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Handbook for the creation and operation of “managed networks” of social enterprises

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Introduction

From the 1st of June 2017, ten Central European partner organizations implemented a transnational project called “SENTINEL – Advancing and strengthening Social Enterprises to maximize their impact in the economic and social sector of Central European countries”.

The project aimed at developing and testing tools and methods for helping social enterprises for 3 years. The main objective of SENTINEL was to help these enterprises to be real drivers of social inclusion and work integration in Central Europe.

The project was funded by the Interreg CENTRAL EUROPE Programme that encourages cooperation on shared challenges in central Europe.

With 1.628.325,13 Euro of funding from the European Regional Development Fund, the programme supported institutions to work together beyond borders to improve social enterprises and regions in the Czech Republic, Germany, Hungary, Italy, Poland and Slovenia.

During the three years, the partnership tested new operating models and mentoring services designed to strengthen social enterprises in less developed regions. At the same time innovative methods were developed to facilitate the networking and cooperation of these organisations.

This Handbook is part of this latter strategy, aiming at facilitating the networking among organisations.

Who is the target of this Handbook?

This Handbook (HB) is meant for people working in Second Level Organizations, such as consortia, and SE Support Networks, such as incubators, co-workings, business angels, consultants, etc. but it can also be useful for Social Enterprises (SEs).

The audience for this HB was identified through extensive needs assessments among partners of SENTINEL project over the years 2017-2018.

Starting from the professional needs emerged from the surveys and needs assessments we had during the project, interesting challenges emerged:

- How to manage and sustain relationships in a network over time?
- How to raise awareness among peers on their role and importance in the ecosystem?
- How to grow and sustain adequate support infrastructures?
- How to access finance?
- How to grow entrepreneurial skills among the operators?
- How to improve efficiency and time control to be able to include networking and ecosystem management processes in each organization’s DNA?

People working in second level organizations or engaged in Support Networks will find food for thoughts, tips and references to improve the level and the value of their networking, therefore improving their network.

People aiming to build a second level structure within their ecosystem, will find a step-by step guide on how to do so, with plenty of examples and best practices.

The most important thing to remember is to engage with the community. The reader aiming to face one or all of these challenges must remember that probably someone else is trying to do the same, so go outside and look for them, then start cooperating!

A good way to do that is by attending or organizing networking events and to do extensive research on already existing network and engage directly with them.

SENTINEL's Toolbox for Social Business Mentoring Services

Complementary to this Handbook the SENTINEL project dedicated special emphasis to provide in hands-on tools and methodologies for the support of social enterprises. The aim of the Toolbox is to create an incubation environment (capacity building, business support, OD, etc.) specifically tailored to help SEs to effectively cooperate & sustainably operate. Thus, the Toolbox manual is tailored for real needs of the social enterprises in less developed regions of the Central Europe and was adapted for its possible use for various territorial circumstances, regions and background situations. The objective of this approach is to provide users with ways of creating and running social business idea without an access to a network of skilled partners.

•**Who's the target of the Toolbox?:** Existing social enterprises, potential social entrepreneurs (pre & start-ups) as well as mentors, coaches, advisors, SE experts are at primary focus of the Toolbox for Social Business Mentoring Services. The Toolbox will support all SEs or even potential SEs without searching for specialized services providers and paying high fees.

•**The main needs of target audience of the Toolbox:** The main focus on the needs addressed by the Toolbox is a lack of practical entrepreneurial skills that are seen in the society. Academic background is not able to provide enough practical skills for people to develop concrete assets needed to run sustainable social business. The Toolbox concentrates on practical skills needed for forming and outlining business idea, outlining a concrete step-by-step marketing strategy, minimizing risks, developing project management and time management skills, leadership skills, mastering skills and techniques for presenting business idea to investors, mentors, and potential customers.

•**Why the Toolbox is important:** The Toolbox presents tools in practical way to allow its implementation for its users which were identified as highly relevant building blocks for the development of Social Enterprises. Each of the tools presented provides step-by-step guidance to arrive at key outcomes and consists of plenty activities and working steps that eventually guide the Toolbox user through the process. The tools guide its users through all stages of SEs life cycle, starting from the inspiration and going through the idea development & business development to mainstreaming.

Chapter 1 - What is a SEs network?

“No business is an island”¹

Whereas business and, more in general, purpose-driven relationships of cooperation between different people and organizations have always existed as the foundation of society, the notion of network itself and a systematic approach based on academic and on-the-field studies are relatively new.

In particular, the study of business networks has emerged in the late 20th century from industrial markets analysis, then the academic interest was extended to other kind of markets, especially if they are innovation, technology and platform driven (such as in the ICT and social innovation sectors).

Its objective is to find a general framework and provide managers with effective, easy to use tools to effectively help them manage their company’s network from the company’s perspective and from an eco-systemic perspective, in harmony with all the stakeholders involved.

Each perspective includes objectives, priorities and resources which might be different to the point they get conflictual, pushing different organizations towards a competitive approach, or common, pushing them towards a cooperative approach.

There are different definitions of business network (BN) in the organizational fields of study.

A BN can be defined as a complex network of organizations, working together to accomplish certain goals². It incorporates different species³ of stakeholders.

To talk about network managing services for SEs and how to build them, we will refer to this simple yet effective definition.

In order to proceed with the analysis, it will be also necessary to introduce the concept of business ecosystem.

What is a Business Ecosystem?

The Academic community does not agree on a universal definition of what is an organizational or business ecosystem, so there are a lot of definitions. The problem was faced only recently in literature by borrowing from natural science the concept of ecology⁴. This helped academics and operators to have a better understanding of the dynamics that occur when considering a single organization as part of a larger group of peers and stakeholders, providing frameworks for the analysis and management of this broader dimension of complexity, with all the effects it has on the single organization’s performance. Ecology was first defined as follows:

“ecology is defined as the environment in which organizations (both on individual and eco-systemic value) operate”

¹ Håkansson H., Snehota I., (1989)

² Ford D., Gadde L. E., Hakansson H., Snehota I., (2003)

³ Den Hartigh E., Tol M., Visscher W., (2006)

⁴ Stinchcombe A. L., (2000); Hannan M.T. and Freeman J., (1977)

The most important contributions in the field have been undoubtedly helpful in overcoming the conceptual separation between state and market, such as the concept of “organizational field”⁵, used by D’Amico to talk about “organizational arena”⁶, *a space populated by a number of different actors linked by a complex network of relations, which can be divided, simplifying, into cooperation or competition relationships*. Their actions affect the public-institutional area “regardless of their formal relationship with public power”⁷. Moreover, given the uncertainty in which they operate in a fast changing and complex environment, isomorphism⁸ plays a vital role in shaping their organizational models, behaviors and strategies.

