

**DOCUMENT TITLE:**

**METHODOLOGY: "SOCIAL IMPACT INVESTMENT LAB" PILOT**

**DOCUMENT CONTROL SHEET**

Title of Document	Methodology: "Social Impact Investment Lab" pilot
Work Package	WP6
Deliverable	T4.1 Methodology: "Social Impact Investment Lab" pilot
File Name	Methodology for "Business Plan Competition" is a Danube region-wide social enterprise acceleration model that aims to support start-up and scale-up social entrepreneurs' sustainable market entry & growth and access to (social) finance. It means that the methodology does not only refer to social enterprise diagnostics, but places emphasize on shaping business attitudes and perceptions towards more sustainable business operation. The methodology initiates a shift from progressive grantmaking to SII.
Number of Pages	14
Dissemination Level	Final
Due date of deliverable	31.10.2020
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## 1. Introduction

This output was planned to be delivered in October 2020. However, within the context of the project the project partners together with the lead partner (IFKA) decided on adjusting the timeline due to the following reasons:

- In 10/2020 the main activities of WP 6 were not yet completed (see the summary of WP 6 below) and thus the value-add of the output would have been limited.
  - WP6 was combined with WP5 which led to an overall adjustment of the timeline.
  - In 10/2020 the training of the ventures was still ongoing in order to perform well at the pitch event and hand-in superior documents to the jury members.
  - The final pitch events happened in the last week of November 2020.
- The Corona situation forced the project to be further postponed as the finale event of the project will now not happen before summer 2021.

Thus, this output is just outlining the original plan and methodology of the competition and not covering the results (which will be reported in Output 6.2.)

## 2. Executive summary

Work package 6 (WP6), which is named “Transnational Cooperation”, was the final working package of the Finance4SocialChange project. It followed on the blended learning working package (WP5), which taught the entrepreneurs the necessary skills and expertise demanded by supporters and investors. WP6 aimed to create value for social enterprises (SEs) from the Danube region by challenging them with the participation in a business competition. The rough structure of WP6 was the following:

### I. Methodology/ Design of the Transnational Business Plan Competition

This was the preparatory phase for the launch of the transnational two-staged competition. At this phase the criteria of social enterprises participating in the competition, the design of the jury members, scoring tables and pitching events were outlined.

### II. The Transnational Business Plan Competition:

#### a) Stage 1 of the Business Plan Competition

This was the first stage of the competition which was kicked off with a call for application jointly with the mobilization campaign of WP5 in Q2/2020. This open call required the social entrepreneurs to deliver a concept paper outlining the social problem addressed by them and their respective solution. At the end of this stage 30 SEs were shortlisted based on the following two criteria (for the detailed questions see the scoring tables in the appendix):

1. Social Impact:
2. Proof of concept

## b) Stage 2 of the Business Plan Competition

The second stage of the competition started with the submission of a full application including a business plan (or self-explanatory pitch-deck) and optional with an impact assessment report. Together with the following pitching sessions, these documents enabled the jury to select the top 1 participating venture per country group.

