



**Mainstreaming Inclusive Innovation  
and Social Entrepreneurship  
in Higher Education**

2022-1-PL01-KA220-HED-000089820

# **InnoSocial Course in Inclusive Innovation and Social Entrepreneurship**

## **Module 5. Ensuring social enterprise sustainability and measuring social impact**

Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or Fundacja Rozwoju Systemu Edukacji. Neither the European Union nor the granting authority can be held responsible for them.



**Co-funded by  
the European Union**

# Project Consortium



UNIVERSITÀ  
DI PAVIA



# Content of presentation

## UNIT 5.1

**Business sustainability  
and integration of social  
and environmental issues.**

## UNIT 5.2

**Measuring the social impact  
of a social enterprise.**

## UNIT 5.3

**Case study**



# Key Symbols



**Definition/ theoretical  
background**



**Teaching/learning  
activities**



**Tips**



**Video**



**Additional resources/  
further reading**



**Case studies/good  
practices**



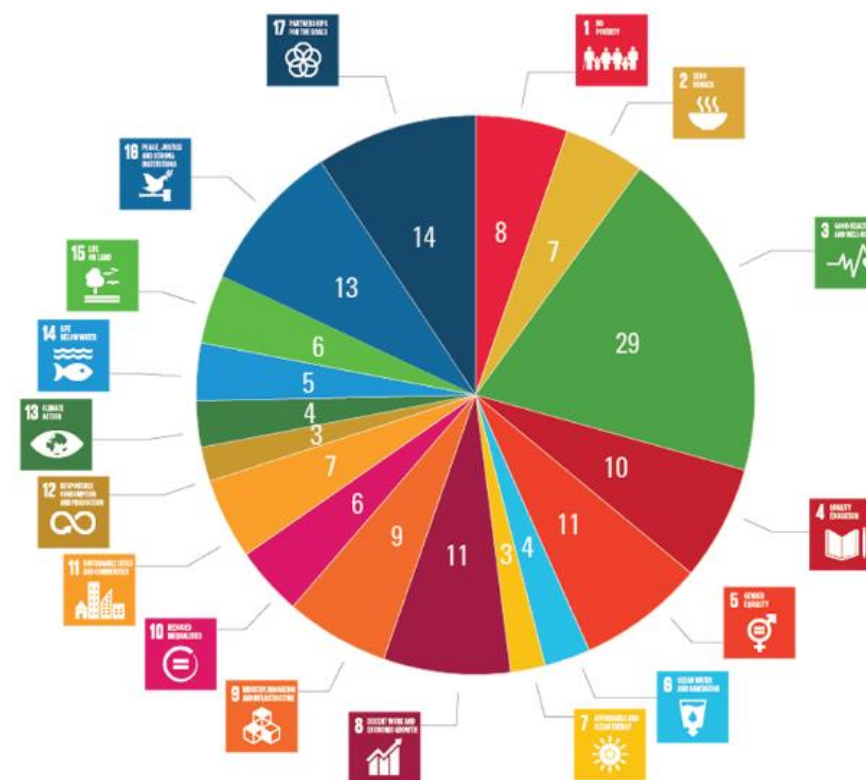
# Learning outcomes

Module V		
Unit/Topic 1:		
KNOWLEDGE	SKILLS	ATTITUDES
<p>The trainee will be able to:</p> <ul style="list-style-type: none"> <li>• know the key assumptions to ensure the continued operation and development of the social enterprise;</li> <li>• identify the risk factors limiting the continued functioning and development of the social business idea;</li> <li>• define objectives, activities and outcomes for the sustainable development of the social enterprise;</li> <li>• know the principles of scaling a business as the next stage of its development;</li> <li>• identify tools for measuring the social impact of a social enterprise.</li> </ul>	<p>The trainee will be able to:</p> <ul style="list-style-type: none"> <li>• develop a plan for the operation and development of a social enterprise;</li> <li>• measure the impact of its activities on the environment and solving social problems;</li> <li>• present their idea synthetically in the form of a social enterprise business plan;</li> <li>• identify the production, staffing and financial needs necessary to ensure the development of the enterprise.</li> </ul>	<p>The trainee will be able to:</p> <ul style="list-style-type: none"> <li>• understand the need to develop the business not only financially but also to address social and environmental needs;</li> <li>• develop management and analytical skills;</li> <li>• adopt an attitude of responsibility for the implementation of a social business idea and for tackling social problems.</li> </ul>