Among academics, the first one to introduce the concept of ecosystem was Moore in 1993⁹, comparing business and natural ecosystems. According to Moore, to effectively tackle the challenges posed to organizations by fast-paced innovation and constant changes, decision makers need a systemic approach to strategy, learning how to read their own entity as part of a business ecosystem. In such ecosystem, organizations co-evolve fueled by latest innovations, cooperating and competing for the creation and redistribution of value¹⁰.

Substantially, an organizational ecosystem is a complex system, a dynamic structure which evolves and develop over time, its fate is deeply tied with technology and innovation.

This leads to two considerations:

- A complex system, defined as “*a system whose properties are not fully understandable by the study of its single parts*”¹¹, needs a shared language to be read as a whole by its components or by the outside, allowing operators and stakeholders to read its complexity and coordinate their actions towards their goals;
- Technological development and innovation are important (even though they are not everything!). Quoting Rothschild, who introduced the concept of “*Bionomics*”, “*economic development and linked social changes are not determined by the genetic code of society, but by its aggregated technical knowledge. Technology, not people, is at the core of this vision of Economics*”¹². Even though this perspective is at the extreme opposite of social economy’s core values, as it excludes people from the equation, it’s still extremely important to consider the role of innovation and technological development in shaping society, disrupting markets and maybe even your organizational ecosystem.

The importance of interconnection

The most important characteristic of an ecosystem is interconnection. This point is stressed out by all major contributors on this subject. In a system where different actors are highly interconnected, there is a situation of interdependence, where mutual fates are bounded by each other’s actions. This leads to a constant situation of change in balances, where is necessary for players to be able to read these changes and their

⁵ Powell W., Di Maggio P., (1991)

⁶ D’Amico R., (2006)

⁷ Ibidem

⁸ Phenomenon where inside every specie, its different members have the tendency to imitate each other’s approach, when dealing with common survival problems.

⁹ Moore J. F., (1993)

¹⁰ Meant both as social and economical

¹¹ Lewin R., (1999)

¹² Rothschild M., (1990)

environment and to share the information with their stakeholders under a common language, to manage change and innovation collectively at an eco-systemic level.

Building on these premises, a transition towards shared leadership models seems more likely and likable than the concentration of decision-making power in a few hands. Complexity is too much to be handled alone. To make horizontal coordination possible there are three preconditions:

- The understanding by players of their environment, their role in it and its ground rules;
- Engagement of players and their accountability towards common values and objectives;
- A common language and agreed communication channels and procedures.

According to Power and Jerjan, you can't just think on how to manage your own business, you need to think on how to manage the ecosystems it operates in and on how to read your relevant environment.¹³

They define ecosystems as "a system of websites populating the world wide web, along with the aspects of reality they interact with. It's a physical community considered as a whole with the non-living factors of its environment as a unity".¹⁴ In other words, the relevant environment has shifted from physical to digital, to the point where the two dimensions are bonded and no longer separable. This definition might seem obscure but the contribution of the authors with their statements is that the resources and their flow should be considered within and ecosystem as its vital force, its fuel. Therefore, for an ecosystem to prosper (e.g. make the pie bigger for everyone) its efficient management is mandatory.¹⁵

A definition of ecosystem and network

So far, we overviewed the main characteristics of an organizational ecosystem:

- Clearly defined borders within an environment;
- A connected and interdependent population;
- Core resources and competences, where people, technology and information play vital roles;
- Complexity.

On the other hand, a network is normally considered as a group of actors that have frequent and enduring relationships with one another, and where information exchange and trust exist.¹⁶ For SEs, networks offer a great potential for the development of the sector, especially in supporting the acquisition of resources, facilitating coproduction and partnerships, identifying opportunities and gaining legitimacy¹⁷.

In this context, *networking activities can be defined as the necessary processes and strategies to effectively connect the population of one or more ecosystems, to allow them to effectively trade or share resources and competences towards shared goals and visions and to survive in a complex and uncertain environment.*

¹³ Power T., Jerjian G., (2001)

¹⁴ Ibidem

¹⁵ Ibidem

¹⁶ Hoang H., Antonic B., (2003)

¹⁷ Granados M. L., Rivera A. M., (2018)

Therefore, a network of Social Enterprises is:

- A community of stakeholders and agents operating in the sector of social entrepreneurship, sharing a vision, values, needs, goals and resources;
- A set of strategies and processes to connect effectively.

It's important to consider that, in order for a SEs' network to prosper, some preconditions are needed:

- every organization in the ecosystem must be aware of where it belongs and its role in it;
- every organization must internalize a networking culture and relative processes on a constant basis;
- every professional in the ecosystem must feel part of a community.

Indeed, focusing on the last point, ecosystems can be viewed as a group of organizations but also, on another level, as a community of people.

According to a recent study in the UK, SEs think different than traditional, profit oriented entrepreneurs¹⁸, on topics such as the entrepreneurial process, network embeddedness, the nature of financial risk and profit, the role of individual vs collective action in managing and structuring enterprises, creativity and innovation.

This suggests that such a particular ecosystem or community which is composed by like-minded people who share a set of values regarding society and business, differs from the mainstream system. The difference is not in the arena where they operate (the market), or the things they do (business) but on people's motivation for doing so and their guiding values.

This changes everything, from the strategies to the organizational models, from the impact to the finances, suggesting that the enterprise is merely an instrument at the use of people's will, not the opposite. Building a thriving ecosystem for SEs is also a mean to prove that different ways of doing business and organizing people's work are indeed possible, effective and sustainable.

It's extremely important, especially for the SE sector, to have the support of a broad community of professionals, consumers, public officials, researchers, volunteers and funders. These people must be engaged on different levels to improve and grow the sector. In order to stimulate them to involve in the sector it is important that they feel part of a community.

For example, networking and community sense among SEs can be stimulated through networking events and training programs, taking examples and adapting formats from the start up world and other best practices.

A great example of those practices is the Association SEND (Social Entrepreneurship Network Germany)¹⁹, founded in mid-2017. In just one year it has grown to 250 members, including social start-ups, support organizations, business partner (such as Samsung), welfare and public organizations and, of course, social entrepreneurs. Another enlightening example is the IRIS Network²⁰, Italian national network of research centers on SE. It sustains empirical analysis and theoretical reflection activities to enhance a deeper knowledge of the SEs' phenomena, as well as organizing workshops and annual events to gather all the stakeholders and share this knowledge, building new research or promoting pilot projects for the next years from these collective reflections. More than being an association representing these research centers, it is a

¹⁸ Shaw E., Carter S., (2007)

¹⁹ <https://www.send-ev.de/>

²⁰ <https://www.theiris.org/>

context in which is possible to generate new knowledge among relevant stakeholders and activate it to develop the sector.