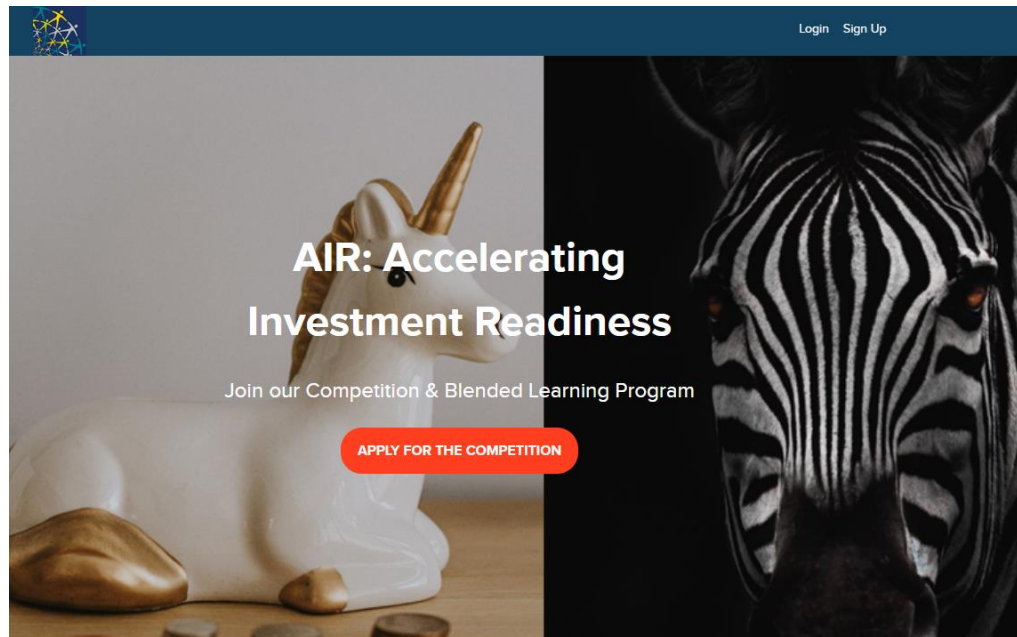
## 3. Detailed timeline WP6

### Phase 1:

- **February 2020:**
  1. Outreach to all participating project partners of WP6 stage 1 happened in order to agree on deadlines and deliverables.
- **March - April 2020:**
  1. Awareness was brought to the project partners to bring the following parties to the table during WP6:
    - Social enterprises per project partner (a mix out of a fixed ratio of minimum 15 ventures + a calculation considering the GDP per capita and the number of inhabitants of a country):

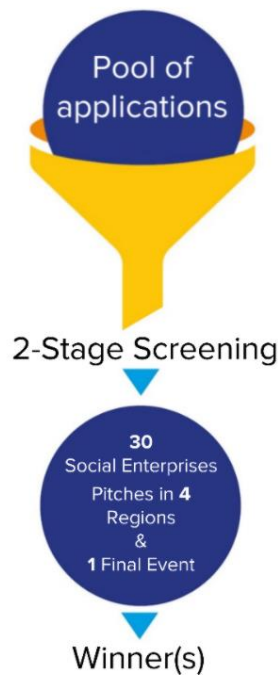
Country	PP	Partner Name	Applications per PP
Austria	PP9	ASHOKA Austria / CEE	20
Austria	PP1	ZSI Centre for Social Innovation	20
Bulgaria	PP6	Sofia Development Association	16
Croatia	PP8	Act Group	17
Germany	PP2	FASE	37
Germany	PP5	Steinbeis 2i GmbH	37
Germany	PP10	Centre for Social Investment	37
Hungary	LP	IFKA	23
Moldova	ENI PP1	ODIMM	15
Romania	PP3	UEFISCDI	27
Serbia	IPA PP1	CCIS	16
Slovakia	PP7	Union of Slovak Clusters	17
Slovenia	PP4	BSC, Business support centre	17
<b>Total</b>			<b>300</b>

2. Outreach to all participating project partners of WP6 stage 2 to agree on deadlines and deliverables.
3. The open call of the SEs started with a centralized application page which looked like:



Welcome to the "AIR: Accelerating Investment Readiness" **Competition** and **Blended Learning** (#AirMOOC & "offline trainings" in smaller groups). AIR is brought to you by the EU Interreg project Finance4SocialChange. We aim at joining impact investing and social entrepreneurship for more positive social change. Imagine acquiring useful impact skills and excelling as one of the best social ventures in our international pitch competition! Join the #AirCompetition & #AirMOOC now.

If the project partners wished to translate the questionnaire for the participating ventures they had the possibility to do so and then insert the information about the player themselves into the online questionnaire (for the detailed questionnaire see appendix). It was however advised that the participating ventures speak some English as this was needed at a later stage of the competition anyway. Possible minimum criteria applied here were dropped by the involved project partners. This happened due to the inclusive character the competition and especially the blended learning should have covering the entire spectrum of social entrepreneurs (non-profits, for-profits etc.). The 2 staged competition can be drafted as:



