ul style="list-style-type: none"> •Facebook page •Flyers •Web Site
HELP PHONE LINE	<ul style="list-style-type: none"> •Phones •Psychologists (volunteers) •Physical space for meetings
SCREENING	<ul style="list-style-type: none"> •Web Site •Data Base
CHECKING & ALLOCATION	<ul style="list-style-type: none"> •Web Site •Data Base
CORE AND PARALLEL SUPORTS	<ul style="list-style-type: none"> •Physical space •Volunteers •Office material
FOLLOW UP	<ul style="list-style-type: none"> •Phones •Site

Besides these resources listed in Figure III, there will still be the need to have at least one person working on a full time basis in the project, in order to coordinate all the process, manage partnerships, perform the back-office tasks and promote the program, among others.

Concerning resources' provision, V.I.V.A. can create three potential partnerships that would facilitate access to the aforementioned assets:

- *Confindustria* is the Italian employers' federation, founded in 1910. It groups together more than 113,000 voluntary member companies, accounting for nearly

4,200,000 individuals. More specifically in Veneto, the Regional Federation of Industrialists of Veneto – *Confindustria Veneto* – was founded in October 1971. Today it accounts more than 12,000 companies, with 350,000 employees (Confindustria, 2012). The Federation is not commercial in nature and its not-for-profit mission has the purpose of a- representing and protecting the industry players at regional level; b- creating the best conditions for the conduct of business activities; c- affirm the values of entrepreneurship and enhance territoriality in all regional offices, national and Community, in the perspective of decentralization in the organization of the Government; d- promoting study and research and providing information and advices to Associations and Organizations federated members; and e- studying, proposing and promoting all actions consistent with the Regional's policies. This partnership will allow the project to gain credibility among society, government, private institutions and, most important, entrepreneurs. *Confindustria Veneto* already has a large network of entrepreneurs so they would facilitate the first contact with the participants. In other words, the entrepreneur's association will be the key channel for advertising V.I.V.A. initiative. Furthermore, information sessions should be organized in this association in order to take advantage of the partner well-established reputation. This partnership will also provide the physical space for meetings and dynamics occurring during the program. Finally, V.I.V.A. would also rely on the association for the supply of phones and office materials needed to start the program.

- The *UniCredit Foundation* is the non-profit Corporate Foundation created by UniCredit bank as a way to promote a complex set of principles, which are the

basis of its corporate identity. One of the interests of this Foundation is to offer itself as a bridge between the employees of UniCredit and the needs of targeted communities (Unicredit Foundation, 2012). Henceforth, the partnership with this Foundation would enable to have a connection with a corporation willing and interested to direct its energy and its employees' skills towards social engagement. Furthermore, *UniCredit Corporation and Foundation* took part in the Grameen Italia Project, a microcredit program aiming to tackle the weaker population segments that do not have access to the traditional banking system. This program could be an option for some of the entrepreneurs, particularly for who can no longer afford to provide collaterals or assure that their expected profits would be sufficient to cover the elevated costs of the conventional banking structure. Finally, this partnership is expected to cover the expenses of a call forwarding system. Furthermore, V.I.V.A. will rely on this partnership to provide us with financial help to pay to the project's coordinator(s).

- The Italian newspaper *Il Sole 24 Ore* published a list of people who volunteered to help Veneto entrepreneurs facing difficulties, by offering their expertise. These volunteers are publicly showing their availability to be contacted in order to work on the society's improvement (*Il Sole24Ore*, 2012). They are professionals in diverse fields and their initiative demonstrates the extent to which professionals are aware of and involved in the issue. Since the number of people that already agreed to volunteer is so diversified, V.I.V.A. could rely on a small part of them to establish its website and Facebook page in the beginning of the project, as a way to have some credibility and enable information to spread.

After the pre-process' implementation, V.I.V.A. enterprise can rely on volunteers to perform the most essential part of its activities – such as support and attendance line. The quite large number of volunteers available a few hours per week will allow a high rate of weekly turnover, so that V.I.V.A. can count on a large workforce characterized by different contributes in terms of skills and availability.

