

3.2: Examples of innovative business modules - Exercises

Setting up a business: documents needed, legal issues, preparing a business plan



E-module 3: (Social) Entrepreneurship - cooperative start-up
implementation
September 2021



Think to yourself, explain:

In a sentence, describe business models
(= *what is a business models*)?

What is a business model?

A business model describes how an organization creates and delivers value. The Value here is used in its broadest sense and it is not only in terms of economy but also regarding any other value, such as social.



Source:

https://www.youtube.com/watch?v=y0N_MZD8O-I

What is a business model?

With other words, a business model:

- ✓ Describes how the business selects its customers.
- ✓ Identifies and differentiates its products and services.
- ✓ Defines the business's internal and external responsibilities.
- ✓ Outlines the distribution of the available resources.
- ✓ Specifies the means to be used by the business to become useful to its clients and to benefit from its profits.

Why is it important to have innovative business models?



<https://www.youtube.com/watch?v=B4ZSGQW0UMI>

Why is it important to have innovative business models?

CLEAR ORIENTATION

- A business needs to have a clear identity- at least in the beginning- and know exactly where it is heading.
- Describes the logic of how an organization will create, distribute, and acquire value, determining the viability of the organism.
- It focuses on coordinating internal and external processes so that it is possible to define the ways in which the organization interacts with its partners, distribution channels and customers.

INNOVATION

- In order to succeed, businesses need to innovate.
- They will gain competitive advantage and most likely they will manage to survive.
- Formulate their business model so as to offer their value proposition to their customers in a different way.
- The comparative advantage of companies today and in the future will be based on the adoption of **innovative business models** rather than innovative products / services and / or processes.

Think to yourself, explain:

How can one make provide social impact
through an enterprise?

If not, look it up ...

Social Entrepreneurship

Social entrepreneurship is based on business techniques and approaches in order to solve social, cultural and environmental problems such as poverty eradication, improving living standards, supporting vulnerable populations, etc.



https://www.youtube.com/watch?v=9_g5RqwW51I

BUSINESS MODEL CANVAS VS SOCIAL BUSINESS MODEL CANVAS

- Business Model Canvas

Business Model Canvas				
Key partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost structure		Revenue Streams		

- Social Business Model Canvas

Social Business Model Canvas				
Key Resources	Key Activities	Type of Intervention	Segments	Value Proposition
				Social Value Proposition ----- Impact Measures
Partners & Key stakeholders		Channels	Beneficiary ----- Customer	Customer Value Proposition -----
Cost structure		Surplus	Revenue	

How to Create a Social Business Model



<https://www.pexels.com/el-gr/photo/1061142/>

Prepare the Social Enterprise Canvas (create many copies if possible), share it with your team and explain all its sections to them. Highlight the differences between the Social Canvas and a regular Business Canvas, especially regarding the additional segments as described above. There should be thorough explanation why all these segments are essential for this new type of Canvas and guide them on how to complete these blocks.

How to Create a Social Business Model



<https://www.pexels.com/el-gr/photo/1061141/>

There are **3 different ways** to start the process:

- a. **The idea:** start by defining value proposition for a specific customer segment.
- b. **The potential / existing customers:** start with the customer section and define what value proposition you provide / could deliver to them and how.
- c. **The resources:** Start thinking about what key resources (skills, experiences, natural resources, financial resources, etc.) you and/or your partners have and, based on that, develop your offer for a specific group of customers.

How to Create a Social Business Model



<https://www.pexels.com/el-gr/photo/1061140/>

Complete all the subsections of the Value Proposition. To give explicit and targeted answers for all the subsections of Value Proposition with a Social aspect for this type of Canvas, you should set questions to yourself, such as

- “What motivates you in this social enterprise?”
- “What do you hope to achieve in the short, medium and long term?”

to explore and discover your professional goals and capabilities.

