

In-service Training  
Programme (Part A)  
Manual for the tutors  
for self-directed  
learning



LEARNING CIRCLE

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# Introduction

## Overview of the In-Service Training Curriculum Framework

The key priority and a key focus of the LEARNING CIRCLE project is developing the skills of VET tutors to:

- enable them to work effectively online
- adopt to new models of instruction as facilitators of learning
- develop and produce robust learning resources for online use
- enable them to harness the employment, job creation and business opportunities that the circular economy now offers

IO1A contributes to this focus by:

- (a) building an entrepreneurial spirit within the VET tutor target group
- (b) building an understanding of the circular economy

In developing the in-service training programme, Learning Circle project partners have produced a suite of learning materials comprising 70 hours of training. The training has been designed and created with VET tutors in mind, aiming to provide a blend of specific and relevant theoretical grounding that will support them to understand entrepreneurial spirit and circular economy from a range of different perspectives, to develop activities and projects so that they can transfer what they have learned to students in their groups, and also to develop their understanding and application of challenge-based learning activities to their work practice.

The in-service training programme comprises 70 hours of learning - 21 hours of face-to-face instruction, workshops and discussion and 14 hours of self-directed learning - for each of the two parts foreseen (A and B).

This document comprises the self-directed learning of Part A of the training:

14 hours of self-directed learning that VET tutors will be expected to complete as part of their autonomous learning, and which aims to further enhance their understanding of the topics addressed in the face-to-face learning:

- ✓ 2 hours – Entrepreneurship and Social Entrepreneurship
- ✓ 2 hours - Circular Economy vs Linear Economy
- ✓ 2 hours - Circular Business Models

- ✓ 2 hours - Best practices on CE and Social Entrepreneurship
- ✓ 1 hour - Market Research: Methods and Tools
- ✓ 2 hours - How to build a business plan
- ✓ 2 hours - Financing for Circular Economy Entrepreneurs
- ✓ 1 hour - Finding Collaborators – Expanding the Network

This content is presented in this handbook as a series of self-directed learning modules, which include key theoretical content, case studies, additional reading materials and links to short introductory video resources that will provide a brief overview of the topics for VET tutors and which are intended to be viewed by VET tutors before they commence the self-directed learning modules.

# Module 1. Entrepreneurship and Social Entrepreneurship

## Introduction

Entrepreneurial education should teach students and potential entrepreneurs how to exploit and use an entrepreneurial mindset—their own and those of people working with them.

Entrepreneurship topics should be integrated into entrepreneurial leadership education, mainly because they provide access to entrepreneurial concepts for students less inclined to entrepreneurial activity per se but interested in understanding it: students who intend to become consultants or investors. Moreover, entrepreneurship can be seen as a set of skills transferable to any other organisational context where innovation, risk-taking, or opportunity recognition occurs.

Entrepreneurial leadership involves leading an organisation through various means, which requires an understanding of how to manage and deal with the risk, uncertainty and ambiguity that all business organisations face in an increasingly risky, uncertain and ambiguous world.

On the other hand, entrepreneurship education should emphasise the importance of ethical behaviour for entrepreneurs. Research shows that leaders who are seen to take an ethical approach to their decision-making are more likely to be followed. In contrast, leaders who are perceived to take an unethical approach are unlikely to retain followers within an organisation. In the current context of global crisis and climate change, it is becoming increasingly important to consider the social and environmental aspects of entrepreneurship. New entrepreneurs can contribute with their companies to society's growing demand, which is an added value for social enterprises that reinvest part of their profits in projects to improve our society and reduce environmental impacts. Through these actions, companies can build customer loyalty, which is increasingly interested in participating in a more social economy.

For these reasons, we emphasize the social entrepreneurship as the best way for young people to collaborate with others and undertake a business.

## Topics

This module addresses and comprises of the following topics:

- 1) Entrepreneurship definitions
- 2) Entrepreneurial spirit

- 3) Tips for developing entrepreneurial behaviour
- 4) Entrepreneurial skills
- 5) Types of entrepreneurial skills
- 6) Definition and principles of social economy.
- 7) The social enterprise.
- 8) Challenges and opportunities in social entrepreneurship.

### Learning outcomes

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"> <li>● Factual knowledge about entrepreneurship</li> <li>● Knowledge about the differences between entrepreneurship and social entrepreneurship</li> <li>● Factual knowledge about skills and competencies of entrepreneurs</li> <li>● Knowledge about the principles of the social economy</li> <li>● Knowledge about the definition and characteristics of the social enterprises</li> <li>● Knowledge about the challenges and opportunities in social entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>● Analyse the competencies required to be an entrepreneur</li> <li>● Apply research skills to identify social problems and how social enterprises contribute to their solution</li> <li>● Identify challenges and opportunities in social entrepreneurship</li> <li>● Analyse the impact of social enterprises in the society</li> <li>● Analyse and identify the competencies required for social entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>● Awareness of social problems</li> <li>● Appreciation of how social enterprises can contribute to solving social problems.</li> <li>● Awareness of the impact of social entrepreneurship in the communities</li> </ul>



## Entrepreneurship definitions

The development of a culture of entrepreneurship in society is a basic tool for the economic and social development which improves the competitiveness of a country. It has been widely demonstrated that entrepreneurship is one of the axes of the economic process.

The European Entrepreneurship Competence Framework defines **entrepreneurship** as “the capacity to act upon opportunities and ideas, and transform them into value for others. The value that is created can be financial, cultural or social” (European Union, 2018).

General **leadership**, by another widely cited definition, consists of strategic vision coupled with the ability to influence and motivate others through the systems, processes and culture of an organisation (Roomi and Harrison, 2011).

Therefore, **entrepreneurial leadership** is seen as a fusion of these two elements: having and communicating the vision to engage teams to identify, develop and seize opportunities for competitive advantage.

Entrepreneurs used to be individuals with an idea, who set up a company, accepted risk and made money. It started with preparing a business plan to present to a bank, and working tirelessly to grow their business and increase profits for themselves and investors.

But in recent years, **the concept of entrepreneurship has transformed** into causing social change, solving problems and creating an innovative product or service that challenges the status quo of our daily lives. Today, entrepreneurs are perceived as individuals who act and create change in the world, executing ideas with a visionary attitude, specific skills and a positive approach to the future.

As a result, a new definition of **social entrepreneurship** has emerged. Social entrepreneurship is a process of building or transforming organisations to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, to make life better for a great number of people (Borstein and Davies, 2010).

**Social entrepreneurs create public value**, pursue new opportunities, innovate and adapt, act boldly, influence resources out of their control and exhibit a strong sense of accountability.

Young people often face challenges in starting their own businesses. Social entrepreneurship can **reduce some of the challenges** associated with conventional forms of business and aligns with the growing trend of young people becoming more socially and environmentally conscious. For example, many social entrepreneurs work collectively to generate innovation and pool resources, thereby reducing the individual

economic risks associated with starting a business (UN Department of Economic and Social Affairs, 2020).

Social entrepreneurship captures a lot of different company types. It includes socially responsible investors, corporate social responsibility, social innovators and others. These types of entities are not considered social enterprises unless they directly address social needs through their products or services or the numbers of disadvantaged people they employ (Irish Social Enterprise Network, 2017).

## Entrepreneurial Spirit

There are some key distinctions between entrepreneurs and business founders or 'risk takers' in business. While some within the industry may treat the terms as largely synonymous, there are some vital differences in their characteristics that set entrepreneurs apart from other decision-makers in business.

One of the most pertinent of these distinctions revolves around the 'entrepreneurial spirit,' and its importance within the leaders of an enterprise.

We can use some descriptions of entrepreneurial spirit from successful entrepreneurs to help illuminate a term that can be largely open to interpretation:

"To me, an entrepreneurial spirit is a way of approaching situations where you feel empowered, motivated, and capable of taking things into your own hands," explained Sara Sutton Fell, CEO and founder of FlexJobs.

Someone with an entrepreneurial spirit (Tan Kit Yung, 2020)

1. Has Passion and Purpose
2. Has Ambition, Dreamer, Big thinker
3. Takes Action — Is a doer
4. Is a Leader, has a Vision and Foresight — ability to relate and inspire others, leading a team
5. Takes Calculated Risks — High tolerance for risk, Courage, YOLO, "what's the worst that can happen?" attitude
6. Is Always Learning and Growing
7. Is Highly Adaptable — Can face challenges, Bounces back quickly from failure
8. Is Opportunistic
9. Is Resourceful — Makes opportunities
10. Is Critical — Always questioning how it can be done better
11. Has a Positive and Optimistic Outlook

Cultivating this entrepreneurial mindset can change the way you approach the world, moving you forward as a more action-oriented and innovative person.

A new mindset or behaviour does not come out of nowhere. It takes concentration and effort to consciously change the way we see ourselves and the events around us. But an entrepreneur is not afraid of hard work and commitment.

Choosing to adopt an entrepreneurial spirit does not mean that your values and interests have to change. It means you will be better equipped to pursue your passions and goals in life. With an entrepreneurial spirit, no goal is too far out of reach.

## Tips for developing entrepreneurial behaviour

The entrepreneurial spirit isn't something that people are born with. While some pick up on it faster than others, everyone can develop this quality, no matter where they live or their occupation.

Shifting to an entrepreneurial mindset takes hard work and effort. Tracking your progress and staying focused on your goals makes the process much easier on your well-being.

If you're looking to get started, here are four tips on how to develop an entrepreneurial mindset:

1. **Be specific with your intentions:** To stay focused, set clear and specific goals. Focus on your dreams through intentions and purposeful actions. Gather your resources to focus on your goal. Think about what you want to achieve.
2. **Don't just rely on a plan:** Don't ignore the warning signs. It's good not to be afraid of risks and to see challenges as motivation but recognise when you have a serious problem. True confidence means being able to admit what we don't know, ask for help and change our minds based on new information. Changing your plan can broaden your perspective and open up new opportunities to create value or do the job more effectively.
3. **Adapt to change:** Life is constantly changing, so it is essential to have a positive outlook. Use your **critical thinking skills** to assess what has gone wrong. Consider what opportunities may arise as a result of change. This can help you in the future. It also tests your **problem-solving skills and leadership qualities**. Do your best to adapt rather than fight a change of plans.
4. **Never stop learning:** Approach any learning opportunity as a positive. As you progress towards your goals, you will never know everything. Your industry, technology and day-to-day life are constantly evolving. Instead of limiting your knowledge, welcome ways to expand it.

## Entrepreneurial skills and competences

The aim of entrepreneurship education is to teach students the attitude, skills and information they need later in their working life, regardless of whether they are employed or self-employed.

Education in competencies for building a successful enterprise should aim to provide students with a **mindset that encourages and teaches** them to respond, cooperate and lead in an entrepreneurial way.

In this chapter, we will look at the definition and the different types of competences needed to build entrepreneurial behaviour that leads to the creation of strategic advantage for an individual, a team, a process, a product or the entire organisation.

### Definition and components

Competences can be defined as the combination of observable and measurable knowledge, skills, and personal attitudes that contribute to enhanced employee performance and ultimately result in organizational success. An entrepreneurial person demonstrates three key entrepreneurial competencies. These are (European Commission, 2012):

- **Knowledge:** is the cognizance of facts, truths and principles gained from formal training and/or experience.
- **Skills:** is a developed proficiency or dexterity in mental operations or physical processes that is often acquired through specialized training.
- **Attitude:** entrepreneurs should be passionate about their ideas, learn from failure and utilize their fear of failing to push themselves, be flexible, have a strong work ethic, and they must be able to show others they are truthful and honest.

Based on definition, differentiation between competencies and skills is crucial. Simplifying, **skills can be learned**, whereas **competencies are mostly intrinsic to one's personality**. Throughout performing a job, an **individual also gains expertise**: personal experience, professional networks, language skills, etc.

## Types of entrepreneurial skills

### Creative Thinking

Entrepreneurs are known for “thinking outside the box”. Anyone can start an online business or a storefront; it took Jeff Bezos to conceive of Amazon.com, incorporate drone delivery and streamed media, and supply nearly any item consumers can think of. Entrepreneurs see things differently. They are not afraid to try solutions that most people either fail to consider or are too afraid to try.

- Innovation
- Emotional Intelligence
- Ability to Understand Root Problems
- Identify Causes
- Brainstorming
- Technology
- Thinking Outside the Box
- Building a Team

### Leadership

Entrepreneurs often have strong leadership skills. They have great ideas and are skilled at getting buy-in from investors and employees.

- Persuasion
- Sales
- Tenacity
- Perseverance
- Collaboration
- Initiative
- Confidence
- Competitive

### **Risk-Taking**

Entrepreneurs often seem more comfortable with risk than are other business leaders. Taking risks can lead to tremendous failures but also to stunning successes. They make short-term sacrifices for a long-term payoff.

- Risk Management
- Pro Forma Statements
- Sales Forecasts
- Break-Even Analysis
- Experimentation
- Ongoing Improvement
- Self-Efficacy
- Growth Mindset
- Negotiation
- Analytical
- Stress Tolerance

### **Strong Work Ethic**

Being an entrepreneur may seem flashy and exciting. But a lot of long hours are required to launch something. To be successful, entrepreneurs must execute.

- Building Business Plans
- Consistency
- Diligence
- Project Management
- Focus
- Goal-Oriented
- Results-Oriented
- Work Independently

### **Agile/RIEP as key entrepreneurial skills for a new economy**

RIEP stands for [Rapid Iterative Experimental Process](#), and is related to the concept of Lean Start Ups proposed by Eric De Ries and MVP – minimum viable product, where startups create cheap prototypes and iterate fast.

## **Rapid experimentation is an agile approach to the product development process.**

With this approach, frequent experiments are deployed in an attempt to discover new, innovative ideas.

Agile Management allows organisations to innovate and adapt successfully to a complex, uncertain and volatile world.

Agility is closely related to the concepts of Lean and systems thinking and links to the circular economy mindset when it unlocks broader perspectives, stakeholders and energy for the kind of rapid holistic evolution needed for a green economy.

Like many other management practices Agile has spawned a host of tools, methodologies and processes. This can help embed new mindsets and skills, but fundamentally, an agile organisational culture puts people at the centre, which engages and empowers everyone in the organisation, creating value quickly, collaboratively and effectively.

To create agile organisations, leaders must understand human networks (business and social), how to design and build them, how to collaborate with each other, and how to nurture and sustain them.

## **More Entrepreneurial Skills**

- Business Storytelling
- Compulsion to Succeed
- Computer Skills
- Critical Thinking
- Decision Making
- Drive
- Flexibility
- Interpersonal Communication
- Logical Thinking
- Motivation
- Nonverbal Communication
- Optimism
- Organization
- Passion
- Planning
- Positivity
- Prioritization
- Problem Solving
- Relationship Building
- Social Media

- Strategic Planning
- Success-Driven
- Team Building
- Time Management
- Transformation
- Trendsetting
- Vision

## **What are the characteristics of social entrepreneurs?**

There is no doubt that being a social entrepreneur requires a set of skills and competencies, which are often more complex and versatile than those required for a classic entrepreneur. As presented by the Digital Opportunity Trust, the following are the five common characteristics of social entrepreneurs:

1. Community driven: Successful social entrepreneurs are passionate leaders of change. They do not believe that the way things have always been done is the way things should remain. They have the desire to improve the people lives and their community. Community impact can mean coming up with a simple solution for a problem in your district, city, or country, or even the entire world.
2. Creative and innovative: Social entrepreneurs have a different look at situations. Where some people might think of problems as something that cannot be solved, social entrepreneurs see problems as an opportunity to get creative, with a new product, service, or approach to overcoming the obstacle.
3. Business savvy: A social entrepreneur's solution considers market demand and research, finances, resources, and the restrictions and opportunities in their community and country. Successful social entrepreneurs also know the importance of data, and gather it at every step of the way, constantly monitoring their impact and looking for ways to improve.
4. They know how to network: Social entrepreneurs know they are not alone when innovating. The success depends also on the team working with that innovator. That can involve collaborating with other youth, finding a mentor, or knowing how to talk about an idea with community leaders, local governments, and microfinance institutions.
5. Determination: Determination is needed for all kind of entrepreneurs. Successful social entrepreneurs know that failure is a necessary step in success. Rather than giving up, social entrepreneurs look critically at their project or business and accept feedback, changing it to become better. Determination is also needed when meeting other challenges, including bureaucracy, lack of capital, and the absence of community or family support.

## Definition and principles of social economy

In 2002, the main European social economy actors (the predecessor of the European Association on Social Economy (<https://www.socialeconomy.eu.org/>), adopted the **Social Economy Charter** (Social Economy Europe 2002), revised in 2015, **defining the identity, core values and characteristics shared by all social economy stakeholders.**

The social economy **is formed by diverse enterprises and organisations** such as co-operatives, mutuals, associations, foundations and social enterprises, among other forms, specific to each country. They are united around the **principles** that the Social Economy Charter introduces, such as the primacy of the person and the corporate purpose over capital, voluntary and open adherence, democratic control by its members, the conjunction of the interests of the users and the general interest, defence and application of the principles of solidarity and responsibility, the autonomy of management and independence with respect to public powers and the use of surpluses with the intention to achieve objectives, favourable to sustainable development, the interest of services to members and of the social interest.

Social economy and social enterprises **contribute to important policy objectives**, such as job creation, inclusiveness, equal opportunities, sustainability and civic participation. They are examples of an **economy that works for people**, representing a priority for the European Commission.

Social economy **applies to the European Green Deal aims** (European Union, 2019), such as boosting the efficient use of resources by shifting to a clean, circular economy, restoring biodiversity and reducing pollution.



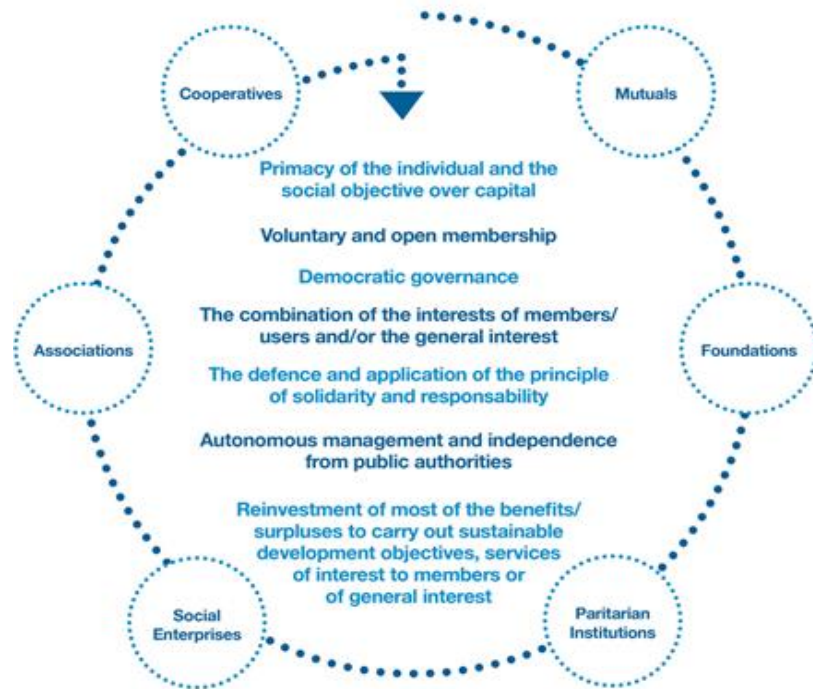


Figure. 1: Principles of the social economy.

(Source: Social Economy Europe: <https://www.socialeconomy.eu.org/the-social-economy/>)

The social economy is also an **opportunity, and a driver for the implementation of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs)** at a European and a global level, especially for the achievement of Objective 8 'promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work'.



Figure. 2: Sustainable Development Goals

(Source: <https://earsc-portal.eu/display/EOwiki/EO+Supporting+the+Sustainable+Development+Goals>)

The Social Economy Charter has been of key importance to define the social economy in Europe and worldwide. According to the European Economic and Social Committee study on the Recent Evolutions of the Social Economy in the European Union (CIRIEC, 2017), there are 2.8 million social economy enterprises and organisations, ranging from SMEs to large EU groups that employ 13.6 million people and account for 8% of the EU's GDP.

## The social enterprise

### Definition and conditions

Literature and policymakers widely use the social enterprise concept to describe a **new way of doing business**. In a Forfás report in 2013, the following definition is given: **"Social Enterprises are business models set up to tackle social, economic or environmental issues**. While they are driven primarily by social and/or environmental motives, they engage in trading or commercial activities to pursue these objectives and produce social and community gain".

According to the EU Commission synthesis report 'A Map of Social Enterprises and their eco-systems in Europe' (European Commission, 2015) ", organisations must meet the following minimum a priori conditions to be characterized as a social enterprise:

- The organisation must engage in economic activity: this means that it must engage in a continuous activity of production and/ or exchange of goods and/or services;
- It must pursue an explicit and primary social aim: a social aim is one that benefits society;
- It must have limits on the distribution of profits and/or assets: the purpose of such limits is to prioritise the social aim over profit-making,
- It must be independent, i.e., organisational autonomy from the State and other traditional for-profit organisations; and,
- It must have inclusive governance, i.e., characterised by participatory and/ or democratic decision-making processes."

A social enterprise can do many things (Irish Social Enterprise Network 2017):

- Selling products: These can be everything.
- Selling services: Social enterprises can deliver anything from consulting services, recycling, or property management to training, courier services, lawn maintenance, running cafes or restaurants.

- Income Generation: A social enterprise can generate profits from any of its services and can sell such services to members of the general public or specific companies or government agencies.
- Outcomes: The range of outcomes that social enterprises can deliver ranges from employing people with learning difficulties, providing affordable psychology services to low-income families, helping young people find work, or protecting nature.

The list is endless. There are plenty of examples of social enterprises and the impact that they can have. In summary, these organisations sell products or services for a profit. With this profit, they can have some social impact.

As an example, let's take an organisation that makes bread. The organisation sells that bread for a profit, and, with part of that profit, they can help people who are homeless. So, the more bread they sell, the more profit they have, the more money they have available to help tackle the homeless crisis.

### **Characteristics of social enterprises**

**Social enterprise is not a legal structure**; it is rather a term describing a business that trades primarily for a social and/or environmental purpose, or for the good of the community, or specific groups within the community.

**Social enterprises are businesses**, changing the world for the better. Like traditional businesses aim to make a profit; however, what they do with their profits (or part of them) separates them – reinvesting or donating them to create positive social change. It is business for the benefit of everyone involved, and when they profit, society profits.

The main characteristics of the social enterprise are:

1. A clear social or environmental mission is set out in its governing documents.
2. Income is primarily generated by business activities.
3. There is market demand for the organisation's goods and services.
4. Is controlled or owned in the interests of its social mission.
5. Is transparent by how it operates and the impact that it has.
6. Is of participatory nature, promoting and encouraging the participation of one or more groups of citizens.
7. Benefit the community as the main objective. The main priority of a social enterprise is not making a profit as its own profit. His greatest interest is satisfaction and obtaining a benefit for society.
8. Reinvesting or giving away most profits or surpluses towards its social purpose.
9. Guarantee equal opportunities, avoiding any type of discrimination.
10. It is based, above all, on the labour force rather than on capital.
11. Promote economic and social innovation.

12. Data drives decision-making: Success is measured by the impact on their goal.

Social enterprises may take the form (depending on the country of establishment and the **legal forms** available) of a cooperative, mutual organisation, a disregarded entity, a social business, a benefit corporation, a community interest company or other. What separates social enterprises from common enterprises is their social mission, which is as important as any potential profit.

Based on these characteristics, it is evident **social enterprises share aspects of traditional businesses and social non-profits.**

In particular, they indisputably play a **key role in times of crisis** (e.g., during the COVID-19 pandemic, by offering services and products); maintaining employment and job creation rates; in upgrading transport, energy and communication infrastructure and services, especially in isolated areas; in providing local alternatives for global businesses; in ensuring equal rights and access to decent work, credit, information, technology and training.

The following table describes the **differences between charities, social enterprises and private companies:**

	Charity	Social Enterprise	Private Sector
Priority	Helping a community, group of people or furthering a cause that the charity was established to help	Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances or the environment	Making a profit for the owner or shareholders
Funding	Raising charitable funds in many ways (publicity events, collecting donations from individuals or funding bodies), selling products or services without profit	Profit from sale of a service or product	Profit from sale of a service or product

*Table 1: Differences between charities, social enterprises and private companies*

## Challenges and opportunities in social entrepreneurship

Despite recognising the **need to harness business and market-based approaches to address the global challenges**, the current economic system is not optimised to support organisations, merging the logic of business and social purpose into one entity.

Social enterprises face some unique challenges. For example, in a social enterprise, you don't just have to be concerned about keeping the customer satisfied. You also have

to satisfy your social ambitions – whether that involves serving a community, protecting the environment, or solving a social problem (Irish Social Enterprise Network 2017).

Social enterprises **contribute to vibrant economies**. In addition to creating new jobs and enabling non-profits organisations to sustain their services, there are many **areas where social enterprises positively impact** healthy and sustainable communities. This can include:

- **Stimulating community economies:** In some communities, social enterprises can employ people who otherwise may migrate or endure long commuting times.
- Communities that embrace social enterprises are supporting jobs and helping to build **enduring local economies**.
- **Environment & biodiversity:** food production, eco-tourism, nature, wildlife and preservation sanctuaries can all be set up to tackle climate change and social impact.
- **Circular economy** (better use of natural resources, renewable energy, upcycling, recycling, composting, etc.)
- **Inclusivity:** In many communities, social enterprise can help bridge the gaps between young and old, or settled and Travelling communities, or new immigrants into smaller towns and villages.
- **Overcoming social exclusion:** Social enterprises can work with those more vulnerable or overlooked in society by providing apprenticeships, training, skills, resources and related opportunities for a living wage; offer affordable housing and offer the support needed to assist those in difficulty.
- **Community and Business:** Social enterprises can often play a vital role in bridging businesses with communities and offering companies the chance to invest or purchase in a more socially responsible manner.

**Social enterprises can play a vital role in the transition from today's increasingly precarious work to decent work for all**, creating high-quality jobs. They are among the largest employers in the Global North and South (UN Inter-Agency Task Force on Social and Solidarity Economy 2014). By organising workers in the informal economy, small scale producers and marginalised people, connected into various forms of associations and co-operatives can facilitate access to finance, resources, technology, support services and markets, negotiate better prices and income, thereby addressing the power and information asymmetries that exist in today's markets. For example, by empowering smallholders in the agricultural sector, they can lead the way to a more equitable agri-food system (Heysse et al., 2020).

## Case study

<b>Module Title</b>	<b>1. Entrepreneurship and Social Entrepreneurship</b>		
<b>Case Study Title</b>	Community Shop	<b>Case Study Code</b>	CS1.1
<b>Type of resource</b>	<b>Case study (CS)</b>	<b>Type of learning</b>	Self-directed learning
<b>Duration of Activity (in minutes)</b>	<b>30</b>	<b>Learning Outcome</b>	To know how a social enterprise can solve a social problem
<b>Aim of activity</b>	There are several ways you can go about searching for social enterprise ideas. Seeing examples of social enterprise in action is one of these best ways to get inspired for what you might want to create!		
<b>Introduction</b>	<p>Company Shop Group is the UK's leading redistributor of surplus food and household products.</p> <p>With a heritage spanning five decades, they are at the forefront of the sustainability agenda, changing mindsets and educating across the industry.</p> <p><b>Where others see waste, they see opportunity.</b></p> <p>The social enterprise Community Shop enables major retailers, manufacturers, food service providers and logistics providers to capitalise on a surplus stock that would otherwise have gone to waste.</p> <p>The Company members enjoy a unique way of shopping, offering them surplus products from well-known brands at amazing prices, helping stretched budgets go further.</p> <p>The Community Shop provides members with vital access to deeply discounted food, as well as life-changing learning and development programmes; building stronger individuals and more confident communities, to overcome barriers in their lives.</p> <p>They are a 'good business doing good'; creating positive commercial, social and environmental impact.</p> <p>They have been doing it for over 50 years, and they are determined now as ever before to help the industry rethink waste and unlock the potential from surplus.</p>		

<b>Challenge</b>	<p>In commerce, a supply chain is a system of organisations, people, activities, information, and resources involved in supplying a product or service to a consumer. Supply chain activities involve the manufacturing, distribution and retail of the finished product to the end customer.</p> <p>Supply chain waste is a major contributor to the global food waste problem. According to the United Nations Food and Agriculture Organisation (FAO), supply chains cause 40% of food waste in North America. Yet, unfortunately, too few people realize that problems in the fresh food supply chain contribute to the waste experienced by retailers and consumers. All too often, the blame for the waste is placed on people that really can't do much to prevent it.</p> <p>The challenge is how to stop perfectly good products from going to waste.</p>
<b>Assignment</b>	<p>Visit the website of the Company Shop and watch at the videos:  <a href="https://www.companyshopgroup.co.uk/about-us">https://www.companyshopgroup.co.uk/about-us</a></p> <p>Key questions that you need to be able to answer:</p> <ul style="list-style-type: none"> <li>- How do the Company avoid good products from going to waste?</li> <li>- Is surplus evitable?</li> <li>- In which 2 ways do the Company manage surplus products?</li> <li>- Explain the 2 examples in the first video</li> <li>- Which are the 3 connected spaces of this social enterprise?</li> <li>- Identify three causes of supply chain waste</li> </ul>

## Additional Learning Resource

<b>Module Title:</b>	<b>1. Entrepreneurship and Social Entrepreneurship</b>
<b>Title of Resource:</b>	31 Core Competencies Explained
<b>Resource Code:</b>	R1.1
<b>Description of the resource:</b>	This resource is a website article that summarises a list of the 31 competencies listed by "cluster" (similar competencies related to a common skill set). Each competency includes a definition and the observable behaviours that may indicate the existence of a competency in a person.
<b>What will you get from using this resource?</b>	After reading the text above, this learning resource will help you identify the competences that successful entrepreneurs tend to have through a complete explanation.
<b>Link to resource:</b>	<a href="https://workforce.com/uk/news/31-core-competencies-explained">https://workforce.com/uk/news/31-core-competencies-explained</a>

<b>Module Title:</b>	<b>1. Entrepreneurship and Social Entrepreneurship</b>
<b>Title of Resource:</b>	Problem tree analysis
<b>Resource Code:</b>	R1.2
<b>Description of the resource:</b>	This resource is an exercise used to analyse the root causes of a problem and to identify the primary consequences. The tree provides a visual structure for the analysis. In defining a problem, it is important to differentiate between the problem itself, its causes and the consequences. This activity helps a group understand the interrelated root causes of a problem and who is impacted by its consequences and might be interested in a solution. The information “mapped” onto the tree, will help participants develop clarity about what level of problem they want to address and what kinds of strategies will be needed. The analysis will remind people advocates that policy change alone will not fully address the issue.
<b>What will you get from using this resource?</b>	This exercise will help you to prepare the face-to-face activity of the Module 1. PPT2
<b>Link to resource:</b>	<a href="https://workforce.com/uk/news/31-core-competencies-explained">https://workforce.com/uk/news/31-core-competencies-explained</a>

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# Module 2. Circular Economy vs Linear Economy

## Introduction

The Learning Circle project emerges to raise awareness about how the current economic trend is driving our planet into an unsustainable situation. Until recently, the economy has followed a linear structure, producing products from raw materials whilst prioritizing economies of scale and profit maximization. The main problems of the linear economy include the huge amount of waste generated by the process and the pressure that this wastefulness puts on the world's running out of resources. With warming average global temperatures, rising sea levels, and climate extremes, the movement towards a more sustainable world is urgent.

