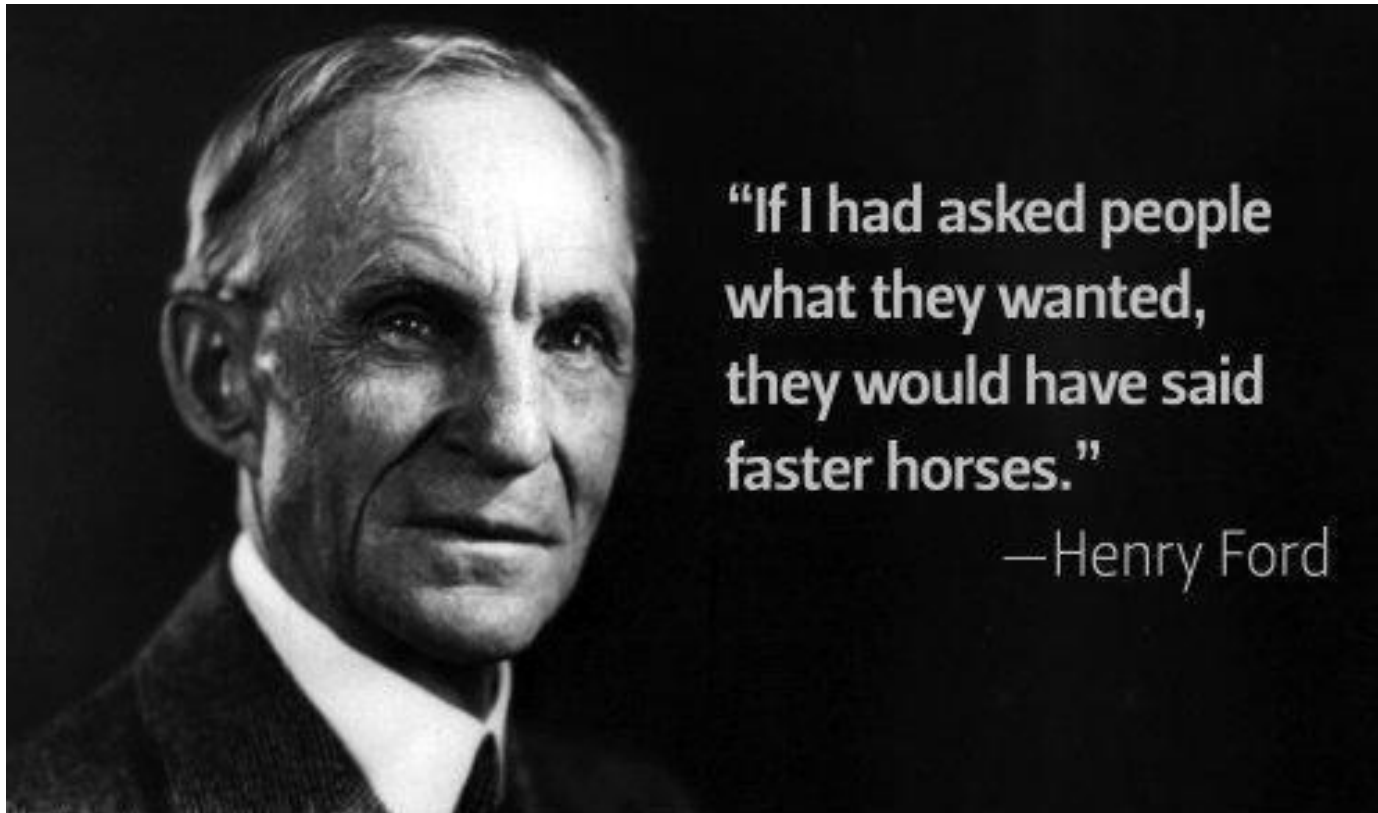


# Impact driven business model and link with Social Entrepreneurship

Ron Beirens, Ann Vandenbroucke & Jef Tavernier  
Lecturers Vives

# Who is an entrepreneur?

- Opportunity identifier
- Risk taker
- Creates marketable products out of nothing
- Able to innovate
- Proactive
- Autonomous
- Independent
- Dreamer



- What does social entrepreneurship mean to you?

