

# “AIR: Accelerating Investment Readiness” – Joining Impact Investing & Social Entrepreneurship (Course Syllabus)





# “AIR: Accelerating Investment Readiness” (#AirMOOC)

## Course Instructors

#AirMOOC emerged from the EU Interreg project [Finance4SocialChange](#) (3 year duration, overall funding of approx. € 2 Mio.), in which a consortium of organizations from across Europe are collaborating towards joining impact investing and social entrepreneurship. It is provided during six consecutive weeks, from 25<sup>th</sup> May-5<sup>th</sup> July, 2020.

### Lead developers and instructors:

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## Course Purpose and Overview

The Corona Virus and other grand challenges of our times have shown us how much we need organizations that create social and ecological value—and an ecosystem in which they can thrive. #AirMOOC promotes mutual learning between (aspiring) founders of social ventures, accelerators, impact investors and relevant national and regional policy makers. The aim is to support impactful entrepreneurs, or intrapreneurs within existing organizations spanning the for-profit, non-profit and policy spectrums.

We have gathered leading experts in impact investing, purpose driven business and progressive policy making to provide inputs for reflection, share their experiences and co-create more sustainable and pro-social organizations. The experts involved come from an impressive range of high-profile organizations and institutions, including:

SEIF – Driving Impact Innovation, TEDx, Social Entrepreneurship Network Germany (SEND), the German Ministry of Economy in Baden-Württemberg, ResponsAbility Investments, Impact Collective – Social Venture Accelerators, Enactus, PHINEO, European Venture Philanthropy Association (EVPA), Cambridge Social Ventures, Impact Hub, OECD, and Erste Bank.

#AirMOOC offers six modules focusing on topics at the intersection of social entrepreneurship and impact investing with a specific focus on joining these two fields for positive social change: Impact, Strategy, Finance, Governance, Scaling and Communication.

We employ a variety of case studies, creative exercises and interactive webinars to help students develop their impact and investment readiness skills. This course enhances responsible leadership formation. It will help those interested in creating value for and with society excel in their endeavors.

## Learning Goals

In six consecutive modules, you will work towards these learnings:

- Module 1. How do you best measure and manage social impact?
- **Module 2. How do you build an “integrated” organizational strategy to create impact?**
- Module 3. What is social and impact finance?
- Module 4. How do you master the specific governance features social ventures have?
- Module 5. What are the different pathways to scaling impact?
- Module 6. How do you communicate (for) impact?

## Who should take this course?

Professionals and students interested in sustainability, business ethics, responsible leadership or grand challenges, independent of whether you are attracted by for-profit impact organizations, non-profits, non-governmental organizations, citizen-led movements, or public policy.



## Course Sessions and Timing

#AirMOOC will go live on 25<sup>th</sup> May, 2020. The course will be running of six consecutive weeks with one module being released each week. Each of the modules comprises about 4-6 hours of learning.

### Modules and schedule:

1. Impact: 25 May, 2020
2. Strategy: 1 June, 2020
3. Finance: 8 June, 2020
4. Governance: 15 June, 2020
5. Scaling: 22 June, 2020
6. Communication: 29 June, 2020

## Exercises

Each module contains at least 3 exercises. Participants shall post their answers to the course discussion and comments sections. They are also encouraged to give feedback to their peer learners. **Course instructors will comment on the responses. Instructors' feedback** will not be based on whether an answer is right or wrong, but on how well developed the provided arguments are.

## Teaching Methods

With short lecture-style inputs, video statements from experts, visual material (animated graphic recordings) and graphs, we aim to introduce and further deepen the content while appealing to different types of learners. Explanatory texts, readings and exercises will help participants apply and transfer their newly acquired knowledge to their own context.



## Module 1: Measuring & Managing Social Impact

The perspectives of social entrepreneurs, investors and policy makers and their requirements as regards measuring and managing social impact are very different. How they can be harmonized is at the heart of this module. Key questions and issues include:

- Why measure social impact at all?
- What is impact (measurement), and what not?
- What are key concepts of impact measurement and how do they help assessing the performance of organizational interventions, investments or policy measures?
- **Different kinds of “proof”:** Measurement designs and indicators
- Why is establishing an impact orientation in organizations so difficult? – Boundary conditions and obstacles.

To understand why social impact measurement is beneficial for several stakeholders, it is important to understand what impact (measurement) is and what it is not. By referring to broader reference frames such as the UNDP definition of social impact, we embed social impact in a wider context.

