

*Department of Management,
Chair of Management of Innovation*

Social Entrepreneurship, Open Business Models and
Embeddedness in Stakeholder Networks:
The case of Valemour

SUPERVISOR

Prof. Francesco Rullani

CANDIDATE

Niccolò Cirone

655221

CO-SUPERVISOR

Prof. Alessandro Marino

ACADEMIC YEAR

2014/2015

Table of Contents

Abstract.....	2
1. Introduction: Why talking about Open Innovation and Stakeholder Networks in Social Entrepreneurship	10
2. Value creation in Social Entrepreneurship: A positive theory	19
2.1. Value ‘ <i>creation</i> ’, versus value ‘ <i>capture</i> ’	22
2.2. Sustainable ‘ <i>solutions</i> ’ versus sustainable ‘ <i>advantages</i> ’	26
2.3. ‘ <i>Systemic</i> ’ approach versus ‘ <i>organizational</i> ’ approach	29
2.4. A Business Model approach to Social Entrepreneurship	33
3. A Stakeholder theory for Social Entrepreneurship	40
3.1. Stakeholder Networks and Business Model Innovation	45
3.2. Stakeholders and Open Innovation in Social Business Models	60
4. <i>Embeddedness</i> in Stakeholder Networks and Social Business Models	72
4.1. <i>Embeddedness, Network Effects</i> and <i>Strategic Alliances</i> : a general review of theories.....	73
4.2. <i>Embeddedness, Ecosystem</i> and Social Entrepreneurship.....	91
5. Case study: A Field Research on Open Innovation in <i>Valemour</i> ’s Business Model, in the framework of ICSEM Project.....	101
5.1. Research Design and Field Study techniques	104
5.2. <i>Valemour</i> ’s Business Model and Value Proposition.....	106
5.3. <i>Valemour</i> ’s Ecosystem and Network of Stakeholders	115
5.4. <i>Embeddedness</i> and Network Effects in <i>Valemour</i> ’s Business Model.....	119
5.5. A perspective view on <i>Valemour</i> : Impact and scale potential	123
Conclusion	126
Bibliography	132
Annex 1: ICSEM Questionnaire	
Annex 2: My interview with Marco Ottocento, founder of <i>Valemour</i>	

Abstract

*“About all that I told you...
well, erase everything and write:
Trust.
Stop.
That’s your report.”*

Marco Ottocento, founder of Valemour

Social Entrepreneurship is gaining crescent popularity, despite still lacking of a clear definition, able to set proper boundaries at this realm and to give recognition to both its entrepreneurial and social side (R.L. Martin, S. Osberg, 2007).

As Dacin, Dacin and Tracey wrote: *“Our next area of promise is to call for a greater focus on Networks and Social Entrepreneurship. An interesting aspect to consider vis-à-vis Networks is the duality of the term ‘social’ in understanding the activities associated with social entrepreneurship. Based on our definition, we view social entrepreneurs as focusing on a social mission; they may also be quite social in the manner in which they carry out their activities.”* (Dacin, Dacin and Tracey, 2011)

This study contributes to expand our understanding of the role of Open Innovation and *Embeddedness* in Stakeholder Networks (or *Ecosystems*) on Social Business Models.

The purpose is to participate to the ICSEM (International Comparative Social Enterprise Models) project, *“the largest research project ever undertaken on Social Enterprise and Social Entrepreneurship”*¹.

Launched in 2013, this ambitious project *“aims to compare social enterprise models and their respective ‘institutionalisation’ processes across the world.”*¹

The ICSEM Project is carried in the framework of the SOCENT Research Programme on *‘Building interdisciplinary and integrated knowledge on social entrepreneurship and social enterprise’*¹ by the EMES international community,

¹ <http://www.iap-socent.be/icsem-project>

and jointly coordinated by Jacques Defourny (CES - University of Liege) and Marthe Nyssens (CIRTES – Catholic University of Louvain).

Deepening the recent outline for Open Social Innovation (H.Chesbrough & A.Di Minin in H.Chesbrough, W.Vanhaverbeke & J.West, 2014), this study presents a model of *Adaptive Platform* (H.Chesbrough, 2007) for Social Entrepreneurship.

Social Entrepreneurial Organizations implementing this model, co-create different Business Models adapting the *Platform* at the needs and opportunities of current or potential partnerships.

Valemour Social Brand can be seen as an example of such a *Platform*. Leveraging a Network of Stakeholders, it is able to access to Value-Creating Resources and achieve Systemic Change.

The Social Brand was created by the Italian '*Più di un Sogno*' Foundation, and is managed by the '*Vale un Sogno*' Cooperative. The Foundation takes care of the well-being of people affected by Down syndrome in every phases of their lives.

One of the main challenges of the Foundation is to provide adults affected with Down syndrome with a job, which can give them independence and satisfaction.

The Italian law 68/99 obligates companies to hire a number of disabled employees depending on the total labour force. However, Entrepreneurs prefer to fulfil the requirement employing people with minor disabilities, as they perceive hiring people with mental diseases to be extremely more difficult.

Through the '*Vale un Sogno*' Cooperative, the Foundation tackles this double-failure, struggling to bridge the gap between Adults with mental diseases and the labour market.

In fact, the Cooperative delivers free consultancy services to Entrepreneurs, advising them on how to insert adults with mental diseases. Moreover, it provides perspective employees with free training, using an innovative method based on simulation.

“Our real aim is the model of relationship with the Enterprises that we created. What we called ‘Formative Hub’ has a model of reference, regarding the contact and relationship with Enterprises. (...) Our formative Hub should not be just work training, but a real Service for Enterprises... for the same reason that we, Valemour, we are the match between Profit and Nonprofit. My service is not for the guy – I know his/her potential because I’ve known him/her since he/she was a baby – my service is for the entrepreneur.”

Marco Ottocento, founder of *Valemour*

From the 20th to the 22nd of April 2015, I went to Verona, in order to gather some direct information about *Valemour*’s Business Model, its relationship with its Stakeholders, and the Social Network the project is *embedded in*.

I designed my Field Research using different methodological approaches, from the structured interview to informal talks.

I administered the questionnaire operationalized by SOCENT for the ICSEM Project, integrated with a ‘*Common Tone*’ section (L.Mongelli, F.Rullani, P.Versari, 2014) Section (cf. Annex 1). I also ideated some semi-structured *ad hoc* questions, based on both the framework and purpose of this study.

Finally, I had informal one-to-one conversations with *Valemour*’s staff, as well as with external Partners and Stakeholders.

I found out that using the ‘Social Brand’ as a ‘*Platform*’, the Cooperative engages Stakeholders in different ways, co-ideating specific Business Models.

“With the Enterprises one can study a thousand of different models, what is important is that the models we study can engage our guys to make each product unique... because this is what is awesome here!”

Marco Ottocento, Founder of *Valemour*

These Stakeholders can be small excellence firms, as well as renowned Italian Corporations such as Geox and K-Way.

Some partners just donate products for customization, while others are committed to *Valemour* even co-producing fashion products, or letting the Cooperative enter the Value Chain becoming a supplier of semi-manufactured products.

“I mean, we do not want to become the most important Brand in the world, make hundreds of millions in revenues... our aim is the work inclusion: Co-Branding means that we work together with Enterprises. (...) Therefore, we should be able to speak with others, not as enemies, but as Partners!”

Marco Ottocento, Founder of *Valemour*

Through this Social Entrepreneurial project, the Cooperative and the Foundation are able to reach two Key Resources:

- Funding, for financing the work integration activities of the Cooperative;
- Jobs, for people affected by Down syndrome that cannot enter the labour market (for various reasons), and must work within the Cooperative’s boundaries.

In about three years, *Valemour* has experienced an exponential growth in the number of partnerships, in the assets involved and –interestingly – in the complexity of the Business Models involved.

Valemour rapidly scaled its impact, engaging and coordinating a countrywide Network of entities – sharing the same work integration aim – in the operations related to its main product partnership.

Moreover, the Social Brand engages Stakeholders like employees and volunteers, friends, enthusiasts and customers in the so-called *Ethical Fashion Dreamers* Community.

“We call our target customer the ‘Ethical Fashion Dreamer’, because he/she must be one who likes Ethics but without exaggerations...I mean, he/she can accept a Brand, if we are talking about Fashion. He/she can be a Fashion Victim, but he/she should be open-minded also in front of unbranded products. What is most important, he/she has to be a dreamer.”

Marco Ottocento, Founder of *Valemour*

For these and other reasons, *Valemour* is a Best Practice of how Stakeholders’ engagement and Strategic Alliances (R. Gulati, 1998) can represent powerful tools in the hands of Social Entrepreneurs.

In the same way, the case of *Valemour* shows how Network effects (R.Gulati, N.Nohria & A.Zaheer, 2000) and *Embedded Ties* (B. Uzzi, 1996) can shape Innovative Business Models to deliver and create Value.

“Everything I told you, if you summarize it, what do we do?

We do an ‘Economy of Relationships’!

Relationships are needed for this all: We create Relationships with our products, we create Relationships with our name, we create Relationships with the Enterprises, we create Relationships between the guys and their families, we create Relationships between the colleagues and the guy...”

Marco Ottocento, Founder of *Valemour*

This Case Study empirically supports the recent theoretical inquiries that analyse Social Entrepreneurship borrowing insights from the *Open Innovation* framework and *Social Network* theory.

Authoritative scholars, indeed, linked the entrepreneurial side of Social Entrepreneurship to Innovation involving new products, processes or Business

Models (Mair & Martí 2006, Peredo & McLean 2006, Di Domenico, Haugh & Tracey 2010).

As Porter and Kramer pointed out: “*A whole generation of social entrepreneurs is pioneering new product concepts that meet social needs using viable Business Models*” (Porter and Kramer, 2011).

The “*positive theory of Social Entrepreneurship*” proposed by Filipe M. Santos in 2012 (F.M.Santos, 2012) set the difference between Social Enterprises and Commercial Enterprises in the former’s focus on Value Creation versus the latter’s focus on Value Capture.

A focus on Value Creation means seeking for *Sustained Solutions*, and not for Sustained Advantages: the focus shifts from the *Organization* to the *System* mobilized for a Social Solution.

In a Social Entrepreneurial framework, this Social Solution is embodied in a viable Business Model, as a combination of mobilized Resources.

The predominance of Value Creation on Value Capture set up an Uncompetitive Environment for Social Entrepreneurship, which encourage Open Innovation practices based on Resource and Knowledge sharing.

Recent experiments held by the Ashoka Network put in contact Social Entrepreneurs with Open Source Experts (A.Clay & R.Paul, 2012) and confirmed the benefits of applying Open Source thinking to scale Social Business Models.

This *Open* view abandons Organization-centred theories, and embraces a ‘*Stakeholder approach*’, for instance “*turning beneficiaries into co-creators*”, and “*moving from enterprise to Ecosystem.*” (*ibid.*)

“*Accelerating impact, not Organizations, became our credo*” (*ibid.*)

In 2014, Chesbrough and Di Minin defined Open Social Innovation “*the application of either inbound or outbound open innovation strategies, along with Innovations in the associated Business Model, to Social Challenges*” (H.Chesbrough & A.Di Minin, 2014).

The idea that “*it is impossible to detach the agent (social entrepreneur) from the structure (community, society, etc.)*” (J.Mair and I.Marti, 2006), led authors to propose insights from Social Network studies – like the effect of *Embeddedness* (B.Uzzi, 1996) – for analysing Social Enterprises (Dacin, Dacin & Matear, 2010, Dacin, Dacin & Tracey, 2011, George, McGahan, Prabhu 2012).

In particular, this study highlights two major ways in which *Embeddedness* in Stakeholder Networks impacts on Social Business Models:

1. Influencing and Shaping Strategic Partnerships

The *Embeddedness* of Social Entrepreneurial Organizations in Networks of relations affects the way they engage Stakeholders in Strategic Alliances, through speeding the identification of potential partners and the gathering of valuable information about them (R.Gulati, 1999).

“The ‘Economy of Relationships’ is a Network! Networking...is a real job...it implies the creation of Relationships. (...) When Giving is before Receiving, Trust is generated!

Therefore, I first have to Give to the Enterprise: I go to the Entrepreneur and offer him/her a service, and do you know how do I offer my service? Free of charges. Do you know why I offer it free of charges? Because it is in my own interest that a guy is employed! Then, without claiming anything, the ‘Free Giving’ comes back with interests. I have never seen an Enterprise in which I inserted one of our guys, that did not helped us in some other way, (...) also opening new Relationships!”

Marco Ottocento, Founder of Valemour

Networks of *Embedded ties* (B.Uzzi, 1997) are also prominent channels for *Trust*, *Reputation* and *peer-to-peer Accountability*, hedging most of the risks to nonprofit related to Profit-Nonprofit partnerships (A.R.Andreasen, 1996).

“Networking has just a word, and it is kind of weird that you have written it before I told you...maybe you understood before I told it... it is Trust!”

Marco Ottocento, Founder of *Valemour*

2. Scaling Social Impact

An *Ecosystem* approach based on Networks of relationships and Social Capital can help Social Entrepreneurs in scaling the Social Impact of their Business Models. Moreover, it can help understanding the Key Success Factors in scaling, as well as the right strategies to choose, with respect to different environments (B.Cannatelli & B.Smith, 2011).

Going further on this path, this study analyses how Social Entrepreneurial Business Models can reach the most advanced level of *Openness*, i.e. configuring as an *Adaptive Platform, for Business Model Co-Creation* (H.Chesbrough, 2007).

“If we think that we have to subsidy each other, as Persons, (...) maybe the world will start changing!

I am quite exaggerating, right? Naturally, we start from little things to say that we want to change the world!

However... when you set up a Brand...when you create a product...you have to think that with that product you are going to change the world!”

Marco Ottocento, Founder of *Valemour*

1. Introduction: Why talking about Open Innovation and Stakeholder Networks in Social Entrepreneurship

“Well, if we want to speak with Enterprises, we have to be an Enterprise. Otherwise you are not speaking the same language.”

Marco Ottocento, Founder of Valemour

Social Entrepreneurship is a widespread phenomenon. It is gaining crescent popularity in the media, and inspiring a number of international organizations.

However, the first issue at hand is still a clear definition.

Believing in the potentiality of the concept, scholars and practitioners are willing to overcome the risks linked to this situation of uncertainty.

The absence of a sharp definition, in fact, leaves room for scepticism or for inexact policy-making efforts.

The challenge is to set proper boundaries at this realm, giving recognition to both its entrepreneurial and social side (R.L. Martin, S. Osberg, 2007).

Authoritative scholars linked the entrepreneurial side of Social Entrepreneurship to its ability to generate innovative solutions (Mair & Martí 2006, Peredo & McLean 2006, Di Domenico, Haugh & Tracey 2010).

This focus on Innovation overcomes a for-profit versus not-for-profit dichotomy, allowing also for-profit projects to be qualified as Social Entrepreneurship, as long as some rules are respected.

A prominent example is the one concerning Inclusive Innovations, defined as *“The development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society”* (O.George, A.M.McGahan and J.Prabhu, 2012).

Such Innovations can come in the form of new products (as the well-known Tata Nano) or new Business Models.

Leveraging these innovations, Entrepreneurs are able to create, capture and deliver Value, improving the Social and Economic well-being of communities.

As Porter and Kramer pointed out: “*A whole generation of social entrepreneurs is pioneering new product concepts that meet social needs using viable Business Models.*”

Because they are not locked into narrow traditional business thinking, social entrepreneurs are often well ahead of established corporations in discovering these opportunities” (Porter and Kramer, 2011).

Between other definition efforts, the “*positive theory of Social Entrepreneurship*” proposed by Filipe M. Santos in 2012 (F.M.Santos, 2012) set the difference between Social Enterprises and Commercial Enterprises in the former’s focus on Value Creation versus the latter’s focus on Value Capture.

Based on this distinction, Santos infers some arguments that carry major implications on Business Models’ definition and Innovation.

In particular:

1. Social Entrepreneurs seek for *Sustained Solutions*, and not for Sustained Advantages;
2. While the unit of analysis in conventional entrepreneurship is the Organization, when approaching Social Entrepreneurship it becomes *the System*.

If the goal is to find ‘*Sustainable Solutions, at a System level*’, the classical resource-based view of the firm’s boundaries becomes unable to wholly understand the Social Enterprises-related phenomena (George, McGahan and Prabhu, 2012).

Sharing resources – in fact – becomes paramount for effective Social Business Models (e.g. Inclusive Innovations), and organizational boundaries turn out to be open and fluid.

Such a framework suggests borrowing some insights from the flourished literature on ‘*Open Innovation*’ and ‘*Open Business Models*’ (Chesbrough, 2003, Chesbrough, 2006).

In 2014, considering “*the less examined role that Open Innovation is playing in public agencies and in non-profit organizations*”, Chesbrough and Di Minin proposed a definition of Open Social Innovation as “*the application of either inbound or outbound open innovation strategies, along with Innovations in the associated Business Model, to Social Challenges*” (H.Chesbrough & A.Di Minin in H.Chesbrough, W.Vanhaverbecke & J.West, 2014).

Moreover, the cross-pollination between Open Innovation and Social Entrepreneurship came up with a valuable framework for scaling Social Business Models (A.Clay & R.Paul, 2012).

In three of the summits focused on ‘*globalizing innovative models for social change*’ held by the Ashoka Network, Social Entrepreneurs have been put in contact with Open Source Experts.

As a result, Clay and Paul presented an outline for applying Open Source thinking to Scale Social Business Models, for instance “*turning beneficiaries into co-creators*”, and “*moving from enterprise to Ecosystem*” (*ibid.*).

This *Open* view on Social Entrepreneurship leads to abandon Organization-centred theories on Corporate Strategies as the Resource Based View, and embrace a ‘*Stakeholder approach*’, for exploring the relationships between Social Business Models and their relevant Stakeholders.

“*Accelerating impact, not Organizations, became our credo*” (*ibid.*)

Furthermore, recognising that “*it is impossible to detach the agent (social entrepreneur) from the structure (community, society, etc)*” (J.Mair and I.Martí, 2006), a number of authors proposed to use insights from Social Network studies in order to analyse Social Enterprises (J.Mair & I.Martí 2006, Dacin, Dacin & Matear, 2010, Dacin, Dacin & Tracey, 2011, George, McGahan, Prabhu 2012).

In particular, some scholars (Seelos, Mair, Battilana, Dacin 2011) introduced a perspective that leverages the concept of *Embeddedness* (M.Granovetter 1985, B.Uzzi, 1996).

“Embeddedness refers to the process by which social relations shape economic action in ways that some mainstream economic schemes overlook or mis-specify when they assume that social ties affect economic behaviour only minimally or, in some stringent accounts, reduce the efficiency of the price system” (B.Uzzi, 1996).

Moving from Santos’ *‘positive theory’* of Social Entrepreneurship, this dissertation intends to explore how and to what extent *Embeddedness* in valuable Networks help Social Entrepreneurship in creating Social Business Models.

Successful Social Entrepreneurship often imply Strategic Partnerships (J.E.Austin, 2000; H.M. Grant & L.R. Crutchfield, 2007; P.N.Bloom & A.K.Chatterji, 2009;H.W.Chesbrough & A.Di Minin, 2014).

Network Structures impact on the shape of these Partnerships, influences the way Social Entrepreneurial Organizations engages with Stakeholders, and ultimately affect the Business Model.

As Dacin, Dacin and Matear recognized, *“by examining the generalized reciprocity inherent in a social entrepreneur’s relational space, conventional, cultural, and institutional entrepreneurship researchers may gain a better understanding of how to strategically leverage relational resources to achieve entrepreneurial outcomes.”* (P.A.Dacin, M.T.Dacin & M.Matear, 2010).

This study contributes to expand our understanding of the role of Open Innovation and *Embeddedness* on Social Business Models.

Its aim is to contribute to the ICSEM (International Comparative Social Enterprise Models) project, launched in 2013, which *“aims to compare social enterprise models and their respective ‘institutionalisation’ processes across the world.”*²

² <http://www.iap-socent.be/icsem-project>

Deepening the Open Social Innovation framework, I present an example that demonstrate how Social Entrepreneurs can leverage their *Embeddedness* in an Ecosystem to mobilize Value-Creating Resources and achieve Systemic Change.

In particular, this study uncovers the process through which a Social Entrepreneurial Organization can structure different Business Models, together with different Strategic Partners.

In this way, the *Embeddedness* in Stakeholder Networks shape the actual Business Models underlying Social Entrepreneurship, together with the Partnerships and the scaling strategies of that Business Models.

I will first of all review the literature on Social Entrepreneurship and Social Business Models, taking insights from Stakeholders' engagement theories, as well as from Open Innovation.

I will show how these theories can fit in the explanation of Social Business Models, in particular in front of profit – not-for-profit strategic partnerships.

Therefore, I will investigate the extent to which theories about Stakeholder Networks and *Embeddedness*, apply to Business Model's Innovation in Social Entrepreneurship.

I will finally use the theory in the study of a specific case of Social Entrepreneurship: the '*Valemour*' Social Brand.

Valemour has been created in the framework of the Italian '*Più di un Sogno*' Foundation, which takes care of the well-being of people with Down diseases in every phases of their lives.

One of the main challenges for the Foundation is to provide its users in the adult age with a job, which can give them independence and satisfaction.

Despite the law obligates companies to hire certain percentages of disable employees, many companies obey hiring people with minor disabilities, and only a very few commit itself to hiring people with mental diseases.

In the majority of the cases, companies perceive hiring people with mental diseases being extremely more difficult, and they do not feel able and adequately provided with skills and resource to do it.

Through the ‘Vale un Sogno’ Cooperative, the Foundation delivers free consultancy services to firms, and perform an innovative training method based on simulation contexts, struggling to bridge the gap between Adults with mental diseases and the job market.

Valemour is not a Social Enterprise, but a ‘Social Brand’ managed by the Cooperative: Using this ‘Social Brand’ as a ‘*Platform*’, the Cooperative engages small excellence firms, as well as well-known Italian Corporations such as Geox and K-Way in different ways.

What is remarkable is that with each company willing to enter the *Valemour* ‘*Platform*’, the Cooperative elaborates a specific Business Model related to a product or a service.

Some partners donate products for customization, some others committed to *Valemour* even co-producing fashion products, or letting the Cooperative enter the Value Chain becoming supplier of semi-manufactured products.

Valemour is a successful experience of Social Entrepreneurship, which provides the Cooperative and the Foundation with two Key Resources:

First, *Valemour* was created as a Fund Raising activity, in order to provide the Cooperative with the funds needed for the work integration activities. In particular, funds are needed to pay the free consulting services the Cooperative offers to the Enterprises, as well as the educational and administrative staff.

Moreover, *Valemour* is a project that generates valuable jobs. The Cooperative needs jobs for taking care of disabled people that are not able to enter the labour market (for various reasons). These people must work within the Cooperative’s boundaries.

Since it was founded, about three years ago, *Valemour* has been always growing: in the number and typology of partnerships and in the assets involved.

According to this growth, also the Business Models involved have been developing from mere customization of partners' products in 'limited edition', to actual Co-Production and Co-Branding.

Valemour also engages and coordinates a countrywide Network of Nonprofits entities in the operations related to its main product partnership.

Nowadays they are thinking about scaling in multiple ways, as well as launching a self-standing Brand for products made and marketed wholly by the Cooperative.

“Step by step, the new models will substitute the old ones, and therefore the growth of our Brand will first substitute the first-level Co-Branding based on making Limited Editions of others' products...and then we hope it will be increasingly important also with respect to Co-Branding made for other enterprises. But it will take time.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

Moreover, partnering with the for-profit sector is not the only way *Valemour* engages its Stakeholders.

The Social Brand, in fact, engages people working for the project, friends, enthusiasts and customers of the Project in the so-called *Ethical Fashion Dreamers Community*.

For these and other reasons, *Valemour* is a Best Practice for understanding how Stakeholders' engagement and Strategic Alliances (R.Gulati, 1998) can represent powerful tools in the hands of Social Entrepreneurs.

In the same way, it shows how Network effects (R.Gulati, N.Nohria & A.Zaheer, 2000) can shape Innovative Business Models to deliver and create Value.

As it can be found on the website of the project:

“VALEMOUR finds its matrix in the word 'Value': Value of People, Value of Time, Value of Projects and Ideas. A Value that you can choose.

*VALEMOUR is born from a dream in which the enchantment of glamour meets the love for our ideas, values and projects. A dream in which for-profit and not-for-profit dialogue on a crimson and blue Libra”*³

Using a survey and some field researches, I investigated how the existing relationships between *Valemour* and its relevant Networks influence the Enterprise' Stakeholder engagement strategy, in its Business Model.

I used the survey operationalized by SOCENT for the ICSEM Project⁴, (cf. Annex 1) integrated with a '*Common Tone*' section (L.Mongelli, F.Rullani, P.Versari, 2014) Section (cf. Annex 1). I also ideated some semi-structured *ad hoc* questions, based on both the framework and purpose of this study.

Valemour Business Model, relying extensively on Stakeholders' engagement and Strategic Partnerships, leverages Network Effects and generates *strong ties*.

These ties are based on the Entrepreneur's *Embeddedness* in a fertile Business Environment (The Veneto Region), but most of all rely on Trust and Cooperation.

It is on the basis of that Trust that different entities decided to combine their Resources in different Business Models, under a single social brand: *Valemour*

I focused my field study on investigating the extent to which these *Embedded Ties* (B.Uzzi, 1996) affect *Valemour*'s Business Model.

Strong ties, in fact, impact partners' choices and the management of the relations between the Social Enterprise and its Stakeholders.

Valemour's case study is fruitful for this research due to the strong link between the Partnerships, and the actual Business Model underlying the project.

This research moves from the widespread opinion that insights from new theories – like Stakeholder Engagement, Open Innovation, and Network Effects – can help understanding the emergence and success of innovative Business Models.

“Our next area of promise is to call for a greater focus on Networks and social entrepreneurship. An interesting aspect to consider vis-à-vis Networks is the

³ www.Valemour.it

⁴ www.iap-socent.be/icsem-project

duality of the term ‘social’ in understanding the activities associated with social entrepreneurship. Based on our definition, we view social entrepreneurs as focusing on a social mission; they may also be quite social in the manner in which they carry out their activities.” (Dacin, Dacin and Tracey, 2011)

As a last – but not least – premise, I have to recognize honestly how lucky I have been in meeting such a disposable and Open Minded environment.

The relentless team behind *Valemour* opened the doors of its Business to me, not only dedicating an incredible amount of time to my questions, but also sharing financial figures and introducing me to key partners and Stakeholders.

I hope to have been – with this work – at least respectful of their commitment in collaborating with this research, and if their incredible project can benefit, even to a small extent, by some feature here included, I would view it as a true accomplishment.

2. Value creation in Social Entrepreneurship: A positive theory

*“Here in Italy we talk about ‘Social Enterprises’...what the hell is that?!
The only thing I like is that it is called ‘Enterprise’!
We are on an Enterprise in all the meanings:
it is a real Enterprise to do what we do!.”*

Marco Ottocento, Founder of Valemour

During the last decade, the growing interest in Social Entrepreneurship led to the emergence of a specific field of research (P.A.Dacin, M.T.Dacin & P.Tracey, 2011), with a prolific literature.

Nevertheless, Social Entrepreneurship is still widely used as a vague *umbrella-term* that “encompasses a variety of organizational innovations that target diverse social and environmental challenges” (C.Seelos *et al.*, 2010).

The main concern about defining Social Entrepreneurship is to maintain the double-sided aspect of entrepreneurial activity and social impact, while differentiating this realm with respect to ‘classical’ entrepreneurship.

In the effort of setting boundaries to Social Entrepreneurship, as well as explaining its core features, scholars and institutions focused on a variety of aspects such as the social objective and aim, multiple bottom lines, resources, constraints and Business Model Innovations.

In 2006, Mair and Martí described the phenomenon of Social Entrepreneurship as “still largely phenomenon-driven” and “still poorly defined” (J. Mair & I.Martí, 2006), with fuzzy boundaries to other fields of study.

Therefore, they proposed a working definition of the concept as “a process of combining resources in new ways, to exploit opportunities to create social value by stimulating social change or meeting social needs.” (*ibid.*).

In this way, they refused a definition based on the not-for-profit nature for such processes, welcoming ‘social value-driven’ for-profit models into the picture.

Rather than distinguishing Social Entrepreneurship as a non-profit practice, they argued that “*the main difference between Entrepreneurship in the Business sector and Social Entrepreneurship lies in the relative priority given to Social wealth creation versus Economic wealth creation*” (ibid.).

However, looking at some of the most prominent examples of Social Enterprises, like Grameen Bank or Aravind Eye Hospital, these authors immediately recognized that an ‘*earned income*’ strategy is critical to ensure survival and resilience.

It seems clear that in similar experiences, the ‘*economical*’ side of Social Entrepreneurship cannot be seen as a secondary aspect, but it is instead at the core of the actual value creation process.

Finally, as an ‘*additional feature*’, the authors identified “*the limited potential to capture the value created*” as a specification of Social Enterprises, in particular for what it concerns prices and exclusive practices.

In 2010, Peter A. Dacin, M. Tina Dacin and Margaret Matear examined 37 definitions of Social Entrepreneurship, identifying four key recurrent factors: the characteristics of individual social entrepreneurs, their operating sector, the processes and resources used by social entrepreneurs, and the primary mission and outcomes associated with the social entrepreneurs (P.A.Dacin, M.T.Dacin & M.Matear, 2010).

These authors noticed that definitions based on individual entrepreneurs’ behaviours or motivations, as well as the ones focused on operating sectors, are often biased.

The arguments of discussion derive frequently from mainstream approaches on ‘*classical*’ entrepreneurship, discrediting the ability of these definitions of setting proper boundaries to Social Entrepreneurship.

Moreover, they frequently depend on inferences from individual (and successful) case studies.

Therefore, in order to study effectively Social Entrepreneurship, these authors suggest to focus on researches on the *mission* of Social Entrepreneurship.

Such mission, in fact, prioritizes social value creation, and the processes and resources mobilized in order to reach it.

In particular, the authors indicate three key bundles of resources: relational, cultural and institutional:

- Relational Resources consider Social Capital and Social interactions, as well as formal and informal ties in established Networks;
- Cultural Resources are defined in terms of values, beliefs and identities whose acquaintance can help Social Entrepreneurial Organizations to make decisions and set up successful Business Models;
- Institutional Resources refer to the normative environment and the political structures in which the entrepreneurial activity takes place. Social Ventures can either emerge from the lack of institutional solutions, or leverage institutional frameworks in order to achieve their objectives.

Finally, as a distinctive factor of Social Entrepreneurship, they pointed out the way it exploits resources without setting up *competitive barriers*.

This uncompetitive framework, in sharp contrast with *classical* entrepreneurship, opens interesting patterns of research on *open models* and *sharing economy*.

In 2012, Filipe M. Santos proposed a “*positive theory of Social Entrepreneurship*”, leveraging the features that the abovementioned previous scholars identified as *additional* (F.M.Santos, 2012).

Moving away from mainstream approaches, which “*typically (and tautologically) define social entrepreneurs as entrepreneurs with a social mission*” (F.M.Santos, 2012), the author realized that intuitive distinctions based on the social versus economical aim, are not useful to draw a clear line.

Furthermore, Santos found out that these definitions, as well as the ones based on the relevant markets, or on the features and motivations of Social Entrepreneurs, lead to two *'plaguing'* issues:

- **Tautology:** It is attractive to define Social Entrepreneurship just using the adjective social in terms of the definition, as in social goal, social mission or social value.

However, such definitions seem not to be useful for any advancement, because they just replicate the problem of what is social, and what is not, leading to the second issue, as explained below. *"Clearly, a rigorous definition of Social Entrepreneurship should avoid using the word 'social'"* (F.M.Santos, 2012).

- **Normativity:** The normativity of the 'social' feature emerges when trying to define entrepreneurial projects and entities relying on this term.

Assuming that a 'social mission' defines Social Entrepreneurship, the question about what is to be defined as 'social' returns immediately, manifesting the uselessness of the definition. *"Helping low-income people is 'social', while helping high-income people is not. Yet, where do we set income threshold?"* (F.M.Santos, 2012).

Refusing the *'inclusive approaches'* that consider this fuzzy-bounded situation optimal for the development of the academic field, the author tried to elaborate a *positive* theory, able to set proper boundaries and to explain the emergence of the phenomenon, and its potential.

2.1. Value *'creation'*, versus value *'capture'*

Having recognized that stressing the *social* aspects of Social Entrepreneurship is not any useful for the theorization, the first step is to abandon the mainstream dichotomy between Social Value and Economic Value.

Any enterprise, including the most profit-seeking one, produces some Social Value, at least enfranchising more people in the labour market.

Moreover, the concept of *Social Value* raises the issue of unclear boundaries definition, and leads inevitably to the *normative trap*, forcing to specify what is social and what is not.

In order to move forward, Santos maintain a “*holistic conception of Value*”.

After all, this conception is consistent with the economic theory, which defines Value in terms of ‘*increased utility*’.

In this framework, ‘*welfare*’ is the aggregation of individual utilities of the members of a society.

Assuming the existence of a single kind of Value, the real trade-off that any enterprise has to face becomes acting in a framework that maximize either Value Creation or Value Capture:

Value Creation	Value Capture
Value Creation from an activity happens when the aggregate utility of society’s members increases after accounting for the opportunity cost of all the resources used in that activity.	Value Capture from an activity happens when the focal actor is able to appropriate a portion of the value created by the activity after accounting for the cost of resources that he/she mobilized.

F.M.Santos, 2012, N.Mizik & R.Jacobson, 2003

Actions involving Value Capture without Value Creation are not sustainable, thefts are the simplest examples, but also fraudulent actions, mispricing and distortions.

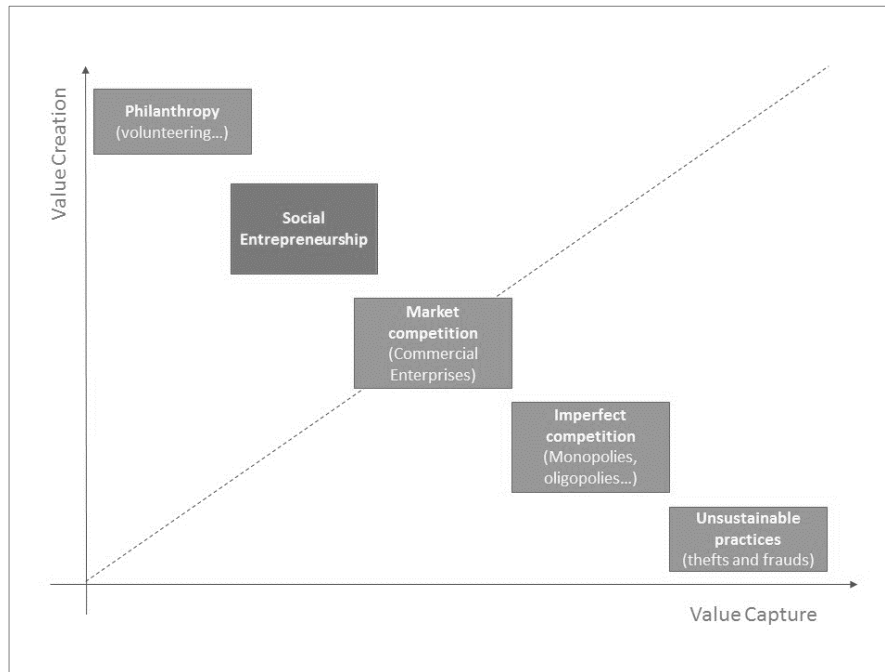
Similarly, Value Creation without some level of Value Capture is pure volunteering.

Organizations position themselves in a mix of different levels and models of Value Creation and Value Capture.

Through their strategies, they choose to maximize one dimension and to satisfy on the other (F.M.Santos, 2012).

The different focus on one of the two defines the realm of the Enterprise between Social and Commercial.

Here below, I tried to summarize how different approaches to the abovementioned trade-off lead to different practices, and organizations:



As abovementioned (J.Mair & I.Martí 2006), the nature of Value Creation activities puts often limits to Value Capture.

These limits are due to – for instance –the limited purchasing power of the customers.

Therefore, investments in such activities require consciousness of the lowness of the ROI to expect.

Nevertheless, Business Models in which Value Creation is predominant are also able to achieve economic self-sustainability, through a moderate commitment in Value Capture.

The experience of Grameen Group can be an overwhelming source of best practices and case studies in the field of sustainable '*Social Business Models*' (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010).

Established in 1983 after the foundation of Grameen Bank by the Nobel Prize winner Muhammad Yunus, the group currently lends money to over 7.5 million poor people.

It funds project in the most different areas, and includes about 30 sisters organizations like Grameen Phone or Grameen Danone.

Both based in Bangladesh, Grameen Phone provide villages with rental phones, while Grameen Danone sells low cost healthy yoghurt having a positive impact on children's health.

The former is a joint venture with the Norwegian telecommunication company Telenor, and the latter is a partnership with the well known French multi-national Danone.

As these examples well show, the weights of the mix between Value Creation and Value Capture define the framework in which the Enterprise acts (Social versus Commercial Entrepreneurship) and, interestingly, the type of Stakeholders it has to partner with.

Profit-seeking investors will look for Value Capture maximizing ventures, and will push the management on correspondent strategies, struggling to help value *spill-overs*.

Contrariwise, Value Creation oriented Stakeholders, like foundations and volunteers, will immediately condemn as '*mission drift*' any shift in the Business Models of Social Enterprises aimed to increase the weight on Value Capture.

As a result, shifting from one side to the other of the trade-off is both difficult and disreputable.

Interestingly, the main '*lock-in effect*' seems to rely on the reaction of Enterprises' Stakeholders, as well as the one of the widespread Network of scholars and opinion leaders.

2.2. Sustainable ‘solutions’ versus sustainable ‘advantages’

Besides the Model to adopt and the Stakeholders to engage, the trade-off between Value Creation and Value Capture is also determinant for the activities that the Enterprise is willing to undertake.

Clearly, an enterprise focused on Value Capture will have few interests, if any, in undertaking projects with low returns, also against huge social impacts.

The most prominent example is the one concerning healthcare for poor people, or vaccines for rare diseases or diseases affecting underdeveloped countries.

Solving these issues would have a massive social impact, but the return on investment is unclear and surely low.