Just like any other innovation hub (for example, Impact Hub -who is the network focused on building entrepreneurial communities for impact at scale, <https://impacthub.net/>), the network SEND offers different opportunities to its members, such as guaranteed participation in events and parliamentary evenings, as well as thematic workshops, regional groups and technical working groups. Moreover, it brings on coordinated lobbying and communication activities, raising funds directly from the community (their kick starter campaign to implement their communication strategy raised over 50.000€²¹).

Enabling vs hampering ecosystems

SEs ecosystems can be defined as enabling or hampering. As emerged from SENTINEL project's research in Central Europe, determinant dimensions that can define the "health" of an ecosystem have been identified as:

- presence of a clear legal framework;
- specific policies and long-term strategies;
- access to finance;
- access to specific support and networking services;
- recognition and support among general public and relevant communities.

As emerged from SENTINEL project's studies, in some regions of CE, such as Moravia in Czech Republic, Slovenia and Hungary, local ecosystems do not really help the development of the sector, so actors of this ecosystem would struggle more to earn recognition, obtain enabling policies, raise funds and attract professionals.

For example, in Czech Republic, Hungary and Germany, SEs operate without any clear legal framework, and usually this is the result of the absence of supporting policy studies, strategic documents and a coordinated development strategy for SE's sector.

In Italy, Slovenia and Poland there is a legal framework for Social Economy and SEs, and, especially in Italy, there are supportive public policies, a dialogue between different stakeholders and already well established second level and umbrella organizations to provide support and networking services, such as lobby and advocacy activities and support in accessing finances through guarantees, grant scouting and project writing support.

If we consider the financial and banking system aside from national borders, we notice that in all countries SEs share the same problems in accessing finance: the lack of tailored services, such as access to patient investors and social venture funds, access to guarantees and to dedicated interest rates linked with Social Impact. The problem is mainly due to the fact that these organizations are often involved in low added value activities, such as green maintenance, cleanings, etc. (usual activities historically carried on by social cooperatives or WISEs).

²¹ https://www.send-ev.de/2018-04-24_wall-of-famef

Value dimensions of SEs networks and stakeholder's engagement

Nowadays the production of goods and services requires the cooperation of different actors – such as public and private organizations, companies, NGOs, universities, communities and individuals- from different sectors, industries, roles in the ecosystem.²²

In such context cooperation is a core element to provide a broad level of participation among different stakeholders in the value-creation process of an ecosystem and its distribution. To enhance the cooperation among stakeholders, establishing a formal network is an effective solution. Nonetheless, the development and enhancement of a formal network requires an understanding by all its members of its main characteristics and the elements that support value creation for SEs.²³

Moreover, the engagement of its members, resulting in their frequency of use of the network, is determined by their perception of its value and its usefulness.

The perception of value relates to three network dimensions, as defined by researchers²⁴, based on social capital, social network and social support theory as shown in Table 1:

- Network structure: the location and role of actors within the network;
- Network interaction: intensity, frequency and direction of interactions in the network;
- Network content: meaning that people engaged in the network give to the relationships.

²² Bohl O., Schaefer R. and Winand U., (2008)

²³ Granados M. L., Rivera A. M., (2018)

²⁴ Neergaard H., Shaw E., Carter S., (2005)

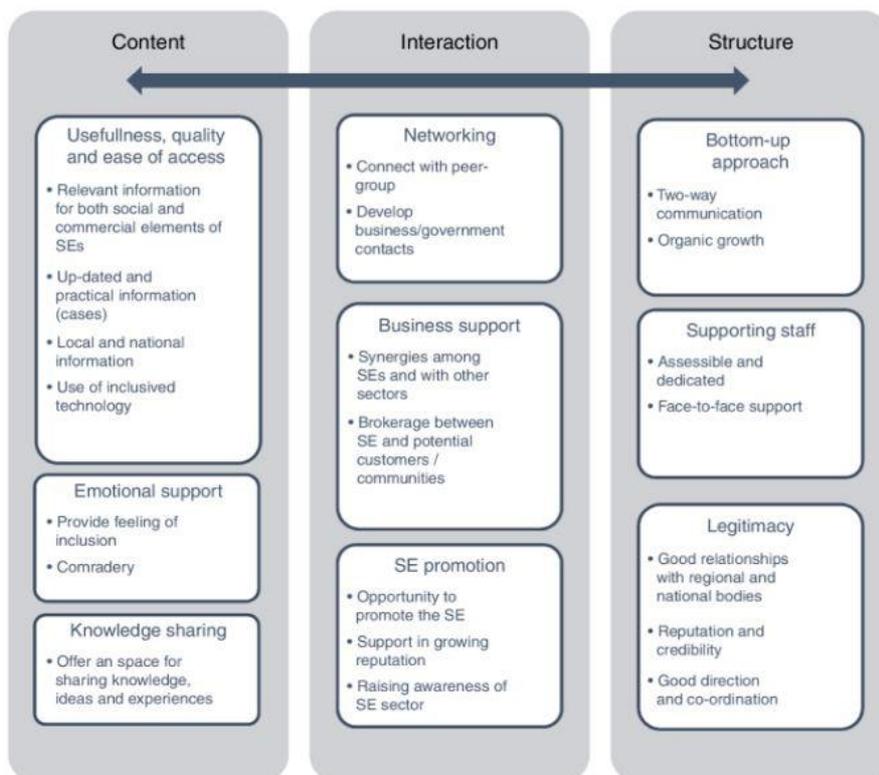


Table 1: Value dimensions of a Social Enterprise Network²⁵

Therefore, according to a recent study conducted in the UK²⁶, the frequency of use of SENs (Social Enterprise Network) is determined by:

- The perceived usefulness of the information available;
- The perceived quality of the information available;
- The perceived ease of access of the information available.

Other dimensions of SEs network

Besides their value dimension, networks can also be classified under other dimensions: their geographical area of influence and their members composition.

Indeed, networks can operate in local communities as well as on a global scale. Local networks are often part of a bigger network, such as the case of umbrella organizations operating on a national level, with different regional branches focused on the territory. Moreover, umbrella organizations can be part of a broader network. Considering the case of the Cooperative Movement, there are a number of global networks such as the ICA²⁷ (International Co-operative Alliance) and the ILO (International Labor Organization)²⁸, each one with its own continental and national representatives, national networks. In Italy, LegaCoop and ConfCooperative are national networks, and each has its own regional branches, like FTC (Federazione Trentina delle Cooperative) in Trentino Region. Moreover, there are other smaller networks more linked to the local territory, such as social cooperatives consortia.

²⁵ Granados M. L., Rivera A. M., (2018)

²⁶ Ibidem

²⁷ <https://www.ica.coop/en>

²⁸ <https://www.ilo.org/global/lang--en/index.htm>

Networks can also be differentiated by their population. There are formal networks composed only by a specific organizational form, such the aforementioned cooperative movement, or, for example, industry unions and professional networks, such as category associations. These kinds of networks provide specific, tailored services for its members, such as operational support, policy measurement, education, access to contacts, etc. They often engage with other networks as each organization or category must relate with its relevant stakeholders.