[www.mentimeter.com](https://www.mentimeter.com)

<https://www.mentimeter.com/s/117795ed93ba8580755fa27e982dffb6/fc5693a58018>

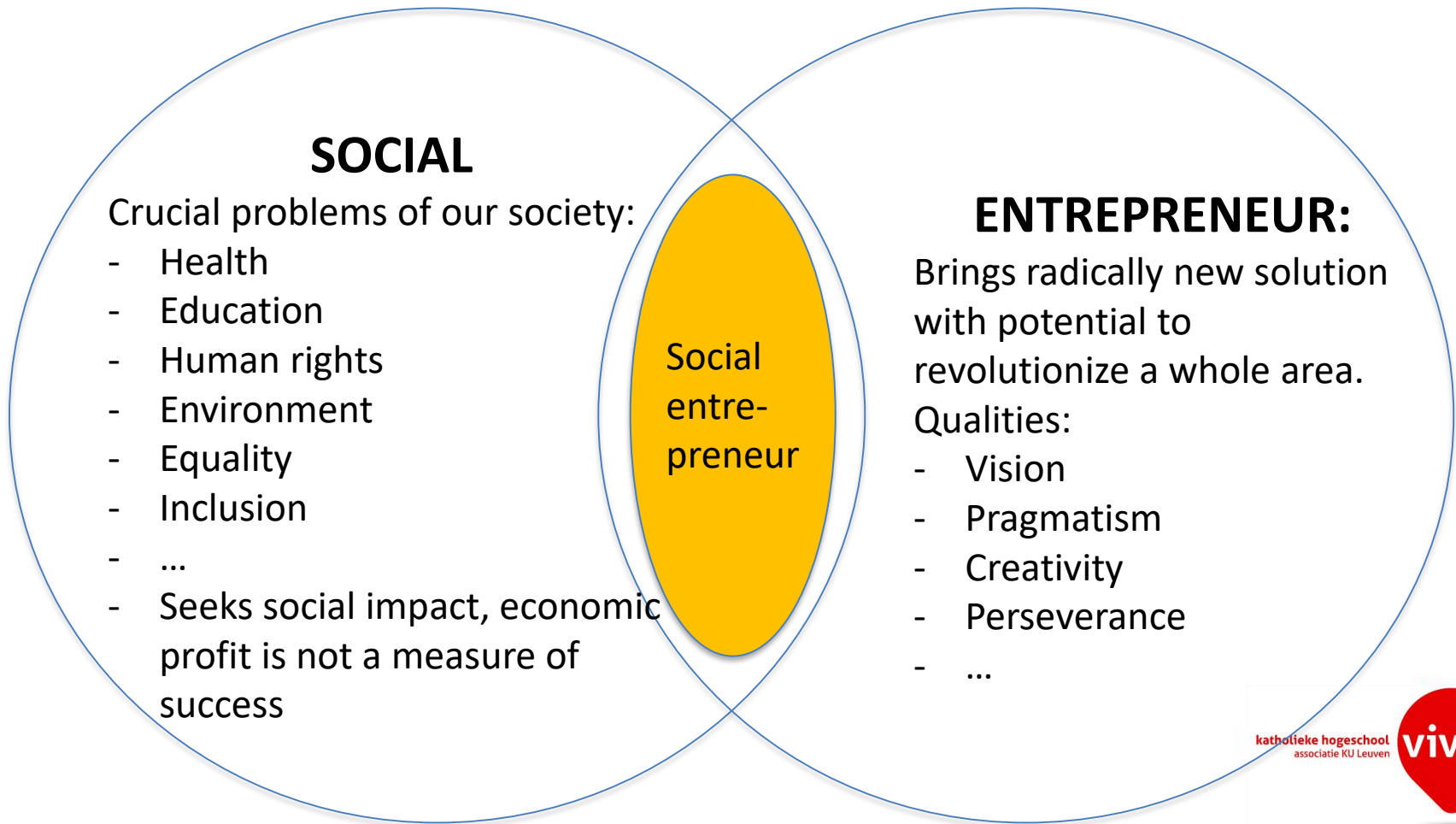
# Difference between social & business entrepreneurship



- Commercial Entrepreneurship: represents the identification, evolution and exploitation of opportunities that **result in profit.**
- Social entrepreneurship: refers to the identification, evolution and exploitation of opportunities that **result in social value.**

- Commercial entrepreneur may create change in the society but that is not the primary purpose of starting the venture.
- Social entrepreneur may generate profit but for him/her that is not the primary reason for starting the venture.
- For the commercial entrepreneur: 'wealth' is the same as profit.
- For the social entrepreneur however wealth encompasses creation of the social and environmental capital.

