

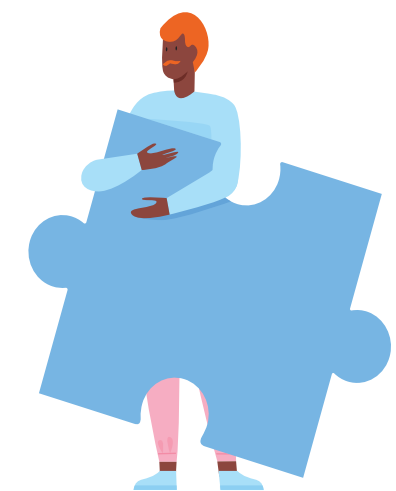
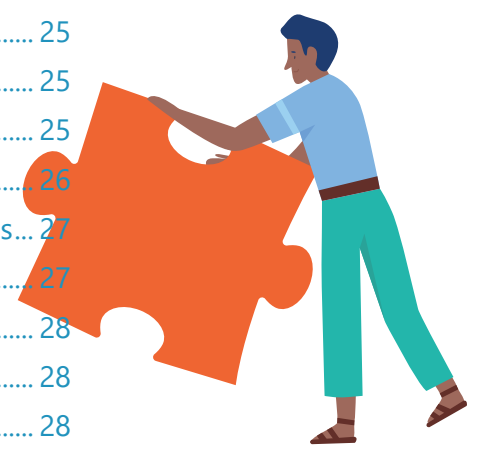
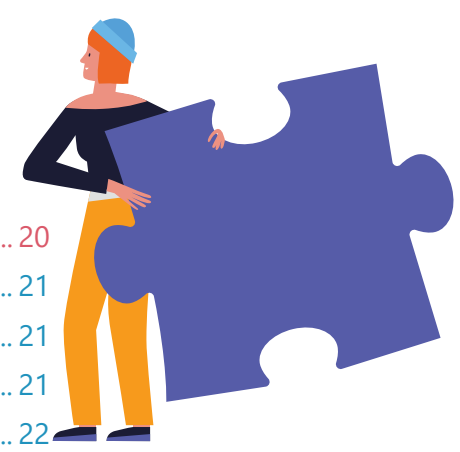
Entrepreneurial skills development through youth work in the context of non-formal education



Youth Social Entrepreneurship

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About this guide



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Publisher: TERRAM PACIS Editorial.

Reference: TPOER-015-YSE/14-02-2022.

The guide is designed in the way that seeks to facilitate youth social entrepreneurs to start their entrepreneurial journey by exploring fundamental concepts and analytical tools, serving as the foundation of social change through opportunity assessment and entrepreneurial skills development, and how these concepts and tools are applied to the real world's social challenges and opportunities. The guide provides an entrepreneurial methodological pathway to identify, and leverage community's opportunities which is a critical first step in moving an idea from concept to a venture and to implementation. The guide aims to strengthen youth social entrepreneurs' capacity and skills based on business entrepreneurship concepts to develop, define, and clearly communicate a new social venture concept in an efficient, effective and compelling manner.

Hence, the guide equips the users with the tools and experience to envision, consider, analyse, and take actions to social challenges in the manner that strengthen social entrepreneurial skills. The purpose is to build a new skill set, to enhance youth social entrepreneurs' toolkit in a way that facilitates them to meet the exciting social challenges of our ever-changing business and social ecosphere head-on. It thus introduces the core concepts of social entrepreneurial thinking and acting which are the central framework that are integral to our youth work and embodies a time-proven methodology for creating new social ventures, enhancing, and/or expanding the existing social ventures. An emphasis is put on learning, practising, and integrating the foundational principle of both a human and an environmental-centred design within youth social entrepreneurship. Such a reflection is practised by the most successful social entrepreneurs who understand the importance of thinking about what matters for the today's and for future generations, by practising a social entrepreneurship that prioritises sustainable development through the most impactful social venture that contributes to real social change.

This guide has been co-funded with support from the European Commission. Its content reflects the views only of the author and the Commission cannot be held responsible for any use which may be made of the information contained herein.

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SECTION - 1.

Theory of change and impact measurement

1.1. The context

Today, various social research shows that youth social entrepreneurs are highly motivated to contribute to sustainable social change, which makes youth social entrepreneurship the most rewarding pathway that facilitates youth to develop and deploy effective ventures with solutions capable of addressing the current systemic social challenges by maintaining environmental sustainability. Youths have outstanding social assets with in-depth knowledge of their communities, which puts them in a unique position to provide innovative solutions to various social problems. However, youth social entrepreneurs' chances of success are linked to external factors over which they have little or no control, which further limit their opportunities to develop, sustain their social ventures. Even though evidence indicates that tailored, youth-friendly empowerment can increase the success of youth social ventures, it is crucial that the policies supporting social entrepreneurial education and training are strengthened or are put in place to support youth throughout the life cycle of social entrepreneurship.

Although youth social entrepreneurs are able to offer a fresh new perspective on social problems, their ability to predict outcomes and create impactful social ventures is limited, as they have had fewer years to accumulate enough perspective-broadening experience upon which sensible decisions are based. Further, youth who are involved in social entrepreneurship receive less formal and non-formal preparation, including the kind of support and training that would strengthen their capacity to anticipate potential key problems and prevent missteps. While improvisation is a typical strength for successful social entrepreneurs, the foresight to avoid major failures is best developed through past trials and errors, and through education and training. Moreover, youth social entrepreneurs have yet to accumulate sufficient levels of relevant human capital, and their limited technical knowledge and a lack of certain key entrepreneurial skills and connections affect the probability of their success. Hence, closing such gaps can have significant long-term benefits for youth and the societies in which they live. That is, empowering youth and reinforcing their belief in their own entrepreneurial capabilities can inspire them to set up their own social ventures and to engage in continued or new ventures for a better future. Social entrepreneurship offers youth job opportunities and targeted services and empowers them to be economically independent, which have a profound positive impact on their lives, well-being, and communities.

Further, youth social entrepreneurship offers a meaningful supplement to the traditional formal education system in facilitating youth to build their critical thinking and problem-solving skills, and their project management, financial, collaboration, and creative thinking skills. These are the skills which are absent and neglected in the formal education system, which discourages innovation, and therefore, many youths lack the crucial basic skills toward a social entrepreneurial path. Even though studies on social entrepreneurship highlight a positive correlation between education institutions' support and entrepreneurial effectiveness, the social entrepreneurial environment varies widely across countries owing to the factors such as the level of institutional capacities, the legal and administrative burdens, costs of business registration, regulatory framework, the complexity of administrative procedures, social norms, and cultural conditions that impact youth in a number of ways. The level of interest in social entrepreneurship is heavily influenced by the strength of the safety nets provided by the State and families. Factors such as a poor understanding of relevant administrative and regulatory requirements, financial illiteracy, the financial and legal restrictions, insufficient funding, and inadequate, ineffective institutional support diminish the potential of youth to create and operate financially sustainable ventures.

Therefore, acknowledging these challenges is important both for youth social entrepreneurs as individuals and for growing youth social entrepreneurship as a model to create a supportive social entrepreneurship ecosystem. Youth social entrepreneurship that is a part of the out-of-school education through youth work in the context of non-formal education, offers experiences that are authentic, youth-friendly, and outcome-based. Given a substantial number of NEET youth around the world today, attention should be given to adolescent workforce development, to sustain and retain a viable workforce that can support current and future businesses, and thus, reduce unemployment and satisfy present and projected future needs in the economy. Hence, our youth work is closing the gap by offering an open access to social entrepreneurial support, including project management and business planning resources, social impact assessment skills, and capacity-strengthening training which provide enabling environments for any venture's types of planning, design, implementation, growth, and sustainability. Thus, this guide contributes to the development of essential social entrepreneurial skills and competencies and offers an exposure to critical community problems and opportunities to devise solutions from a theory of change perspective.

1.2. Theory of change

A theory of change shows a social entrepreneurial venture path from the needs and gaps to inputs, services, outputs, outcomes, and impact. It clearly describes the desired social change and the steps involved in making it happen. Further, a theory of change depicts the assumptions behind the social entrepreneurial reasoning and mindset and backs them up with research-based evidence.

To plan, design, and implement a successful social entrepreneurial venture, a clearly articulated theory of change is a prerequisite to effectively measure the outcomes and impacts of a social venture. It is furthermore used to help social entrepreneurs determine the social impact their ventures intend to have at the community level, why such a desired social change may or may not occur, and what is to be measured. A theory of change assists a social entrepreneur with:

1. Articulating, formulating social venture's vision, and most importantly, how that vision will be achieved in relation to services to be provided.
2. Developing a better understanding of social venture, including the link between the vision, services, outputs, outcomes, and impact.
3. Guiding social venture's planning, design, management, and execution as well as outcomes measurement and impact assessment.
4. Identifying intended and unintended side effects or potential risks and determining venture's effectiveness with cause-effect association.

Thus, a theory of change is a comprehensive description and illustration of how and why a desired social change is expected to happen in a particular context. It focuses on mapping out the needs and gaps between what current business ventures are not meeting among the potential customers, and then, describes the services that can respond to those needs and/or fill those gaps and how the provided services will lead to the social venture's vision. A theory of change does this by first identifying a desired long-term social change or the desired social impact and then works backwards to identify social venture's vision, and services that must be in place and how these relate to one another for a social change to occur, which are all mapped in a logic framework model.

A theory of change process for social venture design takes place as part of the planning, preparation, or inception phase. It entails a broad analysis of the social system that needs transformation, identifying and involving key actors,

initial services or products design and strategic choices, and identifying critical assumptions and probable risks. It forms the basis of adaptive management and monitoring, evaluation, and learning during the implementation, which are further used for internal and external communication about the social venture. It forces social entrepreneurs to take a clear, simple view, outlining their social ventures into as few steps as possible to capture the key aspects of the social change they aim to contribute to. Thus, a theory of change is helpful to execute effective social ventures; it shows a detailed cause-effect picture that explains how a venture will contribute to the desired social change.

Table-1: Theory of change's log

DEVELOPING A THEORY OF CHANGE	
IMPACT	What is the long-term social change the provided services or products contribute to?
OUTCOME	What are the wider social benefits of the provided services or products on targeted group, customer and community level?
OUTPUT	What are the immediate measurable effects of the provided services or products at the targeted group or customer level?
SERVICE, PRODUCT	Which services or products are needed to meet the unmet need or fill the unfilled gap?
VISION, GOAL	What is the vision and entrepreneurial goal in reaching out to the targeted groups, or customers?
STAKEHOLDERS	Who is the key, targeted groups, or who is going to be your customers?
NEEDS OR GAPS	What is the problem (the unmet need or unfilled gap) that needs to be solved?

1.3. Logic framework model

A logic model is the concrete picture of a process that illustrates how a social venture will achieve its stated vision and results. It also indicates and illustrates the theory and assumptions underlying the strategy behind the social venture. The purpose is to illustrate how a social venture will work by linking outcomes to resources invested, connecting outcomes to the services, and identifying the theoretical assumptions and principles underlying the desired social change.