Moreover, it should be developed a membership certificate for everyone collaborating within the social project. This award can enrich the volunteers' curriculum vitae and give them recognition by companies as honoured people and it will represent an extra-incentive for volunteers so as to engage within the project.

Further, an agreement with an Italian help line to receive the calls is needed. The optimal choice seems to stipulate a trading arrangement with *Linea Amica*, thanks to which struggling entrepreneurs could contact V.I.V.A. that will provide a more effective and well tailored program in comparison to standardized call centre help, so that to tackle the entrepreneur's problem and work out to solve it.

The pilot

In order to test the initial assumptions about the impact of the program and to understand if the planned logistics will be effective, a three months pilot has been designed. In that phase, V.I.V.A. will partner with *Confindustria Veneto* along with the volunteers' signing the list published in the newspaper *Il Sole 24 Ore*.

This pilot will allow understanding:

- How many entrepreneurs are willing to approach V.I.V.A.;
- How many entrepreneurs actually decide to engage in the supporting activities;
- What type of help is the most requested;

- The average time entrepreneurs and volunteers need to work together in order to solve the problem at stake (total time and by type of activity);
- The difference in results when starting the program and ending the cycle (financial and non-financial results, for instance changes in behaviour, self esteem, etc.);
- The difference between expected improvements and actual improvements;
- Volunteers' and entrepreneurs' satisfaction, measured by the willingness to remain in the program;
- The number of suicides and life-threatening behaviours committed by participants.

Pre-process

The pilot will start taking advantage of the existent network of entrepreneurs linked to *Confindustria Veneto*. The association will be used as a spotlight to disclose V.I.V.A. project through information sessions to be held there; also, association's specialists will redirect to V.I.V.A. the appropriate cases.

Experts that already expressed their willingness to help these entrepreneurs will be contacted and a database with their information will be created; moreover, coordinators will explain them all the procedures to implement in order to carry the project on successfully.

Help Line

One psychologist will be working on a part time basis, so that to effectively and efficiently manage the social project resources. This psychologist will keep her/his current job and will receive a mobile phone that will only be turned on in specific time periods during the day.

Screening

This next phase will be quite similar to the original one: the psychologist will evaluate each specific case and screen the individual's necessity in order to establish whether the person only needs psychological support or if there is also the need for other type help, applying to the core and parallel supporting activities' model.

Since this is the pilot stage of the program, it is crucial to collect as much information as possible; hence, it might be necessary to schedule a second call or a personal meeting.

Checking & Allocation

After exactly knowing what the entrepreneur needs and checking for the possibilities of available experts, the psychologist can finally contact them and find the best match.

Core and Parallel Supports

In this stage the volunteer will analyse the current situation of the entrepreneur, save the data and information gathered, and take care of the problem along with the participant. If during the period in which the expert is following the entrepreneur there is need for any other types of help, the expert can have access to the database to ask for co-workers help.

Follow Up

Once the entrepreneur is oriented, he will continue to be followed for the collection of results during a certain period of time. Furthermore, she/he will be re-integrated in the network as a help provider.

After the support-cycle is completed, V.I.V.A. will proceed to the evaluation of the entrepreneur's status according to the mentioned outputs and outcomes. Besides,

participants will be also asked to appraise the program and give their suggestions for improvement.

Impact assessment

In the long-run, V.I.V.A. is expected to produce the following results: decreased number of bankruptcy, decreased number of suicides, increased productivity, increased employment, and increased social welfare and increased families' life standard.

One can say that proving this impact is not an easy task and, in fact, it is not; that is the reason why designing tools for assessing impact is so crucial.

As the role of non-profit organizations, philanthropy, and social enterprise has increasingly been gaining importance, impact assessment has also gained significant attention by demonstrating the effectiveness of results in addressing complex social problems such as poverty and inequality. Evaluating benefits and possible downturns brought by the program is crucial to understand the effectiveness of the activities being performed and of networks being developed. However, measuring the impact of projects with social outcomes is not as straightforward as evaluating economic value; this is mainly because intangible goals and achievements are difficult to measure in an objective way. Therefore, it is important to left subjectivity aside when assessing the impact of a social program.

One of the tools that can be utilized is a stakeholder map (Table III), which exhibits how V.I.V.A. uses certain resources (inputs) to deliver activities (outputs).

