entersocial
good practice transfer

Recommendations for action
to support social innovations

social impact region/ entersocial good practice transfer

EUROPÄISCHE
UNION
Europäischer
Sozialfonds

LAND
BRANDENBURG
Ministerium für Arbeit, Soziales, Frauen und Familie

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CONTENT

AKNOWLEDGEMENTS

During the lifetime of the *social impact region/ entersocial good practice transfer* project we have learnt from exciting social innovations from various countries in Europe. We have discussed about transfer and scale, the learnings each partner has made with it and we have tried to create awareness and better understanding of the potentials of social entrepreneurship and social innovation in the Federal State of Brandenburg.

All these effort would not be possible without the engagement and collaboration of our national and international partners.

Especially we have to thank our international project partners, José Manuel Henriques from the Lisbon University Institute ISCTE-IUL, Michael Förschner and Berenike Ecker from the Zentrum für Sozial Innovation (ZSI) in Vienna, Isolde Moylan from Ashoka Ireland and the Scandinavian countries and Justyna Muranowicz from Ashoka Poland.

We have to thank also the participation of our national partners, who have contributed to our discussions. We hope they have learnt a lot from the social innovations with whom we have been working for more than a year. We expect they will transfer their knowledge and skills in their communities to initiate new projects in the region of Brandenburg. PD Dr. Gabriela Christmann, Gerhard Mahnken and Kersting Falk from the Leibniz-Institut für Regionalentwicklung und Struturplanung e.V.; Bernd Kruczek, Elisabeth Breitenfeld and Doreen Schiller from the Centrum für Innovation und Technologie GmbH (CIT); Dr. Marianne Nobelmann, Katrin Wenz and Charis Braun from the Hochschule für Nachhaltige Entwicklung Eberswalde (HNEE); Frank Viohl, Susanne Fink, Prof. Dr. Michael F.G. Schmidt, Tobias Stapf, Sven Gumbrecht, Corinna Boldt, Bernd Fassauer, Manfred Korinth, Annedore Balfanz and Kurt Glowe.

The project would not be possible without the experiences and knowledge shared by the nine European social innovations we have identified in the initial phase of the project. Michael Kelly from Grow it Yourself (Ireland), Brendan Dunford from BurrenLIFE (Ireland), Ewa Smuk Stratenwerth from ZIARNO (Poland), Waclaw Idziak (Poland), Volker Hahn from IFNS GmbH (Germany), Martin Hollinetz from otelo (Austria), Cristina Coelho from SPA Consultoria/ GLOCAL (Portugal), Julia Koczanowicz-Chondzyńska from FISE Fundacja Inicjatyw Spoleczno-Ekonocznych (Poland) and Niels Hansen from MindLAB (Denmark)

1   ECONOMIC AND DEMOGRAPHIC CHALLENGES IN BRANDENBURG

An estimation of the current economic development in Brandenburg shows that Brandenburg fortunately disposes of structurally strong areas around the agglomeration of Berlin and Potsdam. However, it should not be ignored that rural regions such as the Prignitz in the North-West or the Uckermark in the North-East of Brandenburg still suffer an extreme structural weakness in terms of their economy. So, it is the rural periphery in which the economic structure and the labour market remain more or less static, and in which the general purchasing power still remains at a very low level.

Insofar, outside of the agglomeration of Berlin and Potsdam the dynamism of Brandenburg's economy is too weak to offer an adequate number and quality of jobs. Consequently, many people commute between their home in the rural periphery and their workplace in the rather few centres. Moreover, especially young and highly qualified people leave the rural areas of Brandenburg forever. Conversely, older and poorly educated people stay in the rural periphery and thus undertake the risk of a constant phase of unemployment and low income.
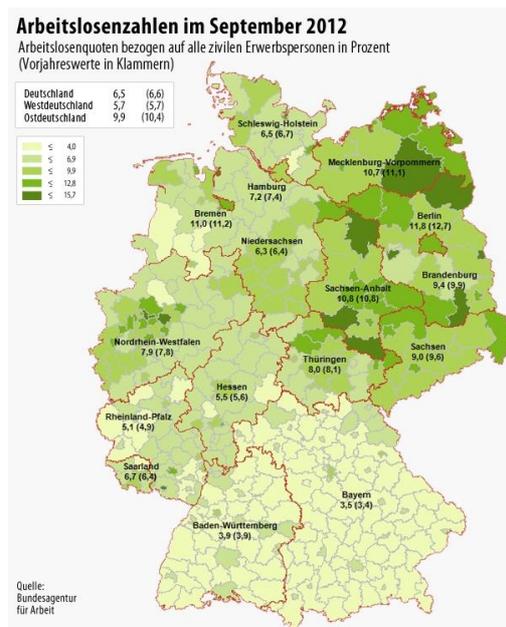