That is, a logical framework or log-frame describes the concrete approach to a social venture planning, monitoring, and evaluation. In the form of a log-frame matrix, it is a planning and monitoring tool for a social venture. A Log-frame matrix is developed during the social venture’s planning, design, and appraisal stages, and is updated throughout the implementation stage while remaining an essential resource for ex-post evaluation. A log-frame is another name for a logical framework model, a planning tool consisting of a matrix that provides an overview of a social venture’s vision, services, and anticipated results. It provides a structure to help specify the components of a social venture and its services by relating them to one another. It also identifies the measures by which the social venture’s anticipated results will be monitored and evaluated.

A log-frame facilitates effective social venture planning, design, execution, and evaluation through the identification of social venture’s planned services and intended results. It is an effective way to ensure social venture success, as it helps to organise and systematise the venture planning, design, management, implementation, and evaluation functions.

1. In social venture planning and design, a log-frame serves as a planning tool to develop a social venture’s strategy and to explain and illustrate the concepts and approaches for meeting needs and gaps among the key stakeholders. At this stage, it also links the social venture results to its design to ensure a shared understanding of what is to take place in terms of services.
2. In social venture implementation, a log-frame forms the core for a social venture management plan that helps to identify and collect the data needed to monitor and improve management tasks as well as decision-making, which ensures the achievement and documentation of results. It prioritises aspects that are most critical for gathering, tracking, and reporting on deliverables, and facilitates service adjustments to

contribute to the desired social change.

3. For social venture evaluation and strategic reporting, a log-frame provides detailed information that indicates progress toward the vision in ways that keeps in line with the social venture strategic plan.

Table-2: Logic framework model

ESSENTIAL COMPONENTS OF A LOGIC MODEL	
IMPACTS	Long-term effects, or end results, of the social ventures, for example, changes in environment quality, an increased youth employment rate, or economic growth, or improved environmental-friendly services.
OUTCOMES	Short-term or intermediate results achieved at the community level through the provided services, for example, improved services or skills, behavioural changes, or number of jobs created.
OUTPUTS	Immediate results achieved through the provided services, for example, the amount of produced or sold products, or the number of customers served or reached by the products.
SERVICES	Services provided to achieve the vision, for example products, or initiatives provided to satisfy the needs or gaps among the audiences, targeted groups, or customers.
INPUTS	Resources invested in a social venture, for example, technical assistance, products, cash, infrastructure, training, skills, or time.
STAKEHOLDERS	Who is the key, targeted groups, or who is going to be your customers?
NEEDS AND GAPS	What is the problem (the unmet need or unfilled gap) that needs to be solved?

1.4. Theory of change vs. log-frame

There is no official definition of a theory of change or how it differs from a log-frame. Both have the same general purpose; to describe how a social venture will lead to the desired social change, and to facilitate a critical thinking about this. In practice, there are some differences in how they are used:

1. At the simplest level, a theory of change shows the bigger, real-world picture, with all the possible pathways leading to a social change, and why they lead to that change; is there evidence or is it an assumption?
2. A log-frame is a closer look at a specific pathway a social venture deals with and creates a strategic, orderly structure which makes it easier for a social entrepreneur to monitor the social venture's implementation.

Table-3: Theory of change vs. log-frame

THEORY OF CHANGE	LOGICAL FRAMEWORK
<p>In practice, a theory of change:</p> <ul style="list-style-type: none">• gives the bigger picture, including issues related problem context that one cannot control.• shows the different pathways that might lead to a social change, even if those pathways are not related to a specific service.• describes how and why a social entrepreneur think change will happen.• presented as a diagram with narrative text boxes, where one box can lead to multiple boxes: e.g., if a social entrepreneur thinks an increased knowledge will lead to behavioural change, is that an assumption or is there evidence to show it will be the case.• is a pathway of change with parallel results chain feedback mechanisms. Pays attention to the plausibility of assumed causal relations.	<p>In practice, a log-frame:</p> <ul style="list-style-type: none">• gives a detailed description of a social venture, showing how its services will lead to the vision and outputs, and how these will lead to outcomes and impacts.• is normally shown as a matrix, called a log-frame; it can also be shown as a flow-chart, which is sometimes called a logic model.• is linear, which means that services lead to vision and outputs, which lead to outcomes and impacts.• includes space for both risks and assumptions but does not include evidence for why one thing might lead to another.• is mainly used as a monitoring, design, and management tool.• Includes three result levels: outputs, outcomes, and impacts. It suggests causal relations between results without analysing, explaining them.

1.5. Impact measurement

Impact measurement allows a youth social entrepreneur to present provided services as strategic, cost-effective, and value-enhancing to both stakeholders and the community for the resources entrusted to them and live up to the expectations to be accountable and responsible. Before looking at the how of measurement, it is important to address the motivation of why it is necessary. What a social entrepreneur is expecting to ultimately learn from the impacts of their services or products will help dictate the right approach to measurement. There is always a lot of pressure on social entrepreneurs if they heavily depend on funds, grants, or donations. The most of this pressure stems from internal sources which require a need for accountability to demonstrate how funds or donations are used, and which social impacts are achieved.

This adds to an external pressure due to increasing expectations of services consumers and the general public, who traditionally still believe that youth social entrepreneurship does not play a crucial role in making positive contributions to society. Thus, social impact: the demonstration of positive long-term social change, is one of the leading motivations for social entrepreneurs to conduct an impact measurement because it facilitates them to measure the social investment and development they are making within their communities. It is equally important to be able to demonstrate to donors, contributors, and other stakeholders that the investment and resources entrusted to them are achieving desired vision both in the form of returns and social change. Hence, a strong connection with the community and demonstration of positive results from social investments such as improved profit, employment, and enhanced environmental-friendly services within the community are factors that can influence and lead to social venture's vision, desired social change, and more investments and resources from donors, funders, contributors, and investors.



1.5.1. Importance of impact measurement

Impact measurement increases a social venture's effectiveness by using the assessment results to learn and continuously improve quality of services and practices. Such a continued educational aspect of social entrepreneurship is often overlooked in the rush to focus on end results and making profits, but it is an important component of effective measurement of how and if the desired social change is happening, and to what extent. That is, social entrepreneurs who measure the impact of their social ventures are better able to adapt their venture's service or products to changing circumstances or high probable risks, faster and more effectively, which further, helps them to make better financial, resources, and services allocation decisions.

So, with experience, exposure, and over time, a social entrepreneur can identify with increasing confidence the aspects of a social venture that drives social change, and corresponding assessment tools that give the most valuable information to make the most viable management decisions. Furthermore:

1. It provides a consolidated source of information to showcase social venture progress.
2. It allows social entrepreneurs to learn from experience by building on past errors, mistakes, failures, expertise, and knowledge.
3. It generates reports that contribute to transparency and accountability and allows learnt lessons to be replicated more easily.
4. It reveals mistakes and offers evidence-based pathways for learning and improvement.
5. It provides a basis for questioning and testing assumptions to build an evidence-based, feasible strategic plan toward social change.
6. It provides a means for social entrepreneurs to learn from their experiences and to incorporate insight into policy and practice.
7. It provides a more robust basis for attracting new customers, donors, contributors, investors, and influencing the desired social change.



1.5.2. Challenges to impact measurement

Measuring the impact of social ventures is important, complex and an ongoing challenge for youth social entrepreneurs. The most common difficulties are:

Social change is often difficult to assess:

Sought-after behavioural, skills, and community changes might be long-term, complicated to quantify and express in tangible terms. Moreover, attributing a specific social change to a specific social venture adds another layer of difficulty. It often takes a long time before final impact can be observed and this involves a lengthy measurement process. Thus, a social entrepreneur needs to establish statistically validated evidence and causality between the delivered services or products and observed impact to prove without a doubt that the social venture in question is delivering per the stated vision and intent.

Flexibility in impact measurement:

There is no consistency around the definitions of impact measurement-related terms, no single shared approach or methodology to measurement that fits all the social venture types, and no common metrics that have been adopted as universally accepted standards to use when measuring a social change. This restrains the ability of social entrepreneurs and donors to easily compare social ventures, benchmark their services against achieved social change and validate whether or not, the social venture in question meets the community needs and gaps that the previously existing ventures are or were not meeting.

Impact measurement is not easy to institutionalise:

Even though an impact measurement framework sound promising in theory, embedding the data collection, analysis and communication aspects of impact measurement is time-consuming. Hence, if not adequately integrated in a social venture's strategic plan, impact measurement can be an inefficient process that expands and consumes time and resources that would be useful if directed to other aspects of the social venture's management and implementation.

1.5.3. What matters in impact measurement

The concepts of measurement:

Monitoring, evaluation and impact assessment are critical in youth social entrepreneurship. Thus, if measurement is done right, at all the levels it enables continuous learning to improve social venture's services and contribute to sustainable development of social entrepreneurship as a model for social change. Though it requires the right approach in term of assessment, due diligence and evaluation practices undertaken at four stages:

1. Social venture's needs assessment through interviews as a research methodology to assess and identify stakeholders needs/gaps within existing ventures, and the community opportunities to leverage.
2. A theory of change described, and a log-frame conceived during the initial design of a social venture, supported by a due diligence process before investing in a social venture.
3. Tracking progress against the set strategy during the life cycle of a social venture through monitoring and evaluation.
4. Assessing or measuring impact of social ventures after the fact.

Culture, context, and capacity matter:

Measurement and evaluation process require a commitment to strengthen social entrepreneurs' capacity in the field of research and evaluation practice in general. Though an additional insight and knowledge of the community is required to understand the social, cultural, political, and geographic landscape in which an evaluation is to be conducted. Similarly, understanding the specific social, cultural, and gender context, including stakeholders' education level, health policy, human rights situation, language, gender norms, and social development settings such as rural or urban community, the infrastructure, and training offerings are also required before investing in a social venture.

Feedback from beneficiaries matters:

Measurement and evaluation process should incorporate the viewpoints and observations of founder, intermediary and ultimately beneficiaries

through all the stages of a social venture by identifying problems, co-creating solutions, and implementing a shared vision of a desired social change. The reality is that social and community development only achieves its purpose when the voices of those whose lives the social venture seeks to improve are heard, respected, integrated, and internalised in the understanding of the problems that a social entrepreneur seeks to solve for betterment of the community.

Transparency and accountability matters:

Although the main goals of the measurement and evaluation process are to inform decision-making and enable continuous learning by social entrepreneurs, the focus should also be on the larger community being served. By publicly sharing the data gathered and conclusions reached with the funders, and beneficiaries contribute to the desired social change as a joint process which guarantees the proper and sustainable use of the invested resources.

Comparability matters:

If several approaches are used to measure social change, so, recognising that there is not one-size fits all model, must be taken into consideration. This knowledge and insight enable social entrepreneurs, to recognise or appreciate the need to use different tools, approaches and methodologies, not only to understand their own social ventures better, but to assist them in comparing social ventures' services to their counterparts to understand whether or not they are closing the gaps that well not met if this was the vision.



