



THE FIRST STEPS IN SOCIAL ENTREPRENEURSHIP

Module 3 – Management



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Management of social entrepreneurship

1. The concept of social entrepreneurship.

As it was shown in one of the previous modules, Social enterprise, a segment of society or solving a problem that affects the whole developed to non-profit, innovative, impressive ideas. Social entrepreneurs, like non-governmental organizations, are basically organizations that have a socially motivated purpose but that achieve this goal, based on the company's ability to do business, knowledge and experience, and target sustainability, efficiency and effectiveness.

Traditional management characteristics	Social entrepreneurship characteristics
Mission & tradition driven	Mission & market driven
Inelastic mission	Elastic mission
Client & internal process orientation	External market and outcomes orientation
Defined by funding sources	Unconstrained by funding sources
Administrative orientation	Entrepreneurial orientation



2. The role of a social entrepreneur may be split into three core themes:

- societal leadership,
- strategic organizational management
- personal leadership.

Each of the three roles brings unique challenges and considerations for the social business leader. The roles should not be seen separately, but as a whole. A 'good' social entrepreneur therefore strives to combine practices and personal qualities that address each role optimally.

2.1. Societal leadership

Societal leadership is concerned with the social entrepreneur's core commitment to bringing about socio-political change and how this commitment consequently shapes his or her relationship with various social actors. A social entrepreneur can create a sense of shared commitment and co-ownership by embedding the social objective within the hearts of relevant social actors. By practising societal leadership, social entrepreneurs are able to foster active citizen involvement and positively impact the rate and reach of their social vision. Societal leadership is about the ability to co-create and the ability to share commitment by nurturing and adopting various leadership styles





including steward leadership, transformational leadership, servant leadership and responsible leadership.

2.2. Business management: translating vision into action

In a social business, a distinction may be made between the social entrepreneur's role as a mission-driven leader and his or her role at the strategic management level. The latter is about the social entrepreneur's responsibility to form business strategies that will uphold the organization's social vision. The importance of good leadership practice is a crucial element in social business management. Vision-led strategies must be institutionalized in the culture and structure of a social business to prevent the social business from drifting away from its social mission. To achieve this, the emphasis needs to be placed on exploring and adapting skills and traits. It is important to emphasise the social entrepreneur's role as a leader who is able to constantly realign strategic choices made at the commercial level with the organization's social vision, while effectively utilizing its social capital to this end.

2.3. Personal leadership: self-awareness and self-development

The social entrepreneur is the heart of a social business. Personal leadership, in this context, is about the social entrepreneur's ability to drive forward the social objective, advocate the cause, with a people's approach to doing business whilst simultaneously achieving and preserving financial sustainability. It is crucially important that a social entrepreneur is visionary, self-aware and able to learn and self-develop. A social entrepreneur should have change-making competencies, including the ability to change him/herself.

3. Main Directions of the Management of Social Enterprise

3.1. Strategy and Planning

Sustainable performance requires good leadership and management capability at all levels of the organisation. Managers need to develop the skills to manage immediate operational needs whilst simultaneously planning for the future. Managers must be able to see the big picture, developing long term strategies that maximise opportunities to add value and support sustainable economic growth. They must have a clear understanding of the organisation's direction and the ability to continuously seek out ways to improve and build a leaner, more flexible and responsive business.



3.2. People Management

Core skills for people managers include reviewing and guiding performance, offering constructive feedback and praise, and identifying current and future skills needs. Good managers lead from the front, communicating with clarity, conviction and enthusiasm and mapping out for their employees a clear direction for the business

Managers should also create a learning culture within their team, taking responsibility for people's career development and promotion, as well coaching team members and supporting informal, on-the-job learning.



3.3. Budgeting & Financial Planning

Planning and control of financial resources lies at the heart of good management, from the most junior front line manager to the CEO. Budgeting and financial planning ensure that the organisation is capable of achieving its goals. The monitoring and control of financial flows, and the people and physical resources that generate those financial flows, should be a primary responsibility if those goals are to be achieved.

Whilst most senior managers are aware of the significance of financial management, too often managers in more junior positions do not have the knowledge or skills to appreciate fully its significance, nor are they given the responsibility for planning and control that would enable them to gain these insights.