Figure 1: Unemployment rates in Germany in September 2012 (in brackets, figures from the previous year) // Source: Bundesagentur für Arbeit 2012

Against this background we can discuss a second central problem – that is the demographic change. As previously mentioned, the population of Brandenburg develops in various ways. The big urban areas of Berlin and Potsdam are characterized by suburbanization and a constant growth of population. In contrast to that, the rural areas suffer a dramatic decline in population as well as a significant increase of the older population. Recent population forecasts estimate that some regions will lose about 50 % of their population until 2030.
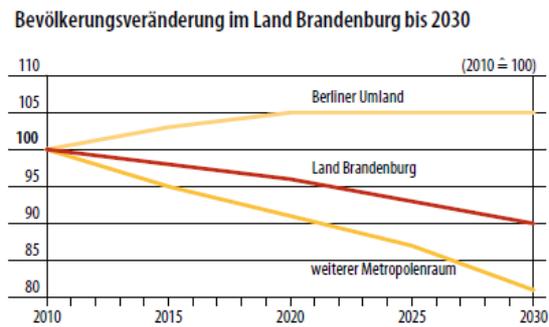
Figure 2: Estimated population changes in the Federal State of Brandenburg until 2030. Base 2010 = 100 // Source: Landesamt für Bauen und Verkehr 2012

It is self-evident that this demographic development must be taken seriously. It will be very difficult and unprofitable to guarantee the local supply of groceries, the availability of municipal services and the protection against threats. In contrast, a continuously aging population will need a dense supply network for necessary goods and services. Since these networks can be financed neither by the state nor by households, they will continuously be downsized.

The mentioned economic and demographic situation has a negative impact on the people in the rural periphery. Many jobs in the agricultural sector or in municipal services are already cut down. Moreover, it is the migration from the rural periphery to the prosperous cities which destroys social networks and families. Sadly, neither politics nor administration can solve these problems effectively and the society suffers from the consequences.

2   THE ROLE OF SOCIAL INNOVATION FOR REGIONAL DEVELOPMENT

At this point we can ask ourselves how to break this race to the bottom and how to influence the current development in a positive way. How can we raise the potentials and how we can support the citizens in their commitment? We believe this is not only to be ensured by public funded programs. We do not want to discredit the value of public funding instruments, simply because they still make a crucial contribution to the preservation of villages and cultural landscapes and improve the technical infrastructure.

Nevertheless, public funding programs did neither sufficiently contribute to the expansion of jobs and the purchasing power nor to develop substantial answers to demographic change. According to the prestigious Berlin-Institute, constantly changing and short-term development programs, which intend to foster the structural and social infrastructure of rural areas, are dominating at present. However, often they are not more than short-term job-creation measures and neither financially sustainable nor long-term incentives for the population. As a result, the public sector seems not to be able to solve the core economic and demographic challenges by itself. Thus, we believe there is a need for new concepts to address the urgent problems of rural areas in Brandenburg. We need social innovations!

3   SOCIAL IMPACT REGION/ ENTERSOCIAL GOOD PRACTICE TRANSFER

When we look at the everyday practices of the people, it is surprising how many different social innovations we can observe. That is for instance the initiation of a Community Supported Agriculture or the revival of a village shop which had already been closed. Thus, social innovations and social entrepreneurial activities are an important contribution to strengthening the endogenous potentials of Brandenburg and to cope with the demographic change. With this project we have made an important contribution to building the capacity of regional actors through exchange of experience with European experts in the subject area regional development and social innovation.[1]

To date, only a few social entrepreneurial approaches can be observed in Brandenburg. To deal with this situation, it is reasonable to look into successful examples from other countries and to learn from this. Since many municipalities have more-and-more difficulties in guaranteeing quality public services due to structural funding problems, we need social innovations to close this gap. This project aims to contribute to this end.

The aim is to identify social innovative project approaches (best practices), check if they properly fit to Brandenburg and if necessary, initiate and support the transfer of them. Moreover, the members of the working groups also had the opportunity to meet successful local projects in Europe. This has increased the opportunity for the development of transnational cooperation projects. Additionally, strategies for the transfer social innovations have been developed, methods discussed and recommendations for action defined.

With project partners from Portugal, Austria, Poland and Ireland as well as 13 national partners, SWOT analyses were made to identify the central problems in the Federal State of Brandenburg. As a result nine social innovative projects (best practices) from Europe were identified and engaged as partners in the project. With introductory meetings, study visits and thematic workshops we have achieved to a) establish a strong network between national and transnational partners, b) examine promising concepts in detail, and c) analyse transfer options. Through study visits to Poland, Austria and Ireland, the concepts and working methods could better understood and learned.

The project staff of *social impact GmbH* also benefited from the discussions on social innovative concepts and new developments in the field of social economy. This allowed to expand the basic understanding and optimisation of the counselling services.