From a policy perspective, impact measurement can help assessing contributions to the sustainable development goals (SDGs). Investors benefit from scalable business and impact models and higher financial stability when impact measurement helps organizations manage impact risks. Social entrepreneurs need to use impact information for organizational learning and to develop their activities further.

Key concepts in measuring social impact range from the theory of change, to impact maps, to different measurement designs. Instead of going into specific tools, such as the Social Return on Investment (SROI), we use these pillars to outline how decision makers can employ and develop impact measurement strategically.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. From your mission, to measurement, to management: Formulate a mission statement, then translate it to indicators and measures you could apply to check whether you are achieving your mission. Outline what you need to put in place to constantly measure and manage your impact. Guiding question: How can you enable organizational learning and improvement?
2. Design and describe your impact model and draw your own impact map. Which key factors can you identify that help you achieve your impact?
3. What obstacles within your organization will you be facing when attempting to implement an impact measurement and management process? Outline the struggles.

### List of exemplary Readings and Resources

- Forbes (2019). Four Ways Social Impact will affect Businesses. Available at: <https://www.forbes.com/sites/patsydoerr/2019/01/14/four-ways-social-impact-will-affect-businesses-in-2019/#48b5eded6e71>
- Impact Mapping Project. What is impact mapping? Available at: <https://www.impact-mapping.org/>
- Richter, K.H. (2019). Impact Management for everyone. Available at: <http://www.im4e.org/>
- Ruff, K., & Olsen, S. (2016). The Next Frontier in Social Impact Measurement Isn't Measurement at All. Stanford Social Innovation Review. Available at: [https://ssir.org/articles/entry/the\\_next\\_frontier\\_in\\_social\\_impact\\_measurement\\_isnt\\_measurement\\_at\\_all](https://ssir.org/articles/entry/the_next_frontier_in_social_impact_measurement_isnt_measurement_at_all)



## Module 2: Impact Focused Strategy

The most effective organizational strategy in view of today's grand challenges is such that is closely tied to a clear "theory of change". Having such a focused strategy involves the questions of how potential mission drifts can be kept in check to stay in line with organizational mission over time, or how strategic mission drifts, also known as "pivoting", can help organizations re-new their impact strategy. The topics covered here are:

- Strategy and systems thinking
- Impact oriented strategic management
- The duality of, and tensions between, business and impact models

This module highlights the importance of thinking strategy from the "theory of change", rather than drafting positive social change as an add-on to a pre-existing, value neutral strategy. The starting point for developing a good strategy is the social problem or challenge an organization wants to tackle (challenges may range from combatting gender inequality, to addressing poverty, to enhancing environmental sustainability).

Several social entrepreneurs elaborate on how they formed their strategy and what difficulties they faced in the process. A key insight is that strategy formulation needs constant renewal and adaptation, and that strategy implementation and impact-oriented management are the real challenges.

What is special about impact-oriented enterprises is the duality between the business model and the impact model these organizations are often confronted with. Existing tensions can intensify along the growth of the organization and social entrepreneurs possibly face the risk of mission drifts that take them off their original course. Sometimes strategic mission drifts ("pivoting") can help renew the organization's success and impact.

A main pillar of this module is strategy which is oriented at locating the venture within a bigger system of actors (for-profit, nonprofit, civil society, science, or public administration) and aiming within this context for systems change to meet social problems more effectively.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. Define your approach to tackling a social problem, formulate a strategy and tie it to your theory of change.
2. How do you best communicate your strategy to an investor?
3. Project your future: Where are the potential conflicts between your impact and business model, and how could you resolve those strategically to achieve greater impact?

### List of exemplary Readings and Resources

- FSG (2016): Systems Thinking Tool Kit. Available at: <https://www.fsg.org/tools-and-resources/systems-thinking-toolkit-0>
- NPC (2015). Systems change. A guide to what it is and how to do it. Available at: <https://www.thinknpc.org/resource-hub/systems-change-a-guide-to-what-it-is-and-how-to-do-it/>
- Tracey, P. (2020). The Corporate Pivot: radical change in times of crisis. Cambridge Social Innovation Blog. Available at: <https://socialinnovation.blog.jbs.cam.ac.uk/2020/03/25/the-corporate-pivot-radical-change-in-times-of-crisis/>