1.5.4. The basics of measurement

Using a theory of change for social venture strategy:

A theory of change is an excellent basis for a strategic plan because it works methodically from the needs and gaps a social venture is trying to address to achieve the desired social change. Thinking about the social venture's theory of change at the start of a strategic review helps a social entrepreneur to focus on the vision. It ensures that the causal links, supporting evidence and different stakeholders' viewpoints are considered. Instead of becoming fixated on what the social venture should do, it draws an entrepreneur's mind to the services and/or products that are needed to achieve both the vision and impact.

Focusing on the impact:

The process of developing a theory of change starts with the impact, vision, mission, and objectives of the social venture, then works backwards through the steps that are needed to achieve it. Most youth social entrepreneurs are not always used to this backwards mapping, as they tend to think in terms of the services and/or products they want to or already provide. However, this backwards mapping is important because it means that everything that is needed to achieve the impact is contained in the theory of change, not just the social venture's services. Such a social entrepreneurial mindset opens-up new opportunities, such as discussions about how to work more closely with others, or whether to consider merging or partnering with the existing venture.

Revealing hidden assumptions:

Working through a theory of change can reveal assumptions in a social venture strategic plan that otherwise might go unnoticed. For example, a charity that works with children for a school term to improve their literacy might question whether a term is the right length of time for the services to make a difference. How did that time limit come about? Was it based on evidence or on another constraint, such as funding? If it was based on a constraint, is it still in place or will it be possible to change the time limit and perhaps improve outcomes? Once assumptions are revealed through this kind of questioning, it is easier for social entrepreneurs to determine if they are on the right cause of action and whether what they are doing is likely to work in the best possible way.

Basing the strategy on evidence:

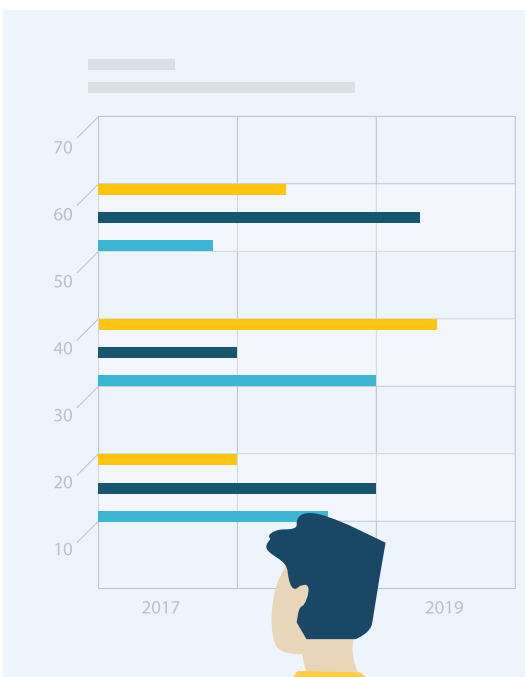
Good entrepreneurial strategic plan should be based on evidence and revised as more evidence is collected about whether a service or product works. The social venture's theory of change process lays out all the evidence its services are based on. Hence, a social venture can only be as effective as the views of the social entrepreneurs who build it, which is why it is recommended that a social venture's theory of change should be developed in participatory workshops. This allows team members with diverse experiences to think through the planned or likely results and the causal links.

Collaboration:

The process of developing a theory of change helps social entrepreneurs think about collaboration: in working out that outcomes must be achieved to reach the impacts; it is often that a social entrepreneur comes across outcomes that their social venture's services are not going to achieve. The next step is to think about what other social or business ventures in the community are achieving those outcomes and how closely to work with them to ensure results. Sometimes it is enough just to be aware of who is doing this work. At other times, it might be needed to work together. E.g., a social venture campaigning for a social change, might think that it is important to persuade the public of its point of view and provide behaviour change incentives. Another social venture might think it is more important to campaign for a legislative or policy change. These different approaches might make it difficult to work together.

Scaling up and scaling out:

A theory of change process is an effective way to create a structure to build an evidence base on what works or not in terms of services, for who and why, and under which conditions. In particular, the assumptions identified in all steps of this process offer entry points for questioning, documenting, and monitoring of what is thought to happen and what happens in reality. This process helps a social entrepreneur to analyse the suitability and feasibility of replicating or scaling up and/or out a social venture in a different context. The results provide insights into the need to adapt the theory of change, why and in what way, and identify assumptions that need to be tested in the new context.



SECTION - 2.

Basics of youth social entrepreneurship

2.1. Youth social entrepreneurship

This guide advocates for the recognition of the crucial role entrepreneurial education plays in facilitating youth entrepreneurs strengthen entrepreneurial skills and mindset to better manage their ventures; understand venture mechanisms, practices, laws, regulations; and improve their financial literacy to make the right financial decisions. But what is youth social entrepreneurship?

Essentially, youth social entrepreneurship seeks to create value or generate a positive impact on society by offering services and/or products that answer unmet needs and/or unfilled gaps through environmentally-and-human-centred solutions towards social challenge. Through community empowerment, social entrepreneurship is perceived as a mechanism for addressing unfair situations that contribute to exclusion, marginalisation, racism, sexual and gender-discrimination, and/or human rights violations by offering services that facilitate skills development for the people to change these situations on their own.

The main customers of social entrepreneurs are marginalised or disadvantaged groups or individuals who do not possess substantial financial means. That is, although profits matter to the social entrepreneurs, they do not represent the incentives behind their endeavours. The financial goals of social ventures are mainly in place to support and maximise the intended social impact. Typically, most of the profits generated are reinvested in a manner that further supports the social impact vision and sustainability of the social venture. A limited proportion of the profits may be distributed among team members, though decision-making processes are not tied to capital ownership.

Social entrepreneurship is attracting interest among young people around the world, thanks to the concept of blended value; reflecting a combination of financial, social, and environmental goals, to describe a social venture. The concept of blended value defies the common binary perception that the overall objective of a venture must be either financial or social. As blended-value entities, social ventures seek to maximise the full range of potential returns and impacts. Within this context, value creation includes not only services and products delivery but also socioeconomic empowerment and systems innovation. This is conceptualised in the notion of blended value that combines fully monetised social impacts with more conventional financial data to judge the social outcomes and impacts of a social venture over time.

That is, a social venture does not organise and/or centre its services or products primarily around the need to generate substantial financial profits. Social entrepreneurs seek opportunities to add social impact along the entire value chain by leveraging the existing local resources to create a new situation to address the exclusion or marginalisation of a target group. The process of social entrepreneurship is thus characterised by a range of social missions that are addressed at different points in the value chain used by social entrepreneurs to generate a concrete social impact within local communities based on their capacity to nurture a long-lasting relationship with local stakeholders. Such a relationship is key to ensuring that the social impact, or social value, generated by a social venture is on target and sustainable. Hence, if well positioned in the community, a social venture generates economic, social, environmental, and other types of impacts that contribute to meaningful change in behaviour and attitudes, relationships between social groups, and the social order over time.

2.2. Entrepreneurial mindset

The idea that people are born entrepreneurs is a myth; the fact is, anyone can be an entrepreneur if a person chooses and wants to. An entrepreneurial mind does not reside in a particular personality, age, race, or gender. It is also a myth that only people with certain personalities or educational levels would become entrepreneurs. An entrepreneurial mindset starts by defying these notions and starts seeing the world as a set of opportunities but not as obstacles. It is about seeing social problems to be solved not as barriers but as opportunities to create social value for a broad set of stakeholders by lifting the human conditions and environmental quality which all humans entirely depend on.

The entrepreneurial mindset asks questions about current human conditions and environmental quality and learns how to combine creativity and innovation along with general management, business, and financial skills to create high potential ventures. Even though an entrepreneur may start-off with strength in one area or the other, it is a myth that entrepreneurs cannot or should not be good at those areas. People with a developed entrepreneurial mindset accept that making mistakes and learning from them is part of the entrepreneurial journey. Indeed, making mistakes and taking realistic risks is a big positive step forward in applying entrepreneurial mindset to opportunity provided a person learns from mistakes and uses them to better inform their next set of actions. Opportunities are the focus of the social entrepreneurial process however once the entrepreneurs have identified the opportunity, they should broaden their

perspective as they holistically develop and execute their social venture's plan. Focusing on opportunity means not being distracted by opportunities that do not serve value creation imperative. But what is opportunity recognition? Let us take an example: an entrepreneur might be thinking: I have a lot of great ideas, but which is the best opportunity? Opportunity recognition is a process, a skill that can be learned. The mysterious question is always: are some people more likely to recognise opportunities than others? Yes, because opportunity recognition is related to entrepreneurs' background, expertise, and how they perceive and appreciate their surroundings.

An entrepreneurial mindset is able to understand that the importance and the how of combining resource strategy and team building with the opportunity search. There are three different ways to search for the opportunities: passive searches, active searches, and opportunity as creation. *A passive search is an unanticipated opportunity that exists but is discovered by accident.* Alternatively, *in an active search a social entrepreneur may analyse a market and identify a need or a gap where there are new venture possibilities.* And finally, there is *opportunity as creation, in this case, imagination and the individual can create an opportunity from almost nothing; the opportunity resides in the individual's mind, an idea might emerge and relate to an opportunity at a time when an entrepreneur is reflecting.* Hence, an entrepreneur is an individual who pursues an opportunity beyond resources controlled.

That is, an entrepreneur pursues opportunities regardless of what stands in their way. So, each element plays a valuable role in this definition.

1. **Pursuit:** the attitudes, beliefs, and actions of an individual entrepreneur: the relentless focus, passion, drive, resiliency, a sense of urgency, discipline, and balance.
2. **Opportunity:** the type of venture: an innovative offering or new services or products that are cheaper, more efficient, environmental-and-human centred reaching the targeted groups in a new way.
3. **Beyond resources controlled:** or external constraints, no entrepreneurs have everything at the outset, they thus manage risks to gain access to resources and leverage what they do have.

The perceived hurdles to entrepreneurs

1. **Innovation and Idea:** most ideas have been thought of before, and all will have competition. Success comes down to executing an idea well and finding the right customers to solve their needs and gaps better.
2. **Time:** starting a venture takes time, and this comes down to managing time well. Focusing on the things that matter most and remembering that perfect is the enemy of done. Great ventures start as side projects.
3. **Team:** one person can do a lot on their own, but a team is important. Therefore, when an entrepreneur decides to find their teammates, they need to understand the gravity of this decision and what is most important in choosing a great team.
4. **Funding:** Most entrepreneurs fund their ventures either on their own, or with a small loan from friends or family.

The process to becoming a successful social entrepreneur requires youth first to be inspired, motivated, learn, and then to fully engage and act, and have a support system. This involves four components:

1. **Heart:** inspiration, passion, and mindset. Being a social entrepreneur requires confidence, resiliency, work ethic and adaptability. Being in an environment that facilitates exchange of best practices provides much needed inspiration and the reminder of how to engage with passions.
2. **Head:** learning entrepreneurial knowledge and attitude. This includes how to identify opportunities, business skills, and how to sell and pitch social venture's idea.
3. **Hands:** once inspired, passionate, and equipped with the knowledge, skills and attitudes, the next step is about going out there and making a social change. It is thus important to realise the value of interviewing potential customers, developing better services, paving the way on how to reach customers, and pitching a social venture.
4. **Home:** finally, having the people around to be able to pull it off. These people include co-founders, peers, mentors, instructors, all the people for feedback, potential customers, and moral support.

