

Business Development

WP5 Report - Short version -

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FOREWORD

EASE&SEE, a project funded by the European Union under the South East Program, focuses on innovative social entrepreneurship which considers social enterprises being active players in the business community and not only in the welfare system. EASE&SEE aims at **strengthening the relationships of social enterprises with “traditional” businesses and the financial industry**, implementing **concrete solutions** to support economic development and networking at local and European level and **foresees a new role for public actors as facilitators of new economic development processes**.

This report summarises the activities and results of the **WP5 Business development**, including guidance and methods for social enterprises to strengthen their ability to identify viable business sectors and to seize new business opportunities.

1. ANALYSIS OF BUSINESS OPPORTUNITIES

In order for an organisation to identify innovative business sectors or areas that are favourable for starting a new business cooperation, it is essential to start with an **analysis of the markets**, the **trends**, and the current **ongoing developments in society**.

The main areas that should be investigated are:

Market, branches, society – demographic and structural framework, demographic developments, changes, and trends

- o Measurable market data (sales forecast, employment numbers, growth rates,...)
- o General structural conditions of the society (demographic development, income development, labour and professional world,...)
- o Trends and attitudes (consumption behaviour, lifestyle, ecological behaviour,...)

Customers – demographical, structural, and social changes and trends

- o Demographical data (age, sex, household size, living standard, profession)
- o Social development trends (purchasing behaviour, customer relationship, values, attitudes, desires, needs)

Competitors – Measures and activities

- o Marketing and promotion activities, products, services and prices, market position, image and brand awareness, etc.

Strengths and weaknesses of the own organisation

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- o Product range, sales and distribution channels and markets, marketing strategies, financial power, staff and qualification, etc.

After collecting necessary data, they must be evaluated and sorted, filtering out the trends, facts, and developments that are relevant for the own organisation and that offer chances for new ideas and opportunities.

Once you have decided on a new idea, you need to **develop a vision**. A good method to make your vision visible is to draw a picture. Similar to a snapshot of a film, try to draw a picture of the new business idea after its implementation. The vision programs your perception. It serves as a filter for conducive factors and information and it helps to increase enthusiasm and to find supporters for the new business idea. The vision will guide you through the decision-making process and it will strengthen your perseverance during tricky implementation phases.

2. STEP BY STEP - SETTING UP A BUSINESS COOPERATION

The Preparation Phase

Basic requirements for the success of every new project are a well known and shared target for all involved parties, careful planning and preparation, a team with members familiar with each other and where the responsibility assignments to the various tasks are clear and precise.

Identifying Advantages and Defining Targets of Cooperation

Each project partner should be aware of the expected results of the cooperation. The motivation for establishing a cooperation and possible reasons for quitting must be clarified for each party. If a target can be reached easier by oneself, it is better to continue work by means of simplified structures.

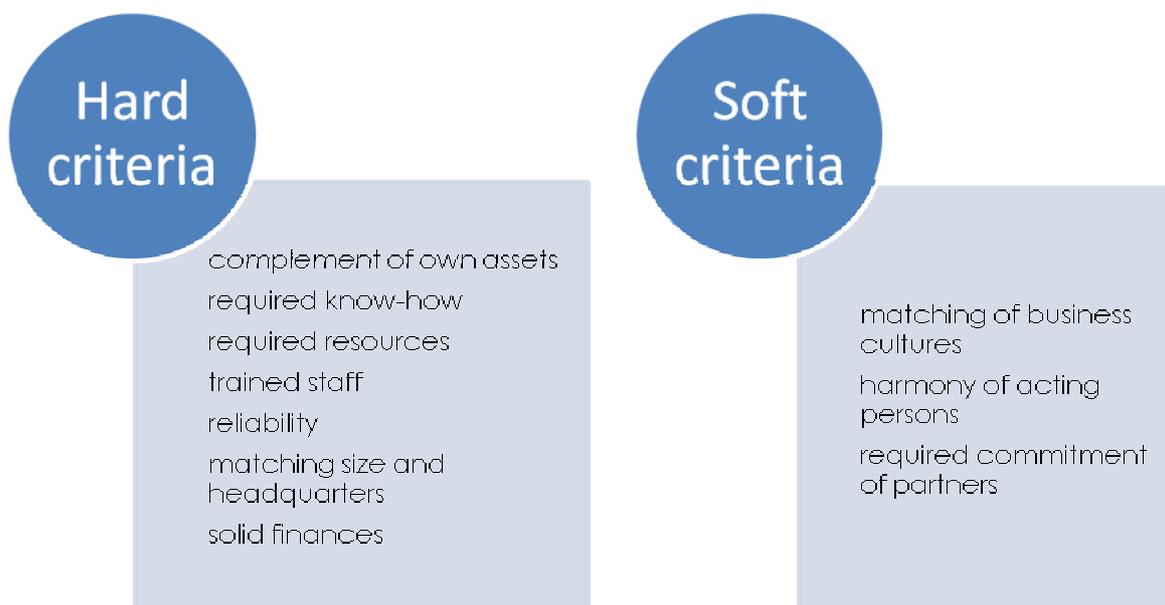
Partitioning and Defining Services of the Partners

