Social Entrepreneurship and Cultural Heritage

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The module is open and available through the project’s website
http://www.prosoarural.ilabour.eu/outputs/
for all learners who are interested in it.

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The project “Prosoa Rural - Promoting Social Awareness in Rural Area (2018-2-ES02-KA205-011523)” aims to develop materials that support educators in rural training centers so that they can transmit these values to young people. The materials will be based on a methodology focused on the promotion of active participation and social entrepreneurship linked to the conservation of Cultural Heritage and Traditions at local, regional, national and European level. The project is funded by the Spanish National Agency within the Erasmus Plus of the EU. The project consists of the following partnership:

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**Acción Laboral**

http://www.accionlaboral.com

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**IED**

http://ied.eu/

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**INOVA+**

http://www.inova.business

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Co-funded by the Erasmus+ Programme of the European Union
Futuro Digitale
http://www.futurodigitale.org

International Labour Association
http://www.ilabour.eu

Project Duration: December 2018 – July 2020

Learn more about the project on:

Website: http://www.prosoarural.ilabour.eu

Facebook: https://www.facebook.com/prosoaruralproject
OBJECTIVES

This training module aims to promote the initiative and social entrepreneurship of young people based on Cultural Heritage and Traditions

Through this module, young people will be trained in and develop entrepreneurial skills, with the aim that they can be people with a greater social initiative, capable of generating activities and / or businesses related to Cultural Heritage, and their conservation. In addition to generating greater high-quality skills for young people, it contributes to a greater possibility of initiatives arising in rural environments that conserve the cultural heritage of small rural municipalities.

The main objectives of this training module:

✓ Raise social awareness among young people in rural areas.
✓ Improve the entrepreneurship skills of young people.
✓ Promote social entrepreneurship among young people in rural areas.
✓ Create a greater commitment and awareness about the necessity of conserving the Cultural Heritage and the Traditions.
SECTION 1 - INTRODUCTION TO SOCIAL ENTREPRENEURSHIP AND CULTURAL HERITAGE

1.1 WHAT IS SOCIAL ENTREPRENEURSHIP?

Social entrepreneurship is an increasingly popular form of entrepreneurship that a) aims to achieve a social purpose through the creation of social value, and b) aims at solving social problems such as environmental protection, education, unemployment, health services, poverty, civil rights, racism, energy, gender inequality, water resources, animal protection, etc.¹

Addressing the specific problem, the social enterprise lies at specific activities and solutions that often comes through the implementation of innovative approaches.

However, what is meant by the term “Social enterprise” and how it differs from regular business sometimes isn’t so clear. But a social enterprise can be both profit-making and non-profit-making. We can consider that a crucial element that separates “social” from “traditional” business is that social business aims at solving specific social problems rather than at achieving only economy outcomes.¹ Just like a regular business entrepreneur, a social entrepreneur must take risks and be determined in order for his or her social venture to be successful.

We can consider social entrepreneurship as a combination of 3 pillars: business, social engagement and social services. But, how actually a social enterprise works?

VIDEO 1: What is social entrepreneurship and how it works?
1.1.1 WHAT DO A SOCIAL ENTERPRISE LOOK LIKE?

Social enterprise can:

- Be in all shapes and sizes
- Be a set up and operated by a diversity of people irrespective of gender, religion, ethnicity, sexual orientation, age
- Sell a variety of products and services

Have a look at the following examples. Each image shows a product or service sold by a social enterprise:
1.1.2 WHAT FORMS OF BUSINESS CAN A SOCIAL ENTERPRISE TAKE?

A social enterprise can take almost all business forms. Some examples are the following:

For example, at each social issue we can have the following examples of social enterprises:

<table>
<thead>
<tr>
<th>Social Issue</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homelessness</td>
<td>Tour Guiding Business</td>
</tr>
<tr>
<td>Youth Unemployment</td>
<td>Café/Restaurant</td>
</tr>
<tr>
<td>Refugees and Migrants</td>
<td>Grocery Store</td>
</tr>
<tr>
<td>Disabled Adults</td>
<td>Magazine/Newspaper</td>
</tr>
<tr>
<td>Vulnerable Elderly People</td>
<td>Upcycling Shop</td>
</tr>
<tr>
<td>Indigenous Populations</td>
<td>Art Gallery</td>
</tr>
</tbody>
</table>

1.1.3 WHAT VALUE, IMPACT CAN A SOCIAL ENTERPRISE CREATE?
Like any other business, social enterprises try to sell products or services in order to make a profit. In order to be successful they must be clear on the value they bring to others. What makes social enterprises different from other businesses is that they can create **value** thought many different ways:

- Can use its profit to do social or environmental good.
- Find and create new solutions, ways of working to address social problems.
- Apply commercial strategies to maximize improvements in human & environmental well-being.
- Innovative use of business technologies and resources to find solutions to social problems.
- Work towards cultural, social or environmental causes to create sustainable and viable impact to people.
- Re-establish community-based economies and re-invest locally into the community and not into the rich stakeholders.

Impact is also a very important key element in social enterprises. It’s the result of the sale of their products or services.

The **impacts** that social enterprises can create are:

- Create job opportunities
- Increase the employability and sharing work knowledge to young people so they can be prepared to join the workplace
- Use an amount of their profits to pay for shelter for homeless people or to work with drug addicts.
- Provide meals for the elderly and disabled people in their homes etc.

### 1.1.4 SOCIAL ENTERPRISES AROUND THE WORLD

Learning from other stories helps you to achieve success and avoid failure. Of course, every activity in life has a percentage of risk.

Around the world, there are many successful social enterprises that have achieved a social impact. But what is meant by the word “social impact”?

**Social impact** is the positive change of the community or society from the activities of a business.

*Let’s take an example:*

**The Big Issue** from UK: is a street newspaper, founded on 1991, that offers to **homeless people**, or individuals at risk of homelessness, the opportunity to earn an income through selling a magazine to the public. Vendors buy The Big Issue magazine for £1.25 and sell it for £2.50, meaning each seller is a micro-entrepreneur who is working, not begging.