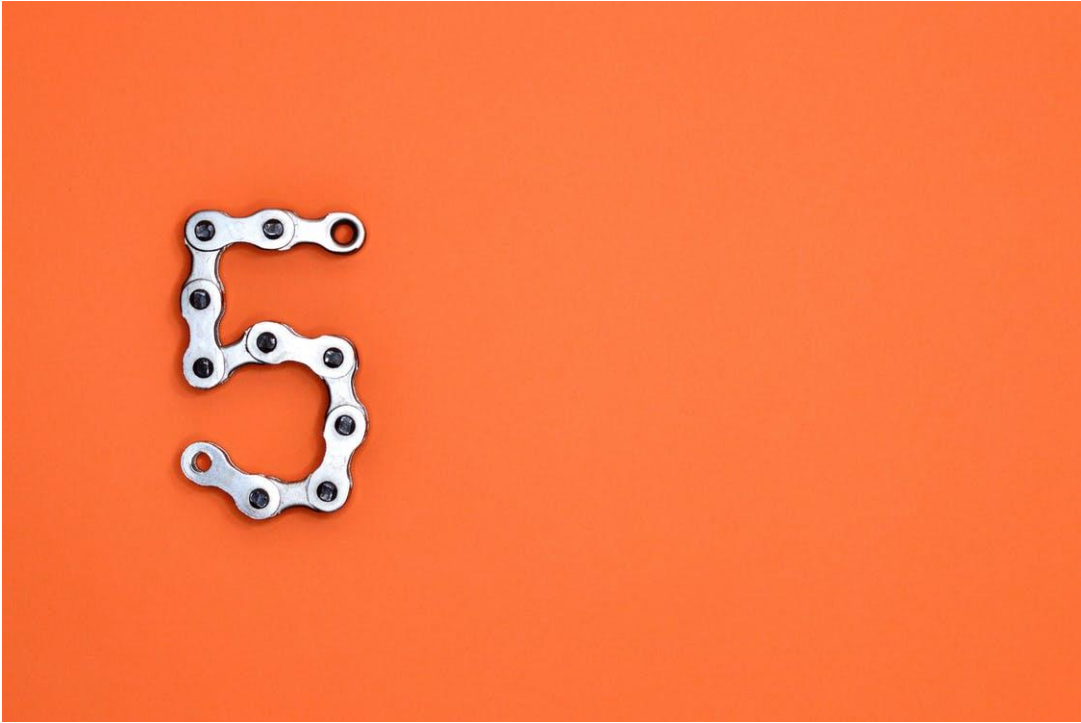
How to Create a Social Business Model



<https://www.pexels.com/el-gr/photo/1061139/>

Work together or break into smaller groups to work on completing the other sections of the Canvas. If you do the latter, take time to share and discuss the results of each section with the wider group in order to exchange ideas and comments. All ideas recorded for every section of the Social Business Canvas must be prevailed by the common goals of the Enterprise and the Social aspect it has.