These are opportunities for organizations driven by Value Creation, like no-profit entities, NGOs, Governments or Social Enterprises.

To the contrary, Enterprises focused on Value Capture are supposed to rush into activities with high return on investments and low (if any) Social Impact, seeking for profit maximization in their relevant industry.

In this framework, organizations will act upon the mix they choose.

The nature of their goal will push them to opportunities in which they believe they are able to maximize either Value Capture, or Value Creation.

Given the fact that profitability is a good proxy for measuring the ability to create and capture Value, the literature on Corporate Strategies can be useful to understand the mechanisms involved .

As it is well known, the main emphasis in this field involves setting up competitive advantages (M.E. Porter, 1985), in order to perform better than competitors in terms of profitability.

Competitive advantages are the reasons why some companies succeed and some other fail in a competitive environment.

They can emerge from different strategies mainly based on the differentiation of the product or service supplied, or on achieving cost leadership positions (*ibid.*).

Competitive advantages can also emerge from the exclusive access to some resources, or to some resource mix (J.Barney, 1991), the exploitation of economies of scale, or the disruption of established markets through the introduction of innovations.

A truly interesting case, in the context of this research, is the one regarding Intellectual Property Rights (IPRs), which lead to a competitive advantage ensuring the exclusive right to exploit an Intellectual Asset.

In this case, the law purposely create a competitive advantage in order to increase the profitability of one firm with respect to its competitor.

The aim of the law is to ensure a proper return on the investment for the firm that created the intellectual assets.

The society incentivises firms to pursue innovation leveraging their Value Capture orientation with the creation of a competitive advantage.

At the same time, IPRs on innovations (i.e. patents) require the *total disclosure* of an invention, and expire after a time considered being fair for the recovering of the investment.

In this way, IPRs safeguards the society from the overexploitation by one agent of the Value Creation power of such assets.

In other situations, companies just exploit conditions that create barriers for accessing the market to other firms (M.E. Porter, 2008).

It is the case of cost leadership positions gained through economies of scales, strong ties with strategic Networks or first mover advantages.

In contrast with classical theory of corporate strategy, the Social Entrepreneurs' goal of maximizing Value Creation leads to *Openness*.

Arising from situations of 'trapped Value', Social Entrepreneurship seeks for *Sustainable Solutions*.

Their Business Models are intended to be either a way to eradicate problems, or the “*institutionalization of a System that continuously address the problem*” (F. M. Santos, 2012).

Once again, following Santos’ outline, the specific organizational form assumed by the solution or the institutional mean chosen to undertake the initiative are not relevant for understanding how Social Entrepreneurship works.

Market-based or community-based solutions, direction of government subsidies (e.g. Projects funded by Social Impact Bonds) and so forth, can all represent phenomena of Social Entrepreneurship.

On one side, ‘*competition*’ should not be a problem at all for Social Entrepreneurs.

The more initiatives are undertaken for tackle the identified problem, the more is probable to reach a *sustainable solution*.

“*While true commercial entrepreneur who care for Value Capture try to become indispensable, true social entrepreneurs who care for Value Creation try to make themselves dispensable*” (F.M. Santos, 2012).

When Social Entrepreneurs abandons this non-competitive path, their ability to create Value consequently decreases.

This may be represented by the well-known case of *poverty traps* (C. Azariadis, 1996) linked with marketing poor people and pushing them into consumptions and even deeper poverty (A. Karnani, 2007).

On the other side, Social Entrepreneurs can also perceive ‘*competition*’ as a form of Value Capture, and therefore refuse and condemn it as improper and unfair.

A prominent example is the case of the internationalization attempt of *The Big Issue* (M.T. Dacin, P.A. Dacin & P. Tracey, 2011).

The Big Issue is an English example of Social Entrepreneurship, based on the publication of a street journal that, being sold by homeless people, helps to alleviate the condition of its vendors.

John Bird, the Social Entrepreneur who found the project, decided to expand it in the United States, approaching the city of Los Angeles.

Immediately, Jennafer Waggoner, another local Social Entrepreneur who was already pursuing a similar project, accused him to *McDonald's-ize* the street paper movement.

Convinced that street newspaper should not compete each other (J. Hanrahan, 1998), she leveraged her Network position, local *Embeddedness* and legitimacy, forcing Bird to give up his project.

Interestingly, a focus on Value Creation means that Social Entrepreneurship should refuse competitive behaviours, either welcoming or dismissing competition.

This ambiguous relationship with competition lead a number of questions to arise, but what is relevant for this research is that the foundation of this ambiguity rely on the *Embeddedness* of the social entrepreneur in the local Network, a resource to defend and leverage.

2.3. 'Systemic' approach versus 'organizational' approach

Relying on standard neoclassical economy, any economic actor operates in order to optimize her utility, oriented by a complete knowledge. Such conditions of *perfect and complete market* lead to the *economic equilibrium*.

The outcome of this *invisible hand* (A. Smith, 1922) is an optimal allocation of resources that maximizes Welfare, as the aggregate sum of the utilities of all the members of society.

When the market fails to redistribute resources, due for instance to unequitable initial resource endowment, either Government or charities get into action.

In such a framework, how is it possible to explain the emergence of Social Entrepreneurship, oriented at Value Creation, neglecting Value Capture and competitive advantages?

Answering to this question allows Social Entrepreneurship a proper, distinctive domain in the architecture of the economic system, raising the issue of externalities.

Externalities arise when economic actions have undesired ‘side effects’.

They represent a distortion in the optimal allocation of resources: negative externalities, for instance, affect members of society lowering their utility.

A typical example of negative externalities is the pollution involved in production (of something...), which affects society in terms of reduction of health levels, and increases the expenditure for healthcare.

Facing those negative externalities, Governments and other regulatory bodies and policy makers act with provisions aimed to internalize such side effects as normal transactions.

The most common examples are taxes, fines and regulations that ‘*price*’ them.

To the contrary, positive externalities of economic actions increase the utility of members of society without providing a consistent compensation.

For example, positive externalities happen when the bees belonging to a beekeeper pollinate surrounding fields providing farmers with a huge ‘*free Value*’.

Unfortunately, positive externalities have the effect of an overall underinvestment in the correspondent activities, because of the difficulties in capturing the generated Value.

Most of the times, policy makers internalize positive externalities with the same (but opposite) instruments that use for negative externalities, i.e. incentives and subsidies.

Nevertheless, Governments and other regulative bodies, often fail to address problems with positive externalities.

In such situations, given the tangible opportunity for Value Creation, Social Entrepreneurship can find a proper domain.

Social Entrepreneurs, in fact, may come up and implement innovative Business Model oriented to let positive externalities sprout, maximizing Value for society.

In particular, scenarios in which benefits of externalities are localized and affect powerless communities (F.M. Santos, 2012), are less likely to receive the attention of policy makers.

The limitedness of the impact of any solution to the relevant affected communities, in fact, restrains Governments from investing public funds.

This situation generates a double failure of the market and of the regulation.

As already mentioned, this theory proposed by F.M. Santos, allows Social Entrepreneurship a distinctive domain in economic theory.

Social Entrepreneurship emerges for “*addressing neglected problems in society involving positive externalities*” (F.M. Santos, 2012).

This also explains situations in which the positive social impact influence *advantaged* population, as for instance the *Wikipedia* project.

Through *Wikipedia*, social entrepreneurs elaborated an innovative solution to exploit the positive externalities involved in the production and the sharing of knowledge.

Despite targeting a relatively advantaged cluster of population, the *Wikipedia* project undoubtedly creates a huge amount of Value for society.

The effects of Social Business Models, thus, transcend the organization and its boundaries.

It clearly emerges the effectiveness of Social Entrepreneurship *at a system level*, with it focus on Value Creation and search for Sustainable Solutions for problems of positive externalities.

Commercial Enterprises define their *position* with respect to their relevant market.

They set up competitive advantages and continuously re-arrange their relationship with the Stakeholders, in terms of bargaining power.

The unit of analysis for understanding the strategies and evaluating the performance is the *organization*, with its proper boundaries and rationality.

However, approaching Social Entrepreneurship a firm-centric focus seems not to be useful.

In fact, in order to understand the activities of Social Entrepreneurs and to evaluate their performance, the unit of analysis becomes *the solution*, and the level of impact becomes *the system*.

This means that a complete understanding of a Social Entrepreneurial phenomenon requires an accurate analysis of their solution to the underlying problem, and the evaluation of the effects of this solution.

This shift involves a peculiar way of rethinking organizational boundaries in terms of Stakeholders' engagement and Network Effects.

An interesting evidence of this is the predominance, in the context of Social Entrepreneurship, of *Empowerment* logics in the relationship with different Stakeholders, outside the organizational boundaries.

A Value Capture approach, as a matter of fact, involves an attempt to induce a relationship of dependence and *control* with the organization's Stakeholders.

The commercial organization set its boundaries struggling to keep its knowledge and inside these boundaries, and outsourcing the rest (Santos & Eisenhardt, 2005).

Corporates orient their strategies to minimise their transaction costs (Coase, 1937), to keep their bargaining power high with respect to the other players of the Value Chain, and to maintain their resource dependency low .

To the contrary, Social Entrepreneurship involves the concept of *Empowerment*, as "*the process of increasing the assets and capabilities of individuals or groups to make purposive choices and to transform those choices into desired actions and outcomes*" (World Bank, 2009).

The key feature of a Social Entrepreneurship approach is to increase Stakeholder power and independence.

This is especially true with respect to the Social Enterprise itself.

If Stakeholders depend on the organization, it implies the fact that the organization is not building a sustainable solution and is failing in maximize Value Creation.

2.4. A Business Model approach to Social Entrepreneurship

Summarizing what has been said, a definition of Social Entrepreneurship as '*an activity based on Value Creation, aimed to Sustainable Solutions, at a System level*' make it possible to find Social Entrepreneurship in Institutions, Projects, Profit and Not-for-profit Organizations.

Up to this point, the main conclusion is that productive researches on Social Entrepreneurship should not focus on the *organizations*.

They should rather explore the *solution*, and the underlying Business Model, i.e. the interconnected bunch of activities that create Value (F.M. Santos, 2012).

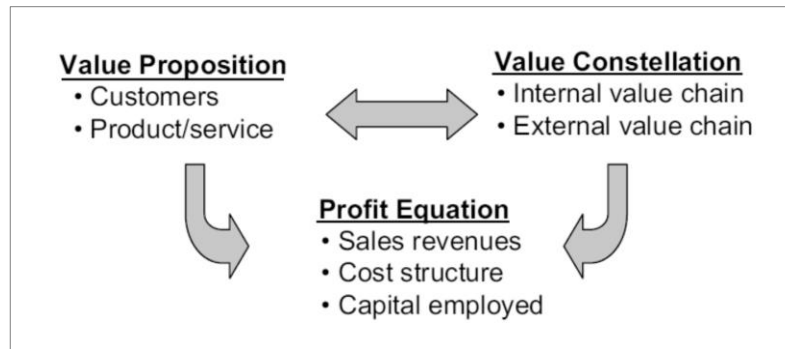
Pushing the research beyond, it seems worthwhile to investigate what kind of Business Model can express and synthetize the processes of Value Creation and innovation, in a Social Entrepreneurship framework.

Once again, it is useful to look at the Grameen Group experience, in particular referring to the paper on '*Building Social Business Models*' published by M.Yunus, B.Moingeon & L. Lehmann-Ortega in 2010.

The three authors published this article aiming to explore this issue, using three '*best practice*' enterprises from the Grameen Group as case studies.

They demonstrated that the *creation* of Social Business Models follows the same rules of *innovation* in conventional Business Models, with the addition of two specific features.

As a starting point, the three authors draw a conventional Business Model scheme based on three components, as follow:



M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010

The value proposition is what the enterprise is delivering to its customers in terms of Value.

The value constellation is the process that makes this deliver possible (it involves a 'Value Network' of suppliers and partners).

The profit equation is the economic result of the revenues coming from the Value proposition, minus the resources used by the Value constellation.

In other words, it represents the level of Value Capture chosen by the Enterprise.

In this framework, Business Model Innovation is a process of rearrangement of the features of value proposition and value constellation, in order to boost the profit equation.

Leveraging the examples of Grameen Phone, Grameen Veolia and Grameen Danone, the authors elaborated a theory that links Social Entrepreneurship with Business Model Innovation, on the basis of five '*lessons learnt*'.

Of those five guidelines, the first three can be also traced in conventional innovations:

- Challenging conventional wisdom;
- Finding complementary partners;
- Undertaking continuous experimentation.

First, if a social problem exists, established and conventional wisdom is the framework in which solutions have not been found so far.

Hence, Social Business Models should arise on a completely different set of assumptions, as Grameen Bank did, granting loans for poor people without any collateral.

The second guideline, the most interesting in the framework of this research, advises to adopt a focus on cooperative paradigms in building Social Business Models.

The underlying idea, indeed, is that setting up partnerships is paramount as long as it allows pooling resources and leveraging knowledge (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010).

A quick look at the three case studies from Grameen Group, is enough to note how the Value Proposition comes directly as an effect of developed partnerships:

- **Grameen Phone** is a partnership with Telenor that aims to extend the access to telephones in Bangladesh. It has developed an innovative model based on '*Grameen Telephone Ladies*' lending phones acquired through Grameen bank loans, just for a few minutes.
- **Grameen Veolia** is a joint venture between Grameen Bank and Veolia Water, which is the world's leading provider of water services. It guarantees access to water for isolated Bangladeshi villages through an innovative value constellation of cost reduction, distribution channels and payment systems.
- **Grameen Danone**, providing the children of Bangladesh with healthy yoghurt, relies on local resources and on the Network of '*Grameen ladies*' for a door-to-door distribution.

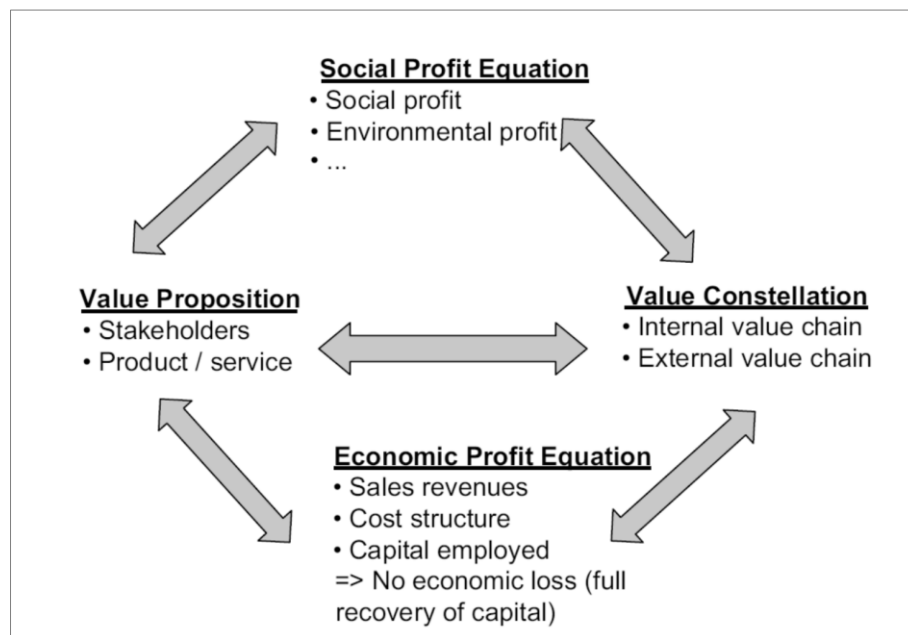
Noteworthy, in each of the abovementioned cases, the Value Creation comes from leveraging the partnership in terms of both resource-sharing between Stakeholders, and Network effects induced by *Embeddedness* (i.e. the Grameen-financed entrepreneurs, as the '*Grameen ladies and phone ladies*' and the rickshaws-based distribution of Grameen-Veolia water).

The third orientation concerning continuous experimentation is self-explanatory when focusing on *'problem solving-based'* contexts, in which solutions are unidentified and information is poor.

Besides these three orientations, the authors identified other two that, contrariwise to the first three, are specific for building Social Business Model.

Those concern *'favouring social profit-oriented shareholders'*, and *'specifying social profit objectives clearly'* (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010).

Based on these guidelines, the three authors purpose a Social Business Model framework that can be summarized as follow:



M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010

The main changes between the first sketch of a conventional Business Model, and the second *ad hoc* for Social Business Models are the provision of a double bottom line and the replacement of the focus on *customers* with one on all *Stakeholders*.

It is in the outline of this change that this research wants to go a little further, investigating how a Value proposition can be expanded to encompass all the Stakeholders.

Business Model Innovations for standard Value-Capture-oriented firms are likely to be pursued when facing an emerging opportunity to Create and Capture Value, or an ongoing unsustainable situation for the company in terms of profitability, due to weaknesses in the existent Business Model (Zott & Amit 2007, Chesbrough 2010).

Social Business Models arise from emerging opportunities to Create Value at a system level, overcoming an on-going unsustainable situation for society, or part of it. This tension toward change makes the process of Social Business Model generation similar to the one of Business Model Innovation.

The peculiarity – in most of the cases – is facing a context of deep *resource scarcity*.

In fact, it is confronting this Resource scarcity situation that classical market-based or government-based solutions fail, and Social Entrepreneurship arise. This outline makes it interesting to apply the concept of *bricolage*, emerged from the study of entrepreneurial habits facing resource scarcity.

Paraphrasing the term originally conceptualized by Lévi-Strauss (1967), *bricolage* is used in entrepreneurship-related studies to describe the act of creating and recombining scarce Resources, in order to create Value.

As main constructs of *bricolage*, scholars (T.Baker, R.E.Nelson, 2005) have identified *making do*, as the art of creating new resources from underdeveloped ones, *a refusal to be constrained by limitations* as the propellant for new rearrangements of resource, and *improvisation* (Miner et al., 2001) as a form of creative thinking.

Translating *bricolage* into ‘*social bricolage*’, three other elements need to be taken into account: *Social Value Creation*, *Stakeholder Participation* and *Persuasion* (M.L.Di Domenico, H.Haugh & P.Tracey 2010).

Following this path, Social Business Models can be seen as the result of *social bricolage* operations, designed to create and recombine different kind of resources, in order to Create Value.

Again, a number of scholars have highlighted the importance of ‘*Stakeholder participation*’ as a key element for setting a ‘*social*’ framework.

The opportunity of focusing on the relationship between Social Entrepreneurial Business Models and the leveraged Resources is corroborated by a study published in 2012 by J.Mair, J.Battilana and J.Cardenas, “*Organizing for Society: A Typology of Social Entrepreneurial Models*”.

These authors analysed 200 Social Entrepreneurial organizations, performing a cluster analysis directed at individualizing different typologies of Social Entrepreneurial Models. They defined these models as “*how they [social entrepreneurs] come up with solutions of the social problems that they aim to address, and how they enact them*” (J.Mair, J.Battilana & J.Cardenas 2012).

Based on their findings, these authors set up four forms of capital, “*in the sense of generalized resource*” (*ibid.*), that Social Entrepreneurial organizations can leverage, using different Business Models:

Political Capital	Mainly based on counselling activities leveraging citizens’ endowment or empowerment, Social Entrepreneurial models based on Political Capital involve the ability to mobilize individuals around a common goal or to formulate collective policies, and typically solve problems related to law and rights.
Human Capital	Social Entrepreneurial models based on Human Capital typically address environmental, educational or health-related issues. They predominantly pursue educating activities leveraging individuals’ knowledge, skills or expertise.
Economic Capital	Social Entrepreneurial models based on Economic Capital leverage material resources (including money) in order to tackle economic issues like poverty and unemployment.
Social Capital	Social Capital refers to “ <i>Networks of relationships through which individuals can mobilize power and resources</i> ”. Social Entrepreneurial models based on these resources predominantly leverage Networking activities and focus on issues related to civic engagement.

J.Mair, J.Battilana & J.Cardenas 2012

As a result, they found out that Social Entrepreneurship is likely to appear in different organizational forms according to the leveraged Capital.

Furthermore, Social Entrepreneurial Organizations are likely to use different *justifications*, according to the type of Capital to leverage.

Summarizing, this chapter started from a '*positive theory of Social Entrepreneurship*' (F.M.Santos, 2012), and naturally arrived to a Resource-Based view of Social Business Models.

In this framework, the role of the *Stakeholders* of a Social Entrepreneurial organization in defining its Business Model has emerged a number of times.

This suggests that it could be fruitful for the advancement of this research to give a closer look to the dynamics involving these actors, and to explore the processes whereby Social Entrepreneurship engages Stakeholders.

3. A Stakeholder theory for Social Entrepreneurship

*“Everything I told you, if you summarize it, what do we do?
We do an ‘Economy of Relationships’!
Relationships are needed for this all.”*

Marco Ottocento, founder of Valemour

When an entrepreneurial action creates value, e.g. addressing a “*neglected problem with positive externalities*” (F.M. Santos 2012), but the actor does not focus on its capture the result involves *Value Sharing* between different Stakeholders (M.Porter, M.R. Kramer 2011).

This inference is consistent with some insights from the illustrious stream of researches on Stakeholder theories.

Starting from the second half of last century, scholars have been challenging the “*invisible hand*” concept proposed by Adam Smith.

In particular, they pinpointed the effects of externalities, moral hazards, and oligopolistic tendencies (R.E. Freeman, 1984).

These phenomena challenge the utility of a theory of economic equilibrium relying on such weak assumptions of perfect competition and information.

Classical theories on Corporate Strategies based on Resource exploitation, on Organization’s position within the competitive environment and on shareholders’ wealth maximization, seemed not to be explanatory anymore.

Sometimes, they can even become deceptive and misleading.

Therefore, the fast-changing environment of the 1980s pushed scholars towards the conceptualization of a ‘*Stakeholder theory*’ as a more appropriate framework for studying corporate strategies.

Such theoretical conceptualization borrowed concepts and inputs from the pre-existent corporate planning literature, Systems Theory, Organization Theory, and the Corporate Social Responsibility literature (R.E. Freeman, J.McVea 2001):

- The corporate planning literature identifies Stakeholders as carrier of possible constraints to the firm's objective, and recognises their needs as boundaries to the firm's action.
- Systems theory emphasizes the importance of the Network of the firm and identifies as crucial for problem solving its relationship with the environment. Organization theory instead aims to give an explanation to the link between the organizational structure of a firm and the environment.

Such approach, fails to provide a comprehensive clarification of the active role of managers within the Network; and the role of corporate strategies seems marginal with respect to the prominence of the environment.

- The Corporate Social Responsibility approach suggests an inclusion of traditionally marginalized Stakeholder groups in the analysis of corporate strategies, but separates societal and environmental Stakeholders to business oriented ones.

As a result, Corporate Social Responsibility limits its scope to socially and environmentally friendly programs for firms, and is therefore unable to eminently influence the corporate strategies.

Stakeholder theory gathers these inputs together and tries to exalt their theoretical and explanatory strengths in order to overcome the mentioned weaknesses.

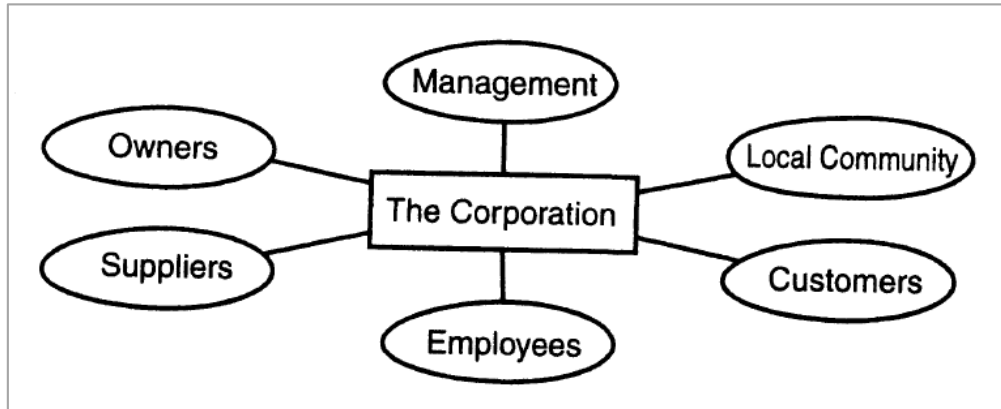
Refusing the traditional conceptualization of management as the effort towards the maximization of Value for shareholders with all the constraints they raise, Stakeholder theorists place the Stakeholder management at the core of corporate strategies.

They suggest that managers run organizations for the benefit – and at the expenses – of a number of Stakeholders.

Some of these Stakeholders are even considered to be '*vital*' for the organization; this is the case of shareholders, suppliers, customers and local communities.

Other Stakeholders, such as Governments or competitors, do not account as 'vital', but still have a role in the organization's environment.

As the organization is accountable to all of them, a major role of managers is balancing the relationships among Stakeholders (R.E. Freeman, J.McVea 2001).



A typical map of Stakeholders, R.E. Freeman

In such a framework, Stakeholder management cannot stay isolated from corporate strategies, and managers have to strategically understand, identify, and invest in key relationships.

Mainly, Stakeholder theory refuses to consider the actors involved in the process of Value Creation (and Capture) of an organization as *means* to achieve the maximization of stockholders' wealth.

To the contrary, *"A Stakeholder approach emphasizes active management of the business environment, relationships and the promotion of shared interests."* (R.E. Freeman, J.McVea 2001).

This is the reason why scholars called this approach *"Kantian Capitalism"* (R.E. Freeman, 1993, N.E. Bowie, 1998), referring to the well-known Kantian Categorical imperative:

"Act in such a way that you treat humanity, whether in your own person or in the person of another, always at the same time as an end and never simply as a means." (I.Kant, 1785).

In this framework, the organization is not a mere set of contracts, but an agent provided with rationality and – above all –accountability.

Under a Stakeholder approach, therefore, in order to achieve long-term sustainability and success, firms must integrate in their corporate strategies the interests of all and only the groups who have a stake in the business.

Moreover, the relationships between a firm and its Stakeholders are not given as boundaries or constraints for the definition of a strategy, but are created, shaped and oriented by the strategy itself.

Harrison and St John, for instance, developed an overarching framework for Stakeholder management.

Their aim was to overcome the differentiation between *internal* and *external* Stakeholders (J.S. Harrison & C. H. St John, 1996).

This differentiation relies on the mainstream view of an alleged *manageability* of the internal Stakeholders (e.g., employees), and *unmanageability* of the external ones.

The key feature is the lack of involvement in traditional management hierarchies of external Stakeholders.

Drifts in management hierarchies, hollowing out of corporations, and trends towards boundary-less organizations are three drivers – and symptoms – of the supervening uselessness of that differentiation, in the explanation of contemporary Corporate Strategies.

If the boundaries become fuzzy, for example, all Stakeholders require management.

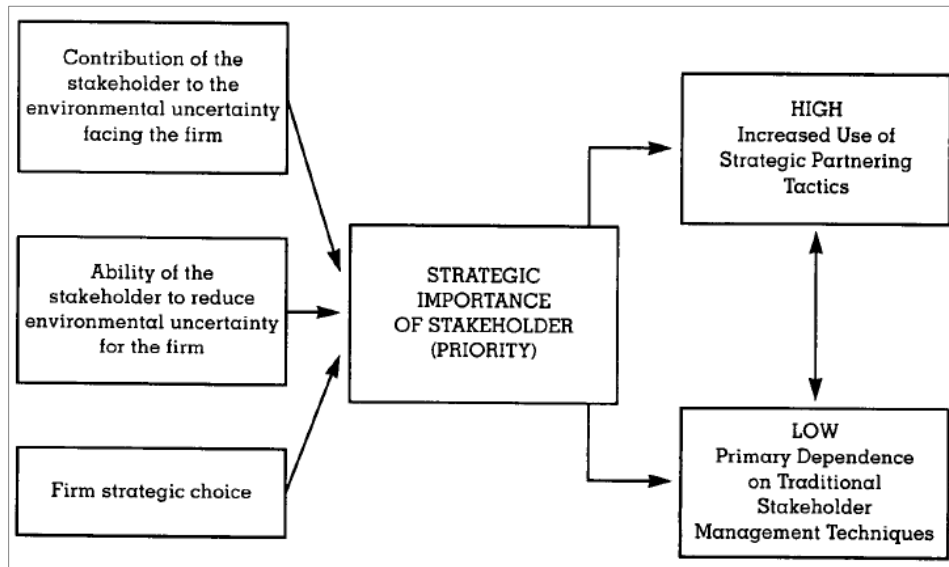
Understanding this dynamic increases the firm's ability to anticipate changes in the external environment, or to pursue innovation through joint R&D programs.

It also prevents the firm from damages inflicted by Stakeholders, like strikes, boycotts or bad press, and can guarantee more favourable regulation or contracts.

Therefore, Harrison and St. John suggest that a firm should identify the key Stakeholders on the basis of the concept of *interdependence* as a category measured by their influence in situations of uncertainty the firm faces.

As abovementioned, a key feature of this approach is that “*the nature of the interdependence between a firm and a particular Stakeholder is strongly influenced by firm strategy*” (J.S. Harrison, C. H. St John, 1996).

The firm and its strategies classify Stakeholders on a priority-base, and define how to deal with each of them, i.e. establishing the strength of the relationship they intend to pursue.



J.S. Harrison, C. H. St John, 1996

Management techniques can go from “*buffering*” the organization from uncertainty, containing the effects of Stakeholders on the firm, to “*bridging*” the organization with Stakeholders, setting common goals and forming strategic partnerships.

The thesis of the mentioned authors is that pursuing proactive partnership techniques, i.e. ‘*bridging*’ is more efficient with respect to classical ‘*buffering*’ techniques.

Bridging techniques, in fact, both reduce environmental uncertainty, and create organizational flexibility.

They lead to more complete information about the market and more accurate anticipations about customers' needs, increasing the possibilities to succeed in a competitive environment.

Subsequent developments of the Stakeholder theory flourished in the normative theories of business, in theories on corporate social responsibility and social performance, as well as in organizational and corporate governance theories.

Stakeholder theory highlights the importance of sharing common values for the stability of Stakeholder relationships, and suggests exploring open models of governance.

One of the fields of study that benefited the most from the introduction of a Stakeholder-focused approach in organizational sciences is the one regarding Innovation and information technologies.

It seems promising to figure out what kind of insights we can borrow from the Stakeholder approach to Innovation management, for advancing in understanding Social Entrepreneurship.

I will first review the prolific literature spread on the correlation between the openness of organizations with respect to a broad set of Stakeholders (even including competitors), and their capacity to create Value through Innovation.

Afterwards, I will investigate the extent to which Social Business Model can leverage concepts and insights borrowed from Stakeholder Management and Open Business Model.

3.1. Stakeholder Networks and Business Model Innovation

The Economic environment of 1980s pushed organizational studies towards a Stakeholder Theory.

In the same way, the changes related to the emergence of a knowledge-based society drove innovation studies to Open Innovation.

Since its first appearance in the studies of Henry Chesbrough (H.Chesbrough, 2003), the concept of Open Innovation has gained an extraordinary *momentum*.

The author recognized a change in the innovation processes.

Innovating companies were shifting from a close-bounded perspective to building proactive relationships between the organization and the external environment.

Corporations abandoned the idea to control all the aspects of the innovation process, leveraging external knowledge for solving problems.

They learnt to let internal knowledge flow out of the company's boundaries, through licensing or even open source distribution.

Chesbrough introduced Open Innovation as a '*paradigm shift*' in the way corporations pursue and implement market innovation.

The *locus* of innovation shifts from internal R&D departments to consortia, partnerships, and even the crowd of scholars and practitioners or communities of users.

The most common definition of the concept of Open Innovation is "*the use of purposive inflows and outflows of knowledge to accelerate internal innovation and to expand the markets for external use of innovation, respectively*" (H.Chesbrough et al., 2006).

As E. K.R.E. Huizingh (2011) noticed, Chesbrough gathered insights from different field of studies, and provided scholars and practitioners with a way to rethink and address "*innovation strategies, in a Networked world*".

The concept of Open Innovation is in fact an '*umbrella term*' useful for explaining processes of integration of internal and external (outside the company's boundaries) resources and knowledge, in order to pursue innovation.

Under this umbrella, scholars developed a number of research streams focusing different aspects, which lead to different approaches to Open Innovation.

In their effort to investigate “*the future of open innovation*”, Gassmann, Enkel and Chesbrough enumerated nine of such approaches (O.Gassmann, E.Enkel & H.Chesbrough 2010), including:

- The *spatial perspective*, focusing on the globalization of innovation enabled by information and communication technologies;
- The *structural perspective*, analysing the extent to which Value Chains are increasingly disaggregating, and work division moving towards a high degree of specialization;
- The *user perspective*, suggesting a democratization of innovation due to the integration of users into the innovation process.

Another interesting perspective is the one proposed by K.R. Lakhani, H.Lifshitz-Assaf and M.L.Tushman (2012).

These authors intend to overcome the open versus closed boundaries debate, and investigate features and patterns that lead to ‘*complex boundaries*’.

The three scholars found out ‘*task decomposition*’ and ‘*problem-solving knowledge distribution*’ to be the two main drivers of boundaries opening.

Strategic choices on these two drivers lead to different boundary options, including ‘closed’ vertical integration, strategic alliances, and Open Innovation.

According to the authors, two forces push managers in questing Open Innovation.

The first is the pervasiveness of digitalization techniques, which enable an incredibly deep level of ‘task decomposition’ in any part of the economy.

This emphasis on digitalization, can also explain why the Open Innovation approach was first developed in high technology industries, and then expanded to other ones.

The second is the trend in the globalization and democratization of knowledge unleashed by the internet and the advancement of information and communication technologies.

These two forces together allow companies to decompose complex problems into a number of digitalized issues.

Companies then send these digitalized issues to the '*locus*' where the appropriate knowledge relies, regardless of where it is.

The underlying assumption of Open Innovation strategies is that knowledge is "*both widely distributed and sticky*" (K.R.Lakhani, H.Lifshitz-Assaf & M.L.Tushman, 2012).

Therefore, it would seem to make sense, seeking for knowledge in different *innovation loci*, outside the company's boundaries.

As Chesbrough (2006) summarized effectively, companies recognize that "*not all the smart people in the field work for us*".

A good example of how this double-faced trend pushes Open Innovation is the involvement of crowds or communities in the R&D processes.

The '*Innocentive*' website, for instance, is a world-wide problem-solving Network for academic issues, which leverages the globalization of knowledge.

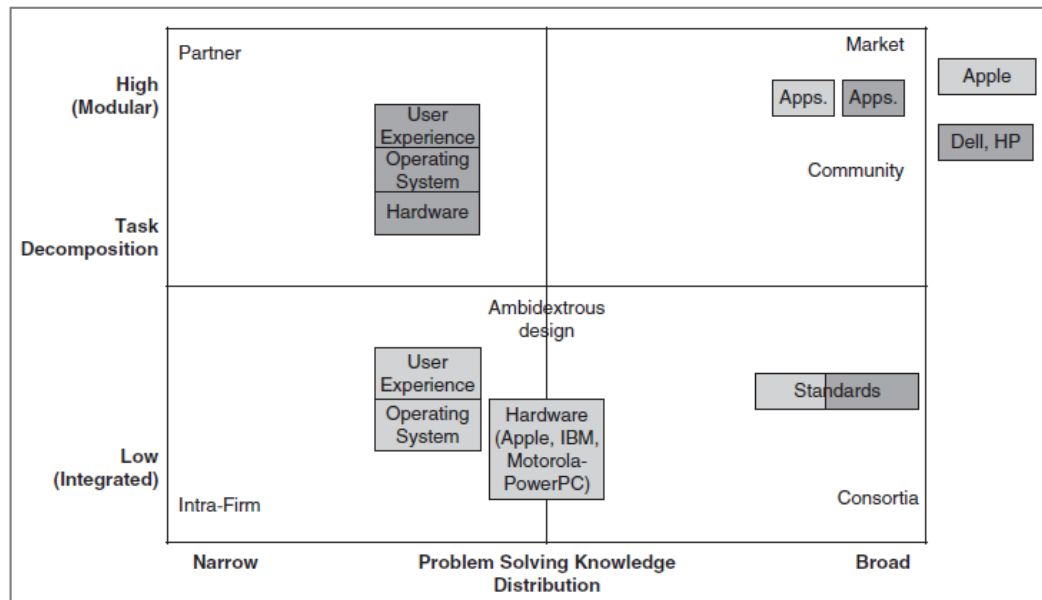
Founded in 2005, in a ten-year period the platform performed an impressive track record:

- **Total Registered Solvers:** 355,000+ from nearly 200 countries
- **Total Solver Reach:** 13+ million through our strategic partners (e.g., Nature Publishing Group, *Scientific American*)
- **Total Challenges Posted:** 2,000+ External Challenges & thousands of Internal Challenges
- **Project Rooms Opened to Date:** 500,000+
- **Total Solution Submissions:** 40,000+
- **Total Awards Given:** 1,500+
- **Total Award Dollars Posted:** \$40+ million
- **Range of awards:** \$5,000 to \$1+ million based on the complexity of the problem and nature of the Challenge
- **Premium Challenge Success Rate:** 85%

<http://www.innocentive.com/about-innocentive/facts-stats>

Despite Crowdsourcing is an effective example for Open Innovation, it is neither the only Open Innovation strategy, nor the most diffuse.

Moving from this scheme, as shown by the following matrix, Lakhani, Lifshitz-Assaf and Tushman, outlined the relationships between the two variables of task decomposition and problem-solving knowledge distribution, and the relevant optimal approach to innovation.



K.R.Lakhani, H.Lifshitz-Assaf & M.L.Tushman, 2012

The lower-left quadrant shows the traditional and internal innovation processes, which does not involve external knowledge or task decomposition.

The upper-left quadrant indicates that the company decomposed the problem, but the relevant knowledge is sticky to some business entity, which has to become a partner.

The lower-right quadrant indicates that a task decomposition of the problem is not viable or appropriate, but there is an opportunity in leveraging external knowledge through consortia.

Finally, the upper-right quadrant shows a *crowdsourcing* approach, based on high task decomposition and a widespread use of external knowledge.

Companies can engage either communities or the market, depending on the existing relationship between the firm and the communities' Networks.

The authors distinguished on the matrix the strategy of Apple from mainstream computer producers in the 1990s.