The stakeholders map

Table III: V.I.V.A. stakeholders map

Stakeholder	Resources	Activities	Outputs	Outcomes	Indicators	Data
Entrepreneur	Knowledge Time	-Participation in core and parallel activities of the program; -Mentoring.	-Number of sessions attended; -Number of hours worked with program; -Number of connections between entrepreneurs and experts; -Number of participants that reintegrated the cycle as mentors.	-Increased self esteem; -Knowledge gained; -Nr of small businesses that improved results after finishing the project; -Participants' satisfaction; -Changes in behaviours.	-Analysing KPI's; -Differences in psychological test scores; -Results during the program (number of credit applications granted, number of legal processes wan, etc.)	-Deep interviews, -Surveys; -Financial data; -Psychological tests.
Entrepreneur's Family	Time	-Participation in family supporting activities; -Family budget planning sessions.	-Number of sessions attended; -Nr of family members participating; -Nr of "family plans" elaborated.	-Increased support from families to the entrepreneurs; -Increased life conditions (better allocation of resources); -Increased family cohesiveness.	Compare results from Interviews and psychological test (% who have experienced benefits)	-Deep interviews with a sample; Psychological tests; -Survey;
Veneto's Community	Support Knowledge Time	-Offer help when needed; -Join certain sessions to understand the problem.	-Number of times; -Concrete help was offered; -Funds.	-Increased welfare; -Increased mutual help.	-Increased tax incomes comparing different years	-Interviews with key entities; -Surveys.
Government	Support Knowledge	-Offer help if needed; Certificate and recognize volunteers.	-Number of times concrete help was offered; -Number of certificates published.	-Reduction in subsidies targeting low-income families.	- % decrease in families asking for subsidies.	-Financial Records.
Volunteers	Knowledge Specific skills	-Participation in the program's core and parallel activities; Connections with external parties that can contribute to the program.	-Number of volunteers enrolling; -Number of assisted entrepreneurs per volunteer; -Number of hours working.	-Gained knowledge and experience; -Merit for CV.	-Information collection of the professional opportunities achieved that valued participation in the program.	-Surveys.

The outcomes presented in the above map will naturally have long lasting effects on different sectors by positively affecting the whole region of Veneto. In order to see the true impact of the project, measurements can only be made after a certain period of time. One of the variables that can be measured, analysed and compared is the number of suicides; the latter could be the ultimate result of the problems faced by entrepreneurs and it can be reduced by sorting out the grievances. Consequently, the project has a high potential to generate a positive impact on the suicides' number, by reducing it. Also, analysing and comparing different key performance indicators of each specific business will reveal which are the proper support and consulting needed, in order to improve businesses and decreasing cases of bankruptcies. Furthermore, the outcomes will have a positive impact on productivity and employment. In addition, families' standards of living will increase as will the social welfare.

One very powerful tool that can be used to evaluate the program's impact is differences-in-differences, which is a quasi-experimental technique that measures the effect of a treatment at a given period in time. It is often used to measure the change induced by a particular treatment or event. This means that, since the beginning of the program, it is necessary to periodically evaluate different groups of participants across time, in order to take valid conclusions.

The Pilot Impact Assessment

Being the pilot the opportunity to test the assumptions made about the program implementation and effectiveness, it is crucial to come up with reliable conclusions at the end of it. Thus, by focusing on the above stated measurements, it is crucial to establish a control group during the pilot that will exclusively focus on accounting for

the program's impact, by carefully discerning external factors that can influence the results. Henceforward, assessment statements will be more reliable, increasing credibility among the wide range of V.I.V.A. stakeholders.

Funding & Sustainability

V.I.V.A. project is free for all entrepreneurs who participate; as a result, the barriers of contacting V.I.V.A. are lowered. The experts working for the organization are volunteers and partnered associations will provide physical spaces and equipment. Even though the project's cost structure is not very heavy, the project needs funding. For instance, the volunteers might have to drive tens of kilometres to meet a client and the gasoline has to be provided.