**Camara education** from Ireland: is a social enterprise, founded on 2005, that installs computers in schools and **youth centers** and trains teachers to use them. Camara education is active in Africa (Ethiopia, Kenya, Zambia, Lesotho and Tanzania) and Ireland.
Specialisterne from Denmark: trains people with *autism spectrum disorder* (ASD) to meet the requirements of the business sector. Specialisterne also provides a working environment where it is 'normal' to have ASD and where the role of the management and staff is to create the best possible working environment for the employees with ASD. Employees work as business consultants on tasks such as software testing, programming and data entry for the public and private sectors. Specialisterne is active in Europe (Denmark, Austria, Iceland, Ireland, Italy, Norway, Spain), Australia, Canada, Brazil, USA and Singapore.

1.2 TYPES OF SOCIAL ENTREPRENEURS

*Social entrepreneurs* may seek to produce environmentally-friendly products, focus on philanthropic activities or make diverse contributions to their communities and societies adopting business models to offer creative solutions to complex and persistent social problems.

We can identify a *variety* social entrepreneurs *types*, however, we will focus on just 4 of them: social bricoleur, social constructionists, social engineer and community social entrepreneur.
1.3 SOCIAL ENTREPRENEURSHIP SKILLS

Every kind of entrepreneur must set a clear goal that they can achieve through concrete actions. In some cases, reaching this goal may take a lot of time. Having an idea and a plan helps entrepreneurs to set paths that they can follow, helps them to create a mission which will guide them and remind them of their goal and keep them motivated in hard times. Some of the entrepreneur skills, that help you to come closer to your goal and makes you stay focus on that, are:

<table>
<thead>
<tr>
<th>Creativity and independence</th>
<th>Communication</th>
<th>Critical and design thinking</th>
<th>Business storytelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passion</td>
<td>Empathy and self-awareness</td>
<td>Future - oriented</td>
<td>Decision making</td>
</tr>
<tr>
<td>Self-motivation and confidence</td>
<td>Teamworking and collaboration</td>
<td>Resourceful</td>
<td>Time management and Stress tolerance</td>
</tr>
<tr>
<td>Optimism</td>
<td>Networking and relationship building</td>
<td>Adventurous</td>
<td>Growth mindset</td>
</tr>
<tr>
<td>Mission and values</td>
<td>Innovativeness and risk taking</td>
<td>Ability to motivate, guide, support and lead others</td>
<td>Digital knowledge, desire and ability to learn continuously</td>
</tr>
</tbody>
</table>

1.4 WHAT IS CULTURAL HERITAGE?

Cultural heritage is a collection of ancient and traditional customs and objects that have been bequeathed by the old generations, presented in the present and granted in the future for the new generations.

Each country, city or small village has its own, unique culture, traditions and customs.
If you are curious to learn about the traditions and customs in Spain, Greece, Portugal, the Netherlands, Italy and Turkey, you can check-out our catalogue of best practices in cultural heritage in the project’s website: http://www.prosoarural.ilabour.eu/outputs/.

1.5 TYPES OF “HERITAGE”

We can categorize the heritage in 3 types, cultural property, intangible culture and natural heritage.

1.5.1 CULTURAL PROPERTY

Cultural property is related with:

Museums and the maintenance of the arts, architectures, digital, movie and audio materials.

Acropolis – Athens, Greece

1.5.2 INTANGIBLE CULTURE

Intangible culture is related with:

History, language, religion, folklore, social customs and practices, human cultural activity.

Momoeria – Kozani, Greece
1.5.3 NATURAL HERITAGE

Natural heritage is related with:

Natural environment (flora and fauna) and countryside.

Navagio beach - Zante, Greece

1.5 CULTURAL ENTREPRENEURSHIP

Cultural Entrepreneurship (also referred to as culturepreneurship or art entrepreneurship) – is a management process through which cultural workers seek to support their creativity and autonomy, advance their capacity for adaptability, and create artistic as well as economic and social value. (Throsby, 2001)

1.5.1 SOCIAL ENTREPRENEUR VS CULTURAL ENTREPRENEUR

<table>
<thead>
<tr>
<th>Social Entrepreneurs</th>
<th>Cultural Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>They create business (product or service) to address a social problem</td>
<td>They create cultural products (visual art, music, film etc.) that present new ways of understanding social problems.</td>
</tr>
<tr>
<td>Goals: business success and social change are equally important - promote social change</td>
<td>Goals: self-determination - promote global change</td>
</tr>
<tr>
<td>Social economy</td>
<td>Creative economy</td>
</tr>
</tbody>
</table>
1.5.2 TAXONOMY OF CULTURAL ENTREPRENEURSHIP COMPONENTS

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Tactics</th>
<th>Competencies/ Skills</th>
<th>Mindset</th>
<th>Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social enterprises</td>
<td>New funding approach and sources</td>
<td>Opportunity spotting</td>
<td>Future oriented</td>
<td>Culture</td>
</tr>
<tr>
<td>Creative enterprises</td>
<td>Partnership</td>
<td>Training and Education</td>
<td>Open-minded</td>
<td>Traditions</td>
</tr>
<tr>
<td>Community of Heritage enterprise</td>
<td>Networking</td>
<td></td>
<td></td>
<td>Community</td>
</tr>
<tr>
<td>New ventures</td>
<td>New technologies</td>
<td></td>
<td></td>
<td>Local</td>
</tr>
<tr>
<td>Change management</td>
<td>New marketing approach</td>
<td></td>
<td></td>
<td>Artistic field</td>
</tr>
<tr>
<td></td>
<td>Bricolage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The cultural Entrepreneur

VIDEO 2: The Cultural Entrepreneur - Taking a Risk and Getting It Right?
EXERCISES

1.6.1 BIG IDEAS

Introduction of the exercise:

The principal point of this dynamic is answering the question:

**in what idea should I invest?**

Generating and identifying business ideas that "could" be viable, but it must be contrasted with what the environment really wants.

Start the exercise!

1.6.2 CHALLENGE DYNAMIC

Introduction of the exercise:

In this group dynamic, the main objective is to make the team face new challenges and, for that, it is necessary for people to feel confident and safe.

Start the exercise!

1.6.3 FIVE WHYS

Introduction of the exercise:

This dynamic helps to understand the relationship between a problem and its context. It is used to "go beyond the surface of a problem and discover the root cause, because the problems are approached more sustainably when an analysis of their origin is carried out".

Start the exercise!

1.6.4 MIRROR MIRROR

Introduction of the exercise:

Knowing and identifying the entrepreneurial characteristics of the participants. Expected learnings are:

- Knowledge improvement: Recognize the diverse characteristics that every entrepreneur. You must cultivate to implement a successful business.
- Skills improvement: Express in a creative way the entrepreneurial characteristics that recognizes in his colleagues and that he recognizes himself.