# What is a social entrepreneur?



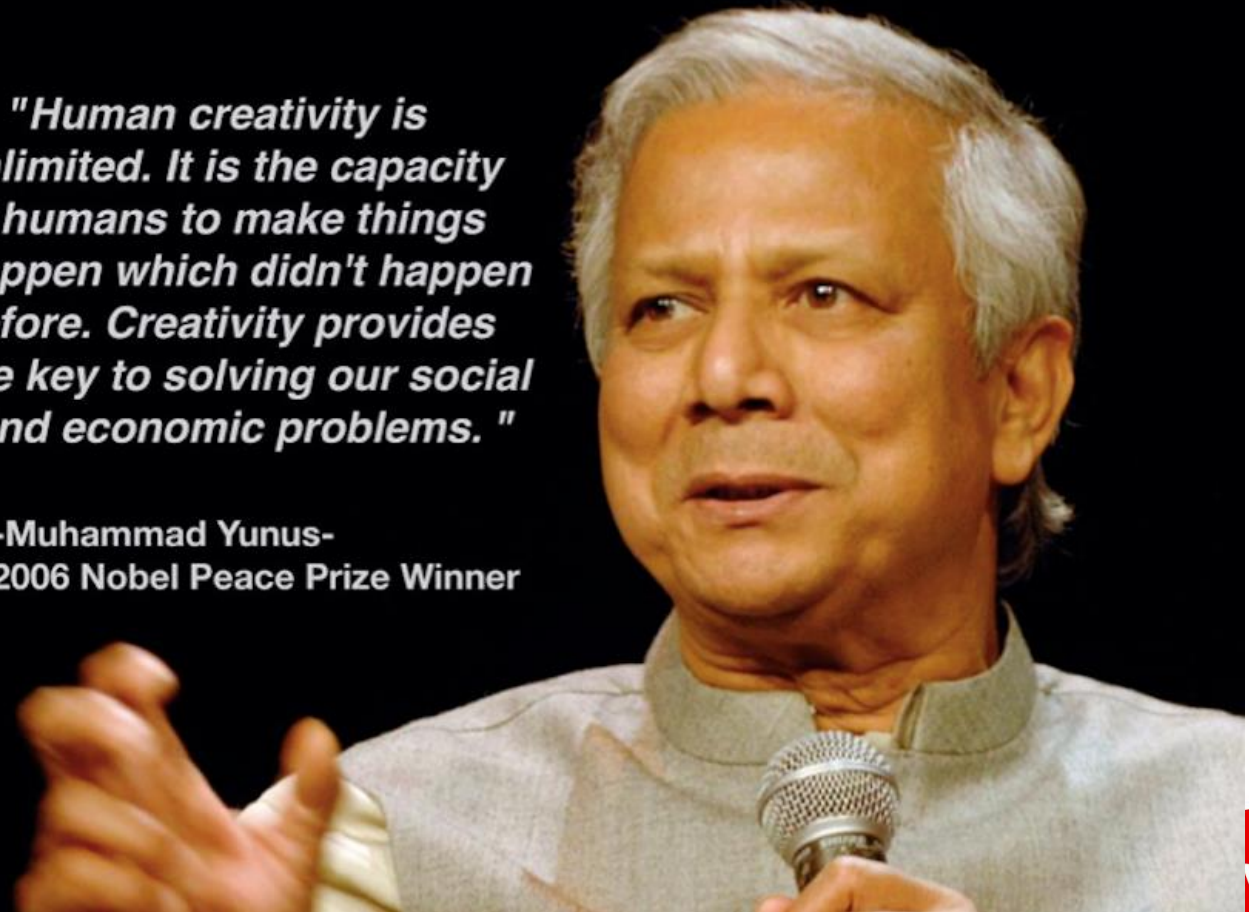
**Unleashing the energies** of people  
to **transform the world** in which they live.  
We call these people **Social Entrepreneurs**