V.I.V.A. project is philanthropic and it is not targeting any financial returns, while focusing only on social impact; as stated before, the mission is to support the entrepreneurs in Veneto's area, and providing commercial services receiving payments could distract from the focus on the mission. However, at a later stage offering commercial services could be a way of generating income for the organization.

With this being said, the project relies heavily on donations by institutions and foundations. Also, entrepreneurs who receive support from the project could decide to donate financial or non-financial resources to the organization once they get their businesses running profitably.

Scaling

The problem that V.I.V.A. tries to face in Veneto is highly spread all over the world. Although there are different cultures and reactions regarding failure (refer to Appendix II), several communities are showing increasing rates of suicide directly associated with business collapse. Hereafter, the most reasonable step to make in the next future will be to scale up in order to increase the number of stakeholders benefiting from the initiative displayed.

As an example, Portugal shows worrying numbers with 25 small businesses closing each day and a daily suicide number of three, comparing to two suicides per day last year. Whether it will be Portugal or other locations, it will depend on the success of V.I.V.A. effectiveness in Italy; additionally, adaptations of the business model will be paramount, since needs, support requirements and the entire environment, including root causes, will change according to the community.

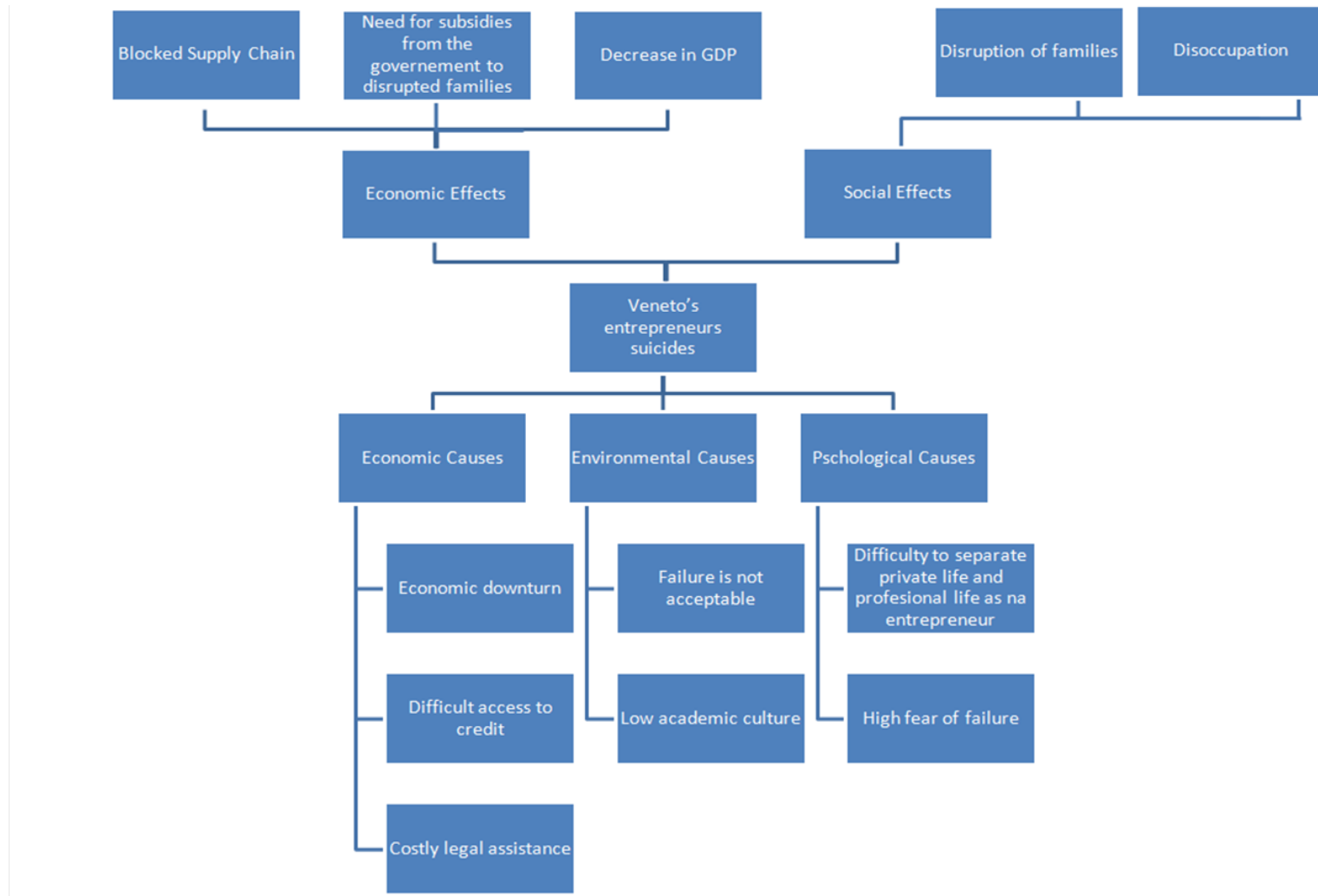
Furthermore, another constraint in terms of where scaling up will be represented by the partnerships that V.I.V.A. will manage to build.