It needs to be defined who performs which services at which price and which partner can bear what kind of risk. Written agreements are indispensable for a good and satisfying cooperation of all involved parties. Putting them down in writing helps to state agreements more precisely and to make sure that the partners have the same understanding of them. The bigger the plan, the more weight must be attached to this phase. Legal support will be necessary in many cases.

Defining Demands on Partners

It is helpful to define what is expected of the future cooperation partner in a clear and precise way. This is of particular importance if there is a possibility to choose between different parties. The criteria listed in the figure below can be used to define the specific demands the partners place on each other.

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1.1.1. Realisation Phase – Organisation of the Applied Cooperation

The most important guarantors for success in this phase are: a good planning and precise project management accompanied by continuous monitoring.

Aligning the Partner's Goals

The common and the individual goals of the partners, as well as the indicators for succeeding, have to be precisely defined:

What are the goals?

What are the indicators for being on the right path?

What are the indicators for reaching the goal(s)?

Installing a Cooperation/Project Manager

A successful cooperation requires management. Management takes at least one responsible person to be available for those tasks and resources and, consequently, for the time as well as for the budget management. It has to be defined to whom this person is bound by instructions, to whom she/he reports, and what her/his tasks are. The cooperation manager should be accepted by all partners and she/he should preferably be available for the whole project term. The appointed person should possess the required expertise, but more importantly, a wide base of organisational and social competences.

Involving Members of Staff

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The company management decides on the cooperation but the members of the staff should be well informed and involved. It is often necessary to form new teams out of the staff of the cooperation partners for the joint project. In order to do this, it makes sense to involve people with a high level of cooperativeness.

Plan of Measures

This step covers the development of a detailed plan of measures. What are the steps for reaching the goals of the cooperation? How are the individual sub-goals and steps of the project that will be achieved to be identified? How to proceed when deviation is necessary? Who has to be involved?

Agreement on Plan of Cooperation

The goals, measures, controlling of the cooperation, etc., need to be preassigned in the plan of cooperation. As for all processes in real business, it is not possible to plan everything in all details, but a general picture of the goals and the stages helps not to get lost and to cope with complexity.

Besides the target and measures it should be defined how the common goal is going to be reached. Who has what kind of power? Who has to be embedded in what kind of decision-making processes? In what way is the process going to be managed together?

Even if it seems absurd during the initial euphoria, it is important to agree upon the terms of cancellation of the cooperation. How is the failure of the project to be identified? Who can quit the cooperation under which circumstances and on which conditions?

Assuring Good Collaboration

“How should the cooperation be organised?” should be a central question for this domain.

The rules of the game have to be agreed upon. They could be: to be fair and loyal, to meet the agreements, to perform assured services reliably and of highest quality, to think outside the box, etc.

It is further important to create confidence between members of the team (especially between those who don't know each other well), to be honest, to appreciate simple things, to pay attention to what someone says, to allow for and to admit mistakes, and to behave in a coherent and reasonably foreseeable way.

It is also important to see about good information and communication. This includes holding meetings on a regular basis (including a clear agenda and minutes), pursuing good result-oriented negotiations, careful documentation of the project, voting, and handling conflicts and communication problems actively.