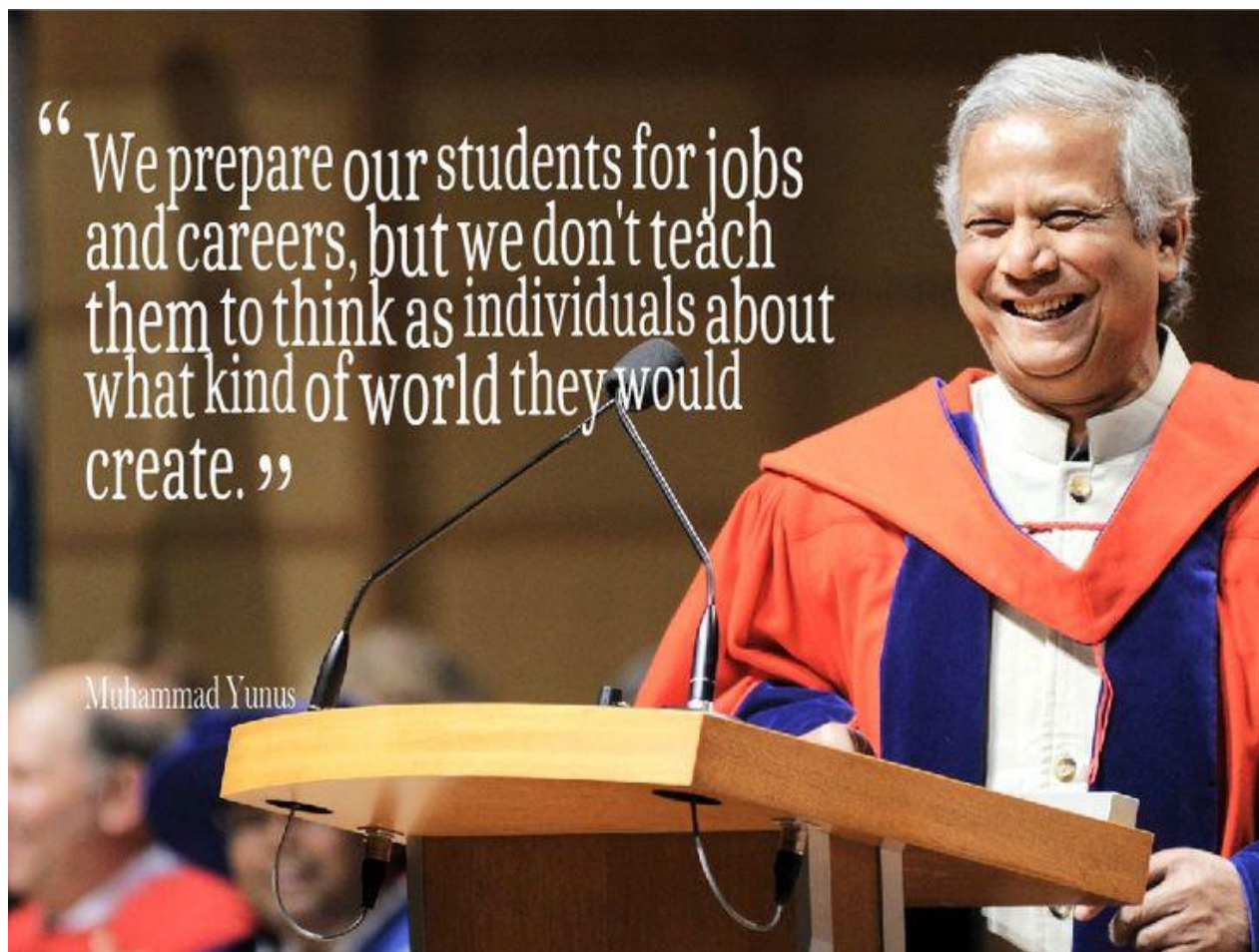
# Examples

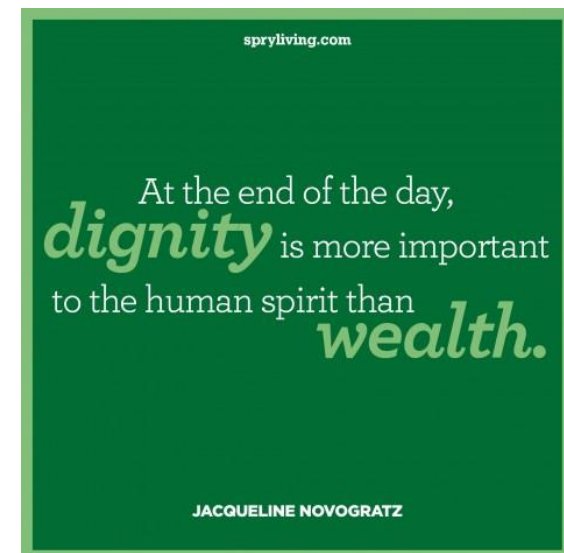
*"Human creativity is unlimited. It is the capacity of humans to make things happen which didn't happen before. Creativity provides the key to solving our social and economic problems. "*