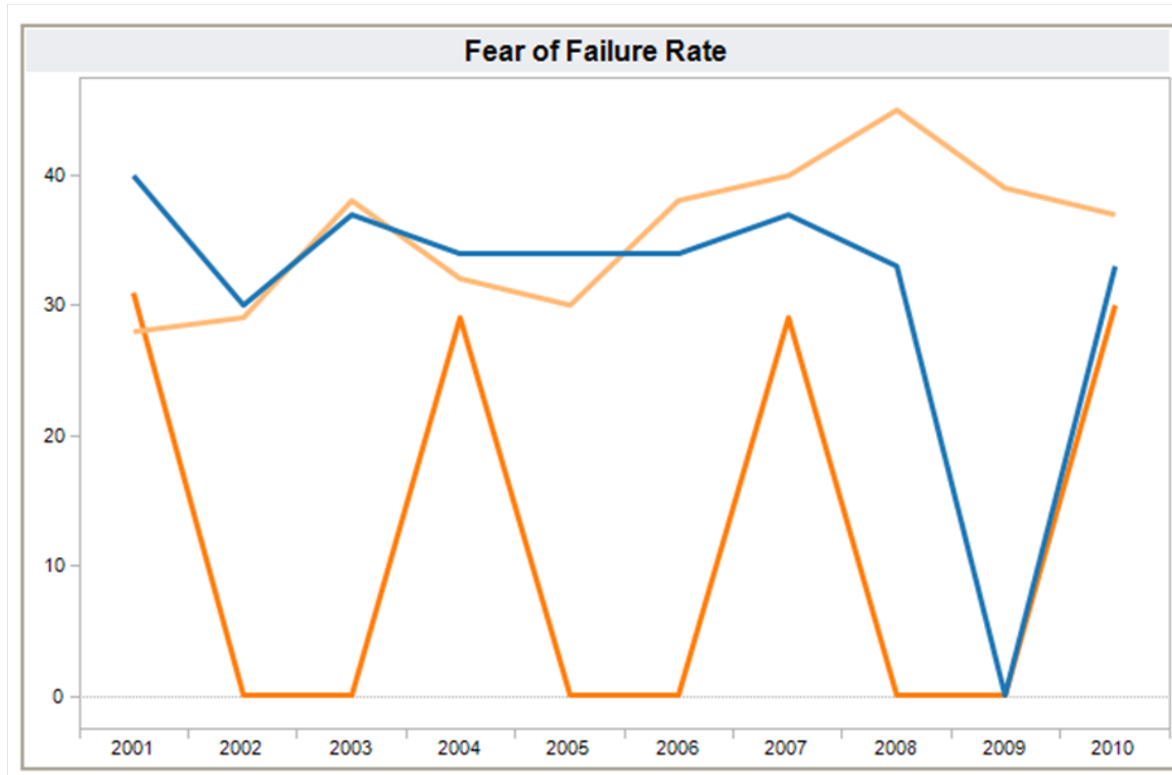
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Appendices

Appendix I: The problem tree



Appendix II: Fear of failure rate

- Ireland
- Italy
- Portugal

Note: The horizontal lines correspond to the years with lacking information.