While the latter chose open strategies for all the technical issues, Apple mostly maintained an internal strategy until the last years of the century.

In 1996, in fact, Apple decided to open its boundaries and to integrate the open source community in the innovation processes related to the development of its OS X operating system, dynamically.

Even though open innovation seems a promising framework for boosting technical enhancements, it does not come without any threats.

As in fact Gould noticed, companies willing to innovate face the so-called '*paradox of Open Innovation*' (R.W.Gould, 2012), "*the conflict between the practical desire to reap the benefits of open innovation, and concern over the risk that others will misappropriate those benefits*".

Some scholars (Laursen & Sandler, 2006b) noticed that returns to openness are not linear. At some point, maintaining a commitment to openness can even lead to lower returns.

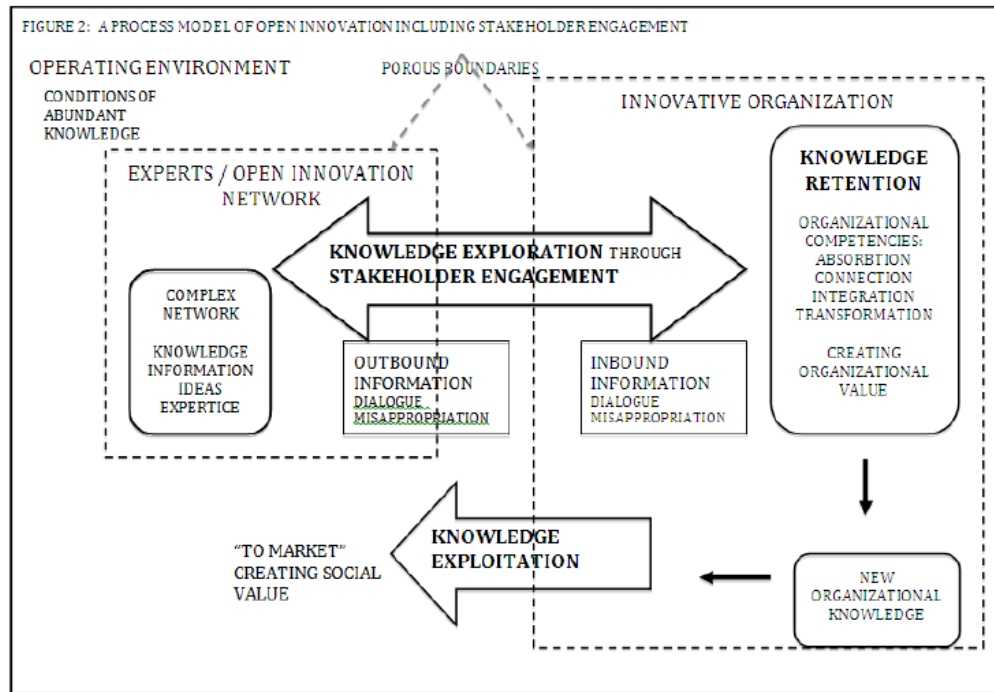
The fear of knowledge leakage, moreover, can lead companies to avoid knowledge sharing, as well as to embrace over-protectionist practices with respect to IPRs, undermining potential innovations.

Therefore, the risk of not being able to capture a satisfactory portion of Value, when dealing with an Open Innovation framework, seems to be structural to this kind of innovation.

In order to move beyond this paradox, and to hedge the structural misappropriation risk of openness, it seems necessary for the Open Innovation framework to partner with organizational theories concerning Stakeholder engagement.

In his work, Gould purpose a model of integration of Stakeholder theory with a process-based view of Open Innovation.

Innovative organizations undertake knowledge exploration through Stakeholder engagement, accepting knowledge leakage and misappropriation as the price to pay for building relationships and dialogue.



R.W.Gould, 2012

Moreover, *“building relationships through Stakeholder engagement enhance the organizational competencies necessary to accomplish knowledge retention and knowledge exploitation” (ibid.)*.

Moving forward, in order to understand how Stakeholder engagement affect the whole innovation process, from exploration to exploitation, it should be introduced the concept of Open Business Model.

The framework of Open Innovation, in fact, is not only about technology and about products, but dramatically affect Business Models as well.

Most of the times, corporations have to pursue Business Model Innovations in order to exploit new technologies properly, and avoid waste of Value.

The well-known case of Xerox, the office copier giant, is an iconic example.

After the first twenty years on the market, the company had experienced a steady growth, positioning as the leading office copier company.

Nevertheless, the vision of the CEO Peter McCollough was even more ambitious.

In 1970, Xerox established the Palo Alto Research Centre (PARC), in order to pursue R&D activities in the field of computer technologies and sciences.

After thirty years of demonstrated commitment to pursuing R&D activities, the outcome of PARC was a bunch of impactful innovations (such as the Ethernet Networking protocol), but a small Value for Xerox.

Despite the commitment in innovating and seeking for business development in the computer industry, in fact, Xerox allowed a number of projects to flow out from PARC, through start-ups and spin-offs.

It is studying this case that Chesbrough introduced first the concept of Open Innovation.

He refused explanations related to a scarce perception of the value related to PARC innovations, and purposed instead a double justification for the behaviour of Xerox.

1. Xerox managed PARC through a Closed Innovation paradigm.

The company aimed to discover innovations, exploit them into technologies, develop products and commercialize them, pursuing the whole chain internally.

However, most of the innovations needed an Open view on the development of relevant technologies and products.

Some of the technologies flew into other – younger – companies (like Apple or Microsoft), that recombined and transform them to develop successful products.

Some of them exited the PARC as spin-offs, and a few are still operating nowadays (e.g. Adobe or 3Com). At the roots of the reason why start-ups and spin-offs succeeded where the big corporation failed, there is the second part of the explanation, which involve Business Model Innovation.

2. Xerox was not able to link the breakthrough discovered through its investments, with relevant viable Business Models.

The company tried to adapt the new technologies to the old Business Model, but they did not fit at all.

Therefore, Xerox let them leave to start-ups, which – due to their resource constraints – had to figure out innovative Business Model to develop and commercialize the products.

As Chesbrough well noted, “*Xerox literally did not know what to do with these technologies*” (H.Chesbrough, 2010), and let them go.

Noteworthy, none between the few projects that succeed did so through a Business Model similar to the one of Xerox. They needed Business Model Innovation to create Value.

The most prominent example is the one of the Ethernet technology.

Developed into PARC, the Ethernet technology was useful to Xerox as an internal component to connect a variety of equipment using a single wiring harness.

However, in 1979 the company licensed the technology to a former PARC employee, Robert Metcalfe.

First, he tried to sell it to the Unix workstation market, but then he modified the Business Model to leverage the emerging Local Area Network market.

Instead to find a place for the technology in a strong vertical integration strategy, its company – 3Com – limited its business to provide the emergent Personal Computer technology with Networking capabilities, distributing its product through retailers.

Shifting the Business Model from a vertically integrated framework, with a direct sales force and distribution, to an Open Business Model leveraging Networks and strategic partnerships let the technology succeed.

In 2010, opportunities and barriers to Business Model Innovation inspired Chesbrough to write a dedicated book, in which he highlighted the importance of

Business Model Innovation, with respect to mere technological one (Chesbrough, 2010).

The pre-existent set of assets, resources and positions constrain them into schematic standpoints on opportunities and strategies.

Not only companies that are not able to innovate their Business Models fail in exploiting the outputs of their innovation efforts.

The work on 'Disruptive Innovation' by Christensen (C.Christensen, 2003) shows effectively that they also risk to be outcompeted by emerging – and fast rising – new technologies that need new Business Models.

However, Christensen and Chesbrough are discordant on the extent to which incumbent companies are acquainted to the need for a new Business Model, and how to build such a new Business Model.

For the former, incumbents see the new Business Model coming, but still choose to allocate its asset to the currently most profitable technologies, resist experimenting a new asset configuration.

The latter – based on his work on Xerox – purposed the existence of a 'cognitive barrier' to Business Model experimentation.

He argued that established Business Models influence the way companies recognize (or ignore) opportunities.

Besides the case of Xerox, another sign testify the importance of Business Model Innovation: the huge number of patents gained by companies, but never exploited.

In 2006, Chesbrough performed an informal survey finding out that the companies were using less than 50% of the patents they owned.

He even recorded ranges between 5% and 25% of patent usage, meaning that between 75% and 95% of the technology developed was frozen.

As he remarked, it both means a waste of R&D investments for shareholders, and an even more awful waste of Value for the human society.

These '*dormant technologies*', in fact, were supposed to never hit the market, retaining any person to benefit from their relative empowerments and enhancements.

For this innovation market failure, the author blamed narrow-focused Intellectual Property management techniques, based on Value Capture, internal development and protectionism.

Therefore, realizing the importance of Business Model Innovation in such a process, Chesbrough moved from his theory of *Open Innovation*, introducing the concept of *Open Business Model* (H.Chesbrough, 2006).

Besides the failure of technology market, the author identified a new emerging trend about the 'division of innovation labour', i.e. "*a system where one party develops a novel idea but does not carry this idea to market itself*" (*ibid.*).

From Chesbrough's point of view this trend is promising for unleashing innovations.

However, companies should recognize that it leads to new organizational models that impose opening up their Business Models.

Through Open Business Models, in fact, companies can enhance the impact of their innovation efforts on both their Value Creation and Value Capture ability.

From one side, leveraging different ideas and including different inputs leads to Value Creation for all the Stakeholders involved in the Business Model, as well as for the Society at whole.

From the other side, using assets, resources and positions of different companies enable a greater capability of capturing Value, for any of the Stakeholders involved.

Indeed, as already seen in practice with the Xerox case, often companies are not able to figure out the best way to take the outputs of their innovation efforts to the market alone.

As abovementioned, Chesbrough see in a ‘cognitive barrier’ the most important issue to overcome for companies, in order to innovate their Business Model.

Therefore, in 2007, he purposed a Business Model Framework (H.Chesbrough, 2007) to help manager identifying the grade of evolution of their current Business Model, and understanding how to innovate it.

Considering Open Business Model as the state-of-the-art Business Model Innovation, the author structured his Business Model Framework (BMF) as a path from simplicity and closeness, to dynamicity and openness:

Type 1 – Undifferentiated Business Model	The company compete on price and availability, the product or service is almost the same across all the industry. It is a ‘commodity’ model.
Type 2 – Some differentiation in the Business Model	The company created some differentiation in its product or service, which can lead to target specific clients and to set up a different Business Model with respect to Type 1. Often it represents a ‘one hit wonder’ with initial success but scarce ability to follow up.
Type 3 – Segmented Business Model	The company compete in different segments simultaneously, through a distinctive and profitable Business Model that allow planning (averting the ‘one hit wonder syndrome’’) and Vertical Integration. Still, the company is vulnerable to major shifts in the market.
Type 4 – Externally aware Business Model	The company open itself to external ideas and technologies, in the development and execution of its business. Relationships with external subjects help identifying external projects that fulfil internal needs for innovation. The company use systematically ideas from suppliers or customers.

Type 5 – Innovation process and Business Model integration	<p>The company's Business Model plays a key role within the company.</p> <p>Suppliers and Customers are institutionally allowed into the company' innovation process.</p> <p>Companies with this Business Model often shifts from products to service innovation, experimenting alternative Business Model configuration.</p>
Type 6 – Adaptive platform	<p>The company commit itself to continuous experimentation with Business Model variants.</p> <p>Techniques for pursuing this Business Model include Venture Capitalism, spin-offs and Joint Ventures.</p> <p>Key suppliers and customers become Business Partners, even sharing risks.</p> <p>Companies with this Business Model try to establish their technology as the basis for a platform of innovation for the relevant Value Chain.</p>

H.Chesbrough, 2007

The 'cognitive barrier' to Business Model innovation, is strictly linked to a 'Business Model Innovation leadership gap', i.e. the absence of a person with the charge, or the ability, to innovate and change the Business Model.

Business Model Innovation is often a long-term commitment, while managers have a shorter timespan for achieving results.

Moreover, managers grew used to a pre-existent Business Model, and based their career on performing well using that model.

It is difficult for managers and companies to understand the opportunity in engaging in such a difficult mission, as Business Model innovation seems to be.

Rather than accepting existing structures, successful managers should shape their market and competitive environment through Business Model Innovation.

In this way, they can generate new demands, and reordering the industry's boundaries.

Two interesting ways to build Open Business Models, in the outline of Stakeholder engagement, is through leveraging *collaborative Networks* and *strategic partnerships*.

A collaborative Network can be defined as “*a Network consisting of a variety of entities (e.g. organizations and people) that are largely autonomous, geographically distributed, and heterogeneous in terms of their operating environment, culture, social capital and goals, but that collaborate to better achieve common or compatible goals, and whose interactions are supported by computer Network.*” (L.M. Camarinha-Matos & H.Afsarmanesh, 2006)

In order to explain the meaning of such structures, Camarinha-Matos and Afsarmanesh (L.M. Camarinha-Matos & H.Afsarmanesh, 2006) define *collaboration* as the greatest level of interrelation between entities.

Networking, the first level, is just about “*information exchange for mutual benefit*” *Coordination* includes “*aligning/altering activities so that more efficient results are achieved*”, and *Cooperation* adds “*sharing resources for achieving compatible goals*” to the previous features.

The authors set *Collaboration* at the end of the ‘building block’ chain of definitions, as “*a process in which entities share information, resources and responsibilities to jointly plan, implement, and evaluate a program of activities to achieve a common goal*”.

In a *Cooperation* context, the aggregate Value of the Network can be considered as the result of the sum of the Value produced by each component.

Contrariwise, *Collaboration* involve a process of ‘shared creation’, as “*the mutual engagement of participants to solve a problem together, which implies mutual trust and thus take time, effort, and dedication*”.

While goal-oriented Collaborative Network “*act or appear to act as a single entity*” (*ibid.*), Strategic Alliances more often base the partnership on collaboration.

Talking about strategic partnerships (and in particular co-development partnerships), Chesbrough and Schwartz (H. Chesbrough & K.Schwartz, 2007) highlight that they “*creates Business Model options that can significantly reduce R&D expense, expand innovation output, and open up new markets that may otherwise have been inaccessible*”.

In order to design an effective Business Model that leverages co-development partnerships, the authors suggest first to define the business objective for collaborating.

Such objectives can be, for instance, increase profitability, shorten time to market, expand market access or enhance innovation capability.

In fact, a clear definition of the business objective helps manager to understand the features to seek in the partnership.

It also carries major implications for the Business Model design.

Moreover, Chesbrough and Schwartz recommend a savvy analysis of the capabilities of the company.

They purpose a classification of them into three different categories – *core*, *critical* and *contextual* capabilities – each one implying different models and features for building partnerships based on it.

Core capabilities are the key sources of competitive advantage and value added for a firm; naturally, creating partnerships based on *core* capabilities is the riskiest case, therefore companies should avoid them, or manage them very closely.

Critical capabilities are crucial for the wholly development of the innovation to develop, but are not core capabilities for the firm.

Partnerships on critical capabilities can represent good opportunities for companies to expand their Value Proposition or market distribution.

Contextual capabilities are useful and necessary but not important for a company's value added.

Misunderstandings about how to classify capabilities, as well as *“lack of alignment between the Business Models of co-dev partners”*, undermine the opportunity and successfulness of partnerships.

In determining the opportunity of a partnership, in fact, companies should analyse the extent to which the own Business Model and the one of the partner are aligned, i.e. if they are complementary.

Complementary Business Models lead to win-win partnerships, based on the positive effects of the job of one partner on the job of the other, which are likely to be more sustainable.

Summarizing, Innovation is an important driver for Value Creation but – in our complex society – it is difficult to build it and exploit it in an organization-based framework.

Open Innovation, breaking defensive and narrow research techniques and claiming for a sharing mentality with respect to Intellectual Property Rights, leads to a desirable maximization of Value Creation for the whole society.

Business Model Innovation – especially in the direction of Open Business Models – guarantee an efficient exploitation of innovations and technologies.

Moving forward, and following the path of Open Social Innovation opened by Chesbrough and Di Minin in 2014 (H.Chesbrough & A.Di Minin in H.Chesbrough, W.Vanhaverbecke & J.West, 2014), the next step is to borrow some concept from the literature on Open Innovation, to explain and investigate Stakeholder engagement in Social Business Models.

3.2. Stakeholders and Open Innovation in Social Business Models

In a Stakeholder theory framework, Value Creation is the outcome of a participative process.

Consequently, one pillar of Corporate Strategies must be speeding and facilitating that process, for the benefit of all the participants.

In its abovementioned work, Gould noticed that *“The emphasis in relationship building supports a focus on Value Creation. The risks of inadvertent knowledge leakage and misappropriation can now be seen in the context of the benefits of the development of relationship and dialogue”* (R.W.Gould, 2012).

Taking it seriously, we can see Value-Creation-Oriented Business Models as forms of Open Innovation because of their not being afraid of “Value leakage”, or Value spill-overs.

Moreover, from the last paragraph we also saw how Collaborative Networks and Strategic Partnerships enhance Value Creation, through Business Model Complementarity and resource pooling.

Despite this inclination to Value Creation of Business Model openness and Stakeholder engagement, unfortunately classical organization-focused Stakeholder management techniques still show a major weakness, from a systemic point of view.

First, classical Stakeholder theories define a Stakeholder with respect to a focal organization.

Some Stakeholders take their role with respect to the organization itself, like shareholders, customers or suppliers; others – like the Civil Society – need to claim a stake in the organization, in order to qualify as Stakeholders (J.Roloff, 2008).

In this organization-focused framework, as abovementioned, Corporate Strategies assign different priorities to different Stakeholders, and therefore deal with each Stakeholder accordingly.

Harrison and St.John explicitly argue that *“there should be a positive relationship between the strength of the alliance and the strategic importance of the Stakeholder”* (J.S. Harrison & C. H. St John, 1996).

After all, such a framework is consistent with the claim of pragmatism in Stakeholder management expressed by classical Stakeholder theories (Freeman,

1999), as well as the explicit positioning of these theories into the realm of 'Corporate Strategies'.

As Julia Roloff noticed (J.Roloff, 2008), this leads companies to likely collaborate with 'Powerful' Stakeholders, with urgent and legitimate stakes, self-defence from 'Non-Supportive' or 'Dangerous' ones, and just monitor 'Marginal' or 'Dependent' ones.

However, this pragmatic view of Stakeholder management in an organization-focused framework also pushes companies into "*overlooking Stakeholders who are affected by organization, in favour of those who can affect it*" (J.Roloff, 2008).

When crisis arise, in fact, dealing with powerful Stakeholders (advocacy and lobbying groups, customers and trade unions, critics and public opinion) "*is a more effective short-term strategy than solving the problem*" (ibid.).

As a result, managers are likely to take more care of these kind of Stakeholders, and therefore overlook claims of 'Marginal' and 'Vulnerable' Stakeholder groups, as for instance labour rights for international suppliers in developing countries.

Additionally, it can be also stated that "*if this position is accepted, then shareholders, in line with the dominant economic paradigm, are generally often regarded as the most powerful, urgent and, thus, salient group for firms, effectively bringing a Stakeholder approach back into line with a 'business as usual' approach to social and environmental issues.*" (E.Collins, K.Kearins & J.Roper, 2005).

In front of this failure, there are different ways to act, either focusing on a 'vulnerable Stakeholder' category or addressing a specific 'social issue'.

First, the literature about Corporate Social Responsibility highlighted (and claimed for) a shift in companies' approach to the claims of 'vulnerable Stakeholders'.

Some managers changed their approach to ‘vulnerable Stakeholders’ from indicting societal and structural disparity and ask for governmental intervention, to a stronger accountability and commitment.

It is well known, for example, that after a number of scandals in the last years of the previous century, many multinational companies commit themselves to inspecting their whole supply chains.

However, also companies that are sensitive to social issues, or that consider an opportunity to deal with the needs of marginal Stakeholders, in front of social uncertainty, still feel like they are not able to address these kinds of problems properly.

In fact, they complain about a lack of proper resources, but also skills and knowledge (E.Collins, K.Kearins & J.Roper, 2005).

To overcome this weakness, Julia Roloff purposes an ‘issue-focused Stakeholder management’, which she borrows from multi-Stakeholder Networks, versus the classical ‘organization-focused Stakeholder management’.

Multi-Stakeholder Networks are organizational structures that include participants from business, civil society and governments, with the aim of addressing a specific issue that is relevant to all participants.

In this context, members qualify as ‘Stakeholders’ with respect to the issue that is ‘*at stake*’, and not to a specific organization, or even a specific ‘vulnerable Stakeholder’ category.

Modifying Freeman’s definition of ‘Stakeholder’ (Freeman, 1984), in the context of multi-Stakeholder Networks, Roloff defines Stakeholders as any group of individual who can affect or is affected by the approach to the issue addressed by the Network.

Issue-focused Stakeholder management needs a high degree of communication and information sharing, as none of the entities participating to the solution (i.e. the members of a multi-Stakeholder Network) is exclusively in control of the process.

Interestingly, the issue-focused Stakeholder management is not a peculiar feature of multi-Stakeholder Networks.

Companies can borrow techniques from this approach when facing problems too complex to be addressed by a single entity, supplementing their usual organization-focused Stakeholder management.

The focus shifts from the organization, its resources, boundaries and positioning, to the implications of the solution to a shared problem.

An ‘issue-focused Stakeholder management’ can help corporations in dealing with social issues, through engaging with entities that are Stakeholders to that issue, and therefore acceding to specific resources, skills and knowledge.

Roloff’s thesis is that undertaking an issue-related approach in front of business-related social concerns can be *“an adequate form of policy management for corporation that are aware of their impact and want to be part of the solution”* (J.Roloff, 2008).

Nevertheless, yet in 2005 Collins, Kearins and Roper alerted about *“the risks in relying on Stakeholder engagement for the achievement of Sustainability”* (E.Collins, K.Kearins & J.Roper, 2005).

Many of the Stakeholder theories linked to sustainability – including the one on issue-focused Stakeholder management purposed by Julia Roloff (J.Roloff, 2008) – leverage the concept of *Legitimacy*, in order to explain the need for Stakeholder engagement.

However, this concept can lead to an instrumental implementation of Stakeholder engagement (even when the focus is on the issue, and not the organization), which satisfy public criticism while legitimating ‘business as usual’.

In fact, a real implementation of Stakeholder engagement in order to achieve sustainability seems undermined by many practical implications.

Such a strategy has soon to confront with diversity in the Stakeholders’ view on sustainability, Stakeholders’ difficulties in dealing with the engagement process, and even Stakeholders’ self-interests.

The emergence of Stakeholders' self-interest is likely to occur, for example, in front of issues related to climate changes, with respect to which some Stakeholders can feel threatened by taxes and sanctions.

Sometimes, the intrusion of Stakeholders' self-interest takes the form of a NIMBY claim – *'Not In My Backyard'* – which is just opposition without a counter-proposal, and can even stop renewable energy programs (D. Van der Horst, 2007).

As the authors suggest, *"Low self-interest and a concern for the common good would seem to be prerequisites for sustainability, and rather less so, attributes of Stakeholders"* (E.Collins, K.Kearins & J.Roper, 2005).

Moreover, Businesses can exploit conflicting Stakeholder views to helping fundamental changes and preserving the *status quo*, or also enjoy enhanced legitimacy due to the Stakeholder engagement practices, while actually making only minimal changes to the overall business sustainability.

The conclusion of the authors is that *"Stakeholder engagement may have potential in bringing to business attention alternative ideologies, but to date it has not been a force for fundamental and radical change"* (E.Collins, K.Kearins & J.Roper, 2005).

More than investigating how these risks threaten companies' sustainability, what is interesting for this research is the extent to which Social Entrepreneurship can emerge as a third, viable solution to this failure of both classical businesses and governments in addressing vulnerable Stakeholders' needs.

Indeed, the concept of Social Entrepreneurship introduced in the first chapter seems consistent with the need for disregarding the organization and focusing on the issue, its solution and the underlying Business Model instead.

It also seems responding to the claim for 'low self-interest', as a prerequisite of sustainability (E.Collins, K.Kearins & J.Roper, 2005), as it precisely focus on maximizing Value Creation (F.M. Santos, 2012) with respect to Value Capture.

Therefore, Social Entrepreneurship can emerge as a powerful and fruitful field for a Stakeholder theory that aims to inspire radical changes in the way companies do business, without forgetting vulnerable Stakeholders.

In the ninth chapter of “*New Frontiers in Open Innovation*” (H.W.Chesbrough, W.Vanhaverbeke, J.West & Al., 2014), Chesbrough and Di Minin introduced the concept of *Open Social Innovation*, to describe this strong relationship between *Open Business Models* and *Social Innovation*.

Using three case studies – Emergency from Italy, Ashoka from U.S. and the City of Birmingham, in the U.K. – the authors describe *Open Social Innovation* as “*the application of either inbound or outbound innovation strategies, along with innovations in the associated Business Model, of the Organization, to Social Challenges.*” (*ibid.*)

Following Santos (F.M. Santos, 2012), we previously defined Social Entrepreneurship in a way that allows Enterprises as well as Projects to qualify, as long as they focus on Value Creation and address neglected problems with positive externalities.

I hereby present some examples from the literature on Social Entrepreneurship, which present two prominent frameworks in which ‘Open Social Innovation’ represents the key for building valuable Social Business Models.

Keyko Yokoyama, for example, purposed an interesting framework for considering CSR projects as Social Business (K. Yokoyama, 2008).

Under his perspective, in fact, companies should consider CSR “*a social business based on the reconsideration of profit-seeking business (core business)*” (*ibid.*).

Leveraging its core resource, a company should develop a CSR strategy in an innovative fashion, implementing social actions “*in accordance with reflection on their core business*” (*ibid.*), in order to contribute effectively to the performance of the company itself.

The key feature of his approach is “*to recognize social issue in core business, and to resolve the social issue by creating the social business*” (*ibid.*).

Pursuing such an approach, corporations could be able to qualify their actions as Social Entrepreneurship, overcoming the threats and weaknesses related to classical approaches to Corporate Social Responsibility and Stakeholder Engagement.

To support his outline, Yokoyama present a case study about the largest US pet retail chain, which eventually founded an independent charity for promoting adoptions.

The company provides the charities with core resources like location and food.

The charity solves social issues related to the company's core business, as the 'inventory-zation' of pets or the problem of customers' regretted animals.

Through a CSR strategy, the company *"directly faces the social issues that its business and industry are responsible for, and takes an innovative and long-term approach that generates good circulation with its core business"* (ibid.).

The CSR Strategy purposed by Yokoyama is evidently an example of Social Entrepreneurship, as well as a form of Business Model Innovation, in an advanced and Open form.

Rethinking the approach to the relevant issue, in fact, the company in Yokoyama's example configured itself as an *'adaptive platform'* (H.Chesbrough, 2007), experimenting an innovative solution through a real spin-off.

Besides CSR 'spin-offs', another practice which gained increasing success in building Social Business Model is setting up Profit-Nonprofit Strategic Partnerships.

Through partnering with the 'For Profit' world, Social Entrepreneurial Organizations can reach Resources and Capabilities that already exist in the market, mobilizing them to address the identified Social Problem.

It is enough to recall, as practice examples, the Best Practices emerged from the Grameen Group, as Grameen Danone, Grameen Veolia and Grameen Phone (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010, cf supra 2.4).

In each of the three scenarios, Social Entrepreneurship spread from the collaboration between Grameen Bank and big Corporations.

Recognizing that “*the search for new resources and more effective organizational approaches is bringing nonprofits and corporations together*” (J.E. Austin, 2000), Austin studied Profit-Nonprofit Alliances under five perspectives, namely:

- The *Collaboration Continuum*, i.e. the stages Alliances pass through as they evolve;
- The *Collaboration Value Construct*, i.e. how Value is defined, created, balanced, and renewed in an Alliance;
- The Alliance Drivers and the Alliance Enablers, i.e. forces that provide inputs for collaboration and supporting factors that contributes to Alliances’ effectiveness.

Inquiring 15 case studies with interviews, Austin drew some conclusions on each of those perspectives.

In particular, he found that the *Collaboration Continuum* has three phases:

1. The ‘*Philanthropic Stage*’, characterized by a charitable donor-recipient relationship;
2. The ‘*Transactional Stage*’, in which specific Resource exchanges are used to jointly address Social Issues;
3. The ‘*Integrative Stage*’, in which the partners are fully aligned in terms of Mission and activities, resembling a joint venture.

Naturally, despite advancing on the *Continuum* provides Organizations with valuable benefits, the level of engagement increases with the effort and the investment in the partnership.

As for the *Collaboration Value Construct*, it includes four dimensions from ‘*Value Definition*’ to ‘*Value Renewal*’.

In particular, the ‘*Value Creation*’ dimension depends on the underlying pattern of Resource exchange, and relates to the Stage of the partnership in the *Continuum*:

1. '*Generic Resource Transfer*' is usual in Stage I partnerships and involves the exchange of Resources that are common to many similar organizations, like cash and legitimacy;
 2. '*Core Competencies Exchange*' involves the exchange of the organization's distinctive capabilities to generate benefits to the partnership;
 3. '*Joint Value Creation*' represents the joint production of Value, deriving from the combination of Resources and Competencies of the two partners.
- It characterizes Stage III of the *Continuum*.

In a recent work on how for-profit enterprises can qualify as Social Enterprises, Maiolini, Rullani and Versari (R.Maiolini, F.Rullani & P.Versari, 2013), focused on the mobilization of a Network of Stakeholders.

As in Santos' Positive Theory (F.M. Santos, 2012), setting the focus on the processes (or the Business Model) that allow the realization of the Social Impact, leads to overcoming the traditional for-profit versus not-for-profit dichotomy.

In the three scholars' view, a Social Enterprise generates Social Impact as long as it engages with a Network of Stakeholders in order to address a Social Issue.

The Value Creation process extends beyond the organization boundaries.

Leveraging the concept of 'Shared Value' (M.Porter, 1996), the focus on the Stakeholder Network becomes pivotal for acquainting the multiplicity of ways in which business activities can create Social Impact.

In such a framework, Social Entrepreneurship is not an harmless practice with respect to companies' boundaries.

The previous paragraph reviewed authoritative theories about the positive relationship between the *openness* of a company, and its ability to innovate.

The literature on Open Innovation started from the investigation of high tech industries, where technical knowledge represents the main asset.

Scholars demonstrated how the *locus* for such an asset shifted from R&D departments, inside companies' boundaries, to situations that are more complex, and involve an undefined number of partners and Stakeholders.

Moving from this background, Maiolini, Rullani and Versari apply a similar concept to Social Entrepreneurship.

They recognize the knowledge Social Enterprises leverage in a set of shared values, visions and symbols (R.Maiolini, F.Rullani & P.Versari, 2013).

Therefore, Social Enterprises can mobilize Stakeholder on their purposed solutions to Social Issues, configuring themselves as a *Platform*, on which different partners share that knowledge, and agree on its basements.

When a Business Model leverage a knowledge that is made of ethics and values, the level of trust between the partners in the Stakeholder Network is so high that the authors introduce the concept of '*Global Openness*'.

As the Legitimacy of the Business Model depends on the behaviour of each member of the Network, '*Global Openness*', as the guarantee of the system of values, becomes the base of the actual Business Model (*ibid.*).

Interestingly, the framework purposed by the three author allow for-profit companies to continue acting as normal businesses seeking for profit maximization, as long as they respect the ethical commitment to the values shared across the Network, and contribute to the Network's Legitimacy.

This outline set the conditions under which a Value Capture oriented entity can fruitfully participate to a Value Creation oriented Solution, i.e. Business Model, and therefore join the Social Entrepreneurship process.

Under a proper managerial standpoint, the Entrepreneur – when developing a Social Entrepreneurial activity – must be acquainted of knowledge and Resources being shared and distributed, because the success of Social Entrepreneurship depends on the *Openness* and *Transparency* of the Business Model.

This chapter assessed Social Entrepreneurship in the Open Innovation framework, highlighting the role of Strategic Partnerships in setting up Valuable Social Business Models.

The nature and dynamics of these Partnerships let a deeper level of inquiry emerge, about the relationship between Social Entrepreneurial Organizations and their relevant Ecosystem.

Austin, for instance, include '*personal connections and relationships*' in the set of '*Alliance Drivers*' that enable Alliance formation. (J.E. Austin, 2000)

Considering the effects of the *Ecosystem* on the overall framework, Social Entrepreneurship can corroborate the so called '*separation thesis*' (Freeman 1994), which challenges the classical assumption that we can analyse Business isolating it from society, ethics and politics.

4. *Embeddedness* in Stakeholder Networks and Social Business Models

*“The ‘Economy of Relationships’ is a Network!
(...)I have never seen an Enterprise in which I inserted one of our guys, that did
not helped us in some other way, (...) also opening new Relationships!”*

Marco Ottocento, founder of Valemour

As we realized so far, Social Business Models are mainly built for maximizing Stakeholder Value, not only as a corporate strategy to survive and succeed in the market, or to gain *Legitimacy* – as mainstream Stakeholder theories suggests – but as the actual mission and Value Proposition.

Consequently, building good and lasting relationships with key Stakeholders is as important as understanding existing relationships between each Stakeholder and between Stakeholders and their environment.

As abovementioned, the key issues for Stakeholder relationships in Social Entrepreneurship are the primality of shared values and the paramount framework of total transparency between partners.

Ackermann and Eden (F.Ackermann & C.Eden, 2011) demonstrated through an empirical study that ideating proper Strategies for Stakeholder Management involves understanding the position of Stakeholders in relevant ‘*Networks of Influence*’.

Only using a Network approach, Organizations can be acquainted of the multiple and interdependent relationships between their Stakeholders, which can reveals significant aspects of their power and influence.

In such a framework of shared values and total transparency, the *ties* between the firm and its environment are mostly based on *Trust*.

In this chapter, I will use insights from Network theories for investigating the extent to which *Embeddedness* (M.Granovetter, 1985) and *Network Effects* influence the way Social Enterprises choose and manage their Stakeholders.

4.1. *Embeddedness, Network Effects and Strategic Alliances: a general review of theories*

Since the late eighties, some authoritative scholars have been focusing on Social Networks in order to investigate behaviours and social phenomena.

The underlying idea is that studying the broad set of interactions between different agents can uncover patterns and help making educated predictions about actions and re-actions.

In 1985, M.Granovetter stated that the relational context is paramount for understanding the behaviour of relevant actors, borrowing the concept of *Embeddedness* from Polanyi.

His research framework studies social and economic behaviours recognizing the limits of both monadic (and dyadic) and deterministic approaches.

Rather than reducing the analysis to monadic strategies and dyadic relationships, in Granovetter's outline economic agency is *Embedded* in a system of social relations to be reckoned with.

Economic actions are therefore influenced by this system of social relationships, and by the position of a given actor in the relevant Social Network of relations.

A definition for an organization's Social Network is "*a set of nodes (e.g. organizations) linked by a set of social relationships (e.g. shared membership, resource transfers...) of a specified type*" (E.O.Laumann, J.Galaskiewicz & P.V.Marsden, 1978).

This influence can either constrain or enhance the options available to the economic actor, affecting the uncertainty related to its choices thanks to an intra-Network flow of resources and – most of all – knowledge.

For instance, Social Network influence can explain issues about inequality, embedding or contagion (R.Gulati, 1998).

In fact, inequality between individuals, groups or organizations can be explained with a different endowment of access to resources, due to different Network connections.

Embedding economic actions into institutions or common identities, economic actors are able to simplify transactions.

Moreover, Network Effects have been taken into account when studying contagion, for example in the case of adoption of (or resistance to) Innovations, and – therefore – in explaining *disruptive* effects. (C.M.Christensen, 1995)

This shift in the focus, from the organization to the Network, participate in challenging the organizational boundaries and claiming for an Open perspective.

The Social Network of relational ties, in fact, becomes the locus of key resources, key knowledge and – consequently – innovation.

Social Network Analysis is about examine, isolate, describe and categorize the social frameworks into which the relevant agents are *embedded*, with the aim of explain and forecast actions.

Analysts figure out the patterns of relationships and the strength of ties between members, the structure of the Network and a single agent's position in the Network.

In the end, given the specific frameworks outlined, they make and verify assumptions about agents' predicted actions or performance, or predict the responses of the members – or of the Network as a whole – to some external input.

Gulati individuated two analytical approaches to Social Networks, one regarding the informational advantages, and one about the control benefits related to the Networks.

Concerning informational advantages, Networks enable two important mechanisms:

- **Relational *Embeddedness***, which focuses on the role of direct ties as primary vehicles of relevant information. It highlights the relationship existing between the strength of direct ties and the likeliness to develop shared views on utility;

- **Structural *Embeddedness***, which stresses the position of an agent in the Network as the main informational feature. It emphasizes the role of the overall Network and indirect ties in acting as a multiplier of knowledge for an agent, letting *'the sum being more than the parts'*.

As both Social Network Analysts and Stakeholder theorists consider the relationships between an organization and its environment essential for understanding its strategies, the match between the two outlines can be fruitful.

This intuition about linking Stakeholder Theory and Social Network Analysis can be traced back to the late nineties.

In 1997, Timothy J. Rowley purposed to move from a Stakeholder Theory based on dyadic ties, to a Network framework which consider the simultaneous effects of the whole set of a firm's Stakeholders (T.J.Rowley, 1997).

In facts, classical Stakeholder Theories used to consider the influence on a firm of each of its Stakeholder separately, like in the sketch from Freeman presented above (R.E.Freeman, 1984).

Rowley notice that this approach provided useful insights and it is still able to describe how the organization functions, but it is too simplistic to predict organizational responses to Stakeholder claims.