# Sustainability in a social enterprise

## Three dimensions of sustainable development:

1. Economic - making profits and financial growth
2. Social - activities of a social enterprise aim to counter specific problems identified locally or identified as global challenges
3. Environmental - minimizing the company's negative impact on the environment



**Table 1: Examples of defining social enterprise goals in line with a sustainable development strategy**

<b>1. Community</b>	<b>Goal: Improve the quality of life of local communities</b>
	<b>Activities: Support local education, health care and economic development</b>
	<b>Results: Increased access to education, improved community health, growth of local businesses</b>
<b>2 Environment</b>	<b>Goal: Conservation and sustainable use of natural resources</b>
	<b>Activities: Introduce green business practices, reduce energy and raw material consumption, reduce waste production at the company</b>
	<b>Results: Reduction of ecological footprint, improvement of the environment</b>
<b>3 Economy</b>	<b>Goal: Generate sustainable economic growth</b>
	<b>Activities: creating jobs, supporting local businesses and community partnerships while respecting the environment</b>
	<b>Results: Increased employment, development of the local economy, poverty reduction, minimized environmental degradation</b>
<b>4 Social innovation</b>	<b>Goal: Develop innovative solutions for the benefit of the community</b>
	<b>Activities: investing in research and development, supporting social entrepreneurship</b>
	<b>Results: Introduction of innovative products or services with social benefits</b>

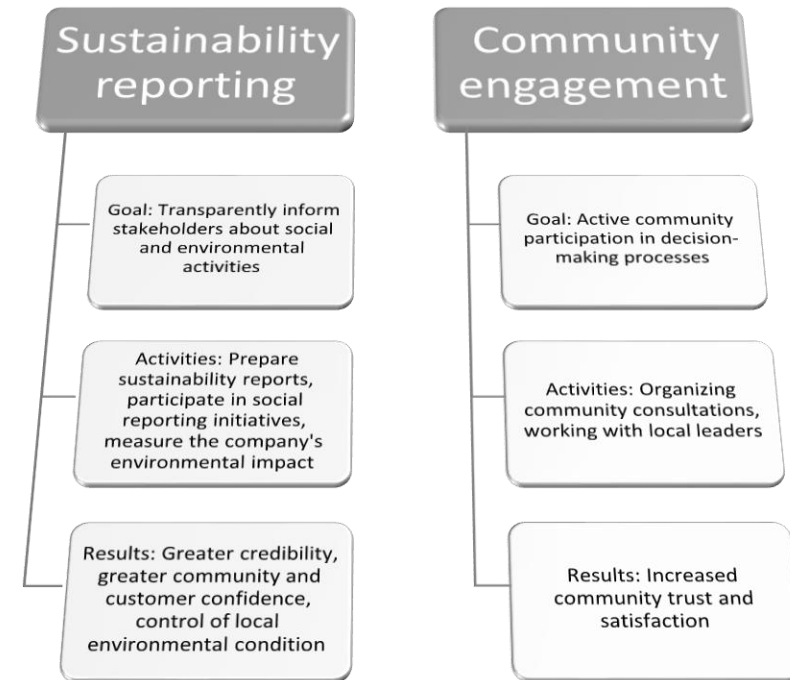




# Monitoring the level of implementation of the aforementioned sample sustainability goals

The level of corporate sustainability depends on a number of factors, which can be defined as:

- External
- Internal





# Defining a development strategy

According to a study by I. Ansoff and E. McDonnell, the development strategy was divided into the following elements:

1. Mission of the company
2. Domain of operation
3. Strategic (competitive) advantage
4. Strategic goals
5. Functional action programs



# What the development strategy is not:



- Development strategy is not an action plan
- Nor can the development strategy be equated with a business plan
- Development strategy is not an operational program
- Development strategy is not a feasibility study



# Key areas of activity of the social enterprise in determining the development strategy:

- the value proposition
- describes the strategy for generating social impact
- financial flows
- company's market segment
- process of implementation, delivery and planning of resources needed to deliver the product/service offered. In addition, the scope of this area includes the necessary partners and marketing and sales



# Delineating a strategy

Important element during delineating a strategy is the order of activities, in which we identify the various components in order of priority, such as:

- Define the mission of the enterprise (why are we here, why were we established, what motivated us to establish the organization?)
- Defining the vision of the enterprise (how should it work someday, where do we want to get to?)
- Determine the goals of the company (what do we want to achieve?)
- Diagnosis of the current state (what do we have?)
- Diagnosis of the desired state (what do we need?)