- Attitude improvement: Be willing to evaluate your entrepreneurial characteristics in a positive way, proposing solutions to strengthen those characteristics which identifies them as weak.

Start the exercise!

1.6.5 THE CONTEXT MAP

**Introduction of the exercise:**

This dynamic is designed to show us the external factors, trends and forces that surround the idea, because, once we have a systemic vision of the external environment in which we move, we will be better equipped to respond proactively.

Start the exercise!
SECTION 2 – DEVELOPING YOUR IDEA FOR SOCIAL ENTREPRISE

2.1 IDEA DEVELOPMENT

Looking for the product or service idea might seem difficult sometimes. A business starts from an idea. During your life, many ideas might pop-ups. But, brainstorming and design thinking will help you to come out with what is closer to your vision, mission and passion. How to look for a product or service idea?

1. **Start with what you have**

**Brainstorming:** Start to record all the ideas that pop-ups in your mind. After that, take your time evaluate each idea and find their potentials of development.

**Ideas that you already have:** It might be an idea that you have for a long time, e.g when you were a child. Why not to give it a try?

**Think about your experience:** you might have a skill or a set of experiences that makes you expert on a specific topic and that can enable you enter the market easier. Try to find out which are these skills and experiences and how can you put them in idea action.

**Think about your passions:** Your passion about something is the most powerful and motivated source of ideas because enables you to take care of them, work for them and make you do of what to wish. There is a saying that goes “if you love what you do you will never work a day I your life”.

**An example:** Minnal carry-on started by two guys who love travelling but were frustrated with their carry-on bags, so they created their own. Their passion for travelling helped them design a unique bag. [https://www.minaal.com/](https://www.minaal.com/)

2. **Look around your community**

- Listen to people and note of what they are saying. You might find out new and interesting retail concepts. Another great source of news and information can be the newspapers.

- Have a look around you neighbor, your work and every day life. What products or services can make the life of these people easier? What is difficult for them to find in the local markets? What makes your community unique that can be spread to the other communities?

- A great source of ideas is to find solutions on people pains. Providing a product or service that helps people solving some of their problems or improve their life can create a great place for your idea to develop and growth.

3. **Find customers trends**
Following what customers buy is a great idea to have an overview of what products are in high demand. This can also help you to come out with new ideas that you previously didn’t even know or image. There are few tools that helps you follow the customers buying trends:

Trend Hunter

Trend Watching

Google trends

Another important source where you can find the customers trends is though travelling. Travelling enables you observing what are the trends around the world and gives you new ideas of inspiration.

4. Social and online networks

Social media and social networks like facebook, Instagram, ebay, amazon etc are another useful source that helps you find new product or service ideas.

5. Design Thinking

Design thinking is a process that helps you seek to understand the user, find the challenges, and redefine the problem in order to create new solving approaches.

The design thinking process is:

VIDEO 3: The design thinking process?
For additional reading and discovering about idea development and design thinking, check out this very interesting material [here](#)!
(you just have to register and you can have a free access to the learning material)

### 2.2 WHAT IS A BUSINESS MODEL?

The business model is a method that the social business can form, using the available resources in order to provide solutions to customers’ problems and needs. In particular, a business model can identify the specific way that the social business serves its products/services, with which social problem is dealing with and how the money is distributed.

Below, we are about to present you how to use and create the business model canvas and the business plan for setting up your own social business.

### 2.3 THE SOCIAL BUSINESS MODEL CANVAS

The Business Model Canvas is a very useful entrepreneurial tool. It gives a short description but a total overview of your business environment. It also helps you on forming process of your business plan (we will deal with it in the next sub-section).

The business model canvas, which was created by Alexander Osterwalder in 2010, it enables to focus on operational, strategic and marketing management of your social business. The Canvas is consisted of nine blocks. Each block has a list of questions that helps you to brainstorm your idea and which are necessary to be considered each time.
You can download the [Business Model Canvas here](#)!

**Key Partners**: refers to all companies, or organizations that help your enterprises to reduce the risk, implement actions or acquire resources.

**Key Activities**: are the most important actions a company must take to operate successfully.

**Key Resources**: allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Key resources can be physical, financial, intellectual, or human. Key resources can be owned or leased by the company or acquired from key partners.

**Value Proposition**: solves a customer problem or satisfies a customer need.

**Customer Segments**: is the segmentation of customers following to some common characteristics they may have such as common needs, common behaviours, or other attributes.

**Customer Relationships**: builds the type of relationship a company wants to establish with each Customer Segment. Relationships can range from personal to automated.

**Channels**: makes the product or services visible to customers. Channels play a significant role in the in the customer experience.
Channels serve several functions, including:

- Raising awareness among customers about a company’s products and services
- Helping customers evaluate a company’s Value Proposition
- Allowing customers to purchase specific products and services
- Delivering a Value Proposition to customers

**Cost Structure**: describes the most important costs incurred while operating under a particular business model.

**Revenue Streams**: describes the revenues earned under the activities of a business.

**The key questions**

<table>
<thead>
<tr>
<th>Key partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Who are your key partners?</td>
</tr>
<tr>
<td>- Who are your key suppliers?</td>
</tr>
<tr>
<td>- Which key resources are we acquiring from partners?</td>
</tr>
<tr>
<td>- Which key activities do partners perform?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>- What Key Activities do your Value Propositions require?</td>
</tr>
<tr>
<td>- Your Distribution Channels?</td>
</tr>
<tr>
<td>- Customer Relationships?</td>
</tr>
<tr>
<td>- Revenue Streams?</td>
</tr>
</tbody>
</table>
**Key resources**

- What Key Resources do your Value Propositions require?
- Your Distribution Channels?
- Customer Relationships?
- Revenue Streams?

**Value Propositions**

- What value do you deliver to the customer?
- Which one of your customer’s problems are you helping to solve?
- What bundles of products and services are you offering to each Customer Segment?
- Which customer needs are you satisfying?

**Customer Relationships**

- What type of relationship does each of your Customer Segments expect you to establish and maintain with them?
- Which ones have you established?
- How are they integrated with the rest of your business model?
- How costly are they?
Through which Channels do your Customer Segments want to be reached?
- How are you planning to reach them?
- How will your Channels be integrated?
- Which ones work best?
- Which ones are most cost-efficient?
- How will you integrate your Channels with customer routines?

For whom are you creating value?
- Who are your most important customers?