What Rowley highlights is that Stakeholder Relationships *"do not occur in a vacuum of dyadic ties, but rather in a Network of influences."* (T.J.Rowley, 1997)

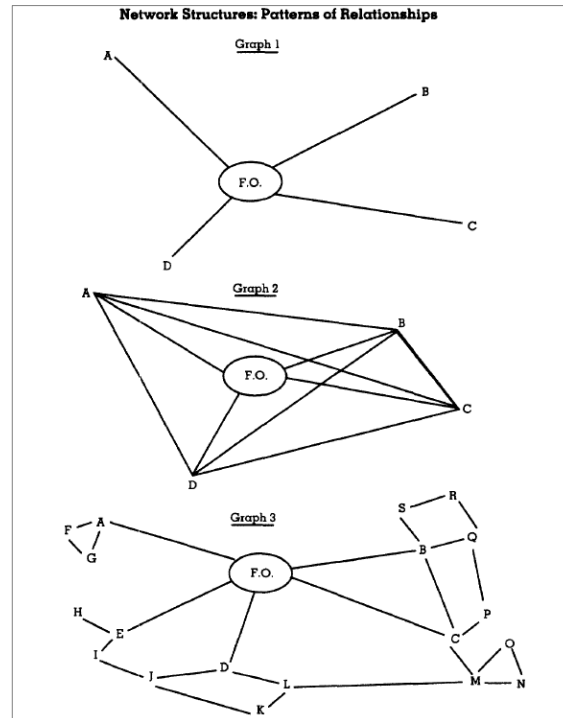
Moreover, as an organization can be the focal point only for its own Stakeholder, but represent a Stakeholder itself for other subjects, it does not lie always at the centre of the Network.

In front of these failures of classical Stakeholder Theories, Rowley purposes to apply Social Network Analysis to extend the understanding of how firms are likely to answer to Stakeholder claims, and to resist to Stakeholder pressures.

He in fact recognizes that if under a Stakeholder perspective firms are managed addressing a simultaneous set of Stakeholder needs and claims, *"management choice is a function of Stakeholder influences"* (ibid.)

In this framework, introducing a Network perspective allow to overcome dyadic views and consider instead the simultaneous action of the whole Network in which agents are embedded.

Using the figure below, Rowley shows the shift in the Stakeholder view of a firm, from a classical approach, like the one purposed by Freeman, to a Social Network savvy one.



T.J.Rowley, 1997

With these graphs, Rowley shows immediately how the position of a focal organizational in the Network is not given as central, but rather represent an important variable in understanding its actions.

It also shows effectively that Stakeholders are interconnected one another, each of them possessing its own Network of Stakeholders.

Moving from this picture, it is clear how useful can be borrowing some features and approaches from Social Network analysis, and apply them to Corporate Strategies, in particular focusing on Stakeholder Management.

The key feature of Social Network analysis is its power to increase “*explained variance*” (T.J.Rowley, 1997) in Social Sciences.

When shifting that concept to Management Sciences, it participate to the struggle of reducing uncertainty of actions and outcomes in a given environment.

As Rowley stated *“Network models begin where Stakeholder Research stops – the dyadic relationship – and examine systems of dyadic interactions, capturing the influence of multiple and independent relationships on organizations’ behaviours.”* (T.J.Rowley, 1997)

What the author tries to explain is how organizations act in front of Stakeholder influences, and in particular how organizations can resist Stakeholder pressures.

The underlying assumption is that external forces affect the organization’s behaviour, forcing it to react and structure its resistance in a proper way, in a struggle for independence.

In this sense, resource dependence theories provided scholars with insights on why and how organizations have to manage external pressures, in order to survive and succeed.

Rowley purpose to examine the way two features of the broad environment in which a focal organization is embedded – Network density and focal organization’s centrality – influence its reaction to Stakeholder pressures.

- **Density** is a feature of a Network, expressing the interconnectedness between the actors. It measures the relevant number of ties in a Network, and categorize Networks from ‘complete’, where all the possible ties exist, to ‘sparse’, where ties are few .

The Density of the Network shapes the way organizations will resist to Stakeholder claims through the effectiveness of communications and diffusion of norms across the Network.

The more a Network is dense, in fact, the more it facilitates the information exchange between members and ‘regions’ of the Network.

Moreover, the more the members of the Network are interconnected, the more they will share common expectations and common behaviours.

- **Centrality** refers to the position of a focal organization, with respect to a Network in which is embedded. Centrality is a way to confer power to an organization thanks to its position in the Network and regardless individual attributes.

An organization can achieve centrality in mainly three ways: Degree, Closeness and Betweenness.

- Degree centrality can be achieved improving the number of the ties the organization has within a Network; the highest this number, the more the organization can accede to alternative sources of resources and information, increasing its independence.
- Closeness centrality is linked with the extent to which the focal organization has ties with other members of the Network. It means evaluating the length of the path between the organization and the other members; the shorter this path, the faster he can accede to resources and information. As for degree centrality, power is given by independence.
- *Betweenness* centrality consider the extent to which the focal organization is positioned between other actors. When the focal organization has ties with two partners that are untied each other, its power increases, as it controls the resource and information flows between the member of the Network. In this case, power is linked to the dependence of other members on the organization.

Density pushes organizations into conformity, facilitate the ability of Stakeholders to achieve information and to coalesce and, therefore, increases the power of Stakeholders on the organization.

Centrality, and in particular '*betweenness*' centrality, instead, increases the power of the organization, which can manipulate information, accede to different sources of resources and knowledge and brokering between Stakeholder.

As a result, a high level of centrality increases the ability of an organization to resist Stakeholder pressures.

Combining different levels of Network Density and Focal Organization (*betweenness*) Centrality, Rowley elaborated a matrix which explain and predict the behaviour of organizations facing Stakeholder pressures:

		Centrality of the Focal Organization	
		High	Low
Density of the Stakeholder Network	High	Compromiser	Subordinate
	Low	Commander	Solitaire

T.J.Rowley, 1997

In a situation in which both Density of the Network and Centrality of the Focal Organization are high, both the Stakeholders and the Organization are able to impact each other.

The Stakeholders can exploit the Network Density to impose their claims and monitoring the organization, while the Organization can influence the Network, thanks to its position.

In such a situation, the Organization acts as a '*compromiser*', balancing its needs with the Stakeholder claims.

When both Density and Centrality are low, contrariwise, the Focal Organization has a small power on the Network, and the Network itself does not constraint its actions that much.

Through the relevant '*solitaire*' role assumed by the Focal Organization, it can hide its activities and set high boundaries.

However, in the end – as abovementioned when talking about Open Innovations – it risks to be outcompeted from the market by more Open Models.

Between the two extremes, a situation of low Density and high Centrality pushes an organization into a '*Commander*' role, as it keeps a monopoly of Network Resources and information in the relevant social context.

Contrariwise, when Density in a Network is high, but the Centrality of the Focal Organization is low, it will likely stay in a vulnerable position.

The dense Network Structure allows easy communication and resource flows between Stakeholders, while the Focal Organization is not able to influence this exchange in a proper way.

Such a situation will likely push the organization in a weak '*Subordinate*' role, highly depending on other Stakeholder to survive.

Through the above presented framework, Rowley keeps the merit of advancing the match between Stakeholder Theory and Social Network Analysis.

However, he seems to consider the relationship between a Focal Organization and its Stakeholder as naturally conflictual, which is not the case.

In its outline, and in its synthetic matrix, the Focal Organization position and the features of the Network only shape the resistance of the Organization with respect to pressures and influences.

Contrariwise, as the previous chapter showed, the Stakeholder Network can represent a fruitful assets for organizations that dare to open their boundaries and Business Models.

In this sense, Network Resources not only help the organization in resisting Stakeholder pressures but – more interestingly – provide the organization with effective instruments to fight resource constraints or produce Innovation.

The focus in analysing the relationship between Organization and their Environment should shift from the fight for Value Capture, to the quest for Value Creation.

This outline brought scholars to the introduction of the concept of '*Strategic Networks*'. (R.Gulati, N.Nohria & A.Zaheer, 2000)

As we saw, atomistic approaches to Corporate Strategies, based on firms fighting for competitive advantages against both their competitors and their environment seem inadequate for understanding our increasingly interconnected world.

Also in this case, the underlying idea is that an Organization's behaviours can be better understood studying the Network of relations in which the Organization is *embedded*.

However, introducing the concept of a Strategic Network means recognizing that these Networks are not only bunches of pressures and constraints, but most of all channels and instruments to achieve resources, information or technologies.

Recognizing the existence of Strategic Networks enable Corporate Strategy researches to look at inter-organizational relationships as a possible source of explanation for difference in firm's profitability and success in the competitive environment.

In this sense, introducing a Network Perspective into classical Corporate Strategy assumptions and schemes can be fruitful to expand the scope of these schemes and catch even more insights.

In particular, the abovementioned authors (R.Gulati, N.Nohria & A.Zaheer, 2000) inquiry the extent to which Network Effects impact on five traditional sources of competitive advantage, recognized by classical Corporate Strategies theories, from Industry Structure to the endowment of inimitable Resources.

For instance, adding a Network Perspective to the analysis of Industry Structures can explain the emergence of oligopolies and concentrations of market power.

It can also enhance the explanatory power of descriptions concerning the structure of a given industry, helping managers shaping their Business Model and Corporate Strategies accordingly.

Another approach, for which a Network Standpoint can be adding, is the Resource Based View of Organizations.

Scholars and practitioners have often been looking to inimitable resources as an important source of competitive advantage.

Developing theories concerning the Openness of organizational boundaries and Business Models, they recognize the importance of looking beyond the firm for understanding how these Value-creating resources are achieved.

Considering the existence of Strategic Networks, can represent a deeper level of analysis. Strategic Networks, in fact, can represent both resources for themselves and gateways for reaching resources, as they provide organizations with information that enhance their alertness and responsiveness.

The authors individuate three kind of ‘*Network resources*’ (R.Gulati, 1999), through which Networks can express their potential as a resource:

Network structure	<p>The peculiar structure of an organization’s Network can represent a resource for it.</p> <p>In fact, “<i>the structural pattern of a firm’s relationships is unique and has the potential to confer competitive advantage</i>”.</p> <p>This means that organizations that create and utilize Networks with “<i>plentiful weak ties, high centrality, wide scope</i>”, can translate such Network in a resource for superior performance.</p> <p>“<i>The private and invisible nature of the ties renders the Network inimitable</i>”.</p>
Network membership	<p>Besides its own Network of Stakeholders and partners, organizations can gain competitive advantage in being part of some specific (formal or informal) Network.</p> <p>Network membership, in fact, is a resource in itself, as allow organizations to reach new opportunities.</p>
Tie modality	<p>The characteristics of the ties that link an organization with its Network of Stakeholders and partners is both valuable and difficult to imitate.</p> <p>The strength of the ties, for example, is often related with the story of the relationship between the partner.</p> <p>In particular, <i>Trust</i> can be an important asset when considering Network Resources, as can shape the strength of a relationship and facilitate the exchanges also beyond the simplistic market dynamics.</p>

R.Gulati, N.Nohria & A.Zahreer, 2000

Briefly, the relationships through which an organization builds its Network of Stakeholders and partners are valuable and inimitable assets.

Borrowing concepts from Social Network analysis can enrich a Resource Based View of organization, adding both a new set of valuable resources to consider and a new way to accede and exchange resources available to the organizations.

Besides Industry Structure and Resource Based View of firms, a Network perspective can also deepen the classical Transaction Cost analysis.

As the authors point out *“one important implication of the Embeddedness of firms in Social Networks is the enhanced Trust between firms that can in turn mitigate the moral hazards anticipated at the outset” (ibid.)*.

This *Trust* act as an exchange facilitator between firms and – therefore – mitigates transaction costs reducing the likeliness of incur in partners’ opportunistic behaviours.

In fact, both reputational effects and the increasing ability to reach information on each member of the Network increase the chances to discover and punish opportunistic partners.

Naturally, Networks are not stable entities but dynamic realities, which can be influenced by endogenous or exogenous factors that affect their Value Creation capacity.

The introduction of new technologies, for example, can radically change the environment in which Networks were created and grew up, reshaping the opportunities for strategic alliances.

Especially in front of this dynamic framework, the abovementioned resources require some management.

While it is true that Networks can smooth transaction costs, one should not overlook the emerging contracting and coordinating costs, related with the Networks themselves.

Organizations have to reckon with the organizational arrangement implied by Networks, partnerships and alliances appropriate governance structures, structural changes and routines.

In this sense, scholars individuated the possession of “*alliance formation capabilities*” as a key resource needed for the effectiveness of creation and management of a Network of alliances.

Anand and Khanna, for example, empirically studied how firms’ ability to manage alliances increases with their experience, i.e. the number of alliances they forge in their history (B.Anand & T.Khanna, 2000).

With their study on 2000 joint ventures and licensing agreements, they demonstrated huge learning effects on the ability of firms to manage partnerships and, therefore, extract (Create and Capture) Value from the Networks.

Consistent with these findings, and more important for this research, the shape and features of the Social Networks in which an organization is *embedded* strongly influence the processes and outcomes of Strategic Alliance formation (R.Gulati, 1998)

A Strategic Alliance can be defined as a “*Voluntary agreement between firms involving exchange, sharing or co-development of products, technologies or services.*” (R.Gulati, 1998)

While conducting field interviews, Gulati noticed that the classical chain of events linked with Alliance formation seems not able to fully describe the way firms create and engage with Alliances.

Rather than identifying the opportunity for an alliance, the best partner available and the appropriate structure on their own, the author noticed that firms often find opportunities for new alliances through their Networks of existing ones.

Moreover, he figured out how “*the manner and the extent to which firms were embedded were likely to influence several key decisions, including the frequency with which firms entered alliances, their choice of partner, the type of contract used and how the alliance developed and evolved over time.*” (ibid.)

Once again, the focal point in studying the Alliance formation and evolution dynamics, as well as their effectiveness in Value Creation shifts from an organization-based, or dyadic, point of view to a Network perspective.

Classical standpoints on Alliances considered as key drivers the internal conditions of the firms or the dyadic benefits of partnering with another agent.

Opportunities for alliances have been individuate in terms of access to Resources, or transaction costs reduction.

However, these standpoints lacked in accounting for the external conditions that determine the opportunities perceived by the firms wholly.

In particular, they have been overlooking the role of the interactions between the focal Organization and its set of pre-existent relationships.

Because of the abovementioned influence of Network Resources on the information and perception of an Organization, the Social Context in which it is *embedded* is likely to exert a significant influence on its behaviour regarding Alliances (R.Gulati, 1998).

A first, abovementioned, effect of Networks on Alliance formation is the risk mitigation related with opportunistic behaviours of partners, which often undermine Alliance.

Embedding economic transactions in the relevant Social Context, Organizations can leverage the *Trust* involved in the pre-existent ties for hedging uncertainty.

Moreover, Social Networks are also a powerful channel of information about potential partners and opportunities for alliances, so that the way an Organization is *embedded* in a Network impact its likeliness to build a partnership.

Borrowing insights from previous empirical researches (W.W.Powell, K.Koput & L.Smith-Doerr, 1996, J.M.Podolny & T.Stuart, 1995) Gulati suggests that “*firms are influenced in their ability to enter new partnerships by the Social Network of their past alliances.*” (R.Gulati, 1998)

In particular, “*firms that had more prior alliances, were more centrally situated in the alliance Network, or had more focused Networks, were more likely to enter into new alliances.*” (*ibid.*)

Another interesting *Network Effect* on Alliance formation is provided by *Reputation*.

The reputation of an Organization within a Network makes it an attractive partner for other members of the Network, enhancing the probabilities to enter Strategic Partnerships.

Moreover, another effect of *Reputation* is to classify potential partner, locking low-status Organization out from acceding partnerships with high-status ones.

Unless an Organization with a bad *Reputation* possess a truly valuable Resource, it is unlikely that an Organization with a high *Reputation* would look at it as a potential partner (R.Gulati & M.Gargiulo, 1997).

In conclusion, “*the conditions of mutual economic advantage are necessary but not sufficient conditions for the formation of an Alliance*” (R.Gulati, 1998).

The economic motivations about Resources and Business Model complementary are the propellant for an Organization to entering the quest for a Strategic Alliance, but it is its Social Network that shape its Opportunity set, individuating potential partners.

Besides the motivation for entering an Alliance, and the Partners’ choice, Social Networks have a role also in shaping the ‘*Governance Structure of Alliances*’, the ‘*dynamic evolutions of Alliances and Networks*’, as well as the ‘*Performance of Alliances*’, and the ‘*Performance consequences of Alliances for firms*’ (R.Gulati, 1998).

In particular, Gulati insists on the implications of *Trust*, as a powerful Network Effect of *Embeddedness*.

Inter-organizational *Trust* smooth the process of Alliance formation, reducing the concerns regarding appropriation, opportunism and ‘*coordination costs*’.

When *Trust* exists between Organizations, loose governance practices emerge, as there is a weaker need for stringent contracts in order to make the partner's behaviour predictable.

As Gulati pointed out, “*a detailed contract is one mechanism for making behaviour predictable, and another is trust.*” (*ibid.*)

Trust enables Organizations to base their relationships on an alternative respect to Market laws and hierarchies, which can speed up communications and exchange.

In this sense, *Trust* stimulates a framework in which Alliances with embedded ties are more likely to succeed, i.e. performing better or last longer than others (*ibid.*).

Gulati individuated two main ways through which a Network of *Embedded* ties can promote *Trust*:

- Acting as referral, and therefore making Organizations aware of the existence of other agents, contemporary providing them with *Reputation*;
- Serving as locus for ‘*enforceable trust*’, therefore providing Alliances’ partners with a set of deterrents against unfair behaviours. As *Trust* is a powerful effect that – as abovementioned – can even substitute formal Governance structures, these deterrents can be very effective. They can lock unfair partners out of business and (due to the Network Effect of *Trust* and *Reputation*) affect other interactions or alliances, pre-existent or potential.

The key idea is that Resource Based Views of Alliance formation can benefit in terms of explanatory and predicting power from adding Network Resources to the model.

Network Resources are assets that insists in the shape and strength of the relationships between an Organization and its Stakeholders, and refer to the ‘*informational advantage*’ of being part of an inter-organizational Network.

In particular, as abovementioned, Networks carry useful information on availability and *Reputation* of potential partners.

In this sense, Network Resources affect the opportunity set perception of Organization and, consequently, influence its likeliness to enter new Alliances (R.Gulati, 1999).

As he points out, “*a Network of embedded ties accumulated over time can become the basis of a rich information exchange Network that enables firms to learn about new alliance opportunities with reliable partners.*” (Ibid.)

Moreover, Gulati also shows how an important feature that enables new Alliances is the possession of peculiar capabilities regarding Alliance formation and management, which – as already mentioned –can be learnt through accrued previous experience.

Using field interviews on 153 managers of 11 multinational corporations, Gulati demonstrated empirically these theories, figuring out the extent to which the Network of previous Alliances affect the formation of new ones (R.Gulati, 1999).

He indicated Network Resources by the centrality of the Organization’s position in the Network.

In order to measure this centrality, he calculated the ‘*Cliques*’, as the number of sub-Networks in which the Organization is included, and its ‘*Closeness*’, as the number of Organizations between the Focal One and each of the others in the Network.

For capturing the Alliance Capabilities, he used the *Experience* variable, as the number of past Alliance in the history of the Organization.

With his empirical study, Gulati demonstrated that both Network Resources and the Organization’s capability are directly correlated with the proclivity of firms in entering new Alliances.

Naturally, these findings also foreshadow the threat of path-dependent processes linked with the concept of *over-Embeddedness*.

In fact, the gradual production of Network ties can end up locking an Organization into a closed set of potential partners and opportunities.

While Gulati's study only regarded the Network of previous Alliances, the influence of Network Effects on new Alliance formation can be investigated in the whole set of Networks in which Organizations – or, noteworthy, Entrepreneurs – are *Embedded*.

Moreover, the impact of Network Resources on the strategic behaviour of Organizations can be observed beyond the formation of new Alliances.

More recently, in 2007, Lavie performed a new empirical study the contribution of Network Resources to Value Creation, in terms of firm's market performance, focusing on the U.S. Software industry (D.Lavie, 2007).

Moving from the already presented distinction between Value Capture and Value Creation, as the two elements of the combination through which Alliances can enhance firms' performance, the author warns about the risks underlying the latter.

In facts, when a firm engages in an Alliance with a dominant actor of the market, i.e. a well-positioned Organization, with a good Resource endowment, Value Capture mechanisms can even produce a decline in market performance.

Lavie defines Network Resources as the ones *“that are owned by partners yet can be potentially accessed by the focal firm through its ties to these partners.”* (ibid.)

From the author's point of view, the focal firm can leverage such Network Resources in order to enhance its Value Creation capability, in three main ways:

1. Using complementary assets provided by partners, to directly extend its Value Creation opportunities, i.e. improving its marketing channels;
2. Combining Network Resources with internal Resources to generate synergies, i.e. combining different and complementary expertise, provided by different partners;
3. Improving the Value of its Internal Resources, through acceding to intangible assets that enhance the ability of the focal firm to acquire additional Resources, i.e. providing *Legitimacy* and *Reputation* to the firm (as it happens for Start-ups joining celebre incubators).

Besides these Value Creation effects, however, Value Capture mechanisms have to be considered, in the equation for the improving effects of Alliances on a firm's performance.

The higher the prominence of a partner, in fact, the more a focal firm can strive to Capture a satisfactory amount of Value from the Alliance, generating a paradox:

"Prominent partners that stand to make a significant contribution to joint Value Creation may also be able to restrict the appropriation capacity of the focal firm, and consequently undermine its market performance." (D.Lavie, 2007)

The most prominent feature affecting the Value Capture ability of a Focal Firm in a partnership is its *Bargaining Power*, based on the stakes of the parties involved and the availability of alternative partners.

Besides *Bargaining Power*, also *Bilateral Competition*, i.e. the extent to which the Focal Firm's partners can be considered as competitors to itself, can reduce its ability of Value Capture.

Despite – as already pointed out – Social Network *Embeddedness* can play a major role in smoothing these threats, Lavie's study has the merit of isolating the Value Creation mechanisms of Network Resources for Alliances, and the relevant underlying Value Capture threats.

In the next paragraph, I will apply the insights on Network Effects and Strategic Alliances presented above to Social Entrepreneurship, presenting the main consequences and opportunities of embracing such an approach.

In particular, the definition of Social Entrepreneurship embraced in the present research, relying on the predominance of Value Creation on Value Capture (C.M.Santos, 2012), let Social Entrepreneurial Organizations overcome Lavie's threats, and focus on the benefits of Network Effects for Strategic Partnerships.

Later on, presenting *Valemour's* case study, I will present a practical example of Network Resources – useful for building Alliances –relying in a broad set of different Networks., beyond the Network of previous Alliances.

I will also show how these Resources, through influencing Alliance formation, can impact on the actual Business Model of Social Organization, due to the highly *Open* feature of these organizations.

4.2. *Embeddedness, Ecosystem and Social Entrepreneurship*

Scholars highlighted the importance of Social Capital for Social Entrepreneurship, as a promising way to access key resources (Mair & Martí 2006).

This importance leads to questions about the dynamics and consequences of leveraging Social Capital, in terms of Network Effects, *Embeddedness*, and Strategic Alliance formation and management.

While Networks and Strategic Alliances in the Classical Entrepreneurial framework rise issues about appropriation and Value Capture, a focus on Social Entrepreneurship benefits from the predominance of Value Creation.

Due to this change of outline, classical *Transaction Cost* approaches to Alliance formation seem less, if any, useful, mostly relaying on appropriation concerns.

Contrariwise, *Resource Based Views* can unleash explanatory, predictive and even normative potential, provided to embrace an *Open* perspective.

As already pointed out in the first chapter, the Resource-constrained environment in which Social Entrepreneurship is likely to emerge, pushes Social Entrepreneurs into *bricolage*, as the art of recombining existing resources in a new, creative way (M.L.Di Domenico, H.Haugh & P.Tracey 2010 cf. supra par. 2.4).

Certainly, some Resources can be found inside the organizational boundaries, but it seems more likely that an effective *bricolage* has to involve relationships with some partners.

Building up and leveraging the *Embeddedness* in a Strategic Networks of Relationships, in fact, a Social Entrepreneurial Organization can reach valuable resources in a faster way.

Moreover, as Seelos, Mair, Battilana and Dacin pointed out in their study on “*the Embeddedness of Social Entrepreneurship*” (C.Seelos, J.Mair, J.Battilana & M.T.Dacin, 2010), *Embeddedness* in local Networks shapes the ‘*Productive Opportunity*’ for Social Entrepreneurship.

Finally, and more interestingly for this study, “*to create significant and long-lasting change, social entrepreneurs must understand and often alter the Social System that creates and sustain the problem in first place.*” (P.N.Bloom & J.G. Dees, 2008)

Social Entrepreneurs willing to solve problems should embrace an *Ecosystem* approach, oriented toward shaping the whole environment in which the problem was generated. This claim for an *Ecosystem* approach is equivalent to a claim for *Embeddedness* acquaintance in Strategy definition.

High impact organizations “*Change the world around them*” (H.M.Grant & L.R.Crutchfield, 2007), mobilizing a complex set of different members of their ecosystem to achieve a *Sustained Solution*, at a *System level* (C.M.Santos, 2012).

Bloom and Dees describes the Ecosystem in which Social Entrepreneurship is embedded identifying ‘*Players*’ and ‘*Environmental Conditions*’ (P.N.Bloom & J.G. Dees, 2008).

In the table below, I summarized the Ecosystem map purposed by the authors, through which Social Entrepreneurs can hone their strategy.

Players	Resource Providers
	Competitors
	Complementary organizations and allies
	Beneficiaries and customers
	Opponents and problem makers
	Affected or influential bystanders

Environmental Conditions	Politics and Administrative Structures
	Economics and Markets
	Geography and Infrastructure
	Culture and Social Fabric

P.N.Bloom & J.G. Dees, 2008

Being acquainted of the shape of the relevant Ecosystem, Social Entrepreneurs can map the underlying Resource flow and Network Effects, identifying opportunities for Partnerships with Complementary organizations, and ultimately figure out proper strategies for change.

Bloom and Dees identify two major path to achieve the systemic change, after the Social Entrepreneur mapped her/his Ecosystem:

1. *‘Changing one or more of the Environmental Conditions’;*
2. *‘Introducing an Innovation that spreads well enough to establish new and stable behaviour patterns.’*

Here again Social Entrepreneurship enters the Innovation realm, due to the introduction of *“new practices, organizational structures and Business Models that others adopt.”* (ibid.)

The *Ecosystem/Embeddedness* approach is paramount not only for the definition of a proper Systemic Solution, i.e. Business Model for Social Entrepreneurial Organizations, but also plays a major role in *Scaling* the impact of this solution.

Following a similar outline, Grant and Crutchfield empirically demonstrated that ‘high-impact non-profits’ achieve their success working *“with and through organizations and individuals outside themselves to create more impact than they ever could have achieved alone.”* (H.M.Grant & L.R. Crutchfield, 2007)

Moreover, *“the secret of their success lies in how high-impact nonprofits mobilize every sector of society – government, business, nonprofits and the ublic – to be a force for good.”* (ibid.)

Such a framework describes a clear distance from an Organization-focused standpoint on success, based on ‘myths’ of ‘perfect management’, ‘brand awareness’, ‘a breakthrough new idea’ or ‘large budgets’. (ibid.)

Contrariwise, the authors found out that the high-impact non-profit they studied “are satisfied with building a ‘good enough’ organization and then focusing their energy externally, to catalyse large-scale change.” (ibid.)

To explain this dynamic, the authors use the concept of ‘lever’: “like a man lifting a boulder three times his weight with a lever and fulcrum, these non-profit are able to achieve greater Social Change than their mere size or structure would suggest.” (ibid.)

They identified six different patterns in the dynamics through which this ‘lever’ works:

1. Serve and Advocate	High impact non-profits combine direct service program and Advocacy, to acquire Government Resources and to change legislation;
2. Make Markets Work	<p>High impact non-profits find ways to work with markets, influence Business practices, build Corporate Partnerships and develop earned income ventures to achieve Social Change to a greater scale.</p> <p>There are three main ways in which high impact non-profits use markets:</p> <ol style="list-style-type: none"> 1. They help change Business behaviour on a large scale; 2. They leverage markets by partnering with Corporation to garner additional Resources for their cause; 3. They run their own Businesses, generating income that helps fund their programs.
3. Inspire Evangelists	High impact non-profits build strong communities of supporters who help them achieve their larger goals. They value volunteers, donors and advisers not only for their time, money and guidance, but also for their ‘Evangelism’.

4. Nurture Non-profit Networks	High impact organizations help their peers succeed, building Networks of non-profit allies and devoting remarkable time and energy to advancing their fields. They freely share wealth, expertise, talent and power with other non-profits.
5. Master the art of Adaptation	High impact non-profits are exceptionally adaptive, modifying their tactics as needed to increase their success. They have responded to changing circumstances with an Innovation after another.
6. Share Leadership	The leaders of high impact non-profits exhibit charisma, but don't have oversized egos. They share power in order to be stronger forces for good. They distribute leadership within their organizations and throughout their external non-profit Networks, <i>empowering</i> others to lead.

H.M.Grant & L.R. Crutchfield, 2007

This '*Ecosystem approach*' helps understanding the mechanisms that lead Social Entrepreneurship to Success, i.e. achieving real Systematic Change.

It sets a framework for understanding the extent to which a Social Business Model has to deal with the Ecosystem in which the problem it face has its roots.

Finally, Cannatelli and Smith demonstrated the impact of the *Ecosystem* on the relationship between Business Model Openness and "*the likelihood and magnitude of Social Value created through scaling*" (B.Cannatelli & B.Smith, 2011).

First, relying on the literature, they distinguish two patterns to scale social impact: scaling deep and scaling up. The former is about deepening the penetration of the target population through enhancing the offer of products or services.

The latter refers to spread the impact achieved through the Social Innovation in other geographical areas.

Focusing on scaling up dynamics, the two scholars classify further the researches on scaling strategies toward three directions.

1. The first stream of researches investigates the capabilities to develop in order to effectively achieve social impact in geographically dispersed areas.
2. The second direction of enquiry is about the strategies followed to scale.
In this framework, scholars identified three main strategies, according to the degree of control exerted by the Social Enterprises on the scaling process, namely *dissemination*, *affiliation* and *branching*.
3. The third path of analysis refers to “*the interaction between the social organization and the ecosystem in which it is embedded*” (B.Cannatelli & B.Smith, 2011), and it is actually independent from the scaling issue.

The authors focus their work on the second and the third ones.

Here below, I summarized in a table the main features for each of the scaling strategy – branching, affiliation and dissemination – as they are presented by Cannatelli and Smith:

Branching	Branching is the strategy with the highest degree of control and central coordination. It needs the greatest investment in terms of resources. It goes from franchising, to centrally-owned branches spreading a peculiar model.
Affiliation	Affiliation offers some degree of flexibility about how to replicate the innovative solution to social problems. It assumes a Network of organizations sharing principles, best practices and a common model to enhance impact among different regions. Most of the cases, affiliation happens through local actors willing to replicate the innovative solution.
Dissemination	Through Dissemination, an Innovative Solution, the relevant Business Model and all the relevant knowledge are spread. Social Actors in geographically remote area can access to the model and reply it, similarly to an “open source” model.

B.Cannatelli & B.Smith, 2011

Assessing these strategies, first they link each of them to a potential output in terms of both fulfilling expectations and unmasking potential Social Value.

Their aim is to figure out the likelihood and magnitude of Social Value creation, with respect to each of the three scaling strategies.

Therefore, effects of context similarity – form the third stream – are taken into account, valuating the extent to which it affects the previously observed relationships.

Based on Santos' view of Social Entrepreneurship as a Value Creation-focused action (F.M. Santos, 2012), the two scholars inquire how the different strategies lead to different levels of:

- Expectation on the magnitude of Value that will be created through scaling the innovative solution;
- Generation of additional Value with respect to the original context.

In order to do so, they build four theoretical propositions, two for the Branching strategy and two for the Dissemination strategy.

They assume Affiliation output being at the middle between the other two.

In their enquiry, the Open Innovation paradigm enlighten their research providing the two scholars with useful insights about effects of 'Boundaries Openness' (Chesbrough, 2003) or 'False Negatives'. Applying such concepts, the authors broaden the realm of Open Innovation to include Social Entrepreneurship.

About branching, the authors borrow insights from studies on 'Closed Innovation' paradigms. As the Social Enterprise is willing to replicate its model, it expect a similar productivity of the inputs between the original context and the one in which scaling.

Therefore, it expects a low gap between the outputs, or "*a high confidence on the expected social value created*" (B.Cannatelli & B.Smith, 2011).

However, the literature about Closed Innovation expressed effectively that this paradigm overlook unexpected potentials.

Consequently, “*spreading social innovation through branching strategies is associated to a limited likelihood of unmasking potential social value*” (B.Cannatelli & B.Smith, 2011).

To the contrary, the effectiveness of a dissemination strategy strongly depends on how the innovation will be used in the new geographically remote areas.

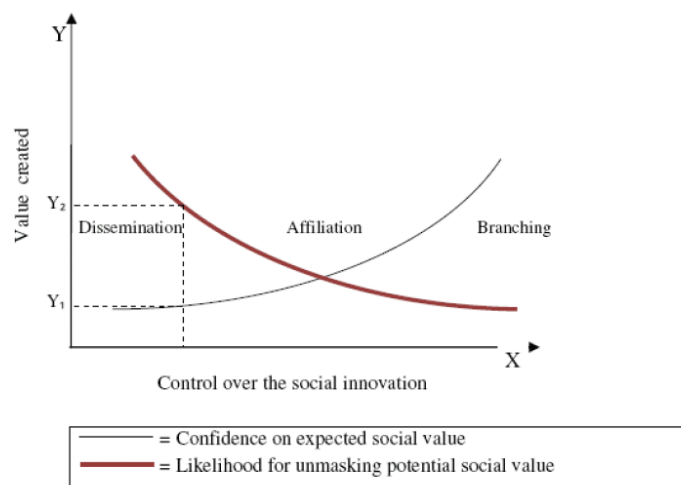
This increases uncertainty, and associates dissemination to “*low confidence on the expected social value*” (*ibid.*).

At the same time, dissemination strategy configures like an Open Innovation, leveraging the “*not all the smart people work for us*” assumption (Chesbrough, 2003).

Thanks to the Open paradigm, probabilities to unmask potential value through a different set of inputs, or a creative application of the model are higher.

“*Spreading social innovation through dissemination strategies is associated to a high likelihood of unmasking potential social value*” (B.Cannatelli & B.Smith, 2011).

At the end of their analysis, the scholars purpose a summarizing scheme of their theories:

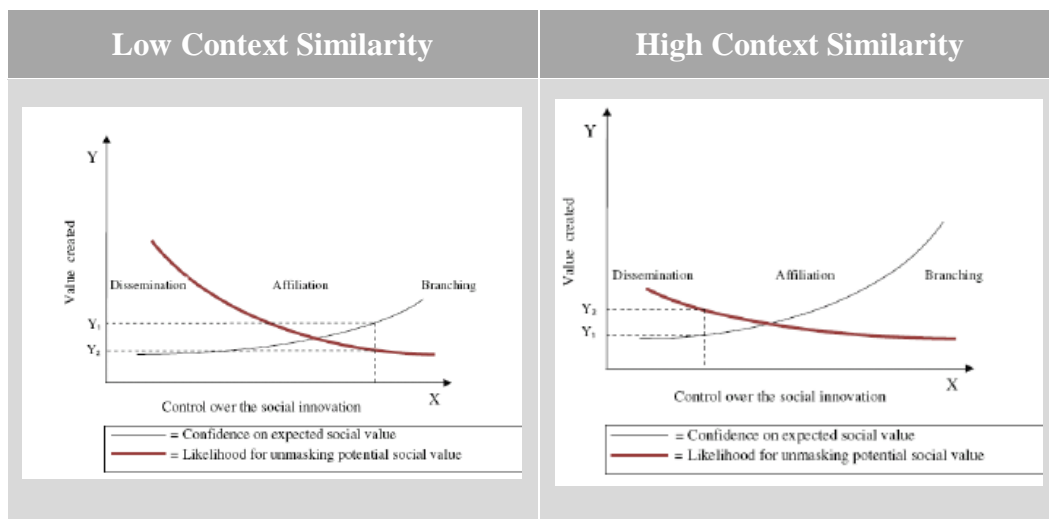


B.Cannatelli & B.Smith, 2011

Applying the Open Innovation framework, Cannatelli and Smith figured out an opposite relation between confidence on the expected outcome of scaling strategies, and likelihood for unmasking potential Value.

Dissemination, the area next to the Y-axis, shows lower confidence on output, but high likelihood for unmasking potential Value.

To the opposite, Branching show higher confidence on the ability of the scaling strategy to enhance Value Creation, but lower likelihood to unmask potential Value. When the authors insert into the model a variable regarding the similarity of the ‘receiving’ context to the ‘original’ one, this variable modify the shape of the model:



B.Cannatelli & B.Smith, 2011

Low context similarity reduces the control over the inputs of the Model to scale, therefore ‘flattening’ the confidence on expected outcome.

In particular, this scenario impacts on branching strategies, which rely on the replication of a given Business Model.

If the context is highly different, it is less probable that the same Model will achieve expected results.

In the same way, high similarity between the original and the new context impact on the probabilities that dissemination strategies unmask unexpected potential Value.

Following the insights from the Open Innovation literature, Open paradigm can unleash potential value leveraging different inputs and mind-sets with respect to the ones in the original organization. If the two contexts are similar, therefore inputs and resources are similar too, and the new users are to some extent restrained from innovating.

As a conclusion, thanks to the work of Cannatelli and Smith, Social Entrepreneurship can fall into Open Innovation framework.

The influence of the context seems particularly impacting on how Social Entrepreneurship can expect its success and evaluate its potential.

The two authors summarize contextual differences into four main different inputs:

- Political conditions, which form opportunities defining the framework for operations, the kind of issues to address, the needs to satisfy;
- Economic conditions, which influence the viability and sustainability of a solution, i.e. a Social Business Model, in a context;
- Geographical and Cultural conditions, which shape the mind-sets of people, determining what is perceived as a need, and even as Value.

This chapter showed how an '*Ecosystem view*' and the effects of *Embeddedness* help Social Entrepreneurs in defining their strategies.

Leveraging their *Embeddedness*, Social Entrepreneurs can mobilize valuable Resources to solve Social Problems.

It also showed that Network Effects can play a major role in scaling the impact of Social Business Models.

In the next chapter, I present an example of how a Social Entrepreneur can embrace Openness at the roots of her/his Business Model, and how her/his *Embeddedness* in an Ecosystem of relationships can be paramount in delivering and scaling her/his Social Impact.

5. Case study: A Field Research on Open Innovation in *Valemour's* Business Model, in the framework of ICSEM Project

"We create a link between Profit and No-Profit, because our aim is not make Valemour become super-big, but insert a super-number of guys in the job market!"