Visualising Cooperation Progress

To be able to know whether the cooperation is progressing successfully, it is necessary that the cooperation is geared towards defined targets and sub-goals. Well defined indicators help to visualise the success and are immensely important for the member's motivation and endurance.

Conscientious project-monitoring facilitates the quick discovery of discrepancies concerning the plan and therefore makes it possible to make modifications as necessary. This creates transparency and finally saves money by avoiding having to go a long way round.

If it is necessary to make new decisions, they have to be taken speedily according to the requirements. All modifications need to be documented accurately and the people and authorities involved have to be informed.

Reacting to Discrepancies

The success of a cooperation project depends mainly on the good cooperation between all acting people.

It is important to create the necessary space for internal communication in order to be able to compare notes on different perceptions of the process and to discuss occurring discrepancies at an early stage. This is especially important for cooperations between social economic organisations, businesses, and the public authorities, as there are huge differences in work practices, communication cultures, and the ways in which decisions are reached. Knowledge of the particular structures and guidelines, as well as distinct sensitivity in dealing with all partners is of great importance. **Celebrate the meeting of targets and sub-goals together!**

1.1.2. Termination of a Cooperation if it Doesn't Work out

Cooperation projects are complex intentions; problems during realisation are almost inevitable. Finding a solution together is always the best solution.

If the cooperation has to be terminated, do this in obvious, properly documented steps. Maybe it is possible to get through the project in a smaller form. It has to be cleared out what will happen with the developed parts, who has which rights, who can use which results in the future, who can claim which compensation, etc. If required, the support of professional mediation should be made use of; also with the prospect of being able to work together in the future.

2. BUSINESS DEVELOPMENT – EVIDENCES FROM THE EASE&SEE PROJECT

2.1. Transnational Workshop on Business Development

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The kick-off for the WP5 and the development of new business cooperation took place during a transnational workshop that was attended by all project partners and interested representatives from social enterprises.

The following business sectors were identified as promising fields for social entrepreneurship:

Business Sector: Re-Design and Upcycling

Participants recognised a growing market for high-quality second hand and upcycled products and an emerging trend in the field of fashion-oriented social production and an increasing sensibility for organic products. The increasing interest in re-use and the increasing demand for high-quality second hand products makes the business sector “Re-Design and Upcycling” very attractive for potential business ideas.

Business Sector: Ecological Services

A growing market for sustainable events and energy-related services was identified. Low waste and carbon lifestyles and the development of smart cities are emerging trends to be recognised. As an increasing demand in the field of energy-saving services, sustainable events, and social products is expected, the business sector of ecological services was identified as very attractive for potential business ideas.

Business Sector: Restaurant/Food

Due to the growing market for catering and restaurants and the latest trends in the field of organic food, slow food, and local production, the food and restaurant sector was also identified as a potentially viable business sector.

Business Sector: Handicraft

An emerging trend was also identified in the field of patriotism. The increasing demand for locally produced high-quality products over cheaply produced but very low-quality products makes the handicraft sector very attractive for potential business ideas. Also, the handicraft sector benefits from technical progress that increases the speed of production.

Business Sector: High technologies

Due to the emerging trend in digital technologies and the increase in online sales, web-based delivery systems, smart social technologies, and web-marketing, the IT and high technology sector was also identified as a potential business sector attractive for social enterprises.

2.2. Business Development in the EASE&SEE Project Partner Countries

Together with their stakeholders, the EASE&SEE partners elaborated concrete business cooperation ideas. The following section presents an overview and a short description of the different projects.

2.2.1. Austria

Business Idea 1: Re-Use Flagshipstore

Background of the Business Idea

Since 1983 the main goal of the job creation company 'BAN Sozialökonomische BetriebsgmbH' has been the reintegration of former long-term unemployed people and socially deprived persons into the labour market which is mainly achieved through temporary employment of these people in a normal market situation. The company's activities are based on the ecological cycle 'collecting-separating-recycling-reusing', whereby Re-Use is one of the main ecological core areas of BAN. The main existing business fields are clearing and transporting services, inhouse joinery, where furniture is repaired and refurbished, inhouse repairments of electro devices, and a well-sorted and multifaceted second hand sales department. As an extending completion to those existing business fields, and explicitly not as a competitor to the existing store, the project 'Re-Use Flagshipstore BAN' was initiated.