## Module 3: Social Finance & Impact Investing

Social Finance and Impact Investing are clearly hot topics. The Global Impact Investing Network (GIIN) has estimated the current size of the impact investing market to more than \$500 billion USD. However, it is far from clear which different kinds of nuances the terms comprise and what types of investors make up this new investment market. This makes it difficult to find a good match between impact organizations and investors. Therefore, in this module we address the following issues:

- Social venture financing needs & investment options
- Getting to investment readiness
- Approaching investors and finding a good match

In a first step, we take on the position of individual social entrepreneurs. We introduce the most common organization types, identify their financing needs and describe how impact investments can support the **impact organization's** mission. This serves to get a better understanding of what **getting to "investment readiness"** means. To build the bridge to the investor perspective, we analyze and discuss their requirements to help social entrepreneurs see and present themselves as a potential **"investment case"**. We furthermore outline how due diligence by and negotiations with investors work.

On the financing side, we highlight the basic options for financing. These options cover a broad spectrum that ranges from innovative crowd-funding platforms, to accelerator grants and loans, to convertible loans and other mezzanine instruments, to social impact bonds, and to equity investments. We go into the specific requirements that the social component of these financial vehicles and the resulting venture-investors partnerships bring about.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. Ask yourself: **"Who am I as a social entrepreneur?"** Explain your specific type of organization—in particular as regards aspects of financing.
2. What are your (future) financing requirements and what is likely the right instrument for your impact organization?
3. **Develop a checklist for your own venture's investment readiness.**

### List of exemplary Readings and Resources

- GIIN (2019). Sizing the Impact Investing Market. <https://thegiin.org/research/publication/impinv-market-size>
- Krlev, G. (2019). Three Elephants in the Impact Investing Room. Pioneers Post. Available at: <https://medium.com/@gorgi.krlev/three-elephants-in-the-impact-investing-room-258563ca7b34>
- OECD (2019). Social Impact Investment 2019. The Impact Imperative for Sustainable Development. Available at: <https://www.oecd.org/development/social-impact-investment-2019-9789264311299-en.htm>



## Module 4: Business Planning, Management & Governance

The governance of social and other impact enterprises differs from other organizations on the levels of leadership, vision, people management, and democratic principles in governing the ventures. In this module, we will look into what this means for organizational structure and processes as well as practical questions of how to handle responsibilities and participation. Exemplary issues covered include:

- How are social ventures different? Zebra analogies, holacracy and the crazy quilt
- Elaborating and improving **social ventures'** business and impact concepts
- Management, governance and legal structures from founder and investor perspectives

This module starts by using the increasingly popular comparison between unicorns and zebras to explain what social entrepreneurship is. The zebra metaphor points at smaller, agile and collaborative organizations that promote change by working together rather than alone. **Social enterprises are not only geared towards more cooperation "on the outside"**, but also often a breeding ground for participatory, holocratic structures and processes inside the organization. **The idea of the "crazy quilt" embraces entrepreneurship as method rather than merely as the foundation of a new venture.** It rests on the mobilizing of joint resources, and the brokering and networking with diverse stakeholders.

The social business model canvas, which has been developed to mirror the reality of impact organizations, will be used and extended to highlight the more operational and hands-on **process of fine tuning a venture's impact and business models.** Furthermore, you can learn from the profound experience of banks and investors to avoid the typical problems occurring when social ventures apply for funding. Recommendations in terms of legal forms, governance structures, and management will flesh out what "good governance" means.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. Apply the (extended) social business model canvas to your social venture.
2. What kind of legal forms are available (in your country) and which ones are the most suitable for your organization, and why?
3. How could you promote internal participatory processes and collaboration with other organizations to achieve greater impact?

### List of exemplary Readings and Resources

- Gold, A. (2018). The Effectuation Principle: The Crazy Quilt. Available at: <https://www.operation-startup.com/single-post/2018/09/03/The-Effectuation-Principle-The-Crazy-Quilt---Why-co-creating-a-business-idea-with-a-group-of-self-selected-collaborators-helps-mitigate-business-failure>
- Horn, A. (2018). How to Master the Business Model Canvas for Social Entrepreneurs. Available at: <https://www.tbd.community/en/a/business-model-canvas-social-entrepreneurs>
- Oron, Y. (2018). Forget Unicorns. We Need More 'Zebra' Startups. Available at: <https://www.entrepreneur.com/article/322407>



## Module 5: Growth, Transfer & Scaling

The most intuitive pathway to scale is organizational growth. But there are many alternatives of **how a social venture's impact can be increased**. **Open source models, alliances or social franchising** are only some among a variety of options. When aiming to choose a pathway, we need to ask the following questions:

- Why is scaling relevant for social ventures and how does it connect to impact investment?
- What can be transferred, scaled or grown?
- How to moderate the scaling process, and who to pair up with to do it?