While there is a need for a system change, there is a root breaking system that starts from personal change to the rise of green entrepreneurship, where many entrepreneurs raise awareness and solutions. These people understand that while many of their small personal and sustainable changes can cumulate to have a big impact, whilst, for example, "20 of the biggest firms are responsible for one-third of all carbon emissions", real change will only come by putting pressure on at a governmental level and on big corporations, calling them to take on the responsibility and make a commitment to do their bit for climate change. This can, in part, be achieved by adopting a circular economy model. Therefore, the Learning Circle Project emerges at the right moment and becomes the perfect setting to raise an understanding of the Circular Economy, a new resource-use system where the reduction, reuse, and recycling of the elements take a central role in transitioning to a consumption model that takes care of the environment.

## Topics

For all these reasons, this module addresses and comprises of the following topics:

1. From Linear to Circular Economy
2. Why a change is necessary?
3. Definition of Circular Economy
4. Benefits and challenges of circular economy
5. Basic elements of Circular Economy
6. Schools of thoughts of circular economy
7. Circular economy and the European Union
8. The role of social entrepreneurship in the circular economy
9. The role of consumers

## Learning outcomes

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"><li>● General knowledge about the importance of the circular economy</li><li>● Knowledge about the differences between linear and circular economy</li><li>● Factual awareness of benefits and the transition to a more circular economic business</li><li>● Circular economy and the EU; rules and legislations</li><li>● Knowledge about social enterprises in the circular economy</li><li>● Knowledge about the challenges and opportunities in the circular economy</li></ul>	<ul style="list-style-type: none"><li>● Apply research skills to identify transition to the circular economy</li><li>● Identify challenges and opportunities in the circular economy</li><li>● Analyse the impact of adopting circular economy transition</li><li>● Analyse and identify the competencies required for a circular economy</li></ul>	<ul style="list-style-type: none"><li>● Awareness of linear economy problems</li><li>● Appreciation of how a circular economy can contribute to tackling some of the world's greatest problems</li><li>● Awareness of the impact of the circular economy on the enterprise, community and personal value</li></ul>

## Circular Vs Linear Economy

'In a circular economy, waste does not exist, and products and raw materials are (designed to be) reused as long and intensively as possible over and over again. Waste is the new raw material.'

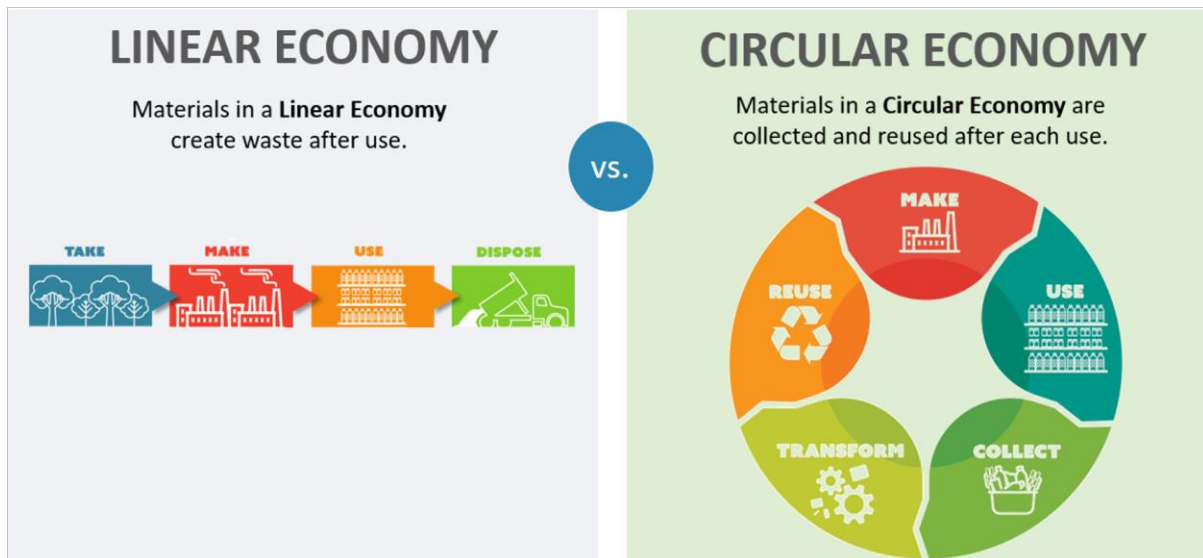


Figure.3. From a linear to a circular economy, Source: Government of the Netherlands Website, The Circular Economy Topic.

(Source: [From a linear to a circular economy](#) | [Circular economy](#) | [Government.nl](#) )

In recent years, the world's population has been growing rapidly, severely affecting the environment. Consumption of all kinds of goods has soared so much that by maintaining this current and unsustainable rate, it is very possible that in the near future, there may not be enough goods for all of us. For a long time, the world economy has been governed by the principles of the linear economic model. This means that raw materials are being used to make different products. After its use, the waste generated during the manufacturing process and future potential uses of these materials are thrown away. This way of doing things is now reaching its limits. The current economic system is no longer working for the environment but equally not for businesses or people. Extracting resources from the ground to make all sorts of new products and then throwing them away when we no longer want them is a model that we have called: a linear economy. But, we are now disrupting the system, and the linear economy has to change.

**The circular economy is a new way to design, make, and use things within the regeneration possibilities of our planet.** And this is a step that requires the participation of everything and everyone from individuals to businesses, our cities, products, and jobs. By designing out pollution and waste, keeping products and materials in use as much as possible, and regenerating natural systems, we can reinvent everything. To ensure that there are enough raw materials for food and other necessities in the near future, our economy must become circular. If new raw materials are needed, we must obtain them sustainably to not damage the human and natural environments. The circular economy is an alternative to the traditional linear economy (make-use-dispose). We keep resources in use for as long as possible extract the

maximum value from them whilst recovering and regenerating materials and products at the end of their service life.

## **Benefits and Challenges of Circular Economy**

Adopting a circular economic model lies upon the following basic elements of a new system:

### **Design out waste and pollution**

It might not sound undeniable, but it is a fact that waste and pollution are largely a result of the way we design things. Waste and pollution are not accidents but the consequences of our decisions at the design stage. The majority of environmental impacts are determined at this moment. That is why, by changing our mindset to view waste as a design flaw and by harnessing new technologies and materials, we can ensure that waste and pollution are not created in the first place.

### **Keep products and materials in use**

It is clear: We cannot keep wasting resources. Materials and products must be kept in the economy. We should focus on designing products and components that can be reused, repaired, and remanufactured later. Although, making things last forever is not the only solution. When it comes to products like food or packaging, we should also get the materials back, so they do not end up in landfills.

### **Regenerate natural systems**

But what if we could not only protect but actively improve the environment? In nature, there is no concept of waste. Everything is food for something else - a leaf that falls from a tree feeds the forest. So, instead of simply doing less harm, we should also aim to do some good. We can enhance our natural resources by returning valuable nutrients to the soil and other ecosystems.

### **In short, why is a shift towards a circular economy important?**

As well as creating new opportunities for growth, a more circular economy will:

- Reduce waste.
- Drive greater resource productivity.
- Deliver a more globally competitive economy.
- Position different countries to better address emerging resource security/scarcity issues in the future.

- Help reduce the environmental impacts of our production and consumption all around the world.

According to studies conducted by the Ellen Macarthur Foundation, an organization that develops and promotes the idea of a circular economy between businesses, academics, policymakers and institutions, gains more benefits related to the transition to the circular economy:

- Job creation potential

The largest comparative study to date on the employment impacts of a circular economy transition points to "positive employment effects occurring in the case that the circular economy is implemented". New jobs will be created across industrial sectors within small and medium enterprises through increased innovation, entrepreneurship, and a new service-based economy.

- Material cost-savings

Based on detailed product-level modelling, it is estimated that the annual net material cost savings opportunity amounts to up to USD 630 billion in sectors of complex medium-lived products in the EU. There is a material cost-saving potential of up to USD 700 billion globally for fast-moving consumer goods.

- Innovation

The aspiration to replace linear products and systems with circular ones is an enormous creative opportunity. The benefits of a more innovative economy include higher rates of technological development, improved materials, labour, energy efficiency, and more profit opportunities for companies.

-The economic benefits

Economic growth would be achieved mainly through a combination of increased revenues from emerging circular activities and a lower cost of production through the more productive utilisation of inputs. These changes in the input and output of economic production activities affect economy-wide supply, demand, and prices. Its effects ripple through all sectors of the economy, adding to overall economic growth. It is clear that we are facing a pivotal moment in the history of our planet and it is in our hands to change the course of things: A change from linear to circular economics is necessary.

## School of thoughts in Circular Economy

Several thinkers have introduced and elaborated on similar concepts and principles, thus contributing to further developing the circular economy concept. Some of those concepts are:

- **Cradle to Cradle:** Michael Braungart, a German chemist and William McDonough, an American architect, who was also regarded as the 'father of circular economy', wrote 'Cradle to Cradle: Remaking the way we make things' in 2002 and introduced the Cradle to Cradle Certification based on eliminating the concept of waste, harnessing energy from renewable resources, and respecting human and natural systems.
- **Biomimicry:** Janine Benyus, a biologist and innovation consultant, proposed an approach to solving human problems, which she wrote in her 1997 book 'Biomimicry: Innovation by Nature'. It involves referencing the natural environment as a model, measure, and mentor for defining and developing sustainable innovations.
- **Natural Capitalism:** Paul Hawken, Amory Lovins, and L. Hunter Lovins positioned natural capitalism as the driver to the next industrial revolution, as it characterizes an overlap between business and environmental interests. They also presented four principles supporting natural capitalism: increasing the productivity of natural resources, shifting to biologically inspired production models, moving to a service-and-flow business model, and reinvesting in natural capital.
- **Regenerative Design:** John T. Lyle, professor of landscape architecture, first introduced regenerative design as a process-oriented whole systems approach to design that functions as a positive force for repairing natural and human systems. In his book 'Regenerative Design for Sustainable Development and Design for Human Ecosystems' and other works laid down the foundation of the circular economy framework while inspiring the creation of the John T. Lyle Centre for Regenerative Studies that offers courses in agriculture, environmental design, engineering and science.

## Circular Economy in the European Union

On 11 March 2020, the European Commission (EC) adopted the new [Circular Economy Action Plan \(CEAP\)](#) for a cleaner and more competitive Europe and aims to make the European economy fit for a green future, strengthen its competitiveness while protecting the environment and give new rights to consumers.

To successfully deliver on its [European Green Deal](#) ambition, the EU needs to drive a global transition to a carbon-neutral, resource-efficient, circular economy, where resource use is decoupled from economic growth. The EU's transition to a circular economy will reduce pressure on natural resources and create sustainable growth and jobs. It is also a prerequisite to achieve the EU's 2050 climate neutrality target and to halt biodiversity loss.

Building on the 2015 action plan, the first action plan on a European level, the [CEAP 2020](#) introduced a set of initiatives focusing on how products are designed, promotes circular economy processes, encourages sustainable consumption, and aims to ensure that waste is prevented and the resources used are kept in the EU economy for as long as possible. It introduces legislative and non-legislative measures targeting areas where action at the EU level brings real added value. The EC refers to the action plan as one of the main building blocks of the [European Green Deal](#).

Priority will be given to addressing product groups identified in the context of the value chains featured in this Action Plan, such as the ones below, furniture, and high impact intermediary products such as steel, cement, and chemicals. Further product groups will be identified based on their environmental impact and circularity potential.

Measures that will be introduced under the new [CEAP 2020](#) aim to:

- make sustainable products the norm in the EU;
- empower consumers and public buyers;
- focus on the sectors that use most resources and where the potential for circularity is high such as electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients;
- ensure less waste;
- make circularity work for people, regions and cities; and
- lead global efforts on a circular economy.

The EC adopted the first milestone of the action plan on 10 December 2020 by proposing a [regulation to modernise EU legislation on batteries](#). The aim is that batteries placed on the EU market are sustainable, circular, high-performing and safe throughout their entire life cycle. They are collected, repurposed and recycled, becoming a true source of valuable raw materials. It includes mandatory requirements for all batteries (i.e., industrial, automotive, electric vehicle and portable) placed on the EU market. These requirements include using responsibly sourced materials with restricted use of hazardous substances, minimum recycled material content, carbon footprint, performance and durability, labelling, and meeting collection and recycling targets.



The EC will implement all 35 actions listed in the action plan until 2022. The full list of actions can be found in the [implementation tracking table](#).

## **The role of social entrepreneurship in the circular economy**

It is increasingly clear that social enterprises are leading the circular economy. As we analysed earlier, the current system isn't working for people or the planet. Social enterprises have presented a new way to organize economic activity and more sustainable approaches regarding the production, consumption and disposal of everyday items.

'At its core, the Circular Economy model is about recirculating goods and materials in the economy for as long as possible while maximizing the use of renewable resources and energy sources. This means reusing or repairing existing items, or when that's not possible, breaking them down into raw materials for the production of new, high-recycled content items. It also means transitioning away from our reliance on coal and gas, and accelerating the transition to 100% renewable energy.'

In order to be truly effective in terms of a circular economy, the transitions must be locally appropriate, community-driven, and create opportunities for people experiencing disadvantage. While policymakers and governments debate on how to respond to the climate crisis, some interesting examples of social enterprises from around the world are leading the way in the Circular Economy with interesting and innovative projects, creating financially, socially and environmentally sustainable business models. Let us see the following case study to understand further how the circular economy can learn from a social enterprise:

Social enterprises are definitely the business models of the future, showing how economic activity can be organised to respect ecological limits, empower people, and build community capacity, aligned with the objective of a circular economy.

## **The role of consumers**

As consumers, we buy several kinds of goods and, as a consequence, turn into waste producers. In order to properly transition from a linear economy (take, make, use, dispose) to a more environmentally friendly circular economy (reduce, reuse, recycle), the key element is to achieve changes in consumption patterns. As consumers, we play a vibrant role with our choices, purchases and lifestyle, as we are the main driving force that needs to be protected and no one left behind, being able to consciously take decisions that will affect our future.

First, developing the strength of consumers in the economy, they need to be educated and formed, as in the example of recycling. Secondly, paying attention to a product's lifespan and the use of hazardous chemicals can push the development of eco-design and encourage cooperatives to re-think their production and disposal before making a product or a service. Also, making ethical choices, such as buying local and encouraging smaller economies of scale, can greatly impact the way we value our food chain, services, and the way we use things. Labelling products is obligatory, such as electronic products, for example, to indicate their energy performance, ensuring responsible production and consumption. The transition to a circular economy represents a green step towards environmental sustainability, putting the consumer and the conservation of the environment at the centre. We approach the protection and restore a healthier planet.

## Case study

<b>Module Title</b>	<b>2. Circular Economy vs Linear Economy</b>		
<b>Case Study Title</b>	Co-operative innovative business	<b>Case Study Code</b>	CS 2
<b>Type of resource</b>	<b>Case study (CS)</b>	<b>Type of learning</b>	Self-directed learning
<b>Duration of Activity (in minutes)</b>	<b>30</b>	<b>Learning Outcome</b>	To know how a social enterprise contributes to the circular economy
<b>Aim of activity</b>	Several social enterprises are out there, inspiring the way to the circular economy. Going through an example can inspire and show how social cooperation can lead to a circular economy.		
<b>Introduction</b>	Every year the city of Brussels imports over 60 000 tonnes of wood, when the wood could be sourced from the Sonian Forest, the largest periurban forest in Europe, located just outside the city. Generations of forest managers have kept this heritage alive. It is a common good that should be used to benefit the local community. Instead, most of the wood sourced from the forest is exported to Asia to be processed and sent back as finished products. The Sonian Wood Co-op was launched in 2019 to change this dynamic. This social enterprise's innovative business model builds strong local and circular value chains that respect the environment, empower people and build community capacity.		

<b>Challenge</b>	<p>The idea of a local value chain for wood is almost absent in Europe. The idea of exporting locally available resources is in contrast to the environmental objectives, where there can be local value for wood with great economic, social and cultural opportunities. Sonian Wood Co-op managed to create value and fiscal revenues, local employment and have reduced conflicts and frustrations among all stakeholders related to the local forest. In this case, the co-operative includes members representing different steps of the value chain of local wood. In other cases, growth would be prioritised; in this case, the mission is to create a local value chain for wood from the Sonian forest.</p> <p>The challenge is to identify how this social enterprise contributes to creating a local value chain for wood.</p>
<b>Assignment</b>	<p>Visit the website of the Sonian Wood Co-op to learn more about this project:  <a href="https://sonianwoodcoop.be/">https://sonianwoodcoop.be/</a></p> <p>Key questions that you need to be able to answer:</p> <ul style="list-style-type: none"> <li>- How does this enterprise contribute to strengthening the local economy?</li> <li>- Identify the economic challenges that this social enterprise can have.</li> <li>- How do family businesses can protect this cooperative model from being taken over by large investors?</li> <li>- Give 3 real-life examples of how this wood is locally used.</li> <li>- How does this project contribute to the circular economy?</li> </ul>

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# Module 3. Circular Business Models

## Introduction

This module will focus on the Circular Business Model. Its structure will contribute to the understanding in depth of the CBM. First, we will examine the definition and the key characteristics of the model. Therefore, the Life Cycle Analysis, the Water management and reuse and the 4 R's of waste: Reduce, Reuse, Recycle, Rethink and then the Five Methods to Transform from traditional business model to more Circular Ways are developed, which includes: Product as a service, Resource recovery, sharing platforms, Circular Supplies and Product Life Extension. In the final part of the module are three Case Studies.

## Topics

- Principles of the circular economy
- Key characteristics of circular business models
- Life Cycle Analysis
- Water management and reuse
- The 4 R's of waste: Reduce, Reuse, Recycle, Rethink
- Five Methods to Transform from traditional business model to more Circular Ways

## Learning Outcomes:

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"><li>● Factual knowledge about Circular Business Model.</li><li>● Learn the Key characteristics of CBM.</li><li>● Recite of the 4Rs.</li><li>● Describe the five methods of CBM.</li></ul>	<ul style="list-style-type: none"><li>● Apply research skills to identify a business's needs to transform into CBM.</li><li>● Operate the five methods of CBM to daily life.</li><li>● Analyse the impact of business in the environment.</li></ul>	<ul style="list-style-type: none"><li>● Awareness of environmental issues.</li><li>● Be open to supporting and contributing this knowledge and skills to the local community to reduce the footprint on the earth.</li></ul>

<ul style="list-style-type: none"> <li>• Identify the environmental impact of CBM.</li> <li>• Learn about the benefits and downsides of CBM.</li> </ul>	<ul style="list-style-type: none"> <li>• Use of the water management checklist.</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness of the Circular Business Model.</li> </ul>
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## Principles of the circular economy

As defined by the Ellen MacArthur Foundation, the circular economy is based on three principles, driven by design:

- Eliminate waste and pollution
- Circulate products and materials (at their highest value)
- Regenerate nature.

### Business Models

- **Circular Supplies:** Provide renewable energy, bio based- or fully recyclable input material to replace single-lifecycle inputs
- **Resource Recovery:** Recover useful resources/energy out of disposed products or by-products
- **Product Life Extension:** Extend working lifecycle of products and components by repairing, upgrading and reselling
- **Sharing Platforms:** Enable increased utilization rate of products by making possible shared use/access/ownership
- **Product as a Service\*:** Offer product access and retain ownership to internalise benefits of circular resource productivity

\* Can be applied to product flows in any part of the value chain

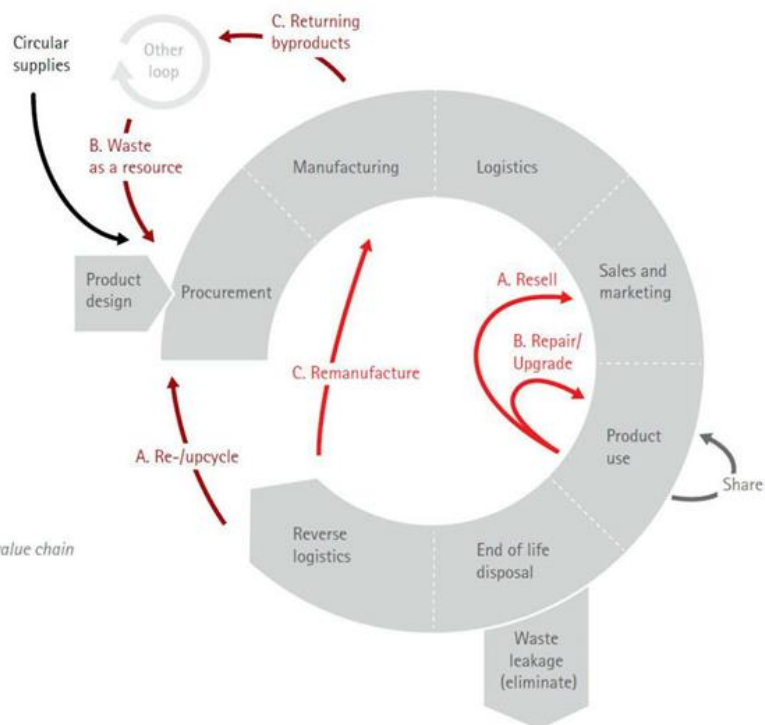


Figure 4: Business Models. (Source: <https://www.greenbiz.com/article/5-business-models-put-circular-economy-work>)

**Watch this short video which explains the Circular Economy and How Society Can Re-Think Progress:** <https://www.youtube.com/watch?v=zCRKvDyyHml>

## Key characteristics of circular business models

To help companies operate economically in a circular economy, a circular business model has been developed. Circular business models represent fundamentally different ways of producing and consuming goods and services. They can power the transition towards a greater useful resource efficient and circular economy, and, in doing so, considerably lessen the environmental stress resulting from economic activity'.<sup>1</sup>

Circular business models serve to 'reduce the extraction and use of natural resources and the generation of industrial and consumer wastes. They represent the key activities required to transition to a more efficient and circular economy. Circular business models use already existing materials and products as inputs, and therefore, their environmental footprint tends to be considerably smaller than traditional business models. The environmental outcomes of circular business models also depend on their market penetration. However, the market share of these business models is currently limited. Recycling, remanufacturing and repair, the sharing of spare capacity, and the provision of services rather than products typically only account for up to 15% of production in any given sector.'<sup>2</sup>

Accordingly, 'the goal of the business model shifts from making profits through the sale of products or artefacts to making profits through the flow of resources, materials, and products over time, including reusing goods and recycling resources. This reasoning implies that companies can reduce negative impacts on the environment by delivering and capturing value through this alternative value proposition.'<sup>3</sup>

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<sup>1</sup> OECD (2018), Business Models for the Circular Economy Opportunities and Challenges from a Policy Perspective, OECD Publishing, Paris. <https://www.oecd.org/environment/waste/policy-highlights-business-models-for-the-circular-economy.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> Tom Lahti, Joakim Wincent and Vinit Parida, 'A Definition and Theoretical Review of the Circular Economy, Value Creation, and Sustainable Business Models: Where Are We Now and Where Should Research Move in the Future?', *Sustainability*, 10 (8) (2018), 1-19 (p. 3).

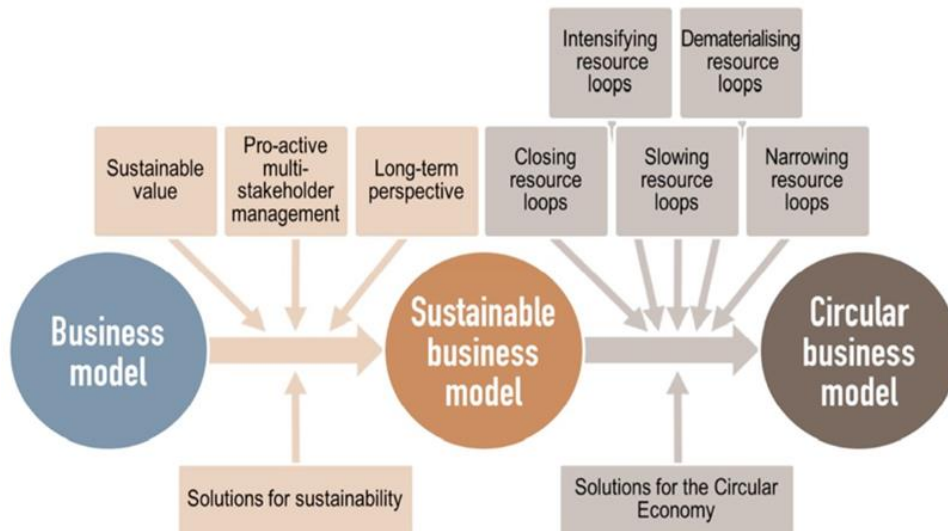


Figure. 5: Comparison of traditional, sustainable, and circular business models. (Source: Geissdoerfer M, Morioka SN, de Carvalho MM, Evans S, Business models and supply chains for the circular economy, Journal of Cleaner Production (2018), doi: 10.1016/j.jclepro.2018.04.159. )

**Watch this video for further explanation on Circular Business Models:**  
<https://www.youtube.com/watch?v=IZryF MG-F8>

## Life Cycle Analysis

Many companies have embarked on sustainability and are looking to adopt sustainable business models.

Life Cycle Stage / Business Model	Sharing	Circular	Sustainable Supply Chain	Collaborative	Eco Products
Product design (use of materials)		Upcycle, Rematerialization	Dematerialization	Co-creation	Eco-efficiency
Production	Asset sharing		Cleantech, Sustainable Sourcing	Crowdsourcing, On Demand Production	
Distribution	Asset sharing		Eco-packaging, Sustainable Sourcing		
Marketing & sales				Community-driven	Green marketing, Behavior Change
Use & Maintenance	Peer to peer, Product as a Service				Eco-efficiency
End of Life		Take-back service, Refurbishing, Repair, Upgrading of products, Recycling, Reuse, Recovery of Waste			

Table 2: Life Cycle Stages.(Source: <https://pre-sustainability.com/articles/business-models-life-cycle-driven-choice/> )



We can use LCA to complement the circular economy in three practical steps:

- Test the assumptions of the circular economy business models.
- Recognize the limitations of the circular model and explore new, alternative approaches.
- Set objectives and continuously improve the circularity for practical implementation at the business level<sup>4</sup>.

## Water management and reuse

Water can be found in different forms in the 'water circle' (Figure 6), moving in the earth, surface, etc. Businesses have a negative impact on natural capital like water by polluting the water or a positive impact based on the creation of technologies aimed at improving water quality. Businesses need to understand how much their footprint is impacting the earth. To produce, water has a major role in this process. From the total water, the industries in Asia and Europe are consumed 10% and 57% respectively.