Marco Ottocento, founder of *Valemour*

In this chapter, I present a case study that shines a light on many of the most salient aspects of the theoretical outline presented in the previous chapters.

Moreover, with this case study I aim to contribute to the advancement of the ICSEM (International Comparative Social Enterprise Models) project, *"the largest research project ever undertaken on Social Enterprise and Social Entrepreneurship"*⁵.

Launched in 2013, after the 4th *"EMES International Research Conference"* held at the University of Liege, the Project now involves over 200 researchers from 50 countries⁵, with the aim of *"comparing social enterprise models and their respective 'institutionalisation' processes across the world."*⁷

The project is set under the SOCENT Research Programme on *'Building interdisciplinary and integrated knowledge on social entrepreneurship and social enterprise'*¹ by the EMES international community, and it is jointly coordinated by Jacques Defourny (CES - University of Liege) and Marthe Nyssens (CIRTES – Catholic University of Louvain).

It is articulated in two phases:

1. Mapping Social Enterprise Models: gathering descriptions and information to build typologies of Social Enterprise Models;
2. Institutionalisation processes of social enterprise models: Inquiring the place of Social Entrepreneurship in the overall Economy.

⁵ www.iap-socent.be/icsem-project

This Case Study adds to both the phases, but in particular contributes in presenting a Model of Social Entrepreneurship configured as an *Adaptive Platform* (H.Chesbrough, 2007), based on leveraging Strategic Partnerships and Stakeholder Networks.

In the previous chapters, I reviewed the state-of-the-art literature on Open Innovation, Stakeholder Engagement and Network Theories applied to Social Entrepreneurship.

Thereby, I purposed to analyse Social Entrepreneurship from an Open standpoint, in order to comprehend the underlying dynamics that lead Social Entrepreneurial Projects to succeed.

I concluded that Social Entrepreneurs could use their Social Capital and Network Resources in order to build Open Business Models (H.M.Grant & L.R. Crutchfield, 2007, cf. supra 4.2).

I also realized that such a practice leads to a more effective toolkit for both addressing the relevant Social Problem and scaling the Social Impact.

The main leverage is the ‘active’ Ecosystem of relationships in which the Social Entrepreneur is *Embedded*, which creates the opportunities for Business Model Innovation (C.Seelos, J.mair, J.Battilana & M.T. Dacin, 2010, cf. Supra 4.2).

Naturally, this outline leads to a number of major managerial implications.

To figure them out and to watch this practice at work, I hereby propose the study of the Italian ‘Social Brand’ *Valemour*, as a significant Social Entrepreneurial case.

Valemour’s case demonstrates what can happen when a Social Entrepreneur leverages his/her Social Capital to build different Business Models together with different partners.

Two aspects of *Valemour*’s Business Model are crucial for this case and the purposed theoretical framework:

- **The Openness of the Business Model**, which is built up together with the partners. Through this Open process, *Valemour* is configured as an ‘*Adaptive Platform*’, the last stage of *Business Model Openness* described by Chesbrough (H.Chesbrough, 2007, cf. supra par.3.1);
- **The importance of Embeddedness and Network Resources**, which played a fundamental role in the idea generation, implementation and evolution. *Embeddedness* and Network Effects represent the main channel through which *Valemour* increased its Network of partnerships (R.Gulati, 1999, cf. Supra par. 4.1) and, therefore, scaled its Impact (B.Cannatelli & B.Smith, 2011, cf. supra 3.2).

As it will be explained in details, the Social Entrepreneurship idea arose in the framework of the Verona’s territory, home of a strong fashion and fabric district.

Implementing a true action of *Bricolage* (M.L.Di Domenico, H.Haugh & P.Tracey 2010 cf. supra par. 2.4), the Social Entrepreneur who founded *Valemour* relied on his pre-existing Network of contacts and partners in the fashion industry, in order to implement his ambitious project.

Valemour can be seen as a *Social Business Model Bricolage* project, as it is configured as an umbrella-brand under which different partners co-invented different Business Models for helping the project to achieve its mission.

In this way, *Valemour* represents a powerful, replicable example of Open Innovation in the Social Entrepreneurship framework.

Noteworthy, it accomplished its success as a result of *Embeddedness*, i.e. capitalizing the local Network of Fashion Firms for achieving Resources and Information.

Moreover, *Valemour* involved in its project the ‘CoorDown’ Network – the Italian National Network of organizations committed to improving the well-being of people affected by the Down syndrome –scaling its impact to a National level.

5.1. Research Design and Field Study techniques

In order to get the most out of the case study, I applied a polyhedral methodology, which combined different inquiry techniques.

Nothing of what I did would have been possible without the openness of *Valemour*'s team in terms of knowledge and insights sharing, in particular with respect to their Business Model and valuable Network of partners.

I first approached *Valemour* using the web, both exploring the project's website and collecting online media releases.

Then, for three whole days – from the 20th to the 22nd of April 2015 – I went to Verona in order to gather direct information about *Valemour*'s Business Model.

I specifically investigated the relationships between *Valemour* and its Stakeholders, and the Social Network the firm is *embedded in*.

I structured my Field Research using different methodological approaches, from the structured interview to informal talks.

I had the chance to meet and interview some of the key members involved in the project, such as its Founder, the Chief of Financial Officer of the Cooperative, and the responsible for the Fund Raising activities of the Foundation.

I also had informal conversations with different Stakeholders, from 'co-development' to 'job-inclusion' partners.

- **Structured interview**

In my Field Research I used the questionnaire through which SOCENT is carrying on its ICSEM project, integrated with a '*Common Tone*' section (L.Mongelli, F.Rullani, P.Versari, 2014).

The questionnaire is composed by 71 questions (open questions or multiple choice) organized in 6 different areas (cf. Annex 1).

It was designed *ad hoc* to seek for Models of Social Entrepreneurship, which make it relevant for my study (it also includes two areas of enquiry focussed on Stakeholders and on Network memberships).

- **Semi-structured interview**

My fieldwork also included a semi-structured set of questions, on *Valemour's* Network of Partnerships.

The semi-structured interview process included questions about Stakeholder individuation, engagement and management, questions on the shape of *Valemour's* Business Model and questions about the influence of Networks.

- **Informal one-to-one conversations**

Through informal conversations, I had the opportunity to gather the sentiment and their level of acquaintance relative to Network Effects.

I also had the opportunity to speak with some of the external partners and Stakeholder involved in *Valemour's* projects – both on the Social and Economical side of the Business Model – which has been useful for understanding how strong and transparent are the ties between the Cooperative and its Partners.

- **Visit at the Cooperative's place and *Valemour* Store**

Visiting the place in which *Valemour* carries out its mission of preparing people affected by the Down-syndrome to access the labour market, was crucial for understanding the dynamics behind the Model.

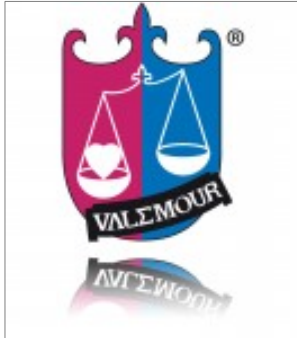
In the same way, the visit at the physical Store of *Valemour* in Verona, gave me the opportunity to appreciate the marketing and client-relationship sides of *Valemour's* Business Model.

- **Financial analysis**

I had the chance to collect and organize some financials from the first three years of the project's activity, which enabled me to evaluate *Valemour's* performance also from a quantitative perspective.

5.2. Valemour's Business Model and Value Proposition

On Valemour's website, the presentation of the project stresses both the concept of *Value* and the importance of Profit – Not-for-profit partnerships:



“VALEMOUR finds its matrix in the word ‘Value’: Value of Peoples, Value of Time, Value of Projects and Ideas.

A Value that you can choose.

VALEMOUR is born from a dream in which the enchantment of glamour meets the love for our ideas, values and projects. A dream in which for-profit and not-for-profit dialogue on a crimson and blue libra”⁶

Valemour is a ‘social brand’ set up by the Italian foundation ‘Più di un Sogno onlus’ and managed by a separate not-for-profit Cooperative entity ‘Vale un Sogno onlus’.

Answering the questionnaire, the Cooperative indicated three main services as their Core Business:

- Professional training of people with mental disease;
- Services to Organizations for the employment of people with mental diseases;
- Production of fashion apparel under Valemour Social Brand.

As mentioned, the mission of the cooperative is to facilitate the access to the labour market of adults affected by Down- syndrome.

In Italy, the law⁷ forces companies with more than 50 employees to employ people with handicaps, down to the 7% of their personnel.

While it is easier for companies to comply with the law, hiring people with physical or sensory disabilities (or even outsourcing the requirement to a Cooperative), taking on board people with mental diseases is very hard.

⁶ www.Valemour.it

⁷ Law 68/99

Therefore, there is a gap in the labour market between this kind of people and their access opportunities, which represents a “*neglected problem, with positive externalities*” (F.M.Santos, 2012, cf. supra par.2.1).

In fact, the law does not include specific provisions for the inclusion of mental handicapped people (excluding the possibility of public subsidies, up to 60% of the wage), and firms are not able to deal with the number of issues related with these employments.

In front of this double failure, the ‘*Vale un Sogno*’ Cooperative works as a ‘*bridge*’ between firms and adults with mental diseases.

“Our real aim is the model of relationship with the Enterprises that we created. What we called ‘Formative Hub’ has a model of reference, regarding the contact and relationship with Enterprises. (...)Our formative Hub should not be just work training, but a real Service for Enterprises... for the same reason that we, Valemour, we are the match between Profit and Nonprofit. My service is not for the guy – I know his/her potential because I’ve known him/her since he/she was a baby – my service is for the entrepreneur. How can I help the Entrepreneur fulfilling the law 68/99?”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

The Cooperative builds *ad hoc* “*insertion projects*” for each adult they take care of, tailored on the specificities of the offered job position and the firm.

First, the sanitary personnel of the Cooperative goes to the Enterprise, identifies the job position that is more suitable for a possible inception and map its key activities, as well as the structure and working environment of the Organization.

Then, they select the person who fits the most for the role between the Adults, and train him/her to the specific activities involved.

The training involves a period of '*Simulation*' of the job and its activities within the Cooperative.

A group of voluntaries named '*Più di un Collega*' ('*more than a colleague*'), participates to the simulation, helping to recreate the working environment.

The Cooperative offers to the Enterprises these services of mapping, training and consulting free of charges, because the final mission is to reduce the barriers to employment for people with mental diseases.

"I first have to Give to the Enterprise: I go to the Entrepreneur and offer him/her a service, and do you know how do I offer my service? Free of charges. Do you know why I offer it free of charges? Because it is my own interest that a guy is employed!"

Marco Ottocento, Founder of *Valemour* (cf. Annex 2)

Through *Valemour*, the Cooperative pursues two different goals:

1. Financing the not-for-profit projects, i.e. the free activities of mapping the job activities, training the prospective employees and consulting the receiving Organization;
2. Providing the Cooperative with valuable jobs, which are valuable to the Cooperative's mission for two reasons:
 - a. The Cooperative offers these jobs to adults with mental diseases that, for some specific clinical reasons, are not able to access the labour market and, therefore, become employees of the Cooperative;
 - b. They provide the Cooperative with activities that are useful for the '*Simulation*' context and for training prospective employees to behave properly in a working environment.

As revealed by the survey conducted, the above-presented Model set up by the Cooperative, carries some major Innovations, under both the Economical and the Social side:

1. The typology of professional training offered to people with mental diseases, using an environment of '*Simulation*';
2. The abandon of '*welfare-ism*' in favour of economic sustainability;
3. The Profit-Nonprofit partnership model.

Each of the three Innovation listed above is consistent with the theoretical framework presented:

1. The '*Simulation*' context is an Innovation concerning *Empowerment* (World Bank, 2009 cf. supra 2.3).

In fact, the main target of the Cooperative is integrating its 'users' in other firms or Organization, provide them with true Independence.

Noteworthy, *Valemour* is not a project aimed to give job to people with mental disease. It was ideated – and it remains – a fund raising activity for financing the insertion programs.

Ultimately, the real success of the Cooperative is precisely to set the principal 'users' of its services free from those services.

"Imagine Valemour Brand growing overwhelmingly. We should hire many workers, and they should be workers of this kind...you see? Our aim is not to recreate a new cage!"

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

If the 'users' remain within the Cooperative, it is because of a 'failure' in the employment and integration process.

2. The target of the '*Economic Sustainability*' of the Cooperative leads to the generation of a real Social Business Model, similar to the one outlined in the second chapter (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010 cf. supra par. 2.4).
3. The Profit-Nonprofit partnership is a kind of Social Innovation treated extensively in the present study.

Being commonly recognized as a feature of many successful Social Entrepreneurial projects (A.R. Andreasen, 1996; H.M.Grant & L.R. Crutchfield, 2007, cf. supra 4.2), it positions *Valemour* project at the same level of *Grameen Danone*, *Grameen Veolia* or *Grameen Phone* (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010, cf supra 2.4).

The survey also revealed that the Innovative features concern the Products, Processes and Marketing parts of the Business Model:

Product	Products are co-produced with For-Profit partners;
Process	The process of inclusion in the work environment of the person with mental diseases is managed through a mutual adaptation of times and needs between the firm and the person. Both the ' <i>mapping</i> ' of the receiving Organization, and the ' <i>simulation context</i> ' represent Social Innovations.
Marketing	The Co-branding model allows a match between a Social Brand and a Commercial Brand, also exploiting the marketing channels of the partners.

Moreover, consistently with the above presented theoretical framework, the Cooperative confirmed in the questionnaire that Innovation implies an innovative way to engage with Stakeholders.

In particular:

'Users'	Here 'Users' refer to the Adults with mental disease. The innovation regards the training under a ' <i>Simulation</i> ' context;
Volunteers	Project ' <i>Più di un collega</i> ', through which Volunteers participate to the 'job simulations' as 'colleagues', in order to replicate a real working environment;
Business Sector	Innovation implies the involvement of For-Profit Firms for co-producing co-branding and commercializing fashion apparel using different Business Models.

In order to realize this Innovation, *Valemour* leverages partnerships with well-known Italian excellence companies, as well as local firms.

The Social side of Value Creation activities (the crimson side of the libra) is expressed through the so-called "*formative hubs*", i.e. the formative processes.

Through the '*formative hubs*', the Cooperative links firms with 'users', matching their features and needs and closely following the development of their relationship with firms.

As abovementioned, the Economic Side of Value creation (the blue side of the libra) is mainly realized through partnerships with the for-profit sectors.

In some cases fashion giants such as Geox and K-Way agree to co-create *Valemour*-branded fashion objects, which are in part produced by people affected by various intellectual diseases.

In some other cases, firms provide *Valemour* with products to be just customized with the *Valemour* brand, and then sold for the Cooperative's financing.

Finally, some Partners offer their own design expertise, or marketing channels.

“I mean, we do not want to become the most important Brand in the world, make hundreds of millions in revenues... our aim is the work inclusion: Co-Branding means that we work together with Enterprises. (...) Therefore, we should be able to speak with others, not as enemies, but as Partners!”

Marco Ottocento, Founder of *Valemour* (cf. Annex 2)

It is possible to identify four different Business Models with which *Valemour* produces and markets its products:

Business Model	Num. Products or Collections	Ratio	Dynamics of the production
<i>Valemour</i> products	2	Job Formation / Fund Raising	Produced and commercialized entirely by <i>Valemour</i>
Co-Branding	7	Job Formation / Fund Raising	Co-produced by partners and <i>Valemour</i> , commercialized by partners (and by <i>Valemour</i> to a small extent).
Customization	8	Fund Raising	Produced by partners, customized by <i>Valemour</i> (mostly applying a Branded detail, or recoloring the fabrics), commercialized exclusively by <i>Valemour</i>
Ad hoc products	2	Fund Raising	Produced by partners exclusively for <i>Valemour</i> , commercialized by <i>Valemour</i> or partners.

Each of these Business Models has been co-ideated with the Partners in order to better respond to the needs of both *Valemour* and the Partner.

I summarized in the table below all the products and collections *Valemour* has been commercializing in these first three years of activities.

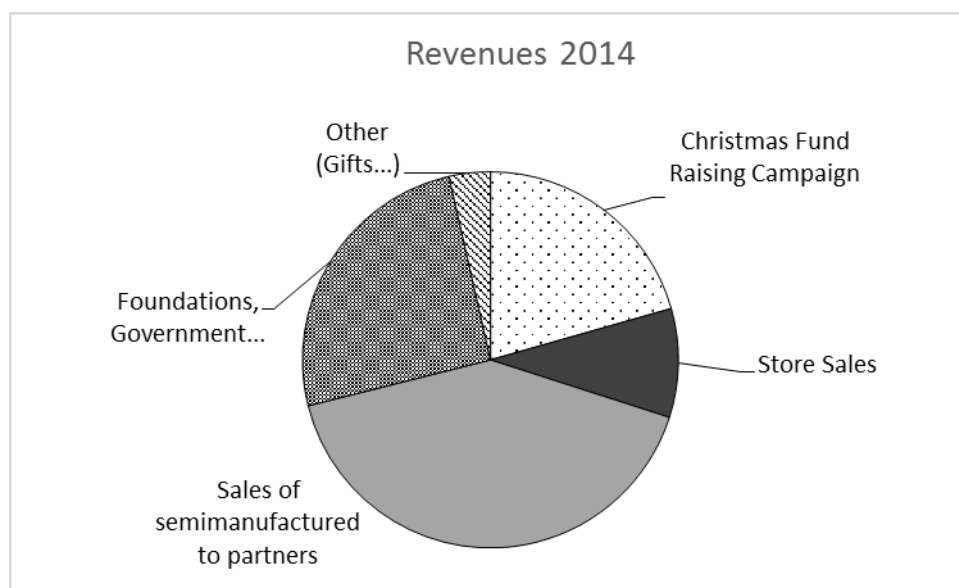
Business Model	Products	1. Production	2. Customization	3. Commercialization	Suppliers	Other Partners	Vale un Sogno' Activities	Year
Valemour Products	Snappy (It was born as a co-branding 'HTC For Valemour')	Valemour	Valemour	Valemour & Zoppini	- Riri (Buttons) - Okinawa (Leather and Colours)	- Packaging Crivellaro - Denim fabric for packaging Candiani - Volunteers for sewing the packaging - Design M.R.	colouration and assembling and commercialization	2011- 2012-2013- 2014: Prodotto Valemour
	Sarongs and Scarves	Valemour	Valemour	Valemour	- NK (Fabric) - Packing Tyle - Finishing BiellaFancy - Colour F.L. - Labels Tessilgraph	- Design F.L. - Volunteers saw the labels	colouration and commercialization	2014
Co-branding	collection Cantori for Valemour	Cantori	Valemour	Cantori & Valemour (to a smaller extent)	- Cantori for the chairs - Colour F.L. - Design F.L. - Finishing BiellaFancy		Fabrics colouring	2015
	collection 1 Geox for Valemour	Geox	Valemour	Geox & Valemour (to a smaller extent)	- fabric Canvas di Geox - Colours F.L. - Finishing BiellaFancy - Scarfs' fabric NK - Colours F.L. - Finishing BiellaFancy - Packing Tyle - Labels Tessilgraph	- scarfs Labeled by Volunteers - Other 8 members of coordown - Marketing and press office Geox - DueMonete communication agency Geox - Testimonials: LaPina, Cracco, TrioBoiler, Zanetti (Coordown)	Fabrics colouring + Packing scarfs	2014
	collection 2 Geox for Valemour	Geox	Valemour	Geox & Valemour (to a smaller extent)	- leather Geox - Colours and Finishing Conceria Montebello - Finishing BiellaFancy - Colour F.L.	- scarfs Labelte da Volontarie - Other 8 members of coordown - Marketing and press office Geox - DueMonete communication agency Geox - Testimonials: LaPina, Cracco, TrioBoiler, Zanetti (Coordown)	Fabrics colouring	2014
	collection 3 Geox for Valemour	Geox	Valemour	Geox & Valemour (to a smaller extent)	- fabric Geox - Colour F.L. - Finishing BiellaFancy - Corrieri GLS and I messaggeri del Garda	- scarfs Labelte da Volontarie - Other 8 members of coordown - Marketing and press office Geox - DueMonete communication agency Geox - Testimonials: LaPina, Cracco, TrioBoiler, Zanetti (Coordown)	Fabrics colouring	2015
	Fiorami for Valemour	Fiorami	Valemour	Valemour & Fiorami	- Fiorami - Design M.R.	-	-	2013-2014
	K-Way (recoloured)	K-Way	Valemour	Valemour	- K-Way - Colour F.L. - Design F.L. - Packing Coop Studio Progetto - Finishing F.L.	- AIRDown Association (TO)	Fabrics colouring	2013-2014
	Nygard for Valemour	Nygard	Valemour	Valemour	- Materials Nygard - Hooks Destro		Bracelet composition	2013-2014
Customization (Valemour creates 'limited editions' applying a branded snap button to a stock of the partner's best-known products)	Jeans DonDup Music with snap button Vaemour + Snappy	DonDup	Valemour	Valemour	- DonDup (Gift) - washing LT - Bottoni RiRi - Design Andrea Scatolin (Logo Valemour designer, one of the first volunteer, M.O.'s friend)		washing and snap button	2011-2012 - Ricolouration 2015
	Products Atipico	Atipico	Valemour	Valemour	- Bottoni RiRi - colouration F.L. - Finishing F.L.		snap button + future ricolouration of product	2015
	40weft	40weft	Valemour	Valemour	- material partner - snap button RiRi		snap button	2012-2013-2014
	Jacob Coehn	Jacob Coehn	Valemour	Valemour	- material partner - snap button RiRi		snap button	2011-2012
	MET	MET	Valemour	Valemour	- material partner - snap button RiRi		snap button	2012-2013
	Franklin&Marshall	Franklin&Marshall	Valemour	Valemour	- material partner - snap button RiRi		snap button	2012
	Macrameo	Macrameo	Valemour	Valemour	- material partner - snap button RiRi		snap button	2014-2015
	Polo Sun68	Sun68	Valemour	Valemour	- Sun68		snap button + Laser	2012-2013
Ad hoc products (Partners produce specific products for Valemour)	Belts 'HTC for Valemour'	HTC	Valemour	Valemour	- leather HTC - colouration F.L.		-	2012-2013
	collection 'Reign for Valemour' (60 pz)	Reyn	Reyn	Valemour	- Reyn		-	2012

The table organizes the products with respect to the relevant Business Model, highlighting the role of each partner involved in the production.

“With Enterprises one can study a thousand of different models, what is important is that the models we study can engage our guys to make each product unique... because this is what is incredible here!”

Marco Ottocento, Founder of *Valemour* (cf. Annex 2)

In 2014, half of the funds of the Cooperative came from Business activities, thanks to the ‘*Geox for Valemour*’ partnership, and the sales of the store:



Revenues	Fonti	2010	2011	2012	2013	2014			
Revenues from sales	Christmas Fund Raising Campaign	€	30.050	€	64.172	€	109.196	€	111.873
Payments	Store Sales	€	-	€	13.304	€	46.121	€	50.790
Services	Semimanufactured	€	-	€	15.461	€	82.977	€	223.336
Contributions	Foundations, Government...	€	11.500	€	128.000	€	163.888	€	60.927
Other	Other (Gifts...)	€	1.000	€	5.229	€	342	€	3.289
Total		€	12.500	€	163.279	€	257.167	€	302.510
								€	543.138

5.3. *Valemour*'s Ecosystem and Network of Stakeholders

Valemour is a project that finds its reason of existence in the partnerships it is able to build with its Stakeholders, at different levels.

As abovementioned, in fact, *Valemour*'s Social Strategy is based on its relationships with firms willing to employ people with mental diseases.

The Economic Strategy involves the co-creation of different Business Models accordingly with the opportunities resulting from the peculiar relationship with each Stakeholder.

In both cases, *Valemour* builds *strong ties*, on the basis of trust and cooperation, with many different Stakeholders. They call it '*Economy of Relationships*'.

"I would call 'Economy of Relationships' the one in which in every single economic relationship, the most important thing is that the Person you have in front of you is first of all a Person! (...) I am a salesman: when I go in front of a client, it is a really important moment... but because he/she is a Person, not because I have to take advantage from him/her! Neither is good the other way, in which I am a supplier and you can take advantage from me! No! I hate those things!"

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

For the purposes of my study, I first of all identified who these Stakeholders are, and how their Network is configured with respect to *Valemour* (i.e. the Coop. '*Vale un Sogno* ') as the Focal Organization.

There are two main kind of Stakeholders, which to some extent overlap: the set of Stakeholders related to the Social Mission of '*Vale un Sogno* ' cooperative, and the set of Stakeholders related to '*Valemour* ' Social Brand.

These two sets create together the Network of Stakeholders leveraged by *Valemour* to achieve both its Social Mission, and the Economic Sustainability of the Business Model.

It is fundamental – for the Social Mission of *‘Vale un Sogno’* – to build a strong and trustworthy Network of partners that are interested in assuming people with mental diseases.

In the same way, the Business Model Innovation embodied in the Profit-Nonprofit partnerships needs a Network of Commercial partners.

For instance, the *‘Geox for Valemour’* project involves a Nation-wide Network of Cooperatives that the Cooperative engaged through the *‘CoorDown’* Network.

“We have partners that started working with us with Co-Brandings...like Geox...and now they want to hire guys. In the very end, who manage the enterprises are always Persons...and therefore there will always be...for instance someone who starts with a product, or with the 68/99, and then hire a guy without giving us a product. (...) We are quite multi-tasking!”

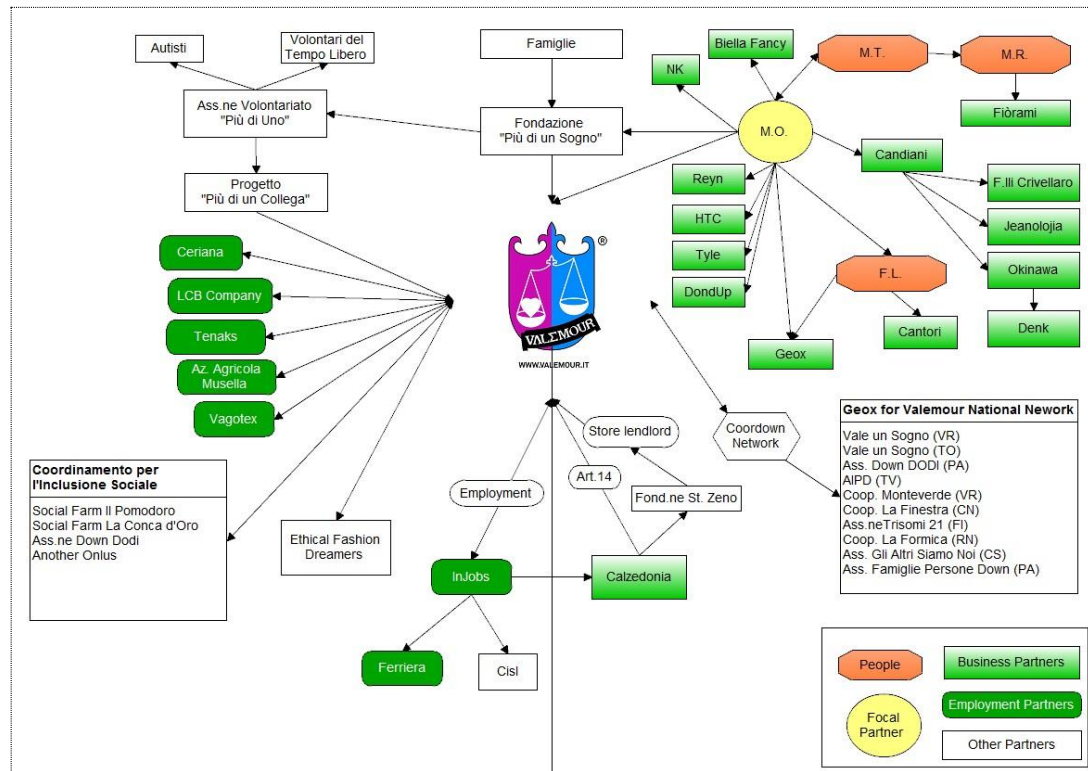
Marco Ottocento, founder of *Valemour* (cf. Annex 2)

Acting in this way, *Valemour* configure itself as an *‘Adaptive Platform’* (H.Chesbrough, 2007, cf. supra par.3.1), with an entrepreneurial mind-set and a social aim.

On this platform, different *Stakeholders* collaborate in pooling resources and ideate Models for enhancing and scaling the Cooperative’s Social Impact.

The strength of *Valemour*, in fact, relays in its ability to mobilize different partners *outside* the boundaries of the Organization (H.M.Grant & L.R. Crutchfield, 2007, cf. supra 4.2)

Based on the information collected in the semi-structured interviews and informal conversations I had with the Cooperative, I draw the Network of partners, as follows (physical persons are indicated with their initials).



In the Survey, the Cooperative indicated three main formal Networks in which it takes part:

- **‘Coordown’**: A National Network of Organizations that face the needs and the issues related with people with mental diseases;
- **‘Coordinamento per l’Inclusione Sociale’**: Regional Network of Organization addressing ‘Social Inclusion’ related issues;
- **‘Geox for Valemour’ Network**: The Network of Cooperatives gathered by Valemour to partner with Geox in co-producing fashion apparel.

In addition to these Networks, *Valemour* figured out some interesting tools for engaging other kind of Stakeholders, i.e. supporters and customers:

- The ‘*Ethical Fashion Dreamers*’ community, which includes people that work for the project, friends and supporters in an engaged Network;

“We call our target customer the ‘Ethical Fashion Dreamer’, because he/she must be one that likes Ethics but without exaggerations...I mean, he/she can accept a Brand, if we are talking about Fashion.

He/she can be a Fashion Victim, but he/she should be open-minded also in front of unbranded products.

What is most important, he/she has to be a dreamer.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

- Using the physical store as a ‘*Contact point*’ to engage with clients;

“Every night I ask for revenues, but also for the number of people we spoke with. Through a ‘contact point’, for our type of activity, the contacts that I make can be even more important than Revenues, because contacts generate opportunities.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

- The ‘*social Network rock-stars*’, testimonials that use their Social Network accounts (Facebook, Twitter, etc.) for spreading the voice when it comes to the launch of new products or collections.

5.4. *Embeddedness* and Network Effects in *Valemour*'s Business Model

As pointed out in the previous theoretical chapters, Network Effects are likely to impact an Organization's Corporate Strategies (R.Gulati, 1998, cf. Supra par. 4.1).

In the case of *Valemour*, the *Embeddedness* of the Organization in its Network produced different Business Models, which are co-ideated with the partners.

“Activating all this, it is clear that our efforts are put in making all these mechanisms work, and therefore we started creating an ‘Economy of Relationships’. All that we do is an ‘Economy of Relationships’.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

This Strategy of *Business Model Openness* is based on two main Network Effects, presented in this case study:

1. The *Embeddedness* of the founder Entrepreneur in a rich Industry Network.

Valemour project arose as a Fund Raising idea for the non-profit activities of the Cooperative.

The choice of creating a Fashion Brand is clearly an action *Embedded* in the Organization's Social Context (C.Seelos, J.mair, J.Battilana & M.T. Dacin, 2010, cf. Supra 4.2), for at least two reasons:

- M.O., the founder of the project, spent his entire life working in the Fashion and Fabric Industry and his contacts in this Industry are many and strong;
- The Verona province hosts many of the Italian SME as well as Fashion and Fabric Industry excellences, as it is proved by the existence of a number of hardworking Districts (e.g. *Distretto Verona Moda*).

Districts act as catalysts for (bounded) transfer of knowledge, skills and creativity (T.Aage & F.Belussi, 2008).

As a consequence, it seemed natural, for M.O., to start his Social Entrepreneurial Project in the Fashion Industry.

From his direct experience in the sector, M.O. was aware of the huge number of Resources that building a new Fashion Brand requires.

From this Resource Constraint came the initial idea of engaging with Partners for customizing products to be marketed under a Co-Brand Identity.

“Coming from the Fashion Industry, I know what it means to build a Brand from a cost standpoint. Why don’t we do something that could be even more representative of this Profit-Noprofit union, starting our production with co-brandings?”

We want to arrive at the point that Valemour is a self-standing Brand, but let us start with Co-Brandings. But, you know, also for making Co-Brandings...you have to reach the point in which you can make Co-Brandings!”

Marco Ottocento, founder of *Valemour* (cf Annex 2)

Consequently, thanks to the involvement of the Partners, and the *Open* mind-set of the Cooperative, the Organization became an ‘*Adaptive Platform*’. (H.Chesbrough, 2007, cf. supra par.3.1)

Valemour success is the product of different Business Models, co-ideated with its Network of Partners believing in the Social Mission of the Organization, willing to Co-Produce, Co-Brand and Co-Market *Valemour* products.

If the founding idea was *Embedded* in the Social Context, this final *Open* configuration is the effect of another Network Effect:

2. The effect of *Trust* and *Business Model Openness* in enlarging the Network.

The process of systematic enlargement of *Valemour's* Network of Partners from simple collaborations to the abovementioned '*Platform*' is the direct result of the Network itself.

While the first set of Partners came to *Valemour* from the founder's *Embeddedness* in the relevant Industry, many others were introduced to the Organization thanks to its previous relationships.

"The 'Economy of Relationships' is a Network! Networking...which is a real job...means creating Relationships. (...) When Giving is before Receiving, Trust is generated! (...)

Then, without claiming, the 'Free Giving' comes back with interests. I have never seen an Enterprise in which I inserted one of our guys, that did not helped us in some other way, (...) also opening new Relationships!"

Marco Ottocento, Founder of *Valemour* (cf. Annex 2)

In this way, the Impact of *Valemour* scaled both on its Economic and Social side, increasing the number of Adults the Cooperative can train, and even engaging other Cooperatives in its projects (B.Cannatelli & B.Smith, 2011, cf. supra 3.2).

As theoretically (R.Gulati, 1999, cf. Supra par. 4.1) presented, *Valemour's* '*Opportunity Set*' and its relevant perception have been affected by the pre-existent Partnerships and Relationships.

This process has in *Trust* the main engine (R.Gulati, 1998, cf. Supra par. 4.1).

The Partners, in fact, trust *Valemour* as a serious project, even committing their Brand and Visual Identity in co-producing and co-marketing products.

“How one can create Relationships? When you listen to the Person you have in front of you, and he/she listens to you. When it is known that he/she does not want to cheat on you and for you is the same. (...)

We built a sick Economy, in which there is no Trust (...)

The most important thing about being humans, the most important thing about building a town, the most important thing about politics, the most important thing about the wife and the husband, most important thing about the father and the son...is Trust. (...) Two things you can never buy: Trust and Time.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

Logically, this commitment relies on the transparency and ‘*Openness*’ of the relationship (R.Maiolini, F.Rullani & P.Versari, 2013, cf. supra 3.2), but a great level of ‘*blind Trust*’ is still present.

The Cooperative, for instance, trusts the partners’ marketing strategies when they offer their own channels, even for pricing policies.

This trust is transmitted between the Partners through the *Embeddedness* of the ties between companies in the relevant Social Network (B.Uzzi, 1996).

It happened, for example that the Top Management of one of the Partners was told about *Valemour* by two different Stakeholders.

This contingency, acting as a Network Effect, naturally multiplied the interest – and the trust – in the project.

In other circumstances, Partners invited *Valemour* to join their marketing events and fairs, sharing their contacts and letting start fruitful relationships between their Stakeholders and the Cooperative.

Among the four different Business Models, one in particular – the *Co-Branding* partnerships – represent an interesting Best Practice for studying Profit-Nonprofit partnerships in Social Entrepreneurship (A.R. Andreasen, 1996, cf. supra 4.2).

The model, in fact, has its power in representing a true Stakeholder Relationship, and not just a CSR or Charity activity (K. Yokoyama, 2008, cf. supra 3.2).

The Profit partners provide the Cooperative with raw materials and training about the production of semi-manufactured items.

The Cooperative (or the Network of Organizations it mobilizes, as in the ‘*Geox for Valemour*’ case) produces the semi-manufactured items, and sale them to the Partner for finishing the production. Finally, the products are marketed under a Co-Branding Visual Identity. In this way, *Valemour* is a Supplier of its partners, and the relationship between them configures as a real Business.

5.5. A perspective view on *Valemour*: Impact and scale potential

I presented *Valemour* as a success story and a Best Practice of Open Social Innovation and of leveraging the *Embeddedness* in an Ecosystem to succeed.

The economic success of *Valemour* Business Model can be inferred by the size of economic Resources that the Cooperative is able to reach through the Social Brand, but also by the evolution of the Business Models.

“We started selling products through our friends’ channels. Then we started our E-Commerce. Finally, we had the opportunity to open a store. (...) Step by step, the new models will substitute the old ones, and therefore the growth of our Brand will first substitute the first-level Co-Branding based on making Limited Editions of others’ products...and then we hope it will be increasingly important also with respect to Co-Branding made for other enterprises. But it will take time.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

As presented above, the Cooperative is becoming increasingly independent from public funds and private donors, aimed to reach the ‘*Subsidiarity*’ target of 33% from Government, 33% from the Families, 33% from Business Activities.

“We imagined Subsidiarity as a concept that we call ‘the concept of 33%’. (...) As a subsidiary, I (a parent, ed.) accomplish my duties not for being assisted, but I invest on my guys, exactly as I invest on each one of my sons and daughters without disabilities. Then we (the Foundation, ed.) seek another 33% on the market, through our production, or through engaging enterprises and citizenships on fund raising operations. Finally, we claim the last 33% from Government. Because with job we give conclusion to a whole project of autonomy.”

Marco Ottocento, founder of *Valemour* (cf. Annex 2)

The ‘social bottom line’, however, is harder to be evaluated: So far, the Cooperative has been able to let four adults being employed in four different firms, even if one of the integration programs failed.

So far, all the Partners, including the one in which the program failed, declared their complete satisfaction with the services offered by the Cooperative.

A number of other organizations asked for the Cooperative’s services. As abovementioned, employing an adult with mental diseases is a huge commitment for a firm, which could still obey the law through less demanding programs.

Nowadays, the Cooperative is satisfied with the results of its Social and Economic Model, and willing to scale and replicate it for enlarging its impact.