How to Create a Social Business Model



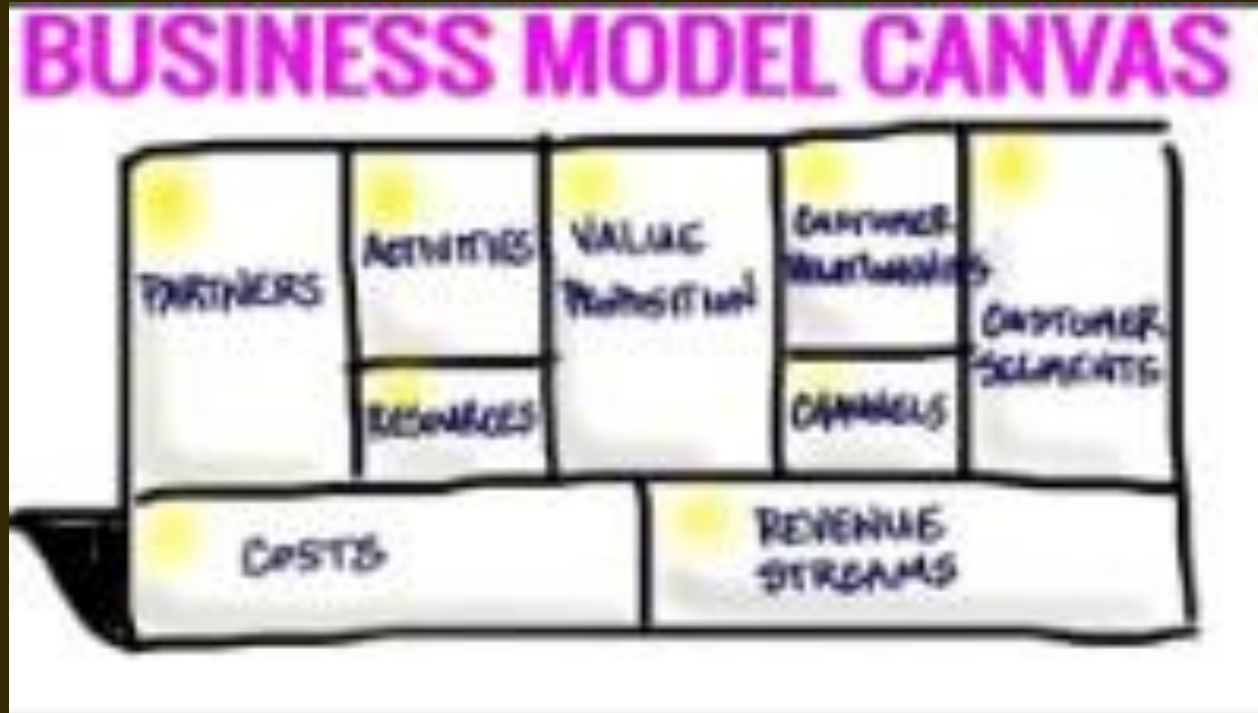
<https://www.pexels.com/el-gr/photo/chrome-1061138/>

Write down any key questions or discussion points and place them in a separate area for later reference.

Finalize your canvas and try to have it always available. A more detailed business model might be necessary later and this Canvas could be a perfect starting point.

PRACTICAL ACTIVITY

Let's see how a business model canvas should be filled:



<https://www.youtube.com/watch?v=IP0cUBWTgpY&t=89s>

Practical Activity



120 minutes

Instructions

Follow the link below and fill in the Canvas. Take some time to think and write down your ideas as clearly as you can. Be sure that your answers are feasible and can be applied in real life.

<https://bmttoolbox.net/tools/social-business-model-canvas/>

What you will need

- Printed form: pen/pencil, highlighters, and markers (optional).
- Digital form: device connected to the internet (pc, laptop, tablet etc.), document editing software (e.g. Microsoft Word)

TIP

We recommend pens or ideally sharpies for writing and coloured pencils for creating notes on linkages between items on the canvas (but a simple pen or pencil will do fine)



Think to yourself, explain:

In a sentence, describe business plan
(= *what is a business plan*)?

What is a business plan?

- A road map that describes in detail how a business - especially a start-up - defines its objectives and how it will accomplish its goals.
- It covers the marketing, financial, and operational standpoints of a business.
- It is especially useful for new businesses because it keeps them on target.
- Records what needs to happen, why, when and how much the investment will cost.
- A well-structured Business Plan is the best way to show bankers and investors that you deserve their financial support.



<https://www.youtube.com/watch?v=7ykkhepT9aE>

What is the difference between a Common Business Plan and Social Business Plan?

1. **The social benefit**, i.e., the social need that the entrepreneur has diagnosed as well as the way in which he/she will cover it, through the provided products and / or services of the Social Business.
2. To record the **social** and **environmental impact** that the Social Business has.
3. To indicate the **composition** of the business team and the specific positions held by the employees.
4. To define the **profits distribution** as indicated by the national legislation (cash reserves, employees' wages and productivity incentives, business activities and job creation).

How to write a business plan



<https://www.youtube.com/watch?v=n6ecdYd8T6o>

Practical Activity



120 minutes

What you
will need

- Printed form: pen/pencil, highlighters, and markers (optional).
- Digital form: device connected to the internet (pc, laptop, tablet etc.), document editing software (e.g. Microsoft Word)

Instructions

Follow the link below and download the template. Take some time to think and write down your ideas as clearly as you can. Be sure that your answers are feasible and can be applied in real life.

