





Every day we work hard to create a future that works for all solving wicked problems around the the SDGs.

THE BEYOND is a series we brought to life to take you on a journey - beyond the known allies, the countries we live in, the current methods and tools, the new technologies, the digital transformation and the unicorns. Beyond the buzzwords.

We'll be sharing insights, learnings and research from our work and from within our ecosystem. Each volume of THE BEYOND will bring you up to speed about a core topic through a series of articles and a closing event.

We want to inspire you to take a look beyond: step out of the framework, identify new opportunities, discuss the challenges of tomorrow and find solutions to create a future that works for all. We are on the transition team - we invite you to be part of it.

It's time to explore BEYOND!



THE BEYOND SERIES // VOL. 1 The missing link: Where the support ecosystem for social entrepreneurs in Germany is failing

Every week our team gets several requests from members and through other various channels, to find out how to get started as a social entrepreneur. And although there are many resources out there, we often hear that it is very hard to find the right information or offering. That's why we decided to take a fresh look at Germany's support ecosystem. In this mini series we want to give you an overview of our findings and share the complete directory of what we found with you.



Where to find funding for social entrepreneurs in Germany

When it comes to social entrepreneurship and getting your sustainable business started, funding is of course one of the main concerns. In 2017 the international Impact Hub network (15.000 members in over 100 countries) conducted a Global Members Survey enquiring after the support needs of social entrepreneurs: unsurprisingly, it turned out that 45% of the Members "sought support in obtaining financial capital and investment" (Global Impact Report 2018). МРАСТ

In this article we highlight the most important sources of funding available for social entrepreneurs in Germany. This can come in the form of awards, prize money, or investment (such as crowdfunding and by VCs).

Three main findings from our research are:

Firstly, while most awards and prizes we could find were open to all sorts of social endeavours, those that do decide to target a specific topic tend to be directed towards renewable energies, climate change and green economy.

Secondly, it was also rather unsettling to notice how the german government offers a large number of funds and financing options for start-ups in general, but none of them are specifically targeted to social entrepreneurs: since social businesses face different and arguably harder investment processes, this leaves them at a slightly disadvantaged starting point. After all, if your own government doesn't believe in giving you a head start, why should regular VCs and investment funds?

Nonetheless, a light shines at the end of the tunnel, and it comes from the Berliner Investment Bank (IBB), which just recently made its investment programs available also to social enterprises (although still not exclusively for them).

Thirdly, while many funding and award programs target startups in their first development stage, there remains a substantial gap for financing structures between 100 and 300.000€, which can force SEs to continuously apply for funding through different projects, making it difficult for them to reach a sustainable financial solution. One of the few exceptions to this scenario is the Google Impact Challenge, which offers prizes up to 500.000€.

While the opportunities are numerous, we pre-selected 3 must-go-to entities if you are looking for funding:

МРАСТ

<u>Ananda Impact Fund</u> and <u>BonVenture</u>. Two of the leading venture capital investors for impact enterprises and social change in Europe, supporting companies that combine humanity and profitability and contribute sustainably to the resolution of concrete social and ecological problems.

<u>FASE</u>. The "Financing Agency for Social Entrepreneurship" connects social entrepreneurs and investors in order to maximize the social impact of outstanding projects through growth financing. Their main impact themes are education, inclusion, ageing population, long-term unemployment, health and sustainable consumption, but they remain open to other high-impact areas, too.

<u>Google Impact Challenge</u>. Targeting both local and broader projects, the challenge supports ideas that can improve our society through the help of technology – whether with an app, website or something completely different. Winners receive free training and prizes in the value of 20.000 €, 250.000 € and even 500.000 €.

For the moment, we can conclude that while Germany is certainly not barren land when it comes to funding opportunities for social entrepreneurs – it still has some steps to go. Moreover, with neighboring France pouring millions from public and private money into social innovation businesses, we are somewhat left with a feeling of that what has (arguably) been good until now, will not be enough in the future.

If sustainable businesses want to be a standard in the future, Germany must indisputably step up its game – ideally paving the way for support solutions where private entities work hand in hand with governmental ones.

Where to find consultancy for social entrepreneurs in Germany

Limited understanding of social entrepreneurship and the value it generates can, on occasion, cause business environments to be less than favourable for social entrepreneurs. Given that in addition to profit they (we) have to worry about the impact on people and the planet, this additional complexity means that social entrepreneurs will often have to be more tenacious than other entrepreneurs. They will need to be equipped with a notable set of resources and capabilities, also taking into consideration that the act of accessing capital is much more difficult for them (for more on this check the first article of this series). IMPACT

While it is undoubtedly true that finding funding can be a big challenge – to gain access to it, social entrepreneurs will need to be able to build a strong, convincing case for their business ideas. To do so, coaching and training around business models, legal and regulatory frameworks, access to markets, and many more topics are key. As a matter of fact, the Global Impact Report 2018 – which surveyed social entrepreneurs from 71 Impact Hubs around the globe – found that while 45% of members look for funding opportunities, 52% of them feel the need to learn how to start a project or a venture, 70% are interested in developing their skills and capabilities, and 73% are seeking connections to advisors and experts.