## COMPETITION

### INCENTIVES

- I. 10,000 EUR in prize money for each of the 4 winners of the competition (min. amount -- pending due to corona crisis)
- II. Face-to-face support for 30 selected applicants
- III. Invitation to investor pitching sessions
- IV. Coaching on investment readiness

### CRITERIA

- I. Your organization (for-profit or non-profit) must be at least one year old
- II. Your organization must be from or operate in the Danube Region
- III. Your organization must have a clear, positive and measurable social or ecological impact

### PROCESS

+++ NEW deadline due to COVID-19 situation +++

You can now submit your application until **30th JUNE, 2020!**

4. Each project partner was free to choose his/her preferred tool of communication in order to reach the target number of ventures.
- **June 2020:**
    1. The deadline to reach the approx. number of applications per project partner was 30<sup>th</sup> of June 2020.
    2. The applications were shared with the responsible project partners and evaluated by them locally based on the following criteria (for the detailed questionnaire see the appendix). As an example: As FASE brought 37 ventures to the competition they then also had to evaluate those 37 ventures with the scoring table for phase 1. Same applies for all other project partners.
      - Social Impact: The organizations must be working on achieving one of more of the SDGs in the Danube region. The organization should be unique and innovative in its approach to dealing with a social problem or must have documented success in replicating an existing model which has worked elsewhere.
      - Proof of concept: The organization should have been operating for about 1-4 years and there must be some proof of concept ("idea' stage" businesses are discouraged).
    3. Each project partner had to come up with a list of his/her top 3 scoring ventures. When there were several project partners per country these project partners aligned on their top 3 scoring ventures. So that 6-9 ventures per country group were selected based on the received scoring.
      - The 4 country groups were (leading partner in brackets):
        - I. Austria (ZSI) and Hungary

- II. Germany (Steinbeis), Romania and Slovakia
  - III. Croatia (Act Group) and Slovenia
  - IV. Serbia (CCIS), Bulgaria and Moldova
4. Ventures participated in online workshops (the #AirMOOC).
- **July - October 2020:**
    1. The deadline to have a shortlist of approx. 30 ventures was July 31<sup>st</sup>.
    2. All ventures had the possibility to participate in the online formats of WP5 in order to improve their business plans, impact measurement tools, etc.
    3. The selected ventures had time to prepare their documents for phase 2.

## Phase 2:

- **November 2020:**
  1. The finalists had the possibility to join a 2-hour session with FASE in order to get some general input on how to structure their pitch and their documents.
  2. The finalists had the chance to get an one-hour private session with one of the 3 tutors which helped them to fine tune not only their pitch but also their documents.
  3. Till the 13<sup>th</sup> of November the 30 finalists had to submit their full application of phase 2 online. The full application either composed of a self-explanatory pitch deck or of a filled-out business plan template:
    - If the venture choose to submit a self-explanatory pitch deck, they could use the pitch deck template created by the F4SC team. This template was used as a guideline so that the participants did not miss out critical content the jury expected to see. For the self-explanatory pitch deck it was expected to have a document with approximately 15-25 slides.
    - If the venture choose to fill out the business plan template created by the F4SC Team: It was expected of them to write max. 500 characters per field (not words). So, the teams had to be precise, short and cover the asked points. The ventures were encouraged to copy in graphs or tables that may help them to make their point.
- **November/ December 2020:**
  1. Desk-Grading:
    - Based on the handed in material the desk-grading of applications was conducted by the responsible project partners and they were assisted by the selected jury members (for the detailed questionnaire see the appendix). Each of the responsible project partners was expected to grade around 2-3 business plans and report on their findings.
  2. Local Pitching session:
    - Virtual pitching sessions were organized by the responsible project partners (ZSI, Steinbeis, Act Group and CCIS) and the participating jury members had the possibility to fill out a scoring table (see appendix). This scoring tables had

to be adjusted as the original planned template was to be used for a live pitch and not a virtual event.

3. The scoring from 1. and 2. resulted in a final scoring of the 30 ventures. Thus, leaving the organizers with one winner per country group.