**-Muhammad Yunus-  
2006 Nobel Peace Prize Winner**



ves





**“If you aren’t  
making a difference  
in other people’s lives,  
you shouldn’t be in business  
– it’s that simple,,**

*Richard Branson*







Social entrepreneurs are not content just to give a fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.

— *Bill Drayton* —

**AZ QUOTES**

This is the true power and point of social entrepreneurship. Use market forces and the entrepreneurial ethos to politically and financially empower the disenfranchised to stand up for themselves, to have agency and dictate how their lives will play out.

**IF YOU  
GIVE SOME-  
ONE A FISH,**



**THEY EAT  
FOR A DAY.**

**IF YOU  
TEACH SOME-  
ONE TO FISH,**



**THEY CAN FEED THEM-  
SELVES UNTIL THE  
WATER IS CONTAMINATED  
OR THE SHORELINE IS  
SEIZED FOR DEVELOPMENT.**

**IF YOU TEACH  
SOMEONE TO  
THINK CRITICALLY  
AND BE POLITICALLY  
CONSCIOUS,**



**THEN WHATEVER THE  
CHALLENGE, THEY CAN  
ORGANIZE WITH THEIR  
PEERS AND STAND UP  
FOR THEIR INTERESTS.**

# Belgian examples

- <https://youtu.be/xHQWXWHaUCI>







# International examples



MOVING BEYOND SIGHT



# What is a social enterprise?

## EMES definition of social enterprise

3 indicators reflect the economic and entrepreneurial dimensions of social enterprises:

- A continuous activity producing goods and/or selling services
- A significant level of economic risk
- A minimum amount of paid work

3 indicators encapsulate the social dimensions of such enterprises:

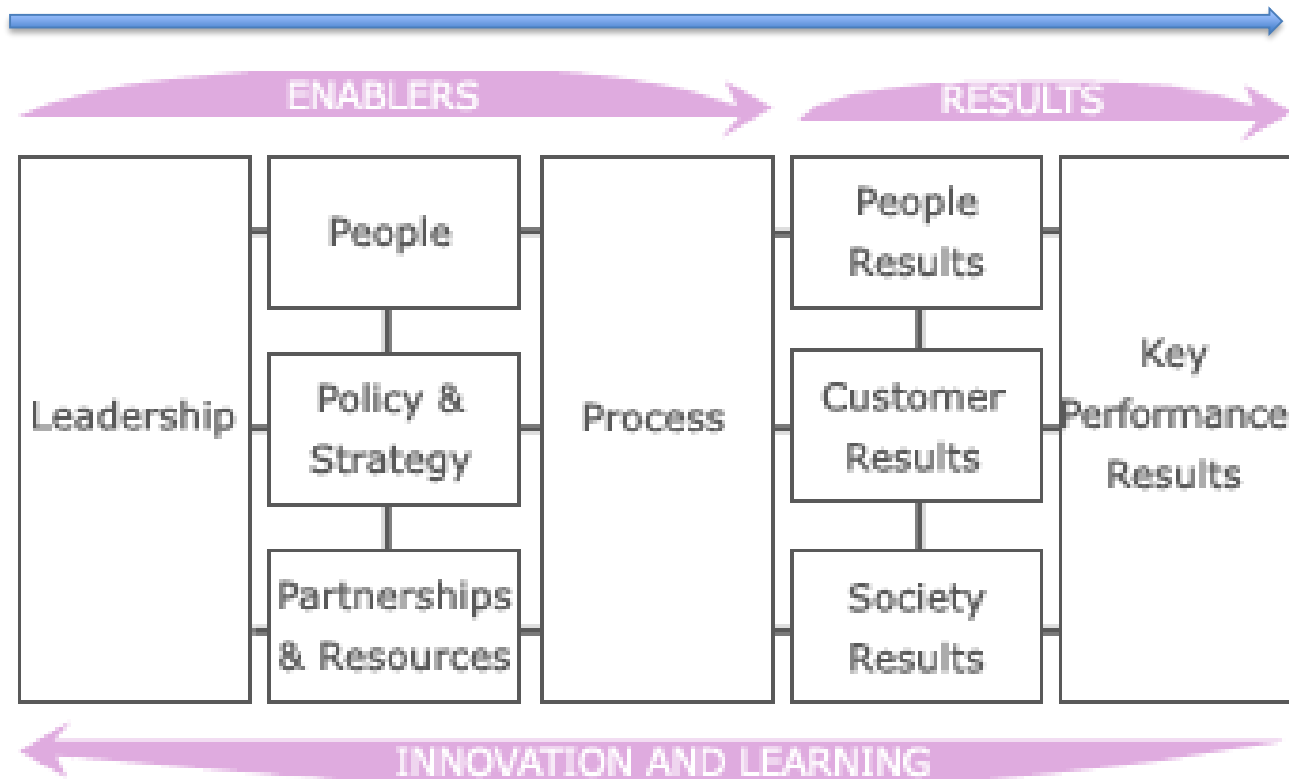
- An explicit aim to benefit the community
- An initiative launched by a group of citizens or civil society organisations
- A limited profit distribution