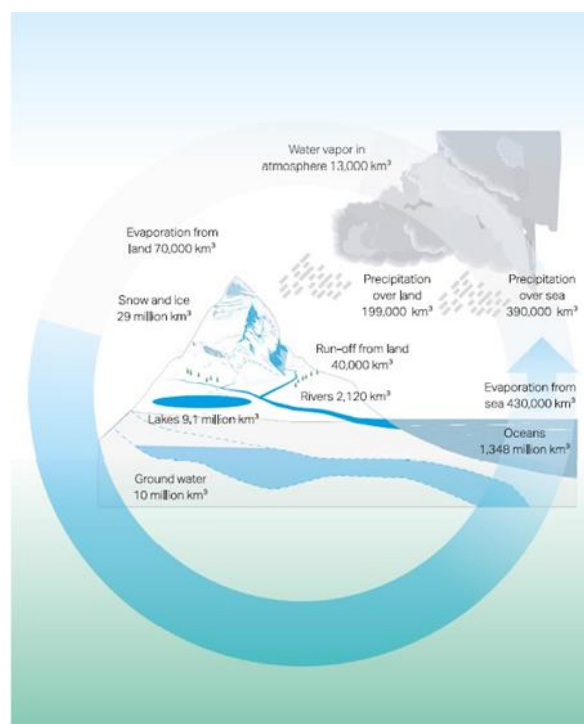


Figure 6: The water cycle depicts the annual renewable water supply per person by basin (m<sup>3</sup> per year

Source: <https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/spotlight-on-reduce-reuse-and-recycle>)

Different data provide information that there are opportunities for industries to reduce their water consumption by 50%. The Circular Water Managements provides

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<sup>4</sup> <https://pre-sustainability.com/articles/complementing-the-circular-economy-with-lca/>

numerous opportunities for doing so. Water is obtained by industries from groundwater, surface water, and aquifers. Afterwards, they change water and bring it to the industries' standards to process it and produce their products. Therefore, after the use for production, the wastewater is directly disposed of or recycled after the treatment.

The European Union promotes the 5R's approach for companies in order to minimise risks related to water. The 5R's approach includes Reduce, Reuse, Recycle, Restore and Recover.

**This Business Guide uses the following definitions of the 5Rs<sup>5</sup>:**

**Reduce:** reduce water losses and boost water efficiency.

**Reuse:** reuse water, with minimal or no treatment, within and outside the fence for the same or different processes.

**Recycle:** recycle resources and wastewater (treated by a membrane or reverse osmosis to very high quality) within and outside the fence.

**Restore:** return water of a specific quality to where it was taken from.

**Recover:** take resources (other than water) out of wastewater and put them to use.

Circular Water Management has some barriers that do not help manage and reuse the consumption of water. A few of the barriers are the lack of awareness of individuals and businesses, the lack of discussion around this topic, the cost of infrastructure to reuse, reduce and recycle water, the cost of maintenance of operations to sustain water reductions etc. However, Figure 7 illustrates the barriers and ways to overcome those barriers.

Business Guide to Circular Water Management includes in their brochure an evaluation checklists for reducing water use and for reusing and recycling water, the checklists are 5, and you can find them here: <https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/spotlight-on-reduce-reuse-and-recycle> (Chapter 9, page 32).

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<sup>5</sup> *Business Guide to Circular Water Management: Spotlight on reduce, Reuse and Recycle*. World Business Council for Sustainable Development (WBCSD). (n.d.). Retrieved February, 2022, from <https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/spotlight-on-reduce-reuse-and-recycle>

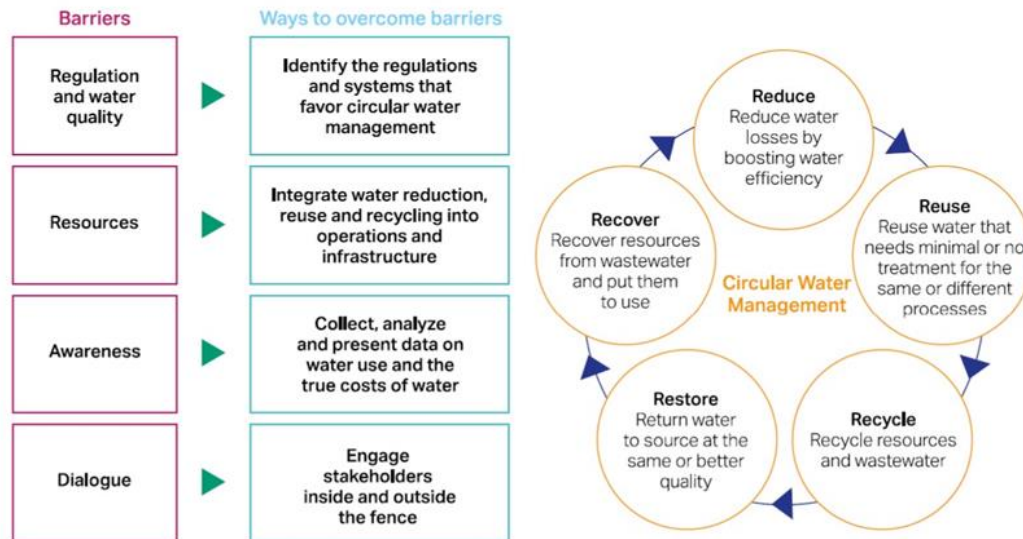


Figure. 7: Barriers to circular water management and ways to overcome them- source: <https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/spotlight-on-reduce-reuse-and-recycle>

## The 4 R's of waste: Reduce, Reuse, Recycle, Rethink

As was mentioned above, the Circular Business Model fundamental principles are based on minimising waste through, Reduce, Reuse, Recycle and Re-think. An explanation of the 4 R's is as follows<sup>6</sup>:

- **Reduce:** Initially, reducing usage helps save valuable resources such as water and energy.
- **Reuse:** Aware consumers buy durable products intended to last longer instead of disposable items that increase waste flow. If you find a new use for an item or someone else who can use it, give it Second Life instead of throwing it away.
- **Recycle:** Recycling saves resources by keeping them circulating and reduces the depletion of non-renewable resources such as fossil fuels and mineral ores used to make products from unused materials.
- **Rethink:** Consider the consequences of your actions and their impact on the environment. Become a conscious consumer and minimize this global footprint. By incorporating the principles of sustainability into the way we design, manufacture, deliver and consume our goods and services, we, as a society, systematically improve by reducing the use of energy, water, and natural resources. to hold. Ultimately, we are working toward a 'zero waste' from the perspective of sustainable material management.

<sup>6</sup> The 4 R's: Campus Operations and Maintenance. Stony Brook University. (n.d.). Retrieved February 11, 2022, from <https://www.stonybrook.edu/commcms/campus-operations/recycling/four-rs.php>

There are numerous ways to get involved in the circular economy. The following five business models are not all-inclusive, and they can be applied in pieces or integrated. Any improvements the companies can make to reduce their waste or find productive or profitable ways to use the waste already is described as circular. The aim is: Reduce, Reuse, Recycle and Rethink.

**Watch this short video for further explanation on the 3R's:**

<https://www.youtube.com/watch?v=u8MQwOR2og8>

**The following poster explains the four R's:**



# THE FOUR R'S

**Good waste management** follows the 4 Rs: Reduce, Reuse, Recycle and Recover, as well as avoiding illegal dumping and littering.



Did you know that the 4 Rs can help us to find better ways to manage our litter?

You can **REDUCE** by cutting down the amount of litter you produce. Try to buy products in bulk that are made from recycled material and use canvas bags instead of plastic packets.



You can **REUSE** by finding ways to use things again that you would normally throw away.

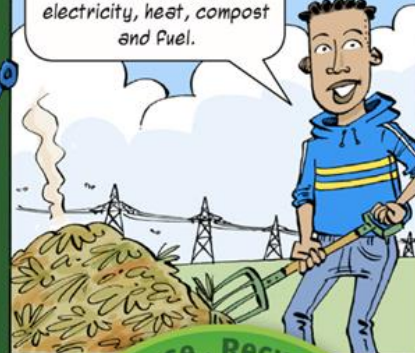
For sure! Old tyres can be used to grow flowers and we can reuse plastic and glass bottles.



The third R is to **RECYCLE!** Recycle rubbish that cannot be reused. Collect all your rubbish, sort it into its different categories like paper, glass, metal and plastic, then put it in recycle bins or take it to a buy-back centre. It can then be used to make new products.



The last R is to **RECOVER.** You can convert waste into resources such as electricity, heat, compost and fuel.



Waste **harms** the environment and human beings.



It is important to ensure that waste is managed in a way that will **minimise** its harmful impacts.



Figure 8: The Four R's. (Source: [https://www.dffe.gov.za/sites/default/files/docs/publications/the-four-Rs\\_poster.pdf](https://www.dffe.gov.za/sites/default/files/docs/publications/the-four-Rs_poster.pdf))

# Five Methods to Transform from traditional business model to more Circular Ways

## Introduction

The Circular Business Model has five methods developed by Accenture (a professional services company that provides guidance to companies with innovation) to operate in more circular ways: Product as a service, Sharing Platforms, Reuse Recovery Circular Supplies and Product Life Extension. The companies use the above methods and change their business structure to grow in new industries. The above models are created to transform businesses and make them more sustainable and circular. It is essential that “the key to all of them is extracting more value out of existing products and reducing the use of new resources”<sup>7</sup>.

## Product as a service

The Product as a Service model is one of the most fundamental concepts for a circular business model. Some examples are car rental companies and print shops. Instead of selling the product, the company retains ownership of the product, and the customer pays the company to use the product for a defined period. With this model, the owner manages the product while it’s used and is in charge of maintenance, reuse, remanufacture, and recycling.

The Product as a Service business model provides an alternative to the established ‘buy and own’ approach. This model essentially allows customers to purchase a service rather than buying the product itself. Typically, the goods are used by one or many customers through a lease, rental or pay-for-use agreement.

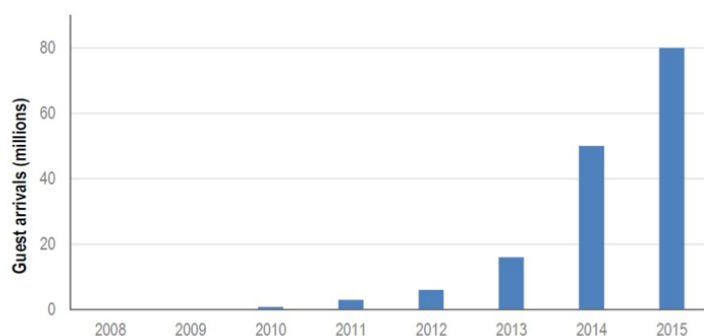


Figure 9: Airbnb guest arrivals: 2008 – 2015 (Source: OECD (2019), p.47)

1. What are the benefits and downsides of Product as a Service Model?

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<sup>7</sup> Veolia. (2020). *Join the Circular Economy*. Retrieved February 2022, from <https://www.veolianorthamerica.com/>

The first benefit of this method is the reduction of environmental impact from businesses. Therefore, this model can increase the profit of the company, because of the decrease of investments in production, which means the decreased number of manufactured products. Also, those manufactured products' purpose is to be used by many different people and businesses, and as a result, the quality of the product must improve.

Furthermore, the businesses that sell their products have a stable profit because they keep selling the same product, and different buyers use it again and again. Even though for the manufacturers, it can be seen as a non-profitable way because of the less production of the same product, it can be an opportunity to understand how the product is being used and improve the quality and the reliability of the product. Also, It is essential to understand the risks of a product as a service method for the seller. The sellers are responsible for the maintenance of the product, which can cost, and the seller will prefer to replace the product than fix it.

## 2. Example:

- When a customer pays to use a product instead of purchasing it, it can be a Product as a Service. An example is the laundry machines. Especially in bigger cities, it is popular to 'rent' a laundry. Instead of buying a washer or a dryer, people use the local ones. The advantage of the customers is the avoidance of paying any repair bills for the machine and the need to buy one. This is an opportunity the companies can take advantage of and rent their machines to customers.
- Another example is the rental of construction or heavy equipment. The customers save the capital cost from buying and repairing the machines. Also, the repair cost can be a lot, and at the same time, they have access to the latest technological devices and products.

## Sharing platforms

As mentioned above, the circular economy-based structure produces no waste or pollution. In making this achievable, the sharing model is essential. The Sharing Platforms are "...a service compensation model in which the owner sells access to underutilized assets to subsequent customers. Owners are responsible for maintenance and service quality." To sum up, sharing platform models are a way to reuse products, etc., used occasionally. Some examples of the types of revenue models include<sup>8</sup>:

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<sup>8</sup> Sharing platforms. Circular Economy Guide. (n.d.). Retrieved February 11, 2022, from <https://www.ceguide.org/Strategies-and-examples/Sell/Sharing-platforms>

- Vehicle ride sharing
- Short term accommodation rental
- Available labour and expertise
- Tools and equipment
- Excess food supplies

What defines a Sharing Platform business is that companies do not own any products for sharing, but they create the means for customers to know and rent those products. They are different kinds of platforms for people to share products, such as Floom2, Peerby, Couchsurfing or Airbnb.

#### 1. What are the benefits and downsides of the Sharing Platform Model?

The transformation and adaptation to Sharing Platforms can be challenging and, at the same time, innovative. It is essential to list the risks and benefits for businesses that want to transition. First, a great example of Sharing Platforms models is Uber. They created an app and not a taxi company, which saves a lot of capital for resources such as taxi cabs, and the drivers are responsible for maintaining their cabs.

A disadvantage for companies in the Sharing Platform business model is the lack of control. Because they do not own the products, they do not have much influence on the customer experiences. Another one is that even though they do not have to pay any maintenance bills or repairs, the fact that the companies do not own the products sometimes backfires for them because of the lack of pride of ownership. As a result, individuals may not participate in this model because they do not feel fulfilled without owning their products.

Moreover, a potential downside can be the lack of regulations; because of how new and innovative the Sharing Platforms are, there is less control over regulations, and the users of these models can be at risk. On the other hand, the lack of regulation can be a benefit because owners do not have to deal with a plethora of different rules. In addition, because of the lack of regulations, the companies can be more creative and use this as an advantage to reduce expenses and make the services they provide more affordable.

#### 2. Example:

In these two examples, the companies enable people to have control over the goods or services they share.

- An example of Sharing Platforms is Airbnb, which is not the owner of any properties (houses, rooms, or flats), but it is a way for people to come across those properties and rent them. Travellers rent a room or the flat of someone to stay during their vacation or their travelling. The benefits for the owner are the money



they earn and the connection with people from different countries with different cultures etc. For the travellers, it is a way to meet local people, learn about the city they visited, but also stay somewhere that meets their requirements and needs.

- A second example is Roadie, a system that enables people to earn money while they travel or doing trips. They may already plan the trip and Roadie allows them to know if they are people who need any products or goods delivered to that destination. Roadie does not own the vehicles or hire the people who delivered, but they enable people who need something delivered to connect with the drivers who can deliver it.

## Resource Recovery

The next method is the Resource Recovery business model, which can be described as the use of "...technological innovations and developments for recovery and reuse resources", basically it is transforming waste materials into secondary raw resources. The purpose of this concept is to get more value out of resources by deferring final disposal for as long as possible and reduce the new resources. The companies are using this model which results in the reduction of waste. For this to happen the model is reprocessing waste materials into new resources and can be reused more than one time.

An example is the recycling of plant materials, food scraps and paper products into biological composting processes. Afterwards, the result of this process will be used as "a soil conditioner or compost, and the waste gases, such as methane, can be collected and converted into electricity or heat"<sup>9</sup>. Utilizing this paradigm successfully requires figuring out how to recover end-of-life products so that the valuable materials and energy used to make them can be reused.

The resource recovery business model has some variants, which are described below<sup>10</sup>

**Downcycling:** like recycling, entails the conversion of waste into secondary raw materials. The primary difference is that the recovered materials are of lower quality which can only be used as an input in a limited number of applications. For instance, in the context of paper and cardboard recycling, each additional loop reduces the length of cellulose fibres. As a result, recovered paper cannot always be used for the same applications that virgin paper can.

**Upcycling:** Upcycling is the opposite of downcycling. It entails converting waste into secondary raw materials, which are then used in relatively high-value applications.

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<sup>9</sup> Veolia. (2020). *Join the Circular Economy*. Retrieved February 2022, from <https://www.veolianoorthamerica.com/>

<sup>10</sup> OECD (2019), *Business Models for the Circular Economy: Opportunities and Challenges for Policy*, OECD Publishing, Paris. <https://doi.org/10.1787/g2g9dd62-en>

Freitag, a German clothing manufacturer, provides an example by producing bags made from truck tarps, car seat belts, and bicycle inner tubes.

**Industrial symbiosis:** also known as closed loop recycling, is the use of production by-products from one firm as production inputs by another.

**See this article:** <https://www.technology.matthey.com/article/64/1/48-58/>

1. What are the benefits and downsides of the Resource Recovery Model?

The main factors of the Resource Recovery Model are extracting more value from your existing resources and operating on a more sustainable, environmentally friendly basis. When businesses can sell or otherwise make use of the waste they generate, they can typically earn additional money while minimising their raw material costs. Moreover, another advantage, other than the financial advantage, is to satisfy the environmentally concerned consumer, which increases rapidly and not just for the products they buy but also for the methods the businesses use. Also, recycling is essential in production to less use of the world's resources, not only for financial purposes but also for the image the business is trying to show in public.

A negative aspect of this model is that sometimes the secondary raw materials derived from waste can occasionally be of poor quality. Downcycling is the process of breaking down an item into its basic elements or ingredients and repurposing them as a lower-value product, then it can be suitable for less use. In some circumstances, disposing of waste materials is more cost effective. However, if the business discovers a way for the process to be efficient then it can have a benefit for them, and this can happen mostly to companies who manufacture large volumes of by-products.

Businesses frequently generate enormous amounts of waste, which has negative environmental consequences, however, this model creates a positive image for the companies to the public, because of the realisation by the businesses of how they impact the environment and therefore they create strategies in order to reduce their footprints on earth.

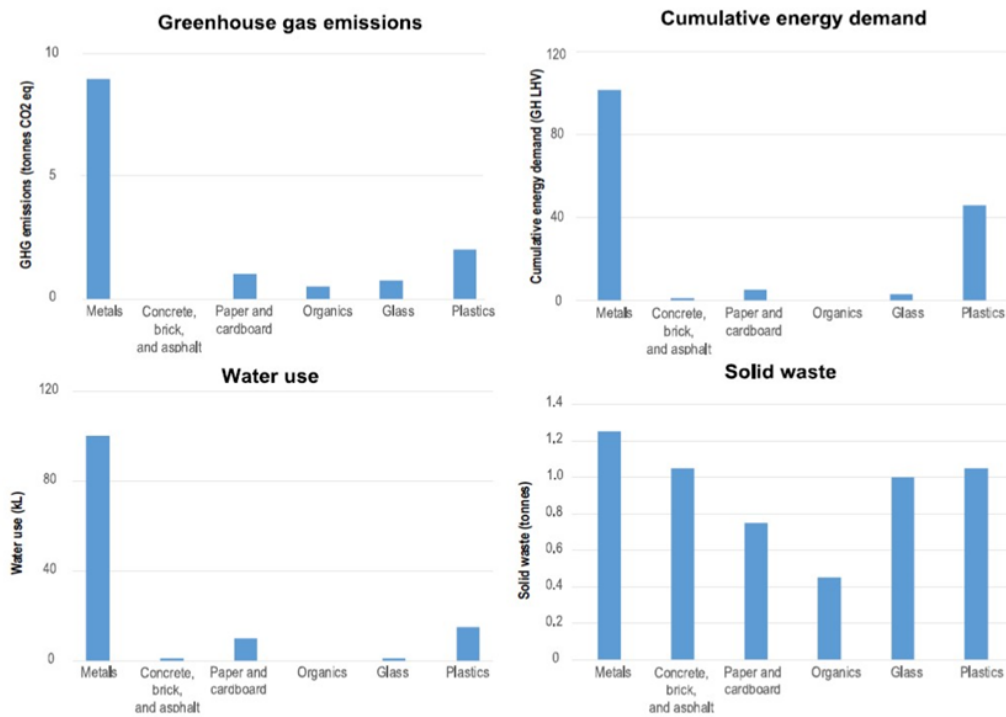


Figure 10: Average net environmental benefits of recycling 1 tonne of waste in Australia (Source: OECD (2019), p.68)

## 2. Example:

This Model can be applied to most large industrial businesses. An example is the “downstream oil and gas companies: Refineries can revert wasted oil to the refining process, recover water effluent to use as quench water or send through a wastewater treatment plant, and convert the remaining oily sludge into a dry cake, reducing the amount of material that needs to be discarded, using secondary oil recovery processes”<sup>11</sup>.

## Circular Supplies

The Circular Supplies Model eliminates virgin-resource-derived materials and replaces them with bio-based, renewable, or recovered materials. Converting agricultural residue such as baled corn cobs, husks, leaves, or stalks into bio ethanol, a renewable fuel, is an example of a circular supply model. The Circular Supplies business model is characterized as resource inputs that are totally renewable, recyclable, or biodegradable and serve as feedstock (or raw materials) for a separate manufacturing process. This business model's ultimate purpose is to reduce an organisation's reliance on virgin resources. This strategy is particularly critical for businesses that rely on

<sup>11</sup> Veolia. (2020). *Join the Circular Economy*. Retrieved February 2022, from <https://www.veolianorthamerica.com/>

limited resources or commodities. The business case for adopting circular supply business models is important because, by replacing traditional inputs with bio-based, renewable, or recovered alternatives, businesses can sell their products as 'green'<sup>12</sup>.

#### 1. What are the benefits and downsides of the Circular Supplies Model?

One of the key objectives for businesses adopting a Circular Supplies strategy, is to reduce their influence on the environment. They can operate on a more sustainable framework under this strategy, and better connect themselves with consumers who expect cleaner technology and less pollution, and who are ready to pay more for more expensive green, environmentally friendly items.

Companies with a high environmental footprint or those working with rare or depleted feedstock can benefit from reducing their environmental impact by using fewer resources. In some cases, sticking with traditional methods of obtaining goods and resource inputs is more cost effective and easier than risking switching to circular supplies.

Companies can decrease their environmental effect and utilize a 'going green' reputation, which is becoming increasingly relevant among customers, as a positive business outcome through Circular Supplies Models. Recycled inputs are frequently less expensive, lowering overall production costs and increasing profit. Another benefit is that a company can limit demand for virgin resources that they would normally utilize in their manufacturing processes, resulting in less environmental damage and less overall strain on the planet's resources.

### **Product Life Extension**

When we buy a product, most of us assume it is built to last as long as possible. For the most part, that assumption is true. Although some companies may operate based on planned obsolescence, deliberately designing their products to fail after a certain period of time, the majority do not want their products to stop working sooner than their customers would expect.

In fact, what's likely a larger problem than planned obsolescence is the fact that many products last so long that they become out of fashion or technologically inferior to newer products. The issue isn't so much that products go bad quickly, it's that products advance so fast that within a few years a phone, a computer, or even a car is greatly surpassed in quality, features, and capabilities by the latest models.

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<sup>12</sup> OECD (2019), Business Models for the Circular Economy: Opportunities and Challenges for Policy, OECD Publishing, Paris. <https://doi.org/10.1787/g2g9dd62-en>

This wasteful approach has characterized both producers and consumers for at least the last century. The circular economy seeks to change this approach entirely. Instead of discarding goods, materials, and energy that still have value to give, circular models find ways to extract greater value and use existing resources to their fullest before disposing of them.

The Product Life Extension business model focuses on lengthening the time that a product can be used before disposing of it<sup>13</sup>. This Model purpose is to save, maintain, repair, remanufacture, improve, or remarket a product, and as a result to not throw away anything.

	Key characteristic	Business case
Classic long life	The expected life of a product is extended through changes in product design	Manufacturers can charge a premium for higher quality, more durable products
Direct reuse	Involves the redistribution and reuse of products that would have otherwise been discarded before reaching their expected end of life	Firms that facilitate transactions of second-hand goods (whether online platforms or physical shops) can charge a percentage of the selling price
Maintenance and repair	By fixing or replacing defective components, maintenance and repair allows degraded products to reach their full expected life.	For original equipment manufacturers, extending product care beyond the point of sale may help to promote customer loyalty. In addition, repairing existing products can be a profitable activity for third party repair firms.
Refurbishment and remanufacturing	Gives products a "new life" by restoring them to their original working condition	Refurbished or remanufactured products are sold at a lower price than new ones, but may generate higher profit margins due to material cost savings

Table 3: Overview of product life extension models (Source: OECD (2019), p.29)

### 1. What are the benefits and downsides of the Product Life Extension Model?

The main goal behind the Product Life Extension Method is to reduce a company's use of natural resources. Products that become obsolete rapidly or are made of low-quality materials and discarded quickly are effectively wasting the resources used to create them. Not only do they waste resources, but commodities with short lifespans add to our already overburdened landfills. Companies in certain areas, such as technology, improve sales by applying subtle pressure to customers to purchase the most recent and advanced version of their products.

Changing a business' thinking and practice from producing things that last a few years to designing items that last a decade or more is difficult and not always beneficial to the maker. Often, it is less expensive and easier to replace an entire product rather than diagnosing the problem and replacing or repairing a single component.

<sup>13</sup> *The Circular Economy: Product Life Extension.* (2020, November 12). VEOLIA. <http://blog.veolianorthamerica.com/the-circular-economy-product-life-extension>

The advantages of the Product Life Extension business model are closely related to environmental improvement. When goods are discarded less frequently, less waste ends up in landfills. Furthermore, reducing the number of new products produced saves energy and reduces pollution and harmful by-products produced during the manufacturing process. Another advantage of reusing materials from damaged products is that the producer can avoid purchasing raw materials, lowering input production costs.

**Have a look into this website:** <https://hbr.org/2021/07/the-circular-business-model>

2. Example:

- Patagonia is a company that not only designs their products, but they also manufacture them to be more durable, also they create online repair guides to assist consumers in extending the life of their equipment, as well as a repair network shops to repair items that have been severely damaged for a customer to repair.
- Taking goods that are traditionally discarded and making them more durable and longer lasting is a large area of potential opportunity for example, razors.

	Circular supply	Resource recovery	Product life extension	Sharing	Product service system
Key characteristic	Replace traditional material inputs with renewable, bio-based, recovered ones	Produce secondary raw materials from waste	Extend product lives	Increase utilisation of existing products and assets	Provision of services rather than products. Product ownership remains with supplier
Resource efficiency driver	Close material loops	Close material loops	Slow material loops	Narrow resource flows	Narrow resource flows
Business model sub-types	Cradle to cradle	Industrial symbiosis	Classic long life	Co-ownership	Product-oriented
		Recycling	Direct reuse	Co-access	User-oriented
		Upcycling	Repair		Result-oriented
		Downcycling	Refurbishment		
			Remanufacture		
Main sectors currently applied in	Diverse consumer product sectors	Metals	Automotive	Short term lodging	Transport
		Paper and pulp	Heavy machinery	Transport	Chemicals
		Plastics	Electronics	Machinery	Energy
				Consumer products	

Table 4: Circular business models addressed in this Module (Source: OECD, (2019) p.25)

## Case Studies:

The Circular Business Model in the fashion industry is an innovative opportunity for businesses to grow and reduce their impact on the environment.

## A. Napapijri Circular Series

In this case study, it will be described as the example of Napapijri which was founded in 1987 in Aosta, Italy. The company in order to reduce the waste of the production of waterproofing jackets, which are made by different materials which can not be recycled, decided to make their design simpler and manufacture it with one polymer. As a result, the material can be recycled, and the jackets have high performance. Also, the company gave a 20% discount for next purchases when customers recycle their old jackets.

This case study is extremely important, because not even 1% of collected recycled clothes can be recycled and created new textiles etc. Before being incinerated or landfilled, the majority are downcycled into lower-value uses such as insulation.

The complexity of the product is a major contributing factor for jackets and other outerwear. A typical jacket has 25 parts, including the outer shell, zip, buttons, filler, and so on. Many of these components are also made of various materials. The difficulty in separating these components and materials is a significant barrier to recycling. Napapijri has greatly simplified the design of their Circular Series jackets so that the entire jacket - fabric, filling, and trimmings - is made from a single polymer. The polymer is Nylon 6, which is not only long-lasting and high performing, but also easily recycled<sup>14</sup>.

## B. Gerrard Street

The second case study is about Gerrard Street which was founded in 2015 in Amsterdam. The company has created the idea of renting headphones. Gerrard Street is the first company to offer a subscription service for its modular headphones. The modular design allows for the reuse of 85 percent of the components. Their business model aims to reduce the millions of tonnes of materials and electronic waste that end up in landfills each year.

It is essential how the concept of ownership is restabilising. The consumers are not always willing to rent something like headphones and it will be easier for them to own their own set. Because of the vulnerability of the product, Gerrard Street company offers this opportunity for customers who do not want to spend money on premium headphones with the possibility to break etc.

## C. De Clique

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<sup>14</sup> *Toxin-free, recyclable clothing: Napapijri Circular series*. Ellen Macarthur Foundation. (n.d.). Retrieved February 2022, from <https://ellenmacarthurfoundation.org/circular-examples/napapijri-circular-series>



De Clique founded in Amsterdam and the company makes new products from urban organic waste streams. The waste is collected with electric vehicles from businesses and includes coffee grounds, orange peels and other food waste. Afterwards, the food waste will be sold by The Clique to third party innovators and product manufacturers, who transform them into new products like food ingredients, cosmetics, and biomaterials<sup>15</sup>.