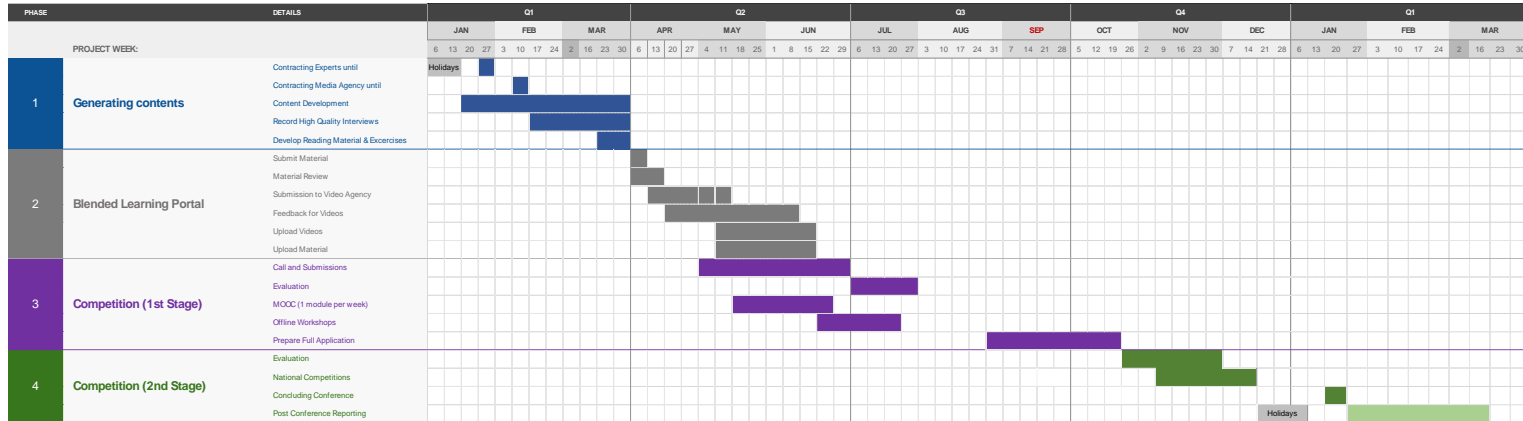
- **Q1 2021:**

1. It was originally planned that the winners of each pitching event can participate at the final event (the Thematic Capitalization Expert Workshop) and meet possible international donors and investors. This final event will be organized – due to the corona postponement – by the lead partner IFKA in fall 2021 Budapest.
2. At the final event the 4 winners from the country groups will have the possibility to pitch and based on their pitch one overall winner will be chosen.



#### 4. Appendix:

##### a. Project timeline blended learning & competition:



##### b. Questionnaire for the open call for SEs

Q3_1	What is your first and last name?
Q3_2	What is your first and last name?
Q4	Please provide the name of the organization you represent
Q5	Please provide your Email address
Q6	Please provide your telephone number
Q7	Please provide the webpage of your organization (if available)
Q8	Where are you based?
Q9	To which category do you assign your organization?
Q10	How many persons currently work in your organization?
Q11	Please describe the social or ecological problem you are addressing (max. 500 characters).
Q12	Please describe your solution (product, service, program, activity) and how it differs from existing solutions (max. 500 characters).
Q13_1_1	Who is your main target group (resp. customers)?
Q13_1_2	Which key activities (products, services, programs) do you offer to this first target group?
Q13_1_3	What impact (change) do you want to achieve for this first target group?
Q13_2_1	Who is your second target group (resp. customers)?
Q13_2_2	Which key activities (products, services, programs) do you offer to this second target group?
Q13_2_3	What impact (change) do you want to achieve for this second target group?
Q13_3_1	Who is your third target group (resp. customers)?
Q13_3_2	Which key activities (products, services, programs) do you offer to this third target group?
Q13_3_3	What impact (change) do you want to achieve for this third target group?
Q14	Do you measure your social or ecological impact and report it?

Q15	How long has your organization already delivered services, products or programs to target group(s)?
Q16	Are you already generating income?
Q17	Please describe how you generate income or raise funds (max. 500 characters).
Q18	If you have already won a competition / price / award. Please mention it here.
Q20_1	Through which organization did you hear from this call for application?