In order to deepen the evaluation of the actual and potential impact of the Cooperative’s model, I borrow from the previous theoretical chapters the indications on how to build a high impact non-profit (H.M.Grant & L.R. Crutchfield, 2007), and try to apply them to *Valemour*.

1. Serve and Advocate	The Cooperative ‘ <i>outsource</i> ’ Advocacy actions to the formal Non-profit Networks in which it participates;
2. Make Markets Work	The Cooperative found its Business Model on collaborating with the Market. In particular, through the ‘ <i>Valemour</i> ’ Social Brand, it partners with firms and Corporations to run a Valuable Business..
3. Inspire Evangelists	The Cooperative ideated the ‘ <i>Ethical Fashion Dreamers Community</i> ’ to engage supporters. In particular, the community aims to create a strong relationship between clients, volunteers, employees and donors. Building this community is exactly a way to promote ‘ <i>Evangelism</i> ’;
4. Nurture Non-profit Networks	The Cooperative participates mainly to two Non-profit Networks, namely the ‘ <i>CoorDown</i> ’ National Network, and the regional ‘ <i>Coordinamento per l’Inclusione Sociale</i> ’. In particular, the Cooperative participates at the working groups of the <i>CoorDown</i> for making Advocacy. Noteworthy, as the Partnership with Geox requires (and offers) a considerable amount of work, the Cooperative engaged members of <i>CoorDown</i> willing to participate in the Partnership..
5. Master the art of Adaptation	The Cooperative is as adaptive as to co-crate different Business Models, based on the needs and opportunity underlying each Partnership. Moreover, from the ‘Social Impact’ standpoint, it ideated a strategy to map a firm’s operational processes and adapt an ‘ad hoc’ integration program accordingly.
6. Share Leadership	Despite the founder of the Cooperative is a relentless engine of creativity and entrepreneurship, the Foundation behind the Cooperative detain the actual leadership. Nevertheless, Strategic decisions are discussed collectively, and the employees participate to the decision-making processes.

H.M.Grant & L.R. Crutchfield, 2007

Conclusion

*“If we think that we have to subsidy each other, as Persons, (...) maybe the world starts changing!
I am quite exaggerating, right?
Naturally, we start from little things to say that we want to change the world!
However... when you set up a Brand...when you create a product...you have to think that with that product you ae going to change the world.”*

Marco Ottocento, founder of Valemour

This study highlights the major role that Open Business Models and Embeddedness in Stakeholder Networks play in Social Entrepreneurship.

It moves from a *‘positive theory’* of Social Entrepreneurship based on the predominance of Value Creation on Value Capture (F.M.Santos, 2012).

Such a theory sets the focal point of enquiry on the Solution to the addressed Social Problem – and the underlying Business Models.

In fact, approaching Social Entrepreneurship, theories on organizations, advantages and positioning seem to be less useful, or useless.

The predominance of Value Creation on Value Capture, together with the Resource-constrained context that Social Entrepreneurs often face, set up an Uncompetitive Environment, which pushes Social Entrepreneurial Organizations toward Open Innovation dynamics based on Resource and Knowledge sharing.

In this sense, a research stream regarding *Open Social Innovation* has been opened very recently (H.Chesbrough & A.Di Minin, 2014).

Scholars identified in Business Model Openness and the extensive use of Collaborative frameworks two Key Success Factors for Social Entrepreneurship.

Recently, the Ashoka Network put in contact Social Entrepreneurs with Open Source Experts during their annual meetings (A.Clay & R.Paul, 2012), verifying the benefits of cross-pollinating Social Business Models and Open Source.

The emerging conclusions suggest Open Entrepreneurs to embrace some of the *Open Innovation* mantras, like “*turning beneficiaries into co-creators*”, and “*moving from enterprise to Ecosystem*” (*ibid.*), in particular with respect to scaling strategies.

This *Open* view abandon Organization-centred theories, and embrace a ‘*Stakeholder approach*’, which proposes to deepen the relationships between Social Business Models and their relevant Stakeholder Networks.

“*Accelerating impact, not Organizations, became our credo*” (*ibid.*)

In 2007, Chesbrough described different levels of Business Model Openness, defining *Adaptive Platform* as the highest one (H.Chesbrough, 2007).

<p>Type 6 – Adaptive platform</p>	<p>The company commit itself to continuous experimentation with Business Model variants.</p> <p>Techniques for pursuing this Business Model include Venture Capitalism, spin-offs and Joint Ventures.</p> <p>Key suppliers and customers become Business Partners, even sharing risks.</p> <p>Companies with this Business Model try to establish their technology as the basis for a platform of innovation for the relevant Value Chain.</p>
--	--

H.Chesbrough, 2007 (cf *supra*, par.3.1)

Implementing this model, Social Entrepreneurial Organizations can co-create different Business Models, adapting the *Platform* at the needs and opportunities of potential partnerships.

Therefore, the question is if and how Social Entrepreneurial Business Models can reach this level of *Openness*, i.e. configuring as *Adaptive Platforms* for Business Model Co-Creation.

The study of *Valemour* Social Brand suggests that this Social Entrepreneurial Project can be seen as an example of such a *Platform*.

Valemour welcomes its Partners at the core of its Value Creation Process, co-creating different models to unleash the maximum Value from each Partnership.

In order to finance its free consulting services to Enterprises, the ‘Vale un Sogno’ cooperative created *Valemour* Brand for selling valuable products on the market.

Gradually, the Cooperative engaged strategic For Profit partners in co-creating four different Business Models, and enlarged its Network of relationships leveraging the Trust and Reputation they gained from pre-existent relationships.

In particular, the Co-Branding model is the one on which they rely the most, because it offers them the opportunity to express a dialogue between the Social Mission of the Cooperative, and the interests of For-Profit Enterprises.

Valemour can be considered a Best Practice of Stakeholder engagement and Strategic Alliances formation (R. Gulati, 1998), which demonstrates that an *Open* attitude can lead to the success of Innovative Business Models in Social Entrepreneurship.

In the same way, *Valemour* shows that Network effects (R.Gulati, N.Nohria & A.Zaheer, 2000) and *Embedded Ties* (B. Uzzi, 1996) can shape Innovative Business Models to deliver and create Value.

Ultimately, the case of *Valemour* suggests that a strategy of leveraging Social Networks and *Embedding* Business Models in a Stakeholder Networks can enhance the process of configuring Social Entrepreneurial Organizations as *Adaptive Platforms*.

In facts, Social Entrepreneurship is unlikely to be a Closed and Bounded phenomenon: The Network in which Social Entrepreneurship takes place enables, shapes or constraints the Business Model Innovations required to face the relevant Social Problem.

Network Resources – such as Reputation, peer-to-peer Accountability and Trust – can help to explain organizational behaviors and performance of Social Enterprises.

Managing *Embeddedness* in Stakeholder Networks can improve the ability of Social Entrepreneurial Organizations to reach valuable Resources and Information.

Moreover, being acquainted of Network Effects, Social Entrepreneurs can make more educated decisions about, for instance, the level of *Embeddedness* to carry on board at each phase of their project, or the most promising strategy to scale.

More importantly, it can also provide Social Entrepreneurs with insights on the Network Dynamics acting behind their Business Models, including the path-dependent dynamics that can jeopardize their mission.

This research covered two major ways in which *Embeddedness* and Network Effects impact on Social Business Models:

1. Influencing and Shaping Strategic Partnerships

Strategic Partnerships across Stakeholder Networks can represent a prominent way for Social Entrepreneurship to build effective Business Models, and therefore solve Social Issues.

The *Embeddedness* of Social Entrepreneurial Organizations into Networks of relations affects the way to engage Stakeholders in these Strategic Partnerships.

Networks, for instance, are powerful tools to identify potential partners and get valuable information about them (R.Gulati, 1999).

In particular, Networks of *Embedded ties* (B.Uzzi, 1997) are prominent channels for *Trust*, *Reputation* and *peer to peer Accountability*.

One of the most relevant example of Strategic Partnerships in the framework of Social Entrepreneurship is the one regarding Profit-Nonprofit alliances.

Some of the most impacting Social Business Models in the world – such as the abovementioned examples from the Grameen Experience (M.Yunus, B.Moingeon & L. Lehmann-Ortega, 2010) – relay on these kind of alliances.

In 1996, Andreasen described the impact of Profit-Nonprofit alliances, as well as the underlying dynamics (A.R.Andreasen, 1996).

He identified five major risks to nonprofits:

1. Wasted Resources;
2. Loss of organizational flexibility;
3. Tainted partners;
4. Antithetical Marketing;
5. Overwhelming success;
6. Structural Atrophy.

Leveraging *Embeddedness* and Network Effects such as Reputation and Trust in building partnerships can represent an effective strategy for Nonprofit to hedge these risks.

2. Scaling Social Impact

An *Ecosystem* approach based on Networks of relationships and Social Capital can also support Social Entrepreneurs in scaling the Social Impact of their Business Models.

Grant and Crutchfield demonstrated that leveraging *Embeddedness* in Stakeholder Networks is one of the features of High-Impact Nonprofits (H.M.Grant & L.R. Crutchfield, 2007).

These organizations, in fact, appear to be “*satisfied with building a ‘good enough’ organization and then focusing their energy externally, to catalyse large-scale change*” (*ibid.*), which is also the posture of the Cooperative managing *Valemour* brand.

Considering the impact of Network Effects on different strategies can help understanding Key Success Factors in scaling Social Business Models.

It can also help Social Entrepreneur in choosing the right scaling strategies, with respect to the characteristics of different ecosystems (B.Cannatelli & B.Smith, 2011).

Further researches could deepen this outline empirically, categorizing a wide set of Social Entrepreneurial Experiences on the whole *Open Business Model* path proposed by Chesbrough. (H.Chesbrough, 2007)

Moreover, while this study is dedicated on *Valemour's* Business Model, advancements can be made in understanding the impact of the co-production partnerships (as for instance the one with Geox) on the mobilized Network of Non-profit partners.

Additionally, as at the time of this study *Valemour* is a relatively young experience, rewarding researches could explore the impact of Network Effects on future Scaling Strategies, in a framework of such extensive *Openness*.

Bibliography

- Aage T. & Belussi F. (2008): From Fashion to Design: Creative Networks in *Industrial Districts, Industry and Innovation*, Routledge
- Ackermann F. & Eden, C. (2011): Strategic Management of Stakeholders: Theory and Practice. *Long Range Planning*
- Agrandoña A. (2011): Stakeholder Theory and Value Creation, *IESE Business School*, WP-922
- Anand, B. & Khanna, T. (2000): Do Firms Learn to Create Value? The Case of Alliances. *Strategic Management Journal*
- Andreasen, A. R. (1996): Profits for nonprofits: Find a corporate partner. *Harvard Business Review*
- Austin, J. E. (2000): Strategic Collaboration between Nonprofits and Business. *Nonprofit and Voluntary Sector Quarterly*
- Azariadis, C. (1996): The economics of poverty traps. *Journal of Economic Growth*
- Barney J. (1991): Firm Resources and Sustained Competitive Advantage, *Journal of Management*
- Battilana J. & Lee M. (2014): Advancing Research on Hybrid Organizing, *Academy of Management*
- Bloom P.N. & Dees J.G. (2008): Cultivate your ecosystem, *Harvard Business Review*
- Bloom P.N. & Chatterji A.K. (2009): Scaling Social Entrepreneurial Impact, *California Management Review*
- Camarinha-Matos L.M. & Afsarmanesh H. (2006) Collaborative Networks. Value Creation in a knowledge society, in *proceedings of PROLAMAT'06* (Springer)

- Cannatelli, B. & Brett, S. (2011): Open Innovation. Quali contributi per la Social Entrepreneurship? *ImpresaProgetto Electronic Journal of Management*
- Chesbrough H.W. (2003): Open Innovation: The New Imperative for Creating and Profiting from Technology, *Harvard Business School Press*
- Chesbrough H.W. (2006): Open Business Models: How to thrive in the new Innovation landscape, *Harvard Business School Press*
- Chesbrough H.W. (2007): Business Model Innovation: it's not just about technology anymore, *Strategy&Leadership*
- Chesbrough H.W. & Schwartz K. (2007): Innovating Business Models with co-development partnerships, *Research Technology Management*
- Chesbrough H.W. (2010): Business Model Innovation: Opportunities and Barriers, *Long Range Planning*
- Chesbrough H.W., Di Minin A. (2014): Ch.9 – Open Social Innovation, in *Chesbrough H.W., Vanhaverbeke W., West J. & Al. New Frontiers in Open Innovation, Oxford University Press*
- Christensen, C.M. (1995): Disruptive Technologies: Catching the Wave. *Harvard Business Review*
- Clay, A. & Paul, R. (2012): Open Innovation: A Muse for Scaling. *Stanford Social Innovation Review*
- Collins, E., Kearins, K., & Roper, J. (2005): The risks in relying on Stakeholder engagement for the achievement of sustainability. *Electronic Journal of Radical Organisation Theory*
- Dacin P.A., Dacin M.T. & Matear M. (2010): Social Entrepreneurshio: Why we don't need a new theory and how we move forward from here, *The Academy of Management*
- Dacin P.A., Dacin M.T. & Tracey P. (2011) Social Entrepreneurship: A Critique and Future Directions, *Organization Science*

- Dahlander L. & Frederiksen L. (2012), The Core and Cosmopolitans: A Relational View of Innovation in User Communities, *INFORMS*
- Dahlander L. & Magnusson G. M. (2005), Relationships between open source software companies and communities: Observations from Nordic firms, *Research Policy*
- Di Domenico M.L., Haugh H. & Tracey P. (2020) Social Bricolage: Theorizing Social Value Creation in Social Enterprises, *ET&P*
- Evan, W.M. & Freeman R.E. (1988): A Stakeholder Theory of the Modern Corporation: Kantian Capitalism, in T.L. Beauchamp and N.E. Bowie (eds.), *Ethical Theory and Business*, 3rd edition (Englewood Cliffs)
- Fæster, M., & Rago, S. (2009). Social entrepreneurship: or how open social innovation is possible in established structures. *Center for Socialt Entreprenørskab, RUC: Roskilde Universitet. (CSE Publications; No. 08, Vol. 09)*
- Freeman, R. E. (1984). Strategic management: A Stakeholder approach, *Boston: Pitman.*
- Freeman, R.E (2005): “A Stakeholder Theory of Modern Corporation”, in L.P. Hartmann (ed.), *Perspectives in Business Ethics*, 3rd edition (New York)
- Freeman, R.E. & Mc Vea, J. (2011): A Stakeholder Approach to Strategic Management, *WP forthcoming in M.Hitt, E.Freeman and J.Harrison, Handbook of Strategic Management, Oxford:Blackwell Publishing*
- Gassmann O., Enkel E. & Chesbrough H. (2010): The future of Open Innovation, *R&D Management, Oxford:Blackwell Publishing*
- George G., McGahan A.M. & Prabhu J. (2012) Innovation for Inclusive Growth: Towards a Theoretical Framework and a Research Agenda, *Journal of Management Studies*
- Gould R.W. (2012): Open Innovation and Stakeholder Engagement, *Journal of Technology Management & Innovation*

- Granovetter M. (1985): Economic Action and Social Structure: The problem of *Embeddedness*, *Journal of Sociology*
- Grant H.M. & Crutchfield L.R. (2007): Creating High-Impact Non-profits, *Stanford Social Innovation Review*
- Gulati R. (1998): Alliances and Networks, *Strategic Management Journal*.
- Gulati R. (1999): Network location and learning: the influence of Network resources and firm capabilities on alliance formation, *Strategic Management Journal*.
- Gulati R., Nohria N. & Zaheer A.. (2000) Strategic Networks, *Strategic Management Journal*.
- Gulati R. & Gargiulo M. (1999) Where Do Inter-organizational Networks Come From?, *American Journal of Sociology*.
- Harrison J.S. & St.John, C.H. (1996): Managing and partnering with external Stakeholders, *Academy of Management Executive*
- Huybrechts B., Mertens S. & Rijpens J. (2014) Explaining Stakeholder involvement in social enterprise governance through resources and legitimacy, in *Defourny, Jacques; Hulgard, Lars; Pestoff, Victor (Eds.) Social Enterprise and the Third Sector: Changing European Landscapes in a Comparative Perspective*.
- Karnani A. (2007): Microfinance Misses Its Mark, *Stanford Social Innovation Review*
- Lakhani K.R., Lifshitz-Assaf H. & Tushman M.L. (2012): Open Innovation and Organizational Boundaries: Task decomposition, knowledge distribution and the locus of innovation, *Chap. 19 in Handbook of Economic Organization: Integrating Economic and Organization Theory, edited by Anna Grandori, 355–382. Northampton, MA: Edward Elgar Publishing*

- Lavie, D. (2007) Alliance portfolios and firm performance: A study of Value Creation and Appropriation in the U.S. software industry, *Strategic Management Journal*
- Laumann E.O., Galaskiewicz J. & Marsden P.V. (1978) Community structure as inter-organizational linkages, *Annual Review of Sociology*
- Maiolini R., Rullani F. & Versari P. (2013) Rendere sociali le imprese. Impatto sociale, confini dell'impresa e rete di Stakeholder, *Rivista impresa sociale*
- Mair J. & Martì I. (2006) Social entrepreneurship research: A source of explanation, prediction, and delight, *Journal of World Business*
- Mair J., Battilana J. & Cardenas J. (2012) Organizing for Society: A Typology of Social Entrepreneuring Models, *Springer Science+Business*
- Martin R.L. & Osberg S. (2007) Social Entrepreneurship: The Case for Definition, *Stanford Social Innovation Review*
- Mason C., Kirkbride J. & Bryde D. (2006) From Stakeholders to institutions: the changing face of social enterprise governance theory, *Management Decision*
- Mizik, N. & Jacobson R. (2003): Trading Off Between Value Creation and Value Appropriation: The Financial Implications of Shifts in Strategic Emphasis, *Journal of Marketing*
- Mongelli L., Rullani F. & Versari, P. (2014): Hybridization of diverging institutional logics through the “common tone”: the case of social entrepreneurship, *Working Paper*
- Peredo A. M. & McLean M.(2006): Social Entrepreneurship: A critical review of the concept, *Journal of World Business*
- Podolny J.M. & Stuart T. (1995): A role-based ecology of technological change, *American Journal of Sociology*
- Porter M.E. (1985): The Competitive Advantage: Creating and Sustaining Superior Performance. NY: Free Press

- Porter M.E. (2008): The Five Competitive Forces That Shape Strategy. *Harvard Business Review*
- Porter M.E. & Kramer M.R. (2011): Creating Shared Value, *Harvard Business Review*
- Powell W.W., Koput K., Smith-Doerr L. (1996): Inter-organizational collaboration and the locus of Innovation: Networks of learning in Biotechnology, *Administrative Science Quarterly*
- Roloff, J. (2008): Learning from Multi-Stakeholder Networks: Issue-Focused Stakeholder Management, *Journal of Business Ethics*
- Rowley, T.J. (1997) Moving beyond dyadic ties: a Network theory of Stakeholder influences, *Academy of Management Review*
- Seelos C. & Mair J. (2007): Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View, *Academy of Management Perspectives*
- Seelos C., Mair J., Battilana J. & Dacin M.T. (2010): The *Embeddedness* of Social Entrepreneurship: Understanding variation across local communities, *IESE Business School, WP-858*
- Santos F.M. (2012): A Positive Theory of Social Entrepreneurship, *Springer Science+Business*
- Uzzi B. (1996): The sources and consequences of *Embeddedness* for the economic performance of organizations: the Network effect, *American Sociological Review*
- Yokoyama, K. (2008): The Perspective of Social Business for CSR Strategy, *CBS – Centre for Corporate Social Responsibility, Working Paper*
- Yunus M., Moingeon B. & Lehmann-Ortega L. (2002): Building Social Business Models: Lessons from the Grameen Experience, *Long Range Planning*
- Zott, C., & Amit, R. (2007): Business Model design and the Performance of Entrepreneurial Firms, *Organization Science*

Annex 1: ICSEM Questionnaire

QUESTIONNAIRE
FOR THE ICSEM INTERNATIONAL SURVEY
ON SOCIAL ENTERPRISE MODELS
March 2014

1. General identity of the social enterprise (SE)

- Q1.1. Name of the SE:
 Q1.2. Address:
 Q1.3. Organization's website:
 Q1.4. Year of reference for the collected data:
 Q1.5. Year of creation of the SE:

Q1.6. Who actually took the initiative of launching the SE and could be considered as the founding social entrepreneur(s)? *(Tick one or more—if the SE results from a partnership—of the following categories)*

- | | |
|---|---|
| An individual | _ |
| A group of citizens/individuals | _ |
| A group of workers | _ |
| A private corporation | _ |
| A governmental agency | _ |
| A third sector organisation/association | _ |
| Not identified | _ |
| Other (please specify): | _ |

Q1.7. Legal form as specified by the law in your country *(please provide both the name of the legal form in the country's language(s) and the translation of this name in English)*:

.....

Q1.8. How would you characterize the type of the SE? *(Tick one or more of the following categories)*

- | | |
|--|---|
| Association/ voluntary organisation | _ |
| Foundation | _ |
| Cooperative | _ |
| Specific legal form dedicated to social enterprise | _ |
| Sole proprietorship | _ |
| Limited company | _ |
| Informal | _ |
| Other (please specify): | _ |

Q1.9. If, in addition to its legal form, the SE is accredited by public or private bodies as a specific form of SE, please specify (*please provide both the name of the specific form in the country's language and the translation of this accredited name in English*):

Public accreditation:

Private accreditation:

Q1.10. Is the SE...

... an institutional unit without any decentralized establishments? ☐

... an institutional unit with several establishments? ☐

... an institutional unit, head or member of a larger group of institutional units? ☐

Other (*please specify*):..... ☐

Q1.11. If the SE is part of a larger group, how would you characterize this larger group or the entity heading the group? (*Tick one or more of the following categories*)

Association/ voluntary organisation ☐

Foundation ☐

Cooperative ☐

Specific legal form dedicated to social enterprise ☐

Sole proprietorship ☐

Limited company ☐

Informal ☐

Other (*please specify*): ☐

Q1.13. What is the composition of the SE's paid workforce?

Number of workers:.....

Proportion of female workers:.....%

Full-time equivalents (FTEs):.....

Q1.14. How many volunteers are there in the SE, if any? (including board's members when volunteers)

Number of volunteers:.....

Proportion of female volunteers:.....%

Full-time equivalents (FTEs):.....

2. Type of production and social mission

Q.2.1. Please summarize the social mission of the SE (*maximum 2 lines*)

.....

.....

Q.2.2. In which category(ies) would you classify the social and/or environmental objectives pursued by the SE? (*Choose all that apply*)

Access to clean water	_
Access to energy	_
Access to financial services	_
Access to education	_
Access to information	_
Affordable housing	_
Agricultural production	_
Capacity-building	_
Community development	_
Conflict resolution	_
Disease-specific prevention and mitigation	_
Employment generation	_
Equality and empowerment	_
Food security	_
Health improvement	_
Human rights protection or expansion	_
Income/productivity growth	_
Biodiversity conservation	_
Energy and fuel efficiency	_
Natural resources conservation	_
Pollution prevention & waste management	_
Sustainable energy	_
Sustainable land use	_
Water resources management	_
Other (<i>please specify</i>):.....	_

Q.2.3. What are the goods or services produced/provided by the SE? In case of more than one activity, please list, by order of importance, the 3 major production/provision activities.

Good or service 1

G1.1. ISIC code: |_|_|_|_|_|

Please use the four-digit United Nations Code ISIC Rev.4 code 85

<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27&Lg=1>

except for activities belonging to category 889 or 949, for which you should use classification of tables 2 and 3 in the coding book.

G1.2. Type of customers/users (tick one or more of the following categories):

Individuals	_
Businesses	_
Third sector organizations	_
Public entities	_
Other(s) (please specify):.....	_

G1.3. The good or service is available to customers/users... (tick one of the following categories)

... at a market price covering all or most production costs	_
... at a price or fee not covering most production costs	_
... free of charge	_
Other (please specify):	_

G1.4. How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories)

"Mission-centric" (the production is central to the organization's social mission)	_
"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)	_
"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)	_

G1.5. In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following categories)

Customers/users of the good or service	_
Workers	_
Providers	_
Others (please specify):.....	_

G1.6. In case of mission-centric or mission-related production/provision, what is the profile of the targeted group of stakeholders?

According to their age:
(choose all that apply)

Children	_
Adolescents	_
Adults	_
Older people	_
All ages	_

According to their socio-economic level: (choose all that apply)

Very poor	_
Poor	_
Low income	_
Middle income	_
All socio-economic groups	_

Gender profile:
(choose one)

Women	_
Men	_
Men and women	_

Good or service 2

G2.1. ISIC code: |_|_|_|_|_|

Please use the four-digit United Nations Code ISIC Rev.4 code 85

<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27&Lg=1>

except for activities belonging to category 889 or 949, for which you should use classification of tables 2 and 3 in the coding book.

G2.2. Type of customers/users (tick one or more of the following categories):

Individuals	_
Businesses	_
Third sector organizations	_
Public entities	_
Other(s) (please specify):.....	_

G2.3. The good or service is available to customers/users... (tick one of the following categories)

... at a market price covering all or most production costs	_
... at a price or fee not covering most production costs	_
... free of charge	_
Other (please specify):	_

G2.4. How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories)

"Mission-centric" (the production is central to the organization's social mission)	_
"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)	_
"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)	_

G2.5. In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following categories)

Customers/users of the good or service	_
Workers	_
Providers	_
Others (please specify):	_

G2.6. In case of mission-centric or mission-related production/provision, what is the profile of the targeted group of stakeholders?

According to their age:
(choose all that apply)

Children	_
Adolescents	_
Adults	_
Older people	_
All ages	_

According to their socio-economic level: (choose all that apply)

Very poor	_
Poor	_
Low income	_
Middle income	_
All socio-economic groups	_

Gender profile:
(choose one)

Women	_
Men	_
Men and women	_

Good or service 3

G3.1. ISIC code |_|_|_|_|

Please use the four-digit United Nations Code ISIC Rev.4 code 85

<http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=27&Lg=1>

except for activities belonging to category 889 or 949, for which you should use classification of tables 2 and 3 in the coding book.

G3.2. Type of customers/users (tick one or more of the following categories):

Individuals	_
Businesses	_
Third sector organizations	_
Public entities	_
Other(s) (please specify):.....	_

G3.3. The good or service is available to customers/users... (tick one of the following categories)

... at a market price covering all or most production costs	_
... at a price or fee not covering most production costs	_
... free of charge	_
Other (please specify):	_

G3.4. How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories)

"Mission-centric" (the production is central to the organization's social mission)	_
"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)	_
"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)	_

G3.5. In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following categories)

Customers/users of the good or service	_
Workers	_
Providers	_
Others (please specify):	_

G3.6. In case of mission-centric or mission-related production/provision, what is the profile of the targeted group of stakeholders?

According to their age:
(choose all that apply)

Children	_
Adolescents	_
Adults	_
Older people	_
All ages	_

According to their socio-economic level: (choose all that apply)

Very poor	_
Poor	_
Low income	_
Middle income	_
All socio-economic groups	_

Gender profile:
(choose one)

Women	_
Men	_
Men and women	_

Q2.4. Although, in some contexts, reaching this degree of precise information will not be possible, please consider the possibility of identifying a maximum of 5 indicators that could reflect achievements strongly related to the SE's social mission. The idea is not to measure all impacts with these indicators but only to identify the types of indicators that could be appropriate to capture—at least part of—the social impacts.

Please refer to the list of indicators in Appendix 3 of the coding book.

Indicator 1: ID: | | | | | | | | | |

Indicator 2: ID: | | | | | | | | | |

Indicator 3: ID: | | | | | | | | | |

Indicator 4: ID: | | | | | | | | | |

Indicator 5: ID: | | | | | | | | | |

Q2.5. Does the SE implement some type of innovation? Yes/No

If the answer to this question is "No", please go directly to section 3.

Please summarize the type(s) of innovation (*maximum 2 lines*)

.....

Q2.6. At which level is the (main) innovation implemented? (*Tick one or more of the following categories*)

Product (good or service)	_
Production process	_
Organization	_
Marketing	_
Other (<i>please specify</i>):	_

Q2.7. What have been the driver(s) of this innovation? (*Tick one or more of the following categories*)

To achieve the SE's social mission	_
To increase the SE's financial sustainability	_
To increase the range and/or quality of the products and/or services the SE provides	_
Pressure from competitors	_
Other (<i>please specify</i>)	_

Q2.8. Does this innovation imply an innovative way to involve one or some type(s) of stakeholders?
 Yes/No

Q2.9. If so, which one(s)? (*Tick one or more of the following categories*)

Workers	_
Users	_
Volunteers	_
Financing bodies	_
Business sector	_
Third sector organisations/associations	_
Public bodies	_
Citizens	_
Other (<i>please specify</i>):	_

3. The governance and ownership structure

Q3.1. How would you define the SE? *(Please choose one)*

NPO without members | _ |
 Organization with members (association, cooperative,...) | _ |
 Shareholding company | _ |
 Other *(please specify)*:..... | _ |

Q3.2. Which body holds the ultimate decision-making power? *(Please choose one)*

Board of trustees | _ |
 General assembly/meeting (of members, shareholders,...) (G.A.) | _ |
 Other *(please specify)*:..... | _ |

If there is no G.A., please go to question 3.8.

Q3.3. How many individuals belong to the G.A.?

If the SE is an organization without shares, please go directly to question 3.6.

If the SE is a company with shares, please answer questions 3.4. and 3.5., then go to question 3.8.

Q3.4. If the SE has a G.A. and if it is a company with shares (limited company, cooperative...), which groups of shareholders hold the largest proportion of shares? *Please list by order of importance: 1: the most important, 2: the second most important, 3: the third most important.*

		Most represented groups
Individual shareholders	Worker shareholders	
	Consumer shareholders	
	Other individual shareholders	
Institutional shareholders	Private companies	
	Governmental agencies	
	Third sector organisations	

Q3.5. How is the voting power distributed in the G.A.?

According to the number of shares | _ |
 According to the number of shares, with an upper limit | _ |
 "One member, one vote" principle | _ |
 Other *(please specify)*:..... | _ |

Go to question 3.8.

Q3.6. If the SE has a G.A. and if it is a SE without shares, what are the most represented groups (maximum 5) in the G.A.?

Please list by order of importance: 1: the most important, 2: the second most important, 3: the third most important, and so on.

	Most represented groups
Users/private customers	
Volunteers	
Workers	
Representatives from the private business sector	
Representatives from governmental agencies	
Representatives from the third sector	
Donors	
Citizens	
Experts	
Providers	
Others (please specify).....	

Q3.7. How is the voting power distributed in the G.A.?

"One member, one vote" principle

Other (please specify):.....

|_ |
|_ |

Q3.8. Who sits in the board of the SE?

If possible, please identify the most influential groups of members in the board.

(For the “most influential groups”, tick maximum 3 groups—if relevant)

		In nb of persons	Most influential groups
Individual shareholders (shareholding company, cooperative,...)	Worker shareholders		
	Consumer shareholders		
	Other individual shareholders		
Institutional shareholders (shareholding company, cooperative...)	Private companies		
	Governmental agencies		
	Third sector organisations		
Individual members without shares	Managers		
	Workers		
	Volunteers		
	Users/private customers		
	Representatives from the private business sector		
	Representatives from governmental agencies		
	Representatives from the third sector		
	Donors		
	Citizens		
	Providers		
	Experts		
Other (please specify)		

Q3.9. Is there any other governance body which you consider important to fulfil the social mission of the SE? Yes/No

Q3.10. In case there is such a governance body, what is it called?

.....

Q3.11. What is the mission of this governance body?

.....

Q3.12. What are the most represented groups in this governance body?

Please choose maximum 5 groups and list them by order of importance: 1: the most important; 2: the second most important; 3: the third most important, and so on.

	Most represented groups
Users/private customers	
Volunteers	
Workers	
Representatives from the private business sector	
Representatives from governmental agencies	
Representatives from the third sector	
Donors	
Citizens	
Experts	
Providers	
Other (please specify):.....	

Q3.13. Does the SE belong to regional/national/international formal networks, umbrella organisations, federative bodies? Yes/No

Network 1: name (please give the name in the language(s) of the country and its translation in English):.....

What are the main purposes of this network? (Tick one or more of the following categories)

Advocacy ☐

Providing services (technical support, financial services....) ☐

Information sharing ☐

Other (please specify):..... ☐

Network 2: name (please give the name in the language(s) of the country and its translation in English):.....

What are the main purposes of this network? (Tick one or more of the following categories)

Advocacy ☐

Providing services (technical support, financial services....) ☐

Information sharing ☐

Other (please specify):..... ☐

Network 3: name (please give the name in the language(s) of the country and its translation in English):.....

What are the main purposes of this network? (Tick one or more of the following categories)

Advocacy ☐

Providing services (technical support, financial services....) ☐

Information sharing ☐

Other (please specify):..... ☐

4. Financial structure as reflected by financial statements

Q4.1. Year of reference for the collected data: dd/mm/yyyy – dd/mm/yyyy

Q4.2. National/local currency used for the financial statements:

Please provide all financial data in local currency.

Q4.3. Total assets:.....

(from the Statement of Financial Position/Balance Sheet)

Q4.4. Net income: Net loss:

(from the Income Statement/Profit and Loss Statement/Statement of Operations)

Q4.5. Is there any trend in the evolution of the net income over the last 3 years? (Tick one of the following categories)

Net income tends to grow	_
Net income tends to decrease	_
A net loss appeared only in one year	_
A net loss appeared only in two years	_
A net loss appeared in the three years	_
No trend can be identified	_

Allocation of net income/profit

Q4.6. Does the SE have formal rules that restrict the distribution of the net income? Yes/No

Q4.7 If yes, specify the rule and its origin:

the law

the bylaw
(internal rules
of the organization)

(Tick one of the following categories)

Distribution is fully prohibited	_	_
The dividend allocated per share is subject to a cap	_	_
Only distribution to a non-profit parent organisation is allowed	_	_
Other (please specify):.....	_	_

Q4.8. What was the actual practice regarding distribution of the net income for the year of reference? (Tick one or more of the following categories)

Reinvestment in the SE	_
Distribution to shareholders	_
Distribution to a parent organisation	_
Not applicable (no net income available/net loss)	_
Other (please specify):	_

Q4.9. If a shareholder or a co-operator (member of a co-operative) wants to leave the SE, how can his/her shares be reimbursed? (Please choose one)

At the nominal value | _ |
 At the nominal value + inflation adjustment | _ |
 According to the value of the SE net assets | _ |
 Not possible | _ |
 Undetermined | _ |
 Other (please specify):..... | _ |

Q4.10. If the SE terminates its activity, how are the net assets (if any) allocated?

Among the shareholders | _ |
 To another SE or NPO with a similar social mission | _ |
 To a parent organisation | _ |
 Undetermined | _ |
 Other (please specify):..... | _ |

Resource mix of the social enterprise

Type of Revenues (Information from the Statement of Operations/Income Statement)	Year of reference	Year of reference – 2
Earned income coming from private or public sources	Q4.11:	Q4.17:
Public grants/subsidies (money coming from public bodies except sales)	Q4.12:	Q4.18:
Investment income (rental of buildings, interest or dividends of financial assets, capital gains,...)	Q4.13:	Q4.19:
Philanthropic monetary resources (gifts, donations, private grants,...)	Q4.14:	Q4.20:
Membership income	Q4.15:	Q4.21:
Other(s) (please specify):.....	Q4.16:	Q4.22:

Q. 4.23. If relevant and if information is available, which part of philanthropic monetary resources (Q4.14) is coming from:

National foundations raising funds locally:%
 International flows of philanthropy (through local branches of foreign NGOs or directly from international foundations and other private organizations):%

Public revenues (public grants, sales to public bodies,...)	Year of reference
Total	Q4.24:.....
If information is available, break up this amount among the different levels:	
International public bodies (e.g. EU, World Bank)
National public bodies
Regional and/or provincial public bodies
Local public bodies
Other(s) (please specify):

Non monetary resources/ in-kind support

(in addition to volunteering already registered in Q1.14.)

Q4.25. Staff seconded by another organisation in FTEs:

Q4.26. From which type(s) of organisation? (Tick one or more of the following categories)

Business ☐ ☐
 Public bodies ☐ ☐
 Third sector ☐ ☐

Q4.27. Other type of in-kind support (Tick one or more of the following categories)

Building ☐ ☐
 Equipment ☐ ☐
 Other (please specify):..... ☐ ☐

Q4.28. Do you benefit from some type of exemption? (Tick one or more of the following categories)

Tax exemption ☐ ☐
 Tax deduction ☐ ☐
 Exemption from social security contributions ☐ ☐
 Other (please specify):..... ☐ ☐

5. Self-assessment of the SE model

Q5.1. According to the SE's social mission, to what extent has your financial resource mix reached an adequate level of sustainability?

Please choose one of the following numbers:.....

1	2	3	4	5
Not at all adequate	Not adequate	More or less adequate	Adequate	Very adequate

Q5.2. Keeping in mind the social mission of your SE, could you give your opinion as to the best proportion of the different types of revenue of your SE?

Type of revenue	
Earned income coming from private or public sources%
Public grants/subsidies%
Investment income%
Philanthropic monetary resources%
Membership income%
Other(s) (please specify):.....%
Total	100%

Q5.3. Putting together the various types of revenue coming from public sources (public grants, sales to public bodies,...), what would be the optimal level of such public revenues?

> 75 %	_
Between 75 % and 50%	_
Between 75% and 25 %	_
< 25%	_

Q5.4. From a realistic point of view, what do you see as the main obstacles which should be removed to make such an overall financing mix more feasible?

.....

Q5.5. Given the social mission of your SE and its economic model, do you see any issue or challenge that you are currently facing regarding governance?

.....

6. COMMON TONE SURVEY

6.1 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business help generating SOCIAL VALUE?