What are the most important costs inherent in your business model?
- Which Key Resources are most expensive?
- Which Key Activities are most expensive?
The list of the questions are available here!

Remember, the business model canvas can be used by each type of business but each time needs to be adopted.

VIDEO 4: How to write a business model canvas?

2.4 FORMING A SOCIAL BUSINESS PLAN

Forming a Social Business Plan is an opportunity to carefully think through every step of starting your Social Enterprise.
This is your opportunity to discover any potential weaknesses in your business idea, identify the opportunities you might not have considered and plan how you will deal with the challenges that are likely to arise. A well-written business plan will help you stay focus on your goal and mission, create priorities and specific action points, growth and communicate your idea to the potential stakeholders and customers.

A business plan should be clear, complete, opportunistic and reactive. A person outside your business should be able to understand it!

**VIDEO 5: How to write a business plan?**

We have developed a downloadable worksheet for you to start work on your business plan.

You can download the [Business Plan Template here](#)!

**EXERCISES**

2.5.1 INSIDE OUT

_Introduction of the exercise:_

SO...

“Do you know who you are?” - “Do you know where you are?”

**SOAR yourself** - Strengths, Opportunities, Aspirations, and Results.
**SCORE your environment** - Strengths, Challenges, Options, Responses, and Effectiveness

This exercise is an introductory point aiming to strengthen the team building by getting everyone to share their entrepreneurial assets and their view for the surrounding rural area ecosystem. It engages the participants in two reflection phases, during which they develop their contents according to specific templates and then share within the group of peers.

Start the exercise!

---

**2.5.2 UPSIDE DOWN**

Introduction of the exercise:

Creativity cannot be taught...

But on the other hand, it does not need to be taught! It is an internal characteristic of every human being. What it needs is to be pulled to surface, be refined and enhanced and paired with tools and contexts that help one break the walls of hesitation. In this exercise we will work together with the participants in order to bring to surface new fresh and creative ideas. The team will be motivated to share these ideas in the most entertaining way, and then refine them and build around them.

Start the exercise!

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**2.5.3 FROM BLACK TO BLANK**

Introduction of the exercise:

Entrepreneurs are more than ideators: they are tentators of new ideas, they are innovators that harvest the opportunities around them and turn them into profit & social benefit in our case. In the context of this exercise you will be called to identify your first steps and start simulating your idea in scribing, using a big sheet of paper on which you are called to schematize it (focusing on the user journey). Following this step, you are not called to systemically describe every detail, but focus on the idea/opportunity and try to instill the element of evolvement by a vision that satisfies both your identity as an entrepreneur and cultivates social benefit. Finish with some strong statements regarding the **Vision** - **Mission** - **Value**

Start the exercise!

---

**2.5.4 THE BUSINESS CANVAS**

Introduction of the exercise:
This exercise is using the already presented in the theory part - BUSINESS CANVA - to have the participants put down their thoughts and plans and describe in this template their entrepreneurial idea.

Start the exercise!

Download the Business Canvas template!

2.5.5 THE BUSINESS PLAN

Introduction of the exercise:

This exercise is using the already presented in the theory part – BUSINESS PLAN - to have the participants put down their thoughts and plans and describe in this extended template their entrepreneurial idea.

Start the exercise!

Download the Business Plan template!
3.1 MANAGING A FIRM

An effective management requires an overall wellbeing, divided into five sector conditions:

- Social
- Professional
- Physical
- Spiritual
- Mental

When an entrepreneur has a balanced management, it gives him/her the energy and the appropriate resources to lead successfully the enterprise.

3.1.1 WHAT ACTIONS OF MANAGEMENT CAN AN ENTREPRENEUR FOLLOW?

1. **Establish effective and responsive communication**

   When someone responds immediately and tries to help, this builds a trust relationship. Try to listen and understand what others try to tell you, feedback will always help finding ways to be better, improve your products, and provide better services to the society.

2. **Build a team**

   A team enables people within an organization to collaborate efficiently and effectively with each other. Two minds are better that one. Try to build a team where people love to work together, they can perform and find new innovative solutions and exchange ideas to better approach a problem.

3. **Acquire knowledge of finances of the enterprise**
Finances knowledge enables the entrepreneur to set goals and build a strategy that can drive the enterprise though the path of success. They can estimate at any time what should be the next step and how much it will cost. A good finance management gives the opportunity to the enterprise to share more money on solving social problems and be sustainable on the marketplace. If a social enterprise isn’t sustainable, it is difficult to help tackling on social problems.

4 Empower others and build a positive environment with in the organization

The working environment is a crucial key element to the business success. If employees and people who are in the organization or interact with the organization, are happy then they will have the energy to do their best in the work. They can feel that what they do matters, has social value and impact, so they will try to find new innovative ways to deliver the task for the social good. Empowerment motivates people to grow and develop new skills that can help them on communicating, collaborating and providing better services to the community.

5 Be an example

Be the person/enterprise you would admire. Find the characteristics you wish somebody else will recognize to you, e.g. innovative person, the person who find solutions to the problems, the enterprise that impacted the society, a person who deserve to be treated with respect, an enterprise as an example for the creation on new enterprises etc. Do what you say, or show it by your actions.

3.2 Perspectives on Management

There are many concepts of management.

a) task management where the entrepreneur emphasizes on organization and predictability
b) people management where the entrepreneur emphasizes to achieve changes and deliver actions
c) goal management where the entrepreneur emphasizes to undertake needed actions to ensure the survival and continuous existence of the enterprise.

A social business in order to achieve its mission will need people who will perform those tasks and activities that keep the organization active.

We can separate management into two aspects: the short-term and long-term management.

Short—term management (tactical management): means managing daily operations of the organization, distributing responsibilities and tasks and tracking progress. This can be also divided into three categories of approaches: i) the goal oriented, ii) the task oriented and iii) the combination of these two perspectives.

Task oriented perspective: refers to managing and supervising tasks and individuals at each task.

Goal oriented perspective: refers to operating with trust and flexibility. The goals can be achieved by self-organization.
Long-term management (strategic management): means to continuous plan, monitor, analys and assess of what is necessary for the organization to meet its goals and objectives. A typical strategic management involves: analyzing the strengths and weaknesses (swot analysis), creating action plans, putting action plans in action, evaluating and measuring the results.

How will you cope with so many tasks?

1. Manage time
2. Prioritize
3. Keep balance between personal life and professional work life

3.3 MANAGING CHANGE

Let’s see the following video in order to learn what is change management!