### c. Scoring Table Phase 1

Ranking Criteria	Value	Questions on the startups	Questions relevant for grading from the questionnaire
<b>1. Social Impact</b>			
Is there a clear impact concept in place?		Is the impact concept well defined (i.e. input - output - outcome, theory of change)?	<b>Question 11:</b> Is the problem well described and clear? <b>Question 12:</b> Is the solution well described and does it offer a innovative and compelling solution?
Does the enterprise create a distinctive social value add and a strong competitive edge?		Is the social/ecological impact big enough? Is there a compelling solution to the social/ecological problem?	<b>Question 12:</b> Is the solution well described and does it offer a innovative and compelling solution? <b>Question 13_1_1:</b> Is their a clear target group defined? (for further target groups see Q13_2_1 and Q13_3_1) <b>Question 13_1_3:</b> Is the desired impact part of the SDGs and is it "worth" the titel social enterprise? (for further activities see Q13_2_3 and Q13_3_3)
Is the social impact being measured?		Is the social impact operationalized through impact KPIs? Does the enterprise measure and report these KPIs?	<b>Question 14:</b> Yes we measure and report it: 5 points Yes we measure it: 3 points No we neither measure and report it: 1 point
<b>2. Proof of Concept</b>			
How long has the enterprise been in the market since being founded?			<b>Question 15 (we want to have not too early but also not too old organizations):</b> <1 Year: 1 point >1 Year: 3 points >2 Years: 5 points >3 Years: 3 points >4 Years: 1 point

Has it generated proprietary income already?		<p>1 = No 2 = &lt;10 TEUR p.a. 3 = 10-20 TEUR p.a. 4 = 20-50 TEUR p.a. 5 = &gt;50 TEUR p.a.</p>	<p><b>Question 16:</b> No but we have pilots already running/ are aiming to have initial revenues soon: 1 point No (since I am an NGO/ I don't have a business model etc.): 2 points Yes (Under EUR 10k revenue per year): 3 points Yes (Over EUR 10k revenue per year): 4 points Yes (Over EUR 50k revenue per year): 5 points</p>
Have pilots of the business model and its social impact been successfully implemented?		<p>Are there one or more successful pilots (e.g. several locations)? Is there an existing demand in the market for the model (e.g. initial revenues)? Has the social enterprise received awards?</p>	<p><b>Question 18:</b> 0 rewards/ entry in this field: 1 point 1 reward: 2 points 2 or more rewards: 3 points + <b>Question 17:</b> check how income is generated: grant/donation based: 0 points relevant income streams: 2 points  Example: Enterprise with 2 awards and a good income model: 5 points (3+2)</p>

#### d. Scoring Table Phase 2: Business plan

Ranking Criteria Business plan	
<b>1. Social Impact</b>	
Is there a clear impact concept in place?	Is the impact concept well defined (i.e. input - output - outcome, theory of change)?
Does the enterprise create a distinctive social value add and a strong competitive edge?	<p>Is the social/ecological impact big enough? Is there a compelling solution to the social/ecological problem? Does the offering differentiate itself from existing solutions and offer a value add?</p>
Is the social impact being measured?	<p>Is the social impact operationalized through KPIs? Does the enterprise measure and report these KPIs (e.g. by "SRS" reporting standard)?</p>
<b>2. Business Model</b>	
Does the enterprise have a commercial business model?	<p>Is the business model clearly defined and attractive? Are there defined income streams? Have the target groups been defined? Are the target groups able to pay for the enterprises' products and/or services?</p>