Only 2% of organic waste in cities is reused to make valuable products, representing a massive untapped potential resource. De Clique's model contributes to this volume by converting 10 tonnes of organic waste into valuable products each month.

The impact of De Clique in numbers is<sup>16</sup>:

1. For every 1 kg of food waste turned into compost, and later sold to consumers, or used to grow tea and mint, 0.6kg CO<sub>2</sub>e emissions are avoided.
2. For every 1kg of orange peel turned into products such as flavouring compounds, essential oils, dietary fibre, and candied peel, 0.7kg CO<sub>2</sub>e emissions are avoided.
3. For every 1kg of spent coffee grounds used as a medium for growing oyster mushrooms to produce bitterballen snacks, or compost, 4.6kg CO<sub>2</sub>e emissions are avoided.

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# Module 4. Best practices on CE and Social Entrepreneurship

## Introduction

It is becoming increasingly clear that the current economic system does not work for people and the planet. We need new ways of organising economic activity and more sustainable approaches to production, consumption and disposal of everyday items.

In essence, the circular economy model is about recirculating goods and material resources in the economy for as long as possible, maximising the use of renewable resources and energy sources. This means reusing or repairing existing items or, where this is not possible, breaking them down into raw materials for the production of new items with a high content of recycled materials. It also means moving away from reliance on coal and gas and accelerating the transition to 100% renewable energy.

In order to be truly effective and transformative, these transitions must be locally appropriate, community-driven, and create opportunities for people experiencing disadvantage (Allen, 2019). This is where social entrepreneurship comes in!

## Topics

For all these reasons, this module addresses and comprises of the following topics:

- 1) Circular economy and social enterprises
- 2) Some examples of bridging social and circular economy – Social circular economy
- 3) The case of ECOALF

## Learning outcomes

<b>Knowledge</b>	<b>Skills</b>	<b>Attitudes</b>
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<ul style="list-style-type: none"> <li>- Factual knowledge about different ways of applying circular economy in social enterprise</li> </ul>	<ul style="list-style-type: none"> <li>- Identify challenges and opportunities in social entrepreneurship</li> <li>- Understand the impact of social enterprises in the circular economy</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness of social and environmental problems</li> <li>- Appreciation of how the social enterprises can contribute to circular economy.</li> <li>- Awareness of the impact of social entrepreneurship in the communities</li> </ul>
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## Circular economy and social enterprises

Social Entrepreneurs (SE) play a significant and unique role in creating change in a country's economy. The role played by SEs is often challenging to measure because there is a systematic social change over the period. According to the Schwab Foundation, Social Entrepreneurs helps to create partnerships, improved visibility, easy access to funds, and increase knowledge of global affairs. This enables many political and business leaders to set up social funds and start social activities within their enterprises.

On the other hand, today's buyers demand an entirely new relationship with the businesses they choose. Just providing a good product isn't enough anymore. The millennial generation is looking to partner with brands that stand for something meaningful.

The **social circular economy combines the two archetypes** described in previous chapters, i.e. where organisations operate commercially within the circular economy and also have a social mission. An example might be Organisation A transforming corporate uniform 'waste' to bags made by economically-disadvantaged people and providing them with a decent income in good working conditions.

Bridging circular economy and social entrepreneurship has one **main goal: create innovative, sustainable and long-term resilient local societies and economies which understand and respect the environmental boundaries**. The dominant economic system is facing an initiation of various social enterprises with their business model being far more inclusive, responsible and beneficiary, demonstrating an example where a profitable economic activity does not impair the environment and empowers people in local communities (TRAIN-CE-FOOD Project, 2021).

Some of the most interesting and innovative projects in the emerging Circular Economy are being led by social enterprises around the world – from office materials recyclers in Melbourne to community sustainability and innovation hubs in Ghana.

Social enterprises with a circular business model can best address local environmental and social issues, encouraging circular changes throughout society.

You can know more about the social business model in chapter 6.

## **Some examples of bridging social and circular economy – The social circular economy**

An increasing number of social enterprises apply the principles of the circular economy to their business.

**INCLUIR AQUÍ UN EJEMPLO DE SHARING PLATFORM SOCIAL (alquiler herramientas)**

In Australia, Substation 33 (<https://substation33.com.au/about/>) has operated since 2013 as an electronic waste recycling centre, a workplace for volunteers and employees to gain confidence and skills for sustainable transition employment. Its purpose is to provide training and employment opportunities by recycling electronic waste. Still, it has simultaneously started an Innovation Lab designed and developed several products for commercial, social and educational purposes. In 2019, Substation33 won the Awards Australia Community Group of the Year Award and the Banksia Foundation Ministers Award of the Environment. Its founder, Tony Sharp, received the Social Enterprise Champion of the Year title at the Social Traders Conference and Green Collect and the 2019 Social Enterprise of the Year award. This is an example of the **“Upcycling” business model**.

Another unique good practice is based in Malaysia. Biji-Biji (<https://www.biji-biji.com/>) works as an open workshop, and the maker-community use repurposed materials in developing ethical technology and fashion, including designer-collaboration clothing and eco-friendly tools, such as bike blenders or upcycled lamps. Globally advocating the ecological potential of a circular economy for social good is necessary and is achievable through social enterprise partnerships. This is another example of **“Upcycling business model”**.



Source: Biji-Biji (<https://www.biji-biji.com/>)

In Spain, OLEÍCOLA EL TEJAR (<https://eltejar.sbsoftware.es/>) is a second-tier agricultural co-operative focused on the integral use of olive oil by-products. It was set up in 1967 by five co-operatives in Spain. The company's corporate purpose is the integral use of the by-products of the olive grove, especially the wet pomace resulting from the oil mill industry. A part of it is used for animal feeding. From the rest, the orujo olive oil is extracted, which is mixed with extra virgin olive oil and then used for human consumption. The waste of that extraction is exploited using combined heat and power techniques to generate renewable energy through biomass. Oleicola el Tejar managed to grow from five co-operatives to 240 entities that process olives of more than 80,000 farmers that cultivate more than 400,000 ha of land. Therefore, it is a good example for social business that is part of the circular economy. As a result of their work, Oleicola el Tejar has produced 26,000,000 tonnes of biomass which have avoided the emission of 8,000 tonnes of CO<sub>2</sub>. This is an example of **Circular Supplies business model**.

At AEROPOWDER (<https://www.aeropowder.com/>), they believe in the circular economy and in unlocking the potential of hidden waste streams. They have turned their attention to the millions of tons of feathers that are generated every year around the world by the global poultry industry. Their goal is to enable the local production of sustainable materials, anywhere in the world, wherever there are feathers. They have developed a patent-pending process to create sustainable insulation materials from feathers. Their first product is [pluumo](#), made with poultry feathers, a sustainable

thermal packaging material designed to replace expanded polystyrene used during food deliveries. This is an example of **“Resource recovery” business model**.

According to the FAO, about one-third of food for human consumption is lost along the value chain (<https://www.fao.org/platform-food-loss-waste/en/>), so closing the loops to fight food wastage is a good example and a major component of the circular economy. For example, Simone Lemon in Paris (<https://www.simonelemon.com/>) designed its menu using ‘out-of shape’ fruits and vegetables, usually discarded, and by charged dishes by weight. This could be another example of **“Resource recovery” business model**.

Too Good To Go (<https://toogoodtogo.co.uk/en-gb>) is a mobile application that connects customers to restaurants and stores that have unsold food surplus. Their mission? To make sure good food gets eaten, not wasted. Every day, delicious, fresh food goes to waste at cafes, restaurants, hotels, shops and manufacturers - just because it hasn’t sold in time. The Too Good To Go app lets customers buy and collect Magic Bags of this food - at a great price - directly from businesses. As part of the initiatives taken on the [International Day of Awareness of Food Loss and Waste](#) to reduce food loss and waste, the app is suggested alongside [OLIO](#) among many others. This is an example of **“Sharing platform” business model**.

## The case of ECOALF

### What is it about?

ECOALF was born in 2009 with the vision of Javier Goyeneche to stop using natural resources in a careless way. Javier's mission was to create a first generation of recycled products with the same quality and design as the best non-recycled products on the market.

After three years of R&D, the first ECOALF collection was born with its first flagship shop in the heart of Madrid.

Together with SIGNUS and CTCR (Centro de Tecnología de Calzado de la Rioja) the first collection of innovative flip-flops from ECOALF is born. This award-winning project is made from 100% recycled tyres and does not need any glue thanks to its innovative technology.

Ecoalf recycles abandoned fishing nets, used plastic bottles, tyres, coffee grounds, post-industrial cotton and post-industrial wool. The bottles are cleaned and shredded into plastic flakes, which through a mechanical process are converted into raw spun

polyester fibre that is processed into the final quality. This recycled industrial yarn is used to develop fabrics, belts, labels, cords, etc.

In 2015, Ecoalf through its Foundation and with the support of HAP Foundation, embarked on its most ambitious project: **Upcycling the Oceans**, a global adventure that will help eliminate marine debris from the bottom of the oceans thanks to the support of fishermen. A revolutionary project that is being implemented in other parts of the world and whose main objective is to recover the rubbish that is destroying the oceans and transform it into top quality yarn to make garments. Investment in R&D is crucial to achieve quality in accordance with Ecoalf standards.

This pioneering initiative has a threefold objective: to rid our oceans of waste that damages marine ecosystems; to give a second life to recovered waste through the circular economy; and to raise awareness of the global problem of marine litter. The vast complexity and challenge facing this project is the low and inconsistent quality of the waste recovered by fishermen as a result of exposure to sunlight, salt and water.

In 2017, Upcycling the Oceans was replicated in Thailand with the support of the Thai Ministry of Tourism and PTT Global Chemical to replicate the Upcycling the Oceans project in Southeast Thailand. A **3-year commitment to clean up 5 islands**: Bangkok, Phuket, Rayong, Koh Tao, Koh Samui. The aim of the project is to collect rubbish through fishermen, beach clean-up associations and diving communities, as well as to raise awareness among tourists and citizens about the seriousness of the problem of ocean pollution. This initiative not only helps to clean up the oceans, but also promotes the circular economy while raising awareness in the most touristic areas of the Thai coastline.

The Ecoalf Foundation is also replicating the Upcycling the Oceans project around the Mediterranean: currently in Italy and Greece. To date, Upcycling the Oceans continues to expand in Spain, Greece, Italy and Thailand with the support of more than 3,200 fishermen, collecting more than 700 tonnes of marine litter from the seabed. **The mission is to collaborate with more than 10,000 fishermen and clean the bottom of the Mediterranean by 2025.**

Each of the products they sell through their website is labelled with the amount of recycled material used in its manufacture. For example: five plastic bottles are used to make a backpack; other backpacks are made from fishing nets; 56 recycled plastic bottles are needed to make men's jackets; 4 plastic bottles are used to make a pair of trainers, etc.

The ECOALF movement unites individuals who are committed to improving their daily habits to encourage change and inspire others to take care of the only planet we have.



And for every product that carries the BECAUSE THERE IS NO PLANET B® brand, **10% of sales are donated to the Ecoalf Foundation** to support the expansion of its Upcycling the Oceans project that has united more than 3,000 fishermen around the Mediterranean and collected more than 700 tons of marine litter from the bottom of the sea. We can all have a positive impact, and it all starts when we make the decision to be part of the solution.

Watch these Videos:

[https://vimeo.com/55535976?embedded=true&source=vimeo\\_logo&owner=14984683](https://vimeo.com/55535976?embedded=true&source=vimeo_logo&owner=14984683)

<https://ecoalf.com/es/p/upcycling-the-oceans-15>

<https://ecoalf.com/es/p/commitment-169>

### **The impact of their activities**

- More than 400 recycled fabrics developed
- More than 250 million of plastic bottles recycled.
- Hundreds of fishing nets recycled
- Millions of litres of water saved with recycled cotton
- 43 seaports and more than 3200 fishermen involved in recovering plastics from the oceans.
- More than 700 tons of marine litter collected from the ocean floor.
- The "Upcycling the oceans" project replicated in Thailand and around the Mediterranean.
- Its sneakers have the lowest carbon footprint of the market.
- First Spanish clothing brand to be Bcorp-certified: companies verified by B Lab meet high standards of social and environmental performance, transparency and accountability.
- More than 150 educational talks around the world.
- And 100 Act Now events
- The ECOALF movement "Because there is no planet B®" has reached millions of people around the world uniting for the same cause.

*"What we do is no longer enough, how we do it is more important". Javier Goyeneche*

### **Business model**

Ecoalf is an example of the combination of the Circular Supplies Model and Social Business Model (see Module 6). They replace traditional inputs with recovered materials, thus, they can sell their products as 'green'. They operate on a more

sustainable framework under this strategy, and better connect themselves with consumers who expect cleaner technology and less pollution.

## Case study

<b>Module Title</b>	<b>4. Best practices of Social Entrepreneurship in the Circular Economy</b>		
<b>Case Study Title</b>	How the Circular Economy strengthens communities and reduces waste	<b>Case Study Code</b>	CS2.1
<b>Type of resource</b>	<b>Case study (CS)</b>	<b>Type of learning</b>	Self-directed learning
<b>Duration of Activity (in minutes)</b>	<b>30</b>	<b>Learning Outcome</b>	To know how a social enterprise can solve a social problem
<b>Aim of activity</b>	Promote reflection on other ways of doing business using the circular economy with a social purpose.		
<b>Introduction</b>	<p>David Paynter is the founder of the <a href="#">Gold Coast Tool Library</a>, a fresh start up in the community sharing platform space.</p> <p>Frustrated and deeply saddened by western society's over consumptive habits, environmental destruction and ever-growing waste catastrophe, David called on his experience working in the charity and NFP sector and sought out a way to provide a tangible, grass roots working example of how anyone can reduce their impact on the planet's finite resources. Embracing two of the circular economy's business principals of sharing platforms and product life extension, he engaged with the local community to secure inventory items, gather a volunteer team and launched the Gold Coast's first tool library.</p> <p>David Paynter discusses different methods for getting projects off the ground and establishing a social enterprise which successfully utilises the circular economy model.</p> <p>He always had a strong connection to nature and the natural cycles that exist because everything in nature is circular by design. There's no such thing as waste in nature.</p>		

	<p>“Waste is a construct of man, we invented waste, it is something you do, not something that is. There's a lot that we can learn from the natural cycles of nature and biomimicry, so connecting with nature he did a lot of volunteering and environmental projects through the years”.</p> <p>He says he was lucky enough to see a presentation by Professor Will Steffen talking about planetary boundaries and something really just clicked there. He was thinking, "why aren't we all operating from this mindset?" Then, he discovered the SDGs, the UN Sustainable Development Goals, and that is such a good framework to base your projects and where you're operating on. It's a good way to explain to people what's going on.</p> <p>Then he started to explore social equity, the triple bottom line, and just how money as a force for good is so powerful, especially in what we can do as consumers and business' through making the choice of what we do with our money. We can change systems so much faster than what a government or your local regional council can do.</p> <p>Explore what else David says in this interview:  <a href="https://www.impactboom.org/blog/2021/3/16/david-paynter-on-how-the-circular-economy-strengthens-communities-and-reduces-waste">https://www.impactboom.org/blog/2021/3/16/david-paynter-on-how-the-circular-economy-strengthens-communities-and-reduces-waste</a></p>
<b>Challenge</b>	Thinking about methods to successfully implement circular economy in social enterprise projects
<b>Assignment</b>	<p>Key questions that you need to be able to answer:</p> <ul style="list-style-type: none"> <li>- How did he made changes in his local community?</li> <li>- How does his social enterprise help to reduce environmental impacts of consumption?</li> <li>- How many Earths we would need if all the people in the planet live as we live in the developed countries?</li> <li>- What are the fundamental ingredients for the longer-term success when running a community driven project?</li> <li>- What have been some of the greatest challenges in setting up the Gold Coast Tool Library?</li> </ul>

## Additional Learning Resources

<b>Module Title:</b>	Module 4. Best practices of Social Entrepreneurship in the Circular Economy
<b>Title of Resource:</b>	The circular economy, cooperatives and the social and solidarity economy

<b>Resource Code:</b>	R4.1
<b>Description of the resource:</b>	This resource is a website article that explains how the sustainable development requires actions to revamp production and consumption patterns and the role of circular economy and social enterprises for it.
<b>What will you get from using this resource?</b>	Reading this article will help you understand the role of social entrepreneurship in the sustainable development. Key messages: <ul style="list-style-type: none"> <li>• Achieving sustainable development requires determined actions to revamp production and consumption patterns.</li> <li>• The notion of the circular economy facilitates greater level of social and environmental sustainability.</li> <li>• Cooperatives and other enterprises of the Social and Solidarity Economy are recognized as taking a leading role in incorporating the circular economic model into their business and communities.</li> </ul>
<b>Link to resource:</b>	<a href="https://www.un.org/development/desa/cooperatives/2021/08/02/the-circular-economy-cooperatives-and-the-social-and-solidarity-economy/">https://www.un.org/development/desa/cooperatives/2021/08/02/the-circular-economy-cooperatives-and-the-social-and-solidarity-economy/</a>

<b>Module Title:</b>	Module 4. Best practices of Social Entrepreneurship in the Circular Economy
<b>Title of Resource:</b>	Close the loop
<b>Resource Code:</b>	R4.2
<b>Description of the resource:</b>	<p>"Unless we go to Circular it's game over for the planet; it's game over for society"</p> <p>These are the opening words of Closing the Loop, the world's first feature-length documentary film on the circular economy, which was publicly released on Earth Day, 22 April 2018.</p> <p>On Earth Day 2019, it was released for <b>free open-access viewing on Youtube</b>, with subtitles (close-captions) available in 11 languages: English, Spanish, French, German, Chinese, Portuguese, Russian, Persian, Dutch, Italian and Korean.</p> <p>Going "circular" refers to the necessary change from our current take-make-waste linear economy to a borrow-use-return circular economy (sometimes also referred to as the zero-waste or cradle-to-cradle economy).</p> <p>In support of the UN Sustainable Development Goals (especially Goal 12 on Responsible Consumption and Production), the documentary explores five key strategies for achieving circularity – reduce, reuse, recycle, renew and reinvent – by showcasing examples from Europe, Latin America and Africa</p>

	and featuring insights from experts from the likes of the World Economic Forum and the Universities of Cambridge and Harvard.
<b>What will you get from using this resource?</b>	Watching the film, you can learn about some featured cases. The key takeaway message from Closing the Loop is that moving to a circular economy is not only essential and urgent, but also entirely possible, if we take inspiration from the pioneers, such as those featured in the film, and scale up similar business models, product innovations and customer solutions around the world.
<b>Link to resource:</b>	<a href="https://youtu.be/6g0AYbEoOGk">https://youtu.be/6g0AYbEoOGk</a>

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# Module 5. Market Research: Methods and Tools

## Introduction

This module will focus on **Market Research**, which is a vital element of a Business Plan. This section will stress the importance of conducting market research and will present some practical examples of the techniques used to collect information during the market research process. In addition, this module will provide market tools for an easy and quick start in this process. At the end of each sub-section, there is additional suggested learning.

## Topics

- 1) What is Market Research?
- 2) Reasons to conduct market research
- 3) Key Steps for a successful market research
- 4) Market Research Methods
- 5) Market Research Tools

## Learning Outcomes

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"><li>• Knowledge about the definition and the reasons for conducting a market research</li><li>• Knowledge about the steps of conducting a market research</li><li>• Knowledge about</li></ul>	<ul style="list-style-type: none"><li>• Define the business idea and identify the target audience for that idea</li><li>• Identify potential problems when conducting market research and choose the best methods and tools to successful complete the research</li></ul>	<ul style="list-style-type: none"><li>• Awareness of market trends</li><li>• Awareness of the business skills required for a market research</li></ul>

## What is Market Research?

As explained above in the business plan section, an important component of the business plan is the market research.

What differentiates ideas-put-into-the-table from actually having a minimum viable product (MVP) and ultimately a successful product in the market, is this phase of digging into the market and identifying the **what, how, why** and **when** to reach the “ideal customer”.

This is precisely what “market research” is all about.

The information gathered through a **Market Research** proves to be a tool that allows the company to have a clear picture of the current situation of the market it wants to enter/expand into and at the same time it is considered as a feedback to the organisation for better decision-making.

Businesses need to understand the importance of conducting market research. If you were to think of an example of planning a trip, before arriving at your final destination, you have already completed your research in terms of where to stay (location and money wise), what attractions to visit, where to eat and drink; all based on your preferences. If no research is done beforehand, there is the risk that you would miss important attractions, that the location of your accommodation would not be close to the city centre and ultimately the trip may prove to be a disaster.

In the context of a business, market search is about identifying valuation information and linking it back to the organisation’s short as well as long term goals. Revisiting the **what, how** and **why**, mentioned above, an organisation needs to answer the question of **what** the market research is looking to gain information for, **how** it will go about it (methods and tools) and **why** is conducting the market research in the first place. Organisations should focus first on identifying the target audience of the product or service they want to introduce/expand. As we will see in the following sections of this chapter as well as *Module 6: How to build a business plan*, customers are in the centre of their decision-making.

## Reasons to conduct market research

Focusing on the “why” part of conducting a market research, the below reasons are the most common ones, among others:

1. **Better Understand Your Existing Audience:** Through actual data, for example, *on what existing customers value, who influences their buying decisions and what means they are using for their purchases*, can help to make important decisions and strategic marketing.

2. **Strategic Innovations:** In this case, market research can help organisations obtain insights about the environment associated with pricing, products, distribution and promotional channels as they are looking to improve a product and/or service through innovation and cutting-edge techniques.
3. **Identify New Customers:** Acquiring information from a wide range of angles allows organisations to redesign their marketing strategy to expand and reach different target groups. Examples of questions involve *who is likely to use your product or service, where do they live, what is their level of education, their age, marital status.*
4. **Identify Future Business Opportunities:** Market research allows organisations to identify patterns that can lead to future business opportunities whether through survey or other kind of qualitative feedback. Research studies facilitate the identification of changing industry trends, population shifts, increasing levels of education or changes in leisure activities.
5. **Business Expansion:** Through market research, organisations can test the market's readiness for a new product and/or service (eg. deciding whether to open a second retail store and choosing the right location) and obtain an understanding of the competitive landscape of the market, by assessing competitors' best practices.

## Key Steps for a successful market research

Identifying market trends and customers' needs and working towards building a competitive advantage are some of the benefits deriving from conducting market research.

The steps to be followed during the research process should be "*planned in advance, be methodologically sound and well documented*". Although this process can be time-consuming, it is worth the time and effort. As the time passes, the team will be able to conclude on relevant and useful research outcomes faster and efficiently.

**Important Fact:** Market research aims to gather and conclude on accurate information that reflects a "true state of affairs". Therefore, market research should be free of any form of bias of the researcher or the management.

Each step of the process is thoroughly explained below, based on the "Six Step Market Research Process" graph (Fig. 1)





Figure.11: Six Step Market Research Process (Source: <https://www.mymarketresearchmethods.com/the-market-research-process-6-steps-to-success/>)

## A. Define your objective

The urge of an organisation to conduct a market research starts from the fact that there is a business opportunity or a business problem; however, there is no sufficient information to allow the organisation to act upon it.

*A research objective is a statement which discloses the final outcome a person aims to achieve based on available resources and a given timeframe. In the case of a "market research" objective, this is a statement prepared by the organisation to gather information about customers' needs.*

Therefore, a market researcher should start backwards, i.e. what is the desired outcome. That will give the organisation an idea of its "Why".

- Why is this market research going to be performed in the first place?
- What would the organisation like to take away from this research?
- How is the information gathered going to be used in?

In addition to helping organisations define their market research objectives, it helps them reduce the risk of the research diluting from the predetermined outcome(s). Also, these goals are considered as a reference point since they link back to the original goals and therefore there is a tracking system during the market research process.

### Quick Tip: Example of how to set a research objective

To set a market research objective answer the following questions:

- ✓ Where does this fit?
- ✓ Target audience
- ✓ What you'll be measuring
- ✓ The behavior

**Example 1:** In alignment with our Product Marketing Plan for Product X, we aim to assess which features of Product X are most important to our Enterprise customers when deciding to introduce a new software into their ecosystem.

**Example 2:** As we work to understand our customer journey, we aim to identify what triggers our four user segments to search for Service Y.

Figure. 12: Questions to set a market research objective answer. (Source: <https://www.seerinteractive.com/blog/how-to-write-a-marketing-research-objective/>)

## B. Determine the Research Design

In this step, a detailed plan needs to be prepared on the methods to be used for conducting the research and gathering information, having in mind the objectives of the research mentioned above.

Generally, market research is divided into two phases:

- **Primary market research:** Organisations conduct their own market research and collect their own data. There are different methods and tools, such as surveys (most commonly used method), interviews, focus groups, experiments & field trials, and observations. These methods assist organisations in identifying market trends, customers' needs and competitors' techniques.
- **Secondary market research:** Organisations utilise and analyse data collected by others such as data generated by the government, published studies and social media statistics. Organisations who conduct only secondary market research may not be able to develop a competitive advantage since the data used to draw conclusions are also freely available to their competitors.

Pros and cons of primary research

Pros	Cons
Primary issues are addressed: the company has complete control over which issues they want to find out more about.	Cost: conducting primary research can get quite expensive depending on the type of research you do.
Interpretation: collected data can be interpreted depending on the needs of marketers instead of how researchers interpreted the data.	Time: it can take up a lot of your time as qual sometimes can be more time consuming than quant.
Data recency: primary data is more accurate as it is recent and collected for the purpose of what is being tested.	Target audience: it can be quite difficult to recruit the right respondents.

Pros and cons of secondary research

Pros	Cons
Time: Compared to primary research, secondary research takes less effort to collect.	Assumptions: secondary researchers have to assume the definition of terms and hypotheses, it might not mean the same to them as it did to researchers.
Cost: usually secondary research costs next to nothing to gather.	Accuracy: secondary researchers cannot not be certain that the research was not biased, the accuracy will remain questionable.
Foundation of primary research: secondary research is great in terms of forming hypotheses for primary research.	Its not specific: you might not get answers to specific questions that you could get from primary research.

Table. 5: Pros and cons of primary and secondary research.  
(Source: <https://sapioresearch.com/tutorials/why-would-a-company-do-market-research>)

There are three (3) types market research:

1. **Exploratory research:** It is used to define a problem or scout opportunities, through in-depth interviews and discussions groups.
2. **Descriptive research:** It is used to assess the market landscape, through personal interviews and surveys.
3. **Causal research:** It is used to test the "cause and effect" relationships, through estimations.

### C. Prepare Research Instrument

Following the determination of the "Research Design", i.e. the methods to be applied to collect market data, organisations need to design the research tool. This means that if the method selected involves surveys and focus groups and/or personal interviews then the organisation should proceed with the preparation of the structure and format of the questionnaire and the open-ended questions, respectively. This is the first step of the plan implementation.

### D. Collect data

This phase is about putting things into practice by sharing the survey, running the focus groups, conducting the interviews and/or the field tests. Information is collected from all different sources and recorded either manually or through a system.

### E. Analyse data

In this phase, all the information collected in the previous step will be analysed through the use of different software packages such as Excel, SPSS and Minitab. Organisations may create summaries, graphs and/or tables based on what interests the organisation. An example will be to segment the results by groups such as age, gender, demographics etc.

### F. Visualise and communicate findings

The final step is to convert the structured information from the previous step, into meaningful conclusions about market trends and customers' needs.

During the process of "reading" the information and gathering the findings, organisations should apply critical thinking on what the information is trying to "say".

The presentation of the results should link back to research objectives and business opportunity/problem (see step 1).

The results should be presented in the form of *insights* and *recommendations*. An investor or the CEO of the organisation is looking for *answers, which address the* research objectives and business opportunity/problem.

Remember: Market research is only one factor to a decision-making process – a strong input – but nevertheless only one. We will come back to this when learning more about the business plan.

## Market Research Methods

As explained above, there are two types of market research; the primary and the secondary. Within each type, different sub-methods exist, which are analysed in detail below (*Fig.2: Overview of the market research method*).

Methodology	Qualitative or Quantitative?	Typical Cost	Typical Time	Comments
<b>Secondary Research</b>	Can be either	Typically free or low cost	Short	Usually a great place to start, but often not detailed or specific enough
<b>Surveys</b>	Quantitative	Varies widely. Key costs include participant incentives, survey design, & survey administration	Medium	Excellent for measuring attitudes across a large population and for answering specific questions
<b>Focus Groups</b>	Qualitative	Medium. Key costs include focus group moderation and participant incentives	Medium	Good for exploratory research
<b>Interviews</b>	Qualitative	Similar to focus groups, but can be much cheaper depending on the audience and # of interviews	Short-Medium	Also good for exploratory research, along with deep dives into specific topics
<b>Experiments &amp; Field Trials</b>	Quantitative	Often the most expensive method	Usually Long	Used for scientifically testing specific hypotheses
<b>Observation</b>	Usually Qualitative	Medium, relative to the other options	Medium	Good for measuring actual behavior, as opposed to self-reported behavior

Table. 6: Overview of the market research method.