CHAPTER IV

HUMAN RESOURCES MANAGEMENT AND PARTNERSHIPS IN SOCIAL ENTERPRISES

TEAM DYNAMICS AND HUMAN RESOURCES DEVELOPMENT

Overview

Although social entrepreneurs are considered the most formidable engine of their projects, social enterprises cannot succeed thanks to one leader in isolation. The entire and various set of human capital, such as management, volunteers, and auxiliary staff, should be empowered in order to impact on the project outcomes and achievements. Since ineffective teams can impact moral, passion and can lead to wasting valuable organizational resources, group dynamics and development should be a priority in social organizations, where ordinary people do extraordinary things (LaBarre & Fishman, 2001).

Dewey & Kaye Non-profit Consulting has been providing consulting to non-for-profits, associations, foundations and government entities, by combining expertise in non-for-profit sector with the financial competency of its parent company, McCrory & McDowell.

The ways through which Dewey & Kaye helps social enterprise include:

- Strategic planning and financial analysis
- Executive search and transition management
- Mergers, alliance and collaborations
- Organization, leadership and human resources development

Focusing on the last cluster, it is interesting to explore the most common

challenges faced by non-for-profit teams, possible remedies and useful tools.

Challenges faced by teams in social enterprises

1. Lack of the Big Picture,
2. Inexistent shared path, priorities, objectives and/or values,
3. Wide tolerance of underperformance and lack of accountability,
4. Business acumen and key skills are limited or absent,
5. Communications and meetings among individuals and within teams are scarce and unproductive,
6. Differences of team members are not perceived as valuable.

Challenge #1: Lack of the Big Picture

There is the need for all the individuals contributing social enterprise to detach themselves from their specific role and to focus on how they can relevantly contribute to the whole organization.

Possible remedies

- Prepare the strategic plan and annual budget jointly; a facilitator can mediate the discussion but decisions should take into consideration the various opinions.
- Periodically discuss plans and strategies, in order to verify short-term achievements and align the path consistently.
- When attracting talented human capital, screen for people able to see the big picture, who have business acumen, leadership skills, and who are team-oriented.

- Use seminars, workshops and discussion groups so as to challenge teams and individuals and to increase trust and cohesion among groups.

Challenge #2: Inexistent shared path, priorities, objectives and/or values

Evidence shows that team ineffectiveness is directly correlated to the absence of shared path, priorities, objectives and/or values. As opposite, shared patterns and vision contribute enhancing commitment and accountability, owed to the fact that people are united by a common aim.

Possible remedies

- Make goals and milestones measurable and create key performance indicators that can be understood and followed by everyone. Although it could be tough to identify the right performance measures for social outcomes, it will be crucial to improve processes, ascertain best practices and determine lessons learned.
- Establish SMART objectives: they should be specific, measurable, actionable, relevant and timely.
- Make certain of having simple goals that can be widely understood, due to the fact that people engaged in the social project could likely have backgrounds different from management and it could be arduous for them to concretely and immediately take action.

Challenge #3: Wide tolerance of underperformance and lack of accountability

Poor performance could derive from demotivation but also from the absence of needed skills and aptitudes; thus, the result is conflicts that negatively influence the

whole group of work and the entire organization; evidence shows that a bad team member has the power to negatively influence peers and their behaviours while a good team member has less influence and will less likely positively influence the other members. Until low performance is accepted, team members will not worry about enhancing it at all.

Possible remedies

- Establish which are the characteristics that team members of specific groups should own in order to achieve goals in the most proper manner.
- Create comprehensive periodical assessments and feedback sessions in which each team member should evaluate peers' performance anonymously. Hence, each individual will focus on the received evaluation so that to train and improve particular areas.
- Do not hesitate too long to discuss with bad performers and to warn them about the possibility of abandoning the organization: bear in mind that hiding their mistakes will frustrate the efforts of remaining members.

Challenge #4: Business acumen and key skills are limited or absent

Sometimes people are allowed to join social organization without previously verifying their abilities and competences. Systematic problem solving capability, critical thinking and efficiency orientation are some of the crucial features that social enterprises collaborators should have.

Possible remedies

- Indeed it is not realistic to aim having a totally competent team, because this scenario has few possibilities to occur. However, business cases could be used to train people, help them developing critical ideas and broaden their knowledge about business.
- Encourage reading books and taking part to attend meetings in professional associations and networking events.