During the international conference on November 2013, the topic of "Social Innovation in Rural Areas" was discussed with various stakeholders from the civil society, academia and politics. Following questions were at the centre of the conference: What concepts are there? How does this praxis work look in rural areas? How does the transfer of social innovation work? The recommendations will help to guide decision makers to promote social innovation in Brandenburg.

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4 OPPORTUNITIES AND RISKS OF PROJECT TRANSFERS

OPPORTUNITIES	RISKS
Greater social impact. More people will be reached	The original innovation may incur in additional costs
Resources are invested more effectively	The exigencies for the management and communication increase
The risk of failure minimizes	Internal work processes may have to change considerably
New ideas will be incorporated, enabling the further development and optimization	The transfer or scale can create new dynamics that move the social innovation to unexpected directions
The receiving partners or organisations profits from the know-how and reputation	The mismanagement by the receiving partners or organisations can affect negatively the reputation of the original innovator.

Figure 3: Opportunities and risks of project transfers // Source: „Nachmachen erwünscht, Methoden erfolgreichen Projekttransfers", Bundesverband Deutsche Stiftungen und Bertelsmann Stiftung

5   TRANSFER AND SCALE STRATEGIES

The transfer or scale of social innovations and social enterprises across regions and European member states it is being analysed by academic papers in the last years. There are various strategies on how this is done, but until today, few social enterprises have succeeded in applying them effectively.

We will try to describe the different strategies available, the common steps needed to take and the risk and opportunities involved behind them.

Successful social enterprises generally succeed and achieve a sustainable structure in their local communities. Thus, the aim of transferring or scaling social enterprises is to go beyond their locality to other localities either in their own country and/or other countries.

When attempting to scale social innovations, four scaling strategies are defined depending whether or not a significant degree of adaptation is needed and whether or not scaling is conducted with significant input (and/or partnership) with others.[2]
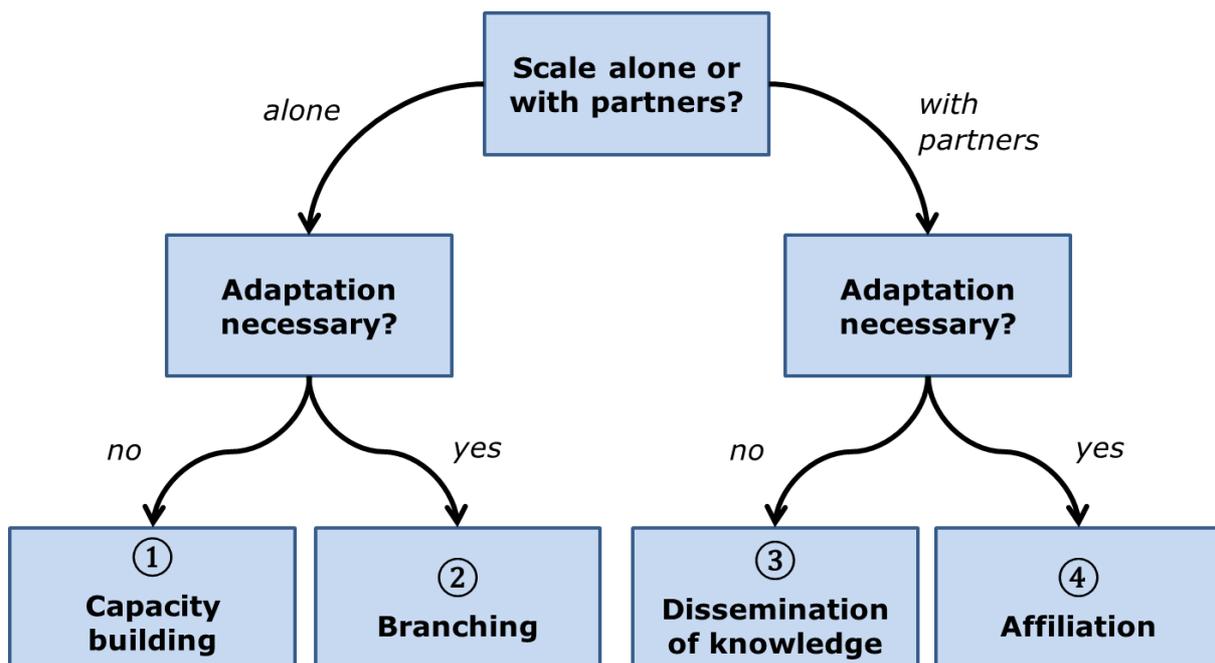
Figure 4: Scaling strategies // Source: Weber et al.

Model/ Strategy 1: Capacity Building

This path is typically used by social enterprises that want to grow bigger in the same country, where there should be almost no need to adapt the original business model. Here the goal is to design a business model that can organically grow to new areas. Thus the internal capacity building of the organisation will be key in succeeding with this approach.