(Source: <https://www.mymarketresearchmethods.com/an-overview-of-market-research-methods/>)

These are analysed as follows:

- **Surveys:** They are a straightforward and concise method and the more significant your survey sample, the more reliable the results.
  - **In-person surveys:** one-on-one interviews, which generate response rates of over 90 percent. They are conducted in high-traffic locations such as on a busy street, where people are presented with product samples, packaging, or advertising. In person surveys gather immediate feedback but they are costly.
  - **Telephone surveys** remain a useful option, with a response rates of 50 to 60 percent. They are cheaper than in-person surveys but costlier than Mail. However, convincing people to cooperate in phone surveys has proved to be challenging and can be a detriment to the organisation's reputation.
  - **Mail surveys** (or telemarketing) generate response rates of 3 to 15 percent only but they are a cost-effective method (they are much cheaper than in-person and tele-depth surveys). Therefore, they are a sensible choice for smaller businesses.
  - **Online surveys** are a simple and inexpensive method to collect anecdotal evidence and gather customer opinions and preferences. They are relatively quick and reach a high number of interviews from a wide range of countries.
- **Focus groups:** They are a useful tool both prior and after conducting surveys. In the case of organising a focus group prior to having a survey, it could be a feedback for adjusting the survey questions to be more specific and tailored to the purpose of the survey. In the case of organising a focus group following the results of the survey, it could be an opportunity for the organisation to understand the answers of the survey and dive deeper into the rationale behind them. Therefore, focus groups are a great tool for exploratory, qualitative research.

When organising a **Focus Group**, the following points should be considered:

- A Focus Group consists of people fitting the target demographic the organisation wants to collect data from. (e.g. "females under 30 with an income over €30", "kids who play 5 or more hours of video games a week", etc.)
- The group is gathered in a room, preferably with videotaping equipment and an observation room with one-way mirrors, where the team of observers is located. The organisation, who initiated the study, can also be involved into this process and accompany the members of the research team.
- There is a moderator who guides the discussion in an informal group setting, based on a series of questions or topics, thus allowing the participants to bounce thoughts off of one another and draw conclusions.
- The duration of a focus group is one to two hours, and it usually takes a minimum of three groups for fair results to be concluded.
- The participants of the group receive compensation for their time, in the form of money, coupons, free products, etc.

- **Personal interviews:** As in the case of the focus groups, personal interviews are a qualitative market research method. They yield valuable insights into customer attitudes and allow organisations to identify psychological motivations and underlying perceptions of their target audience.

Therefore, both methods – focus groups and personal interviews – provide more subjective data than surveys and are useful for exploratory research. However, organisations need to keep in mind that the results of these methods are not statistically reliable as they do not represent a large enough segment of the population.

When organising a **Personal Interview**, the following points should be considered:

- A personal interview includes open-ended questions. The flow of the conversation may be loosely constrained to a general topic of interest, or it may be specific and structured, i.e. with questions and/or activities (e.g. fill in the blank).
  - The duration of the interview lasts for a maximum of one hour and is usually recorded.
- **Observation:** Organisations, who choose the method of **Observation**, collect more reliable and useful data compared to the methods stated above because data collected through surveys, focus groups and personal interviews may be different from how people actually behave in real life. Observing customers, for instance by videotaping them, allows organisations to have a more accurate picture of their customers' patterns and behaviors.

There are two categories of observational research namely (1) strict observation, which implies that there is no interaction with the subject at all, or (2) observation with some level of intervention/interaction between the researcher and the subject.

There are different methods of observational research. Some examples are:

- Usability testing – Observing a customer using a prototype device
  - In-Home Observation – Observing the daily routine of a family
  - In-Store Observation – Observing customers' behavior whilst shopping
  - Mystery Shoppers – Observing a person who was hired to visit a store and pretend to be an everyday shopper.
- **Field trials:** Prior to launching a product, an organisation may choose to use the "Field trial" method to examine customer response, under real-life selling conditions. These trials can occur in controlled environments or out in the field (natural settings) and are considered a quantitative form of market research.

An example to demonstrate how field trials work is to deliver to a store the same product but with two different packages and measure the sales levels of both. Therefore, this method of market research allows organisations to make product modifications, adjust prices, or improve packaging in advance.

**Additional learning: [10 Types of Market Research Techniques to Identify Potential Customers](#)**

## Market Research Tools

Following the identification of the target audience and subsequently the market research methods that best reach this target group, the next question lies to what are the best market research tools of each method, both in terms of efficiency and cost-effectiveness. Market research tools facilitate the process of obtaining data faster and with minimal effort.

Market research tools are software applications which allow organisations to examine market trends, assess competitors, gather customer feedback and insights about the product and/or service, including how customers behave online and ultimately analyse this data to build further on the marketing strategy.

Apart from facilitating the time and cost-effective collection of feedback from customers, market research tools assist in the elimination of the availability bias because they provide an accurate picture of the customers' needs and preferences. However, market research comes with its challenges. For example, finding honest respondents who will be willing to participate in the surveys and interviews is proven to be hard. This leads to a mismatch in what the organisation offers and what customers expect (Fig X Understanding customers' needs and expectations - Expectation Vs Reality).



Figure. 13: Understanding customers' needs and expectations - Expectation Vs Reality.  
 (Source: [Insights from 8,000 Consumers in Latest Salesforce Report - Salesforce EMEA Blog](#))

Market research tools contribute to solving these challenges. There is a list below of both free and with-subscription market research tools that can help organisations conduct their market research accurately, effectively and efficiently.

Google Marketing Platform For Small Businesses For Enterprises Resources Blog Partners Support

## For Enterprises

A single platform that integrates your advertising and analytics, so you can act on customer insights faster.

[Learn more](#)

**ADVERTISING**

**Campaign Manager 360**  
Get a complete view of all your digital media campaigns.

**Display & Video 360**  
Reach today's always-connected audiences wherever they are.

**Search Ads 360**  
Get real-time data and unified insights for your search campaigns.

**ANALYTICS**

**Analytics 360**  
Use advanced tools to get a deeper understanding of your customers so you can deliver better experiences.


**Data Studio**  
Unlock insights from your data with engaging, customizable reports.

**Optimize 360**  
Test variations of your sites and apps with advanced tools for enterprise marketers.

**Surveys 360**  
Get fast, reliable market research from real people.

**Tag Manager 360**  
Manage all your tags in one place for a smarter, simpler way to oversee your marketing.

Analytics gives you the free tools you need to analyze data for your business in one place.



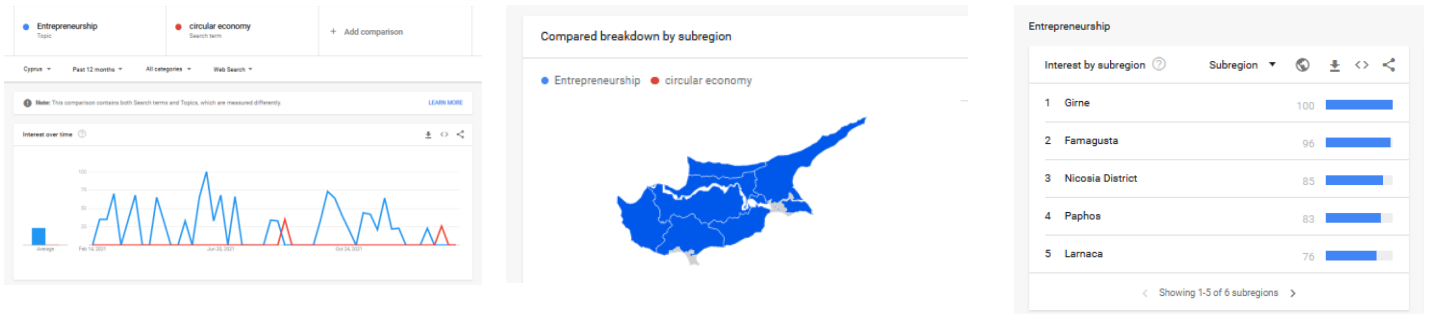
## List of Market Research Tools - Free

**Google Trends** (<https://trends.google.com>)

Google Trends surfaces trends data from all over the internet, by refining the location of the organisation's interest, or choose to go worldwide.



Google Trends indicates how the term of the organisation's interest has been trending over time, and assigns it a score out of 100. It can also be compared with different terms to see how they hold up against each other.

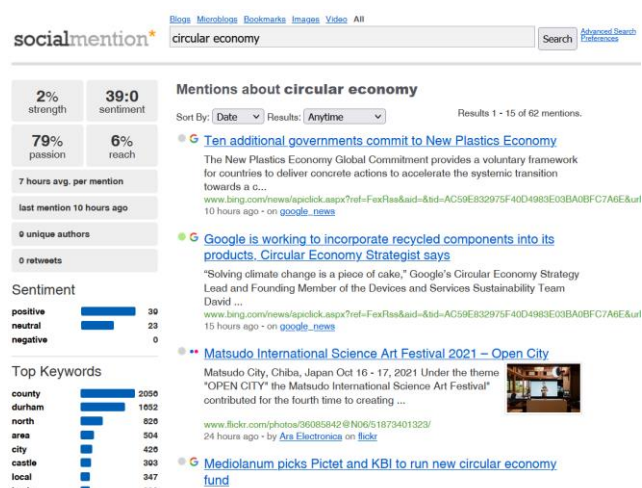
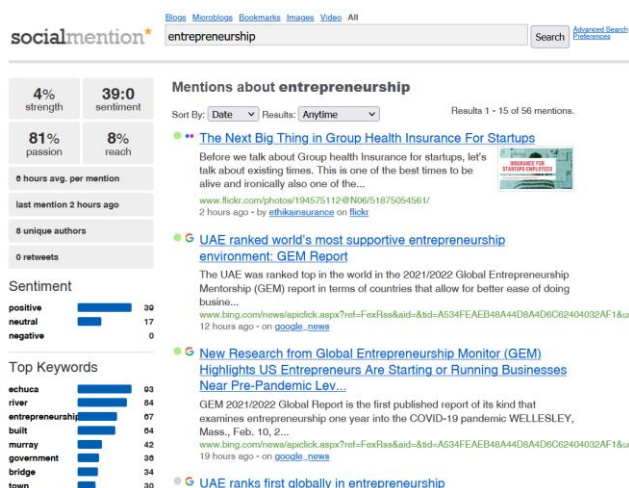


## Google Analytics (<https://marketingplatform.google.com/about/analytics/>)

Google Analytics can provide feedback as to how the organisation's customers are behaving whilst on its website, by presenting which products many view, but few buy (or vice versa) and by illustrating what social media channels customers are responding to, amongst many other insights.

## Social Mention (<http://socialmention.com>)

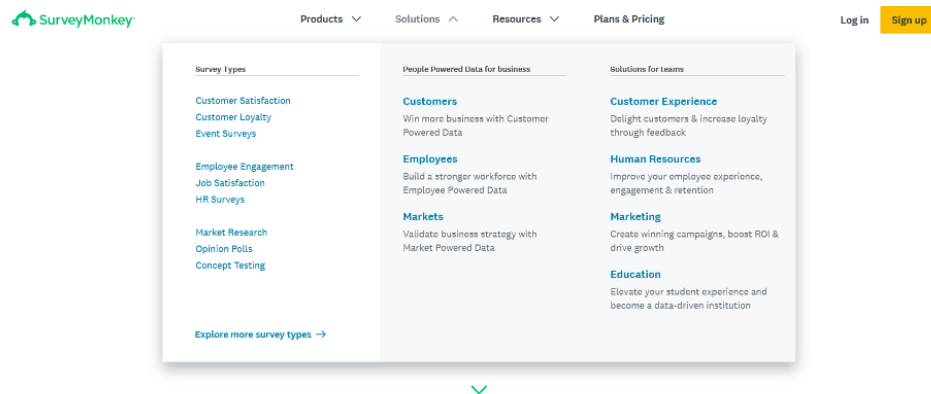
Social Mention provides a single place to search for terms that are relevant to the organisation. It allows the organisation to check what is more generally trending at any moment in time.



# List of Market Research Tools - With subscription

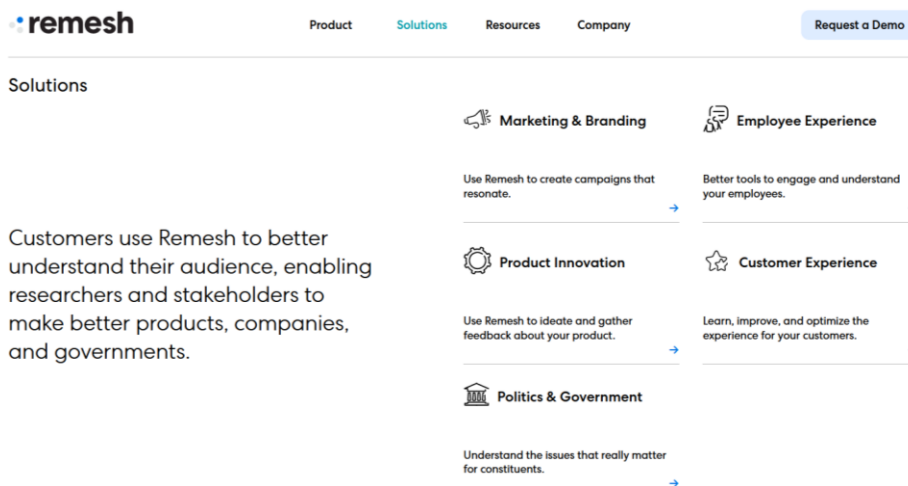
## Survey Monkey (<https://www.surveymonkey.com>)

SurveyMonkey is used by all types and sizes of organisations and it allows users to create branded surveys with various types of questions. It is more than just a survey generator because it has a suite of tools which help to analyse data, predict the success of different types of surveys and collaborate with teams.



## Remesh (<https://www.remesh.ai/>)

Remesh is a tool which makes the collection of qualitative insights easier by allowing a live conversation with up to 1,000 people at once. Its features sorts the data into simple and easy to understand insights.



## Heartbeat Ai (<https://www.heartbeatai.com/>)

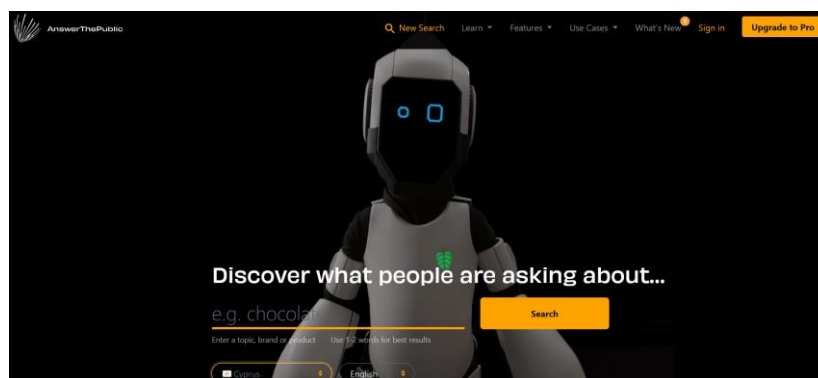
Heartbeat Ai is a 'Human Experience' software which uses machine learning to suss out the emotions underpinning written content.

As it says on their website: "At Heartbeat Ai, we've seen the power of unveiling the rich emotional world that word choice analysis conveys. We're not talking binary indicators of approval. Instead, we generate far more nuanced, concrete insights about how people are triggered by what they experience."



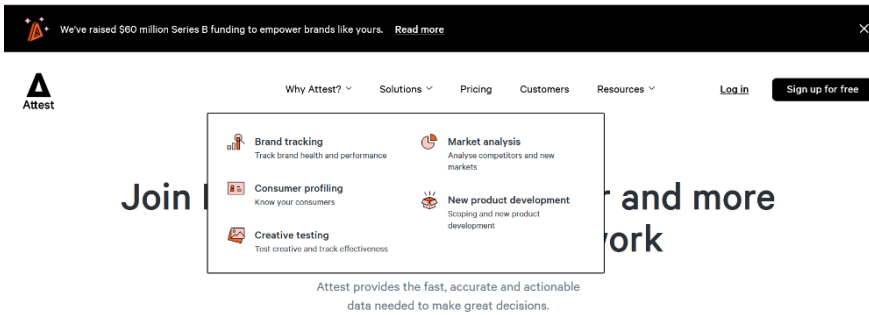
### **Answer the Public** (<https://answerthepublic.com>)

Answer the Public allows organisations to input a search query and receive back every useful phrase and question which people have asked around that topic in a structured way and easy to understand way. All this data helps organisations to obtain an understanding of what consumers are asking for, so that the organisations can answer these questions.



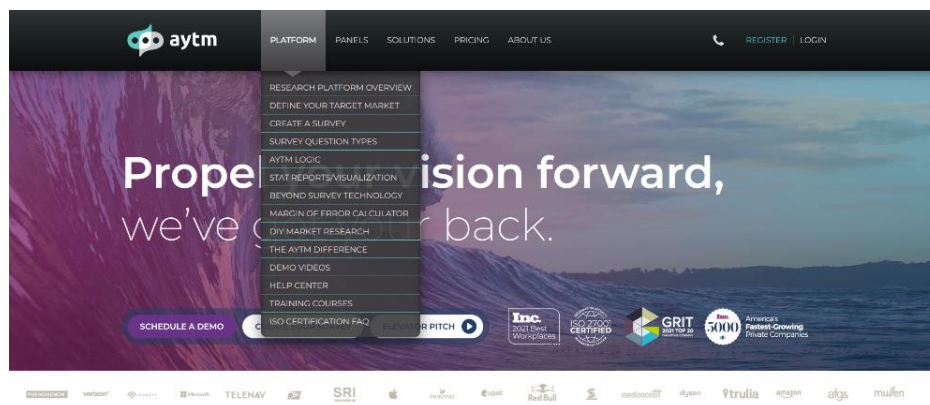
### **Attest** (<https://www.askattest.com>)

Attest helps organisations to perform all kinds of market research – from hefty pieces of work – like market and competitor analysis – to in-the-moment gut checks, like testing different creatives for ads. Build surveys, connect to our audience of over 100M consumers worldwide, and start getting the answers you need in real-time.



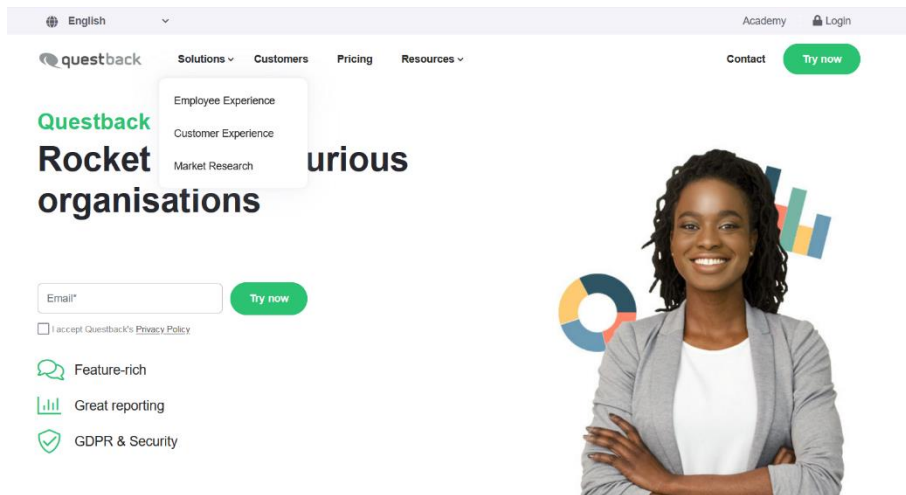
## Ask Your Target Market (<https://aytm.com/>)

AYTM is a survey creation and market research tool which boasts responses to the organisations' surveys within minutes of submitting them. It offers detailed survey targeting, and gives organisations access to over 40 million potential survey respondents across the world. It offers both free and paid models and also features easy-to-use survey building with an extremely user-friendly design.



## Questback (<https://www.questback.com/>)

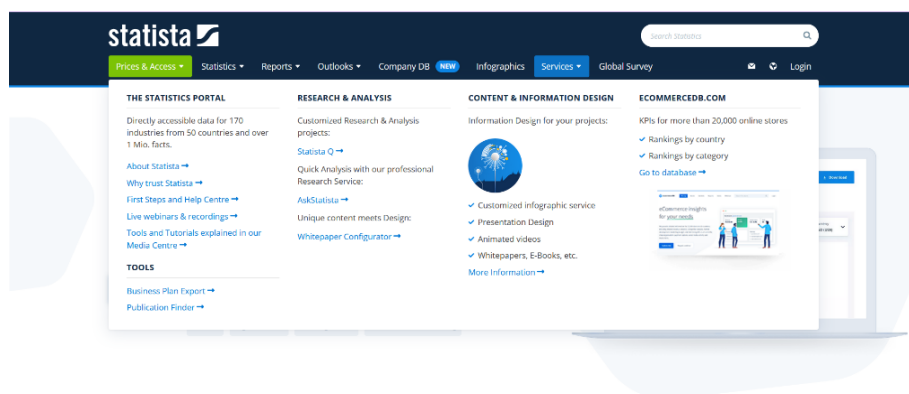
Questback is an end-to-end market research tool which leverages information from the organisations' employees, customers, and the market at large to give a 360 view of the business. It is an all-in-one solution since it supports survey making, focus group management, and provides both qualitative and quantitative analysis.



## Statista (<https://www.statista.com>)

Statista is an online portal which provides data on the global digital economy, industrial sectors, consumer markets, public opinion, media and macroeconomic trends. It includes quantitative data from 425 economic sectors in 50 countries are provided with a range of infographic tools for analysis and visualisation.

## References



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- <https://www.smallbusiness.wa.gov.au/marketing/market-research>

# Module 6. How to build a business plan

## Introduction

This module will focus on the **Business Plan** to stress the importance of drafting a plan once an idea is acquired. The key steps of building a business plan will be explained and this will lead to the formation of the structure of the business plan. The process of documenting the business plan may be challenging therefore we will introduce the concept of the Business Model Canvas (BMC); a tool to visualise the business model and facilitate the understanding of the “what”, “why” and “how”. As an extra point to this section, the facilitator will be able to acquire knowledge about the Social Business Model Canvas, a new evolution to the originally designed BMC. At the end of this section, an activity is included on “How to apply the Business Model Canvas to create the business plan”. At the end of each sub-section, there is also additional suggested learning.

## Topics

- 1) What is a Business Plan?
- 2) Reasons to write a Business Plan
- 3) The importance of a Business Plan
- 4) Key steps for creating a business plan
- 5) The Business Model Canvas
- 6) Social Business Model Canvas

## Learning Outcomes

<b>Knowledge</b>	<b>Skills</b>	<b>Attitudes</b>
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<ul style="list-style-type: none"> <li>● Knowledge about the definition, the characteristics and the reasons for writing a business plan</li> <li>● Knowledge about the importance of preparing a business plan</li> <li>● Knowledge about the steps of preparing of a business plan</li> <li>● Factual knowledge about the "Business Model Canvas"</li> </ul>	<ul style="list-style-type: none"> <li>● Define the business's goals and objectives</li> <li>● Clarify the business idea and describe it in the business plan</li> <li>● Identify potential problems on the business idea and analyse their impact</li> <li>● Implement the "Business Model Canvas" in the particular business idea</li> </ul>	<ul style="list-style-type: none"> <li>● Awareness of the viability of a business idea</li> <li>● Awareness of the business skills required to present an idea</li> </ul>
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## What is a Business Plan?

A business plan is a **comprehensive and structured document** on how an organisation is planning to achieve its goals and ultimately align its products and/or services with its mission and vision.

Think of it as a **documented roadmap**, which provides directions as well as a point of reference to organisations, during the process of converting an idea into a viable product or service. Without such a plan, organisations will not have a clear picture of **"what", "how", "why"** and **"when"** they intend to act.

Usually, business plans cover the next one to three years and outline the **current and desirable position** of the organisation as well as the **marketing, financial, and operational** aspect of delivering the new product and/or service in the market. The structure and the length of a business plan will be explained in the following chapter.

## Reasons to write a Business Plan

Writing a business plan does not relate only for start-up companies but also established organisations, who want to explore new products and/or market opportunities. There are different reasons an organisation proceeds with the preparation of a business plan, among which are:

1. To seek financing for the business
2. To make sound decisions



3. To identify potential weaknesses
4. To communicate your ideas with stakeholders



Figure .14: Eight (8) Reasons on why to draft a business plan

(Source: <https://onhike.com/writing-your-business-plan-dont-forget-your-own-professional-development/130724/>)

A business plan is a **dynamic document** and therefore it needs to be reviewed regularly and updated accordingly. It gives the opportunity to the organisation to **reflect on past action, assess the progress** achieved as at the particular point in time and **conclude on lessons learnt** and any adjustments deemed necessary to be made in the business plan.

**Important Fact:** Business plans are prepared both for internal and external purposes. Therefore, an important question to answer before drafting the business plan is "Who will the reader be?" and "What does the organisation want the reader's response to be?". This exercise will allow organisations to determine their target audience and structure their plan in a way that the message is clear. Therefore, the plan should be concise and allow the reader – whoever that is; employee, banker, potential investor – to gain an understanding of the organisation, its goals and plans.

**Additional learning:** [What is a Business Plan? - Bplans Explains Everything](#)

[Harvard i-lab | Developing a Social Enterprise Business Plan with Allen Grossman](#)

## The importance of a Business Plan

Benjamin Franklin, the Founding Father of the United States, once said *"If you fail to plan, you are planning to fail"*.

Let us take the example of preparing for a road trip; you need to plan it in advance, to have a map at your disposal to be your reference and guidance, to determine the final destination beforehand, and decide on the what, how and when you are going to go. If this preparation is not performed in advance, then there is the risk that you will end up asking the locals for directions, along the way.

Think of a business plan as a road map; you can still travel without it, however the possibility of getting lost is higher. It helps organisations draw a clear connection between what they are investing in and the objectives they want to achieve. Revisiting the "Important Fact" in the previous section, having a documented plan, and communicating this internally, at first, to all employees and of all levels, ensures that everyone works towards a common goal. This is a crucial element to the long-term success of the organisation.

Here is why having a business plan is crucial to the successful implementation of a business idea:

- **Better decision making:** Having a well-documented plan helps the organisation to **make critical decisions** ahead of time and hence **avoid a crisis**. Answering questions such as "what" and "how" the product/service will be launched and performing exercises such as revenue and expense projections need to be determined from an early stage. These actions will provide **solid insights, articulate the vision in realistic terms** and **identify gaps** in the overall strategy for the organisation to take timely remedies and decisions.
- **Providing feedback on your business idea:** Documenting a business plan provides constructive feedback to the organisation for the formulation and execution of their ideas. An important part of the process is to assess the current resources (monetary and non-monetary) of the organisation, i.e. whether capital is required externally, whether more workforce will need to be employed. Another crucial element is to conduct a market research; what does the market portrays, what are the needs of the target customers, who and what are the competitors doing. **In the end, not all ideas can turn into a viable product or service and a business plan is the best exercise to determine this.**
- **Keeping tracking:** Business plans can be the best way of keeping an organisation **accountable to its long-term vision and strategy** in all levels of the organisations, not just the senior management. Business plans should include SMART goals and benchmarks, which help organisations understand whether they are heading in the right direction.

- **Support into the financing process:** Organisations, who plan to obtain external financing, need to be well prepared for their business presentation. The best preparation an organisation could do is to have a concise business plan. Banks and investors want to know where the organisation stands as at the date of the pitch and how viable is the proposed idea. **Having a business plan increases the likelihood of getting funded by 2.5x times more.**

**Facts:**

According to a study (Brinckmann, J., Grichnik, D., & Kapsa, D. (2010). *Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms*), organisations, who experienced over 92% growth in sales from one year to the next usually had business plans. In addition, 71% of the fast-growing businesses have a business plan. In the case of established, larger organisations, the term “corporate strategy” is used instead of “business plan”.

**Additional learning:** [The Importance of Having a Business Plan - by Gene Guarino](#)

[Why Having a Business Plan is Important | Bplans - YouTube](#)

## Key steps for creating a business plan

1. **Executive summary** – It is an overview of the organisation’s purpose and goals. This section of the business plan should cover an outline of the products and/or services the organisation intends to introduce into the market, and how these will “solve a problem”. The summary should include a description of the target market, a brief competitors’ analysis, viability justifications through financial projections and, last but not least, the “ask”, i.e. funding requirements, if the organisation is planning to acquire finance.

**Quick takeaway:**

- Executive summary is a snapshot of the entire business plan and aims to present and convince the end reader about the business idea; think of it as the “elevator pitch”.
- The executive summary is ideally only one to two pages and although it comes first in order, business advisors suggest that organisations write this last.
- It can act as a stand-alone document; investors usually read only the executive summary and if they find it interesting they will request to have the detailed plan.

**Additional learning:**

- <https://articles.bplans.com/writing-an-executive-summary/>
- <https://www.inc.com/jeff-haden/how-to-write-perfect-business-plan-a-comprehensive-guide.html>

2. **Company overview (background and history)** – In case the organisation is already established, then this section provides an overview of the business, including its vision, mission and values as well as the legal structure. Importantly, it covers the organisation's core expertise, a brief description of the existing products/services, the team structure and the qualitative and quantitative success of the organisation over the years.

In the case of a start-up company, this section should provide answers to the following questions:

- What the start-up will provide;
- What the needs will be, to run the business;
- Who will service the customers; and
- Who the customers are.