<https://business.gov.au/planning/business-plans/develop-your-business-plan>

TIPS

- Vision your business as clear as possible.
- Be concise. This is the first draft of your idea. So, be sure that your answers are short but on-point.
- Do not be afraid to make mistakes. This is your chance to brainstorm, experiment and learn from your experience.
- Evaluate! Always review, change, and improve your business plan.

How can you find the
suitable brand?

What is a brand?

The term brand refers to a business and marketing concept that helps people identify a particular company, product, or individual. The company is often referred to by its brand, if it is successful, so it becomes a way of customers' identifying your business.

A brand can be:

- An identifying symbol
 - A mark
 - A logo
 - A name
 - A word
- A whole sentence
- A combination of the above

Which are the steps to develop a business brand?

1

Conduct market research: About your competitors, the size of the market you address to, your potential customers, and find financial, demographic and statistical information about your industry. What will make your business stand out (competitive advantage)?

2

Think about successful brands: Which are the most recognizable brands for products or services and why are they considered to be successful? Find informative material on branding from business experts.

3

Consider your entire business: Branding should encompass every aspect of your business, so it needs to be reflected in the business name, business cards, premises, marketing materials, advertising, etc.



Which are the steps to develop a business brand?

4

Be authentic: Describe your company's personality in a few words: values, customers, what you offer, etc. Be honest!

5

Tell the story of your business: How did your business start? How are you progressing? What do you hope to achieve?

6

Seek professional advice: Whether you develop branding by yourself or hire a professional branding consultant or designer, the brand must be based on the vision for your business. If you go for professional assistance, a good idea would be to ask and see their portfolio of work.



Also consider...

...how to select and register a business name.

...how to create a website for your business.

...how to incorporate your brand in your marketing plan.

...how to conduct customer research to make sure your brand is suitable for
your target audience.

Practical Activity



60 minutes

What you
will need

- Visit this link:
<http://www.digitizeenterprise.org/money-matters/>

Instructions

Finances are an important actor for each enterprise. Its usually one barrier that stops people from running a business. Through this game, you wil; be able to explore important information related to the financial aspect of businesses.

Let's explore now the
legal issues...

How to launch a Social Cooperative Enterprise?

Things you need to know:

Choose the legal form

- ✓ The legal structure of your business is very important because it affects the **taxes** you pay, the **money** you can raise, the **paperwork** you need to file, and your **personal liability**.
- ✓ You must carefully choose your business structure, for this reason you should consult with business counsellors, attorneys, and accountants before you register your business, get a tax ID number and file for the appropriate licenses and permits.



We advise you to always check with the cooperative organization of your country or region for advice, since the requirements and procedures vary from one country or region to another.

How to launch a Social Cooperative Enterprise?

Useful tips to start a social enterprise:

- ✓ Consult regional and national **rules**, depending on who has authority over the development of social enterprises in the location where you wish to start your business.
- ✓ Choose a **legal form** for your social enterprise based on the region's rules, since there is a variety of modalities, such as cooperatives, foundations, associations, labour societies, and so on.
- ✓ According to the legal entity of the business, the relevant **laws, and regulations** along with the required procedures must be examined thoroughly before they are carried out.
- ✓ Finally, remember that starting a social business is like starting a traditional firm. The main distinction is in the **business's corporate mission**, which is to pursue the members' collective interests or the broader economic or social interest.

How to launch a Social Cooperative Enterprise?



<https://www.youtube.com/watch?v=8RCZPrUIU0o>

How to launch a Social Cooperative Enterprise?

