

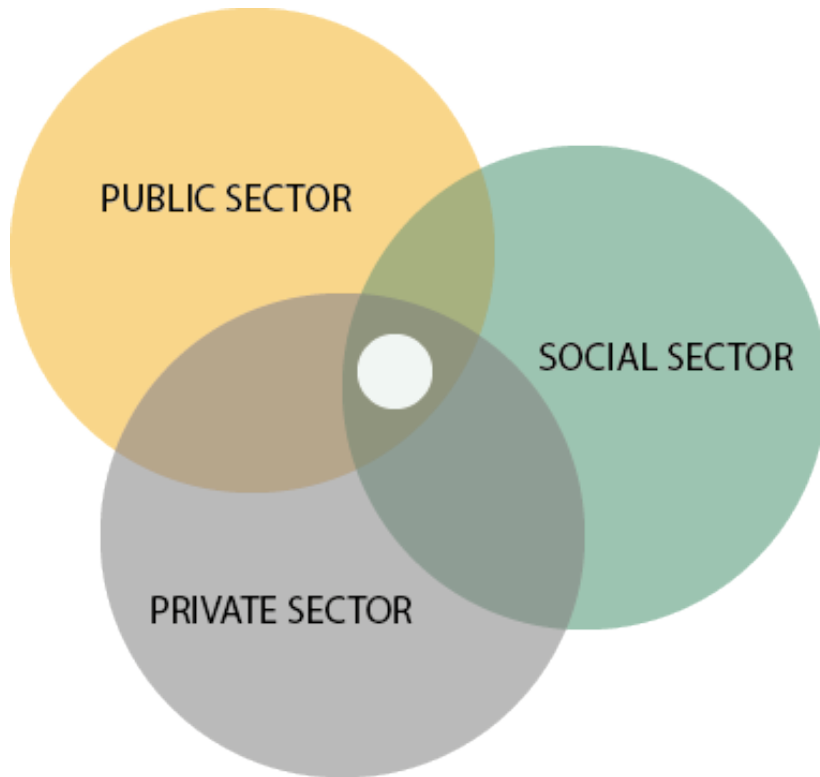
Developing the Business Model for Social Enterprise

Part 1

Social Entrepreneurship for Local Change

A lecture by Prof. Carmen Paunescu, ASE – Bucharest University of Economic Studies

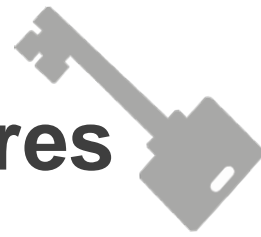
What is the social enterprise?



- It is a **for-benefit** entity or business
- Seeks to provide a **social or ecological** product or service.
- Its aim is to **grow** the social venture and **reach more people in need**
- Wealth accumulation or financial return is not a priority
- Profits** are **reinvested** in the enterprise to **fund expansion**

A new **private** and emerging enterprise found at the **intersection** of **public, social sectors** (Fourth Sector Network, 2009)