We introduce the two fundamental approaches to scaling, growth and replication: indirect or direct impact strategies. We then discuss common challenges in growing impact. In order to understand the scaling readiness of an organization, we will develop and explore a self-assessment tool. You will learn about which different elements of an organization can be transferred. These elements range from a whole organization, to only a program, to specific products or services, or even principles and approaches. Through this process we aim at helping decision makers choose what it actually is that they want to scale and for whom it can be beneficial.

An overview and assessment of different scaling models will help align the models to the impact **organization's** goals, its culture and core (social) value proposition. This step is followed by considerations on how transfer can be facilitated by having a scaling partner that best meets the **scaling venture's** characteristics, with regard to organizational type and organizational stage. The question of "where to transfer to?" is informed by a tool for screening new geographies. This tool enables the definition of clear indicators for scoping and testing new market environments.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. **Perform a "scaling readiness" check**. Which mode of increasing impact and reaching scale seems most suitable for your organization?
2. Define: Why do you want to scale? What do you want to scale? How do you want to scale? With whom do you want to scale? And where do you want to scale to?
3. Reflect on potential obstacles that could occur on your scaling journey and how you would best address them.

### List of exemplary Readings and Resources

- Gabriel, M. (2014). Making it BIG. Strategies for Scaling Social Innovations. Nesta. Available at: [https://media.nesta.org.uk/documents/making\\_it\\_big-web.pdf](https://media.nesta.org.uk/documents/making_it_big-web.pdf)
- Santos, F. (2017). Pathways for scaling impact. Available at: <https://www.alliancemagazine.org/blog/pathways-scaling-impact/>
- Scaling Pathways (2020). What does it take to scale social impact? Available at: <http://scalingpathways.globalinnovationexchange.org/>
- Weber, C., Kröger, A. and Demirtas, C. (2015). Scaling Social Impact in Europe. Quantitative Analysis of National and Transnational Scaling Strategies of 358 Social Enterprises. Available at: [https://www.bertelsmann-stiftung.de/fileadmin/files/user\\_upload/BST\\_ScalingSocialImpactInEurope\\_final.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/user_upload/BST_ScalingSocialImpactInEurope_final.pdf)



## Module 6: Communicating Impact Effectively

How can you best communicate the story of social enterprises for greater impact? How can stories and communication be effective tools to attract impact investments? These questions are at the center of this module. We will introduce the concept of storytelling and show why it matters. The sections of this module cover:

- Introduction to storytelling: Why it matters for social entrepreneurs
- Storytelling: How to build your story?
- Body & Speech: How to present your story?
- Communication: How to sustain your story?

We will go into why storytelling and social entrepreneurship often go hand in hand and introduce its main principles. In order to build a successful social change story, we discuss the main elements needed for evoking the senses. Storytelling is not only about words but also about the use of body language and manner of speech to present and convey a **social entrepreneur's** story. Techniques for convincing body language and successful talks and pitches help gain and sustain attention for the stories of impact organizations. Sustaining a story can be supported by identifying main target audiences and continuously communicating with them via various communication channels, spanning from one-on-one communication to social media.

These issues all connect to current research that calls for a unity between communication and action, instead of a separation signaled by the common saying “walking the talk”. We also draw from research on effective signaling towards investors in social venture pitching sessions.

### Exemplary Exercises

1. (Imagine) you are leading an impact organization. **Explore your personal “why”** and define the main elements of a story around it.
2. Prepare a short introductory talk about your venture.
3. Develop a communication plan for key audiences, channels and frequency.

### List of exemplary Readings and Resources

- Börner, B. (2018). *Authentic Storytelling Can Boost a Social Enterprise's Development*. Available at: <https://nextbillion.net/authentic-storytelling-for-social-enterprises/>
- Crane, A., Morsing, M., & Schoeneborn, D. (2020). *Let's t(w)alk! When it comes to Corporate Social Responsibility, talking is action*. Business & Society Blog. Available at: <http://businessandsociety.org/2020/01/06/lets-twalk-when-it-comes-to-corporate-social-responsibility-talking-is-action/>



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