Video 6: What is change management?

Sometimes, change is necessary in order to prevent an organization from getting stuck in its own world. As in any other term, change has both advantages and disadvantages. On one hand, change helps organization to improve tasks or activities, find new approaches for growth, improve life values, spot new opportunities, break the routine and create a path for progress. But on the other hand, change is uncertain. Everything that is uncertain makes people have a negative attitude towards it.

Let’s name the change as “problem” at this point. When you have a problem the first thing you do is to realize and understand which is the situation. Then, you divide the main problem into sub-problems, in order to simplify and find immediate solutions. If needed, you can divide the sub-problems into other sub problems if the topic is very general and you cannot find a solution. Though this process you can find the
solutions to the main problem. The next step is to implement. Share the problem, situation, with your employees and explain to them why this should be changed emphasizing on the benefits of this change. Each time an employee has a concern remind them why. Having shared the situation, present them your solutions or ask them about what they would suggest in such a case as a best solution. Listen to their feedback. Having the solutions, you have to start implementing all the appropriate actions for the change. This is the hard part. But, stay calm and write down what works and what not so that you can improve accordingly.

The change can have internal such as personnel turnover or absenteeism or external factors such as social, economic or political aspects. Internal factors of change are easier to manage than factors that are external to the firm.

3.5 HUMAN RESOURCES MANAGEMENT AND RECRUITMENT

Every great business starts with a great team. A team can:
In Human resources management exist four important elements:

- Recruitment
- Payroll management
- Heath
- Occupational safety

The Process of recruitment:

① Plan
Planning is very important when you have to create a team. Decide how many staff members will you need, what skills, competences and personalities should they have to fit with your business and team.

② Job Description
You might have already in mind the appropriate person for the specific job, a person you know and you trust. But, if not, you need to create a formal “job description” if you are going through a formal recruitment process.

③ Interview
Record the date, time and the key points of the discussion with the candidates. Write down how the decision to hire or not to hire was taken.

④ Recruitment
You have made the decision to offer to the most appropriate candidate the job.

⑤ Contract
It is very important to have a contract with the employee. The contract is an agreement between the employee and the employer and is the basis of the employment relationship. The contract should include
the main terms and conditions of employment, and must include the following: full name of employee and employer, full address of the company and the employer, nature of work, date of recruitment, duration of the contract, pay reference period, payment intervals, e.g. weekly, monthly etc., hours of work, insurance, vacations and paid leave, sick leave, training and notice requirements (conditions for termination of contract).

Training

Train your new employees on the job and tasks they should perform so that everybody is working according to the same system and towards the same goals and missions.

3.6 PAYROLL MANAGEMENT

The payroll management is the calculation and the payment of salaries. The management of salaries is dependent on the legal environment in which the organization exists. The salary includes tax administration, social insurance, banks and pensions.

The salary is paid at the employee at the end of the payroll month, or as was agreed in the recruitment process. To calculate the salary, working hours are needed, this makes the process easier. When it comes to the payment by tasks, the process is more complicated. This requires a clear plan for managing the payrolls as overtime, and holidays and Sundays salaries must be accounted for and paid in accordance with tax withholding and other social contributions.

The amount of salary must be at least the minimum salary as legally established in the country environment where the organization exists. But the salary can be based on the employee’s work experience and knowledge. In case of the social enterprises, the salaries have an effect in the community.

3.7 OCCUPATIONAL HEALTH CARE AND SAFETY

The development of community and the quality of work can be improved if occupational health care and safety are carried out. A working environment should be a pleasant and risk free place for both employees and employers.

The occupational health care and safety programs include:
• Risk of fire or explosion
• Occupational accidents
• Ergonomic risks
• Chemical and biological risks
• Psychosocial factors
• Accident insurance
• Maintenance of physical, mental, social and well-being of employees

EXERCISES

3.8.1 PLANNING

Introduction of the exercise:

Businesses prepare a bill that shows what kind of work should be done, their order, time, duration, by whom and by which ways to be accomplished. This draft is called planning.

Start the exercise!

3.8.2 ORGANIZATION

Introduction of the exercise:

The organization aims to establish the business objectives determined in the planning and the establishment of authority relations between the selected businesses, persons and workplaces to achieve them. The organization is important for the employees to play an active role in achieving certain goals and to work together. Nevertheless, the organization provides the link between the tasks of the employees for the enterprises. It has several principles: unity of purpose, competence, division of labor and specialization, hierarchy, unity of command, responsibility, balance of authority and responsibility, balance principle, continuity, facilitation of leadership, definition of tasks.

Start the exercise!

3.8.3 ADMINISTRATION

Introduction of the exercise:
Making plans and taking action in line with a common purpose by creating an organizational structure is called referral and administration. This includes activities related to the manager's influence on the work of the employees and informing them what to do.

Start the exercise!

3.8.4 COORDINATION

Introduction of the exercise:

Coordination is the harmonization of all activities of an enterprise in order to facilitate work and ensure success. This situation gains importance according to the size of the enterprise. It is important that the efforts of the employees are combined to bring the business to its goal. It is closely related to the strength and value of coordination, ensuring that the work is done effectively, and that there is a regular, appropriate and achievable communication between employees and the equipment used.

Start the exercise!

3.8.5 CHECK

Introduction of the exercise:

The audit phase forms the final stage of the management process after planning, organization, referral and administration and coordination. It investigates and determines what other functions achieve, how and to what extent. Since the function of the audit is to measure and evaluate the results of the activities and to ensure the success of the plans, it is necessary to know who is responsible for deviating from the plans and who will make the necessary corrections.

Start the exercise!
4.1 WHAT IS MARKETING?

With the continuous evolution of the digital technology, marketing sometimes is difficult to define. According to experts:

Marketing can be simply defined as addressing the needs and wants of your clients at a benefit. It is a strategy of business that includes research, targeting and advertising.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society.

The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.

The majority of the people, those who haven’t worked on marketing or even some of those who have some small experience on it, believe that marketing is just advertising or selling. This is a misconception. In order to know what actually is marketing we have firstly to learn what is not. The videos bellow presents you both what it is and what is not marketing.

**Video 7: What is NOT marketing?**

**Video 8: What IS marketing?**

In general, marketing aims at two objectives:

- Approach new customers by promising value which meets their needs and desires
Keep the existing customers by providing them more offers and customer services

In order to better understand the term “marketing”, we must know some important terms such as “needs” and “desires/wants”.