Social enterprises following this model will be in charge of everything, but normally they will need external support on organizational, legal and financial topics. The external financial needs may also increase dramatically to finance the growth phase, which will require of careful planning and controlling.

Model/ Strategy 2: Branching

This option offers the greatest potential for central coordination and generally requires the greatest investment of resources by the central organization. Branch structures are particularly attractive when successful implementation of the innovation depends on tight quality control, specific practices, knowledge that is not explicitly documented or readily communicated, and strong organizational cultures.[3]

However, branch organisations are not always highly centralized and can allow significant local autonomy. Generally, the new branches are legally bound, either because they are part of the original legal organisation or because they have been acquired through a merger or an acquisition.

With this approach there is always the risk on creating a too burocratic structure. Studies show that organisations following the branching model grow half so fast as the social franchise models.[4]

Model/ Strategy 3: Dissemination of Knowledge

This strategy is the simplest and usually the least resource intensive, although the disseminating organization has little control over implementation in new locations.[5]

The social enterprise puts all the information needed to implement the core business open to everybody or by selecting the social entrepreneurs or enterprises in the target region. Based on guidelines, presentations and if needed training sessions, the original

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[3] Gregory Dees & Beth Battle Anderson. „Scaling social impact. Strategies for spreading social innovations". Stanford Social Innovation Review. Spring 2004

[4] „Nachmachen erwünscht, Methoden erfolgreichen Projekttransfers", Bundesverband Deutsche Stiftungen und Bertelsmann Stiftung

[5] Gregory Dees & Beth Battle Anderson. „Scaling social impact. Strategies for spreading social innovations". Stanford Social Innovation Review. Spring 2004

social innovator provides with all the needed information to replicate the core model: business model, internal processes and working methodologies and how the social impact is being measured.

Cooperation between the organisations is often done on an informal basis and in general there are no quality control mechanisms to oversee the work being done by the receiving social innovator. On the contrary, this allows greater adaptation of the business model in the new context.

Model/ Strategy 4: Affiliation/ social franchise

This approach offers the broadest range of possibilities. Often this entails a formal relationship by an ongoing agreement between two or more parties. Generally we talk here about social franchises. The original social innovator designs a complete package that will be transferred to the receiving social enterprise. Both organisations are independent, but bind by a franchise contract that provides the legal framework and the details to implement the innovation in the new context. The original social innovator will additionally provide training and support with relevant information and working methodologies.

The only difference from commercial franchises is that by social franchises the main objective is not the profit maximization, but the achievement of the maximum social impact in the new expansion area.

Although to build a social franchise structure means a lot of standardization, in most cases some few modifications are needed to adapt the social innovation to the new context and achieve the desired social impact; but always without changing the core elements of the business model. The maximum level of adaptation will be limited by the resources available and the own limits imposed to keep the core mission and elements of the original social innovation.
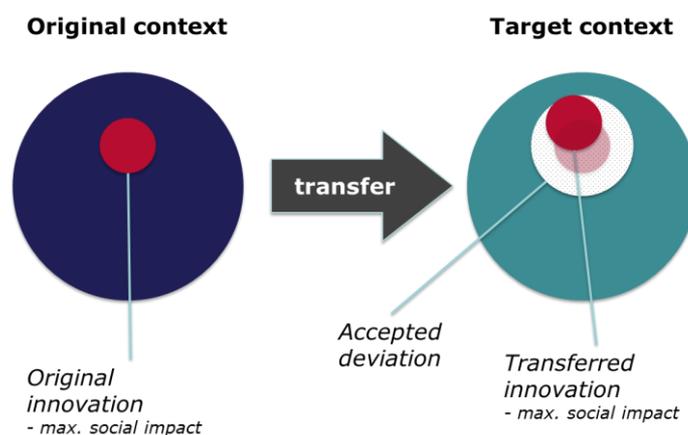

Figure 5: Social Franchise // Source: own source 2013

This strategy offers greater control for the original social innovator to guarantee the quality of the service and the decentralized structure offers also flexibility to adapt in the new context. Nevertheless, is a more resources intensive strategy comparing to the dissemination approach.

From our observation the scaling of social enterprises needs of careful accompanying measures, to closely support the social entrepreneur in their scaling endeavor.

When we talk about scaling between countries of different cultures, the challenges to overcome are bigger and the needed specialized support consequently broader. There are many new barriers to overcome: legal, language, cultural realities and economic framework differences. To cover this, new training and counseling offers from support organization have to be designed.

Depending on the scale model chosen the financial resources needed are also an important area that needs careful planning to not damage the original core structure of the social enterprise. Today few financial intermediaries and instruments are available for social enterprises in order to acquire the needed financial resources for scaling. Here, more collaborative work is needed between support organizations and financial institutions to design adequate models.

6   LEVEL OF CONTROL VS. ORGANISATIONAL COMMITMENT

Which of the strategy is chosen by the social enterprise will dependent on the organisational vision and culture, the available resources and the type of product or services offered.