In this article, we want to offer an overview of what is available in Germany when it comes to actually coaching social entrepreneurs on how to set up a social business – who are the key supporters and what forms of assistance are available.

Three main findings from our research are:

Firstly, as social enterprises have needs that are often especially complex and demanding, it is only logical that they also require the support of specialized agencies. In this regard, while we did find numerous offers of formation and consultancy for social entrepreneurs, the number is still fairly limited compared to other sectors and countries.

Secondly, as was true for funding, here too we see that the public sector doesn't carry too much weight, and the largest part of the work is propped on the shoulders of private organizations and foundations.

Thirdly, while the number of opportunities for this kind of support in Germany is not extremely high, those opportunities that do exist open their doors to social entrepreneurs from various fields. There are no apparently privileged categories, and the offer ranges mostly from incubation to acceleration programs, coaching, legal assistance, business development and other forms of training. МРАСТ

Here are our must-go-to entities if you are looking for formation and consultancy opportunities:

<u>Social Impact Labs</u>. Part of Social Impact's work is focused on supporting early-stage social entrepreneurs via their Social Impact Labs in 7 cities across Germany. Social startups receive scholarships and qualification programs via various programs like Social Impact Start, which typically include professional counselling, coaching, networking, workshops, and coworking jobs.

<u>Investment Ready Program</u>. Investment Ready is a unique 4-month program for entrepreneurs which runs out of Amsterdam, Munich and Vienna. The aim is to support the creation of scalable solutions to societal problems. A cohort of around 15 selected ventures systematically works on their business strategy and builds an attractive investment case. Participants will work with experienced mentors, content experts, investors and powerful business tools.

<u>Project Together</u>. Project Together supports young social entrepreneurs from the early phase of their ideas, through a coaching program and an active community of founders and experts. They specifically work to support the achievement of the UN Goals for Sustainable Development.

Impact Hub. As part of the biggest global network of social innovators, Impact Hubs provides access to a global community, training and peer to peer support, workspaces, lectures and a variety of incubation and acceleration programs. In Germany there are Impact Hubs in Berlin, Munich, Dresden and the Ruhr Area.

All in all, Germany has a number of formation & consultancy programs targeting social entrepreneurs. Nonetheless, in terms of their reach and offering they are still nowhere close to what is at disposal for other entrepreneurs, especially those in the tech space. Even if the regulatory framework and the business environment should become more welcoming towards social entrepreneurs, their challenges still remain quite unique. Thus providing tailored support will be of growing importance to pave the way into the mainstream for social entrepreneurship.

Where to find knowledge for social entrepreneurs in Germany

For those who want to drive social change through business, knowledge and education are as essential as in every other sector. Research, reports, news, guides, practical information, university courses: for a normal entrepreneur, these are a given. Open a search tab and browse through endless sources, read any business journal, or attend a management seminar – even online and free of charge: you will be able to obtain a wealth of information that will teach you the business fundamentals. The question is – do social entrepreneurs enjoy the same abundance of knowledge resources? MPACT

While the basis for all sorts of entrepreneurs are roughly the same, as we have already discussed in the previous two articles on Funding and Consultancy, social entrepreneurs differ in their objectives, legal status, funding hurdles – hence also in their knowledge requirements.

In this article, we offer an overview of what sources of knowledge are available in Germany, from research to reports and platforms.

Three main findings from our research are:

When it comes to knowledge sources on social entrepreneurship, especially compared to the previous two sections, the role played by the government is more prominent. Over the past years especially the Federal Ministry for Economic Affairs and Energy (BMWi) has been increasing its attention towards the needs of social entrepreneurs.

Universities are stepping up their game and offer courses and events on (or closely related to) social entrepreneurship. <u>The Social Entrepreneurship</u> <u>Academy</u> in Munich, <u>Kiel University</u> and <u>TU Berlin</u> are just some examples.

Worth mentioning is also the rise of Massive Open Online Courses, giving anyone worldwide access to free online courses and interactive learning experiences taught by renowned professors and practitioners everywhere.

Here are our must-go-to entities if you are looking for knowledge sources in Germany:

<u>BMWi</u>. In the past few years, the Federal Ministry for Economic Affairs and Energy has published reports on the topic of social entrepreneurship, ranging from a practical guide with tips and pointers to an insight into the challenges and scaling processes for SEs. The website <u>existenzgruender</u>. <u>de</u> offers a number of tools, from financing and support links to procedures and financial and legal status information for SEs. Available for download on this platform are also a sustainable business canvas, reports, and practical guides for SEs. <u>Tbd*</u>. A digital hub that supports those who are determined to make a career out of changing the world. Here people can find a job, hire the right team, discover workshops and courses, locate funding opportunities, connect with mission-driven companies, share best practices, or learn from others who are using their careers to make an impact.