Generalizing, we can identify three different kind of networks:

- Public-private networks;
- Cross-sector networks;
- Intra-sector networks.

Public-private networks include public bodies and institutions on different levels (local, national, international) together with civil society organizations, communities and businesses. They have the purpose to affect public policies and regulations. For example, FTC has a daily dialogue with local institutions in Trentino, as well as a lobbying office in Bruxelles, to represent Trentino's Cooperative movement and affect policies at an EU level. In Poland, in Podkarpackie region there are specific networks directly established by local government, and the Podkarpackie Committee for Development of Social Economy has the specific aim to support policy coordination in the region, by facilitating the flow of information among stakeholders, promoting moments of dialogue and exchange, and monitoring the implementation of strategies.

Cross-sector networks include different organizations and professionals, such as academic institutions, companies and NGOs, coming from different sectors or industries and united by shared goals, such as innovation in products and services, lobbying and policy shaping. For example, the already mentioned SEND organization in Germany is gathering different stakeholders to effectively develop SE sector, while in Poland, in Podkarpackie region, there's the Regional Cluster of Social Economy and Innovation, an association of public sector actors, entrepreneurs and NGOs with the aim of developing their territory with coordinated policy, welfare and business efforts. Another example of cross-sector networks is Ashoka, an international NGO with branches in over 90 countries²⁹, a network of carefully selected innovative social entrepreneurs and other important ecosystem actors, united under the vision of world where Everyone's a Changemaker. The network is present in Europe in Austria, Belgium, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland and UK, but it's also active in Czech Republic, Denmark, Hungary, Latvia, Lithuania, Norway and Slovakia, as well as in Turkey. Ashoka's local branches can be an important partner to acquire new contacts, broaden your knowledge of the sector on an international level and expand your knowledge.

Intra-sector networks are generally composed by similar organizations in a specific sector. Similarity can be related to different dimensions such as the legal form (e.g. cooperative enterprises, social enterprises, etc.), operational area, geography, values and dimensions. These kinds of networks, which can be more or less structured -such as consortia, second level organizations, professional associations, informal platforms, etc.- are often used to effectively manage ecosystems, by lobbying as a whole, advocating, measuring the ecosystem, sharing some services or value creation processes – like fiscal and accounting services, policy measurement, organizing networking opportunities, etc.

For example, FTC in Trentino region, not only serves as a network hub for cooperatives and social cooperatives in the region; it also provides different kind of services, such as policy measurement and

²⁹ <https://www.ashoka.org/en>

lobbying with local, national and EU institutions, formation for professionals, fiscal and accounting services, incubation for new cooperatives, guarantee trust to access loans and grants more easily.

It is important to underline that these differentiations are just indicative. Indeed, from the single SE perspective, networking must be seen as a core process embedded in the organization's daily operations, therefore SEs should engage in different networks according to their specific needs.

From the point of view of an organization providing networking services, it can fall under more categories at the same time, for example operating within a specific sector but engaging a dialogue with public actors or other sectors, etc.

Chapter 2 - Why SEs networks are relevant for the social economy and specific contexts

The important role of SEs in the market ecosystem

Social enterprises are organizations operating within the market but pursuing an objective function which is different from profit maximization. They pursue the maximization of their social impact, which is a function:

- difficult to measure;
- with different interpretations;
- whose maximization is limited by their need for profit and finances to survive. A consistent part of these resources must be harvested in the market, often competing with more business-oriented companies.

That's why SEs are important labs for the development of organizations in general, as they overcome the traditional cultural and normative barrier of the public/private dichotomy. They are innovation spaces where business-like organizational models, tools and competences can be re-configured and tested to improve the social impact of a company, by effectively involving all its stakeholders in the creation of social value, hopefully by matching that with a fair profit, to sustain and improve over time the value-creation process.

But they do more: by pursuing an idea of value which is shared with a community, they open the definition of their objectives, their operations and eventually their governance to a broader audience of stakeholders. They become open systems, and as open systems their effectiveness is strictly connected with their ability to grow and maintain their network.

SEs challenges

As emerged from project's research in six less developed territories in Central Europe, even though operating in different ecosystems, under different economic conditions and legal frameworks, SEs face common challenges that can be gathered in six dimensions:

- Tailored policies and enabling legal framework;
- Access to finance and credit;
- Development of entrepreneurial skills and abilities;
- Access to market and product development;
- Tailored support services;
- Visibility of the sector to a broad public.

It's important to underline that SEs operating in enabling, mature ecosystems will of course have different needs than others operating in new-born, hampering ecosystems:

- In enabling ecosystems, the primary need for networking services providers is to innovate, optimize relevant policies, increase its effectiveness; from the organizational perspective is to emerge as a player, attract resources and contribute to the ecosystem's growth;
- In hampering ecosystems, the need for service providers is to build a structure and attract members, enter public debate to demand for tailored policies and to increase awareness among the general

public; from the organizational perspective is to survive and to integrate networking and an ecosystem management approach into the organizational culture.

Policy background

This dimension refers to all the challenges and barriers connected to the problem of policy, regulations and strategic documents. They differ dramatically according to the level of growth of the ecosystem.

In hampering ecosystems, the legal structure is not clear or specifically tailored for SEs needs, and often policy coordination with institutional actors is missing or confined to small local clusters. Moreover, a strategic view for the development of the sector is missing, as well as a dialogue with all the relevant stakeholders.

In mature ecosystems, where regulations are well defined and policy coordination is present, the main barriers are related to operations within the legal framework; therefore, bureaucracy is the main barriers for SEs operating in these ecosystems.

A common challenge to all SEs ecosystems in different countries, is policy measurement, as SE lack a common and agreed definition and it's difficult to measure the social impact of these enterprises, especially if they operate with a long-term vision. Policy measurement can be the base for policy coordination and data can be a common, understandable language to start a dialogue with institutional stakeholders in order to coordinate long term strategies.

Financing and credit

The lack of adequate financial services has emerged from research as one of the main challenges shared by every territory. Main problems are:

- Access to credit;
- Access to investments.

Poor access to credit threatens short term survival of SEs, as financial leverage is useful to effectively manage cash flow and daily operations, but also to support growth and therefore long-term investments.

Low levels of investments affect the growth of the sector, both in terms of dimensional growth of established organizations and in terms of birth of new entities.

Both problems are linked and are mainly due to the low sustainability of SEs' business models and, in most cases, to their low level of innovation and their size.

These conditions determine SEs high dependence on governmental subsidies, such as EU and national grants, as well as mono-customer dependence for public interest activities based on public contracting.

Entrepreneurial skills

Managing a business, no matter its dimensions, requires a set of transversal skills, such as leadership, finance, operation management, market analysis, product development, marketing and communication, sales, and many others.