- 6.1.1 Ability to identify a relevant typology of customers: [-2] [-1] [0] [+1] [+2]
- 6.1.2 Ability to create Value for customers: [-2] [-1] [0] [+1] [+2]
- 6.1.3 Ability to manage distribution channels: [-2] [-1] [0] [+1] [+2]
- 6.1.4 Ability to build a long lasting relationship with customers: [-2] [-1] [0] [+1] [+2]
- 6.1.5 Ability to generate revenues and profit using 'alternative' dynamics: [-2] [-1] [0] [+1] [+2]
- 6.1.6 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources): [-2] [-1] [0] [+1] [+2]
- 6.1.7 Ability to structure and coordinate critic activities more efficiently: [-2] [-1] [0] [+1] [+2]
- 6.1.8 Ability to develop strategic alliances with commercial partners: [-2] [-1] [0] [+1] [+2]
- 6.1.9 Ability to organize a more efficient cost structure: [-2] [-1] [0] [+1] [+2]

6.2 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the Social Activity of the Enterprise impact its ECONOMIC SUCCESS, in each of the following dimensions of the Business?

- 6.2.1 Ability to identify a relevant typology of customers: [-2] [-1] [0] [+1] [+2]
- 6.2.2 Ability to create Value for customers: [-2] [-1] [0] [+1] [+2]
- 6.2.3 Ability to manage distribution channels: [-2] [-1] [0] [+1] [+2]
- 6.2.4 Ability to build a long lasting relationship with customers: [-2] [-1] [0] [+1] [+2]
- 6.2.5 Ability to generate revenues and profit using 'alternative' dynamics: [-2] [-1] [0] [+1] [+2]
- 6.2.6 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources): [-2] [-1] [0] [+1] [+2]
- 6.2.7 Ability to structure and coordinate critic activities more efficiently: [-2] [-1] [0] [+1] [+2]
- 6.2.8 Ability to develop strategic alliances with commercial partners: [-2] [-1] [0] [+1] [+2]
- 6.2.9 Ability to organize a more efficient cost structure: [-2] [-1] [0] [+1] [+2]

6.3 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business contribute to generate the COMPETITIVE ADVANTAGE of the Enterprise?

6.3.1 Ability to identify a relevant typology of customers: [-2] [-1] [0] [+1] [+2]

6.3.2 Ability to create Value for customers: [-2] [-1] [0] [+1] [+2]

6.3.3 Ability to manage distribution channels: [-2] [-1] [0] [+1] [+2]

6.3.4 Ability to build a long lasting relationship with customers: [-2] [-1] [0] [+1] [+2]

6.3.5 Ability to generate revenues and profit using 'alternative' dynamics: [-2] [-1] [0] [+1] [+2]

6.3.6 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources): [-2] [-1] [0] [+1] [+2]

6.3.7 Ability to structure and coordinate critic activities more efficiently: [-2] [-1] [0] [+1] [+2]

6.3.8 Ability to develop strategic alliances with commercial partners: [-2] [-1] [0] [+1] [+2]

6.3.9 Ability to organize a more efficient cost structure: [-2] [-1] [0] [+1] [+2]

6.4 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the economic activity of the Enterprise impact on its ability to generate SOCIAL VALUE, in each of the following dimensions of the Business?

6.4.1 Ability to identify a relevant typology of customers: [-2] [-1] [0] [+1] [+2]

6.4.2 Ability to create Value for customers: [-2] [-1] [0] [+1] [+2]

6.4.3 Ability to manage distribution channels: [-2] [-1] [0] [+1] [+2]

6.4.4 Ability to build a long lasting relationship with customers: [-2] [-1] [0] [+1] [+2]

6.4.5 Ability to generate revenues and profit using 'alternative' dynamics: [-2] [-1] [0] [+1] [+2]

6.4.6 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources): [-2] [-1] [0] [+1] [+2]

6.4.7 Ability to structure and coordinate critic activities more efficiently: [-2] [-1] [0] [+1] [+2]

6.4.8 Ability to develop strategic alliances with commercial partners: [-2] [-1] [0] [+1] [+2]

6.4.9 Ability to organize a more efficient cost structure: [-2] [-1] [0] [+1] [+2]

1. GENERAL IDENTITY OF THE SOCIAL ENTERPRISE (SE)

01:01	Name of the Social Enterprise:	Cooperativa Sociale "Vale un Sogno" Onlus
01:02	Address:	Via Garibaldi, 5 – interno 27 S. Giovanni Lupatoto (VR)
01:03	Website:	www.valemour.it
01:04	Year of reference for the collected data:	2015
01:05	Year of creation of the Social Enterprise:	2014

01:06	Who actually took the initiative of launching the SE and could be considered as the founding social entrepreneur(s)? (Tick one or more—if the SE results from a partnership—of the following categories)	
	An individual	
	A group of citizens/individuals	
	A group of workers	
	A private corporation	
	A governmental agency	
	A third sector organization / association	X
	Not identified	
	Other (please specify):	
	"Più di un Sogno" Foundation	

01:07	Legal form as specified by the law in your country:	Cooperativa Sociale / Social Cooperative
-------	---	--

01:08	How would you characterize the type of the SE? (Tick one or more of the following categories)	
	Association/ voluntary organisation	
	Foundation	
	Cooperative	X
	Specific legal form dedicated to social enterprise	
	Sole proprietorship	
	Limited company	
	Informal	
	Other (please specify):	

01:09	Is the SE accredited by public or private bodies as a specific form of se?	
	If yes, please specify	
	Public accreditation:	
	Private accreditation:	
	The SE is included in the "piani di zona" (the map of social services, useful to identify what the needs of the territory are and how they are satisfied) of all Verona ASL (Local Sanitary Organization)	

01:10	The SE is	
	... an institutional unit without any decentralized establishments?	
	... an institutional unit with several establishments?	
	... an institutional unit, head or member of a larger group of institutional units?	X
	Other (please specify):	
	The Cooperative is member of a group of entity headed by the "Più di un Sogno" Foundation, which leads cooperation projects involving other nonprofits. One operative office is in Verona, and one in Turin.	

01:11	If the SE is part of a larger group, how would you characterize this larger group or the entity heading the group? (Tick one or more of the following categories)	
	Association/ voluntary organisation	X
	Foundation	
	Cooperative	
	Specific legal form dedicated to social enterprise	
	Sole proprietorship	
	Limited company	
	Informal	
	Other (please specify):	

01:12	What is the composition of the SE's paid workforce?	
	Number of workers:.....	12
	Proportion of female workers:.....%	69%
	Full-time equivalents (FTEs):.....	10

01:13	How many volunteers are there in the SE, if any? (including board's members when volunteers)	
	Number of volunteers:.....	9
	Proportion of female volunteers:.....%	55%
	Full-time equivalents (FTEs):.....	2,4

02:01	Please summarize the social mission of the SE (maximum 2 lines)	
	Facilitate the work inclusion of people affected with mental diseases through trainings, and provide the Enterprises with a free service of 'ad hoc' matching with the perspective disable employees.	
02:02	In which category(ies) would you classify the social and/or environmental objectives pursued by the SE? (Choose all that apply)	
	Access to clean water	
	Access to energy	
	Access to financial services	
	Access to education	
	Access to information	
	Affordable housing	
	Agricultural production	
	Capacity-building	X
	Community development	
	Conflict resolution	
	Disease-specific prevention and mitigation	
	Employment generation	X
	Equality and empowerment	X
	Food security	
	Health improvement	
	Human rights protection or expansion	
	Income/productivity growth	
	Biodiversity conservation	
	Energy and fuel efficiency	
	Natural resources conservation	
	Pollution prevention & waste management	
	Sustainable energy	
	Sustainable land use	
	Water resources management	
	Other (please specify):.....	
02:03	What are the goods or services produced/provided by the SE? In case of more than one activity, please list, by order of importance, the 3 major production/provision activities.	
	In case of more than one activity, please list, by order of importance, the 3 major production/provision activities.	
	Good or Service 1: Work Training	
02:03:01	Type of customers/users (tick one or more of the following categories):	
	Individuals	X
	Businesses	
	Third sector organizations	
	Public entities	
	Other(s) (please specify):.....	
02:03:02	The good or service is available to customers/users... (tick one of the following categories)	
	... at a market price covering all or most production costs	
	... at a price or fee not covering most production costs	
	... free of charge	
	Other (please specify):	X
	The guys in the Cooperative are assigned to the Foundation: the families contribute to the Foundation, that is never higher than Governmental aids.	
02:03:04	How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories)	
	"Mission-centric" (the production is central to the organization's social mission)	X
	"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)	
	"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)	
02:03:05	In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following categories)	
	Customers/users of the good or service	
	Workers	
	Providers	
	Others (please specify):.....	
	The 'Più di un Sogno' Foundation;	
	Sometimes the Working Inclusion services of the ASL;	
	The Enterprises that include the guys in training or employment;	
	The funders of training projects (Formatemp, through Injob + 'Comunità Veronese' Foundation)	
02:03:06	In case of mission-centric or mission-related production/provision, what is the profile of the targeted group of stakeholders?	
	Users	
	According to their age	
	Children	
	Adolescents	
	Adults	X
	Older people	
	All ages	
	Adults above 18	
	According to their socio-economic level	
	Very poor	
	Poor	
	Low income	
	Middle income	
	All socio-economic groups	X
	Gender profile	
	Women	
	Men	
	Men and women	X

Good or Service 2: Consulting services to Enterprises for the inclusion of the employee affected with mental disease	
02:03:01	Type of customers/users (tick one or more of the following categories): <div> <div>Individuals</div> <div>Businesses</div> <div>Third sector organizations</div> <div>Public entities</div> <div>Other(s) (please specify):</div> </div>
02:03:02	The good or service is available to customers/users... (tick one of the following categories) <div> <div>... at a market price covering all or most production costs</div> <div>... at a price or fee not covering most production costs</div> <div>... free of charge</div> <div>Other (please specify):</div> </div> <p>The guys in the Cooperative are assigned to the Foundation: the families contribute to the Foundation, that is never higher than Governmental aids.</p>
02:03:04	How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories) <div> <div>"Mission-centric" (the production is central to the organization's social mission)</div> <div>"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)</div> <div>"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)</div> </div>
02:03:05	In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following) <div> <div>Customers/users of the good or service</div> <div>Workers</div> <div>Providers</div> <div>Others (please specify):</div> <div>The 'Più di un Sogno' Foundation;</div> <div>Sometimes the Working Inclusion services of the ASL;</div> <div>The Enterprises that include the guys in training or employment;</div> <div>The funders of training projects (Formatemp, through Injob + 'Comunità Veronese' Foundation)</div> </div>
02:03:06	In case of mission-centric or mission-related production/provision, what is the profile of the targeted group of stakeholders? <div> <div>Users</div> <div>According to their age</div> <div>Children</div> <div>Adolescents</div> <div>Adults</div> <div>Older people</div> <div>All ages</div> <div>Adults above 18</div> <div>According to their socio-economic level</div> <div>Very poor</div> <div>Poor</div> <div>Low income</div> <div>Middle income</div> <div>All socio-economic groups</div> <div>Gender profile</div> <div>Women</div> <div>Men</div> <div>Men and women</div> </div>
Good or Service 3: Valemour Branded products	
02:03:01	Type of customers/users (tick one or more of the following categories): <div> <div>Individuals</div> <div>Businesses</div> <div>Third sector organizations</div> <div>Public entities</div> <div>Other(s) (please specify):</div> </div>
02:03:02	The good or service is available to customers/users... (tick one of the following categories) <div> <div>... at a market price covering all or most production costs</div> <div>... at a price or fee not covering most production costs</div> <div>... free of charge</div> <div>Other (please specify):</div> </div> <p>At a market price that generates net income</p> <p>Valemour Branded products have two targets:</p> <ul style="list-style-type: none"> - Educational target, for beneficiaries; - Fund raising target, for the free training activities of the Cooperative.
02:03:04	How is the production/provision of this good or service related to the SE's social mission? (Tick one of the following categories) <div> <div>"Mission-centric" (the production is central to the organization's social mission)</div> <div>"Mission-related" (e.g. the commercialisation of a service to a wider population than the group targeted by the social mission)</div> <div>"Mission-unrelated" (the sole goal is to provide financial resources to support the social mission of the SE or of another organization)</div> </div>
02:03:05	In case of mission-centric or mission-related production, which kind of stakeholders is targeted by the production/provision of the good or service? (Tick one of the following) <div> <div>Customers/users of the good or service</div> <div>Workers</div> <div>Providers</div> <div>Others (please specify):</div> <div>Families, guys in training, other nonprofits, volunteers</div> </div>
02:03:06	In caso di produzione "centrale per la missione sociale", o "collegata alla missione sociale", qual è il profilo degli stakeholder? (selezionare tutte le opzioni applicabili) <div> <div>Users</div> <div>According to their age</div> <div>Children</div> <div>Adolescents</div> <div>Adults</div> <div>Older people</div> <div>All ages</div> <div>Adults above 18</div> <div>According to their socio-economic level</div> <div>Very poor</div> <div>Poor</div> <div>Low income</div> <div>Middle income</div> <div>All socio-economic groups</div> <div>Valemour products have a middle-high price</div> <div>Gender profile</div> <div>Women</div> <div>Men</div> <div>Men and women</div> </div>

02:04	Does the SE implement some type of innovation? If the answer to this question is "No", please go directly to section 3.	
	Yes	X
	No	

Please summarize the type(s) of innovation (maximum 2 lines):
 Training for people with mental diseases, in a 'Simulation' environment;
 Abandon of a welfaris approach, in favour of a 'Third Sector Sustainability' approach;
 Development of projects involving profit-nonprofit partnerships

02:05	At which level is the (main) innovation implemented? (Tick one or more of the following categories)	
	Product (good or service)	X
	Production process	X
	Organization	
	Marketing	X
	Other (please specify):	
	Product (good or service): Products are made in cooperation with for-profit Enterprises.	
	Production processes: The disabled person enters the production process wholly, not marginally, thanks to the fit between the way of working of the disabled people and the Enterprise's needs.	
	Marketing: Co-branding, matching between a Social Brand and a For-Profit brand, distribution through the partners' channels.	

02:06	What have been the driver(s) of this innovation? (Tick one or more of the following categories)	
	To achieve the SE's social mission	X
	To increase the SE's financial sustainability	X
	To increase the range and/or quality of the products and/or services the SE provides	X
	Pressure from competitors	
	Other (please specify):	

02:07	Does this innovation imply an innovative way to involve one or some type(s) of stakeholders?	
	Yes	X
	No	

02:08	If so, which one(s)? (Tick one or more of the following categories)	
	Workers	
	Users	X
	Volunteers	X
	Financing bodies	
	Business sector	X
	Third sector organisations/associations	
	Public bodies	
	Citizens	
	Other (please specify):	
	Users: Training in 'Simulation' context	
	Volunteers: 'Più di un collega' ('More than a colleague') Project	
	Business Industry: The innovation imply the involvement of For-Profit Enterprises:	
	Development of productive processes ad hoc for the disabled person, customization in limited edition of best-seller products:	
	<ul style="list-style-type: none"> - DonDap, K-Way, Atipico, Fortiweft, Macrameo, Nygoard (...): customization of Best Seller products and sale of Valemour products on e-commerce and in stores; - Geox, Cantori: Valemour production and partner's distribution; - Zoppini: Production of 'snappy' bracelets for Valemour, distribution by Valemour & Zoppini 	
	Valemour Products: Snappy + Bags for corporate gifts + Scarfs	

3. THE GOVERNANCE AND OWNERSHIP STRUCTURE

03:01	How would you define the SE? (Please choose one)	
	NPO without members	
	Organization with members (association, cooperative,...)	X
	Shareholding company	
	Other (please specify):.....	

03:02	Which body holds the ultimate decision-making power? (Please choose one)	
	Board of trustees	
	General assembly/meeting (of members, shareholders,...) (G.A.)	X
	Other (please specify):.....	
	The assembly of members has the power of last decision.	
	The "Più di un Sogno" Foundation has the most prominent decisional power, because of the members' Trust.	
	If there is no G.A., please go to question 3.8.	

03:03	How many individuals belong to the G.A.?	25
-------	--	----

If the SE is an organization without shares, please go directly to question 3.6.

If the SE is a company with shares, please answer questions 3.4. and 3.5., then go to question 3.8.

03:04	If the SE has a G.A. and if it is a company with shares (limited company, cooperative...), which groups of shareholders hold the largest proportion of shares? Please list by order of importance: 1: the most important, 2: the second most important, 3: the third most important.
-------	--

Individual Shareholders

Worker Shareholders	15
Consumer Shareholders	
Other individual shareholders	9
2 Investor members (No Foundation) + 7 Volunteer members	

Institutional Shareholders

Private companies	
Governmental agencies	
Third sector organisations	1

03:05	How is the voting power distributed in the G.A.?	
	According to the number of shares	
	According to the number of shares, with an upper limit	3
	"One member, one vote" principle	25
	Other (please specify):.....	

One member, one vote¹ for everyone, excluding Investor members:

- One vote, up to 500€ of Capital invested
- Two votes between 1.000€ and 10.000€.
- Five votes above 10.000€ (It is the case of the 'Più di un Sogno' Foundation).

Go to question 3.8.

03:06	If the SE has a G.A. and if it is a SE without shares, what are the most represented groups (maximum 5) in the G.A.? Please list by order of importance: 1: the most important, 2: the second most important, 3: the third most important, and so on.
-------	---

Users/private customers	
Volunteers	
Workers	
Representatives from the private business sector	
Representatives from governmental agencies	
Representatives from the third sector	
Donors	
Citizens	
Experts	
Providers	
Others (please specify):.....	

03:07	How is the voting power distributed in the G.A.?	
	"One member, one vote" principle	
	Other (please specify):.....	

3.08 Who sits in the board of the SE? If possible, please identify the most influential groups of members in the board. (For the “most influential groups”, tick maximum 3 groups—if relevant)

		In nb of persons	Most influential groups
Individual shareholders (shareholding company, cooperative,...)	Worker shareholders		
	Consumer shareholders		
	Other individual shareholders	3	
Institutional shareholders (shareholding company, cooperative...)	Private companies		
	Governmental agencies		
	Third sector organisations		
Individual members without shares	Managers		
	Workers		
	Volunteers		
	Users/private customers		
	Representatives from the private business sector		
	Representatives from governmental agencies		
	Representatives from the third sector		
	Donors		
	Citizens		
	Providers		
	Experts		
Other (please specify)		

M.O. (Volunteer member, Account + Board member of the Foundation)

U.P. (Volunteer member, Account + Founder member of the Foundation)

Another member of the Foundation (Not present in the Coop + Founder member of the Foundation)

03:09 Is there any other governance body which you consider important to fulfil the social mission of the SE?

Yes

No

X

03:10 In case there is such a governance body, what is it called?

N.A.

03:11 What is the mission of this governance body?

N.A.

03:12 What are the most represented groups in this governance body? Please choose maximum 5 groups and list them by order of importance: 1: the most important; 2: the second most important; 3: the third most important, and so on.

Users/private customers

Volunteers

Workers

Representatives from the private business sector

Representatives from governmental agencies

Representatives from the third sector

Donors

Citizens

Experts

Providers

Other (please specify):.....

03:13	Does the SE belong to regional/national/international formal networks, umbrella organisations, federative bodies?	
	Sì	<input checked="" type="checkbox"/>
	No	<input type="checkbox"/>

- Members of 'Confcooperative';
- Coordinamento per l'Inclusione Sociale (Regione Veneto) – Both Cooperative and Foundation;
- Coordown (The Foundation is formally in the Network, but in practice the Cooperative participates to the working groups).
- The informal Network of no-profits that the Cooperative costitued for carrying out the Geox for Valemour project

Network 1: CoorDown

What are the main purposes of this network? (Tick one or more of the following categories)	
Advocacy	<input checked="" type="checkbox"/>
Providing services (technical support, financial services....)	<input type="checkbox"/>
Information sharing	<input checked="" type="checkbox"/>
Other (please specify):.....	<input type="checkbox"/>

Network 2: Coordinamento per l'Inclusione Sociale

What are the main purposes of this network? (Tick one or more of the following categories)	
Advocacy	<input checked="" type="checkbox"/>
Providing services (technical support, financial services....)	<input type="checkbox"/>
Information sharing	<input type="checkbox"/>
Other (please specify):.....	<input checked="" type="checkbox"/>
Jointly present projects	<input type="checkbox"/>

Network 3: Geox For Valemour

What are the main purposes of this network? (Tick one or more of the following categories)	
Advocacy	<input type="checkbox"/>
Providing services (technical support, financial services....)	<input checked="" type="checkbox"/>
Information sharing	<input type="checkbox"/>
Other (please specify):.....	<input type="checkbox"/>

4. FINANCIAL STRUCTURE

04:01 Year of reference for the collected data:	2013
04:02 National/local currency used for the financial statements:	Euro

Please provide all financial data in local currency.

04:03 Total assets (Totale Attivo):	€ 222.588
04:04 Net income/loss:	-€ 2.272

04:05 Is there any trend in the evolution of the net income over the last 3 years?	
Net income tends to grow	
Net income tends to decrease	
A net loss appeared only in one year	
A net loss appeared only in two years	
A net loss appeared in the three years	
No trend can be identified	X

The target is zero gains

Allocation of net income/profit

04:06 Does the SE have formal rules that restrict the distribution of the net income?	
Yes	X
No	
The SE is organizing its rules in these days, they have never seen it as a problem until now.	

04:07 If yes, specify the rule and its origin (Law, Bylaw or internal rules):	
Distribution is fully prohibited	
The dividend allocated per share is subject to a cap	X
Only distribution to a non-profit parent organisation is allowed	
It is in the Statute, distribution never took place and it is not intended to happen.	

04:08 What was the actual practice regarding distribution of the net income for the year of reference?	
Reinvestment in the SE	X
Distribution to shareholders	
Distribution to a parent organisation	
Not applicable (no net income available/net loss)	X
Other (please specify):	

04:09 If a shareholder or a co-operator (member of a co-operative) wants to leave the SE, how can his/her shares be reimbursed?	
At the nominal value	X
At the nominal value + inflation adjustment	
According to the value of the SE net assets	
Not possible	
Undetermined	
Other (please specify):.....	

For the investor members, at the nominal value, possibly adjusted (increased, up to the maximum measure allowed by the law).

04:10 If the SE terminates its activity, how are the net assets (if any) allocated?	
Among the shareholders	X
To another SE or NPO with a similar social mission	X
To a parent organisation	
Undetermined	
Other (please specify):.....	
The whole set of Assets resulting from the liquidation balance sheet, deducted only of the capital to pay to the members, has to be devoted to the Mutualistic Funds for Promotion and Development of Cooperation (Law 59/1992)	

Resource mix of the social enterprise

Type of Revenues (Information from the Statement of Operations/Income Statement)	Year of reference	Year of reference – 2
Earned income coming from private or public sources	Q4.11:	Q4.17:
Public grants/subsidies (money coming from public bodies except sales)	Q4.12:	Q4.18: €10.000
Investment income (rental of buildings, interest or dividends of financial assets, capital gains,...)	Q4.13:	Q4.19:
Philanthropic monetary resources (gifts, donations, private grants,...)	Q4.14:	Q4.20:
Membership income	Q4.15:	Q4.21:
Other(s) (please specify):	Q4.16:	Q4.22:

04:23 If relevant and if information is available, which part of philanthropic monetary resources is coming from:

National foundations raising funds locally:%

International flows of philanthropy (through local branches of foreign NGOs or directly from international foundations and other private organizations):%

Non monetary resources/ in-kind support

04:25 Staff seconded by another organisation in FTEs:

No

04:26 From which type(s) of organisation?

Business

Public bodies

Third sector

Supporting Staff of the Foundation can help in emergencies

04:27 Other type of in-kind support

Building

Equipment

Other (please specify):.....

The shed is lent to the Foundation

The laser for the production is a gift of Jeanoloja

In buying material for sales, the Business partners often give as gifts raw materials, or guarantee below-the-market prices

04:28 Do you benefit from some type of exemption?

Tax exemption

Tax deduction

Exemption from social security contributions

Other (please specify):.....

Exemption from contributes due to disabled employees

5 SELF-ASSESSMENT OF THE SE MODEL - Interviewee 1

05:01 According to the SE's social mission, to what extent has your financial resource mix reached an adequate level of sustainability?

Not at all adequate

Not adequate

More or less adequate

Adequate

Very adequate

X

- Different sources, different subjects, different dimensions accordingly with the different source (Christmas Campaign:

Managed by the Cooperative: (Re-)Sale of (bought) products, packed and re-sold with the Foundation Brand, but financing the Cooperative).

- The Cooperation with Enterprises can be improved

05:02 Keeping in mind the social mission of your SE, could you give your opinion as to the best proportion of the different types of revenue of your SE?

Tipi di introiti	
Earned income coming from private or public sources%	
Public grants/subsidies%	
Investment income%	33%
Philanthropic monetary resources%	
Membership income%	
Other(s) (please specify):.....%	66%
Total	99%

05:03 Putting together the various types of revenue coming from public sources (public grants, sales to public bodies,...), what would be the optimal level of such public revenues?

> 75%

Tra il 75% e il 50%

Tra il 50% e il 25%

< 25%

Zero, for the Cooperative

X

05:04 From a realistic point of view, what do you see as the main obstacles which should be removed to make such an overall financing mix more feasible?

N/A

05:05 Given the social mission of your SE and its economic model, do you see any issue or challenge that you are currently facing regarding governance?

N/A

06:01 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business help generating SOCIAL VALUE?	
Talking about the 'Valemour' Social Brand	
06:01:01 Ability to identify a relevant typology of customers:	+2
06:01:02 Ability to create Value for customers:	+2
06:01:03 Ability to manage distribution channels:	0
06:01:04 Ability to build a long lasting relationship with customers:	+2
06:01:05 Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:01:06 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:01:07 Ability to structure and coordinate critic activities more efficiently:	
06:01:08 Ability to develop strategic alliances with commercial partners:	+2
06:01:09 Ability to organize a more efficient cost structure:	+2
<p>06:01:01 Relevant typology of customer: Individuando una tipologia di clientela specifica posso coinvolgerle facendo conoscere il progetto: "Ethical Fashion Dreamer" è il nostro cliente ideale ma anche donatore e sostenitore, che ci consente di ampliare la nostra missione sociale.</p> <p>06:01:02 Create Value for customers: The customer participates to the Story he/she supports and buys.</p> <p>06:01:03 Distribution Channels: It is important for the relationship with the client and the partner.</p> <p>06:01:06 Key Resources: Skills and Knowledge (Fulvio Luparia, color artisan, Mario Romanzini, jewelry designer); University and Research; Volunteers. Materials and innovative technologies (Laser by Jeanologia, Leather 'idroki' by okinawa produced without chromium, natural colors by okinawa/oasicolori);</p>	
06:02 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the Social Activity of the Enterprise impact its ECONOMIC SUCCESS, in each of the following dimensions of the Business?	
06:02:01 Ability to identify a relevant typology of customers:	+2
06:02:02 Ability to create Value for customers:	+2
06:02:03 Ability to manage distribution channels:	0
06:02:04 Ability to build a long lasting relationship with customers:	+2
06:02:05 Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:02:06 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:02:07 Ability to structure and coordinate critic activities more efficiently:	+2
06:02:08 Ability to develop strategic alliances with commercial partners:	+2
06:02:09 Ability to organize a more efficient cost structure:	0
<p>06:02:01 Relevant typology of customer: The Social component let the SE identify a relevant target for a product that is both Fashion and Social.</p> <p>06:02:08 Strategic Alliances: There are more chances to develop partnerships</p> <p>06:02:09 Cost Structure The Social Mission produces higher costs, but because of this peculiarity, the efficiency is not linkable with the Social Mission and its Economic Impact</p> <p>06:02:05 Revenues and profit Access to sources of funding that for-profit firms have not, together with discounts and favourable commercial relationships</p>	
06:03 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business contribute to generate the COMPETITIVE ADVANTAGE of the Enterprise?	
06:03:01 Ability to identify a relevant typology of customers:	+2
06:03:02 Ability to create Value for customers:	+2
06:03:03 Ability to manage distribution channels:	+2
06:03:04 Ability to build a long lasting relationship with customers:	+2
06:03:05 Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:03:06 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:03:07 Ability to structure and coordinate critic activities more efficiently:	+1
06:03:08 Ability to develop strategic alliances with commercial partners:	+2
06:03:09 Ability to organize a more efficient cost structure:	0
<p>06:03:03 Distribution Channels: The SE acquaintance the important of this aspect in generating Competitive Advantage, despite the difficulties in managing the E-Commerce.</p>	
06:04 In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the economic activity of the Enterprise impact on its ability to generate SOCIAL VALUE, in each of the following dimensions of the Business?	
06:04:01 Ability to identify a relevant typology of customers:	+2
06:04:02 Ability to create Value for customers:	+2
06:04:03 Ability to manage distribution channels:	0
06:04:04 Ability to build a long lasting relationship with customers:	+2
06:04:05 Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:04:06 Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:04:07 Ability to structure and coordinate critic activities more efficiently:	+2
06:04:08 Ability to develop strategic alliances with commercial partners:	+2
06:04:09 Ability to organize a more efficient cost structure:	+1

5 SELF-ASSESSMENT OF THE SE MODEL - Interviewee 2

05:01 According to the SE's social mission, to what extent has your financial resource mix reached an adequate level of sustainability?

Not at all adequate
Not adequate
More or less adequate
Adequate
Very adequate

X

05:02 Keeping in mind the social mission of your SE, could you give your opinion as to the best proportion of the different types of revenue of your SE?

Tipi di introiti	
Earned income coming from private or public sources%	33%
Public grants/subsidies%	
Investment income%	17%
Philanthropic monetary resources%	66%
Membership income%	
Other(s) (please specify):.....%	
Total	116%

05:03 Putting together the various types of revenue coming from public sources (public grants, sales to public bodies,...), what would be the optimal level of such public revenues?

> 75%
Tra il 75% e il 50%
Tra il 50% e il 25%
< 25%
33% Subsidiarity principle (33% Government, 33% Families, 33% Fund Raising)

X

05:04 From a realistic point of view, what do you see as the main obstacles which should be removed to make such an overall financing mix more feasible?

Governmental Bureaucracy: Indifference of the public employees in the management, one can spend 8 years for obtaining an accreditation, which should be given in 20 months, just because of the laziness of public employees.

05:05 Given the social mission of your SE and its economic model, do you see any issue or challenge that you are currently facing regarding governance?

A challenge is to better define the roles, re-programming the work of everyone according to precise schemes.

6. COMMON TONE SURVEY - Interviewee 2

06:01	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business help generating SOCIAL VALUE?	
06:01:01	Ability to identify a relevant typology of customers:	+1
06:01:02	Ability to create Value for customers:	+2
06:01:03	Ability to manage distribution channels:	+1
06:01:04	Ability to build a long lasting relationship with customers:	+2
06:01:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:01:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+1
06:01:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:01:08	Ability to develop strategic alliances with commercial partners:	+2
06:01:09	Ability to organize a more efficient cost structure:	+2

06:01:08 Strategic Alliances

A Business Model based on relationships with Enterprises helps the final Social Mission of training and inclusion in the labour market.

06:02	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the Social Activity of the Enterprise impact its ECONOMIC SUCCESS, in each of the following dimensions of the Business?	
06:02:01	Ability to identify a relevant typology of customers:	+1
06:02:02	Ability to create Value for customers:	+2
06:02:03	Ability to manage distribution channels:	+1
06:02:04	Ability to build a long lasting relationship with customers:	+1
06:02:05	Ability to generate revenues and profit using 'alternative' dynamics:	+1
06:02:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+1
06:02:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:02:08	Ability to develop strategic alliances with commercial partners:	+2
06:02:09	Ability to organize a more efficient cost structure:	+1

06:03	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business contribute to generate the COMPETITIVE ADVANTAGE of the Enterprise?	
06:03:01	Ability to identify a relevant typology of customers:	+1
06:03:02	Ability to create Value for customers:	+2
06:03:03	Ability to manage distribution channels:	+2
06:03:04	Ability to build a long lasting relationship with customers:	+1
06:03:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:03:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:03:07	Ability to structure and coordinate critic activities more efficiently:	+1
06:03:08	Ability to develop strategic alliances with commercial partners:	+2
06:03:09	Ability to organize a more efficient cost structure:	+2

06:01:08 Strategic Alliances

Through Business Partners, the SE leverages their Distribution channels, or their Resources.

06:04	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the economic activity of the Enterprise impact on its ability to generate SOCIAL VALUE, in each of the following dimensions of the Business?	
06:04:01	Ability to identify a relevant typology of customers:	+2
06:04:02	Ability to create Value for customers:	+2
06:04:03	Ability to manage distribution channels:	+2
06:04:04	Ability to build a long lasting relationship with customers:	+2
06:04:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:04:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:04:07	Ability to structure and coordinate critic activities more efficiently:	+1
06:04:08	Ability to develop strategic alliances with commercial partners:	+2
06:04:09	Ability to organize a more efficient cost structure:	+1

06:01:01 Typology of customers

The 'Ethical Fashion Dreamer' as perspective customer, or as an Enterprise that employ a Person affected with mental disease.

5 SELF-ASSESSMENT OF THE SE MODEL - Interviewee 3

05:01 According to the SE's social mission, to what extent has your financial resource mix reached an adequate level of sustainability?

Not at all adequate	X
Not adequate	
More or less adequate	
Adequate	
Very adequate	

05:02 Keeping in mind the social mission of your SE, could you give your opinion as to the best proportion of the different types of revenue of your SE?

Tipi di introiti	
Earned income coming from private or public sources%	33%
Public grants/subsidies%	33%
Investment income%	
Philanthropic monetary resources%	33%
Membership income%	
Other(s) (please specify):.....%	
Total	99%

05:03 Putting together the various types of revenue coming from public sources (public grants, sales to public bodies,...), what would be the optimal level of such public revenues?

> 75%	
Tra il 75% e il 50%	
Tra il 50% e il 25%	X
< 25%	
33% Sussidiarity principle (33% Government, 33% Families, 33% Fund Raising)	

05:04 From a realistic point of view, what do you see as the main obstacles which should be removed to make such an overall financing mix more feasible?

Governmental Bureaucracy and welfarism.

05:05 Given the social mission of your SE and its economic model, do you see any issue or challenge that you are currently facing regarding governance?

The Cooperative's Governance is based on employees' Trust, because formally the Foundation does not have the majority of the votes.
The participatory Foundation is an 'enlightened Democracy' (Succeeded Founder Members are selected by merit).
The Governance is managed also on the basis of merit by founder members and succeeded founder members (even not parents, but an year of mutual acknowledgement is needed, also for legal entities).

6. COMMON TONE SURVEY - Interviewee 3

06:01	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business help generating SOCIAL VALUE?	
06:01:01	Ability to identify a relevant typology of customers:	+2
06:01:02	Ability to create Value for customers:	+2
06:01:03	Ability to manage distribution channels:	+1
06:01:04	Ability to build a long lasting relationship with customers:	+2
06:01:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:01:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:01:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:01:08	Ability to develop strategic alliances with commercial partners:	+2
06:01:09	Ability to organize a more efficient cost structure:	+2

06:02	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the Social Activity of the Enterprise impact its ECONOMIC SUCCESS, in each of the following dimensions of the Business?	
06:02:01	Ability to identify a relevant typology of customers:	0
06:02:02	Ability to create Value for customers:	+2
06:02:03	Ability to manage distribution channels:	0
06:02:04	Ability to build a long lasting relationship with customers:	+2
06:02:05	Ability to generate revenues and profit using 'alternative' dynamics:	0
06:02:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:02:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:02:08	Ability to develop strategic alliances with commercial partners:	+2
06:02:09	Ability to organize a more efficient cost structure:	+2

06:03	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business contribute to generate the COMPETITIVE ADVANTAGE of the Enterprise?	
06:03:01	Ability to identify a relevant typology of customers:	0
06:03:02	Ability to create Value for customers:	+2
06:03:03	Ability to manage distribution channels:	+2
06:03:04	Ability to build a long lasting relationship with customers:	+2
06:03:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:03:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:03:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:03:08	Ability to develop strategic alliances with commercial partners:	+2
06:03:09	Ability to organize a more efficient cost structure:	+2

06:04	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the economic activity of the Enterprise impact on its ability to generate SOCIAL VALUE, in each of the following dimensions of the Business?	
06:04:01	Ability to identify a relevant typology of customers:	+2
06:04:02	Ability to create Value for customers:	+2
06:04:03	Ability to manage distribution channels:	+1
06:04:04	Ability to build a long lasting relationship with customers:	+2
06:04:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2
06:04:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2
06:04:07	Ability to structure and coordinate critic activities more efficiently:	+2
06:04:08	Ability to develop strategic alliances with commercial partners:	+2
06:04:09	Ability to organize a more efficient cost structure:	+2

6. COMMON TONE SURVEY - COMPARISON

06:01	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business help generating SOCIAL VALUE?	Int. 1	Int. 2	Int. 3	All +2
06:01:01	Ability to identify a relevant typology of customers:	+2	+1	+2	
06:01:02	Ability to create Value for customers:	+2	+2	+2	X
06:01:03	Ability to manage distribution channels:	0	+1	+1	
06:01:04	Ability to build a long lasting relationship with customers:	+2	+2	+2	X
06:01:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2	+2	+2	X
06:01:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2	+1	+2	
06:01:07	Ability to structure and coordinate critic activities more efficiently:		+2	+2	
06:01:08	Ability to develop strategic alliances with commercial partners:	+2	+2	+2	X
06:01:09	Ability to organize a more efficient cost structure:	+2	+2	+2	X

06:02	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the Social Activity of the Enterprise impact its ECONOMIC SUCCESS, in each of the following dimensions of the Business?				
06:02:01	Ability to identify a relevant typology of customers:	+2	+1	0	
06:02:02	Ability to create Value for customers:	+2	+2	+2	X
06:02:03	Ability to manage distribution channels:	0	+1	0	
06:02:04	Ability to build a long lasting relationship with customers:	+2	+1	+2	
06:02:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2	+1	0	
06:02:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2	+1	+2	
06:02:07	Ability to structure and coordinate critic activities more efficiently:	+2	+2	+2	X
06:02:08	Ability to develop strategic alliances with commercial partners:	+2	+2	+2	X
06:02:09	Ability to organize a more efficient cost structure:	0	+1	+2	

06:03	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent do the following aspects of your own Business contribute to generate the COMPETITIVE ADVANTAGE of the Enterprise?				
06:03:01	Ability to identify a relevant typology of customers:	+2	+1	0	
06:03:02	Ability to create Value for customers:	+2	+2	+2	X
06:03:03	Ability to manage distribution channels:	+2	+2	+2	X
06:03:04	Ability to build a long lasting relationship with customers:	+2	+1	+2	
06:03:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2	+2	+2	X
06:03:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2	+2	+2	X
06:03:07	Ability to structure and coordinate critic activities more efficiently:	+1	+1	+2	
06:03:08	Ability to develop strategic alliances with commercial partners:	+2	+2	+2	X
06:03:09	Ability to organize a more efficient cost structure:	0	+2	+2	

06:04	In a scale of -2 to +2, in which -2 means very negative, -1 negative, 0 indifferent, +1 positive and +2 very positive, to what extent does the economic activity of the Enterprise impact on its ability to generate SOCIAL VALUE, in each of the following dimensions of the Business?				
06:04:01	Ability to identify a relevant typology of customers:	+2	+2	+2	X
06:04:02	Ability to create Value for customers:	+2	+2	+2	X
06:04:03	Ability to manage distribution channels:	0	+2	+1	
06:04:04	Ability to build a long lasting relationship with customers:	+2	+2	+2	X
06:04:05	Ability to generate revenues and profit using 'alternative' dynamics:	+2	+2	+2	X
06:04:06	Ability to access key resources (e.g. tangible resources such as raw materials, semi-manufactured, plants, etc.; or intangible assets such as knowledge, patents, brands; or human and financial resources):	+2	+2	+2	X
06:04:07	Ability to structure and coordinate critic activities more efficiently:	+2	+1	+2	
06:04:08	Ability to develop strategic alliances with commercial partners:	+2	+2	+2	X
06:04:09	Ability to organize a more efficient cost structure:	+1	+1	+2	

Annex 2: My interview with Marco Ottocento, founder of ‘Valemour’

Can you tell me how Valemour was created?