Social enterprise key features



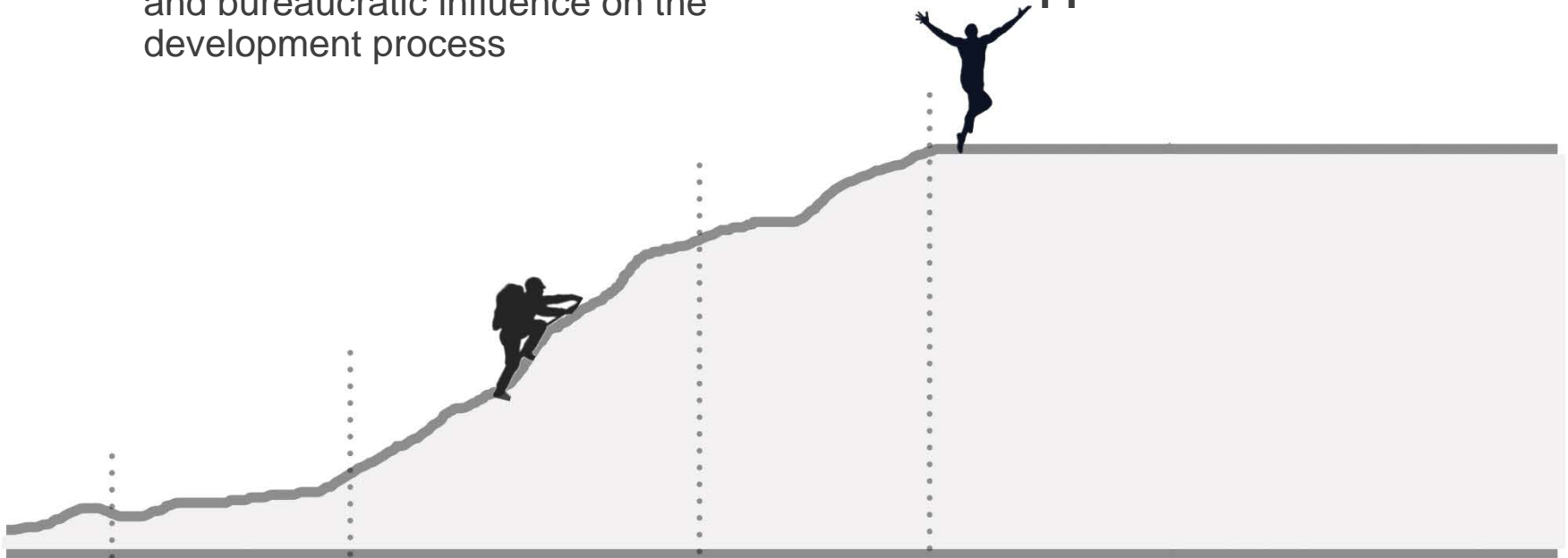
- **Explicit social mission**
(economic, social, environmental, cultural mission aligned with the community interest)
- **Double aims of equal importance:** commercial aim + explicit social and/or environmental aim
 - Tackle the most pressing social, economic or environmental problems
 - Address social needs
 - Target low-income markets
- **Innovative use of resources**
- **Mixed funding** (sweat equity, commercial contracts, grants, service agreements, donations, etc.)
- It is **managed** in an **open** and **responsible** manner
 - involves employees, consumers and stakeholders affected by its commercial activities



(Source: EC 2011)

- **Gaining investments** (equity, loans, etc.)
- **Scaling-up** (start-up costs are higher to ensure sustainability from the beginning)
- A very **broad range of stakeholders** involved in social enterprise development
 - e.g. the public sector – it might be political and bureaucratic influence on the development process

- **Improve the social condition** of low-income people
- **Regenerate** communities
- Create **employment opportunities**