Ultimately, the activities carried out should result in the definition of strategic objectives, in this case those relating to solving social problems, along with their description and the definition of activities that should be carried out to achieve them. The activities should be assigned a timetable for implementation and the assignment of responsibility to the appropriate human resources.



# Strategic controlling

- Involves continuous monitoring of the external and internal conditions of operations and progress in achieving strategic goals and implementing the social enterprise strategy
- Includes the entire social enterprise
- Is aimed at evaluating the course and results of activities, but also at detecting and interpreting signals of impending changes (emerging opportunities and threats) before they have an impact on the company and responding appropriately to these changes
- Is implemented using information systems and impact instruments that provide flexible responses from the organization
- Is linked to strategic planning



# Main functions of strategic controlling

- Sensitizing managers and other implementers of activities to emerging opportunities and threats or symptoms preceding their emergence by providing managers with information about phenomena and events or conditions that are occurring or may occur before they create significant threats to the organization
- Continuously reviewing and updating strategic decisions on goals and ways to achieve them
- Ensuring adequate organizational flexibility through the creation and use of information systems and self-regulatory instruments
- Motivating function
- Creation and use of mechanisms for correcting and harmonizing activities within the framework of implemented strategies to increase the degree of their effectiveness and efficiency

As a result of the analysis, it is possible to identify sample elements of the development strategy that include social impact of the social enterprise for further monitoring. In the long term, appropriate monitoring and measurement of social impact will allow the business to be scaled appropriately and thus to pursue a specific development strategy for the enterprise.



# Creation of an investment plan

The business objectives of a social enterprise are not only revenue generation issues, but primarily social objectives. Any surpluses associated with the conduct of business are invested in such organizations to achieve social goals. This means primarily:

- Social and professional integration of enterprise members
- Community activities





# Investment plan

I. Introduction	A. Description of the social enterprise	Mission and values of a social enterprise Area of social action to be resolved
	B. Market analysis	Identification of the target group Competitor analysis Market trends related to social purpose
II. Social Objective	A. Selection of a specific social objective	A description of why the chosen goal is important to the community Relationship between the chosen social goal and the company's activities
	B. Measurability and evaluation of progress	Identify measures of progress toward the social goal Monitoring and performance reporting plan
III. Operational Plan	A. Organizational structure	Management team Operational structure
	B. Products or services	Description of the products or services offered by the company How the products/services offered contribute to the social goal
	C. Operational processes	Detailed description of business processes The concept of production, delivery and/or provision of services
IV. Marketing Plan	A. Marketing strategy	Market segmentation Marketing communication, taking into account the social message
	B. Sales strategy	Sales and distribution plan Business partnerships in support of social goals
V. Financial Plan	A. Financial forecast	Forecast of revenues and costs Profitability analysis
	B. Capital structure	Sources of funding (e.g., social investors, grants, loans) Social and operational capital allocation plan
VI. Monitoring and Evaluation	A. Progress monitoring system	Determining the frequency of monitoring Internal and external communication channels
	B. Evaluation of effectiveness	Methods for evaluating the effectiveness of social activities Modifications to the plan in response to the results of the evaluation
VII. Sustainable Development	A. Integrated approach	How the investment plan contributes to sustainable development policy
		Risk management and adaptation in the context of sustainable development

# The following activities can help to properly identify needs:



1. Defining the vision and strategy for the development of the company
2. Verification of the assumptions of the business model
3. Conducting a SWOT analysis

For example, if, during the analysis, the identification of a company's weakness points to outdated, energy-intensive equipment, plus the threat of rising electricity prices, the obvious investment should be new equipment that will save money in the long run.

4. Verification of processes and bottlenecks
5. Adequate Purchase Planning



# Scaling the business

Every social enterprise seeks solutions that can increase the efficiency of its operation to achieve social goals. Efficient functioning of social enterprises translates into realization of planned economic and social effects.

Business scaling is increasing a company's sales revenue using operating leverage, i.e. without increasing core operating costs, most often fixed costs.

In many cases, scaling involves reducing customer acquisition costs and business expenses.