2.3. Social entrepreneurial journey

The common questions among youth social entrepreneurs before beginning their entrepreneurial journey focus on:

1. How do I come up with that perfect idea?
2. One that nobody has ever thought of, and that has no competition?
3. How do I get in front of the right targeted group? Where do I begin?

A lot of entrepreneurs, be it for profits or not for profits, think they need to come up with a perfect, innovative idea that no one has ever thought of before, that their targeted group did not even know they needed, and that has no competition. The reality is that, in our current time, no one is able to come up with something completely new that no one else has ever thought of before. And evidence of competition is actually a good thing as it provides means for research that focus on the unmet need or unfilled gap in current competitions.

Certainly, knowing where to begin and how to navigate the social entrepreneurial process can be daunting. Hence, this guide aims at developing an integrated, comprehensive, and proven framework for launching a new social venture. The goal is to motivate young people to take action when they find something that they are passionate about, that is worth carving out time and energy. The focus is on how to manage our time and energy well, by focusing on the things that matter, which comes down to a couple of simple things: planning well to focus on the things that will make the most impact *“the need to have versus the nice to have”* plus occasionally keeping in mind while working that perfect and fear of failure are the enemy of starting-up a social venture.

There is indeed the *80/20 rule* that reflects how aspiring social entrepreneurs manage their time and energy. This means that **80% of the results** come from **20% of the work**. That is, this approach encourages to find 20% of the things a social entrepreneur can do that will yield 80% of the results. This is important as at much later stage in the process of launching a social venture, helps social entrepreneurs to consider investment once they have an idea that can directly respond to the unmet need or the gap among their targeted groups and have proven demand on their own first based on their local realities and the needed capital to keep up with those demand and growth. Taking investment at an earlier stage would be too much risk to investors as they are not sure whether the idea would work or not.

2.3.1. Entrepreneurial vision

Vision is critical to the entrepreneurial mindset but what is a vision? A vision is a picture of the future in the mind and eyes of an entrepreneur. The successful entrepreneurs have a vision for the future of their ventures at the start. But why is vision important? Vision is an expression of the future of the venture that motivates the entrepreneurial team because it is value driven. That is, the vision is the foundation for a venture’s practices and policies. A vision also engages stakeholders because it provides a direction for growth and sustainability.

Another important part of a good entrepreneurial strategy is planning. Social entrepreneurs should be able to plan prudently without over analysing and of course be willing to accept some uncertainty. A standard checklist approach just does not work. Knowing the desired social change and linking it to a vision paves the pathway for a social venture success. Even though it might sound a complex process, both visualising a desired social change and conceptualising a vision, are learnable skills that can be developed over time by practising the theory of change and log-frame process in social entrepreneurship. Ideally, a vision is different from venture strategy or a mission statement as it has a value component and is purposeful towards the future of the venture, but vision is also more than a goal, it can be communicated and if communicated effectively it inspires and motivates others. Thus, having an entrepreneurial mindset, starts with a vision and a big vision has much more potential.

2.3.2. Entrepreneurial goal

The fundamental question: *Why do you want to become a social entrepreneur?* Develop a reflection of what being a social entrepreneur means to you. You may consider reflecting on the following questions as part of this reflection:

1. Why do you want to become a social entrepreneur?
2. What does becoming a social entrepreneur mean to you?
3. How should a social venture relate to the unmet needs or unfilled gaps of customers, community, and society?
4. What defines good or worthwhile work for you?
5. What does money mean to you and what does it have to do with it?
6. What do experience, growth, and fulfilment have to do with it?

When complete, go through and highlight the keywords that stand out. For example, you may highlight phrases such as “solving social problems”, “helping others”, etc. These serve two purposes:

1. Share with your team members to gain a better understanding of your work-view perspective. This sharing gets ahead of potential issues and misunderstandings.
2. The most common frustrations among team members is when two people have differing core perspectives and one feels that their own perspective is not being respected properly.

Before jumping straight into the social entrepreneurial process there are a few activities that can help to start unleashing ideas. The intent here is to start to awaken the entrepreneurial mind thinking creatively, while also quieting the part of the mind that instantly judges ideas. This judgement can be helpful, but not during brainstorming when the objective is to generate lots of ideas. Lots of ideas lead to great ideas, so allowing the filter to come off at this early stage is helpful. This is called working with ideation.

2.3.3. Ideation through mind-mapping

Think about the last time you were tasked to come up with something, when you did not know what was expected of you. You likely sat and stared at a blank sheet of paper, until you made up some objectives and constraints within which to work. Coming up with a social venture’s idea is no different. There is a need to have some constraints around what you want to do, your interests, frustrations, people you want to help, etc. This comes down to:

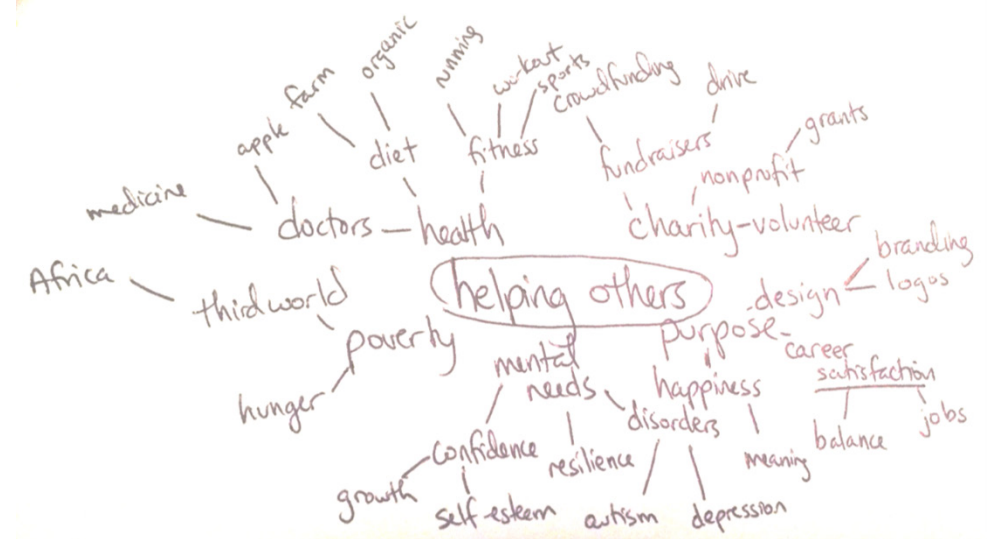
1. Knowing yourself, and what you care about.
2. Focusing on the social problem to be solved, instead of the solution.
3. Ensuring that what you come up with is a “need to have” instead of a “nice to have” or just “a want”.
4. Following a process, both for ideation and validating the unmet need or unfilled gap through market research.

On a large sheet of paper or whiteboard:

1. In the middle, write one keyword that you highlighted from above.
2. Next, write the first 3-5 words that come to mind around that word,

3. Then subsequently around each of the words of that next layer, and so on. Try to go to at least 3 or 4 layers out.
4. When done, highlight a few of the words on the outside layer.

If your reflection highlighted “helping others”, then the resulting mind-map may be something like the below.



Example social ventures’ ideas from the above mind-map might include:

1. A non-profit to help the excluded and marginalised minorities.
2. Crowdfunding for young people with autism or to address depression.
3. Develop a training for youth to increase self-esteem to search for jobs.
4. The opportunities are endless!

2.4. Unmet needs and unfilled gaps

Awaking the entrepreneurial creative thinking mind helps to come up with a number of various ideas. But also helps to come up with the constraints around which an entrepreneur is working in to be able to brainstorm ideas. The first of these is to determine which industry you want to solve a need within. You may be considering holding an event or starting a not-for-profit organisation. Then list the unmet needs and unfilled gaps that you may be able to address before drilling down into how you may be able to address or solve them.

1. **Needs** are ways the potential targeted groups are unhappy about the current social situation and for which they are looking for alternatives. You can assess needs by comparing how things are now to how the targeted groups wish or desire them to be.

2. **Gaps** represent opportunities to appeal to the targeted groups who are unhappy because they are not currently being served as they wish, desire, or in a way that meets their needs and frustrations. These are assessed by addressing targeted groups not having access to current offerings to meet their needs.

The best approach used by social entrepreneurs is considering interviewing or consulting targeted groups at this stage to ask them about their unmet needs and frustrations. This is done by assessing barriers among the targeted group or assessing what they would adopt if certain features were altered. Keeping in mind that good ventures solve problems and adapt to targeted groups' needs.

2.4.1. Field observation instructions

This section introduces the core essence concepts of a human-centred design methodology to look for unmet needs or unfilled gaps for consumers to identify new service or product opportunities. Like an anthropologist, an entrepreneur should observe customers in their natural environment. That is, going out into the community and watch the customers: their actions, interactions, wants, and needs, and note what is found:

1. What exactly is your potential customer trying to achieve?
2. What problem do they want to solve?
3. How are they currently doing this, or how are they getting around it?
What results are they getting?
4. What underlying need or gap from this behaviour?
5. What existing alternatives for customers to use?

This rather simple process is guaranteed to shed light on and add clarity to new or existing unmet needs or gaps in a target customer market. Surprisingly, many entrepreneurs do the opposite, in fact many of them design in a vacuum and mostly with their own opinions of what is important to the customer. This internally focused process is doomed to limited success in the marketplace and at worst failure.

Spend enough time observing your potential customers in at least two locations, keeping notes on what you observe. Look over your notes and write a few statements summarising what you observed.

2.4.2. Defining opportunity

Understand whether the newly discovered idea for a potential venture is a true business opportunity. This is done by developing and creating an opportunity statement which guides thinking and analysis across three critical components that must be addressed in any new endeavour. Together these components form the essence of a customer value proposition:

1. What exactly is your business concept?

- a business concept is the way you define the essential value proposition of a venture that includes a clear description of the product or service you intend to offer, identification of potential customers, and compelling needs or gaps that you intend to address.

2. What do you expect to gain and give in this venture?

- You must ask and answer yourself honestly after careful reflection and consideration of various factors why you are doing this and what you expect from your efforts and what this endeavour requires of you.

3. What does the venture set as its goals?

- Your venture's goals statement is the initial outline of how you will organise your new venture to thrive, survive the battles of competition, and become profitable.
- Social ventures must be profitable to avoid becoming charities dependent upon the goodwill of others to exist. A key difference from not-for-profit ventures is that profits are not distributed to owners, or managers but must instead be used to maintain and enhance the social venture and its mission.

The customer value proposition is the pitch that informs, excites, and calls to action all stakeholders or the interesting party that your opportunity involves. Thus, a social entrepreneur should be able to understand and define how their venture will be organised: How will it operate? How will it make profits? How will it maintain competitive advantage over time? Though this requires learning the basics of effective, efficient, and compelling communication. An essential skill not only to make sure an idea is heard but a skill that propels beyond what a person can do alone into the realm of entrepreneurial influence to accomplish more by working with and through others who share vision for success.