A Need is something that is essential and important for the people. People’s needs are either physical such as eating, water, heating, or social such as belonging in a family or having friends.

A desire or want is a strong feeling of wanting to have something or wishing for something to happen. For example, in USA people like to eat hamburgers when they are hungry but in Greece people prefer pita souvlaki.

Demand is another important term used in marketing. People always tend to have a variety of options so they will make the decision of choosing the best option among others by taking into account of their budget. Marketing is also about managing the demand of the customers.

4.2 FORMS OF MARKETING

Marketing may take any kind of form. In this module, we will identify just two of them, the B2B and B2C marketing.

But, what do we mean by B2B or B2C marketing?

B2B – Business to Business marketing

is defined as the marketing of products and services to other businesses and organizations.

The B2B guide provides you knowledge and information about:

- Who applies B2B marketing?
- For what kinds of customers is B2B marketing effective?
- How is a B2B marketing plan developed and applied?
- What types of careers work with B2B Marketing strategies?
- How can a marketing school help you succeed in a company which uses this type of marketing strategy?

B2C – Business to Customer marketing

is defined as the marketing of products or services addressed to individuals in order to use in their everyday life.

The B2C guide provides you knowledge and information about:
Haven’t decided yet which form is more suitable for your business idea?

We present you which are the main differences between them as can be described in 6 key factors.

## DIFFERENCES

<table>
<thead>
<tr>
<th>B2B</th>
<th>Use of services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of business supporting services</td>
<td>Entertaining content</td>
</tr>
<tr>
<td>Informative content</td>
<td></td>
</tr>
<tr>
<td>Target to small audience</td>
<td>Target to large audience</td>
</tr>
<tr>
<td>Based on long relationships</td>
<td>Based on short relationships</td>
</tr>
<tr>
<td>Logical decision making</td>
<td>Emotional decision making</td>
</tr>
<tr>
<td>Low-medium level of risk</td>
<td>Medium-high level of risk</td>
</tr>
</tbody>
</table>

### 4.3 MARKETING STRATEGY

The marketing strategy helps on identifying your customers, understand their needs, and guide you on finding what actions you should implement in order to meet those needs.

A marketing strategy should be clear and flexible and might be necessary to be adopted in changes in order to meet customer’s needs.

A first step on forming your marketing strategy is the SWOT analysis. SWOT is a useful technique that gives the opportunity to have a clear image of your reputation in the marketplace.

Is a SWOT analysis important for my social business? Of course, it is. It helps you:

- Identifying the marketing strengths
- Finding new marketing opportunities
- Finding ways for improvements each time a weakness is pointed
- Dealing with challenges and threats

How a SWOT analysis looks like?
4.3.1 MARKETING MIX

Marketing Mix is about putting the right product, in the right place, at the right price and at the right time (promotion). Most of people knows it as the 4Ps. In this module we will use the term marketing mix.

Product

A product, or a service, refers to a good that your social enterprise offers to the customer. Sometimes, is also about the experience that this product or service offers to the customer.

Place

Where this product or service will be distributed? The place where the customers can find your product or service. It might be a physical shop or an e-shop.

Price
Is the amount of money that the customer pays in order to get your product or service. It’s very important to choose the right price for your product because it’s close related to your success or failure. Think about your work and the competitors’ prices.

Promotion

Promotion is a significant element on marketing together with sales. This creates customer awareness.

How a Marketing Mix look like?

The example of advanced smartphones!

http://yourfreetemplates.com/
In this example, the main product will be advanced smartphone. Each item will cost $549. Customers can buy it from the shop or online. The way that the item can reach new people is through social media and ads.

The example of Costa Coffee Shop!

Costa Coffee Shop is one of the most popular coffee shops in the world.
Product
The main product of the company is coffee, but the company offers a variety of coffee flavors and types. The most famous and usually most consumed are: espresso, cappuccino, Latte, Americano. The company also sells some of their branded machines such as the costa coffee machines to other businesses.

Price
Costa Coffee has a diverse price list. Each product has a different cost. The price is at premium range because of its value and high quality. The price is also formed based on competition analysis. The company believes that price is secondary for the customers who want a good quality coffee.

Place
Costa Coffee operates in 31 countries with around 3300 shops. The company started in India in 2005!

Promotion
At the beginning, the company followed the strategy of word of mouth to promote its product. Later, on the new products, they provided free samples to their customers so they got immediately a first feedback and customers impression. Along with the samples they offered discounts and they focused on the promotion through the digital media campaign. A campaign that the company followed was ShakeUpSummer which promotes company’s cold coffee. Moreover, they printed their logo on the cups served to the customers.

The example of Coca-Cola!

Product
Coca cola has a wide product range. The company offers coca cola, coca cola light, coca cola green, Fanta, sprite and etc. The products are sold in various packaging and sizes. For example, a coca cola is sold in bottle or tin, in 300ml, 500ml or 1lt.

Price
Coca Cola follows two price strategies in their marketing mix. They charge different prices for products in different segments.

Place
Coca Cola operates in 200 countries in the world. The products are available in almost all retail shops and supermarkets. Coca cola also distributes products to hotels and restaurants.

**Promotion**

The promotional strategy of coca cola focuses on ad campaigns like TV, on print media, sponsorship, online ads etc.

For more reading, follow this [link](#).

Nowadays, with the evolution of the technology, in the marketing mix is deemed necessary to be considered the client behavior and how the relationships with the customers are built. So, we came out with the **7Ps** of the marketing mix. It is an extension of the 4Ps that includes extra components such as:

**People:** choosing the right team for your company. Don’t forget that the people is part of your company and without them many tasks can take a long time.

**Processes:** how you will deliver your product of service to your customers? (distribution), manufacturing process

**Physical evidence:** almost all services should have a physical element, it might be the logo, a printed brochure etc.

### 4.3.2 SEGMENTATION

Segmentation is the process of dividing the potential customers into smaller groups, based on their characteristics that they have in common, such as age and gender.

The market can be divided into segments of 4 basic pillars:
Let’s take as an example the breakfast cereal market. An enterprise can segment the market in many different ways. What does it mean? The following two diagrams focusing on a) the first on demographics and b) the second on geographic segments.

By doing this, you can have a better understanding of the overall market and is more likely to identify the needs.

Check out examples of market segmentation here!