3. **Products and services** – The products and services section is more than just a list of **what** the organisation is planning to provide. In this section, the organisation should describe the problem it is planning to solve with the particular product or service and how it will go about it. This is the description of the product or service.

Describing how the business' products and services will differ from the competition is important. In case of a non-existent market, describing why the product and/or service will be needed is critical. This section should explain the nature of the product, its uses, and its value, etc. It needs to showcase the **quality, value, and benefits** the organisation will offer through this launch, especially if the business plan will serve external purposes, i.e. for acquiring funds or finding partners.

In addition, in this section organisations can include pricing, product lifespan, and benefits to the consumer as well as information about the production and manufacturing processes, any patents or R&D or proprietary technology the business may be using.

Finally, this section should provide an overview of the next steps needed to be accomplished in order to get the product or service ready to sell. Important milestones such as taking on pre-orders, need to be outlined here.

**Important Tip:** When organisations draft their Products and Services section, they need to think that the reader is a person who knows little to nothing about the business. Therefore, they need to be clear and to the point.

**4. Customer and Market Analysis** - This section is about examining the market, starting with the most important element; identifying the potential customers. During this process, an analysis will be performed about the target market including *a market summary, market trends, market growth and market needs*.

A successful business plan analyses and evaluates customer demographics, purchasing habits, buying cycles, and willingness to adopt new products and services.

**5. Marketing and Sales strategy:** Once the market is analysed, the competitors are assessed and the customers' needs are identified, the organisation should proceed with the development of an initial marketing and sales plans. This section discusses the methods the organisations will use to promote its products and/or services and track the results and overall success. It involves understanding **where** and **how** they plan to sell products and which sales targets they have. This section should include solid examples, such as hiring a number of sales representatives to sell in the field, open one or more physical shops or set up an online store.

**6. Management structure** - The organisation's management team is crucial to the overall business success since it is responsible for establishing the objectives and goals of the business and for enforcing strategies that focus on achieving those goals. The business plan should include the positions in the company and definitions for each position, including their roles and responsibilities, as well as the reporting structure for each role.

In cases of start-up companies, which might not have any employees, it is advisable to have a list of roles that could be more idealistic to the culture and vision of the organisations. All businesses should demonstrate a clear understanding of workflow and how it will be handled through every phase of growth and expansion.

**Important Tip:** As the organisation grows, the business structure is likely to change alongside. Therefore, organisations need to build a more detailed organisational plan with documented procedures. This will avoid internal confusion about who is responsible for what as well as avoid duplicated efforts that waste time.

**7. Financial planning, and a budget** - It answers the question "*Can the organisation make a profit?*". Business financials for most start-ups are less complicated, and a

business degree is not required to build a solid financial forecast. A typical financial plan will include:

- Sales and revenue projections: It is a monthly sales and revenue forecast for the first 12 months, and then annual projections for the remaining three to five years.
- Profit and loss statement: It states the revenue and expenses and shows if the business is making a profit or taking a loss at a given period of time.
- Cash flow statement: It is a projection of cash receipts and expense payments and shows how and when cash will flow through the business at any given point.
- Balance sheet: It describes the company cash position including assets, liabilities, shareholders, and earnings retained to fund future operations or to serve as funding for expansion and growth. It indicates the financial health of a business.
- Operating Budget: It is a detailed breakdown of income and expenses and provides a guide for how the company will operate from a monetary point of view.
- Break-Even Analysis: It is a projection of the revenue required to cover all fixed and variable expenses. It shows when, under specific conditions, a business can expect to become profitable.

**Additional learning:** [How To Write a Business Plan To Start Your Own Business](#)

[How to Write a Business Plan | Bplans.com](#)

## The Business Model Canvas

### The Theory of the Business Model

The concept of the “**Business Model**” theory dates back in 1994, when Peter Drucker<sup>17</sup> spoke about the paradox of business crises resulting from the fact that “***the assumptions on which the organisation has been built and is being run no longer fit reality***”<sup>18</sup>(2). These assumptions relate to understanding the market, identifying

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<sup>17</sup> Peter Drucker, Father of Management thinking (1909-2005) He was an Austrian-born American management consultant, educator, and author whose writings contributed to the philosophical and practical foundations of the modern business corporation. He was also a leader in the development of management education, he invented the concept known as management by objectives, and he has been described as “the founder of modern management.” Read: <https://hbr.org/1994/09/the-theory-of-the-business>

<sup>18</sup> The Theory of the Business by Peter F. Drucker. From the Magazine (September–October 1994)

customers as well as competitors, gaining knowledge about technology and its dynamics, and concluding on what a company is getting paid for.

In the middle of the 2002 dot.com crisis, award-winning contributor to the *Harvard Business Review*, Joan Magretta<sup>19</sup> stated that "A good business model remains essential to every successful organisation, whether it's a new venture or an established player [...] They are, at heart, stories — **stories that explain how enterprises work**. A good business model answers Peter Drucker's age-old questions: Who is the customer? And what does the customer value?"<sup>20</sup>. Magretta further elaborated on the concept of a business model in terms of the value chain, stating that there are two parts: "Part one includes all the activities associated with making something: designing it, purchasing raw materials, manufacturing, and so on. Part two includes all the activities associated with selling something: finding and reaching customers, transacting a sale, distributing the product, or delivering the service. A new business model may turn on designing a new product for an unmet need or on a process innovation. That is it may be new in either end."

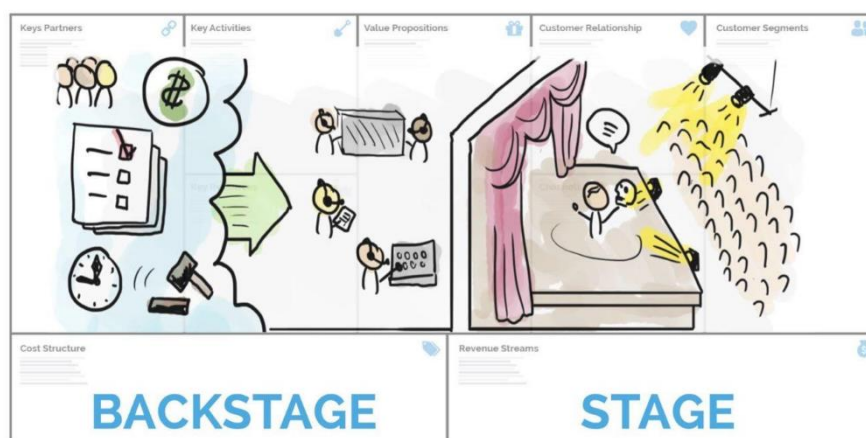


Figure. 15: The two (2) sides of the business model  
(Source: <https://businessmodelanalyst.com/business-model/>)

A business model is a framework that defines how an organisation will generate long-term value in terms of revenue by providing value (products/services) to its customers. In other words, it describes the rationale of how an organisation creates, delivers, and

<sup>19</sup> Joan Magretta MBA, PhD is an award-winning contributor to the Harvard Business Review, where she was strategy editor during the 1990s. A former partner at Bain & Co., she is now a Senior Institute Associate at Harvard Business School's Institute for Strategy and Competitiveness. <https://profilebooks.com/contributor/joan-magretta/>

<sup>20</sup> Why Business Models Matter by Joan Magretta. From the Magazine (May 2002)

captures value. Therefore, we can say that it is a mechanism that revolves around value and not around money. Its objective is to assist organisations to align their activities through the illustration of potential trade-offs and to identify opportunities in both the internal and external environment.

Organisations are able to experiment, test, and model different ways to define their income and expenses, during the process of determining their business model. The business model could be discussed with colleagues, partners, and other stakeholders and provide clarity on what the organisation will be doing. In the case of start ups, it assists to determine whether their business idea is viable. In the case of established organisations, it serves as a baseline for reviewing your business plan.

**Important Fact:** As explained in a previous chapter, the “business model” element is important when drafting the organisation’s business plan and therefore needs to be determined before initiating the writing process.

### The Birth of the Business Model Canvas (BMC)

In the recent decade, the introduction of new technologies demanded the use of user-friendly, but also structured, methods for describing, designing and analysing a business model. In 2005, a Swiss business theorist, **Alexander Osterwalder**, and Belgian computer scientist **Yves Pigneur** invented the first ever visual business tool of its kind, a revolutionary alternative to the traditional business plan, called **Business Model Canvas**<sup>21</sup>.

The Business Model Canvas (BMC) is a strategic management tool that helps organisations visualise and assess their business idea. It covers the three main areas of a business: desirability, viability and feasibility.



<sup>21</sup> The Business Model Canvas was elaborated in a book called Business Model Generation

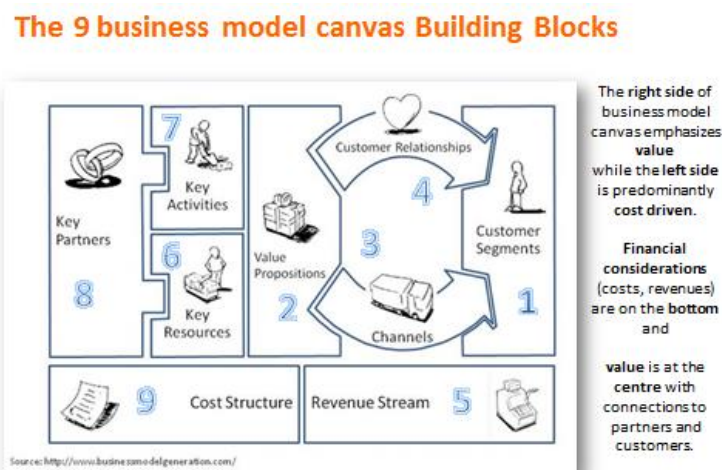


Figure 16: Components of the business model

(Source: <https://www.strategyzer.com/expertise/business-models>)

According to Osterwalder & Pigneur the right side of the canvas focuses on the customer or the market, hence represents external factors which the business does not have control over, whilst the left side of the canvas focuses on the business, hence represents the internal factors which are mostly under its control. In the middle, there is the value proposition which represents the exchange of value between the business and its customers.

There are **nine basic building blocks** which present the logic of how a company intends to deliver value and make money. These are **customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure**. (Fig.3 The nine (9) Business Model Canvas Building Blocks)



Figure, 17: The nine (9) Business Model Canvas Building Blocks

(Source: <https://www.startuphughes.com/business-model-canvas/>)

## Components of a Business Model Canvas

Within the desirability area of a business there are the four (4) elements of **customer segments, value propositions, channels, customer relationships**.

### Customer Segments

This is the first and most important building block of the Business Model Canvas because the business model is designed around the organisation's decision on which segments to focus on and which types of customers to serve. No business can survive without customers.

The first step is to identify the customer segment(s) that will benefit the most from the organisation's product and/or service idea and customize the solution you will be providing to them. In order to better achieve this, an organisation can group these customers into segments with common characteristics, i.e. needs, jobs-to-get-done, demographic profile, common behaviours, or other attributes. An organisation's business model can have one or several small and/or large Customer Segments. It is important for the organisation to list those and rank them by importance.

Customer Segments groups are categorised based on the following aspects:

- a specific need, which justifies the creation of a product as solution to this need (value proposition);
- a distribution channel to be reached;
- different types of relationships
- the difference in the level of profitability that each group contributes;
- the willingness to pay for a different version of the product or service, tailored to their preferences.

Within the Customer Segments groups, there are different customer types and the best way to identify those is to create a customer personas for each of the groups. (Fig. X Customer Persona Template)

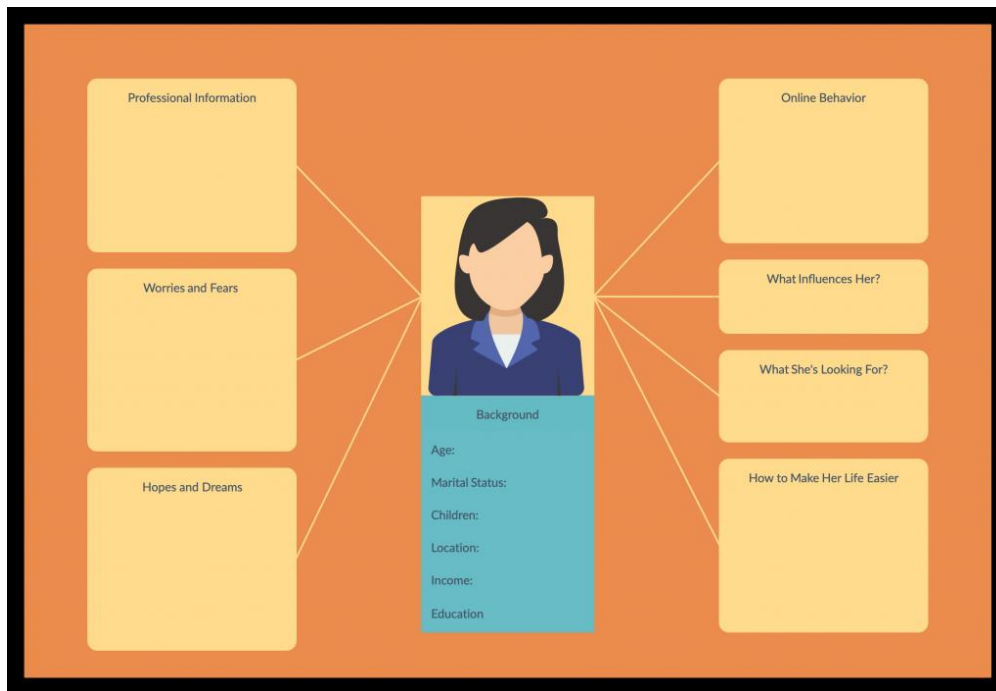


Figure. 18: Customer Persona Template

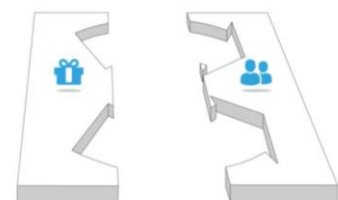
(Source: <https://creately.com/blog/diagrams/business-model-canvas-explained/>)

**Tips:**

1. To identify the “Customer Segments”, ask the following questions:
  - For whom are we creating value?
  - Who are our most important customers, clients, or users?
2. In the case of start-ups, it is advisable to choose just one customer segment to allow the business to focus entirely on that, understand the needs of this segment and be able to provide the best possible value in return.

**Value Proposition**

According to Osterwalder & Pigneur *"The value proposition is the reason why customers turn to one company over another. It solves the customer problem or satisfies a customer need...some value propositions may be innovative and represent a new or disruptive offer. Others may be similar offers, but with added features and attributes."*



The Value Proposition represents the exchange of value between the organisation and its customers; value is exchanged from a customer for money when a problem is solved or a pain is relieved for them by your business. The value provided to the customers through the product and/or service can be quantitative, e.g the price of a product, as well as qualitative, e.g. the innovative design.

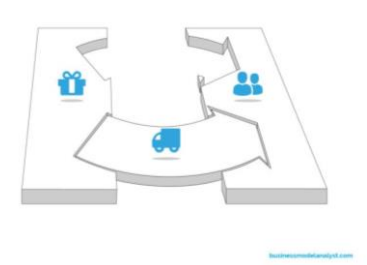
An effective Value Proposition associates the customer profile to the value-added elements. Therefore, the identification of the Value Proposition comes by looking at the organisation's Customer Segments and figure out where the product and/or service solves the problem for the target customer, based on Maslow's Hierarchy of Needs. Other factors, such as technological evolution, need to be taken into account when designing the proposition.

**Tip:** In order to develop a unique Value Proposition, consider the following product and/or service characteristics:

- **Newness:** The innovation or novelty of a product and/or service.
- **Performance:** The creation of new value for an already traditional product, i.e. the upgrades of products or services.
- **Personalization:** The creation of value through products and/or services serving particular and specific needs of each customer segment.
- **Status:** Demonstration of loyalty to a particular product brand, due to its design or superior quality.
- **Price:** In cases of new entrants in the market, who offer a cheaper product or service.
- **Cost reduction:** The creation of value by offering an improved customer experience whilst reducing the costs of the product/and or service.
- **Risk Reduction:** Customers feel secure with the product and/or service because there is an element of risk reduction in the sales process, i.e. an extended warranty.
- **Accessibility:** Products and/or services are accessible to new customer segments.
- **Convenience/Usability:** The creation of value through the ease and convenience of using a product and/or service.

## Channels

Channels are defined as the avenues through which the value proposition is brought to the customers, namely through communication, distribution, and sales. In other words, Channels describes how the organisation communicates with and reaches its Customer Segments; hence making them part of its sales cycle.



Therefore, Channels play a key role in **raising awareness of the product and/or service** and **delivering the value propositions** to the customers. In addition, Channels allow customers to purchase the product and/or the service in a more **targeted way** and they provide **post-purchase support**.

Organisations reach their customers through a mix of channels, both direct, i.e. owned channels and indirect, i.e. partner channels, as shown below:

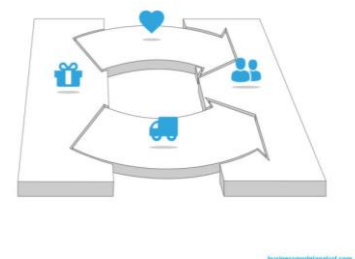
- **Direct channels:** company website, social media sites, in-house sales, etc.
- **Indirect channels:** partner-owned websites, wholesale distribution, retail, etc.

Practical examples of Channels:

Social advertising	Public speaking	Content marketing	Networking	Viral marketing	Engineering as marketing	Trade shows	Targeting blogs
Sales and promotions for commissions	SEM (Search Engine Marketing)/SEO (Search Engine Optimisation)	Electronic mail (email marketing)	Offline advertising (billboards, TV, radio)	Existing platforms	PR/Unconventional PR	Social media	Affiliates

## Customer Relationships

Customer Relationships is defined as how a business interacts with its customers. Following the identification of the Customer Segments, the Value Proposition, and the Channels, organisations need to clarify the **type of relationship** they want to have with each Customer Segment and how they will interact with them throughout their journey with the organisation.



Maintaining relationships with the customers is a vital part of acquiring and retaining customers and boosting sales. The **overall customer experience**, and consequently the degree of satisfaction and brand loyalty, depends on the organisation's relationship with its customers.

There are several types of customer relationships, which can range from personal to automated and may act individually or coexist. A list of six (6) main types are presented below:

- **Personal assistance:** the interaction with the customer happens in person or by email, through phone call or other means.

- **Dedicated personal assistance:** a dedicated customer representative is assigned to an individual customer.
- **Self-service:** there is no relationship with the customer here; however, the necessary tools are in place, which allow the customers to help themselves.
- **Automated services:** automated processes or machinery are in place, which allow customers to perform the services themselves.
- **Communities:** online communities are created, where customers solve any product and/or service problem on their own with the support of each other.
- **Co-creation:** organisations allow their customers to actively participate into the designing or development of the product.

A useful method to help organisations identify the kind of relationship they want to establish with their customer is to create a **Customer Journey Map**. This journey map (also known as user journey map) is a **diagram which illustrates the user flow through visually**, starting with the initial contact or discovery, and continuing through the process of engagement into long-term loyalty and advocacy.

Mapping customer experiences allows organisations to become aware of the different stages their customers go through when interacting with the company. Therefore, it is an important tool for defining the organisation's operations as a business and assisting in the identification of opportunities for automation.

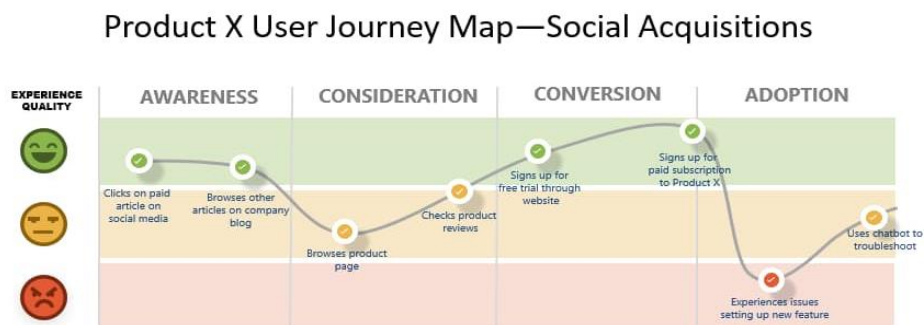


Figure 19: Customer Journey Map

(Source: [User journey mapping 101: a guide to improving UX | Appcues Blog](#))

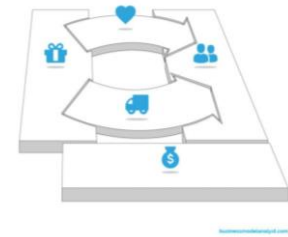
Within the viability area of a business there are the two (2) elements of **revenue streams** and **cost structure**.

## Revenue Streams

Revenue Streams represent the money an organisation generates from each previously defined Customer Segment. It is the revenue flow to the organisation and not the profit

earned. Therefore, it is important to make this distinction since the profit earned results after deducting the cost (Cost Structure is defined below).

In previous sections, we have analysed the “what” and the “how” of every element of the desirability area (customer segments, value propositions, channels, customer relationships). The next step is to discover how much customers are willing to pay for the product and/or service so as to define the organisation’s revenue streams.



Organisations can generate one or more Revenue Streams from each Customer Segment. Each stream will have its own life cycle and **pricing mechanism**, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management. These mechanisms vary from fixed (e.g., predefined prices based on static variables) to dynamic (e.g., price changes based on market conditions).

There are two different types of Revenue Streams:

- **Transaction-based revenue:** relates to customers who make a one-time payment
- **Recurring revenue:** relates to customers who make ongoing payments for continuing services or post-sale services

Revenue streams can be generated through the following ways:

- **Asset sales:** selling a physical product (transfer of the rights of ownership to the buyer)
- **Usage fee:** charging the customer for the use of its product or service
- **Subscription fee:** charging the customer for the regular and consistent use of its product
- **Lending/ leasing/ renting:** charging the customer for the exclusive rights to use an asset for a fixed period of time
- **Licensing:** charging the customer for the permission to use the company’s intellectual property
- **Brokerage fees:** revenue generated by acting as an intermediary between two or more parties
- **Advertising:** charging the customer to advertise a product, service or brand using company platforms

**Tip:** The purpose of examining this building block is to conclude on whether the identified streams will be profitable or not and ensure that the money customers are willing to pay is more than the design and production costs. In order to confirm this, an organisation should ask the following questions:

What benefits encourage customers to pay more?

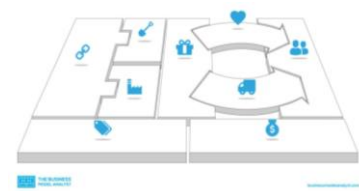
At what prices are the customers acquiring similar benefits?

What mode of payment do customers prefer?

What share of the organisation's total revenue each stream represents?

## Cost Structure

Cost Structure describes all costs incurred to operate a business model. All elements of a business model carry out cost, from the creation and delivery of the value proposition, the development of revenue streams, and the maintenance of customer relationships. Organisations need to focus on evaluating these costs. This process will become easier if the Key Resources, Key Activities, and Key Partners of the organisation are defined first.



The Cost Structure building block is the last component of a Business Model because it allows organisations to see the bigger picture in relation to their business viability. One of the reasons new businesses fail is because they were not able to understand the costs required to develop their Value Propositions.

There are two types of cost-structure organisations follow:

- **Cost-driven:** the focus is on cost minimisation/reduction
- **Value-driven:** the focus is on maximising the value to the customer/value creation

Cost structures can have the following characteristics:

- **Fixed costs:** Costs which remain the same, regardless of the size of the production and which are time-limited, such as the salaries and rentals. In this cost structure, the value proposition focuses on low price, maximum automation and extensive outsourcing.
- **Variable costs:** Costs which correlate with the size of production, such as cost to purchase raw materials and hence they are difficult to predict. They are sensitive to the product's demand levels and they rise proportionally to the increase in labor and in capital.



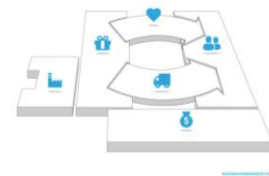
- **Economies of scale:** Large organisations benefit from this cost structure, where there is a decrease in the total cost per unit as the size of production increases. The saving which is created by the decrease in the average cost per unit, allows organisations to offer the product at a lower price.
- **Economies of scope:** In cases an organisation undertakes a greater scope of operations and shares existing resources and processes, then the overall costs are reduced. Taking as an example a business which has an ongoing infrastructure, then it can benefit from the use of the same software and hardware. This cost structure proves to be a risk minimisation technique since the organisation will be able to sustain itself, if one of the markets it operates in falters.

**Tip:** The process of calculating the cost structures, as all other building blocks, is not static and therefore organisations need to re-evaluate their costs regularly, to ensure their long-term sustainability.

Within the feasibility area of a business there are the three (3) elements of **key resources, key activities** and **partnerships**.

### Key Resources

Key Resources describe the most important assets every organisation needs to have, in order for the business model to work. They are the inputs that will assist the organisation to carry out its key activities, reach the target markets, maintain relationships with Customer Segments, and ultimately create the Value Proposition and earn its Revenue Streams. In other words, they define what kind of materials, equipment and human resources are needed for the creation of the value proposition.



Generally, key resources differ from business to business, depending on the business' nature. They can be owned or leased by the company or acquired from key partners.

There are several types of key resources, as presented below:

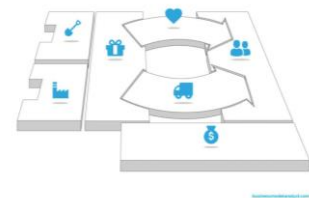
- **Physical:** it is the tangible inputs and structures used to create the value proposition, such as buildings, vehicles, machinery, equipment, points of sale, distribution networks, among others.
- **Intellectual:** intangible assets, such as trademarks, patents, copyrights, proprietary knowledge, databases, etc. Although the development of these resources require time and effort, these resources offer substantial value to the organisation.

- **Human:** people are often the most important resources of an organisation. This resource is crucial especially in industries which require human contact, extensive knowledge and/or creativity, such as sales, advertising and others.
- **Financial:** financial resources or guarantees cover cash, credit lines, and stock plan for employees. In the case of some organisations, such as banks, this will be their strongest resource as they heavily depend on it.

**Tip:** Key Resources must be directly proportional to the number and type of Key Activities the organisation undertakes, since this has a direct impact on its capacity to cope and its profitability. In particular, if a business doubles its sales, subsequently the business' Key Resources need to start increasing, in order for it to be able to deal and deliver the unexpected rise in the demand.

## Key Activities

Key Activities describe the most critical tasks every organisation should do, in order for its business model to work. Using the key resources defined above, organisations take important actions, with the focus being on reaching the target markets, maintaining relationships with Customer Segments, and ultimately creating the Value Proposition and earning its Revenue Streams.



Similar to the Key Resources section above, key activities differ from business to business, depending on the type of the business model.

There are three (3) categories of key activities, as presented below:

- **Production:** this covers all actions related to product development, i.e. the design, manufacture and delivery of a product in significant quantities and/or of superior quality.
- **Problem-solving:** it is the core activity of organisations looking to offer unique solutions to specific problems, e.g. hospitals, consultancies, and service providers. It requires continuous learning and training.
- **Platform/ network:** involves the development and maintenance of platforms, e.g. Microsoft provides a reliable operating system to support third-party software products.

The most common examples of key activities are the following:

- **Research and development (R&D):** This area collaborates with others within the organisation, from production to sales, through marketing. It includes R&D for a new product research, a new product development, relating to updates of existing products, for quality check or for innovation purposes.
- **Production:** It is one of the most comprehensive areas and hence involves a number of activities that may become Key Activities, such as product selection and design, production process selection, correct estimation of the production capacity and production planning, production control, quality and cost control, inventory control and machine maintenance and replacement.
- **Marketing:** This area focuses on the growth and value proposition of the organisation and involves different functions, which can become Key Activities, such as the design and implementation of the marketing strategy, conducting market research, identification of product development opportunities, communications strategy (e.g. press releases, advertisements, e-mails), sales support (e.g. customer leads and promotional materials) and the organisation and execution of events (e.g. seminars, product launches, exhibitions, etc.)
- **Sales and Customer Service:** This area is responsible for the overall customer experience, including tasks that build and maintain customer loyalty.

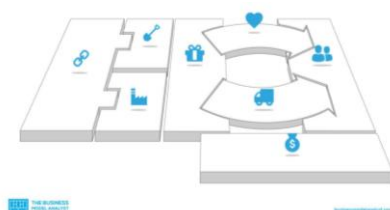
**Tip:** In order to establish their Key Activities, organisations should look at the related components and identify which activities are **fundamental to deliver value propositions**.

## Key Partners

Key Partners describe the network of external suppliers and partners, who assist organisations in carrying out their key activities, both in terms of viability and efficiency.