2.4.3. Discovery, coming up with ideas

Crafting some problem statements, starting with *“how might we”*. Every word within the initial part of this prompt is powerful in helping set-up a problem to be solved for the purposes of a potential social venture. Problem-solving with the word *“how”* keeps things open instead of a more closed question like *“what”*. Then, *“we”* sends a powerful message within the brainstorming session that there is no ownership of ideas, all ideas are meant to be built on, adapted, and collaborated on together.

E.g., Problem statements within youth education might be:

1. How might we make youth work materials more engaging?
2. How might we facilitate youth workers applying different learning styles?
3. How might we engage youth around interests instead of passions?

When developing a problem statement within an interest area, it is best to be careful to ensure that this problem statement is not too specific or too vague.

1. Too specific, means crafted in a way that assumes a specific solution, such as *“how might we use iPads to bring education to young people in remote locations?”*
2. Instead, this could be phrased as *“how might we bring education to young people in remote locations through youth work?”* allowing multiple potential solutions.
3. Similarly, a statement should not start too vague. A problem statement like *“how might we make education more effective?”* allows too much variation of interpretation, and thus, less potential solutions.
4. It has only narrowed down *“education”* but for who, and in which context, and what type of education?



2.4.4. Opportunities through unmet needs

Needs are ways that current customers of the market are being underserved relative to their desired conditions. A needs assessment is used to determine and address the discrepancy between current condition and desired condition. The whys of conducting a needs assessment:

1. **Listen to potential customers:** determine ideal customers in segments and interview them about their needs and frustrations.
2. **Watch competitors:** look at both well-established ventures and newly launched ventures within the area of interest and assess their strengths and weaknesses. Ask some passionate customers about ways that they wish or desire the offerings to serve them better.
3. **Keep up with legislation:** check if there are governmental regulations that may present any new needs or may limit what you are able to do within the community.

2.4.5. Opportunities through unfilled gaps

Gaps present an opportunity to appeal to a specific group segment of potential customers in a more specialised way. These are assessed by determining where these customers are underserved in the market either by not having the skills and ability, or by not having access to, not being reached by current offerings.

Assessing market gaps:

1. Choose a specific type of offering, services, or industry category.
2. Determine different groups segment of current customers.
3. **Assess barriers to currently being a customer:** determine if there are certain skills, access, awareness, etc. that makes the offering accessible to one group segment of customers but limits it from being desirable or accessible to other group segments of customers.
4. **Determine what this other group segment of customers would adopt:** if offerings were easier to use, more accessible, or otherwise barriers lowered, what customers might you want to target. This might include:
 - the elderly, or racial, sexual, and gender marginalised groups,
 - less technologically advanced people, people with disabilities.
 - young people with few opportunities, or in rural areas, etc.

2.5. Turning needs or gaps into an idea

This means developing a preliminary idea of how to solve a need, fill a gap, or take advantage of the trend. This is best done after doing market research to further validate needs and gaps, and by assessing the most efficient way to solve those needs or fill those gaps. Here is where a theory of change starts to be the most useful tool for a preliminary idea of how to solve a need or fill a gap by building the entrepreneurial path, which avoids getting too attached to the solution versus the social problem to solve!



2.5.1. Brainstorming around needs

Assess how the current needs are being solved, and what needs are not being solved:

1. Your needs that are underserved
2. Customer needs: interview 4-5 active customers in this industry.

Ask the right questions by focusing on asking open-ended questions:

1. Can you walk me through your typical use of this product or service?
2. What are your favourite parts? What would allow you to get more out of it?
3. What keeps you from enjoying it more? What are and/or have been your biggest frustrations?
4. Do additional online research and identify the biggest unmet needs.

2.5.2. Brainstorming around gaps

Assess existing offerings, products or services, and the barriers to use them:

1. The way you are underserved.
2. Assess underserved market segments, and what it would take to serve them.

Reminders for the process

- Build on ideas, then ask “how might this work?” versus “why would not it work?”
- Write down all ideas, no matter how silly, they can build to something great!
- Go for quantity, it is not the time to be refining ideas that comes later.

Some final thoughts

Start with a problem statement: How will you solve your problem statement?

Here are some potential prompts to help you come up with ideas:

- Who are the targeted groups or the customers' unsolved problems?
- What would make them willing to use new services or pay for them if they already have services or products for their needs?
- Where is the frustration the largest?
- Where is the frustration most frequent?
- What skills do I have that would give me an advantage in solving this?

Write down as many ideas that come to mind, without spending much time on any of them. The goal here is quantity!

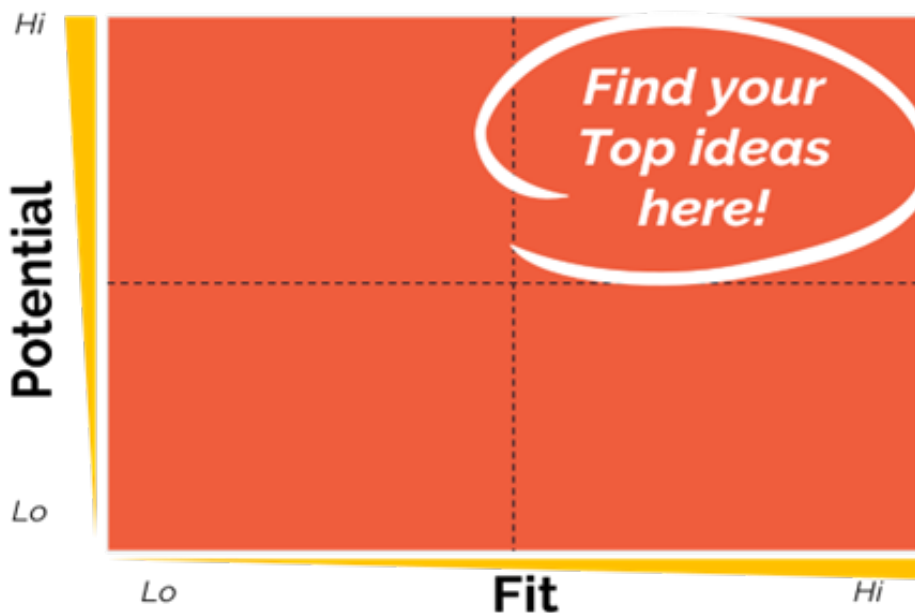


2.5.3. Filtering ideas for a right venture

First, ensure that you have a list of at least 20-30 ideas, and by ideas, this means specific unmet needs or unfilled gaps, regardless of any preliminary idea of the solution. Group similar ideas, and see if the grouping generates new ideas, or a theme. The next focuses on filtering the ideas (the needs or gaps) to find the one most ideally suited for the right social venture. Keep in mind throughout this process that there is no magical formula for finding the right idea for a venture. Now the question is: **What Matters Most?** and Which Ideas are Best? To answer this question, think about: What do investors look for in a social venture? The section below, sheds some light on the most important factors. In particular, how to be a team that people believe in, and what makes for a good venture opportunity within a particular community.

Once you have a list of at least 20 potential problems to solve (needs or gaps), your next task is to filter them down. The best approach for filtering ideas is to check the items roughly against fit and potential.

1. **Fit:** How passionate are you about this idea? How enthusiastic are you to solve this problem? And does this idea play to your strengths?
2. **Potential:** Would you be solving a real need or gap? Are there enough people out there facing this need or gap frequently enough to make it worth solving? Are those people willing to be a part of or pay for a solution? Can you differentiate yourself against competitors?



Roughly assess each idea on each of these two dimensions and filter down to the top ones. There is no formula for the perfect idea, but it is important to be interested and invested in what you want to solve, have the ability to execute on it, and feel confident in your potential. Use a theory of change to build the bigger picture of the top idea, how you plan to solve it, and what social change it contributes to. Keep in mind that it may change. The tool for filtering ideas checks items roughly against **fit** and **potential**:

1. **Fit:** be a founding team that others believe in. Roughly assess each idea from 1-10, using the following questions:
 - How passionate are you about this idea?
 - How enthusiastic are you to solve this problem?
 - Does this idea play to your strengths?
2. **Potential:** give confidence that you would be creating social value that you can capture. Roughly assess each idea from 1-10:
 - Is it a vision versus just a product idea or set of features?
 - Would you be solving a real need or gap?
 - Are there enough people with unmet need or unfilled gaps who face it frequently enough to make it worth solving?
 - Are customers willing to be a part of or pay for a solution?
 - Can you differentiate yourself against competitors?

2.5.4. Sharing idea for a potential venture

Determine which ideas score high on both dimensions. Narrow to a few ideas through this process, then review these a bit further. Do some research, plus get some outside input. If you find yourself leaning towards one idea even if it is not being the highest ranked, that is fine! Trust your instinct over the numbers. Be opened to sharing the idea at this earlier stage:

1. Social venture's success is more about execution than the idea itself. Most ideas have been thought of before, and are easy to come by, but the hard part is doing something with those ideas and doing it well. The risk of someone else taking an idea is low. Those with whom you share the idea would need to have the perfect mix of interests in the idea, ambition, and time to be able to work on it, and the skills to be able to execute it. Taking your idea is an extremely low probability!

2. Thus, the value of sharing ideas far outweighs the risk. Every time you share an idea, it is an opportunity to get feedback and make it better.

2.6. Methods of market research

Conducting market research gives a solid framework to critically analyse the most relevant needs, gaps, or frustrations among potential customers and then design a social venture that reflects both their persona and community context by targeting the group of customers that is underserved but desires a change. This creates the most likely customers to buy or use products, or services. This framework of having personas and being focused on it and thinking about having a homogeneous group to give a great product or service, makes them go tell other people in their customer segment what makes your venture great.

The right market research method is chosen based on what you are trying to discover. At this stage in the process, you have a problem statement and need or gap, and want to learn more about how this affects customers to see how you might be able to meet unmet need or unfill that gap. The first step is to explore pros and cons of each market research method to see which fits best.

Once there is a better understanding of why starting with and focusing on the customer is important, it is feasible to assess their needs. There are many ways to get input from customers and pros and cons of each. Many people assume that either surveys or Google search are the easiest and fastest market research methods. Sounds compelling. While getting the number can be valuable, there are a couple challenges with these methods. Survey questions can be hard to craft in a way that is not biased. And results can be difficult to interpret and tend to be scrutinised. And if data is already on Google, it is old news, having been discovered by countless others.

Through interviews or observations, you will be able to get first-hand accounts of real needs, gaps, or frustrations. The steps to conducting your interviews will be first, to figuring out who you want to interview, why and how to find them. This could be anything from talking to your classmates about an after-school club or going out to talk to marginalised groups. Make a list: write an interview guide of questions that you can ask that will challenge or affirm assumptions you have about your users or their needs. Make sure you leave flexibility and make it a conversation. Next, conduct the interviews.

2.6.1. Conduct the interviews during market research

Go out and do it, lots of them, at least four or five for three different groups of customers that you think have the need or the gap you want to address. Finally, analyse the data. Take good notes to be ready. When interviewing, avoid just asking if they would like your idea or like your product, your service. Instead, ask them about their needs, or gaps, and what they would want changed.