Description of the Business Idea

The content and the goal of the project is to implement an innovative and sustainable Re-Use Flagshipstore distinguishing itself from conventional Re-Use stores. The main idea is to offer exclusively high-quality upcycling-products, design products made from material which would have ended up as waste otherwise. An innovative aspect of this project is the choice of the store location in a shopping centre. This emphasises the vision of BAN that sustainable consumption and consumer behaviour is not only to be perceived as a short-dated trend related to special niches, but as an alternative and necessary model to be permanently established in society.

Business Idea 2: Smart City Centre

Background of the Business Idea

As they searched for a new building with more space for their business activities, the social enterprise ÖKO-Service bought a big industrial hall to very favourable conditions in times of financial crisis in an industrial area of Graz. The new hall has an area of 10.000 m² in total, which is too big for the single use of ÖKO-Service. So the idea arose to create an eco-social service centre, inviting other social-ecological organisations to settle at the location of ÖKO-Service in order to start new cooperations.

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The City of Graz is a pioneer in the field of the Smart City development. The centre is located in a very deprived district, but the area has been defined as a “Smart City Target Area Graz South” and it is planned to reevaluate the district within the next years.

Description of the Business Idea

The current area of the centre of 10.000 m² will be expanded to an area of 50.000 m² in total.

The Smart City Centre will include several social enterprises, private enterprises, NGOs, public enterprises, and other players engaged in ecological or social business fields.

The objectives of this project are:

- Creation of a Smart City Centre offering different products and services (in line with the Smart City development) concentrated in one place
- Creation of new jobs for disadvantaged people (as the centre will incorporate some social enterprises)
- Cooperation with public, private and social organisations in order to offer a broad variety of services and products to the customers

2.2.2. Bulgaria

Background of the Business Ideas

The main criteria that drove the choice of the topics for the business ideas were primarily related to the sustainability theme expressed by the two plans and their strong compliance with the region, the local business environment, the actual local development potentialities, and the local opportunities for future development.

Business Idea1: Bread House Bakery

Description of the Business Idea

The social enterprise “Bread House Bakery” offers an innovative social enterprise model that does not yet exist in this form in Bulgaria. It foments social integration by creating a unique public space which will constitute a mix of an organic bakery and a cultural centre with an interactive bake-house where anyone can make their own bread at the premises of the bakery (buying from us flour, water, yeast, or already fermented dough ready to bake), as well as bring their home-made breads and dishes to be baked in the bake-house - a concept which has been inspired by the traditional Bulgarian communal ovens called furna.

The main mission of the Bread House Sofia is to foster inter-generational social integration and to create jobs for disadvantaged people, particularly orphans and people with physical and mental disabilities. The Bread House will help people from the target groups by

training them in baking skills and by employing them, as well as by engaging them in collective bread-making and art events scheduled a few times a week (on evenings and weekends) and bringing them together with other groups (from diverse professions and socio-economic backgrounds) that they would otherwise not interact with or ever have the chance to meet.

At the Bread Houses a certain percentage of the sales of each piece of bread will go to the community outreach program integrating people from disadvantaged backgrounds (orphans, Roma teenagers at risk, and people with various disabilities).

Business Idea 2: Health and Morality

Description of the Business Idea

The NPO 'Health and Morality' participates actively in the elaboration of a strategy for the development of social services for people with mental disabilities in the Municipality of Stara Zagora. The idea is to create a social enterprise through production: carving, icons, style decor, decorations, souvenirs, and frames for mirrors and so on, produced by people with disabilities opens possibilities for their employment, social inclusion, and full integration into society, as an approach to social policy change. At least 5 adults and 10 children aged between 14 and 18 with mental disabilities will be working at the social enterprise. For the target group of the children aged between 14 and 18 we will ask for permission from the Labour Inspection and for a parental permission

2.2.3. Hungary

Business Idea1: Regional Agricultural Social Cooperative of Vas County

Background of the Business Idea

The agricultural potential of Vas County compares well internationally. Agricultural activity is typically dominated by a couple of training farms. Besides them, medium-sized entrepreneurial strata farming takes place on 50-200 hectares. While the former operate in large-scale plant-format and while they have high-profile technological equipment and an appropriate-sized plant at their disposal, the medium-sized enterprises usually struggle with the lack of territory and with the associated economic drawbacks.