The following chart provides a clear vision of the level of control and the organisational commitment between different scale models.
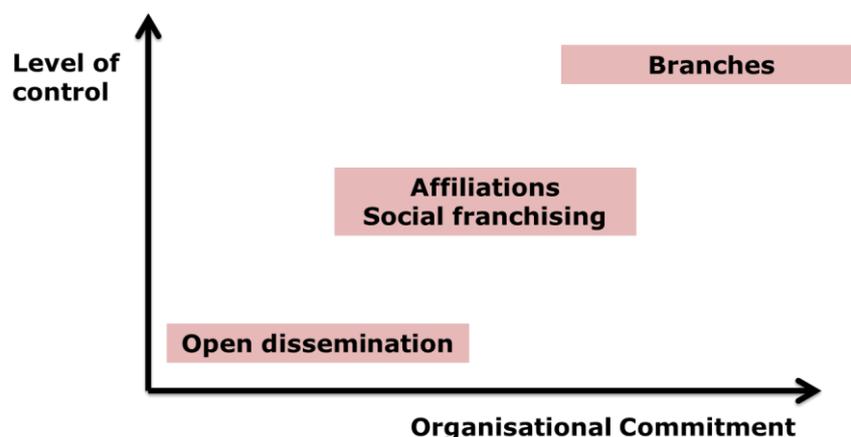

Figure 6: The various scale options at a glance // Source: Bundesverband Deutsche Stiftungen & Bertelsmann Stiftung

7   TRANSFER AND SCALE STEPS

Before deciding which transfer/ scale methodology is the best suited for the organisation, the social enterprise has to analyse and plan the scaling process. We have defined three steps based on the literature available today.

Step 1 – Getting ready

Before settling on a specific strategy and starting with its implementation, social entrepreneurs should explore and analyse the scaling process carefully. We resume here some of the most important aspects social entrepreneurs should think about.

Readiness

The first goal is to determine if the social innovation is ready to scale. There must be objective evidence of success that is not dependent on unique leadership or circumstances. The social innovator has to be able to define the social innovation:[6]

- What makes the social innovation distinctive?

- What is essential to its success?

- What internal or external play critical supporting roles?

- And, what could possibly be changed without jeopardising impact?

Afterwards, we should look on the transferability:

- Will the core elements be as effective in different contexts?

- Are these elements easily communicated and understood?

- Are they reliant on rare skills or conditions?

As Jeffrey L. Bradach from the Bidgespan Group put it, you have to find the "minimum critical specification" – aim to define the fewest elements possible to produce the desired goals. Find a level of detail that is most effectively transferable.

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[6] Gregory Dees & Beth Battle Anderson. „Scaling social impact. Strategies for spreading social innovations". Stanford Social Innovation Review. Spring 2004

Receptivity

Select the best strategy to bring the social innovation to scale. What strategy will best ensure that the innovation will be well-received in target communities? If an innovation is complex, represents a radical departure from accepted practice, threatens influential local parties, or clashes with dominant values or ideologies in different communities, it will likely be met with resistance.[7]

Locals may also resist adopting innovations if they are uncomfortable yielding ownership, control, or credit to outsiders. Are there reasons to anticipate resistance? If so, social entrepreneurs should generally favour strategies with less central coordination and less specifically defined innovations. Unfortunately, openness does not always translate into demand. Receptivity is also reflected in the demonstrated willingness locally to invest time, money, and energy to achieve the impact the innovation aims to create. Demand tends to be higher when key players in the community recognize an unmet need and perceive it as a priority. Without high local demand, it is extremely difficult to pursue dissemination and loose affiliation strategies effectively. When the need is high but demand is low, social entrepreneurs must find a path that does not require high levels of local investment or develop a strategy that increases demand.[8]

Resources

Before finally selecting one of the strategies we will have to plan our resources. The resource requirements of each strategy are various. A good planning of the resources we have to commit and how the revenue streams will be generated is going to be key. We can write a business plan for the scaling areas.

If we intend to work with local partners we should also see what resources local partners can commit and use the already existing resources effectively.

If local demand is not high enough at the beginning we can look for foundation or public funded grants to finance the revenue shortages. However, we should be careful on not depending too much on the long term on this kind of financial resource.

Risks

Social entrepreneurs must also consider risks to society and their organisations. We have to be ready for situations in which the social innovation is implemented incorrectly or fails to achieve the intended impact. Depending on the situations we have to be ready to maybe tighten the quality control by the central organisation, by moving to strategies closer to branching or tight forms of affiliation. All this changes means we have to com-

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[7] Gregory Dees & Beth Battle Anderson. „Scaling social impact. Strategies for spreading social innovations". Stanford Social Innovation Review. Spring 2004

[8] Ibid.

mit more resources and thus a risk assessment matrix may help us anticipate and plan the reaction for certain situations.