<u>SEA</u>. The Social Entrepreneurship Academy is an initiative of Munich's public universities and specializes in education for societal change. The SEA:mooc <u>"Enabling Entrepreneurs to shape a better world"</u> is open the everyone and designed to cater to future social entrepreneurs, delivering basic knowledge, methods and tools.

There are also other great courses for social entrepreneurs like the <u>Change-maker MOOC</u> by the University of Kiel and the <u>Copenhagen Business</u> <u>School course</u> offered on the Coursera platform. For later stage and especially with regards to investment readiness & social finance, <u>the Social</u> <u>Finance Academy</u> by Germany based <u>Roots for Impact</u> is a great resource.

One fact becomes quite obvious to us: There is a real abundance of reports, materials and courses out there – but the vast majority is provided in English. All things considered, even though the quantity of information material in German may not be huge, the quality of what is available is fairly good. This can certainly be considered a valuable asset to paving the way towards a more established social entrepreneurship sector.

Where to find connections for social entrepreneurs in Germany

From the past three articles, we have already established that social entrepreneurs face a specific set of challenges, including, but not limited to, finding funding, knowledge and consulting opportunities. What we haven't looked into so far is their need for community. IMPACT

While social entrepreneurship and other impact-oriented forms of work have been gaining traction over the past decade, this movement still largely consists of young and first time entrepreneurs. Especially for these rather inexperienced changemakers, knowing that someone out there has been through similar issues and challenges and made similar mistakes, can be a huge factor. Being able to actively count on the support of peers to actually solve problems at hand can be a real game changer. Being part of a community, thus, is not a "nice to have" – but rather a fundamental success factor.

In this article, we set out to highlight the main ways to join a community for social entrepreneurs in Germany – from platforms and meetups to networks and hubs.

Here are the main findings from our research:

We were able to identify three preferred ways of finding a community: in co-working spaces, knowledge & innovation communities and at meetups. While none of the meetups particularly stand out (see our top choices below), what does stand out is the abundance of them in major German cities – many of them have hundreds of subscribers and topics ranging from purpose economy and female empowerment to tech for good.

Munich and Berlin are the two hotspots for social entrepreneurship in Germany: the Social Impact Akademie, Impact Hub, the Investment Ready Program, Social Impact Labs, and various conferences are just a few examples of what is offered in these two cities. As exciting as the scene is, especially in Berlin, it is obvious that in the rest of Germany there is a lot less to be found, especially outside of the metropolitan areas.

Once again, with the sole exception of knowledge provision, we noticed how governmental presence in this sector is quite scarce. The vast majority of the programs are still carried out by private entities. Even if individual programs sometimes display the logos of their local municipality or one of the German ministries, it is often unclear in which way these collaborations actually take place.

IMPACT HUB

Among all the opportunities to connect and network we encountered, these are our top 3:

Ashoka. A global network for creators of our society who, with an entrepreneurial attitude and innovative approaches, try to solve social problems – in partnership with institutions and committed people worldwide. Ashoka played a fundamental role over the past two decades in pushing the agenda of social entrepreneurship in Germany and is therefore recognized as one of its key players.

<u>SEND</u>. The Network for Social Entrepreneurs and social startups in Germany, SEND e.v., promotes the visibility of social entrepreneurs* and their solutions to the public. Having been part of <u>Bundesverband Deutsche</u> <u>Startups e.V.</u>, it was founded as an organization in its own right in 2017.

Impact Hub. As the largest network of social innovators worldwide founded 2005 in London, Impact Hub focuses on building entrepreneurial communities for impact at scale. Impact Hubs around the world are home to the innovators, the dreamers and the entrepreneurs who are creating tangible solutions to the world's most pressing issues. In Germany there are Impact Hubs in <u>Berlin, Munich, Dresden</u> and <u>the Ruhr Area</u>.

Overall, Germany seems well, but not great when it comes to the topic of Community. While the networks may seem hustling & bustling in the major cities, everything further away is rather silent – and even within the bigger cities, it is still hardly possible to satisfy the very diverse needs of social entrepreneurs. However, this is a topic that could move forward quickly: According to the <u>Global Impact Report 2018</u> – which surveyed social entrepreneurs from 71 Impact Hubs around the globe – 84% had the most urgent need to "feel part of a larger community and network". This is a higher number than the need for funding (45%), and the need for skill development (70%). We can imagine that private entities that have been trying to satisfy this desire for community, will step up their game – and new organizations will try to thicken the web.

When it comes to social entrepreneurship and getting your sustainable business started, funding is, of course, one of the main concerns. In 2017 the international Impact Hub network (15.000 members in over 100 countries) conducted a Global Members Survey enquiring after the support needs of social entrepreneurs: unsurprisingly, it turned out that 45% of the Members "sought support in obtaining financial capital and investment" (Global Impact Report 2018).