3.4. Risk Management

If businesses are to lead the way from recession to economic growth they need to be innovative and entrepreneurial, both of which mean being willing and able to assess risks and seize opportunities. From the front line manager ensuring a safe and healthy workplace that minimises its environmental impact, to the senior management team identifying and taking advantage of new product and



market opportunities, risk permeates business. The challenge for managers at all levels is to be able to assess the level of risk and the potential benefits that will accrue from taking them. This is what risk management is all about – not avoiding risk but ensuring that the scale of risk facing the organisation is understood and acceptable.

3.4.Fostering innovation and creativity

Managers have a key role to play in fostering innovation, by adopting business strategies which focus on innovative products and services, and by leading the adoption of new technologies and work processes which improve productivity. There is now significant evidence to support the view that effective use of knowledge and technologies depends on the quality of management, with studies showing that firms adopting continuous innovation.

3.5.Partnership Working

An increasingly important role for managers is to foster the development of collaborative or partnership working with other organisations. Developing mutually beneficial ‘win-win’ relationships requires a range of skills, including personal skills, negotiating skills, the ability to build alliances, and the strategic abilities needed to define an organisation’s purpose and anticipate changes in its operating environment. Reflecting the ‘political’ nature of building such relationships, these skills are sometimes referred to as political awareness, or political astuteness.

4. Advices for Being a Good Manager of Social Entrepreneurship

Becoming a social entrepreneur requires more than a deep desire to see change and challenge the status quo, it also requires strong leadership. As leaders we must be able to inspire, guide and develop others in order to run a successful social entrepreneurship.

There is significant evidence to indicate that leadership can affect the success or failure of an organisation, particularly for small to medium organisations. So it is important that we continually look for ways we can grow and learn. Leadership skills and techniques can be learned, very few people are natural leaders. So be committed to learn and develop leadership skills and qualities.

4.1.Develop the Entrepreneur in you.

This can sometimes be difficult for social entrepreneurs because their main focus is on the change they want to see. However, you need your **social entrepreneurship to become financially**





sustainable to accomplish your vision. Learn how to generate a mindset for success, develop business plans, use social networking strategies, develop a brand and learn from their failures.

4.2. Have Good Character

The character of a leader of the enterprise can be seen when they face the difficult circumstances. When we face challenges we can choose two paths: character or compromise. It could be great always be able to follow the path of character! One thing I have learned though, is when we go the path of character, we gain great respect but it is quickly lost through compromise.

Leaders must be trustworthy before others will follow them. **The qualities that establish trust are competence, constancy, being caring, authenticity and reliability.**

4.3. Be transparent.

Transparent working environments have been found to make teams more accountable, happy and creative.

It sounds like a big claim but transparent environments help to develop a feeling of mutual respect between team members and team leaders. Via open and consistent communication, transparent and authentic workplaces help employees to feel secure in their positions. In turn, team members feel freer to contribute ideas and suggestions, enhancing creativity.

4.4. Commitment

True commitment inspires and attracts people. It shows them that you have conviction. **They will only believe in you if you believe and are committed to your cause.** The Law of Buy-In states, people buy into the leader first, then the vision. **Commitment will always separate the doers from the dreamers.** Social entrepreneurs are big dreamers and visionaries, they want to see change, but we need to stay committed.

4.5. Makes Decisions

“Never ‘for the sake of peace and quiet’ deny your own experience or convictions.” Dag Hammarskjöld, Nobel Peace Prize Winner. **Leaders aren’t afraid to make the tough or unpopular decisions because they have confidence in themselves and in their abilities.** They know their



indecision wastes opportunities and resources. I have made plenty of wrong decisions over the years, as a leader, but the key is to learn from them and move on.

4.6. Keep Communication

The basis of a cooperative and productive team is good communication. People will not follow you if they don't know what you want or where you are going. **Convey your message clearly and seek a response to ensure you have been heard.** Developing good listening skills is a big part of communicating. As well creating the culture, relationships and motivation to inspire people to make the most effective use of them;

The aim of communication is also to create an environment in which team leaders feel able to provide honest and constructive feedback, and team members feel confident to voice concerns and communicate with one another.