Returns

What strategy will achieve the greatest social impact? The aim should not be to reach more people and communities, but to serve them well. To assure that we serve them well we have to somehow control the quality or our impact. We have to also define which instruments and methodologies we will use to measure the social impact. This information can be hard to collect and control. With tighter scale strategies we will better control this information flow and react accordingly improving the efficiency and effectiveness of our product or service. Again this will result in more resources, so we will have to find the balance between different strategies to find the equilibrium between sustainability and social impact.

Once we have answered the above five "R's" we can start committing our time and resources to getting ready all the materials, processes etc. That is, preparing a sort of "scaling/ transfer package". At this point we may also consider on protecting the branding of our social innovation.

Depending on the scale of the scaling endeavour, starting with pilot projects could help us to gain valuable information on how the model is being received in the new areas and how sustainable the model.

Step 2 – The transfer / scale

If your transfer / scale strategy is based on partners, this is going to be your main task at this point. To find reliable partners is probably one of the most difficult and important tasks. On them will mainly depend that the people in the new communities are served well. Next, both parties have to agree on a negotiation and implementation process and negotiate the conditions. Once the conditions are clarified the execution to implement the social innovation in the new area can begin.

If the transfer is done alone, we have to look whether our internal resources are ready for the implementation phase. Since you will probably need to hire new personnel consider that the new personnel is well received in the new community.

In both strategies consider offering a training course to skill the new partners or employees.

If you are scaling to a new country or region with a different legal framework, language or cultural characteristics, remember to consider the additional resources needed to overcome these differences: translation costs, legal counselling, adaptation of the materials, etc.

Travel expenditures should not be underestimated at this phase. Usually it always takes longer than estimated to implement the implementation plan.

Step 3 – Ensure sustainability

Once the social innovation is running in the new location the scaling process should be evaluated. Here we should focus on continuous learning and improvement. These learn process should be coordinated with the project partners.

This coordination, evaluation and improvement work will be difficult if we have chosen to scale with an open dissemination strategy.

A good strategy to exchange experiences and agree on improvement collectively no matter which strategy you have chosen is to organise networking and engagement activities once a year for example.

8 SUPPORT MECHANISM AVAILABLE TODAY FOR SCALE

If a social enterprise is looking for support to scale or transfer across Europe, few support organisations have the needed skills and resources to provide this service. European support available today for the transfer and scaling of social innovations is limited to initiatives that still are in a piloting phase and learning by trial and error.

Consulting companies like *social impact GmbH* offer specific counselling services through its social impact consult program to already established and successful social enterprises. Additionally, with the *entersocial* project it also offers support services to social entrepreneurs in the rural areas of Brandenburg.

BENISI

Building a European Network of Incubators for Social Innovation (BENISI) is a EU FP7 financed project that intends to create a Europe-wide network of networks of incubators for social innovation. The goal is to identify 300 social innovations with high potential for scaling successfully and ensure the delivery of the necessary support services.

Enterprise Europe Network

The Enterprise Europe Network (EEN) can also be a good channel to get support. The mission of EEN is to support small companies to tap on the business opportunities in the EU. With 600 member organisations or contact points in 50 countries is the Europe's largest programme to provide support to SMEs in following areas:

– Internationalisation

– Technology transfers

– Access to finance (venture capital, loans, public support, tax credits)

– Research funding

– Advice on EU laws and regulations. Intellectual Property Rights

– Access to networking events.

Although, most services are designed for classical businesses, some of them are transferable and thus valuable also for social enterprises. Nevertheless, adaptation is needed in this network to incorporate the specific needs of social entrepreneurs and social enterprises, and adapt skills and service offers of the member organisations.

9 ANALYSIS OF BARRIERS AND INCENTIVES FOR SOCIAL START-UPs AND OF TRANSFER OF SOCIAL ENTERPRISES: RECOMMENDATIONS FOR ACTION.

Although we are starting to recognise the need for social innovations in rural areas, the context where they happen is still very fragile, localized in small communities and diffuse.

Here we intend to focus on the barriers to social innovators that organise collaboratively to solve daily problems and create organisational structures that sustain themselves. That is, social entrepreneurs creating social enterprises.

Nevertheless, the project looked also at examples that intend to create social innovations by building relationships between the public sector and its citizens. For instance, to improve the public services.

Support infrastructure

As a result of social and economic change processes, state competences are being increasingly transferred to the third sector. In practice, this means that the state is no longer acting as the direct provider of the public services, but as an intermediary to co-ordinate and channel the public resources to organisations outside the public sector. Behind this the goal is higher efficiency and cost savings. The communities in the rural areas though have difficulties to organise and coordinate themselves to tap on these resources. The situation is reinforced by the economic and social developments mentioned above; lack of jobs, lack of employers, and demographic changes.