4.3.4 SETTING UP YOUR DIGITAL FOOTPRINT

How do I start?

1. Website
2. E-mail List
3. Social Networks
4. Google analytics
THE WEBSITE

➢ Have a URL that is easy to remember.
➢ All the important information about your products, services, offers, organization mission and vision, and your team should be visible.
➢ The website should be well structured and easy to navigate.
➢ The design and colors should have a nice look.
➢ The website should be smart device friendly, and have a responsive design for mobile phones, tables and iPads.

Examples of social enterprises website: [https://www.ashoka.org](https://www.ashoka.org), [https://nextbillion.net/](https://nextbillion.net/)

An easy and free way to create your website is by using Wordpress!

EMAIL LIST

Start building your email list by including your existing contacts!

➢ Personal network
➢ Professional network
➢ Social media contracts

This way you will start creating a networking community for your enterprise.

SOCIAL NETWORKS

➢ Facebook
➢ Twitter
➢ LinkedIn
➢ YouTube
➢ Instagram

GOOGLE ANALYTICS

➢ The most widely used web analytics service on the Internet.
➢ A free web analysis tool offered by Google.
➢ Tracks the Website traffic
➢ Provides websites with reports
➢ Provides an SDK that allows gathering usage data from iOS and Android Apps, known as Google Analytics for Mobile Apps
EXERCISES

4.4.1 TEAMWORK

Introduction of the exercise:

The first idea that needs to be emphasized in order to be a pioneer in the expansion of social enterprises is the correct marketing. Proper use of marketing techniques enables these enterprises to reach consumers at the desired level by the producer and plays an important role in their target journey.

Marketing Techniques to be Used

• Transactional Marketing
• WOMM
• Viral Marketing
• Content Marketing
• Direct Marketing

Start the exercise!

4.4.2 STATION

Introduction of the exercise:

➢ This method teaches all participants to work at each stage (at each station), to advance what they have done to the previous group and to complete the unfinished work.
➢ This method will be used for young people "Social Entrepreneurship for Marketing" subject is planned to be made. Based on this, we will perform the "Station" exercise.
➢ The entire team is divided into 3-4-5 or more stations. These stations can be case studies, writing cause and effect variables, writing slogans, preparing posters, writing poems and stories.
➢ Participants to each station are determined. All participants take part. Each group is assigned an observer or station supervisor (the teacher can undertake it). The chef guides the group and collects the products when the work is done.
➢ The groups are divided into stations. Each group runs 10 minutes at the station. At the end of the period, the groups change place.
➢ All groups are enabled to work at the entire station. Each new group arriving at the station resumes from the previous group. At the end of the period, the works of all groups are collected. Works are exhibited. Poems, stories are read and posters are hung.

Start the exercise!

4.4.3 MATCHING CARDS
Introduction of the exercise:

It will be an activity to comprehend the definitions of some terms that we will use within the scope of the project. From the general purpose to the specific terms born: cultural values, entrepreneurial spirit, social business and marketing is an activity that helps to establish important concepts.

Start the exercise!

4.4.4 DOCUMENTARY
Introduction of the exercise:

Documentaries are an increasingly popular format to create awareness for today’s real-world issues, helping to inspire change.

For social entrepreneurs, documentaries are the ideal format to increase the reach of the work they do, and they’re also a great source of inspiration when the creative juices aren’t flowing and motivation is at a minimum.

Start the exercise!

4.4.5 FILMS & CRITICS
Introduction of the exercise:
It is scientifically proven that it is beneficial to keep things visually in mind. We especially like films, videos etc. When we find a piece of our lives, we become partners in that film and adapt the message given to our lives. Watching an instructional film is a great example of our social life and the jobs we will take. Maybe we can find a preview of our experiences in these fictions. Subsequently, criticizing and interpreting this will ensure that the steps we will take are more robust.

Start the exercise!
5.1 BASIC FINANCIAL MANAGEMENT

5.1.1 CALCULATING THE START-UP CAPITAL

Starting a social enterprise is difficult and, for most entrepreneurs, the most challenging aspect is to raise the startup capital.

The start-up cost includes one-time initial expenses of the enterprise such as equipment, renovation of the place, layout design, water, electricity connections and devices, hitting etc. In addition to these costs, the enterprise has also the operational costs such as the rent, internet services, business supplies etc.

Below, we are presenting you all the types of expenses you may have into consideration while calculating your start-up capital:

<table>
<thead>
<tr>
<th>TYPE OF EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Expected salary of the business owner</td>
</tr>
<tr>
<td>2 Staff salaries</td>
</tr>
<tr>
<td>3 Rent</td>
</tr>
<tr>
<td>4 Rent / Lease of machinery</td>
</tr>
<tr>
<td>5 Advertising</td>
</tr>
<tr>
<td>6 Business supplies</td>
</tr>
<tr>
<td>7 Delivery Expense/Transportation</td>
</tr>
<tr>
<td>8 Telephone, Fax, Internet Service</td>
</tr>
<tr>
<td>9 Electricity / power bill</td>
</tr>
<tr>
<td>10 Other Utilities</td>
</tr>
<tr>
<td>11 Insurance</td>
</tr>
<tr>
<td>12 Taxes Including Employment</td>
</tr>
<tr>
<td>13 Interest</td>
</tr>
<tr>
<td>14 Legal and Other Professional Fees</td>
</tr>
<tr>
<td>15 Maintenance costs</td>
</tr>
<tr>
<td>16 Miscellaneous</td>
</tr>
</tbody>
</table>
5.1.2 SETTING THE PRODUCT OR SERVICE PRICE

The price of a product is objective while a price of a service is subjective.

Pricing is a tactic that companies use to define products or services values when compared to:

- Work and time of production
- Materials used
5.1.3 WHAT AND WHY PRICING STRATEGY IS IMPORTANT? HOW WE CAN DEVELOP A PRICING STRATEGY?

Video 9: Pricing Strategy?

5.1.4 THE INCOME STATEMENT

The **Income statement** presents the financial period’s profit or loss. The Income statement, also called as Profit & Loss statement, presents the financial results for a specific period of time and makes predictions about the future financial performance based on past information. In this statement, it’s recorded the time when the revenues are earned and expenses are incurred. The income statement is easy to be recorded for small-medium business, but for large businesses looks slightly different.

**Revenue**: is the amount of money that is brought at business after its activities. There are two types of revenue, a) operating and b) non-operating revenue.