Get them to tell you about their experience or frustrations and then dig deeper in areas of your interest.

Discovery question

- What would make the work of youth-based organisations which offer summer programmes and internships easier?

Hypothesis

- Summer programme and internship coordinators would pay or use my services to get more applicants.
- Marginalised groups and young people in rural areas would use my services to learn about these offerings and be able to apply.

Interview questions

- How do you market your programme to find applicants?
- What areas of marketing do you pay for? Are you satisfied with how their service reaches out to minority and disadvantaged youth?
- What kinds of young people apply to your programmes?
- Is there anything about the applicant pool that you want to improve?
- Would you be willing to pay to get additional applicants?

Results or insights

- Selective summer programmes already have enough applicants.
- But they would like to have more representation from minority groups, disadvantaged youth, or under-represented groups.



SECTION - 3.

Embarking on an entrepreneurial journey

3.1. Choosing a customer

Interviews with a lot of potential customers have been conducted. Our next step explores how to distil the results or insights from those interviews and determine how best to address the customer's unmet needs or unfilled gaps and position yourself in the market or community. First, gather the interview's notes, and group them by customer segment. Then write the key insights from each interview on a post-it note. If possible, use different colours of post-it notes for the positive versus negative insights towards the need or the gap you are trying to address. You may want to add post-it notes for other considerations for each customer group, such as their market size. Gather similar post-it notes within a customer segment, such as for a need or gap, where the customer has the need, or specific features that might address the need, or fill the gap.

See which group of customers has more positive insights. You may be able to see if the needs of customer segments have overlaps, but you should still be choosing one customer group for your target customer. Overlaps will just give you the potential opportunity to grow down the road. If you are having trouble choosing your target customer, see if there is more information that would help you decide, and do more interviews if you need to. Next, you will develop a customer persona. This will be one person within your target market from your interviews who has the biggest unmet need, who you would be able to develop an offering for to meet that unmet need, or unfilled gap and who would be willing to spend the time and money to find a solution. The value of choosing one person allows everyone in your venture's team to align around the vision of who your customer is. Plus, it allows you to refer to and even ask this person when you need to make decisions.

3.1.1. Gather and organise notes

Gathering insights from market research and choosing the initial market:

1. Organise interview notes by customer segment: group of customers with similar buying behaviour.
2. Write key insights from each interview on a post-it note:
 - different colour post-it notes for positive vs negative insights towards your hypothesis:
 - **Need:** Consumer wants insight about items they purchase.

- **Need location:** Biggest frustration is with frequent purchases like at the grocery store.
- **Need features:** Concern is primarily around safe food practices, plus donations to charity organisations.

3.1.2. Customer persona

What it is:

One single person within your target market, ideally someone from your interviews, who has the biggest unmet need or unfilled gap where you could create the most value and who would spend the time and money to adopt your offering.

Why it is important:

Aligns the venture around a common vision of a customer unmet need or unfilled gap. It is possible to refer back to this person when making decisions, either through reminding yourself and asking what this customer would want or where he or she would look for solutions.

What it could include:

1. Name
2. Frustrations, needs, gaps, challenges, etc.
3. Goals, interests, etc.
4. Age, location, background
5. Occupation, socioeconomic status, etc.

Customer persona example:

The world seems overwhelming, especially for young people who want to gain experience to meet the requirements in the job market, they want experience for the future, and jobs that suit their interests.

Let us take a **web service** that connects start-ups with the young people looking for jobs and experience. This is a rating-based system allowing the young people to contribute towards the company's efforts, and gain experience doing so.

- Among our young people, take **X**. **X** is a young person aged 20 who is driven to do well. **X** is looking for tech-related opportunities outside school that are both challenging and

rewarding, to add to the resume.

- On the other hand, **Y** is a 36-year-old aspiring entrepreneur looking to broaden the horizons of a new start-up. However, **Y** is lacking funds to develop an online presence, and wants to recruit cost-effective talent.
- Both of these personas have been initially targeted by **the web service** by connecting these two personas together, to revolutionise the job market with their service.

This example shows a good understanding of not just the demographics, but psychographics of people in a two-sided market: the company is the customer, while a coding young person is the offering. It is important to understand the motivations and buying behaviours of the customer, so that these can be used in later steps of the process to determine how to reach customers and sell.

3.2. Value Proposition

We are now getting ready to determine how best to meet the unmet needs or unfilled gaps of the customers. The first step is figuring out their top priorities and putting this into a value proposition statement. It begins by making a list of the things that matter to the customer, the buyer of the product or the user of service and put them in order of how much they matter to the customer; mainly against the top two customer priorities. This is important, because a lot of decisions involve trade-offs, and this list helps to stay focused.

It is also important to consider all the different stakeholders in the equation to make sure everyone gets value. That is, take a look at the situation from other perspectives. If a buyer is different from an end-user, how is this different for the end-user? How are these priorities different from things to be developed? That is, making note of differences, and then figuring out how to bridge the gaps. The customer priority will come first, but everyone must get value. From here, it is feasible to develop a value proposition. It has a few parts: the customer, industry, the promise, and strategy. This is the sales message. The customers are clearly targeted, without trying to be everything to everyone. Next, define what industry category or specific segment, the promise of value.

That is, how much better you will be than how customers are solving their

problem now in that one dimension that matters most to your target customer. And finally, back up that promise with what will allow you to do it. When you make a promise of your value, consider under-promising to be able to over-deliver. Customers are going to be sceptical of a new venture, so this allows you to be able to delight them while also leaving room for potential mishaps that happen with practically every start-up. Those four pieces of your value proposition include so much input from other covered sections, it is thus best to put some careful thought into it.

3.2.1. Customer versus end-user

Often, a customer is different from an end-user. Many early start-ups make the mistake of optimising a solution for end-users. Keep in mind that a customer is whoever is paying for the offering, though the person who obtains value from that may be different:

1. **Educational products:** a school is the customer while the students are often the end-users.
2. **Public transportation:** governments pay for solution while commuters are the most common end-users.

In all case scenarios, you need to appeal to both customer and the end-user, though optimising to the unmet need or unfilled gap of the customer is most important. First, map your customer's full use case: from when they discover they have a problem, through creating value, and getting word-of-mouth referrals from your satisfied customer. Your market research approach should have solved that by asking customers to reveal more in the early stages of discovering the unmet need or the unfilled gap and looking for solutions.

3.2.2. Crafting a value proposition statement

A value proposition is your sales message, which defines why a customer should buy a product or use a service from you. This should be clearly communicated to the customer by shaping every aspect of the customer's experience. Your value proposition should include these key parts:

1. Customer: Who you are providing value for.
2. Industry: What category your venture plays within.
3. The promise of value to be delivered.

4. Strategy: Belief from the customer that value will be realised.

Once you have assessed the single most important priority of your customer, you need to quantify how much more valuable your venture product or service is than your persona's current solution along that dimension. If they care about time and convenience, quantify the hours and portion of their time on this problem that they save. If they care most about money, quantify the savings, and put it in perspective of their current costs.

Keep away from **weak promises** within your value propositions:

1. Our product saves you precious money.
2. You will get countless benefits.
3. Our technical superiority will save you money.
4. We are the best when it comes to saving money.

Instead, use **strong promises**, that are convincing and verifiable:

1. This policy saves you **x** money per year and provides more coverage.
2. Our clients increased their business by **x %** using our solutions services.
3. Your savings on waste management will be nearly **x %** per year.

3.3. Entrepreneurial strategy

So far, we have gone through ideation, market research, and value proposition. The challenge to start a venture is not coming up with a great idea. The hard part is commercialising that idea and continuing to create value for the customer and the venture over time. It is about being selective with what you do. Even more important, what you do not do. So, how to develop an entrepreneurial strategy? The process unfolds by answering these three questions:

1. Who is your competition?
 - You need to assess how the customers are getting their needs met now and where those competitors fall short against the priorities and needs of your target customer.
2. What is your competitive advantage?
 - You should be able to better meet the needs and fill the gaps of your customers along their top priorities and know how you are going to be able to do that.

3. How are you going to sustain that advantage?

- This will be dependent on the type of competitive advantage you have chosen and will require you to adapt and get feedback from potential customers, peers, or mentors.

To perform your competitive advantage analysis, start by looking back at your market research and focus on where the customers unmet need or gap is the highest. First, determine your two top customer priorities. These might be things like convenience, reliability, specific capabilities, or items specific to your customers' frustrations. Some priorities might conflict with one another, such as quality and cost. Customers that care about one often do not care about the other as a top priority, and it is practically impossible to deliver both.

3.3.1. Opportunity statement instructions

As a social entrepreneur your entrepreneurial strategy goes along with having a clear understanding of the business concept underlying the social venture you plan to pursue, and the goal(s) for that social venture. Further, you should understand why you have chosen to pursue that venture and be able to convey the very personal reasons for your choice and unique personal qualifications. Finally, you should be able to communicate this idea to all stakeholders, such as family, partners, and investors, in a clear, concise, and compelling manner. A motivated entrepreneur with compelling well-thought-out innovative business concept and clearly stated goals, combined with a display of personal passion and commitment, enables that entrepreneur to inspire and encourage others to believe in, join, fund, and support their endeavour.

As part of developing a business concept, you should understand and define the essential value proposition of your venture. This statement should answer the questions:

1. What is the product or service we intend to offer?
2. Who are the potential customers? and
3. What is the compelling need or gap that we intend to address?
4. In the case of a non-profit:
 - What services are we going to deliver or what unmet need or gap are we going to address, and how will we meet the goals of our mission and remain operational?

Further, the opportunity analysis statement should include a personal goal statement highlighting why you are the right person to develop and lead the venture you are proposing. It should briefly summarise the why you and the why now and how your unique qualifications, capabilities, motivation, and dedication will enable your success. To develop this, you should be willing to honestly ask yourself:

1. Why am I doing this?
2. What will this do for me? And
3. What will this require from me?

Finally, opportunity analysis statement should have a business goal statement highlighting the proposed business and revenue model and the competitive advantages of your venture.

3.3.2. Crafting an opportunity statement

Once you have identified an opportunity, you need to gather and assemble some simple information, in a format that makes it easy to understand, and to share with others. Your Opportunity Analysis Statement should be a one-page document and should include a Business Concept Statement, a Personal Goals Statement, and a Business Goals Statement.

A written Opportunity Analysis Statement contains

1. a 1- to 2-paragraph Business Concept Statement, highlighting the central components of an idea for an entrepreneurial venture. The concept statement should be concise and compelling and should convey in clear language the idea for the venture.
2. a 1-paragraph Personal Goals Statement, highlighting why you are the person to develop and lead the venture you are proposing. This is a brief summation of Why you? and Why now? and how your unique capabilities, motivation, and dedication will enable your success.
3. a 2- to 3-paragraph Business Goals Statement, highlighting the proposed venture and revenue models and competitive advantages of the venture.

Business Concept Statement:

As part of developing a business concept, you should understand and define the essential value proposition of the venture, including:

1. What is the product or service we intend to offer?
2. Who are the potential customers?
3. What is the compelling need/gap that we intend to address?
4. What service will we deliver or what needs will we address?
5. How will we meet our mission and remain operational?