Description of the Business Idea

The aim is to contribute to the attractiveness of the rural life to citizens and to strengthen its competitiveness, as well as to reactivate agriculture with a long tradition, and to establish an attractive and liveable countryside that offers a secure livelihood for the inhabitants of rural areas. During the first phase the aim is to establish at least partial self-care. Then the way in which the excessive amount of products is brought to the market has to be organised. A mediating organisation may offer to undertake tasks, such as the processing of the products, their packaging, their storage, their delivery, and their sales, from the farmers.

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In this case, the only task of the producer would consist of producing, while the sales organisation would provide the producer with the market and the guaranteed prices.

Business Idea 2: Social Entrepreneurial Incubator House

Background of the Business Idea

An analysis of the situation was prepared where an answer to the question “Why are social enterprises not sustainable?” was looked for. The most important findings of this analysis were that social enterprises lack funds, they can only get along difficultly in the world of business, they do not have entrepreneurial experiences, but they also lack professional knowledge in this field. The resources that would support sustainable development were evaluated and assessed within the framework of a professionals’ meeting, where the representatives of social enterprises, the entrepreneurial sector, and the development-consulting company were present, as well as the representatives of National Employment Nonprofit Ltd. The result of this assessment was that enterprises need incubation background and support.

Description of the Business Idea

A professional network will be established that is going to provide its services to social enterprises in order to support them during the incubation phase. The services will include: mentoring services for launching a social enterprise start-up and for the operation of existing ones; helping to get access to resources; helping with the development of human infrastructure, tools, and technology; teaching people good practices and offering professional support for their adaptation, etc. The incubation background will be built based on the regional office of the OFA where infrastructures as well as the professional background are provided.

2.2.4. Italy

Business Idea 1: Services for Waste Prevention, Waste Reduction, and for the Making of Accessories through Textile Upcycling

Background of the Business Idea

The Business Cluster Development Plan on design *and upcycling* was based on the idea of upcycling fabric scraps presented by the EASE&SEE stakeholder La Gagiandra. This social enterprise manages *La Manifattura della Gagiandra*, a workshop where fabric remnants and used clothes are transformed into new pieces. Their creations are for both children and adults; they are gender-free and handcrafted with great care and with every detail being looked after.

Description of the Business Idea

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La Manifattura della Gagiandra is the upcycling atelier of La Gagiandra, a social cooperative based in Venice, founded in April 2012. It's made up of two working members and one volunteer. The Manifattura also employs a person from the city shelter, since it collaborates with the *Casa dell'Ospitalità* Foundation (shelters for homeless people in Venice and Mestre), and a disabled person from the local association for people with physical and mental disabilities. The Manifattura produces bags, other accessories, and housewares from reclaimed and repurposed clothes and fabrics. It is conducted by the creative designer Irene Gómez. You can visit the webpage on www.lagagiandra.org

Business Idea 2: Design & Upcycling

Background of the Business Idea

This Business Cluster Development Plan on design and upcycling arose from an idea for business development of the Rio Terà dei Pensieri social cooperative which scaled up its core business by upcycling parts of PVC banners to produce bags and fashion accessories which are waterproof resistant. The social cooperative started this handcraft production in their ancient workshop (with professional sewing machines for leather and handiwork) in the Venetian jails, working in cooperation with the City of Venice Graphics Office and the Civil Service Office. Rio Terà dei Pensieri offers vocational training activities and job opportunities to detained prisoners. The motivation to develop this business was to increase job placement for disadvantaged people, to improve the general business performance of the social enterprise, to increase the spread of manufactured goods and the diffusion of other products of the social cooperatives local network, and last but not least to communicate and raise awareness for the Venetian social economy.