They are becoming a cornerstone of many business models, especially in cases of new companies or when venturing into new applications. There are several motivating factors which encourage existing and new businesses to forge partnerships, including:

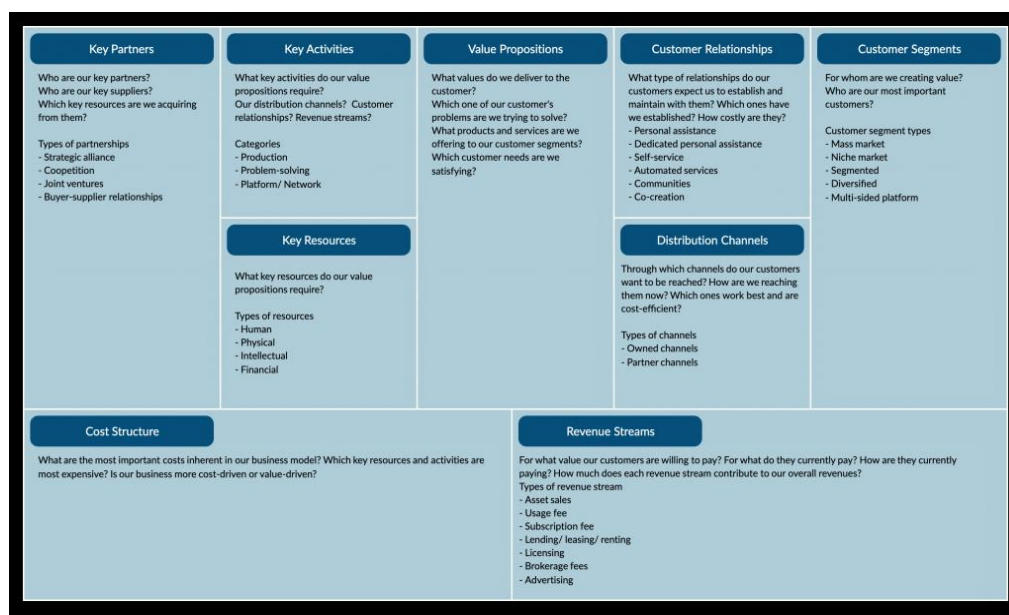
- **Optimization and economy of scale:** partnerships can help reduce costs, through outsourcing and infrastructure sharing.
- **Reduction of risk and uncertainty:** partners (usually competitors) come together to reduce their risk during the process of creating something new and/or to protect themselves from the uncertainties of the market.



- **Acquisition of particular resources and activities:** new companies, which do not have the adequate level of resources, knowledge, and/or licenses, may choose to commence their operations by forming partnerships with another organisation which already possesses these elements and hence obtain access to all those elements.

Partnerships can take four (4) main forms, as presented below:

- **Strategic alliances:** partnerships between organisations that are **not competitors**, in an agreement that benefits both sides.
- **Co-opetition:** strategic partnerships between **competing organisations**, in order to divide their market risk.
- **Joint-Ventures:** partnerships focusing on **developing a new business**, due to new market opportunities.
- **Buyer-Supplier Relationship:** it is the most common type of partnership which aims to **ensure reliable supplies** by one side getting a quality supplier and the other, a confirmed and recurring customer.



**Tip:** Although the concept of “partnership” is fairly common, partnerships are not simple. It is important for organisations to evaluate in advance the patterns and the type of partnership they want to form prior to signing any agreements.

Table. 7: Business Model Canvas (with questions)

(Source: <https://creately.com/blog/diagrams/business-model-canvas-explained/>)

# Social Business Model Canvas

The transformation of the concept of entrepreneurship in the recent decade, along with the emergence of a new definition of “social entrepreneurship” as explained above, made practitioners realise that the Business Model Canvas was a powerful tool for describing profit-oriented organisations, but not socially-oriented ones. As a matter of fact, BMC takes into account only economic aspects, but not the *social* aspects which are necessary to create social impact, as in the case of non-profit organisations. This conclusion led to the development of the “Social Business Model Canvas” (SBMC), in 2013, by the Social Innovation Lab which is an extension of the original business model but with a focus on the aspects concerning social enterprises.

Therefore, there are three distinct elements which can be observed in the SBMC.

- SBMC should have both financial and social value proposition.
- In SBMC, both beneficiaries and payers should be identified, analysed and appropriately addressed.
- SBMC requires that both profit and impact are monitored and evaluated.

Social Business Model Canvas comprises twelve (12) building blocks instead of nine (9), with the addition of the **social impact mission**, the **beneficiaries** and the **surplus**.

## THE SOCIAL BUSINESS MODEL CANVAS

BASED ON FRAMEWORK OF YOUNGFOUNDATION AND BUSINESS MODEL CANVAS

Social venture:

IMPLEMENTATION		SOCIAL VALUE PROPOSITION	MARKET	
<p><b>PARTNERS</b> Who helps you to deliver your activities?</p>	<p><b>DELIVERY</b> What activities do you do? What resources do you own?</p>	<p>What difference are you making?</p>	<p><b>CUSTOMER SEGMENTS</b> How do you work with people who buy your product/service? Who are the people that benefit?</p>	<p><b>MACRO ECONOMIC ENVIRONMENT</b> What are the economic, social and technological changes taking place that affect your market now and in the future?</p>
<p><b>SALES + MARKETING</b> What is your sales and marketing plan? How do you reach your customers?</p>		<p>What social impact measures do you use?</p>	<p><b>COMPETITORS</b> Who else plays in your space Why are you different?</p>	
FINANCE				
<p><b>COST OF DELIVERY</b></p>		<p><b>SURPLUS</b> Where do you intend to reinvest this?</p>	<p><b>REVENUE</b></p>	

The Broker

Figure. 20: The Social Business Model Canvas  
(Source: <https://www.thebrokeronline.eu/doing-social-business-right/>)

## Social Impact Mission

A social impact mission is the reason why the social enterprise exists in the first place. Following the identification of the social problem an enterprise wants to tackle, the next step is to determine the tangible benefits and the positive future change it is planning to bring to the community. This process will assist the enterprise to properly build its social impact mission.

## Beneficiaries

Traditional businesses focus on those individuals or organisations (customers) who buy a product and/or service in order to get benefits out of it. However, social enterprises involve a wider range of individuals and communities concerned, since their mission is to tackle specific social problems and hence, they may implement different kinds of interventions to solve them. Therefore, the people who are directly affected by the problem, they are linked to the social mission and they are the ones who should benefit the most from the enterprise's activities. These people are the beneficiaries of the enterprise.

Revisiting the concept of a customer, beneficiaries who can afford to pay for the product and/or service sold by the social enterprise are considered its "customers". There are cases though that beneficiaries might not be able to pay for the value they receive. Consequently, more often than not, customers and beneficiaries are not the same target group. As a matter of fact, the mismatch between "beneficiaries" (people at the core of a social enterprise's mission) and "customers" (people/organisations ultimately paying for the intervention) is quite common within the field of social entrepreneurship.

It is important for an organisation to address both customers (customer segments as explained above) and beneficiaries in order to be able to determine the remaining building blocks and identify opportunities for value creation from the parties who can generate income. A useful tool is the "Empathy Map", a collaborative, visual tool which provides a complete overview on what the enterprise's target says, thinks, feels and does. Although this tool was initially developed to define customer segments, it is considered appropriate for profiling beneficiaries too.



Figure. 21: Empathy Map: Who is your Target? (Template adapted from NNGroup).  
 (Source: [Profiling beneficiaries of social enterprises | Social Business Design](#))

The last additional component of the Social Business Model Canvas (SBMC) is the “surplus”. As mentioned above, the SBMC involves the elements of the beneficiaries. Therefore, the organisation needs to think of reinvesting the majority of their surplus which will ultimately contribute to the fulfilments of their mission.

**Additional learning:**

- [Business Model Canvas Explained.pdf](#)
- [Social-Business-Model-Canvas.pdf](#)
- [JoycePaquin Journal - The triple layered business model canvas: A tool to design more sustainable business models](#)
- [Overview of the Social Business Model Canvas](#)
- [The Business Model Canvas - 9 Steps to Creating a Successful Business Model - Startup Tips](#)

**Activity: Apply the business model Canvas to create your business plan**

## Case study

<b>Module Title</b>	<b>Social Business Model Canvas</b>		
<b>Case Study Title</b>	RecyclePoints	<b>Case Study Code</b>	CS 1
<b>Type of resource</b>	<b>Case study (CS)</b>	<b>Type of learning</b>	Self-directed learning
<b>Duration of Activity (in minutes)</b>	<b>30</b>	<b>Learning Outcome</b>	To understand how building a Social Business Model is applied in real life cases

<b>Aim of activity</b>	Using a real life example, the facilitator will be able to trace the various elements of the business model canvas, to identify the challenges and opportunities and conclude on the success of the business.
<b>Introduction</b>	<p>In recent years, the climate emergency led many organisations, worldwide, to start rethinking their habits and practices and to make <b>environmental sustainability</b> a top priority.</p> <p>Focusing on <b>waste management</b> alone, in the case of Nigeria the amount of waste – industrial, electronic, solid, medical – produced in the country constitutes over 50% of the total amount of waste generated in sub-Saharan Africa, according to studies. Using other numbers, that’s roughly <b>32 million tonnes of waste per year</b>, of which 2.5 million is plastic. Less than 30% of such waste gets recycled because Nigeria has an inefficient disposal, recycling and waste management system.</p>
<b>Challenge</b>	<p>Social problems, including the ones mentioned above, are complex, intertwined, and wicked by nature. Environmental issues are often considered as societal problems too because they have an impact on people and society and not just natural ecosystems.</p> <p>RecyclePoints is a Nigerian enterprise, established in 2012. The funding team of this enterprise introduced a <b>new business model</b>.</p> <p>The challenge is to identify RecyclePoints’ business model, what is the reason for this enterprise’s existence and how it achieved to become successful.</p>
<b>Assignment</b>	<p>Visit the website of “RecyclePoints”to learn more about this project:  <a href="http://www.recyclepoints.com/">http://www.recyclepoints.com/</a></p> <p>Key questions that you need to be able to answer:</p> <ul style="list-style-type: none"> <li>- What business model has been adopted?</li> <li>- Give examples (who) for each element of the business model.</li> <li>- How does this project contribute to strengthening the local economy?</li> <li>- How does this project contribute to the circular economy?</li> </ul>

**Read more here:** <https://socialbusinessdesign.org/recyclepoints-business-model-case-study/>

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# Module 7. Financing for Circular Economy Entrepreneurs

## Introduction

According to Ellen MacArthur Foundation<sup>22</sup>, “the circular economy offers a major opportunity for the financial sector to deliver on climate commitments and other Environmental, Social and Governance (ESG) objectives, whilst tapping into sources of new and better growth and long-term value creation. The adoption of circular practices has the potential to reduce risk and increase resilience through business model diversification, decoupling economic growth from resource use and environmental impact, and better anticipation of stricter regulation and changing customer preferences”.

Nearly half of the emissions that cause climate change come from how we make and use products and food. A circular economy gives us the tools to tackle climate change and biodiversity loss together. It can scale fast across industries to create value and jobs, while increasing the resilience of supply chains and delivering massive economic growth potential, estimated at 1.8 trillion EUR a year in Europe alone (Ellen MacArthur Foundation, 2020).

Likewise, recognition of opportunities offered by circular economy businesses creating healthy portfolio to institutions and contributing to the transition towards a circular and climate-neutral economy are increasingly attractive to the private sector.

Supporting the transition to a circular economy requires – among other things – redirecting capital flows towards sustainable investment. For the private sector, this means integrating environmental, social and governance factors into the investment decision-making process on top of economic ones. It also requires mobilising available public funding sources to make sure circular projects, whatever their technical readiness level, get the resources they need to unlock scalable solutions.

## Topics

This module addresses and comprises of the following topics:

1. Sustainable Finance for a Circular Economy
2. Green investing
3. Financial challenges

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<sup>22</sup> <https://ellenmacarthurfoundation.org/topics/finance/overview>

4. Criteria investors may use to assess an idea
5. Financial potential
6. Capital structure
7. Financing and company development phase
8. Funding sources
9. Social investment
10. Impact investing
11. Private investors: the business angel
12. Crowdfunding
13. European funding

### Learning Outcomes:

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"> <li>• Factual basic knowledge about financing</li> <li>• Knowledge about the important organisational characteristics that enable you to plan a successful enterprise and search for the necessary funding</li> <li>• knowledge about the additional challenges for financing an enterprise</li> <li>• Factual Knowledge about the terms used in financing</li> <li>• Knowledge about the criteria that investors may use to assess an idea or project</li> <li>• Factual knowledge about the different types of financing or funding sources</li> </ul>	<ul style="list-style-type: none"> <li>• Understand the difficulties that enterprises can face when looking for financing</li> <li>• Analyse what an entrepreneur must take into account to start a project</li> <li>• Identify the role of private people or consumers on financing social projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness of the need of financing</li> <li>• Appreciation of how the social investment can help social enterprises to the solution of social and environmental problems.</li> <li>• Awareness of the impact of social entrepreneurship in the communities</li> </ul>

## Sustainable Finance for a Circular Economy

As concluded in the “Report on Sustainable Finance for a Circular Economy” of the Japan/EU Joint Workshop at the G20 Resource Efficiency Dialogue 2019<sup>23</sup>, the key messages were:

- A shift to a circular economy is not an option but an inevitable response to a growing world population, increasing prosperity, and limited availability of natural resources. Transitioning to a circular economy involves great business chances and can create new employment opportunities.
- Considerable barriers exist to a widespread adoption of more circular practices, including economic incentives, accounting rules, and regulation that often favour conventional linear solutions and business models.
- Governments have a crucial role to play in lowering the hurdles for a circular economy and creating a playing field that favours solutions, products, and business models that are more sustainable.
- The finance industry also has key roles to play in facilitating a shift to a circular economy, providing resources for circular investments, offering insurance products suitable for circular practices, such as leasing and sharing, and developing rating systems and information disclosure requirements that can help improve transparency around sustainability-related business risks.
- Banks and other lenders and investors can also raise awareness through dialogue with clients. They can help client companies identify various kinds of risks associated with linear models and make them aware of the opportunities of transitioning to more circular solutions.
- Many circular economy business models have risk profiles that are hard to assess and generate low short-term return on investment. New models for risk assessment are called for. There are strong linkages between climate change mitigation and circular economy, which can help to stimulate investments in circularity.
- Some, generally large companies, use green bonds to raise funding for sustainability-related investments. However, a large share of the companies in the waste management and recycling sector are SMEs and lack the capacity and size to issue their own bonds. The recycling industry also suffers from an image problem that contributes to weak interest from investors.

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<sup>23</sup> [https://ec.europa.eu/environment/international\\_issues/pdf/File%201%20-%20G20%20Sustainable%20Finance%20for%20Circular%20Economy%20\(Tokyo%2010%20October%202019\)%20-%20Report.pdf](https://ec.europa.eu/environment/international_issues/pdf/File%201%20-%20G20%20Sustainable%20Finance%20for%20Circular%20Economy%20(Tokyo%2010%20October%202019)%20-%20Report.pdf)

- The transition to a circular economy requires the contribution of all groups in society. Business innovation, regulatory reforms, and lifestyle changes need to go hand in hand. Widespread awareness on the need for such a transition, and on the roles of various actors, is essential.

Over the past two years, climate change and other environmental, social, and governance (ESG) issues have become key boardroom topics for asset managers, banks, and other financial services firms. Clients expect solutions and regulatory pressure is rising.

The question is no longer whether climate change and other ESG issues matter to the financial services sector, but how it will address them. The circular economy is a crucial part of the answer to this question.

Watch this video from the Ellen MacArthur Foundation [How do leading financial services firms see the circular economy opportunity?](#)

On the other hand, social enterprises increasingly contribute to tackling socio-economic challenges - such as unemployment and rising inequalities - often in innovative and sustainable ways at local, regional and global levels. A wide range of stakeholders, including policy makers, entrepreneurs, citizens and investors, have become more interested in social enterprises. Millennials, especially, are showing a strong willingness to actively participate in solving social problems through social entrepreneurship (UNICEF, 2007).

Consumers are also increasingly aware of the importance of ethical issues, as evidenced by the phenomenon of fair trade and buy-social. Their desire to provide direct support to social projects in different sectors of activity is also illustrated by new models of participatory financing, such as crowdfunding and crowdlending platforms. At the same time, new actors and financial intermediaries are entering the field: social impact investors, ethical banks and venture philanthropists offer new sources of funding for social enterprises, but also demand more rigorous social impact assessments, promoting a culture of measurement and evaluation (OECD/European Commission, 2015).

## Green investing

Sustainable investment is about investing in progress and recognising that companies that solve the world's biggest challenges can be better positioned to grow. It is about being pioneers of better ways of doing business, and creating the drive to encourage more and more people to choose the future we need to create.

By combining traditional investment approaches with environmental, social and governance (ESG) expertise, investors, from global institutions to individuals, are taking a sustainable approach to achieving their investment goals.

Green investing seeks to support business practices that have a favourable impact on the natural environment. Often grouped with [socially responsible investing \(SRI\)](#) or [environmental, social, and governance \(ESG\)](#) criteria, green investments focus on companies or projects committed to the conservation of natural resources, pollution

reduction, or other environmentally conscious business practices. Green investments may fit under the umbrella of SRI but are more specific (Investopedia, 2022)

Some investors buy green bonds, green [exchange-traded funds \(ETFs\)](#), green [index funds](#), or green mutual funds, or hold stock in environmentally friendly companies, to support green initiatives. While profit is not the only motive for those investors, there is some evidence that green investing may mimic or beat the returns of more traditional assets.

Key takeaways (Investopedia, 2022)

- Green investing refers to investing activities aligned with environmentally friendly business practices and the conservation of natural resources.
- Investors can support green initiatives by buying green mutual funds, green index funds, green exchange-traded funds (ETFs), or green bonds, or by holding stock in environmentally friendly companies.
- Pure play green investments are investments in which most or all revenues come from green activities.
- Although profit is not the only motive, there is evidence that green investing can rival the returns of more traditional assets.
- Since branding is not enough to confirm a commitment to green initiatives, investors should conduct thorough research to ensure that a company adheres to desired standards.

## Financial challenges

Starting an enterprise is a challenge, no matter how good your business idea seems or how much support you have or how many people believe in it.

It is well known that most small businesses fail within the first three years. Social enterprise also has the same challenges and market forces affect them, as they do all small businesses. The key is to match one's own organisational culture and the mandate of the social enterprise with the needs and resources necessary to carry out a successful business project. The challenge is to be as honest as possible in your assessment.

No matter how small or large your enterprise idea is, your ability to understand, plan, and manage finances is fundamental to any business development and operation. Closely related to financial management, cost-effectiveness must be considered when your organization evaluates its services and programs (Enterprising Non-Profits, 2010).

A critical component of any business plan is producing the set of financial projections that will be represented in the statement. Financial projections are the figures used to assess the financial feasibility of the business, determine capital needs, and assess risk. Both managers and potential funders are interested in seeing how revenue grows and profits develop over time.

On the other hand, the organization must have a strong accounting system that can track the business venture. You have to be able and willing to contribute capital to the enterprise for its development stages and to have in mind other sources of capital for actually launching the enterprise.

There are companies that can help you in different areas of your business, from management to internet support, on the internet or legal issues. Apps have become a practical tool with which you can do everything from registering your employees to preparing payrolls or controlling your sales.

The digital world is an aspect that has become an essential part of the business in the world of business, and digital networks are the best – if not almost the only – way the only way to make yourself widely known and expand your business.

## Criteria investors may use to assess an idea

Below are some of the criteria that interested investors may use to evaluate an idea of a social enterprise. Always try to describe your idea in these terms. A good fit with these criteria is a good indicator that an idea will be successful (in addition to getting you the funding).

Financial criteria	Social criteria
<p><b>Good business idea:</b>            Is this a good business idea?            Is there a significant customer base for the products or services to be produced?            Can they be sold at a high enough margin to make a profit?            Is there a competitive advantage?</p>	<p><b>Good service idea</b>            Is this a product or service that's really needed in the community?            Would it result in significant improvement in the life of enough people?            Can it be provided at a cost that makes sense?            Does this approach to solving the problem offer some competitive advantage over other ways of doing it?</p>
<p><b>Right Strategy</b>            Is there a good strategy to achieve business success, financial return on investment?            In the strategy, are the financial assumptions in the business plan credible and include a reasonable exit strategy?</p>	<p><b>Right strategy</b>            Is there a good strategy in place to achieve a significant social impact?            Has a good business plan been developed to implement a sustainable strategy?</p>
<p><b>People to make it work</b>            Are the people in the business the ones who can make it successful?</p>	<p><b>People to make it work</b>            Are the people running the organization capable of making this successful?</p>

Table 8: Investors criteria, Source: *Enterprising Non-Profits*, 2010

## Financial potential

You can use the following questions to analyse your financial potential, in order to be able to plan how to get funds for your enterprise. These questions will help you to answer the fundamental question you need to ask yourself: Can you achieve your profitability goals?

- What are your potential start-up costs, including technology, staff, materials, equipment, marketing, and planning?
- What will your operating costs be?
- Approximately what price might you charge? How would the price be determined?
- What is your sense of a potential profit for a sale?

- Do you anticipate cash flow issues, including seasonal demand or high initial costs?
- How much working capital is required?
- What might your sales assumptions be in the first few years? Numbers? Growth?
- How long will it be until the enterprise breaks even?
- What are the key drivers of profitability? Can the enterprise operate at this level?
- Are there any potential sources of financial and human support for the different stages of development?

## Capital structure

In business, the capital structure is determined by the combination of the different resources used by the company to finance its investments.

In a common business, capital structure refers to the amount of debt and/or equity employed by a firm to fund its operations and finance its assets. Debt consists of borrowed money that is due back to the lender, commonly with interest expense. Equity consists of ownership rights in the company, without the need to pay back any investment.

The objective of maximising the market value of a firm involves finding the combination of equity and debt that minimises the firm's cost of capital. In a conventional company, the objective is generally to maximise shareholders return, but this is very different in a social enterprise.

## Financing and company development phase

A great idea, a strong desire to help change the world for the better and a detailed business plan will give you a running start when starting an entrepreneurial business. But it's impossible to start unless you have the funding to back your vision.

Any business, also social enterprises, require financing at different stages in order to meet their objectives. In addition to the personal savings and traditional financing offered by banks, there are certain sources to which they can turn. This is because each stage has a level of risk and an associated cost, which must be well understood in order to find the best investor for each of them.

Access to finance is key throughout enterprises' life cycle. As an entrepreneur, you will know that during the process of creating your company, it will go through different phases and in each of them, you will have different needs to solve and therefore you will need a specific type of financing.

Fortunately, there are several types of external funding that allow projects to take off and achieve success in many cases. The right choice of sources of finance for a company is crucial to ensure its development and growth. Each of them has a level of risk and an associated cost that must be distinguished in order to find the best investor.

In this video, Luis Sande from the social enterprise Auara talks about financing and the 4 phases of the company development: <https://youtu.be/EFUcskozq90>.

These are the four phases:



1. **Initial Gestation Phase.** In this first phase the most important thing is the founders and the idea on which the business is going to be based, which must be well founded. At this stage the financial needs must be low, as this is when it is determined whether the project will be viable. The shareholders' agreement should be well established during this phase, in order to professionalise what each founder contributes. Likewise, a social enterprise should develop their mission statement.
2. **Phase two: Creation.** This phase comes when you already have a product prototype and your financial needs increase. In addition, you already have a team in place. As the level of risk is high, because there is still nothing launched on the market, the best investors are **Family and Friends**, people close to the founders who believe in the project and bet on it. A basic tool that should be incorporated at this stage is a 5-year business plan, which reflects how the company will develop and its economic needs. **It is important, as a social enterprise, to audit the accounts in order to be very transparent.** Finally, there are accessible financing methods such as incubators and prizes.
3. **Phase 3: Launch.** At this stage, a higher level of financing is required, as it is when it will be necessary to form a commercial team, distribute the product, produce sufficient stock, etc. Therefore, the company has to become more professional. It is at this time when investors such as **business angels, impact investors and crowdfunding companies** must be sought. It is important to define well the exit plan of the investor of the company created. Banks also start to be taken into account, as liquidity lines are needed. With stronger and more professional investors, it is advised seeking legal and financial advice.
4. **Phase 4: Consolidation.** This is the time to consider scaling up the company to other markets, making it bigger and, therefore, the financial need increases considerably. The most advisable investors at this stage are **venture capital or impact investment funds**. Another ways of raising capital is through **alliances** with European companies and seeking joint financing, or **public aid or loans**. Given that at this stage it is normal **to be close to break even**, financial institutions tend to access non-recourse financing.

## Funding sources

The social enterprise can also turn to **private investors**, such as business angels, or crowdfunding platforms (crowdfunding, crowdlending...), although there are more and more options that offer specialised help to start-ups. **Public programmes** play a small but not negligible part in terms of entrepreneurial funding.

If you have no idea how to get financial support, find out about public aid, lines of financing and you can even turn to a consultancy firm to find the most appropriate model for your plan.

**Accelerators**, as well as private investors, have become a very viable option to materialise your project, especially because of the extras they provide. The experience of mentors and entrepreneurs who advise you or share their networks of contacts will make it more feasible to start up your business.

This proliferation of incubators, accelerators, innovation spaces... that has occurred in the last few years has also reached public institutions, private and public institutions as

well, city councils, regional and the central government, which are increasingly in favour of entrepreneurship.

Once you enter the wheel, you will find numerous opportunities to showcase your idea and find support: **specific events** (sustainable mobility, technology, sustainable cities, smart cities...), **trade fairs and networking meetings** will help you to make yourself known and create alliances.

You can always opt for **prizes** that, in addition to the economic contribution that will give visibility to your project. project.

**But don not forget this: the search for funding must be consistent with the mission and vision of the organization and must be consistent with the groups with which it works.**

## Social investment

Social investment is the use of repayable finance to help an organisation achieve a social purpose. Charities and social enterprises can use repayable finance to help them increase their impact on society, for example by growing their business, providing working capital for contract delivery, or buying assets. Charities and social enterprises may generate a surplus through trading activities, contracts for delivering public services, grants and donations, or a combination of some or all of these. This surplus is then used to repay investors.

There are two main types of social investment:

- Borrowing (debt): Taking out a loan which you agree to repay over a set period of time. Most debt investments are paid back with interest - a fee you pay to the investor for the use of their money.
- Shares (equity): Selling shares in your organisation to an investor. Equity investors receive a share of any profits paid out by the organisation and get to have a say in how the organisation is run.

You can get social investment from two broad groups:

- Through an organisation: social banks, trusts and foundations, social and green investment firms. They may provide a certain type of investment. Each organisation will have different eligibility criteria.
- Direct from an individual (or group of individuals): angel investment, crowdfunding and Community shares.

Social investment is not suitable for everyone, and it should be considered alongside other options.

How should you choose a social investor? Watch this video: <https://youtu.be/wql61d2e7xg>

When an organisation receives social investment, they will usually need to pay a return for using the money the investor lends them. Any social investor expects being repaid. The cost of capital is simplified to the interest rate that you will be charged for that money.

Watch this video: <https://youtu.be/f6E4POki8vg>

## Impact investing

Impact investing is an investment strategy that aims to generate specific beneficial social or environmental effects in addition to financial gains. Impact investments may take the form of numerous asset classes and may result in many specific outcomes. The point of impact investing is to use money and investment capital for positive social results (Investopedia).

Before engaging with a company, investors using impact investing as a strategy consider the company's commitment to corporate social responsibility (CSR), or a sense of positively serving society as a whole. The type of impact that can be derived from this type of investment varies depending on the sector and the specific company within that sector, but some common examples are giving back to the community by helping the less fortunate or investing in sustainable energy practices to help save our planet.

Most impact investments are made by institutional investors, such as hedge funds, private foundations, banks, pension funds and other fund managers. However, some socially conscious financial services companies, internet investment platforms and investor networks now also offer individuals the opportunity to get involved. One of the main areas of activity is microfinance loans, which provide small business owners in emerging countries with start-up or expansion capital. Women are often the beneficiaries of these loans.

Watch this video: <https://youtu.be/jv3oKGUbCPo>

## Private investors: the business angel

Although slowly, more and more entrepreneurs are turning directly to private investors for support. According to the 2019 report by AEBAN (Spanish association of business angels), "the business angel is no longer 'invisible' as it was traditionally considered. Their presence in public events and on LinkedIn has changed the traditional discretion for a more public profile". Crowdequity platforms continue to increase their presence in this type of investors' environment and increase their relevance as a source of projects. The networks have provided investors with an opportunity for diversification and, above all, an environment that contributes to the professionalisation of investors.

**To attract investors, think big, recognise the potential of your idea and go for it - use inspirational phrases!**

## Crowdfunding

Crowdfunding is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet. Crowdfunding emerged in the 90s as a funding model aimed at financing small projects of an artistic or cultural nature through the role of the so-called patrons or individuals who contributed their money in the form of a donation or in exchange for a non-monetary reward.

Over the years Crowdfunding has evolved into new alternative financing models where individuals who offer their money go from being patrons to investors and individuals and companies can get loans through this method.

There are different types of Crowdfunding:

- Crowd-equity
- Crowdlending
- Crowdsourcing
- Crowdfunding donation
- Reward crowdfunding

**Equity Crowdfunding** is based on the concept of Crowdfunding. The concept is the same, but it is taken a step further. The equity method is also used to crowdfund a company, but this time it is done by buying shares in the company and subscribing to a capital increase. Investors thus become owners of the company and can therefore exercise the rights associated with this status, such as the right to share in the company's profits. Generally, the companies that resort to this form of financing are consolidated companies with a certain amount of growth. It is very interesting for investors as it is not necessary to have a very high level of capital.