On the other hand, to achieve social impact other skills are required, such as an extensive knowledge of the social problem addressed by the intervention, empathy, creativity, networking, community engagement and cooperation.

In most cases, as emerged from research, social entrepreneurs perform higher on civil skills rather than business skills. This is mainly due to the sector in which SEs start their journey: the NGO and civil society sector, where they do not have the chance to develop strong business skills.

Market and product development

Marketing can be intended as the ability to assess customers' needs, analyze the market, develop solutions, attract investments and go to market with an effective promotion in the shortest time possible, competing with other players.

These skills, as stated above, are often underdeveloped among SEs, resulting in a low attractiveness and sustainability of SEs' business models. There is a need of specific professionals to be employed by SEs, but this is often not possible due to capacity problems, linked to the small dimensions of most SEs, and financial resources to pay for competitive salaries, resulting in a low attractiveness of the sector for skilled professionals.

Moreover, SEs operating in marginalized and less-developed areas must face a lack of demand or a lower willingness to pay among their target customers.

Finally, most of the products and services offered by SEs, especially work integration SEs, present a low added value, generating low revenues. There is a need for innovation and diversification of the offer in order to overcome these problems and being able to widespread SEs' values and approaches into the market on a broader level.

Support services

Support services can be divided in three categories, according to the life cycle of the SE:

- Start up support, including idea validation, product development, team formation, investment readiness and networking;
- Scale up support, which includes internationalization, structure development and more;
- Operational support, such as legal and fiscal services.

The problems with the already existing start up and scale up services are that they are not tailored on the specific needs of a SE, but more often are offered to all kind of enterprises. This results in a low access for SEs, as these kinds of services are often focused on innovation in specific sectors.

Regarding operational support services, they can be possible if there are second level or umbrella organizations providing them. In newborn or hampering ecosystems there's the need to harvest these services in the market, facing a lack of specialized professionals.

Advocacy of the sector

There is low public awareness about SEs, resulting in lower positioning among customers and partners and in lower pressure on policy makers to develop specific policies to enhance sector's growth.

This is linked with difficulties in understanding the hybrid organizational form of SEs, bad stereotypes about the NGO sector and low lobbying activities.

Why do SEs need networking services?

To overcome these challenges mentioned above, SEs require experience and new knowledge to achieve innovative solutions to societal and environmental problems³⁰. Therefore, SEs need to outsource the knowledge that they need, facing the problem of resources when this knowledge is sensitive, complex, privately held and difficult to transfer³¹. So, SEs are more likely to engage with a broad audience of stakeholders in knowledge sharing and transfer processes and activities. To do so, they need established communication channels resulting from frequent interactions³².

As said before, networks offer a great potential for the development of the sector, especially in supporting the acquisition of resources, facilitating coproduction and partnerships, identifying opportunities and gaining legitimacy³³. However, the development of business support services for SEs requires a deep understanding by other actors, such as institutions and businesses, of the concept of SE. The risk of building a support network without establishing a common language at first would be creating a lot of confusion.

It is vital to build formal, specifically tailored support networks for SEs, to complement the existing, fragmented informal ones and standardize the sector standards and public policy debate³⁴. Even though informal actors are an important part of the ecosystem, as they interact with institutional actors and help them understand the sector, its language and dynamics, as well as helping in shape relevant policies, they still need their formal counterparts to complement their action and enhance their influence.

That is why community and ecosystem-based solutions are crucial for an effective networking: SEs can harvest fragmented knowledge, resources, working power and influence from their community and grow along with it and their peers.

A structured networking approach, as provided by second level and umbrella organizations or by other formal networks, offers different advantages:

- Resources: Via the network, SEs can facilitate sharing of knowledge and experience as well as partnerships on projects, dialogue and cross-fertilization.
- Lobbying: SEs can lobby effectively towards the outside if they are aligned on common goals for common needs. For example, they can influence public policies and spending or engage a broader audience for their social cause or acquire more customers or even interact with larger companies in joint CSR programs.
- Cost efficiency: SEs can externalize services – fiscal, legal, financial, ICT, digital communication, etc. – by purchasing as a whole (in the market) or directly creating an entity on their own behalf (such as the case of consortia and second level organizations).

Risk and challenges of having a more formal structure

Not having a structure within the network often means being weaker and less effective; on the other hand, formalization and structure come along with new challenges, risks and problems.

Once a network is formalized and professionalized, new issues arise, especially when the interests of establishers organizations or umbrella organizations differs from those of the people working for them. These interests need to be constantly put on the negotiation table and balanced.

³⁰ Weber C., Wallace J., Tuschke A., (2013)

³¹ Yii-Renko H., Autio E., Sapienza H. J., (2001)

³² Christopoulos, D., Vogl, S. (2014)

³³ Granados M. L., Rivera A. M., (2018)

³⁴ Shah D., (2009)

For example, if there is an excess of bureaucracy in second level organizations, and their logic start to move excessively towards complying with procedures and rigid frameworks, smaller organizations, that should be represented by these “giants”, often feel distant in interests, mission and engagement, feeling that these umbrella organizations are just another public, political body to deal with.

On the other hand, the same issues can arise within a small team: if the purpose of work becomes to religiously adapt to a rigid process or framework, people within the team often feel disempowered. Balancing power between network managing structures and their members is crucial: this can be done by introducing flexible and informal managing processes to counterbalance a heavy structure. Flexi-certainty is a word that refers to this magic balance between being formal enough to run the network and being flexible enough to address ad hoc issues in fast, efficient way, empowering all members. Having impact-oriented managing frameworks (such as OKRs³⁵ or others) can be an effective solution: when people understand why they are doing something (having a specific, measurable impact), their whole logic and motivation shifts towards effectiveness, not compliance.

Another issue might be the lack of clear division of task, activities and responsibilities between the network structure and its members. Sometimes networks managers can overtake activities from their members, and this can strongly affect relationships. Clearly defined tasks and responsibilities is an important condition for each member of the network to feel empowered, resulting in a deeper engagement, easier dialogue and proactive cooperation. Moreover, members need to be reminded that when they enter a network, they are engaging based on freedom of interest and decision. There are, of course, duties that come along with rights, when entering a network, but when its members do not feel engaged and stop working or none is taking care of a specific task/issue, having a specific division of tasks and roles, as well as reminding loud and clear the voluntary nature of this engagement, can be an effective solution to prevent or overcome these problems.

These risks must be managed as part of the networking creation process, imagining different scenarios and relative solutions and strategies to mitigate the risk. Having a structure does not guarantee effectiveness: impact orientation, balance, open communication, clear division of tasks and roles, they can help better.