First of all, it was created from a need, which is the one of the work inclusion for our guys.

Since they are young we focus all our actions on maximizing their autonomy: it is clear that without a job, there is no autonomy at all.

Therefore, we started thinking about what to do.

I took a sabbatical year from the 'Profit' world, and went around to visit some Cooperatives.

We understood that a Cooperative could have represented the right environment for dealing with the work inclusion issue.

However, visiting the Cooperatives I realized that, in particular the 'B-Type Cooperative' – in which handicapped guys are employed – present two major issues:

They are not competitive on the market, and they are too much bounded to the For Profit Manufacturing Industry.

As the For Profit Manufacturing Industry gives them the jobs, if this sector suffers or experiences difficulties, the Cooperatives suffer as well.

Often, corporations prefer to delocalize the production, rather than continuing with manufacturing here in Italy...

What is the standard model for B-Type Cooperatives?

The standard model is "I am a service of a For Profit Enterprise, or more than one, they give me the jobs they do not want to internalize, such as packing, wrapping, little operations of a big enterprise that wants to dedicate more to marketing and distribution, and therefore externalize to Cooperatives".

The Cooperatives are struggling for two reasons: They have to be competitive with other Cooperatives as well as the globalized world and therefore – running short of manufacturing jobs here in Italy – experience difficulties.

Afterward, I also realize that, wherever there is a production, or a market-oriented idea, such as production for themselves and commercialization for themselves, one of the big difficulties for Cooperatives is the aspect of marketing.

The Cooperatives hardly imagined the opportunity to create a product for the market, and where they have done it, they have marketing difficulties.

Therefore, we can say that the Cooperatives in which one of these guys is inserted, are manufacturers for third parties.

Well, all this stated I said that our Cooperative should have had two aspects:

It should have been a Cooperative that makes products, and therefore sells. It should stay on the market because it makes good and fancy products, not good under a pricing standpoint, but most of all from the design standpoint.

Second, because our most important goal is the working inclusion, not in our Cooperative, but in external Enterprises, it should have to be a formative environment, which we have called ‘Formative Hub’, but it could have also been called with another name!

Therefore, we follow two paths: One is the formation to work, and one is that our production has to be marketable.

Naturally, thinking about something marketable, the first thing one has to do is to have a relevant market, and therefore a customer, one also has to have a Brand, to be recognizable, and then obviously one has to have creativity.

So we said...about the customer...well...what can be most useful for our guys is the market of young people, for two reasons:

First, it is correct to speak with people that are aged the same as our employees, and normally here arrive employees – or future employees- that arrive out of School, therefore young people.

Second, because if we are dealing with the job market, the people that will be colleagues of our guys, that come from Schools are tomorrow's entrepreneurs, not today's!

We said: It is better if we create a culture for tomorrow's entrepreneurs, and therefore it would be good if our relevant market as the one of young people.

In order to speak with young people, it is more useful to make products dwelling in the fashion and design world. A world that speaks to young people.

It is clear that for instance the fruit and vegetables market speaks way less to young people.

The other outline we stated... because I came from the fabric and apparel industry, I know very well the underlying dynamics: In order to create a Brand, you need money.

Therefore we thought: Why do not state, yet from the Brand, exactly what we want to do and what we want to be?

Studying and studying Valemour was born: The match between 'Value' and 'Glamour'.

The ideal union between Values and the glittering world of Fashion.

But actually, in the end, it is a strong match between Profit and Nonprofit.

Otherwise, also if it is not the case, it seems like the Nonprofit world express Values, while the Profit one express the superfluous, the glamour.

Contrariwise, this strong match disrupt the stereotypes, because in my opinion is not true that Nonprofit world is made by Angels, and Profit world by Devils.

By the way, all this starts from a fundamental concept, on which we built our entire Foundation, more than just the Cooperative that manage Valemour Brand.

Our Foundation was created with at its roots and soul the concept of Subsidiarity.

Subsidiarity, which I was thinking it was ideated by politicians some years ago, as from Subsidiarity Committee originates also the 'cinque per mille' tax donation.

I was thinking it was something introduced in our mind set only recently.

To the contrary, I recently discovered that an encyclical by Leone XII dated 1891, already covered Subsidiarity.

How was Subsidiarity considered? We unconsciously developed the concept...we did not read the encyclical: it is something that generated inside our minds, due to the soul we had at the moment.

The Encyclical states. "You, citizen, that needs something special – like our guys do, which clearly are small necessities in front of the whole community – you have to do your own, and I help you".

It means, I see how you work, I control how you work and then I help you to succeed.

We, unconscious of Leone XII and of all the politicians, we imagined Subsidiarity as a concept that we call 'the concept of 33%'.

It means, you, parent (of a guy with down syndrome, ed.), do your duties, because if you do that as a parent, therefore you take care of what we are doing...also under a financial standpoint.

Therefore, I as a subsidiary, do my duties not for being assisted, but I invest on my guy, exactly as I invest on each one of my sons and daughters without disabilities. Then we seek another 33% on the market, through our production, or through engaging enterprises and citizenships on fund raising operations.

Finally, we claim the last 33% from Government.

Because with job we give conclusion to a whole project of autonomy.

If we start helping our guy since he/she is a baby to diminish the gap given by the mental disease, than we help teaching in the school, starting from an age of 14 we start working on autonomy, we think about living by himself/herself...and it means also pay a rent...

Do you see it? This is Social Inclusion...

Moreover, also if I dislike this word, and I would rather prefer to say that he/she becomes a citizen, it is common use to say that he/she becomes a consumer.

If he/she becomes a consumer, other than being satisfied because he/she is socially included, he/she becomes one that spend, not one that is assisted.

Therefore, on one side we have Social Inclusion and a consumer; on the other we have Social Exclusion and an assisted.

If the guys do not work, they go into the CEOD (Daytime Center for Education and Occupation, ed.), and CEOD are 100% paid by taxes, taxes through which we, citizens, sustain public assistance.

Well, from the point of view of our target customer, we also had fun in naming him/her, identify him/her, because in my opinion the best thing of everything is to find a name, also if one of fancy, especially when we deal with creativity.

Therefore, we call our target customer the 'Ethical Fashion Dreamer', because he/she must be one that likes Ethics but without exaggerations...I mean, he/she can accept a Brand, if we are talking about Fashion.

He/she can be a Fashion Victim, but he/she should be open-minded also in front of unbranded products.

What is most important, he/she has to be a dreamer.

If we analyze closely the Ethical Fashion Dreamer, he/she is a moderate.

In my opinion, in order to accept a difference, one has to be moderated, one cannot be too much here or too much there.

In fact, 'Inclusion' means opening your arms and accepting the other's difference, which is different from 'Integration'.

'Integration' has in the word a sense of missing.

I have to integrate something to you; I need to add to you a piece.

Contrariwise, Inclusion means saying 'I include you', it is proactive, it is not about me adding something to them, but I have to look at them as they are, open my arms and go to them.

This also applies to our relationships with Enterprises.

At this point, another thing we decided when we created our Brand...because I know, for my coming from the Fashion Industry, what it means to build a Brand from a cost standpoint, was: why we do not do something that could be even more representative of this Profit-Noprofit union, starting our production with co-brandings?

We want to arrive at the point that Valemour is a self-standing Brand, but let us start with Co-Brandings.

But, you know, also for making Co-Brandings...you have to reach the point at which you can make Co-Brandings!

Therefore we started with an action, which was also proactive: We asked companies to send us some products, we make a 'Limited Edition' of it, adding our creativity, or the creativity of close friends of us that in some ways, with some instruments...actions...can mobilize their creativity or their skills...

I mean, if it could be easy to paint, let us invent a way for painting!

Often also our guys would need to express their feelings, and someone that understand their expression to make it marketable.

Some experiences in the Arts field already exist.

In the year in which I traveled, I also met artists that share their artistic skills with handicapped guys, translating their expressions.

I loved a phrase that I read in a Spanish Foundation: 'Connecting Abilities'.

In that case, the artists connect their abilities with the ones of our guys.

Therefore we said: We ask for products, make them Limited Edition, we sell them on the market.

You first thought about selling them by yourselves?

Yes we started that way. Clearly, selling carries difficulties, you have to be recognized, in order to sell.

So we started selling products through our friends' channels.

Then we started our E-Commerce, with all the difficulties to run an E-Commerce, which has to be known.

Finally, we had the graceful opportunity to open a store, in Calzedonia's outlet, and we started offering a space of our property, an actual physic space. And every night I ask for the revenues, but also for the number of people we spoke with.

Through a '*contact point*', for our type of activity, the contacts that I make can be even more important than the Revenues, because contacts generate opportunities.

Activating all this, it is clear that our efforts are put in making all these mechanisms work, and therefore we started creating an '*Economy of Relationships*'.

All that we do is an '*Economy of Relationships*'.

I repeat: From our standpoint, it is more important to know how many people get to know our activity, than the mere Revenues.

In this way, the second dream we had – still since Valemour was first ideated – started taking form: Maybe, eventually, there could be a Brand willing to make a 'Reverse Co-Branding', that is using our creativity to sell itself!

Clearly, the more the Brand is big, the more we achieve visibility, and we increase the chances to make us known, and therefore we can become a Brand, without spending money in advertising.

Obviously, in this we leverage what we are, that is a Noprofit organization that deals with disable guys, therefore mobilizing the Corporate Social Responsibility.

Our final aim is that our Brand become well-known, and therefore can sell its productions directly on the market.

Nevertheless, I want to reach this aim without abandon Co-Branding.

Step by step, the new models will substitute the old ones, and therefore the growth of our Brand will first substitute the first-level Co-Branding based on making Limited Editions of others' products...and then we hope it will be increasingly important also with respect to Co-Branding made for other enterprises. But it will take time.

More, we ultimately want to upgrade our Brand.

Therefore, we want to use the current Brand for Co-Branding products – the libra that is symbol of the union of two realms, balancing Profit and Nonprofit, imbalanced on the heart side – and another Brand: 'Valemour Unique', which will be the same Brand but with a different logo... this is the main outline of our idea.

We want to call it 'Valemour Unique', and it will be a Brand of our property, that markets on its own.

Products that are by you and also marketed by you?

Yes, that is the final aim...because at that point we could go in direct production, all Revenues will be ours, and also all the notoriety. But I would never abandon Co-Branding, eh...

Why?

Because the Co-Branding means exactly what Valemour is! Do not ever forget that all this 'commercial game', all this commercial strategy, is an index of what we want to be!

I mean, we do not want to become the most important Brand in the world, make hundreds of millions in revenues... our aim is the work inclusion, therefore Co-Branding means that we work together with Enterprises for insert our guys in Enterprises.

Imagine that Valemour Brand grows overwhelmingly. We should hire many workers, and they should be many workers of this kind...you see? Our aim is not to recreate a new cage!

If we, to the contrary, maintaining the Co-Branding, we create a link between Profit and No-Profit, because our aim is not make Valemour become super-big, but insert a super-number of guys in the job market!

Therefore, we should be able to speak with others, not as enemies, but as partners!

The fact that Valemour produces its own Creativity and markets on its own, will demonstrate at the Profit world the fact that we are able to create Value with disable guys, because if we create Value, the Co-Branding will assume Value!

With that I mean, it will not be a low-quality Co-Branding, but a Co-Branding that makes a certain kind of products, with its uniqueness.

Demonstrating uniqueness, we can speak to the entrepreneurs about uniqueness: We are able to open a negotiating table talking not about price, but about Value!

Ultimately, this represents the Value that the Entrepreneurs should have understood from the law 68/99, which regards the work inclusion, because a guys of ours inside an Enterprise should add Value, and not being a burden!

For instance, the partnership you have with Geox, is it ultimately oriented toward work inclusion?

Yes, we started talking about a working inclusion in Geox.

How do the legal obligations work?

All the Enterprises that employ more than 15 employees have employment obligations. From 15 to 30 is one element, I recall, from 30 to 50 is two, above 50 it becomes the 7% of the human capital.

I forward you a report, in which are listed the different regulations in different States, it has been presented at the world summit of the Organizations that deal with Down syndrome.

It is a report by McKinsey and a Brazilian group, from which emerge different ideas and the benefits of employing a guy with Down syndrome.

As soon as one makes a law, the enforcement of that law should be controlled. In the same way, as soon as money are given, one should control that money are well-spent.

This is one of the lacks in the System...in the democratic system...for sure in the Italian system: we give, or we make laws, and then we do not control.

I am truly convinced that if the law 68/99 would be controlled, we would not have enough disable people to cover the jobs, I give you that with almost certainty!

As I give you with absolute certainty that the 93% of Down people does not work.

Recent studies by the CoorDown (Italian national coordination of organizations that deal with Down syndrome, ed.) demonstrate that unemployment is incredibly high.

Ok...therefore you invented this model: You started with the ‘Limited Edition’, than ‘Co-Branding’, for arriving to a self-standing Brand that, however, is instrumental to the Co-Branding, because what you really care – correct me if I am wrong – is building relationships, that give you the Social Capital needed for the real aim: the working inclusion of your guys.

Yes exactly, but if the model which is really important to us was just this, we would have been...a little wretched... our real aim, is the model of relationship with the Enterprises we created.

What we called ‘*Formative Hub*’ has a model of reference, regarding the contact and relationship with Enterprises, in the way I am going to explain.

We think that the law 68/99 is a good law. It is not enforced, but this is not the worst thing.

The worst thing is that the Entrepreneur is not supported in the fulfillment of the legal requirements of the 68/99, and this is upmost true with guys with disabilities of our level!

Naturally, fulfill the law employing people with little deficits...like...physical deficits, or former infarcted, or similar, can be very easy.

However, these dynamics are structured in a way that makes them difficult to work.

For instance, here in Verona we have SIL, Services for Work Integration.

The law 68/99 provides that the ASLs (Local Sanitary Organizations, ed.) run SILs on territories.

The SILs are public entities that unfortunately, at least here in Verona but I believe is the same in the whole country, struggle in finding enough Resources, or enough skills, but I think in particular is a matter of Resources, because it can be

that you find awesome people on the territory...enough Resources for applying the 68/99, because all is jeopardized by bureaucracy!

For instance: the SILs work a lot using insertion lists. If, for example, a guy affected with down syndrome is not in the lists, because the SILs declare he/she is unadapt to work, that guy is clearly designated to the CEODs.

But even if a guy with Down syndrome is in an insertion list: First of all, there is the list, so his/her destiny depends on his/her position in the list, but once we have the list, and we find the link between the guy and a firm, what does the SIL do?

It creates the link, it follows for a while the guy in the firm, and it stops here.

The Entrepreneur of the firm is alone.

So what happens? That probable the guy is inserted with a form of internship, and then probably it does not work, one can make one trial, two trials, three trials and finally: 'huh, this guy, unfortunately, cannot work. Then we come back to the A-plan, and let's send him/her to the CEOD'.

Well, what is our point? Because we are all parents, we know that the inclusion of our guys is difficult, because the guy experience difficulties in socializing at home, with friends...imagine in the job market!

Our point is: Our formative Hub should not be just work training, but a real Service for Enterprises... for the same reason that we, Valemour, we are the match between Profit and Nonprofit.

My service is not for the guy – I know his/her potential because I've known him/her since he/she was a baby – my service is for the entrepreneur.

How can I help the Entrepreneur to fulfill with the law 68/99?

Here it generates the real underlying model inspiring our Cooperative, which is at follows:

Our Educators, which know our guys, study the Organizational Territory of the firm and, disregarding what the Entrepreneur thinks, evaluate the role that the guy can have inside the firm.

The Entrepreneur, being not acquainted of the needs and specificities of a person with a mental disease, will think ‘well, what could a person with a mental disease do? Maybe it could clean? Maybe it could file stuff into archives...’ The Entrepreneur does not know it!

We go inside an Enterprise, we uncover the best role for a guy of ours, as soon as we individuate a role we come back in the Cooperative and train one or more guys – more is better, and therefore we perform a continuous training – exactly to the work he/she will do.

Therefore we perform an *ad hoc* formation, after-school, starting with the ‘alternating training’ (combining school and work), because our guys enter the Cooperative yet at the last year of their studies.

Once the school ends, we prepare our guy exactly at the role we found for him/her in the firm, and we are realizing that this training can be done here in the Cooperative, then for a certain period can work also alternating the Cooperative with the firm, and here we strengthen in a protected environment the weaknesses of the guy.

Then we try his/her preparation in the firm, here we strengthen it even more, and continue this training and strengthening for some more months.

Therefore, a first training phase can last some months, for some weeks we make the strengthening in the firm and – when necessary – here in the Cooperative.

But while strengthening the guy’s abilities in the firm we do another important thing: we prepare all the colleagues to understand the guy, we individuate between the colleagues a reference person for the guy, because this is a need.

She/he must not substitute the guy in his/her work, but being a reference person.

When all this preparatory phase ends, we unplug our services, but always being at complete disposition of the Enterprise.

If the Entrepreneur calls, we are here, if a colleague calls, we are here.

Moreover we realized – because it happened – that we are also able to act as a *‘reverse labor union’*.

Because what is most important for us is the Person, and not the job, if for instance in a firm start an organizational restructuring, with cuts in job positions or, still, a general reorganization of the enterprise, every people – also people without disabilities – panic!

Imagine a guy with a mental disease, which starts losing all his/her references!

Therefore, during organizational restructurings, also if the guy has a permanent contract, it can be convenient – and this is transparent to the family – that the guy comes back here either for waiting the end of the organizational restructuring, or for being re-located elsewhere: We act as a *‘inverse labor union’*!

Everything I told you, if you summarize it, what do we do?

We do an *‘Economy of Relationships’*!

Relationships are needed for this all: We create Relationships with our products, we create Relationships with our name, we create Relationships in contacting Enterprises, we create Relationships between the guys and their families, we create Relationships between the colleagues and the guy...

We love to call it *‘Economy of Relationships’*, which in my opinion – by the way – is the future of our whole Economy, because the Economy of the Consumer is finished.

The *‘Economy of Relationships’* is way more important!

But another thing is very important: At the very center of everything, we set the Person.

It is true that working nobles the man, but it does so only if the job is for the Person.

The job for the Person, not for the Profit, neither for the spread, nor for dividends... these are bullshits...

The job is for the Person, not for a single man’s wealth, but for the Person!

In fact, the Entrepreneurs that made a big Value, and that are famous as Entrepreneurs – you know, one can become famous as a politician, one can become famous as a Pope, one can become famous as an athlete... – the famous Entrepreneurs are famous not for how much they gained – which is still important, as one that creates wealth creates jobs – but they are famous if they have as a fondant principle the Person.

In fact Olivetti, Ferrero, they are people that... how many times you saw them around? Until Ferrero died, you did not even know who he was.

My father used to work for Ferrero, and my mother always received birthday presents from Ferrero's manager.

For my wedding, I received a present from Michele Ferrero.

Michele Ferrero takes utmost care of former Ferrero employees, he even has a foundation ad hoc for aged former employees.

Ferrero Social Enterprises, for instance, invest billions around the world...

Precisely. When an Entrepreneur thinks that working nobles people, and that Entrepreneurship means setting the Person at the center of his/her project, what can be better than setting at the center a difficult Person?

This means that it will be impossible for us to treat our employees without disabilities differently from what a serious enterprise would do... because we have to take care of these guys here!

And these guys here need a special care!

Therefore, our employees have to be efficient, for sure, good in their work, for sure, but first of all...our guys must have someone...their boss, their colleagues...that think at them as People.

If we create an Economy with the person at the center, we save the world!

At the contrary, if we care for the spread, for dividends...we are fucked...we are really fucked!

In fact, the wealth...the difference between rich people and poor people, it is at the highest level ever...and when such levels are reached, for going back to normality there have been wars in the history.

If we are smart, we do not make wars, we change this Economy, and set the Person at the center.

True. Therefore ultimately you run your model to start this Formative Hub, which provides Enterprises with the service of smoothing the path of work inclusion, which struggle against an approach like: Well, there is a law to fulfill, I therefore open a job position, I hire you, I hardly know what to ask you to do but in the meanwhile I fulfill the law.

Let us say the law is applied and an Entrepreneur wants to do things as they should be done: He/she hires these people, but he/she does not know what to ask them to do, therefore he/she will ask them to make random things, or things that se/she thinks are the easiest.

Maybe things that are not satisfactory, like cleaning or maybe repetitive tasks...

This is a good point. For instance, for these employees doing repetitive things can be satisfactory, because they care a lot about performance.

Doing something that is always the same can be positive for them, which is not the case for a person without disabilities.

Therefore, for instance, see it this way: One can employ a guy with a mental disease for doing a certain job, which a person without disabilities would have done difficultly: it is a great advantage!

But in order to see thing this way you have to actually think about it! You have to know it! You have someone who tells you that! Otherwise, you would not think this way...

How the relationship between this model and the commercial side of Valemour – the Co-Branding with Enterprises – configures? Are they related, to some extent?

They are related in this: If you go to China you have to speak Chinese. You can also speak English with a Chinese person, but if you speak Chinese...or if the Chinese person speaks Italian...you understand way better each other.

Well, if we want to speak with Enterprises, we have to be an Enterprise. Otherwise you are not speaking the same language.

If you do not understand what the fatigue of being entrepreneur is like, what the fatigue of having personnel is like, what the fatigue of building a Brand is like...how can you speak with Enterprises?

Is like you are speaking Italian, and he is speaking Chinese, and you pretend to understand: You don't!

It is one of the greatest difficulties between the Profit and the Nonprofit worlds: They seem so distant. Why they seem that distant? Because they do not talk each other! They do not speak the same language!

This is why in the Anglo-Saxon countries they are talking about 'Big Society'...and here we are talking about 'Imprese Sociali' (Social Enterprises, ed.).

With some difficulties about making relevant laws, however...because...when here in Italy we talk about 'Social Enterprises'...what the hell is that?!

The only thing I like is that it is called 'Enterprise'!

We are on an Enterprise in all the meanings: it is a real Enterprise to do what we do!

What an 'Impresa Sociale' is like is not well defined... I like it...but what is it? Mah!

'Big Society' is the same: I like it! Big Society! What the hell does 'Big Society' mean?!

In my opinion, Entrepreneurship is 'Big Society': It is all about this '*Economy of Relationships*' that in my opinion has its fulcrum in the concept of Subsidiarity.

Because if we have the same interests...this is also really important...your actions, must be shared.

It does not exist the Enterprise in which I am rich and you are poor, in which I am the boss and you are one out of many and I do not even listen to you.

It does not exist the Enterprise in which I am always right, and you are always wrong.

Where the male is always male and the female is always female, where the grandfather is always the grandfather and the baby does not know jack!

We have 2.400.000 people with disabilities in Italy, 1.400.000 of them are seniors.

Therefore, how is it like: Until I am a worker I am a worker, and then I am handicapped, and then I become senior and...it does not exist that!

I am a Person!

I am a Person when I am handicapped, I am a Person when I am senior, I am a Person when I am Entrepreneur, I am a Person when I am female, I am a Person when I am gay!

This is why we do something that is win-win, something in which everyone wins, each one with his/her proper role...I do not want to substitute the Entrepreneur, or the Educator!

Too often, a big problem with our children is that the parents put them under a dome, and therefore they hardly become Persons.

I always present an example taken from a famous film, a famous cartoon...a famous Story...that is the one of Tarzan: While Tarzan was living with the monkeys, how was he speaking? How was he moving and acting? Like a Monkey!

When put between human beings, he became an human being...of course, if then the human being forget to take care of monkeys as well...this is a problem...

Contrariwise, if we think that we have to subsidy each other, as Persons, maybe the economy starts changing, maybe the mind-set starts changing and maybe the world starts changing!

I am quite exaggerating, right?

Naturally, we start from little things to say that we want to change the world!

However...you know...when you set up a Brand...when you create a product...you have to think that with that product you are going to change the world. I am sure Steve Jobs thought this way. He did not think just about wealth.

Sure. Therefore, if I put...let me say...Valemour...you...here at the middle, on the Profit side I have some product model that work in a way or in another...and so I have self-standing Valemour Brand models, Co-Branding models... on the other side, I have the working inclusion in the enterprises. The enterprises are different, that is: The enterprises that help you on one side of the libra are different from the ones that help you on the other side. Right?

Yes and No. We have partners that started working with us with Co-Brandings...like Geox...and now they want to hire guys.

In the very end, who manage the enterprises are always Persons...and therefore there will always be...for instance someone that starts with a product, or with the 68/99, and then hire a guy without giving us a product...

This is also because not every enterprise can give us a product, in the sector we deal with.

Neither we can claim to make product with all the world, we oriented toward apparel and design...it is therefore clear that...a smeltery...yeah it can happen that they give us a product that we consider marketable...but it is way more difficult!

So, of course we find enterprises that are interested only to our services of assistance to the working insertion, and therefore of assistance to the entrepreneur...the services to the enterprises... and someone else that will be a product partner for us.

But it is probable that we will also find enterprises that are a match between the two, and therefore will start with a product, and then they hire some guys.

Or they hire some guys, and then become product partners! It has already happened!

Right, so you keep the boundary light...

It is not light, it is more...mixed...I mean, it is clear that when Geox, for instance, wants to hire a guy, we make two services, one is for the product, and one is for the working inclusion. We are quite multi-tasking!

Ok, Clear! Therefore the Business Partners – let me call them this way – on one side provide you with Business Resources – let me call them this way – needed to keep the Business running, and on the other side Resources that are relevant to the working inclusion, I mean it can happen that they offer to you an inception of a guy of yours.

The third kind of Resources is... for instance, with Geox, it is not only about marketing products for fund raising, but it is also about working on the production here (in the Cooperative, ed.), right?

Well, this is even more beautiful, because you can also make a product for which the guy does nothing but – as you properly said with Geox, but it is the same also with Cantori – we would like to...we would like that the product would rise from a collaboration that is also creative, stylistic or manufacturing.

I mean...the product is studied with the partner, and our guys work on it somehow.

Clearly, working on it means paying for a job, and paying this job – naturally – can be definitely more costly than paying a job in China or in India.

This is both for the not complete productive capacity of our guys, and because prices here are sensitively higher! Just turning the light on is more pricey!

There could be some products, as Geox did... Geox had a wonderful intuition!

It gave a huge visibility to us, but also a good Economic advantage!

From one side, they let us make products that go on the market...and we made each of them diverse one another...each product is unique!

The other thing regards some shopping bag, which are made with a drawing by our guys...actually made from the match between a disable guy...a quadriplegic guy... well, these shoppers are sld on the market at a price of 3€, and create a 'flywheel' of wealth.

In conclusion, with the Enterprise one can study a thousand of different models, what is important is that the models we study can engage our guys to make each product unique...because this is what is awesome here!

What is awesome, for instance, is that in Geox, the Quality Control Office would have rejected each single shoe of our collection, because they are all different each other, and contrariwise it accepted all of them, exactly because the beautifulness relay in their being one different from the other!

There is philosophy in here, if we dare to see it. Why we want to achieve a Brand Upgrade, and call it 'Valemour Unique'? Because if every single product is unique, in the very end it tells us that every single Person is unique!

Therefore, you understand how many messages can spread...it is so important!

So, what would be fantastic is that when we make Co-Brandings, exactly like in the beginning, when we used to receive products and make them 'Limited Edition' through the work of our guys, also on the products that go on the market through the Partners' channels, we intervene in some way... Because this is our Added Value.

So, the side of your model that was born just for – to make things simple – fund raising, which is the one of the For-Profit partnerships...

Let me say that you could also have said: Well, I produce my stuff, I let people in China or wherever work on them, then I sell them and with Revenues I fund the working inclusion side of my job.

Contrariwise, that side, that could have been simply fund raising activity, is made...

...with Persons!

With Persons! That is, through actual partnerships between Profit and Nonprofit, I mean, it is not just: Well, give me your stuff and I re-sell it, but it is more. It is also something similar, because funding is of course important, but most of all is about relationships.

For instance, your relationship with Geox created a network of other realities, and this creates jobs, create training for other realities, and provide you with jobs for those guys that cannot be employed in a third Enterprise. Right?

Yes! For instance, now we are thinking about creating – with the most difficult out of our guys – a new thing. I do not know if you have been already told about it. Because we found this guideline...concerning colour...we are thinking about running a Social Farm in which we will cultivate tinctorial plants, from tinctorial plants we will extract colours, from colours we produce materials and from materials we create Value. With that Value we go on the market.

Also in this case, we do not have to go far away, it is enough to have a look at our history: For what is famous Italy, around the world: For the know-how, for creativity...

It is famous because it gave birth to great artists...and how it happened? It happened because we are so lucky that when we open our eyes we are surrounded by beautifulness!

We have to follow this trace, if we want to have a proper role in the world...and why we could not follow this trace with these guys here? They are Italian as well!

In the end...when we use human talent...we Italians are the bests, in using human talent...

Can you tell me what do you mean with '*Economy of Relationships*'?

Well, it is about everything I said to you! I mean, when you see the customer as a Person, and not as a consumer, this is already an '*Economy of Relationships*'!

The consumer seems like a cow that you can milk passively. This is why one can talk about 'the ox people' ('*popolo bue*', in Italian means a situation in which the population accept passively decisions and laws, ed.)

When one goes to the Stock Exchange...if the economy now is sick, is because no one did anything to understand if it had a little fever, and needed an antibiotic.

For a long time people say: 'well, let us think about some mechanisms... like the stock exchange'.

For what reason the Stock Exchange was invented? For financing Enterprises.

But when we start doing stuff like 'insider trading'...and thinking like 'Should I care? Does it matter? In the end will always be someone making money...and the 'ox people' will get fucked...'

The one that gets fucked is always the poorest! You see, he/she is the poorest, and we also fuck him/her!

Well, this is what I would never call '*Economy of Relationships*'!

I would call 'Economy of Relationships' the one in which in every single economic relationships, the most important thing is that the Person you have in front of you is first of all a Person!

He/she is not a consumer; you are not there for '*milking*' him/her!

I am a sales man: when I go in front of a client, it is a really important moment... but because he/she is a Person, not because I have to take advantage of him/her!

Neither is good the other way, in which I am a supplier and you can take advantage on me!

No! I hate those things!

So we should move a little further with respect to price...with respect to our self-made boundaries...

For instance, now you often hear: '*we democratize fashion*'!

What the hell is a '*democratic fashion*'?!

What is now considered '*democratic fashion*' is low-cost stuff. Where is the Democracy in it? Read the label: '*Made in Bangladesh*'. Well, how much is a Bangladeshi guy paid? A hundred dollars.

Is this '*Democratic Economy*'? These are bullshits to me.

If I have the chance to buy something coming from Bangladesh, I know it comes from Bangladesh, but it is not Democratic: Its cost is low because someone is making advantage of someone else. Do not tell bullshits!

Coming back to the 'Business' side – let me say – from what I got, but correct me if I am wrong, you invented different models accordingly with the Partner you speak with.

For instance with Geox, it was Geox to actually come up with the model...to say: 'well, let's do things this way'. Or also, the first idea was about using the factory rejects of Enterprises for making 'Limited Editions', but these partners said: 'No! Let's use our best-sellers instead'.

I mean, the models are built, shaped, out from the interrelation with different partners, and these partners arrive through your network.

Exactly. It is the right way to do it.

To what extent the network you already had because of your precedent job in the fashion industry has been important for Valemour?

Of the upmost importance! The 'Economy of Relationships' is a Network!

Networking...which is a real job...means creating Relationships. How one can create Relationships?

When you listen to the Person you have in front of you, and he/she listen to you.

When it is known that he/she does not want to cheat on you and for you is the same.

Sure... in the end it is all about listening and Trust...

Why 'Trust'? Why you wrote 'Trust' on your notebook?

Well, because if you say 'it is known that I do not want to cheat on you', it is all about trust to me, isn't it?

Definitely! Networking has just a word, and it is kind of weird that you have written it before I told you...maybe you understood before I told it... it is Trust!

Yeah, because that came in my mind... yesterday as well, while chatting here with your Partners I found myself thinking 'wow, there is a huge Trust between these people'...

That is! Just that! What is the most important thing ever?! Why Economy does not work? Ask yourself: Why it does not work?

Because everybody thinks the Person in front of him/her is there for cheating on himself/herself...

And why it is this way? Because we built a sick Economy, in which there is no Trust...

Consequently, one says '*Piove, Governo Ladro!*' (i.e. 'It is raining, and the Government is a thief', an Italian expression for saying that the common root of many problems is in corrupted politics).

Then one see a priest telling his homily and sais: 'I am a Christian, but I do not recognize into this Church'.

Well, it is not that way: You are the Church, as a Christian, as well as you are the Government, as a citizen!

So, try to interpret under this light what I told you about the creation of this Foundation. This Foundation was created on our concept of 33%, 33% and 33%.

How can one mistrust us, if we first put the 33% of the effort? I am investing! I am putting into that thing the 33%, Invest with me!

Contrariwise, with welfare-ism, which is exactly the contrary, we have not created this kind of Trust.

It relies on the concept that these guys are able to do nothing anyway, and then I have to assist him/her for the 100%...

Therefore, he/she is not a Person. Therefore, what kind of Relationship can I build?

The one who receives the 100%... it is exactly as when one gives a charitable donation... there is no Trust, I am giving a donation, while I am thinking 'This

guy should work, instead than asking for Charity'. There is a bad feeling and there is not Charity. I am thinking 'this guy is cheating on me, even if I am giving him/her money voluntarily'.

Contrariwise, when *Giving* is before *Receiving*, Trust is generated!

Therefore, I have first to *Give* to the Enterprise: I go to the Entrepreneur and offer him/her a service, and do you know how I offer my service? Free of charges.

Do you know why I offer it free of charges? Because it is my own interest that a guy is employed!

Then, without claiming anything, the 'Free Giving' comes back with interests. I have never seen an Enterprise in which I inserted one of our guys, that did not helped us in some other way, or giving us jobs, or buying our fund-raising Christmas gifts for its employees, or with donations... or also opening new Relationships!

In the end, our Economy will start working when there will be Trust.

This is not something about disable guys, it is about me, you, everybody.

Think about what if the training path we do with disable guys were applied to guys without disabilities, as well.

Once it was. Before a guy became a worker, he was a trainee craftsman in his/her uncle's workshop, or in the workshop of his/her father or grandfather. He learned to be a worker without claiming anything, as a volunteer, he did an adjunctive 'school of life', and then he/he became a worker.

People aged like me, they did that in order to become Surveyor, or Architect... they used to say 'heck, I am forced to work for free' or things like that... but you say 'heck!' also when you go to school... Nevertheless, step by step you became an Architect, or a Surveyor.

Now it is not the case: now when one graduates, he is in front of an Entrepreneur. What does the Entrepreneur expect from a graduated? He expects the graduated knowing everything! He/she graduated, after all!

When the entrepreneur asks to the graduated: ‘How much fabric can we put there, into that box twenty foot high?’, and the graduated answers ‘huh...’ well, we have a problem!

One has unmet expectations, the other – which graduated – does not even think about grabbing a job as a cleaner, or entering an Enterprise to learn.

In Olivetti, in Ferrero...people were hired to learn...step by step... they were born inside the Enterprise!

One can say: I hire a mega-manager, I pay him/her a hundred millions dollars, and he will solve everything!’ But, how can the mega-manager solve anything?! If you do not build a team, he/she can not solve anything. How can he/she solve problems? Buying and selling Stocks, cheating on other people... this is what he/she does, he/she cannot do anything different.

You have to build a Team. Do you know how is our turnover like? Zero.

Our people do not go away! Because we create a Team, we create Trust!

Of Course...

You just wrote a word that includes everything... about all that I told you...well, erase everything and write: Trust. Stop. That’s your report.

Because all is based on that...

The most important thing about being humans, the most important thing about building a town, most important thing about politics, most important thing about the wife and the husband, most important thing about the father and the son...is Trust.

Do you know the price of Trust? Go to the market and buy Trust... two things you can never buy: Trust and Time.

You buy Trust or buy Time, if you find Trust and Time I have all the money you want...you will never find them!

In order to gain Trust, you have to build Relationships...and about Time...it is a gift...you see it? Here, again, it is a gift, without nothing in exchange!

Thank you for this conversation...it has been quite enlightening...now I would like to ask you to answer some questions in a structured questionnaire...it is a boring part, maybe, but it is also the part that set this study into the European Programme framework.

I would love...if we would actually being seen as a 'model' somehow...that this part...which is impossible that is inside the questionnaire...in some way would be elaborated inside this studies.

I do not know how to do it, but I would love...for instance this 'Networking' thing...we even won a prize about it, through the '*DSC, Dottrina Sociale della Chiesa*' (the Catholic Church Social Program, ed.). It is where I learnt about the Encyclical by Pio XII.