Challenge #5: Communications and meetings within teams are insufficient and unproductive

It is not always clear for team members what information to share within the team and what with other teams in the organization. Moreover, also the manner through which doing that could arise doubt and impede effective internal communication.

Possible remedies

- Schedule regular team meetings in order to have enough time to brainstorm and discuss widely. Scarcity of meetings would force teams to follow an excessive rigid agenda, to discuss only top-important issues and decisions thus neglecting secondary problems and actions that could make the difference in the medium-term.
- Although the communication configuration should be tailored to the organization depending on variables such as culture and size, some best practices should be universally valid, in particular the identification of key message, receiver, instrument, approach, and feedback.

- Five minutes before the established end of the meeting, one participant should summarize the topic discussed and the decisions made; also, a remind email should be sent to participants in order to make sure tasks are effectively distributed.

Challenge #6: Differences of team members are not perceived as valuable

In many organizations, differences among people represent a hurdle while they could be turned in precious opportunities that could lead to better decisions, surprising innovation, greater creativity, challenging decision making dynamics, and higher team effectiveness.

Possible remedies

- Individuals should become aware of their own personality styles and learn about different behavioural approaches.
- Each of them should identify the unique contribution of all the other colleagues.
- Encouraging dialogue and not merely altering the human composition of teams should solve conflicts.

Non-Profit Leadership Team Diagnostic

In order to diagnose and start building effective and successful teams, Dewey & Kaye created the Non-Profit Leadership Team Diagnostic, a powerful tool with the potential of enhancing team dynamics and relationships in social enterprises.

Each individual team member should complete the 26 statements assessment; results should be compiled and analysed, computing the average rate for each question.

Henceforth, the lowest rated areas should be reviewed and discussed among peers, referring to the aforementioned specific remedies. Moreover, teams should agree on a specific action plan for tackling the areas of intervention.

Rating scale

5 = we exemplify this trait to a large degree or most of the time - there is not much room for improvement

4 = we more often exemplify this trait, but we also have room for improvement

3 = we show some evidence of this trait, but our record is spotty

2 = there is little evidence that we exemplify this trait or only on rare occasions

1 = we operate almost entirely contrary to this trait

Team trait

1. Team members have a big-picture perspective of the organization and are not focused purely on their program or functional area.
2. Team members demonstrate behaviours that span the organization's departmental and program boundaries.
3. Team members can move easily from advocating for the needs of their program or functional area to finding solutions or creating strategies that best serve the whole organization.
4. The team understands what it needs to accomplish and has the resources needed to be successful.
5. Power and knowledge are dispersed throughout the team and do not rest with one or two individuals.

6. We have a shared understanding of the organization's strategic direction, priorities and goals.
7. We share an agreed upon and understood set of values that all team members uphold.
8. We have a set of key organizational performance measures that all understand and follow.
9. The team can deal constructively with conflict (conflict is neither avoided nor destructive).
10. Members of our leadership team discuss and debate in search of the best answer.
11. All team members are clear about their roles, responsibilities, and expectations as individuals.
12. The team has defined the competencies and skills needed by senior leadership.
13. All team members are held accountable to a consistently high standard.
14. Poor performing team members are provided developmental coaching. If they cannot develop the needed attributes, they are removed from the team.
15. New team members are hired with the competencies, skills, attributes and values needed for the organization now and in the future.
16. All team members have a reasonable degree of business acumen, critical thinking skills, and strategic agility, an ability to adapt to rapid change and a high degree of emotional intelligence.
17. All team members have a reasonable degree of emotional intelligence.
18. All team members have a reasonable ability to adapt to rapid change.
19. Team members have the ability to balance the organization's mission and programs with the business of the organization.

20. We have effectively defined what, how, and how much information to communicate within the confines of the team itself.
21. Conversations within the team are very effective in producing committed action.
22. Senior Leadership team meetings are effective and used appropriately.
23. Different personal styles and perspectives of team members are understood and valued.
24. The team can deal constructively with conflict (conflicts neither avoided nor destructive).
25. We do not have personality clashes within the team.
26. The members of our team trust each other.