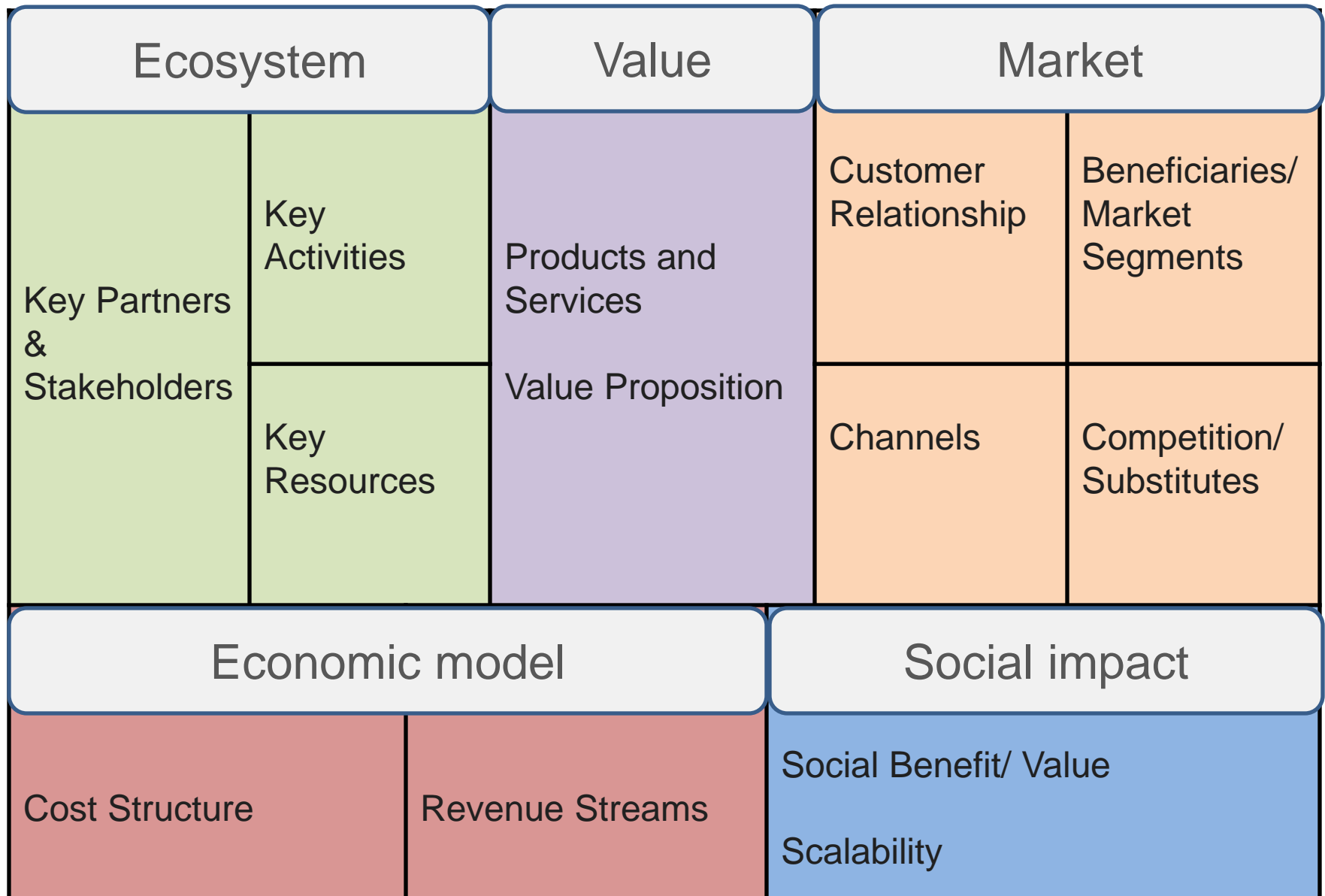


Obstacles/ difficulties

What is expected?

Business Model Framework for Social Enterprise

Key components



Business Model Framework for Social Enterprise

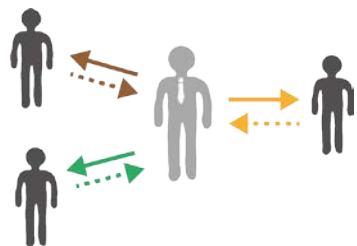


Key components



Products and services

- Market segment: the segments of customers/ beneficiaries
- Relationship: the communication strategy and type of connections with customers
- Distribution: the channels used to reach the customers



- Costs structure
- Revenue model

Social benefit

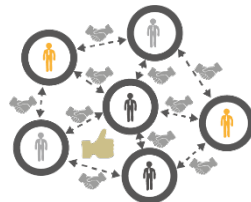
- Value chain: the chain of activities for operations



- Key resources (physical, intellectual, human, financial and impact) and competences (skill, knowledge, or ability)



- Partner network: the network of cooperative agreements with other organizations



Formulate the value propositions

- Which one of our customer's **problems** are we helping to **solve**? Which customer/ market **needs** are we **satisfying**?
- What value do we **deliver to the customer** (both commercial and social/ impact value)?
- How **visible** is the social value to the customers? Who values it, understands it and would **pay for it**?



Value proposition

Market

Ecosystem

Economic model

Social impact

Social value proposition

Commercial value proposition

Social value delivered and what makes it attractive to the customer

Products and services produced and what makes these attractive to the customers

sustainable and meaningful jobs for people with disabilities; revitalizing the local economy of rural areas

quality, affordable, locally-produced products



CONCORDIA Social Projects has set its goal to enable children to grow up happily to have independent lives. *“We give them a safe home and open up future chances for them through a well-founded education. In acute crises we offer children a secure possibility to grow up in a family-like environment with dependable caregivers in our facilities.”*

Social Challenge: In Romania, there are many families with children who live on the streets and seek social reintegration. Unfortunately, there is little support to help them get back on their feet, both personally and professionally.

CONCORDIA Bakery provides job opportunities for the best students from its CONCORDIA Vocational School. The students are young people from vulnerable families or who live on the streets and are looking to reintegrate into their communities.



La Recyclette is a ViitorPlus project, the first project in Romania that is neutral from a carbon emission standpoint. Its objective is collecting office paper waste to be recycled. The paper is transported by cargo-bicycles, unique in Romania, driven by people with social problems, who thus have a work-place insured.