# When using social enterprise scaling, the following conditions should be met:



- A focus on long-term growth
- Preparation of an appropriate financial plan (including an investment plan)
- Development of a comprehensive business model
- Building long-term interactions and relationships with customers and stakeholders
- Very good knowledge of the market and competitors



# Scaling up

Regardless of the type of business, in simple terms, three areas can be outlined that should be developed as part of scaling the company:

## Organization

1. Customers
2. Revenues

Scaling the business allows the company to grow in many directions:

- Implementing a product or service into a new market
- Building a competitive advantage in the current market
- Designing new solutions for customers
- Improving current customer solutions
- Comprehensive redesign of the business model
- re-branding

# Assumptions for scaling a social enterprise:



1. Business Model
2. Operational Processes
3. Human Resources
4. Technology
5. Financial Capital
6. Marketing Strategy



# Nine steps for scaling a social enterprise:

1. Getting to know the ecosystem
2. Using design thinking to find a scalable product
3. Verify the business model
4. Scaling the idea and raising investment capital
5. Building the right team and developing its skills
6. Team management
7. Building partnerships for development
8. Impact reporting (real-time)
9. Impact on the industry
10. Return to step 1





# Measuring the social impact of a social enterprise

The impact measurement standards developed by GECES. The following section describes:

- How to define the social goals of a social enterprise
- How to define the goals and mission of the organization
- type of goals in a social enterprise
- A way to measure the social impact of a social enterprise
- Data sources that determine the level of social impact



# Definition of social objectives



An objective is defined objectively and subjectively as a future, desired state or result of an organization's action, possible and foreseen to be achieved, over a period of time that falls within the time frame covered by a short-term or long-term action plan.

## Types of objectives

- Economic
- Non-economic
- Production and marketing goals

## Due to the organizational levels

- Strategic objective
- Tactical goal
- Operational goal

The target can also be divided into internal or external.



Potential social goals that a social enterprise can adopt, depending on its mission and area of operation:

- Solving social problems
- Supporting local communities
- Environmental protection
- Support for marginalized people
- Education and competence development
- Promoting social justice
- Improving quality of life
- Development of local culture and heritage
- Promoting social innovation
- Ethical business practices



# Measuring social impact

## Main aspects of social influence:

1. Impact of social norms
2. Influence of social groups
3. Influence of authority figures
4. Media influence
5. Influence of online communities
6. Social impact on mental health
7. Cultural influence



# The process of measuring social impact involves five stages:



1. Identify the objectives of the various parties making the measurement and the subject being measured
2. Identify stakeholders: who benefits? who provides resources? how?
3. Determining the right measurement
4. Measurement, Validation and Value Determination
5. Report submission, lessons learned and improvement



# 4 types of social impact measurement:

1. **Monetary** - refers to the assessment of social impact through financial value. It can include an analysis of social impact on the economy, the economic benefits generated by social interactions, or the value provided by charities and social investments.
2. **Non-monetary** - social impact measurement focuses on assessing social outcomes that are not easily expressed in monetary terms. This can include assessing the quality of life, the level of public trust, or the level of civic participation in local initiatives.
3. **Quantitative** - Quantitative measurement involves collecting data that can be counted, compared and analyzed quantitatively. This includes statistical approaches such as questionnaires, quantitative surveys, numerical data analysis and other techniques that allow an objective assessment of social impacts.
4. **Qualitative** - Qualitative measurement focuses on the subjective, descriptive aspects of social influence. These methods include interviews, content analysis, case studies, focus groups and other techniques that help understand the context, complexity and depth of social influence.



# Description of social impact measurement:



- Definition of goals and indicators
- Collection of baseline data
- Monitoring of activities
- Benchmarking
- Impact evaluation
- Stakeholder engagement

The final stage is the preparation of an action plan (designation of priority areas, possible scenarios, development of a set of monitoring indicators) based on the information obtained in the earlier stages of the process of identifying and measuring social impact.





The module covers how to develop a social enterprise and how to measure its social impact. When running a social enterprise, it is important to keep in mind the need to fulfil the basic premise of the entity, i.e. precisely the social impact.

The key elements of the enterprise development strategy and social impact measurement are the following:

- Definition of the Mission of the social enterprise
- Definition of the Vision of the social enterprise
- Identification of the area of activity
- Analysis of competitive advantages
- Definition of the social objectives of the enterprise
- Identification of the value proposition



# Thank you!



[www.innosocial.eu](http://www.innosocial.eu)



[@InnoSocialfb](https://www.facebook.com/InnoSocialfb)





This document may be copied, reproduced or modified according to the above rules.  
In addition, an acknowledgement of the authors of the document and  
all applicable portions of the copyright notice must be clearly referenced.

All rights reserved. © Copyright 2023 InnoSocial

[www.innosocial.eu](http://www.innosocial.eu)