3 indicators reflect the participatory governance of such enterprises:

- A high degree of autonomy
- A decision-making power not based on capital ownership
- A participation nature, which involves various parties affected by the activity

# EFQM Model

## Leadership leads to Key performance results



Impact on society is important as a result among others.



# Impact Driven Business model starts from social impact



# IMPACT? Impact on Society has many faces economical-social-environmental



- **The bitcoin**
- The energy required for a single bitcoin transaction to take place is comparable to a household's monthly power consumption.
- Processing one transaction in the blockchain costs more than 200 kWh. "That's enough to do 200 times a wash.
- Imagine millions of people doing transactions.....
- **E-commerce creates a traffic stroke**
- The delivery of all the goods by vans creates a lot of congestion in traffic. Customers don't care.. Grinding to hold is inevitable without future regulations.

# IMPACT? Impact driven business model on Society has been misunderstood as....

- Roughly 47 years ago, Milton Friedman made a mistake or rather it was misinterpreted.
- In his New York Times Magazine article, “The Social Responsibility of Business is to Increase its Profits,” Friedman never said it was impossible for a business to increase its profits by doing good.
- Yet it’s the broad misinterpretation of what Friedman actually said that has led (some) to **insist that Impact and profitability are mutually exclusive.**
- Source: Forbes article: From unusable flower for bread to noodles
- <https://www.forbes.com/sites/grouphink/2017/02/17/keys-to-running-an-impact-driven-business-lessons-from-instant-ramen-chobani-and-genentech/#7f9aacd05eef>

# CASE SOCIAL IMPACT: **PASSWERK**

## Acting as a non-social organisation with a social heart

- Goal: to integrate autistic people into the regular labour market.
- Activity: service company that delivers software testing in other companies done by people with an autistic disorder.
- Critical points:
  - Approach: build a successful business from people's strengths.
  - Need for a thorough screening and selection of the target group (autistic disorder).
  - Need to look for the appropriate customer (adaptation of environment).
- Forget the "Rain man" movie.



## SOCIAL IMPACT a case: **PASSWERK**

Acting like a non-social organisation with a social heart

- Key figures/facts:
  - Employees n=70 (2017) n=50 (2015)
  - EBIT (2016) € 525,000 (2015) € 125,000
  - Decreasing need of financial support from society from €50,000 to €32,000 annually.
  - Pricing policy is market price, does not come at a discount!
- <https://passwerk.be/en>
- <https://passwerk.be/en/movie-passwerk-2>

# 1. WHAT DO YOU WANT TO CHANGE? GOALS => WHY?

- What's the mission of the company?
- *to integrate autistic people into the regular labour market.*
- Which social challenge is at the basis of (the start-up) of your activities?
- *To give people with an autistic disorder a meaningful life (also affects family, social security)*



Source: Hogeschool Gent, Bracke - Van Wassenhove”.