**Costs**: is the amount of money that is used for the production of the products, payrolls of employees, etc. We have three types of costs, a) manufacturing and non-manufacturing costs, b) direct and indirect costs and c) variable and fixed costs.

**Cash flow**: is the net amount of cash and cash-equivalents being transferred into and out of a business.

**Net income = sales revenue – costs**

Sales revenue > costs = profit (profit organisation, time to invest)

Sales revenue < costs = loss (time to rethink)
Sales revenue = costs → non profit, social organisation (ask for sponsorship; EU funds…)

Let’s check below the **income statement example**:

<table>
<thead>
<tr>
<th>Income</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€1,100,000</td>
</tr>
<tr>
<td>Returns</td>
<td>€100,000</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td><strong>€1,000,000</strong></td>
</tr>
<tr>
<td><strong>Cost of Goods sold</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>€200,000</td>
</tr>
<tr>
<td>Services</td>
<td>€400,000</td>
</tr>
<tr>
<td><strong>Total Cost of Goods sold</strong></td>
<td><strong>€600,000</strong></td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>€400,000</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>€200,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>€20,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>€30,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>€10,000</td>
</tr>
<tr>
<td>Office expenses</td>
<td>€40,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>€300,000</strong></td>
</tr>
<tr>
<td><strong>Net income from operations</strong></td>
<td><strong>€100,000</strong></td>
</tr>
</tbody>
</table>

Source: [https://digital.com/blog/profit-loss-statement/](https://digital.com/blog/profit-loss-statement/)

For financial planning you can use availed free templates [here](https://digital.com/blog/profit-loss-statement/).
Cash Flow

shows the incoming and outgoing cash of the business.

<table>
<thead>
<tr>
<th>Pro Forma Cash Flow</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from Receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Cash from Operations</td>
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<tr>
<td>Additional Cash Received</td>
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<tr>
<td>Sales Tax</td>
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<tr>
<td>Rental Income</td>
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<tr>
<td>Subtotal Cash Received</td>
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<tr>
<td>Expenditures</td>
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<tr>
<td>Expenditures from Operations</td>
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<tr>
<td>Cash Spent</td>
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<tr>
<td>Bills Paid</td>
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<tr>
<td>Subtotal Spent on Operations</td>
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<tr>
<td>Additional Cash Spent</td>
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<td>Sales Tax</td>
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<tr>
<td>Loan Payment</td>
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<tr>
<td>Subtotal Additional Cash Spent</td>
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<tr>
<td>Net Cash Flow</td>
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<tr>
<td>Cash Balance</td>
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</tbody>
</table>


Balance Sheet

provides an instant financial picture of your business.
### Pro Forma Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
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</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
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<tr>
<td><strong>Current Assets</strong></td>
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<tr>
<td>Cash</td>
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<tr>
<td>Accounts Receivable</td>
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<tr>
<td>Inventory</td>
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<tr>
<td>Other Current Assets</td>
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<td><strong>Total Current Assets</strong></td>
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<td><strong>Long Term Assets</strong></td>
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<td>Long Term Assets</td>
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<tr>
<td>Accumulated Depreciation</td>
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<td><strong>Total Long Term Assets</strong></td>
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<tr>
<td><strong>Total Assets</strong></td>
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<tr>
<td><strong>Liabilities and Capital</strong></td>
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<tr>
<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts Payable</td>
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<tr>
<td>Current Borrowing</td>
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<tr>
<td>Other Current Liabilities</td>
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<tr>
<td><strong>Subtotal Current Liabilities</strong></td>
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<td><strong>Long Term Liabilities</strong></td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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<tr>
<td>Paid In / Invested Capital</td>
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<tr>
<td>Retained Earnings</td>
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<tr>
<td>Earnings</td>
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<tr>
<td><strong>Total Capital</strong></td>
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<tr>
<td><strong>Total Liabilities and Capital</strong></td>
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<tr>
<td><strong>Net Worth</strong></td>
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</table>


### 5.2 FUNDRAISING

Fundraising it’s a complicated process. It requires lots of time and work. A founder will meet many types of investors along the way but the most common are the Investors who doubt him/her as founder. A founder has embraced the rejection as a part of the process and does not take it personally.

### 5.2.1 HOW TO REACH INVESTORS

Reaching an investor isn’t an easy task, but the key thing is to ask and keep on asking. It is crucial to tell to investors about your beneficiaries and clarify the way that they could support. The most challenging part is to get in touch with them.

There are lot of practices that a founder can follow in order to reach an investor directly and efficiently.
5.2.2 WHAT TO LOOK FOR IN AN INVESTOR?

An investor should have:

- Visit their company
- Build a clear and short communication through emails
- Reach them through social media e.g. LinkedIn is considered the most professional social platform
- Ask a 3rd party person to introduce you someone

5.2.3 FUNDRAISING SOURCES
5.2.4 PLANNING FOR FUNDRAISING

A founder, in order to go fundraising, will need to prepare all the materials that will be used to introduce his/her idea to potential investors. Such material is the one-page leaflet, which must include and present all the details about the financial strategy and the actions to be executed. This leaflet has:

- Formal and high quality. Use formal and enriched vocabulary!
- Responsive to other devices such as mobile phones, tables and Ipads!
- Informative and clear!
5.3.1 CALCULATE YOUR STARTUP CAPITAL

Introduction of the exercise:

This is a powerful exercise that helps participants calculate the budget needed for opening their business.

Start the exercise!

5.3.2 INCOME STATEMENT

Introduction of the exercise:

Income statement is a financial report of the business that shows the profit and the loss.

Start the exercise!

5.3.3 BREAK-EVEN POINT

Introduction of the exercise:

The Break-Even Analysis is a mathematical computation that helps a business identify the point from which it becomes profitable (break-even point). It indicates the point where total revenue (total sales) equal total cost. The calculator allows a business to accomplish the following:

- Determine the quantity it needs to produce or sell in order to break-even
- Determine the selling price it needs to charge for a specific quantity you sell in order to break-even.

Start the exercise!

5.3.4 ONE-PAGE LEAFLET

Introduction of the exercise:

Writing your appeal letter is a crucial procedure for fundraising. Good appeal letters always tell a personal story, expressing the need that a founder wants to raise funds.

Start the exercise!
5.3.5 CREATE A CROWDFUNDING CAMPAIGN

Introduction of the exercise:

Crowdfunding is fundraising resource that enable your business to seek money for their startup.

Start the exercise!
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