In order to achieve systemic changes through social innovations, the support infrastructure has to be build according to the necessities of those who can innovate and organize these changes, i.e. by social entrepreneurs. Currently the support infrastructure for social entrepreneurs in Brandenburg is lacking of the right public support. Experimental projects like *social impact GmbH*'s *entersocial* program are a good start in the right direction.

If we also look at the infrastructure available to scale or transfer social innovations from other rural areas in Europe, the support infrastructure is non-existent. In this area capacity building is needed to create the skills needed and the support offers by the intermediary organisations.

The public sector could improve the support infrastructure for social enterprises by:

- Fiscal incentives,

- Public support programmes (training etc.),

- Public procurement,

- Concession of public contracts to social enterprises,

- State supported regional, national and European networking activities for social enterprises,

- Building mutual trust between the public sector and social enterprises,

- Transparent selection criteria,

- Capacity building for the support organisations,

- Interconnecting support organisations across Europe.

Legal Framework

The legal framework can hinder the creation and development of social enterprises, but it can also promote it, provided that the right legal forms exist. Today, most social enterprises use the favourable tax treatment as non-profits (Gemeinnützigkeit) to define themselves as organisations following social and charitable goals. This is a decision often taken by the managers just because this is what the stakeholders and society expects from a social enterprise, i.e. mainly to eliminate any profit making goals. The reality is that the limitations imposed are often greater than the fiscal advantages gained.

The legal form is chosen from the broad palette of classical options: limited liability companies (GmbH), cooperatives, associations or even shareholder companies (AG). Some even combine hybrid forms, combining for-profit and non-profit legal forms. Which one is the one who fits best depends on the sector where they want to be active, the governance structure they want to create and the revenue model; often influenced by the type of financiers active in the sector.

To combine these legal forms and apply the legal restrictions attached to the non-profit tax treatment can be a huge managerial challenge for early stage social entrepreneurs. The legal limitation to build capital reserves is for instance a restriction that can have hard effects on an early stage social enterprise trying to achieve a sustainable size.

The result is often that social enterprises are forced to be managed on the limits of the regulations and always with the fear of losing the charitable status. We believe that a more stable legal regulation is needed to guarantee the survival of these organisations.

Some barriers can be broken down by:

- reducing bureaucracy and providing support in the founding process,

- creating a legal form that fits better to social enterprises. The Community Interest Companies (CIC) from England can be a good model to follow.

– Opening the margin to combine commercial and societal activities, provided that the profits generated by the commercial part fit with the societal goals of the enterprise and this are reinvested to that matter.

To have a clear and easy to implement legal forms would also make easier for European social enterprises to expand to new member states.

Funding

Often social enterprises do not have a direct market that pays accordingly for the product or the service they offer. The customer or beneficiaries of this product or services have not the financial means to pay for them. Therefore, social entrepreneurs have to find new revenue channels to cover their costs. These revenue channels can be the selection of a unique revenue strategy or a combination of multiple channels. For instance, a social enterprise can decide to finance itself just by membership fees or by donations. Others may combine revenues from public programs, foundations, venture philanthropist, corporate sponsorships, membership fees, donations, social venture capital funds, bank financing, equity shares, crowdfunding as well as from the beneficiaries.

The experience has shown us that the social entrepreneurs have difficulties on identifying the right financing strategies. For an early stage social entrepreneur it can be very resource intensive to learn and get access to the various revenue channels. The world of public support programmes is for example an area where extensive knowledge is needed to find the right programs, write the application forms, follow the applicable regulations etc. If the social entrepreneur decides to go this path it could mean full time commitment to win financing for a project just for a couple of years.

Grants from public support programmes or foundations can be a good instrument to finance the early stage of the social enterprise, cover the initial investment costs and proof to other financiers the success of the model. Or just for additional and punctual ideas we may have, apart from the core services.

To base a social enterprise just on a project base revenue strategy could be risky in the long term. The competition for these grants is usually high and you may not get the grant in the next round. The focus of the funding may also change to other areas or the administrative costs may increase to a point where the effort does not make sense.

Other financial channels also require new specific know-how or access to the right networks; by venture philanthropist for instance. Venture capitalists usually do not invest on the social sector because of the low revenue expectations. Banking finance is also closed for social entrepreneurs because of their lack of credit records, solid financial viability prospective and charitable connotation of their ventures.

To summarize, many options, but many barriers to cope the learning curve and get access to real financing instruments.