Personal Goals Statement:

To develop this, you should be willing to honestly ask yourself:

1. Why am I doing this?
2. What will this do for me?
3. What will this do to me and require from me?

Business Goals Statement

As part of developing venture goals, you must understand and define the essential components and structure of the proposed venture:

1. What is the business model? Retail, Wholesale, etc.
 - How will it be organised and how will we operate?
2. What is the revenue model?
 - How and when will we make money? Unit sales, suscription, licence, etc.
3. What are the competitive advantages underlying this venture?
 - What is our unique Value Proposition?

Crafting an opportunity statement based on the unmet need or unfilled gap is the next step in moving forward from an idea to a potential business concept. Hence, being able to learn the crucial importance of clear, direct, and concise communication so that audiences at all levels can easily grasp and understand your message, is an essential skill that an entrepreneur develops and refine overtime.

3.4. Minimum Viable Product

MVP-Minimum Viable Product, or the Minimum Viable Proof covers two key components:

1. The product or service; and
2. The customer behaviour.

That is, what is the simplest product or service you can develop that satisfies the unmet need or unfilled gap of your target customer?

Though to make sure everyone on your team is aligned on your MVP as quickly as possible, a great next step is to sketch out your product, either mapping out the flow of a service, or doing a wireframe of a product. This ensures your team is aligned, and it can allow you to get valuable feedback from customers before spending costly on development. Further, what are you asking people to do or think about differently? And can you isolate that one thing and test to see if it will work? Sometimes this takes the form of asking customers to buy from a drastically new place or integrate a lot of their previous products into one or put their trust in a new product by focusing on the key behaviours you are asking your customers to change. That is, get out there and start developing your MVP; taking action on the field is where you will get the most learning.

3.4.1. Product development

1. **Outline:** Start with a simple sketching or an outline, ensuring alignment and getting feedback.
2. **MVP:** setup a “looks like test” of the offering with manual workarounds but that still feels the same to the customer.
3. **Prototype:** develop the full prototype after you have gotten feedback from these early tests.

For this to work at its best, you should have enough pilot testing time between the First MVP and the Prototype. The reason is that there are multiple iterations on MVP until a more formalised prototype. The first MVP is rarely the correct version. There is thus a lot of learning from it to iterate upon and integrate into multiple versions before being ready for the prototype. Keep iterating until you feel confident that you have answers to most of the questions about customer behaviour that you had at the outset.

3.5. Refining opportunity

Entrepreneurship is an iterative process that takes us through multiple phases and in each phase, we gain greater clarity as we continue to both define and refine our thinking and analysis. Each seemingly small step reveals more of the vision, which is the genesis of successful ventures. As we seek to create new ventures and move forward with new services, we are sculpting our vision into reality as we allow data-driven analysis and keen observation of our customers, the market, and our business ecosphere, shape a venture from idea through opportunity and ultimately into a launched and viable venture.

This process requires you to focus the best of your thinking and analysis on discerning, adapting to, and meeting potential future challenges so that you may stay relevant and meet the future head-on and successfully. The end goal of this work is to help you ensure that your venture will not only survive but thrive over time. While this will not allow you to predict the future, it will help you to understand how current trends, services, products, or developments are the beginning of what shapes the potential future direction of an industry and the competitive environment.

If your venture competes in a space, it is essential that you consider potential future trends and their possible impact upon your venture over time. If you do not, you run the risk of being eclipsed by your current and new competitors. Our business environment is continuously changing at an ever-increasing pace, and it is your job as an entrepreneur to maintain currency and relevance, not only today but for each tomorrow that you expect to operate. Despite being at the start of your venture, this is a perfect time to consider not only how you will develop and maintain competitive advantage today, but how you will need to manage, maintain, and continue to shape that advantage over time. Hence, Emerging Industry Analysis is a proven method designed to help you do that.

3.5.1. Emerging Industry Analysis

This section reviews the key concepts of emerging industry analysis. Existing industry analysis is a review that gives us results to rely on before investing in a new venture, such as:

1. What can you create that is new, different, currently not being offered?
2. What can you reduce or eliminate based on current industry standards or norms?

3. What is it that customers will still use your service for if you can create value in a different arena? Can you provide less and still have a competitive differentiation?
4. What can you raise above industry standards thus gaining competitive advantages and most likely being able to charge a higher price?
5. What can you eliminate and thus reduce cost if things are taken for granted and are no longer sources of value or competitive differentiation?

The purpose is to look at a given industry and assess a multitude of factors to determine what is the nature of competitive rivalry. We look at the threat of new entrants to assess how easy it is or how difficult it is for a new competitor to enter the space.

E.g., For you as a new venture owner you would like it to be easy to get in. Then once you are in, you might want to be able to construct barriers to make it more difficult for others to get into that space.

Further, there is a need to also assess the bargaining power of customers and end-users: *Do they set the terms or do you as the supplier or the provider set those terms?* Think of it this way if your product or service is in a marketplace that is pretty of a low price and has bargaining power. If you are creating a highly specialised product or service, you can charge more and thus set a better price, better terms for your product or service. Furthermore, there is a need to look at how easy it is for customers to find substitutes or alternatives to what you aim to offer? If there are many variations available, then your level of competitive differentiation and competitive advantages are relatively low. Then the goal would be to raise competitive differentiation and competitive advantages level so that it is more difficult for competitors to compete directly with you or for customers or end-users to find substitutes or alternatives.

Then, how much power do the suppliers have? As a new venture oftentimes, you are charged higher prices for raw materials, goods, and services than when you are buying in bulk or can gain economies of scale. Similarly, if only one or two specialty suppliers provide the material that you might need, you are probably paying premium for that because there are no alternatives. These factors come together to help us assess the nature of competition in each space and how best to set the level of competitive advantage and differentiation.

3.5.2. Building for success

Now that you have discovered a potential opportunity through your design thinking field observation and crafted an opportunity statement that highlights your venture concept, personal goals, and the goals for your venture. How can you ensure that your venture will not only survive but thrive overtime? All types of ventures face constant competitive pressure from ever changing business factors. The business ecosystem is never static, and you cannot afford to be static either. Any new venture that does not adapt and change over time is doomed to extinction. The emerging industry analysis is designed to help focus the best of your thinking and analysis on discerning, adapting to, and meeting potential future challenges so that you may stay relevant and meet the future head-on and successfully.

This way of thinking continues our entrepreneurial shaping process by learning how to think about and analyse the initial feasibility of a new venture through the feasibility quick screen. The overall goal of a feasibility quick screen is to assess the initial viability of a proposed innovative venture concept, it is not meant to result in a final seal of approval or a final rejection of the opportunity, instead it is meant to highlight the areas of potential high risk with the goal of understanding what can go wrong early on in new venture so that we have the time to adjust, shape or change to avoid potential pitfalls. The feasibility quick screen will help you determine whether or not the proposed venture embodies a compelling value proposition, one that rests on true customer-driven need or gap, and that can withstand the test of time and the rigours of competition. A feasibility quick screen forces you to consider and address a series of key issues in a logical and objective manner to better understand the risky territory of your proposed venture. The end result of the feasibility quick screen is either a go or a no-go decision:

1. A go decision means that the next step is to begin developing a full feasibility blueprint and then a business plan and may even include developing and testing prototypes, filling out the team and seeking to raise the necessary funding and internal and external resources and support.
2. A no-go decision is also a valid and valuable result of a feasibility quick screen that saves an entrepreneur from the time and expense that may have been spent on a concept that does not have the potential to succeed in the market.

Both of these critical decisions are the correct ones for your venture and either outcome directs you back again to the shaping steps of the entrepreneurial thinking and acting process. This new thinking process is designed to open the mind behind the usual and into the realm of new innovative possibility which outlines a proven predictable and repeatable process that you can use to seek, evaluate, shape, and develop a new venture from scratch.

3.5.3. Feasibility Quick Screen Instructions

A feasibility quick screen is a fast but powerful method of analysing a potential business opportunity that helps you decide when to invest your time, energy, and money. It helps determine whether or not the proposed venture embodies a compelling value proposition, and it should include:

A product or service that addresses an immediate compelling need or gap to an identified customer segment in a desirable industry and in a growing market that is delivered in a structured manner to provide a competitive advantage and competitive differentiation.

An entrepreneur tells this venture story in a way that all stakeholders, funders, investors, friends, families, the market, and customers can comprehend and accept. Your feasibility quick screen must address the following key issues:

1. A clear concise definition of the venture concept.
2. Who are the customers and what are their needs?
3. The market Competitive advantage and differentiation in the industry.
4. The resources available. The team required. How will it be organised?
5. Finally, whether this is a go or a no go. And what are the next steps?

3.5.4. Crafting Feasibility Quick-Screen

A Feasibility Quick-Screen proves whether a venture is:

1. a product or service that addresses an immediate, compelling user's need or gap:
 - to an identified customer segment(s) in a desirable industry and growing market.
 - delivered in a structured manner. And
 - provides a competitive advantage and competitive differentiation.

1. Business Concept

- Describe the product or service that you intend to offer.

2. Customers and their need or gap

- What is the customer gap/need your product or service will solve?
- Will they not only need but also want what you have to offer?
- Will they pay you a price that allows you to make income?

3. The Market

- What is the current market size?
- How did you estimate this?
- How fast has it grown in the past 1-3-5 years?
- How fast is it expected to grow in the next one, three and five years?
- Are there other customer segments you can reach?

4. Competition and Industry

- Who else is providing a same or similar product or service?
- What will be your unique competitive advantage?
- How easy is it for you to enter this market space?
- How easy is it for others to enter with a same or similar offer or prevent you from entering this market space?

5. Resources

- Have you considered how much money you will need and where and how will you get the funding?
- Have you considered what resources you will need? Raw materials, supplies, equipment, location, etc.?

6. Team

1. Who do you need on your team? Who do you have? Where can you find them?
2. Who do you have in your personal and professional network?
3. Who do you need to have? How will you find them?
4. What will each bring to your venture based on your needs?

7. Organisation

1. What are the critical success factors underpinning your venture?
2. How will you measure, evaluate, and manage them?

3.6. Crafting a vision

Now, the vision for the venture. This goes beyond just your product or service. You want to start with why as the centre of your venture. Looking back at the ideation stage, and log-frame after market research, you can take the problem you are trying to solve and flip it to make it into a statement of your purpose. This can then help you set goals on how to achieve your objectives. It will allow you to set the strategy, and through that, some metrics for achieving the vision. And only then can you ensure you have the right tactics; a specific product or service that will deliver on your vision.

3.6.1. Vision debriefs

People do not buy what you do. They buy why you do it.

1. **WHY:** Statement of purpose: Flip your problem statement to be your **CAUSE**.
 - Start with why, then drill down into details as people seem interested or ask. Allow the audience to guide the discussion, depending on the conversation.
2. **HOW:** Strategy to achieve it, specific actions, and goals.
 - Know the strategy to achieve the vision. This goes beyond just product or service, but is your core, whether you have chosen to specialise in a key asset, disruption, or other strategy.
3. **WHAT:** The resulting offering
 - This part comes last. A lot of entrepreneurs make the mistake of starting with their product, service, or offering, but this is not your venture, your venture is more than that. Start with the bigger picture then drill down.