³⁵ <https://objectives-key-results.com/>

Chapter 3 - How to create SE networks and how to implement them in different contexts

This chapter is the core of the HB. It will cover two main challenges that SEs and SEs’ support networks are facing:

- How to set up a network;
- How to build a structure and make the network sustainable over time.

The first part regarding the setting up a network for SEs step by step, will be referred especially to organizations operating in countries/regions where the SE sector is not yet developed and where the community is fragmented, unaware and not engaged.

The second part regarding the building a structure and make the network sustainable, will also be useful to those organizations who are managing a different life cycle of the network, with the needs to innovate and refine their processes and their structure.

HOW TO SET UP A NETWORK OF SEs STEP BY STEP

The first step for effectively setting up a network is to analyze the environment, starting from the borders of the ecosystem of reference, the barriers hampering the development of the network, the players involved or to involve and the resources available and needed.

The next step is to find the right fit: understand which kind of structure is better suited for the current situation and what kind of partnerships and resources are needed to build it.

The final step is to start involving the key players in the ecosystem and develop together solutions and strategies to build up the network and manage it effectively over time.

This process can be summarized in 3 parts and 10 steps: (we are mentioning 10 steps below)

A	Analyze the ecosystem	Step 1: Identify the ecosystem Step 2: Map the ecosystem Step 3: Divide it into building blocks Step 4: Conduct a Value Network Analysis
B	Assess conditions	Step 5: Identify barriers Step 6: Identify resources Step 7: Identify the right partners
C	Develop solutions	Step 8: Engage the partners Step 9: Decide where to focus Step 10: Set up a road map

A) Analyze the ecosystem

Step 1: Identify the ecosystem

In order to analyze an ecosystem, the first step is to identify its attractors, the components determining spontaneous aggregation of different actors in a complex, self-organized ecosystem, well defined with respect to its environment³⁶. The attractor can be a specific thematic, core values, core competences, specific resources or products, around which gravitates a plethora of actors.

Once defined the attractors, it is possible to restrict the borders according to the specific needs of each organization: geographic criteria, dimension of relevant stakeholders, target customer/users, etc.

Steps 2-3: Map the ecosystem and divide it into building blocks

These final passages allow the organization to define all the components of an ecosystem, as its key players, their roles and objectives will be analyzed.

It requires to build a database of all the organizations populating the ecosystem, by doing extensive research on the internet and possibly, interviews to key actors operating in it.

An effective and cheap methodology is the snowball analysis, which consists in identifying a first group of expert or key actors and to interview them. Then they must be asked to point out other 3 key actors, to be interviewed. After some passages, it is possible to map the network of contacts, that can be analyzed by geographical area, role, area of expertise, number of nominations, and other variables, according to the organization's needs.

The building block of the ecosystem can then be defined by analyzing its key players and their role. For example, if the objective is to analyze the support services for SEs, a possible division by role of the key players can be:

- Networks/Hubs/Incubators;
- Research centers and research networks on social innovation and social enterprises;
- Business angels and social venture funds;
- Specialized business units of banks and foundations;
- Public bodies;
- Consortia;
- Umbrella organizations;
- Specialized professionals;
- Universities and formation centers;
- Think tanks;
- Community leaders;
- Specialized business units (such as CSR or others) of companies;
- Final users (SEs).

The subsequent passage is to try to describe each category, defining its values, vision and mission, their main strengths and weaknesses, their core product/service, their key resources and their needs. This passage

³⁶ Kauffman S. (1993)

allows the observer to understand possible opportunities of cooperation on common objectives and spaces of competition/negotiation where resources are scarce, or objectives are in conflict.

Each player, from the organizations' perspective, can then be identified as follows, using the Value Net framework of analysis³⁷ and the concept of co-opetition³⁸. The Value Net is a diagram where the observing organization is at the center, while other actors in the ecosystem are identified along the value-creation relationship that elapses among them.

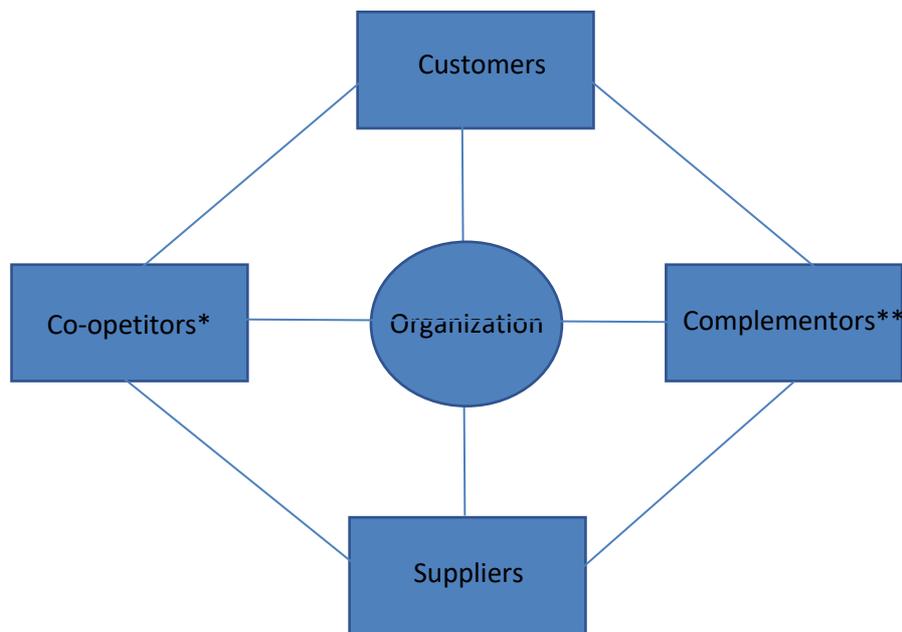


Table 2: Value Net Analysis diagram, as shown in Branderburger A., Nalebuff B., (1997)

**Co-opetitors are other actors competing and cooperating for resources, partnerships, grants, market shares, etc. For example, they can be other networking services providers.*

*** Complementors are actors that operate on the same value chain of the organization, but on another point. For example, they can be support services providers.*

The next step is to analyze deeper the key actors that are most interesting from the organizational perspective, by putting them at the center of the Value Net, for example. Moreover, it is important to understand how the ecosystem interacts with others, so the Value Net can also be applied to ecosystems or networks.

Step 4: Conduct a Value Network Analysis

The final step for analyzing an ecosystem, is to put all the pieces together. Visualizing it is an effective way to catch the big picture and to communicate it to others. In this context, the Value Network Analysis³⁹ (VNA) proves to be an effective tool.