## 2. WHAT EXACTLY ARE YOU GING TO DO? BUSINESS CONCEPT => WHAT?

### 1. Product/Service:

- Which products/services/activities do you offer?  
*Service company that delivers software testing in other companies done by people with an autistic disorder.*
- Is there a link with social goals? *YES*
- Which customer needs does it satisfy? *Reliable software*
- What is the Unique Selling Proposition of your product/service? *Autistic people are very good at detecting errors*
- How does the organisation distinguish itself from competitors? *By the special capabilities of autistic disorder people after a thorough selection*



## 2. WHAT EXACTLY ARE YOU GING TO DO? BUSINESS CONCEPT => WHAT?

### 2. Customers:

- Which customer segments do you target? Why?  
*Big organisations, who are capable and willing to invest in creating an appropriate environment. Otherwise it doesn't work.*
- Is there a link between the choice of customer segments and the social impact? YES



### 3. Revenue model

- How does your organisation create revenues? *Mainly by invoicing for the work done.*

- How do the revenues relate to the costs?

*The organisation is nearly self-supporting in average over many years. Last year was rather profitable*

EBIT (2016) € 525,000 .

- How dependent are you from (government) support?

*Government support is decreasing. In the future it can do without government support.*

# 3. HOW ARE YOU GOING TO REALISE THIS?

## RESOURCES=> HOW?

- Financing/funding
  - How much equity is there? *There was an initial government funding of €320,000 the need was €350,000 according to the business plan.*
- Which legal form is adopted? *Cooperative limited company not for profit*
- Composition of personnel: 49 people
  - 1 director
  - 2 sales persons without autistic disorder
  - 6 Job coaches without autistic disorder
  - 40 programme testers
- Assets:
  - Which are the most important fixed assets (buildings)?
  - Which are the most important current assets (liquidity)



# 4. STAKEHOLDERS AND PARTNERS

- Who are the most important stakeholders?
  - *The organisations working for the interest of autistic people and their families, government, large companies, media.*
- How does the organisation pay attention to contacts with external stakeholders/partners?
  - *Customers: through sales persons*
  - *Local community: organisations*
  - *Interest groups media*
  - *Government: through director and board*
- Partnerships
  - Which ones are the most important ones and why? *The organisations for autistic people because growth comes from recruitment.*
  - Which contacts contribute most to the social impact? Same



# 5. PROCESSES AND POLICIES

1. Production policy and processes
  - How is service/activity achieved? *Like a another testing company but with a thorough preparation and follow-up by the coaches and persons.*
2. Sales processes
  - Which way are products/services offered to the customers? *Testing*
  - Which channels of distribution are being used? *Personal sales*





### 3. Logistics policy and processes

- which means of transport are needed? *Public transport whenever possible-public spaces are sometimes stressful.*



### 4. HR-policy and processes

- How is the company organised? *Board/director/coaches*
- Selection: *between application and selection there is a fall-out of 60% for people that do not qualify. Feedback when not hired is of crucial importance to candidate and family.*
- What does the training policy look like? *It is very important that coaches do the follow-up to control the working conditions and the well being on the spot.*

5. Marketing policy and processes

- What does the marketing management look like? Which actions are being taken? *Present yourself as equally efficient as another consultancy company with major strengths.*
- How is the organisation perceived? Does the reputation match the desired reputation? *Is very well received e.g. Customers are established companies Belgian Bank Belfius, Verizon...*



6. Energy policy and processes

7. Financial policy and processes

- Are the benefits reinvested to raise social impact? *YES expanding and networking in Germany and Canada Israel.*

## 8. Governance

- Are there governance and policy mechanisms that benefit the social goals concerning:
  - *Restrictions in distribution of benefits: shareholders can only get the initial investment back (no growth)*
  - *Every shareholder has the same voting power whether they investment was 20,000 or 5,000.*
  - *Reinvestment of benefits in the company*



## 6. WHAT HAS CHANGED? SOCIAL IMPACT=> RESULT?

- Have specific indicators, in economic and social terms, been determined? *The less dependency of government subsidies and the good business results are key, as well as price/quality of the service.*
- Are these defined indicators being accomplished? Yes



# IMPACT? Impact Driven Business Model

## Can it be successful?

- Yes it can! Off course not always will it show profit in the income statement of a company.
- But it will generate spill-over profits in society who are less visible. In other to conceive one needs to measure.
- “Making the intangible tangible”

The use of the Impact driven business model for commercial reasons:  
Any re-use for commercial purposes must be subject to prior approval. Approval must be requested by e-mail to Pol Bracke (Pol.Bracke@hogent.be)

# Thank you for your attention!

# Theoretical description of the Impact Driven Business Model



# 1. WHAT DO YOU WANT TO CHANGE? GOALS => WHY?

- What's the mission of the company?
- Which social challenge is at the basis of (the startup) of your activities?
- If you already develop activities: do you see opportunities to translate the acquired knowledge /competencies into a new or adapted business concept?