Îți place să faci mișcare și vrei să ajuți natura?



Promoting sustainable development on a local level



<https://www.recicleta.ro/>

Value proposition

Market

Ecosystem

Economic model

Social impact

Beneficiaries/
Market
segments

Customer
relationships

Channels of
distribution and
communication

For whom are we creating value and what kind of value?

Why will they continue to be our customers?

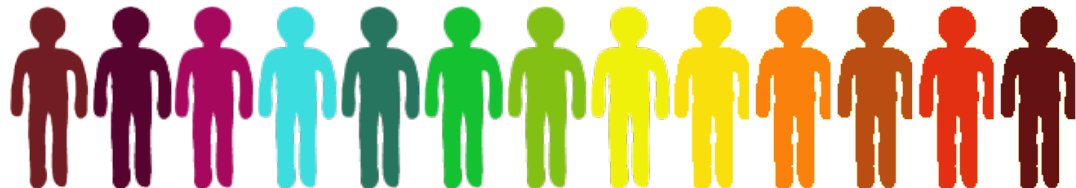


Commercial
customers

Customers wanting to purchase the goods and services to meet their need

Social
customers

Customers wanting to support the social impact (willing to pay for social services) and to benefit from it

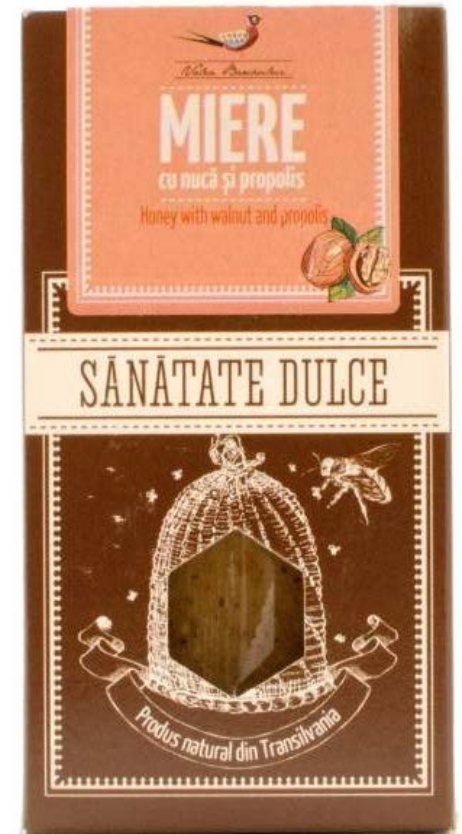




Generating sustainable income for traditional beekeepers

Agapis' social enterprise, Valea Barcaului, produces two lines of gourmet, healthy honey and dried fruits with an emphasis on nutritional value, under the brand Sănătate Dulce.

Social Challenge: Small farmers in rural areas are unable to pay the high price to get their products to a larger market and reach higher sales volumes. There are also limited alternative job opportunities in the community where they live.





Tomorrow's forest
for today's children

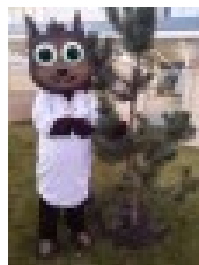
Promoting sustainable development on a local level

"The Children's Forest" is a ViitorPlus project whose aim is the afforestation of degraded lands in Southern Romania and also planting and taking care of a seedling for every newborn in our country.

Social Challenge: the major lack of forested surfaces in Southern Romania

Mission: to raise and increase awareness concerning the importance of the forest ecosystem and with the aim of planting forests on our country's degraded lands.

Social impact customers: *"We want to invest in what we leave behind and we think that those whom will benefit the most from the newly forested lands are our children. This is why our objective is to plant a tree for every newborn in Romania."*



<https://www.viitorplus.ro/padureacopiilor>

Value proposition



Market

Ecosystem

Economic model

Social impact

Customer/
Market
segments

For whom are we creating value and what kind of value?

Why will they continue to be our customers?

Customer
relationships

What type of relationship does each of our customer segments expect us to establish and maintain with them?

Are the relationships with impact customers different?