Is the business model scaleable?	Is the organisational structure poised for growth? Can the offering be adapted to future market trends as well as social and legal changes? Is the business model documented well enough?
Has a business plan been prepared?	Have KPIs for success/termination as well as milestones been set and can they be tracked? Is there a well defined growth plan for the coming years? (scaleability)
<b>3. Proof of Concept</b>	
How long has the enterprise been in the market since being founded?	1 = 0 years 2 = 1 year 3 = 2 years 4 = 3 years 5 = >4 years
Has it generated proprietary income already?	1 = No 2 = <10 TEUR p.a. 3 = 10-50 TEUR p.a. 4 = 50-100 TEUR p.a. 5 = >100 TEUR p.a.
Have pilots of the business model and its social impact been successfully implemented?	Are there one or more successful pilots (e.g. several locations)? Is there an existing demand in the market for the model (e.g. initial revenues)? Has the social enterprise received awards?
<b>4. Team &amp; Entrepreneurs</b>	
Do the entrepreneur(s) and the team possess the necessary skills and experience?	Do the entrepreneurs and the team possess the necessary skills and experience to meet the challenges (complementary skills - social as well as business-wise)?
Does the enterprise possess a reliable team structure?	Is there a solid team structure in place that allows to assign the responsibilities to several shoulders (no 'one man show')? Did the team already work together in its current constellation?
<b>5. Financial Planning</b>	
Did the enterprise prepare a detailed financial plan for the coming 3-5 years?	Is there a good Profit & Loss statement? Is there a sufficient cash flow analysis?
Is the required financing amount well documented and explained?	Is there a model that sufficiently links growth with capital requirements (e.g. turnover and human resources requirements)? Have the capital requirements been broken down to activities and impact levels?

<p>Is the social enterprise able to meet the financial expectations of the investors?</p>	<p>Is there a realistic ratio between financing amount and the stage of the business?          Can the interest rate realistically be paid?          What is the current company valuation?          Are there clear exit strategies?          Is there a potential for distributions?</p>
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### e. Scoring Table Phase 2: Live Pitching

Ranking Criteria for Pitching	
<b>1. Clarity</b>	
Spoken language is clear and is easily understood	5 – Is an exemplary public speaker who is always understood 4 – Excels at communicating using the spoken word 3 – Spoken language is clear and is easily understood 2 – Spoken language is somewhat unclear or challenging to understand 1 – Spoken language is unclear or not easily understood
<b>2. Vocal Variety</b>	
Uses tone, speed, and volume as tools	5 – Uses the tools of tone, speed, and volume to perfection 4 – Excels at using tone, speed, and volume as tools 3 – Uses tone, speed, and volume as tools 2 – Use of tone, speed, and volume requires further practice 1 – Ineffective use of tone, speed, and volume
<b>3. Gestures</b>	
Uses physical gestures effectively	5 – Fully integrates physical gestures with content to deliver an exemplary speech 4 – Uses physical gestures as a tool to enhance speech 3 – Uses physical gestures effectively 2 – Uses somewhat distracting or limited gestures 1 – Uses very distracting gestures or no gestures
<b>4. Interest</b>	
Engages audience (eye contact) with interesting, well-constructed content	5 – Fully engages audience with exemplary, well-constructed content 4 – Engages audience with highly compelling, well-constructed content 3 – Engages audience with interesting, well-constructed content 2 – Content is interesting but not well constructed or is well constructed but not interesting 1 – Content is neither interesting nor well-constructed
<b>5. Virtual features</b>	

<p>Uses the tools of a virtual pitch to communicate effectively (rate everything except problems based on the internet connection)</p>	<p>5 – Excellent visuals, well picked workspace and super handling of the challenges of a virtual pitch (video/ sound quality)            4 – Good visuals, well picked workspace and good handling of the challenges of a virtual pitch (video/ sound quality)            3 – Okay visuals and workspace while the challenges of a virtual pitch (video/ sound quality) were mastered            2 – Bad visuals or bad picked workspace while the challenges of a virtual pitch (video/ sound quality) were not mastered            1 – Visuals, workspace and sound/ video quality were non-satisfactory</p>
<p><b>6. Timing</b></p>	
<p>The presenter is able to transport his/ her message within the given time frame</p>	<p>5 – Fully aware of the timing and quickly, but concisely, describes the project idea            4 – Aware of the timing and quickly, but concisely, describes the project idea            3 – Aware of the timing and able to describe the project idea            2 – Not aware of the timing and problems to concisely describe the project idea            1 – Overall bad timing and therefore some content is lost/ not presented</p>
<p><b>7. General impression</b></p>	
<p>Overall feel of the pitch</p>	<p>You can give 1 to 10 points depending on the overall feel of the pitch (social problem, presentation of the solution, business model, team, outstanding way of presenting etc.)</p>