**Crowdlending** is the financing via loans to companies or individuals that are financed by individuals. It comes from the English words "Crowd", crowd and "Lending", loan. The financing requested by the company is covered thanks to many small contributions from large individuals who lend their money. In return, these investors receive a monetary consideration, i.e. the interest rate paid by the company, and the intermediary crowdlending platform receives a small commission.

**Crowdsourcing** involves obtaining work, information, or opinions from a large group of people who submit their data via the Internet, social media, and smartphone apps. People involved in crowdsourcing sometimes work as paid freelancers, while others perform small tasks voluntarily. For example, traffic apps like Waze encourage drivers to report accidents and other roadway incidents to provide real-time, updated information to app users. Crowdsourcing work allows companies to save time and money while tapping into people with different skills or thoughts from all over the world.

**Donation-based crowdfunding** is a way to source money for a project by asking a large number of contributors to individually donate a small amount to it. In return, the backers may receive token rewards that increase in prestige as the size of the donation increases. For the smallest sums, however, the funder may receive nothing at all. Donation-based crowdfunding can also be used in an effort to raise funds for charitable causes.

**Rewards-based crowdfunding** consists of individuals donating to a project or business with the expectation of receiving a non-financial reward in return, such as goods or services at a later stage. A common example is a project or business offering a unique service (rewards) or a new product (pre-selling) in return for investment. This form of crowdfunding allows companies to launch with orders already on the books and cash-flow secured (a major issue for new businesses) and gathers an audience before a product launch.

There are many platforms that offer this service, but here we include a few.

Crowdfunding platforms: [Inicia](#), [Teaming](#), [iHelp](#)

Crowdlending platforms: [Ecrowd](#), [Colectual](#), [Crowdcube](#)

The Comisión Nacional del Mercado de Valores in Spain offer information about [crowdfunding platforms](#). In this [website](#) you can find more information and a comparison between different crowdfunding platforms, and tips for success. The

European Commission offer a [Guide for Crowdfunding](#) and information about [Business Angels](#).

## European funding

The European Union is providing several funding programmes in order to support the transition to a circular economy, such as the European Structural and Investment Funds, Horizon 2020 and the LIFE programme.

→ Overview of funding opportunities at [Member States](#) level.

In addition, the **European Investment Bank** (EIB) is providing finance and advice for circular economy projects through the European Fund for Strategic Investments and the “EU Finance for Innovators” (InnovFin) Programme.

→ Overview of the role of [EIB](#) in supporting the circular economy

Since April 2021, the [European Innovation Council and Small and Medium-sized Enterprises Executive Agency \(EISMEA\)](#) manages [several EU programmes](#) in the fields of SME support & innovation, environment, climate action, energy and maritime affairs, partly or in full, on behalf of the European Commission. Through these programmes, EASME offers EU-funding and other types of support to companies, small businesses, researchers, non-governmental organisations and public bodies in order to help them with projects that create jobs and growth and help Europe move towards a sustainable, low-carbon economy that respects nature.

The Single Market is the beating heart of the EU. It is the largest market in the world, where people, goods, services and money can move almost as freely as within a single country. EU citizens can travel, study, work and fall in love across borders. Consumers can buy safe products on the market and enjoy a high level of food safety. For the long-term EU budget 2021-2027, the Commission proposes a dedicated €4.2 billion programme to empower and protect consumers and enable Europe’s many small and medium-sized enterprises (SMEs) to thrive. More information here: [https://ec.europa.eu/growth/news/first-ever-financial-programme-boost-single-market-ready-kick-2021-04-28\\_en](https://ec.europa.eu/growth/news/first-ever-financial-programme-boost-single-market-ready-kick-2021-04-28_en)

The [European Climate, Infrastructure and Environment Executive Agency \(CINEA\)](#) mission is to support stakeholders in delivering the European Green Deal through high-quality programme management. CINEA manages programmes on Climate and Environment (Horizon Europe, Innovation Fund, Just Transition Mechanism, Life), Energy, Transport and Mobility, and the European Maritime, Fisheries and Aquaculture Fund.

In this website you find calls for a specific topic [https://ec.europa.eu/info/funding-tenders/funding-opportunities/find-calls-funding-topic\\_en](https://ec.europa.eu/info/funding-tenders/funding-opportunities/find-calls-funding-topic_en)

This [site](#) helps Small and Medium Enterprises (SMEs) to apply for loans and venture capital supported by the European Union. Select your country to search for financial opportunities.

Here you can find an explanatory video in all the official languages of the UE, about how to [access to EU Finance](#).

## Additional Learning Resources

<b>Module Title:</b>	Module 7. Financing for Circular Economy entrepreneurs
<b>Title of Resource:</b>	The world's largest investor embraces the circular economy: BlackRock
<b>Resource Code:</b>	R7.1
<b>Description of the resource:</b>	<p>BlackRock is the world's largest asset manager investing on behalf of clients – ranging from pension funds and sovereign wealth funds to family offices and individuals – in assets such as shares of publicly-listed companies, corporate and sovereign bonds, and real assets, such as infrastructure and housing.</p> <p>The fund aims to drive investments in publicly listed companies already contributing to, or benefiting from, the transition to a circular economy. Examples include Adidas, which has committed to 100% recycled polyester in its trainers by 2024, and Tomra, which provides 'reverse vending infrastructure' for the recycling industry.</p> <p>Through this fund, BlackRock has sent a strong signal to other investors and companies that the transition to a circular economy is happening, and investing in the circular economy not only contributes to a more resilient and regenerative society, but offers the opportunity to generate better financial and competitive returns.</p>
<b>What will you get from using this resource?</b>	In its website you can explore financing opportunities for sustainable investment. Clicking on the upper part you can change the location.
<b>Link to resource:</b>	<a href="https://www.blackrock.com/us/individual/investment-ideas/sustainable-investing#">https://www.blackrock.com/us/individual/investment-ideas/sustainable-investing#</a>

<b>Module Title:</b>	Module 7. Financing for Circular Economy entrepreneurs
<b>Title of Resource:</b>	Circularity capital
<b>Resource Code:</b>	R7.2
<b>Description of the resource:</b>	<p>Circularity Capital is a specialist private equity firm investing in growth stage businesses in the circular economy. Circularity Capital was founded as an independent investment manager in 2015, with a mission to deliver value for investors by supporting growth and innovation in the circular economy. We are a supportive hands-on investor and use our team's specialist expertise and knowledge in the circular economy to support the businesses we back.</p>
<b>What will you get from using this resource?</b>	In its website you can explore financing opportunities for sustainable investment.
<b>Link to resource:</b>	<a href="https://circularitycapital.com/">https://circularitycapital.com/</a>

<b>Module Title:</b>	Module 7. Financing for Circular Economy entrepreneurs
<b>Title of Resource:</b>	Insights and analysis on financing the circular economy
<b>Resource Code:</b>	R7.3
<b>Description of the resource:</b>	Now is the time for the financial services sector to capitalise on new growth and investment opportunities. The following paper offer new analysis that highlights rapid growth in circular economy financing and investment, and evidence demonstrating how circular economy strategies can de-risk investments and drive superior risk-adjusted returns for investors and financial institutions.
<b>What will you get from using this resource?</b>	<p>In this paper you can learn that circular economy opportunities can be found in nearly every sector in the global economy. The plastics, fashion, and food sectors stand out as some of the most likely to be significantly impacted or even disrupted by the circular economy in the near term, driven by innovation, regulation, and evolving customer preferences. Moving from a linear to a circular economy is not only about financing perfectly circular companies or turning away from extractive ones. This transformation will require all sectors to shift fast and at scale to achieve climate targets and build a resilient economy.</p> <p>The document provides a qualitative assessment of circular economy growth potential across sectors.</p>
<b>Link to resource:</b>	<p>Financing the circular economy. Capturing the opportunity. <a href="https://emf.thirdlight.com/link/17z1dk7idbty-lrrp3s/@/preview/1?o">https://emf.thirdlight.com/link/17z1dk7idbty-lrrp3s/@/preview/1?o</a></p> <p>The circular economy as a de-risking strategy and driver of superior risk-adjusted returns: <a href="https://emf.thirdlight.com/link/29wifcw68gx1-yw31dj/@/preview/1?o">https://emf.thirdlight.com/link/29wifcw68gx1-yw31dj/@/preview/1?o</a></p>

<b>Module Title:</b>	Module 7. Financing for Circular Economy entrepreneurs
<b>Title of Resource:</b>	Crowdfunding platform
<b>Resource Code:</b>	R7.4
<b>Description of the resource:</b>	This resource is a website where you can compare the top online fundraising and crowdfunding platforms and read several articles regarding the Crowdfunding
<b>What will you get from using this resource?</b>	This website provide tips and information about crowdfunding
<b>Link to resource:</b>	<a href="https://www.crowdfunding.com/">https://www.crowdfunding.com/</a>



<b>Module Title:</b>	Module 7. Financing for the Circular Economy entrepreneurs
<b>Title of Resource:</b>	VERGE Capital: A case study of accessible financing for women-led social enterprises
<b>Resource Code:</b>	R7.5
<b>Description of the resource:</b>	This resource is a website article that explains a case study of accessible financing for women-led social enterprises. VERGE Capital is a social finance program of Pillar Nonprofit Network (Pillar). VERGE Capital provides loans to social enterprises in Southwestern Ontario with a focus on equity deserving groups, including women. VERGE currently operates two funds: the Startup Fund and the Breakthrough Fund.
<b>What will you get from using this resource?</b>	Reading this article will help you learn how building a more inclusive economy means building upon its place-based foundations to include a commitment to gender lens investing and aligning investments with racial and social justice.
<b>Link to resource:</b>	<a href="https://circulareconomy.europa.eu/platform/en/financing-circular-economy">https://circulareconomy.europa.eu/platform/en/financing-circular-economy</a>

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# Module 8. Finding Collaborators – Expanding the Network

## Introduction

The success of companies that adopt the social enterprise model is largely dependent on an increased public consciousness. We, and the businesses that we support, have a responsibility to make decisions that don't only benefit us but benefit our communities locally and globally. That is why identifying the right stakeholders of the organisation is so important.

Company decisions must take stakeholders into account, because stakeholder satisfaction is key to the company's survival.

Each stakeholder group has certain expectations that they expect to see fulfilled by the company and for this reason it is important to maintain communication with them, either through dialogue or other tools that allow us to know their opinions regarding the company's activity. Given that a company may have a large number of stakeholders to satisfy, finding common objectives among all of them can be a challenge, but it is necessary to find these keys to ensure the growth and survival of the company.

In this aspect, it helps if the company has implemented corporate transparency policies, as they help to build trust among stakeholders, especially when the company demonstrates a high commitment to regulatory compliance in different key areas (such as equality, environment or anti-corruption measures).

On another note, today, companies working on social, environmental or economic impact issues must partner, collaborate, and build coalitions to be more effective. This is especially true for social entrepreneurs, whose task is to find ways to build purpose into a profit-making organisation.

This is not always easy. Finding partners or alliances is a slow and painstaking process and finding the right partners can be resource intensive.

### Topics:

This module addresses and comprises of the following topics:

- 1) The triple bottom line
- 2) Stakeholders management
- 3) Measuring the social impact
- 4) Steps for partnering
- 5) The social procurement

## Learning outcomes:

Knowledge	Skills	Attitudes
<ul style="list-style-type: none"><li>● Factual knowledge about who stakeholders are.</li><li>● Factual knowledge about the types of stakeholders in a social enterprise</li><li>● Factual knowledge on performing a stakeholder's analysis</li><li>● Knowledge about methods for measuring the social impact</li><li>● Knowledge about the main steps for partnering to address social impact challenges</li><li>● Knowledge about social procurement in the supply chain</li></ul>	<ul style="list-style-type: none"><li>● Understand the importance of stakeholders for a social enterprise</li><li>● Identify the key stakeholders of a social enterprise</li><li>● Analyse the role of the stakeholders</li><li>● Understand the importance of stakeholder's engagement</li><li>● Understand the importance of measuring the social impact of a social enterprise</li><li>● Identifying the elements needed to measure the social impact</li><li>● Understand the opportunities of social procurement for social enterprise</li></ul>	<ul style="list-style-type: none"><li>● Awareness of stakeholders' importance</li><li>● Appreciation of the needs of the stakeholders</li><li>● Appreciation of how the partnering can help social enterprises to the solution of social and environmental problems.</li><li>● Awareness of the impact of social entrepreneurship in the communities</li></ul>

## The triple bottom line

In economics, the triple bottom line (TBL) maintains that companies should commit to focusing as much on social and environmental concerns as they do on profits. TBL theory posits that instead of one bottom line, there should be three: profit, people, and the planet. The TBL aims to measure the financial, social, and environmental performance of a company over time. A TBL seeks to gauge a corporation's level of commitment to [corporate social responsibility](#) and its impact on the environment over time. The idea was that a company can be managed in a way that not only makes money but which also improves people's lives and the well-being of the planet

## Stakeholders' management

### Definitions

**Stakeholder** is a person or organisation who has something to gain or lose through the outcomes of a planning process, programme or project (Dialogue by Design, 2008). The term "stakeholder" refers to all internal and external groups of people who are directly or indirectly affected by a company's activities, who have their own needs and expectations and who therefore have an influence on the company.

**Stakeholder Engagement** is the process of effectively eliciting stakeholders' views on their relationship with the organisation/programme/project (Friedman and Miles, 2006).

**Stakeholder Analysis** is a technique used to identify and assess the influence and importance of key people, groups of people, or organisations that may significantly impact the success of your activity or project (Friedman and Miles 2006).

**Stakeholder Management** is essentially stakeholder relationship management, the process of managing the expectations and the requirements of these stakeholders.

Stakeholders can be **internal or external** to an organization. Internal stakeholders are people whose interest in a company comes through a direct relationship, such as employment, ownership, or investment. External stakeholders are those who do not directly work with a company but are affected somehow by the actions and outcomes of the business. Suppliers, creditors, and public groups are all considered external stakeholders.

The **Key stakeholders** are those with significant influence upon or importance within an organization; can also belong to the other groups.

### **Stakeholders analysis**

Stakeholder analysis is a process of systematically gathering and analyzing qualitative information to determine whose interests should be taken into account when developing and/or implementing a project or program. It is frequently used during the preparation phase of a project to assess the attitudes of the stakeholders regarding the potential changes. Stakeholder analysis can be done once or on a regular basis to track changes in stakeholder attitudes over time.

So, a stakeholder analysis helps you identify everyone involved, how they contribute, their interests, and what you need to do to keep them happy and your project on time.

The exact **steps to conduct a stakeholder analysis** will depend on which approach you use, but regardless of which one you work with, the process will go through a few phases:

1. Identify and map internal and external stakeholders
2. Assess the nature of each stakeholder's influence and importance
3. Construct a matrix to identify stakeholder influence and importance

Here you can download some templates to help you with the stakeholder analysis: [Power/Interest grid template](#), [Template for a project](#), [Stakeholder Analysis Matrix Example](#), [Stakeholder Mapping and Analysis \(PPT\)](#), [Stakeholder Map Template for PowerPoint](#), [Stakeholder Analysis Log Template for Excel](#)

## **Measuring the social impact**

Social impact is the effect an organization's actions have on the wellbeing of the community. It is significant, positive change that addresses a pressing social challenge – like depression, unemployment, environmental damage.

Creating social impact is the result of a deliberate set of activities with a goal matching this definition.

If creating social impact is at the heart of who you are as an organisation then measuring – and more importantly, understanding – the social impact you create is just as important as keeping your finances in order.

When creating a social enterprise, you should be confident in the impact you're having on beneficiaries. But it's not just enough to know – you need to collect real data that will show the difference you're making in the world. That's where social impact measurement comes in.

Measuring social impact will enable your organisation to demonstrate and improve. Demonstrate to stakeholders (including funders) that what your organisation does is making a difference. Measuring and evaluating will also enable your organisation to improve its impact by identifying strengths or weaknesses.

### **Stakeholder engagement**

Identifying and engaging with stakeholders is absolutely critical to measuring impact. Without adequate stakeholder engagement, you cannot even begin to measure impact effectively. It is important to know who the stakeholders are and how best to engage with them.

Stakeholder engagement helps organizations to proactively consider the needs and desires of anyone who has a stake in their organization, which can foster connections, trust, confidence, and buy-in for your organization's key initiatives. For that, it's very important to have a communication plan:

When done well, stakeholder engagement can mitigate potential risks and conflicts with stakeholder groups, including uncertainty, dissatisfaction, misalignment, disengagement, and resistance to change.

### **Measure outcomes, not outputs**

An output indicates that an activity has taken place, whereas an outcome is an indicator of change. Measuring the quantity of outputs is not enough. For example, distributing 25 nets (output) to avoid mosquito bites does not necessarily mean that malaria cases are reduced (outcome); the nets may never be used.

### **Social return on investment (SROI)**

**SROI is a methodology for measuring the financial value of environmental and social outcomes.** By setting financial indicators for outcomes, such as "reduction of social isolation", a monetary figure can be assigned to your organisation's impact and your organisation can demonstrate the return on investment (e.g., every Euro spent generates 5 Euros of social value).

SROI is useful to corporations because it can improve program management through better planning and evaluation. It can also increase the corporation's understanding of its effect on the community and allow better communication regarding the value of the corporation's work (both internally and to external [stakeholders](#)). Philanthropists,

[venture capitalists](#), [foundations](#), and other [non-profits](#) may use SROI to monetize their social impact, in financial terms (Johnson Center for Philanthropy, 2013)

First developed by the philanthropic fund REDF for nonprofit organizations to measure social, rather than monetary value, the Social Return on Investment (SROI) framework offers **seven principles for measuring social impact**:

1. Involve stakeholders
2. Understand what changes
3. Value the things that matter
4. Only include what is material
5. Do not over-claim
6. Be transparent
7. Verify the result

A general formula used to calculate SROI is as follows:

$$SROI = \frac{SIV - IIA}{IIA \times 100\%}$$

Where:

SIV=social impact value

IIA=initial investment amount

While the approach varies depending on the project that is being evaluated, there are four main elements that are needed to measure SROI:

- Inputs, or resources required for the activity (such as running costs, e.g. of an employment training programme)
- Direct outputs of the activity (e.g. the number of people trained by the programme)
- Outcomes, or the changes in people resulting from the activity (e.g. new jobs, improved income, improvement in people's quality of life)
- Impact, which is the outcome minus an estimate of what would have happened anyway without the activity (e.g. if 20 people got new jobs but five of them would have been hired anyway, the impact is based on the 15 people who got jobs directly as a result of the job training programme).

### **Keep your mission in mind**

Measuring impact is not just for the sake of funders, your organisation will benefit too. Measuring impact should not just be an exercise in ticking boxes to justify its existence.

## **Steps for partnering**

By partnering to address sustainability and social impact challenges, companies can make more informed decisions about their business, their investments, their corporate social responsibility goals, their social impact priorities and even their philanthropic efforts if they listen and work with others who have complementary skills.

Watch this video: Corporate Ready Social Enterprises

<https://youtu.be/vMKWUHewk-M>

Following a few simple steps makes the process easier and more effective. This approach has been effective for businesses large and small, start-ups, social entrepreneurs, non-profit organisations and even the US Government.

First, it is critical that each organisation understands its own goals and objectives before entering into a partnership or collaboration. At this stage it is important to prioritise because it takes time and patience to determine where there are gaps and needs of the partners.

The next step is to clarify which existing or potential partners have similar objectives and where there are complementary skill sets to address gaps. Joint action needs to be envisaged, which involves ensuring that objectives are aligned between partners, quantitative outcomes are defined, processes are clarified, and the strengths and roles of each partner are identified. Only then can the partnership begin to be implemented effectively.

Once the partnership is in place, its effectiveness needs to be assessed, both to fill the gaps identified in the prioritisation exercise and to provide additional value, on a regular basis. Partners are partners because they provide mutual support. But this dynamic is not permanent; missions, staff, etc. may change. This is why it is necessary to establish a specific checkpoint in each partnership, which will ensure that the partnership is built around trust, honesty and integrity of work.

## **The social procurement**

Companies are starting to prioritize environmental sustainability and social impact in their supply chain strategies, but their motivation is not entirely altruistic. This is part of a long term shift where business and sustainability are increasingly connected and purpose is recognized as driving business value that creates competitive advantage (Monitor Deloitte, 2021). External and internal pressures have led companies to step up their contributions towards fighting climate change and creating more inclusive value chains. This is especially true in 2021, as the COVID crisis has exposed fault lines across global, interconnected supply chains and changed consumption habits towards more conscious and local purchases (Accenture, 2020). But transforming supply chains is no easy task and requires action at multiple levels. This is where there is an incredible opportunity for social businesses to be integrated into corporate value chains.

Social Procurement is defined as the purchase of goods and services by companies from social businesses. Through social procurement, companies integrate social businesses into their supply chains with the explicit intention of creating social or environmental impact through their procurement (Durand et al. 2021).

Social Procurement enables companies to drive impact directly via their supply chains ('do good' approach), extending beyond awareness building and mitigating supply chain risks ('do no harm approach') (Durand et al. 2021).

There are various pathways to commit to Social Procurement, broadly categorized into four types of engagement:

1. Internal: Integrate social businesses into your own value chain.
2. Customers: Help customers integrate social businesses into their procurement processes.
3. Suppliers: Influence suppliers (beyond Tier-1) to integrate social businesses beyond the company's offering.
4. Ecosystem: Build ecosystems across the industry.

The organisation Yunus Social Business works with companies to engage in social business. They support corporate leaders by creating purpose-driven innovations that help people escape poverty, get access to health care or live in a pollution-free environment and they connect the companies with the global social business community creating unusual alliances. In addition, the report "[The Social Procurement Manual](#)" published by Yunus Social Business (YSB), provides case studies and practical tools for companies that want to start 'buying social'.

## Case study

<b>Module Title</b>	Module 8. Finding Collaborators – Expanding the Network		
<b>Case Study Title</b>	<b>The Body Shop &amp; Plastics for Change</b>	<b>Case Study Code</b>	CS8.1
<b>Type of resource</b>	Case study (CS)	<b>Type of learning</b>	Self-directed learning
<b>Duration of Activity (in minutes)</b>	20	<b>Learning Outcome</b>	To know how a company can partner with a social enterprise
<b>Aim of activity</b>	Promote reflection on other ways of doing business using the circular economy with a social purpose.		
<b>Introduction</b>	Plastics for Change ( <a href="https://www.plasticsforchange.org/">https://www.plasticsforchange.org/</a> ) aims to create better and safer livelihoods for informal waste collectors in global supply chains. The first recycler to be verified by the World Fair Trade Organization, they partner with local NGOs in India to give waste pickers better and more stable prices, as well as training. They offer companies a marketplace platform of ethically sourced and high quality recycled materials. They started a <a href="#">partnership with The Body Shop</a> to launch their services at a larger scale. Together they built a robust quality assurance process as well		



	<p>as creating a social and environmental impact, in line with The Body Shop's values and their Community Fair Trade program.</p> <p>The Body Shop and Plastics for Change partnered to develop the first fair-trade recycled plastics, working with more than 2,000 waste pickers in India. The plastic is used for the brand's cosmetic bottles.</p> <p>History:</p> <p>2016: Plastics for Change founder and CEO Andrew Almack chased down the sustainability manager of The Body Shop in the hallway of a conference in Singapore.</p> <p>2019: Official launch of the World Fair Trade Organization verified supply chain.</p> <p>2020: The Body Shop purchased 500 tons of recycled plastics from Plastics for Change.</p> <p>2021: The Body Shop calls its competitors to buy from Plastics for Change as part of a global movement.</p> <p><b>IMPACT BENEFITS:</b> ✓ 33 employees at the factory. ✓ +2,000 informal waste pickers. ✓ 300 tons CO2 saved. ✓ 12 million PET bottles recycled. <b>BUSINESS BENEFITS:</b> ✓ Communication: 600+ press articles. ✓ Employee and consumer engagement. ✓ Social goodwill. ✓ Brand differentiation.</p>
<b>Challenge</b>	Thinking about ways of implementing circular economy business models in the supply chain
<b>Assignment</b>	<p>Key questions that you need to be able to answer:</p> <ul style="list-style-type: none"> <li>- How does his social enterprise impact in the society and the environment?</li> <li>- How do they involve corporations?</li> <li>- How do they build trust for corporations?</li> </ul>

## Additional resources

<b>Module Title:</b>	Module 8. Finding Collaborators – Expanding the Network
<b>Title of Resource:</b>	Clasification of stakeholders
<b>Resource Code:</b>	R8.1
<b>Description of the resource:</b>	<p>This is a web article that provides a clasification of stakeholders in Internal, external and other.</p> <p>Then, it include a summary os some of the key internal and external stakenolders for a company, with a short description.</p>
<b>What will you get from using this resource?</b>	This resource will help you to identify the key stakeholders in a organisation or project.
<b>Link to resource:</b>	<a href="https://assetinsights.net/Glossary/G_Stakeholders.html">https://assetinsights.net/Glossary/G_Stakeholders.html</a>

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<b>Module Title:</b>	Module 8. Finding Collaborators – Expanding the Network
<b>Title of Resource:</b>	Ensuring Effective Stakeholder Engagement
<b>Resource Code:</b>	R8.2
<b>Description of the resource:</b>	<p>This is an online guide that will support your engagement with stakeholders and equip you with some helpful tools and advice to develop effective stakeholder communications plans within your own teams.</p> <p>The guide remarks benefits of ensuring a robust stakeholder management approach, and includes a model for an effective stakeholder campaign.</p>
<b>What will you get from using this resource?</b>	This resource will help you to know the process for planning a stakeholder’s engagement strategy and it includes a best practice.
<b>Link to resource:</b>	<a href="https://gcs.civilservice.gov.uk/publications/ensuring-effective-stakeholder-engagement/">https://gcs.civilservice.gov.uk/publications/ensuring-effective-stakeholder-engagement/</a>

<b>Module Title:</b>	Module 8. Finding Collaborators – Expanding the Network
<b>Title of Resource:</b>	How to measure your social impact
<b>Resource Code:</b>	R8.3
<b>Description of the resource:</b>	<p>This web article explains several aspects to take into consideration for measuring the social impact of a social enterprise:</p> <ul style="list-style-type: none"> <li>• How will measuring social impact help?</li> <li>• Who should I involve in measurement?</li> <li>• What should it cost?</li> <li>• What do I measure?</li> <li>• How do I measure?</li> <li>• How do I make sense of my data?</li> <li>• How do I present my social impact findings?</li> </ul>
<b>What will you get from using this resource?</b>	After reading this article you will know the basics aspects to work on when measuring the impact of a social enterprise. You will also get some tools and guidelines to develop the measurement.
<b>Link to resource:</b>	<a href="https://www.the-sse.org/resources/sustaining/how-to-measure-your-social-impact/">https://www.the-sse.org/resources/sustaining/how-to-measure-your-social-impact/</a>

<b>Module Title:</b>	Module 8. Finding Collaborators – Expanding the Network
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<b>Title of Resource:</b>	When corporations and social enterprises work together, they can change the world
<b>Resource Code:</b>	R8.4
<b>Description of the resource:</b>	<p>This resource is a website article that explains:</p> <ul style="list-style-type: none"> <li>• The transformation from a shareholder-focused model to a stakeholder model requires innovation, adaptation, and new partnership</li> <li>• There is an untapped opportunity for corporations and social enterprises to work together to achieve both business and social impact goals.</li> <li>• Social enterprises can bring inclusion and sustainability into corporate value chains.</li> <li>• Two new reports show the breadth of alignment and impact possible, when corporations use their spending, or procurement, to purchase goods or services from social enterprises.</li> </ul>
<b>What will you get from using this resource?</b>	Reading this article will help you understand the opportunities for social enterprises and corporations to work together
<b>Link to resource:</b>	<a href="https://www.weforum.org/agenda/2021/10/when-corporations-and-social-enterprises-work-together-they-can-change-the-world/">https://www.weforum.org/agenda/2021/10/when-corporations-and-social-enterprises-work-together-they-can-change-the-world/</a>

<b>Module Title:</b>	Module 8. Finding Collaborators – Expanding the Network
<b>Title of Resource:</b>	100 Corporate-Ready Social Enterprises
<b>Resource Code:</b>	R8.5
<b>Description of the resource:</b>	<p>You can find here 100 diverse examples of social enterprises doing business with corporations across industries and geographies. This list is the result of research shared in a new report - <a href="#">Corporate-Ready: How Corporations and Social Enterprises Do Business Together to Drive Impact</a>, led by Acumen and supported by IKEA Social Entrepreneurship, and developed in collaboration with members of the World Economic Forum’s COVID Response Alliance for Social Entrepreneurs.</p>
<b>What will you get from using this resource?</b>	The social enterprises listed here are a subset of the many incredible organizations that were nominated and that responded to Acumen’s corporate-readiness survey. The list offers a glimpse into the transformational impact and value that is created when social enterprises and corporations do business together.
<b>Link to resource:</b>	<a href="https://widgets.weforum.org/100-corporate-ready-social-enterprises/index.html">https://widgets.weforum.org/100-corporate-ready-social-enterprises/index.html</a>

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# LEARNING CIRCLE



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