HOW PARTNERSHIPS EMPOWER SOCIAL ENTREPRENEURS AND HUMAN RESOURCES

Why partnerships are crucial

When referring to social enterprises, partnerships can be seen as tools to build valuable long-term relationships among humans rather than among economic entities, such as in the case of traditional business arena.

Some of the key reasons why partnerships can be considered paramount are the following:

- Empowering human capital, both entrepreneurs and volunteers, by creating synergies and exploit a wide range of soft skills,
- Sharing skills and experience: social entrepreneurs constantly face challenges requiring diversity in expertise, experience and resources,
- Rising capacity to solve problems: having different perspectives about the challenges faced would allow finding more feasible solutions,
- Increasing the probability of implementations: partnerships empower entrepreneurs in terms of readiness of action and willingness to carry on agreed plans.

The four stages of partnering process

Table 1: The four stages of partnership

Phase	Name	Content	Duration
1	Exploration and consultation	<ul style="list-style-type: none"> • Grow the innovative idea • Understand the context: <ul style="list-style-type: none"> -Understand the wider context -Test the business potential -Carry out a stakeholder analysis -Identify key partners • Create a partnership core group 	3 months / more than 1 year
2	Building the partnership	<ul style="list-style-type: none"> • Clarify goals and resources • Create the operational structure • Consolidate roles and procedures 	1 day / several months
3	Implementing the partnership	<ul style="list-style-type: none"> • Implement and communicate • Build prototypes and celebrate success • Establish feedback mechanisms 	Correspondent to partnership duration
4	Sustaining, replicating and scaling up	<ul style="list-style-type: none"> • Build new core team • Create new structure • Build learning and steering structures 	Correspondent to partnership duration

Most common mistakes in partnering**Phase #1:**

- Lack of sense of involvement among partners whether not all of them took part in the design stage of the project
- Lack of understanding about important sources of support and expertise
- Insufficient analysis of the business environment
- Neglecting further key actors in the social environment
- Differences in culture and decision-making processes
- Lack of the presence of an unique commitment towards the same social objective

Phase #2:

- Underestimating issues arising in Phase #1
- Hurrying into signed agreements without concretely engage in operations
- Not opportunely address differences in power, capabilities and interests of the different partners
- Project plan mainly determined by only one party
- Lack in trust building and relationship management

Phase #3:

- Lack of proper process management
- Insufficient and superficial communication among partners
- Lack of on going milestones owed to focus on final results
- Lack of transparency

- Disengagement in maintaining partners commitment
- Lack of cohesion and motivation among partners

Phase #4:

- Insufficient core team building for scale-up
- Neglecting relationship management
- Inadequate attention to sustainability of the partnership goal
- Lack of system wide solutions
- Inability to adjust strategies to unpredicted situations

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ENDNOTE

Clarifying the main differences between for-profit and social enterprises

Category	Traditional Non-for-profit mentality	For-profit mentality
Primary benchmark	Social returns	Financial returns
Sine qua non	Year-to-year survival	On going self-sufficiency
Primary stakeholders	Clients –“the people we serve”	Customers –“the buyers”
Basic approach	Try to do it all	Capitalize on a niche
Attitude towards earned income	Filthy lucre	Staff of life
Attitude towards making a profit	“Illegitimate”	“ <i>Reason d’etre</i> ”
Tolerance for R&D	Short-term, cost	Long-term, investment
Attitude towards taking risks	Generally adverse	Necessary evil
Level of commitment when launching a business venture	Conflicted	Committed
Strategic planning methodology	Mission-driven	Market-driven
Market research	All but non-existent	Extensive
Segmentation of market	Minimal	Extensive
Approach to marketing	Tactical	Strategic
Determining quality standards	Non-profits decides	Customers dictate
Organizational hierarchy	Fairly rigid	Very rigid
Decision-making process	Consensus	Hierarchical
Executive compensation levels	Marginal	Competitive
Employee incentives	Low-risk, low-reward	High risk, high-reward
Attitude towards underperformance	Forgiving	Harsh
Crisis fall-back options	Seek contributions	Acquire debt, sell equity, kill programs

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