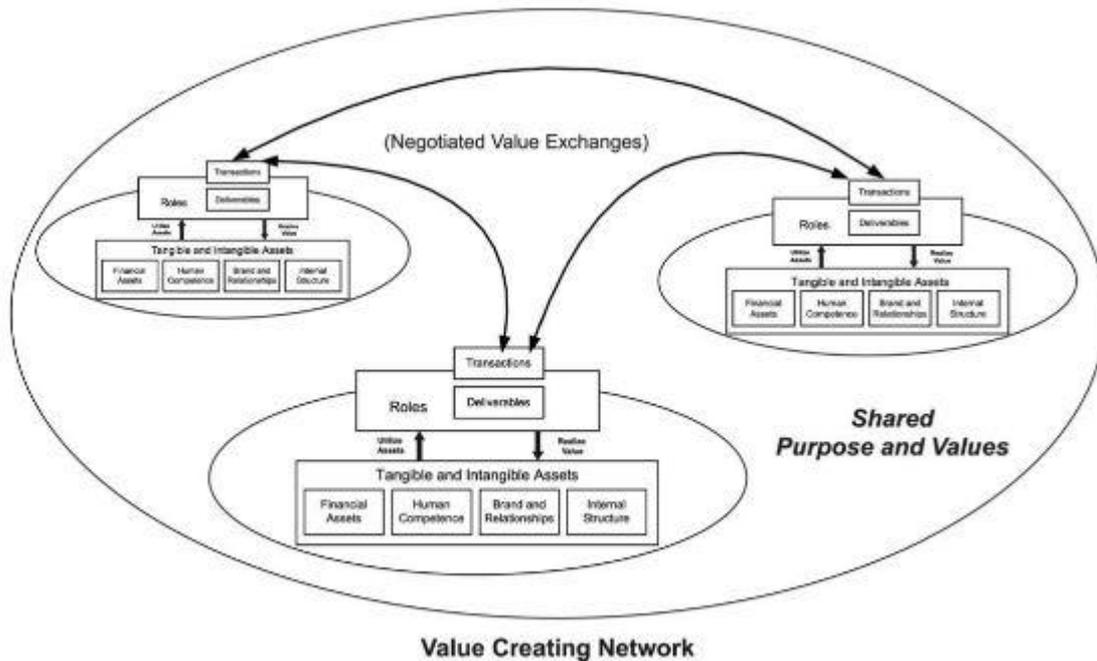
This particular framework starts from the idea that intangibles (such as reputation, knowledge, contacts, etc.), like other assets, are increased and leveraged through deliberate action, and can be converted into

³⁷ Collins J., Porras J., (1994)

³⁸ Branderburger A., Nalebuff B., (1997)

³⁹ Allee V., (2008)

value. To be converted into value, they need a healthy value exchange network (as shown in Table 3) where transactions are processed, and a medium of exchange.



We need a title for this table (number) and refer where it is mentioned

Table 3: Value Creating Network diagram⁴⁰

According to Allee, in order to fully develop a value network strategy is necessary to map out the value exchanges across the network. This mapping relies on three simple elements:

- Roles: are played by people participating in the network by providing contributions or carrying out functions. They can be individuals, business units, small groups, organizations, collectives or communities, and even national institutions.
- Transactions: activities originating from one participant and ending with another. They are represented by an arrow between two roles, with a solid line representing a formal contract and a dashed line depicting a non-formal flow of deliverables.
- Deliverables: what moves from one role to another. It can be an information, a favor, an advice, etc. Deliverables can be physical (a document) or non-physical (a phone call or a chat).

Once identified the roles, the transactions and the deliverables, it is possible to conduct a Value Network Analysis (VNA).

A VNA consists of answering three questions:

- Exchange analysis - What is the overall pattern of exchanges and value creation in the system as a whole? How healthy is the network and how well is it converting value?
- Impact analysis - What impact does each value input have on the roles involved in terms of value realization?
- Value creation analysis - What is the best way to create, extend and leverage value either through adding value, extending value to other roles or converting one type of value to another?

⁴⁰ Ibidem

Here are some guidelines and templates to help you in the analysis.

Exchange analysis

- Are there a pattern and a logic in the way value flows through the system?
- What are predominant, exchanges of tangibles and intangibles?
- Are some roles giving much without receiving? Why is that so?
- Are there bottlenecks, dead tracks or other inefficiency in the flow of value? Can it be shared more?
- How it is possible to optimize?

Impact analysis

The impact analysis can be effectively executed on an excel table:

- Determine the focus of the analysis: only one role, the system as a whole, a group of roles, etc. If needed, create separate tables or add extra fields;
- Create a table by listing the transactions on one axis and the key impact categories on the other. You can choose to show the values in numbers, icons or anything you like to help you visualize the results. You can also customize the impact categories according to your needs.

Transactions			Impact Analysis							
Deliverable	From	To	Activities generated	Impact on financial resources	Impact on intangible assets			Overall cost/risk	Overall benefit	Perceived value in view of recipient
					Human competence	Internal structure	Business relationships			
Intangible										
Tangible										

To fill the table, start by considering each transaction and its deliverable in terms of cost-benefit, to identify the activities with the highest value and possible opportunities and leverages.

- Activities generated – What does the input generates immediately in terms of activities or behaviors?
- Costs – What are the costs and risks of these activities? What resources (tangible and intangible) you need to handle these activities? What are the risks and benefits connected in handling the inputs?

Value creation analysis

While impact analysis focuses on how a role in the network benefits from an input, value creation analysis is focused on the output of each role, in terms of value created to the network, to themselves or to your own organization.

It gives an insight of different dimensions of value creation:

- Asset utilization – how well assets are used to create value;
- Value conversion – what inputs or assets are turned into value outputs;
- Value enhancements – what are the features that make this value output unique;
- Perceived value - how direct recipients perceive the value output;
- Social value – what is the value of this output for society, or the ecosystem and for the environment.

The guiding questions here are:

- Are the assets being used at their best to create this value output?
- What does this output provide in terms of value improvements?
- What are the benefits to the network in providing this output?

The steps to conduct the analysis are:

- Identify the role(s) where to focus;
- Create a table that shows transactions on one axis and the value creation insights on the other (such as the one in the example);

Transaction	Perceived value	Value creation								
		Tangible asset utilization	Tangible costs	Risk level	Intangible asset utilization	Intangible costs	How we add value	Cost/Risk	Benefit	

B) Assess conditions

Step 5: Identify barriers

Identifying barriers is fundamental to overcome them. Barriers can fall under different categories:

- Legal;
- Financial;
- Operational.

The legal framework and forms in which SEs must operate in a country regard the fiscal treatment, profit redistribution and salaries limitations.

Financial barriers are related to the availability of specific financial products and services, as well as propension to investment both by public and private investors in the sector, market attractiveness for a specific product/service, etc.

Operational barriers are related to the resources needed to implement the required activities to set up the network: human resources, knowledge, required dimensions, etc.

Step 6: Identify resources available

This step requires an internal analysis on the resources available within the organization.

Resources can be financial ones and other tangible assets such as infrastructure and equipment, but also intangibles such as competences in the team, knowledge, time and contacts.