3.7. Selling and Pitching

Pitching and selling is about communicating your vision to your customers. The first step is to identify where to reach your customers, then, how you will share your message. A common mistake of first-time entrepreneurs is thinking that if you have a great product, service, or offering, the customers will be pounding down the door to get it. This can only come once you have proven yourself enough in the market that customers know about what you have, know that it will solve their need or fill their gap in the way that you say that it will, and in the way that they wish, or desire.

Thus, how can you get some initial awareness and some customers to start building traction? Start by making a list of some methods you might use to reach potential customers. Try to think of at least five or even more distinctly different channels. There are a lot of potential channels and tactics you might explore. In the same way as we thought about the effectiveness of focusing on a target customer and building a customer persona, the focus should be on the channels that will get the most payoff for the effort. While it varies by industry and venture types, referrals and word of mouth are ideal, but these are earned over time and cannot be part of your early strategy. You need to have the customers first to be able to have referrals and word of mouth.

Avoid social media and Google ads as marketing strategies, especially given speculation around ads or typically low conversion rates. Think. When was the last time you bought something from an ad online? Personal relationship channels tend to have the highest payoff, though they tend to require the most time investment. This is the pounding, the pavement approach that is so respected by potential investors. Get out there and sell.

3.7.1. Customer Acquisition

1. Assess what **marketing strategies** are right for you, they vary by industry and venture type.
 - **Be selective** about your channels and customers. Acquiring customers can be costly, and when you have them, you want to keep them. Losing a customer can have a negative impact, since the reactions of dissatisfied ones can work as much against you as much as a positive review can work towards you.
2. Determine **where best to reach customers** through these strategies.
 - Consider **mapping the customer sales process**, from when they first discover their need through to purchase and realising value. How can you insert yourself in the discovery process?
 - Think about specific **windows of opportunity** or timeframes that might be particularly relevant for your offering.
 - Make a list of **places your customer frequents** and consider if there is a way of leveraging some of these locations to market or partnership.
3. Get **out there and sell!**

3.7.2. Elevator Pitch

Finally, we put together everything in an elevator pitch. It is called an elevator pitch since it is designed to be short enough to tell while in an elevator ride, and shares the right items in an engaging way that makes them want to know more. Here is your challenge.

Put together a YouTube video of anywhere from 15 to 60 seconds to communicate your venture. Start with your vision, either introducing your company or framing the problem you will be solving. Use your value proposition as a guide. Include what value you promise to deliver for specific customers in a particular category. And back up the claim with how or why you will be able to deliver. You are now equipped with the foundational tools and knowledge to be able to start your venture.

3.7.3. How to sell

The term "selling" brings up a variety of visual images, selling includes so much more than just sales as one's primary profession, every single person is selling every day, convincing their kids to eat dinner, persuading their friends which movie to see, and selling their skills and ideas in the workplace. Thus, selling your venture idea is no different, and uses the same communication skills of persuasion through building a story. This story is called a pitch. Here, we start with the shortest version of that pitch, the elevator pitch.

Why is it called a "pitch"?

Think of it as though you are trying to throw a ball to someone, and you are trying to get them to catch it, or perhaps even to return it to you. Starting a conversation. This can be a helpful way to think about the pitch, since it means you can only focus on one key thing to "throw", otherwise you overwhelm your "catcher"/audience if there are too many balls in the air, so to speak, and they are left preferring to stay away rather than being bombarded.

Why an "elevator" pitch?

An elevator pitch is meant to be short enough to tell someone during the short ride in an elevator, getting them interested enough to want to continue the conversation at another time. The audience can be anyone from investors, to suppliers and partners, to potential team members, and customers.

When and for what might you use it?

You will be surprised at how much you will need to use an elevator pitch. People will ask you about your venture both formally and informally, elevator pitch! When you email people about your venture and need to introduce it, elevator pitch! When your friends want to know about the cool new venture you are starting, elevator pitch!

3.7.4. Crafting an elevator pitch

1. Start **with why**: your mission or vision.
2. Cover the components of your value proposition:
 - Your customer
 - Your category or industry.
 - **The promise**: what you will do for your customer.
 - **The strategy**: back it up with how you will achieve the promise.
3. Ensure you cover **the biggest potential concern or risk** the audience might question:
 - **What you have executed**: top question if starting a venture that it seems many people could do.
 - **Differentiation**: important to cover if there are already top competitors in the market space.
 - **Business model**: may need to be covered if some uncertainty of how to extract financial value.
4. Make **a clear ask if it makes sense**: but do not let the receiver decipher what you want from them.

3.7.5. Delivery

Great presentations require great content and delivery. Communication is:

- **7% content**
- **38% tone**, reinforcing what you are saying.
- **55% body language**, open and commanding presence.

That means to be objective-oriented, expressive, and engaging. If you are not excited about what you are saying, then why should anyone else be interested?

1. Know your objective: you want to get people to want to know more. Let this guide your core messaging, versus trying to cram too much information.
2. Know your audience: it does not need to be everyone, but they also should not need a PhD to decipher your pitch.
3. Be engaging: Leverage tone and body language. Use defined gestures and occupy space.
4. Practice, practice, practice. Filming yourself and watching is a great way to learn and improve.

3.8. Financial capability

If you did a good job creating value, you should capture some of that value for your venture. This value is captured through generating revenue for a venture, with a variety of revenue models depending on the venture type. Ultimately, pricing will have the biggest impact on the profitability of the venture.

3.8.1. Revenue models

The strategy by which you get money from your customers. Depending on the venture type there are a few options of revenue models, and pros and cons of each.

1. **Products:** most products are sold outright, though some are rented, and then a few are patented and then licensed to big companies.
2. **Services:** many services are an intermediation fee (for example: Uber takes a percentage of the total amount charged to riders), while others charge a subscription service fee (consider Netflix), while others charge clients for data (Consider mobile phone operators).
3. **Apps:** phone and mobile applications have opened new revenue models including advertising, freemium, and microtransactions.

Though to decide, focus should be at the outset of your venture. More mature ventures may be able to balance multiple revenue streams, just as they may be able to balance multiple customer segments or multiple product offerings, but focus is required at the outset.



3.8.2. Pricing

How you set your price in a way to get the most value. Pricing makes a huge impact. On average, a 1% price increase for a typical corporation would lead to a ~12% net income boost! $\text{Income} = (\text{Price} - \text{Cost}) * \text{Volume}$. That is, getting your initial price right is very important.

There are a few important things to consider:

1. **Value:** what value have you created? Remember your quantified value proposition? You should be able to use this to be able to know how valuable your offering is to the customer! But here is the tricky part; that is not necessarily how much they are willing to pay. Their perception of the value will be impacted by marketing of your product and by their alternatives, which will vary depending on the customer. Consider what the customers' benchmarks for pricing will be.
2. **Costs:** this should not be the main consideration for your pricing, but you do want to make sure your costs get covered. Here are a few good quick calculations to do:
 - **BOM (bill of materials):** determine the total cost to make your product, ideally in both the short-term and long-term, since you may get cuts with suppliers in the longer term at scale.
 - See how many sales you would have to make to recover the short-term cost at different prices.
3. **Willingness to pay varies,** be flexible in the earlier stage. Your earliest customers will have the biggest burning need or gap, so should have the highest willingness to pay. First time entrepreneurs often try to dilute their value by pricing too low to begin. If you do offer flexibility for early customers, consider a discount for those specific customers who offer special value to you. Keep in mind that dropping the price is easier than increasing the price.
4. **Let the data decide:** calibrate decisions based on data gathering method and measurement, back up with consistent monitoring, evaluation, and impact assessment.

3.8.3. Sales projections

The approaches to putting together expected sales over time. Sales projections help you understand the key drivers of the performance of your venture and help you manage your progress, but remember, every forecast for up to a year is a promise of delivery. Forecasts many years ahead are rough estimates, so be careful not to show too much precision. There are two main market sizing approaches: top-down and bottoms-up. Both are needed to check for gaps with some logic.

1. **Top-down starts** with the total market size and estimates the potential market share. This can usually be done through secondary research, looking things up online. It is quick and used by many entrepreneurs.
2. **Bottom-up builds** up to the final number through smaller assumptions of what can operationally and practically be delivered, which requires some degree of primary research (going out and learning for yourself). Investors will use this model during valuation, so you might need to learn and use it as well.

Case study: **M** is an app that allows people to crowdsource decisions. The company partners with boutique or clothing stores to determine what clothing preferences customers have.

1. **Top down:** Current expenditures for clothing advertisements ~\$1 million. Spending by start-ups / small businesses is \$100 thousands (10% of total). Portion of these with propensity towards mobile advertising \$200 thousands (20%)
2. **Bottoms-up:** Determine the number of stores you can partner with and multiply by the revenue per store. If you estimate you can partner with 10 stores generating \$20 thousands in revenue on average per store, your market opportunity would be \$200 thousands.

3.8.4. Valuation

We will only touch lightly on valuation basics as your venture is in far too early stage to be considering an investment, and thus far too early to be developing a valuation. But for the purposes of education, we will cover this topic lightly. First, there are a few ways to develop a venture valuation.

1. **Discounted cash flow (DCF):** this is the mathematical approach using the value of estimated future cash flows and discounted to present value. This method is highly contingent on the value of the forecasting.
2. **Comparable:** this method uses industry averages of multiples of revenue and applies it to the venture to calculate a value. This is a common quick method that investors use to check what value a founder is placing on their venture relative to industry standards.
3. **Competitive advantage:** this method is more applicable for early start-ups, essentially asking how much it would cost to re-create the venture as it exists today.

3.8.5. Funding

Before you get too nervous about investors, though, remember, you should be doing a lot on your own first, that is, prove demand through bootstrapping. Most start-ups or new ventures are internally funded by founders, a term known as “bootstrapping”. The three general types of funding:

1. **Self-funded:** this allows for maximum control of the business, though as the business grows, it can be tough to expand.
2. **Debt (getting a business loan from a bank):** the venture still retains ownership, which is positive, though banks can be risk-averse in financing start-ups.
3. **Equity:** there are a few different types of potential funders:
 - **Friends and family:** this is usually the first route for external (equity-based) funding, though some entrepreneurs prefer to not mix personal and professional.
 - **Angel investors:** this group specialises in early-stage start-up investing, either as individuals or in groups.
 - **Venture capitalists (VC's):** these are large groups of investors who invest large amounts of money in advanced ventures that have a significant amount of progress.

Where does crowdfunding fit in?

- It is kind of a mix of bootstrapping, debt, and charity. Most of the money taken on the crowdfunding platform is intended towards the purchase of a product, which makes it a purchase or deferred revenue.

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Guide references





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Co-funded by the
Erasmus+ Programme
of the European Union



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Publisher: TERRAM PACIS Editorial.

Reference: TPOER-015-YSE/14-02-2022

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