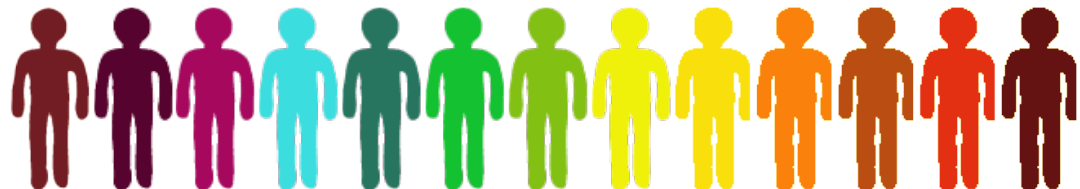
How can we ensure that we retain our customers?

Channels of
distribution and
communication

Commercial
customers



Social
customers





Improving educational opportunities for people with vision impairment



Cartea Călătoare produces audio books in DAISY (Digital Accessible Information System) format to allow the visually impaired to enjoy reading at their local libraries just like any other independent person.

Social Challenge: Of the 5,300 libraries and bookstores in Romania, only a few offer disability-friendly technology to meet the needs of approximately 90,000 visually-impaired citizens.

www.fcc.ro, www.cartidaisy.ro





Traditional crafts for sustainable communities

The Gaspar, Baltasar&Melchior Association offers workshops in crafts making including pottery, glass and painting for children. The revenues from the workshops support the only public primary school in Piscu while preserving local cultural traditions.

Social Challenge: Piscu is a village near Bucharest with a long history in pottery making, a craft passed on from one generation to the next. Like many other villages in Romania, this tradition is being lost. Of the 120 kilns in full use in the 1980s, today only five kilns remain semi-functional in Piscu.



www.piscu.ro



Value proposition



Market

Ecosystem

Economic model

Social impact

Customer/ Market segments

For whom are we creating value and what kind of value?

Why will they continue to be our customers?

Customer relationships

What type of relationship does each of our customer segments expect us to establish and maintain with them?

Are the relationships with impact customers different?

How can we ensure that we retain our customers?

Channels of distribution and communication

Through which channels do our customer segments want to be reached?

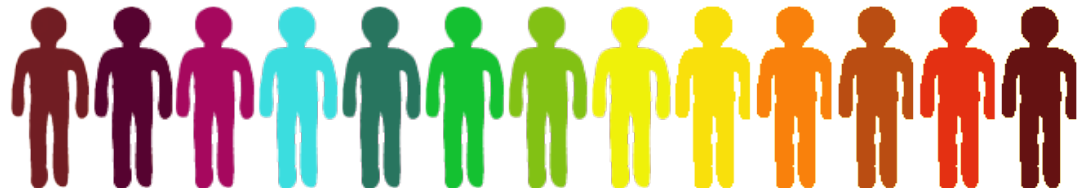
How are we reaching them now?

How are our channels integrated?

Commercial customers



Social customers



Value proposition

Market

Ecosystem

Economic model

Social impact

Customer/ Market segments

Customer relationships

Channels of distribution and communication

Commercial customers Customers wanting to purchase the goods and services to meet their need

individuals, local businesses, services (retail)



personalized service, repeat customer, loyalty, long-term customer

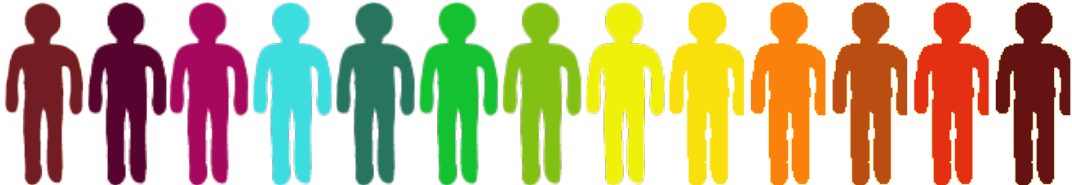
internet, word of mouth

Social customers Customers wanting to support the social impact (willing to pay for social services) and to benefit from it

other social businesses, government (purchasing jobs or training for people with disabilities), social services (catering, canteens)

personalized service, repeat social customer, loyalty, long-term social customer

social networks, social procurement





Village Life promotes sustainable rural development by connecting urban travelers with old world village life in the heart of rural Romania.

It contributes to filling the gap between what the **villager** can offer and what the **city person** needs. It facilitates exposure of our rural beneficiaries to good practice examples and creating connections with sources of know-how

Social Challenge: Romanian villages are a rare sight in Europe and beyond. Many are models for true environmental sustainability. However, there is little economic incentive to maintain village traditions, homes and way of life. Small-scale household farming is under pressure from industrial farms.