On finance we recommend to,

- Increase and improve the awareness and training programmes for social entrepreneurs and for key personnel in the financial institutions,

- Networking events to between social entrepreneurs and financiers,

- Improvement of the crowdfunding offers for social entrepreneurs. Crowdfunding platforms based on donations are already well established. We should focus on crowd-investment and crowd-lending models,

- Support the engagement initiatives of corporations, for example by encouraging and improving the Corporate Social Responsibility (CSR) programs to focus on social entrepreneurs,

- Encourage and create new models for foundations, venture capitalist and venture philanthropist to invest in social enterprises with a long term perspective (patient capital),

- Simplify the access to public support programmes, reducing the administrative costs and focusing the programs on the early stage of business development. Encourage the experimentation and innovation to solve well defined social problems. Combine public support with training and counselling offers,

- Priority access for social enterprises to public procurement,

- Improve the bankability of early stage social enterprises by providing well designed microcredits,

Social Recognition

Social enterprises are particularly dependent on recognition from different social actors. This recognition is important to find financiers from the public and private sector and gain acceptance in the social sector.

At the same time social enterprises often face with resentment in Germany: to start an enterprise is often associated with the risk of failure and culturally negative connotations. In addition, the concept of social entrepreneurship still has a niche character in Germany. This is sometimes accompanied by reservations of some sectors for the connections between business based entrepreneurial focus and social goals.

Many social entrepreneurs work with volunteers, in the early stages of the business development but also the business model is consolidated. The recognition for the effort and hard work of volunteers from the society is still low. Apart from some awards there is not much else.

The social recognition of social enterprises can improved by:

– Introducing the topic of social entrepreneurship in the political dialogue at various levels, i.e. through lobbying,

– Showcasing role models and best practices in the media,

– Activating social entrepreneurial education programmes to create awareness and engagement at school levels,

– Improving the working conditions for volunteers, for example by small state contributions to the state retirement provision programs.

Capacity building

On capacity building for entrepreneurship Germany is traditionally one of the leading countries worldwide. However, this refers primarily to growth-oriented start-ups, from the technology areas for example, and for start-ups coming from an unemployment situation. But few capacity building offers are focus for social entrepreneurs. Many universities have started offering courses on social entrepreneurship (the Social Entrepreneurship Academy for example at the LMU University of Munich) or by some consulting companies, *social impact GmbH*'s *social impact start* program for the *social impact lab* incubators and *entersocial* for the rural areas in Brandenburg. The School for Social Entrepreneurship in the UK offers for example a comprehensive training and support program for the early stage.

Although for the starting phases there are some training and counselling programmes, this is not the case for social enterprises that intend to scale or transfer their concepts. Few business advisors have the skills to provide support and counselling for those social enterprises that want to scale in their own country or other countries.

Following measurements could improve the capacities of social entrepreneurs:

– Specific counselling and training programmes for social entrepreneurs in the starting phase, using modern methodologies (business model canvas, lean start-up, design thinking, etc.),

– Better incorporation of mentors from corporations and business angels,

– Improve the access of pro-bono offers from consulting companies to social enterprises,

– Better incorporation of entrepreneurship for education programs in the educational system by focusing on social entrepreneurship,

– Increasing the offer and access to business incubators for social entrepreneurs,

– Creating specific training programs for trainers and business advisors, coaches, etc. both on early stage business development topics and on scaling strategies,

– Improve the transparency of training and counselling offers by creating minimum quality standards and certifications.

Transfer / scale

Social entrepreneurs adapt their concepts to the context where the social problems are located. Often solutions are not site-specific, but occur in different regional contexts. The parallel development and implementation of a product or service with similar objectives in different regions, nationally and transnationally, is currently not very efficient. But generally most social entrepreneurs first succeed in one location and afterwards start thinking on expanding their social innovations to new geographical areas.

At the same time many social entrepreneurial concepts are strongly linked to the founder's personality. This personality can limit the selection of the best scaling strategies. To transfer the business model to "foreign hands" and partners is often a difficult step.

Additionally, there are many aspects to consider when scaling a social enterprise. The organisation may have to change its structure, new legal issues have to be covered in the new locations, cultural and language challenges have to be managed, adaptations to the working methodologies and to the product or services may be required…This and more aspects deal in detail in this document. But most of them impose clear barriers to scale, since few support and counselling services are skilled today to help social enterprises cope these challenges.

To improve the scaling conditions appropriate support offers are needed at national and international level. We recommend to,

– Design specific counselling and support offers on scaling and transfer,

– Training for trainers and business advisors on scaling strategies,

– Establishment of knowledge exchange networks (national and transnational)

– Better cross-border cooperation between regions and nations to allow easier cross-border transfers,

– A European database of social innovators and resources available in each member state,

– Recognition of social enterprise legal forms across countries.

The analysis and propositions made here have been observed and gathered through the different activities that have taken place during the lifetime of this project. We have definitely not covered in detail all the factors in each of the topics. For this matter scientifically based studies of each of the areas is recommended.

TERMINOLOGY EXPLANATION

Replication: One to one transference of an innovation, approach or project.

Scaling: Organic growth to reach new location by the original organisation or in partnership with other organisations or partners sharing the same branding.

Transfer: The strategic expansion of an effective innovation, approach or project to other locations in which the innovation is performed by other independent organisations or partners.

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