Description of the Business Idea

Rio Terà dei Pensieri started their analysis of the market for bags and accessories made of upcycled materials considering it a very popular fashion phenomenon with great potential for growth. At the same time they consider the specific social value "to give a second chance to people who have passed through difficulties and criminality in their lives" as a success factor for the "Malefatte" business project. The main objectives are: to double the production of upcycling fashion items and to sell them on the international market using the internet market places and other web platforms in partnership with profit private partners. You can visit the webpage for a full presentation of their activities on <http://malefatte.org/en/>

2.2.5. Serbia

Business Idea 1: Kitchen on Wheels

Background of the Business Idea

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On the territory of the city Municipality of Zvezdara there live about 15,000 people with disabilities and about 25,000 people over the age of 65. Every fifth household has been classified as elderly and solitary. The waiting lists for support from the city centres for aid and care are long and there are 100 and more requests on these waiting lists.

A flourishing field providing opportunities for the development of social entrepreneurship is catering service. Catering service is an expanding industry in all markets and it offers employment possibilities for people with disabilities. Therefore, the Association Nasa kuca and its project "Kitchen on Wheels" have been developed.

Description of the Business Idea

Catering as such already exists as a business sector but Kitchen on Wheels is an innovative catering service since it delivers meals to the home address of elderly people and at the same time provides new employment opportunities for people with developmental disorders in the fields of delivery and packaging of meals and in supporting positions within the kitchen.

Business Idea 2: Digital version of Lice Ulice

Background of the Business Idea

The importance of this sector is outstanding in the light of economic and social aspects. The creative industry makes up more than 7 percent of the GDP in the world, with a growth rate of 10 percent annually. In the developed countries of the OECD these are leading industries with highest annual growth rates between 5 and 20 percent. The digital industry has been developing rapidly and has become a part of daily lives. The importance of digital solutions is growing continuously and the publishing industry is also turning to the market of digital technologies. A social enterprise in the newspaper industry that uses the concept of selling papers by socially vulnerable and marginalised groups is a good example of social entrepreneurship with a perspective to expand to the digital market.

Description of the Business Idea

The main goal is to launch a digital version of the street paper issue of "Lice Ulice" magazine without losing the regular customers. The digital version of the magazine would be available on applications, mobile phones, computers, etc. This project would involve CSR companies operating in the field of communication, for profit enterprises, public authorities, companies, and financial actors. The development of the business idea would include the development of web applications, online payments, and engaging a team of professionals to further develop the idea.

2.2.6. Slovenia

Business Idea 1: S-Restaurant

Background of the Business Idea

RDA cooperates in the development of business plans for the S-Academy. The motivation to develop this business field was the education program of the S-Academy, which aims to educate vulnerable teenagers in the fields of cooking to provide them with education, skills, and experience and thereby raise their employment possibilities. To fund their academy they needed funds and venues for mentoring. That is why they established the brand S-restaurant in cooperation with their (first) business partner Hrastnik Glassware.

Description of the Business Idea

They have developed the brand S-restaurant in collaboration with their partner Hrastnik glassware that trusted them with the provision of meals for their 700 employees. They rented the facilities of Hrastnik glassware and established a good service of meals during their lunch breaks. There are not a lot of competitors that can provide similar service on the Slovenian market. Their main goal was to develop a sustainable model of canteens and to turn them into restaurants that provide healthy meals for different types of employees (factory workers, office workers...) with a social brand behind them.

Business Idea 2: S-Sandwiches

Background of the Business Idea

The idea of S-Sandwiches arose from the need to fund the S-academy. They created a new brand of pre-packed sandwiches and went in cooperation with Automatic Servis, the biggest supplier of vending machines in Slovenia which holds approx. 70% of the market.

Description of the Business Idea

Four different varieties of pre-packed sandwiches were created using locally grown and fresh ingredients and shortening shelf-life of their products to three days. Every variety is associated with its own charity organisation for children and teenagers to which a part of the profits is donated. The main indicator of the quality of pre-packed sandwiches is bread. That is why they have developed (and are still improving) special bread in cooperation with a local bakery that is used exclusively for S-Sandwiches.