For teams with members working remotely, Google Hangouts can provide an ideal way to ensure some face-to-face time is achieved.

If your distributed team is working across time zones and you'd like to set up a standing appointment for calls, it's important to find a time which works for everyone involved. By not always holding calls at inconvenient times for the remote team member, they'll be more open (and awake) to honestly and accurately communicate with you.

4.7. Be competent

To cultivate competence, leaders need to keep improving and learning. They have a desire to continually learn and grow and are open to new ideas. Leaders follow through with excellence.

The majority of leadership and management development is undertaken by employers in-house (especially amongst medium-sized and large employers) and tends to focus on specific knowledge and skills needed to achieve a specific strategic priority or address an operational requirement or weakness. Unlike most occupations, it is rare for people to have any leadership and management training before taking up the responsibility, either in their first management role or in subsequent promotions. The training that they do have, after appointment, rarely leads to a qualification, despite the advantages this can offer.

Some individual managers decide to make a personal investment in management qualifications to help their career progression and as part of their continuous professional development. However, those provided by employers are more likely to be aligned to the specific needs of the business and as a result are also more likely to result in increased productivity and the application of the learning in the workplace.





4.8. Help others succeed

Leaders are not just satisfied with their own success, they empower others to achieve their full potential. They build productive teams through training, inspiring and motivating them. Just as leaders need a mentor or role model, they need to mentor others. Make sure the contribution of others is recognised and rewarded.

As you become the leader you should be on the inside, you will be able to become the leader you want to be on the outside. People will want to follow you. And when that happens you will be able to tackle even the biggest problems in the world.

4.9. Provide valuable feedback

Providing feedback to team members is one of the best ways you can support them to develop professionally and personally.

Feedback can be difficult but it is an essential part of effective team management.

Even if you have no negative feedback to give, make sure to hold regular opportunities to check-in. This way, you can provide advice on how you feel your team members are progressing and could grow further. If there are any areas of work that you feel could be improved, these discussions also provide a good opportunity to share your constructive feedback.

So although feedback conversations can be difficult, especially in non-hierarchical organizations, they're important and necessary for the development of team members and the success of your wider team.

4.10. Encourage collaboration

Inevitably, your team members will be happier if they can get along well with one another. As an added bonus, they'll perform better too.

To achieve this, encourage your team members to collaborate. On your team, there will likely be a whole bunch of diverse skills. Make sure these different skillsets are utilized by ensuring everyone is aware of ongoing projects. That way, team members can jump in to collaborate wherever they feel they can bring value.

Use Google Drive

Collaboration has been found to increase creativity, so tools like Google Drive, which allow for real-time updates on shared documents as you work, are ideal.

Try mapping out your ideas



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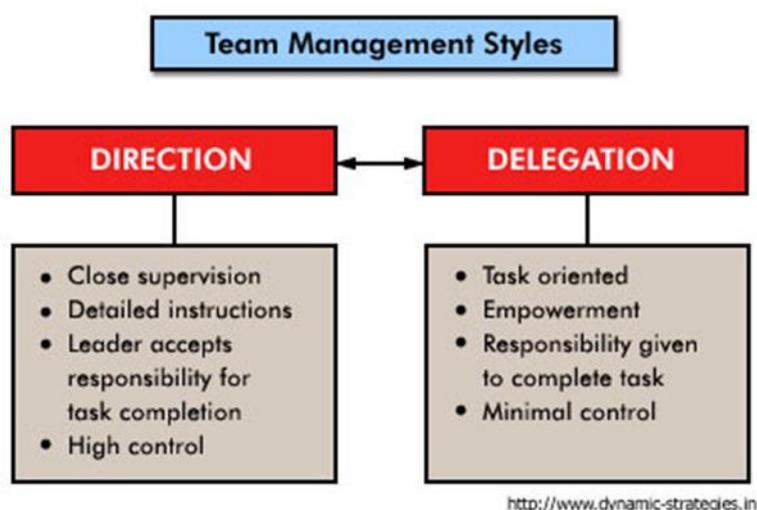
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For a less linear take on collaborative working, try using a collaborative online mind map. Multiple users are able to access mind maps at the same time, meaning team members can add their ideas, provide feedback or vote up or down on ideas. This can all be done in real-time, whether brainstorming in a meeting together, or working entirely remotely.