## 2. WHAT EXACTLY ARE YOU GING TO DO? BUSINESS CONCEPT => WHAT?

### 1. Product/Service:

- Which products/services/activities do you offer?
- Is there a link with social goals?
- Which customer needs does it satisfy?
- What is the Unique Selling Proposition of your product/service?
- How does the organisation distinguish itself from competitors?



### 2. Customers:

- Which customer segments do you target? Why?
- Is there a link between the choice of customer segments and the social impact?

### 3. Revenue model

- How does your organisation create revenues?
- How do the different revenue streams relate to each other?
- How do the revenues relate to the costs?
- Is there a need/possibility to create new sources of revenues?
- How dependent are you from (government) support?

# 3. HOW ARE YOU GOING TO REALISE THIS?

## RESOURCES=> HOW?

- Financing/funding
  - How much equity is there?
  - How much debts does the organisation have?
- Which legal form is adopted?
- Composition of personnel: do you have personnel?
- Assets:
  - Which are the most important fixed assets (buildings, machines, technology, ...)?
  - Which are the most important current assets (stocks, liquidity, ...)?
- How do the resources contribute to social impact?



# 4. STAKEHOLDERS AND PARTNERS

- Who are the most important stakeholders?
- How does the organisation pay attention to contacts with external stakeholders/partners?
  - Customers
  - Suppliers
  - Local community
  - Interest groups
  - ...
- Partnerships
  - Which ones are the most important ones and why?
  - Which contacts contribute most to the social impact?



# 5. PROCESSES AND POLICIES

1. Production policy and processes
  - How is a product/service/activity achieved?
  - Are social and environmental effects taken into account?
  - Are products and/or packaging recyclable/reusable?
2. Sales processes
  - Which way are products/services offered to the customers?
  - Which channels of distribution are being used?
  - To what extent are energy and environmental impact taken into account?



### 3. Logistics policy and processes

- which means of transport are needed?
- To what extent are energy and environmental impact taken into account?

### 4. HR-policy and processes

- How is the company organised?
- Is the organisation control or empowerment oriente
- To what extent does the organisation pay attention to democratic decision making?
- What does the training policy look like?
- How does the organisational model contribute to the social impact?
- Does the organisation pay attention to employment of disadvantaged groups? (internally or through cooperation)



5. Marketingpolicy and processes

- What does the marketing management look like? Which actions are being taken?
- How is the organisation perceived? Does the reputation match the desired reputation?

6. Energy policy and processes

- What does the organisation do to optimize energy-efficiency?

7. Financial policy and processes

- How can the company be more cost-efficient?
- Which payment systems are being used?
- Are the benefits reinvested to raise social impact?



## 8. Governance

- Are there governance and policy mechanisms that benefit the social goals concerning:
  - Restrictions in distribution of benefits
  - Reinvestment of benefits
  - Shared initiative, leadership and approach
  - Decisionmaking power not based on capital injection



## 6. WHAT HAS CHANGED? SOCIAL IMPACT=> RESULT?

- Have specific indicators, in economic and social terms, been determined?
- Are these defined indicators being accomplished?
- Where can/ should there be corrections in processes, means, customer relations, ... to increase the social impact?





- <https://www.youtube.com/watch?v=1ecKK3S8DOE>
- <http://www.socialeconomie.be/knooppunt>

- <https://www.deingenieur.nl/artikel/bitcoin-blijkt-een-energieslurper>
- <https://www.tijd.be/ondernemen/transport/Alle-wegen-leiden-naar-Antwerpen-En-in-Antwerpen-staat-het-stil/9956724>
- Impact gedreven ondernemen, Academia Press, ISBN 978 90 382 2451 0
- <https://passwerk.be>