“We educate for environmental awareness and in general, sustainable rural development in all its dimensions (including education on topics like sustainable farming, green architecture or traditional landscape preservation; education for rural parents and children)”



Viitor Plus' social enterprise **Atelierul de Panza** sells environmentally friendly shopping bags made from natural materials as an alternative to plastic bags: products made from untreated, unbleached and undyed cotton, 0 waste production, promoting sustainable production and consumption. These bags are made by people with disabilities who work from home or in ViitorPlus' production facility

Social Challenge: Nearly 200 different species of marine life die from the estimated 46,000 pieces of non recyclable plastic debris that make their way into the ocean annually.



Fair-trade, eco-friendly, local

Mai Bine's social enterprise **CUIB** sells fair-trade and eco-friendly products from local producers, including people with disabilities who have limited access to markets. The store also organizes community-building and cultural events to raise awareness on sustainability issues.

Social Challenge: In an era of globalization, local traditional products in Romania risk becoming obsolete as they are replaced by mass-produced, pre-packaged imports. This shift in consumer culture threatens environmental sustainability and quality of life and does little to promote fair and ethical trade between consumers and local producers.



Value proposition

Market

 Ecosystem

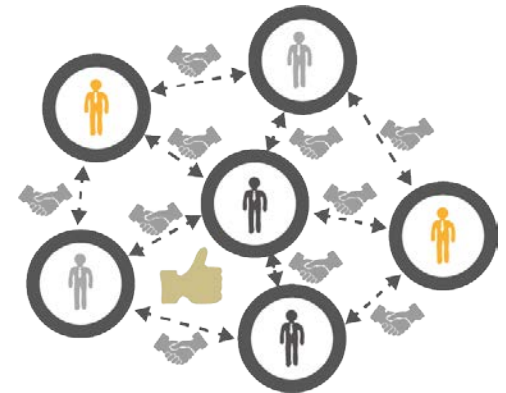
Economic model

Social impact

Value chain/
Key activities

Key resources and
competences

Partner network



Value proposition

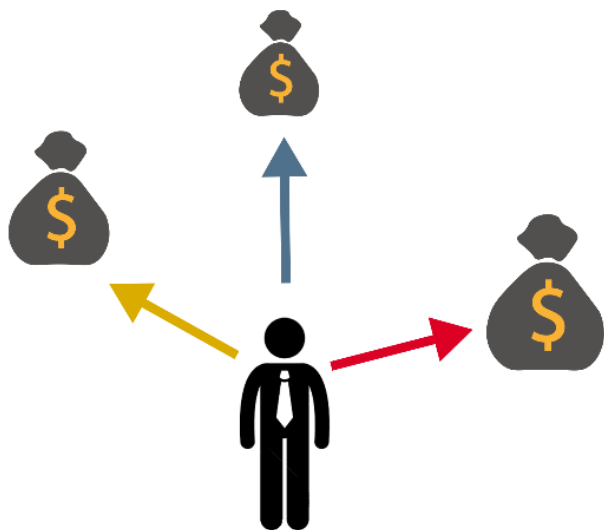
Market

Ecosystem

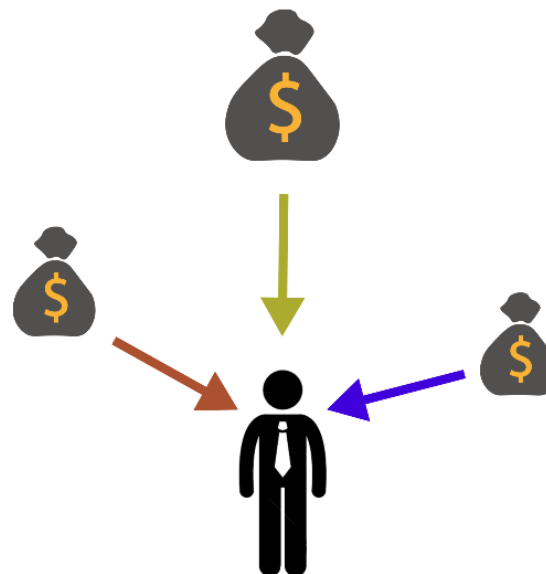
 Economic model

Social impact

Costs structure



Revenue model



Value proposition

Market

Ecosystem

Economic model

 Social impact

Commercial value

Impact value



Selective References

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