Generating ideas collaboratively while mind mapping has been found to boost creative thinking, as it integrates both the linear, convergent (left-brain) thinking with divergent, non-linear (right-brain) thinking. This engages the whole mind in processing and creating new information, using our visual, spatial and kinesthetic senses to come up with new ideas, increasing our creativity.

4.10. Trust your team to do their job

Always recognize when to delegate tasks. Companies hire competent staff for a reason and effective team management shouldn't mean micro-management. If you've hired staff for a specialist area like programming, you need to know when to just leave them to do their job.



4.11. Prevent team burn-out

As a team leader, you're in a great position to set positive boundaries of work, play, and relaxation. In her article on managing work notifications, Belle Beth Cooper argues that it is the responsibility of employers to set the precedent about when and where team members should be switching off from work entirely. This could mean, for example, by not expecting team members to check emails after working hours.

The analysis of different researches have revealed that, generally, stress is a significant problem for social entrepreneurs. When trying to achieve commercial goals and give back to the community at the same time, these entrepreneurs are likely to overload themselves with too many



responsibilities and, consequently, deplete their personal resources. The cost of resource depletion can include reduced time with family and poor sleep quality.

However, it has been found out that social entrepreneurs who enjoy a high degree of autonomy at work are less inclined to experience the same levels of stress. When these entrepreneurs can organize their business so they have control over how, where, and when they help others, they are better able to manage any work overload and stress levels. T

Of course, this can be difficult. Particularly in teams where members work flexibly and might prefer to start early or work late, to save time elsewhere. However, encouraging team members to set themselves some working limits, to sleep well and avoid burn-out, is important.

5. Mistakes Social Entrepreneurs Make When Building Their Business Models

Solve problems that are too small. Evaluating the size of the potential market is important not only from an impact perspective, but also from a business perspective. You want to chase a market that is big enough so that you have room to pivot if you realize that your first approach is not quite right.

Prioritize the business model over the team. Your business model is important, but the people behind your company matter just as much, and maybe even more when building a business for social impact. Impact investors assess not just the soundness of your value chain, cost structure, and revenue streams, but also your willingness to learn, listen, pivot, marshal through tough times, work in resource-constrained environments, and maintain your commitment to the poor.

Invest in sales and marketing before they know their customers. In the beginning, the founders should be on the frontlines talking to customers and answering phone calls to figure out how their product is being received. This can be a big challenge for social enterprises too.

Lack a clear roadmap for growth. Starting a social enterprise can be overwhelming so it's important to define clear milestones and metrics at every stage of growth. Investors look to see if you have validated product-market fit.

Lack a plan to reach the poorest or most remote customers. You could have a great idea for a new product or service, but if you don't have a plan in place to actually reach your customers, the entire business could fall apart. Impact investors will look to see whether you've identified the right supplier and distribution partners. If they don't exist, you'll have to account for how your company can build those functions into your own business model.

Fail to appreciate how different micro-markets will respond, even within the same country. It seems obvious that when you introduce an innovative product or service to a new customer segment, you have to deeply understand your local market and context. However, this point is often overlooked. Many social entrepreneurs have a proven business concept in one market, but when they try to replicate their approach in new markets, they encounter complexity and challenges they did not adequately plan for.





Underestimate the continuous need to fund research and development. If you don't plan for how you will continue to innovate and stay ahead of the competition, you risk ending up with an outdated product.

Underestimate capital requirements for starting a business. You can spend hours plotting out all aspects of your business model on paper and complete 50 different versions of the business model canvas. But there will always be things that don't go as planned. It's one of the few guarantees you can count on when taking on a social enterprise, especially in emerging markets. You should estimate the capital requirements for your business accordingly. Build those contingency costs into your models.

Try to do everything all at once. Social entrepreneurs are ambitious, driven and idealistic. But sometimes social entrepreneurs get so invested in all of the problems their customers are facing, they try to solve too many issues at once. It is recommended for companies in the early-stages of development find one discrete pain point a customer segment is facing and solve it. Use that success as an entry point to take on other challenges strategically, instead of trying to do everything at once.

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