Choose the type of cooperative, depending on your business plan:

Every kind of cooperative is based on the activity to be developed, the number of partners of the business, the initial capital used, the formal rigor in the constitution and operation of the venture, the legislation in each country, etc:

- **Consumers' cooperative:** gas bars, farm supplies, furniture stores, funeral services, natural gas utilities, water utilities, internet access and cable television co-ops serving the needs of their members
- **Worker cooperative:** nursery schools, cleaning, consulting, delivery, manufacturing and food services.
- **Producer cooperative:** include farmers, artists, harvesters and fishers seeking out and selling to end users to earn and retain the benefit of their owners/producers.

The Legal Process

1. Submission of registration request

The candidate social business submits to the National Registry of everybody that is responsible in every country or region:

- ❖ The statutes of the Social Business signed by the founding members.
- ❖ A statement is signed separately by each founding member regarding participation or not in another Social Cooperative Enterprise.
- ❖ A statement is signed on the criterion of employment of persons from vulnerable groups as a percentage (usually defined by national legislation)
- ❖ Other relevant supporting documents are signed (where required).

The Registry Department checks the submitted data and proceeds to the:

- registration of the Social Business in the register book.
- provision of a registration certificate which is valid for starting any business activity
- validation of the statute



The Legal Process

2. Submission of additional data

The registered Social Cooperative Enterprise submits:

- ❖ Application for registration of additional data (exact address and the composition of the steering committee).
- ❖ Certificate of commencement of activity at the Tax Office.
- ❖ Minutes of the formation of a body of the steering committee.

The Registry Department checks the submitted data and proceeds to the:

- approval of the request for registration of additional data.
- validation of a registration certificate (valid until the submission of the first annual program of activities and report where it is replaced by the certificate of membership)



The Legal Process

3. Bank account

Establishing a bank account in the company's name for the payment of capital stock is required for the creation of the cooperative. The cooperative society must create a bank account in its name, followed by the phrase "in incorporation," and deposit the paid-in capital as a monetary contribution.

4. Tax Office

- Request for the Tax Identification Number.
- Registration in the Economic Activities Tax.
- Census declaration of registration in the census of taxpayers.

5. Social Security Office

- Application for registration of the cooperative society in Social Security.
- Registration of the workers of the cooperative society in the general Social Security scheme.
- Registration of work partners in the special regime for self-employed workers of Social Security.



The Legal Process

6. Public deed of incorporation

In several countries or areas, the public deed of incorporation is signed by all partners and constituent members in the presence of a notary. It usually includes:

- ✓ The minutes of the Constitutive Assembly
- ✓ The nominal relationship of the partners
- ✓ The bylaws
- ✓ The manifestation of the will to establish the cooperative
- ✓ The manifestation of the subscription and disbursement of social contributions
- ✓ The social contributions subscribed by each partner
- ✓ The value attributed to the assets contributed by the partners (if any)
- ✓ The certificate of deposit of the contributions in the bank account
- ✓ Current certification of the cooperative's corporate name
- ✓ If there are integrated legal persons, in addition a certification of the agreement of the General Assembly in which their integration into the cooperative is approved.

Practical Activity



120 minutes

What you
will need

- Printed form: pen/pencil, highlighters and markers (optional)
- Digital form: device connected to the internet (pc, laptop, tablet etc.), document editing software (e.g. Microsoft Word)

Instructions

Below you will find the Questionnaire on Starting Business, that was used for the production of the World Bank's *Doing Business* Compiled Report. This document can be a great guide for you. You can read it and print it so you can fill in your data and make a first draft of your Social Business as a legal entity:

https://www.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/D_B20-Starting-a-Business-Questionnaire.pdf

Social Business Registration (case-study)



[Legal registration for your social enterprise : my \(very\) simple steps ! - YouTube](#)

LET'S PLAY!

Practical Activity



60 minutes

What you
will need

- Visit this link:
<http://www.digitizeenterprise.org/a-puzzling-enterprise/>

Instructions

It is a puzzling Enterprise. You must start a business while solving puzzles along the way. You can explore the town and speak to all the people in it. Those people will give you clues about where to go and even to solve the puzzles. During the procedure, you will understand that running a business has many obstacles and challenges that you need to overcome!



TRAIN-CE-FOOD project

<https://traincefood.si/en/home-english>



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