In this respect, it is useful the development of methods and tools for collecting and reading the necessary data.

Lessons from the Pilot Actions

Box 1

In order to identify local assets and resources available, SENTINEL PP3 CEI (Italy), collected data on the territorial capital of Friuli region. The aim of the research was to get to know and analyze in detail the territories where the involved enterprises operate, increasing their know how in the functioning of local development and better understand and plan feasible actions, according to internal and territorial capital available, as well as the health of the market. The result was a toolbox called “Atlas of the mountains of Friuli” (available at <https://www.coopcramars.it/atlante/>). It gives information about the local territory, especially marginalized mountain and rural areas, regarding:

- environment and territory
- population
- education
- economic well-being
- institutions and politics
- labour market

The tool proved to be useful for the organization involved, sparking the interest of other entities in the territory who are willing to use it and further develop it with other indicators and more deep analysis.

Moreover, other neighboring territories have expressed an interest in developing a similar tool for their context. This is a great example of how data and resource analysis can be an aggregator to involve a network of partners in a specific context.

Step 7: Identify the right partners

As the analysis should have given an extensive knowledge of all the players operating in the ecosystem, their roles, objectives, strengths, weaknesses and resources, it should be easy now to identify the right partners to involve in the creation of the network.

C) Develop solutions

Step 8: Engage the partners

Once identified the right partners, it's time for action. Involve them in your project, tell them about your goals and your vision, and make sure they realize that it's also their goals and their vision. If they embrace them, it will be easier to keep them engaged and active.

It's important to involve them from the beginning, by activating participatory mechanisms that will allow them to be part of the creation of the network and related services.

These participatory mechanisms can be put into practice effectively with a few, simple tricks:

- Create a team: identify, at each partner, the person that will be in charge of the process;
- Set up a digital environment for the team: to make sure you communicate efficiently, there are a lot of free software for team communication, such as Slack and Base Camp. They can also be melted with other task management software such as Asana, Trello and Todoist;
- Identify and agree on a communication flow: channels used, contact points for each organization, time of availability;
- Set up a physical environment for the meetings: create your own room, where the team can feel at home, write freely on flipcharts or blackboards, work together without being disturbed;
- Manage the meetings effectively: always set up in advance the goals of the meeting, the main points on where to focus, the time available, who will be in charge of moderating the meeting. Come out from each meeting with well-defined tasks, each one with a responsible member of the team and a deadline, and make sure everyone is aligned on them by sharing the document;
- Don't brainstorm all the time: when it comes to generating ideas and solutions, give space and freedom to talk to everyone, but once a line is decided, stick to it, unless preconditions changes;
- Always involve the team on the challenges you are facing: communicate with everyone, ask for advice or help, and always be present for your teammates if they need your help or advice;
- Give space to peer formation and peer tutoring activities: in order to engage the team and make the people grow in competences and skills, set up moments where everyone can share their knowledge or expertise for the others, for example, by organizing formation webinars or face to face moments for tutoring. These mechanisms foster knowledge exchange and cohesion among the team;
- Find the time for an informal gathering: team building activities can be very important as well to foster the sense of belonging, build trust and have fun together!

Lessons from the Pilot Actions

Box 2

In order to collect the knowledge acquired by mentors, SENTINEL PP5 Prizma Foundation collected all the lessons learned, topics faced and challenges solved in video tutorials, interviews and other media contents. All this knowledge was made available for current and future mentees, by simply setting up a Facebook Workplace.

Discussions started around these contents fueled cooperation, exchange of ideas and contacts, creating a deeper sense of community among the professionals involved. This is a good example of how it is possible to combine a digital gathering place for the community, peer tutoring, education and valuable contents, to maintain a network alive.

Step 9: Decide where to focus

Once acquired an extensive knowledge of the ecosystem, its players and their roles and the way value is created and is exchanged, it's time to decide on what to focus, given the resources available and the objectives. This process should be done together with all the partners, by combining these 3 dimensions: 1. Focus, 2. Area of Influence, 3. Structure. (Please see Table 4)

Focus	Area of influence	Structure
Policies	International	Light
Education	National	Heavy
Advocacy	Regional	
Finance	Local	
Partnerships		
Knowledge transfer		
Contamination		
Networking opportunities		
Share of resources		
Other		

Table 4: Operational, Geographical and Organizational dimension of a business Ecosystem

As shown in table 4, the focus can be on more than one objective, maybe on all, according to available resources.

Lessons from the Pilot Actions

Box 3

During the design phase of pilot projects for SENTINEL, different project partners decided to focus on different objectives, according to their specific needs:

- In Slovenia and Hungary, pilot projects aimed at providing tailored mentoring and formation services for local SEs, focusing on knowledge transfer, education and networking opportunities;
- In Italy, the focus was on contamination, partnerships and connecting with local communities and public bodies;
- In Poland, the focus was on education for wannabe social entrepreneurs;
- In Czech Republic, the focus was on supporting social entrepreneurs and fostering market readiness of their ideas.

Each one of them found their own fit regarding focus. Clearing and communicating effectively this focus with their stakeholders helped a lot on defining the scope of actions and align them on the expected results.

The area of influence can also be on more than one level, if resources allow that, but in general it's better to start small and scale up, replicating the model once it has been refined.

Lessons from the Pilot Actions

Box 4

In Italy, SENTINEL PP3 CEI decided to focus only on the local territory, since the social cooperatives involved were operating at such level. After the end of the pilot project, other entities and territories were willing to replicate their methods, allowing CEI to refine it and scale it for the benefit of more communities and ecosystems.

The structure may differ according to the local legal forms available, the organizational culture, the staff and competences available, etc. In general, simplifying, the structure can be identified on a spectrum that goes from light to heavy. One extreme is an informal aggregation of individuals under one common goal, with no formalized processes or communication flows, where everything is open, and leadership and responsibilities are shared; while the other is a formal organization of individuals under a legal form, with identified processes and communication flows, different levels of responsibilities and command and a heavy bureaucracy.

In the case of networking services for SEs, obviously the focus is in providing networking opportunities, fostering the exchange of knowledge, information, partnerships, etc. to the benefit of the SEs sector. This can be done in different ways, by building different structures. For example:

- creating a coworking space that serves as a hub for the local community, hosting events, professionals, selling formation and consultancy services for SEs, companies, social startups, etc;
- creating a local, regional or national consortium of SEs that focuses on accessing finances and partnerships for projects, exchanging knowledge and resources;
- creating a nation-wide or region-wide umbrella organization only for SEs that provides both networking services and support services, providing formation, access to finance, events, lobbying, knowledge transfer, advocacy, etc;
- creating a nation-wide light network that embeds different kind of stakeholders to promote the SE sector, hosting events, lobbying and enabling knowledge transfer.

Besides these examples, there are many other ways, that can be identified by combining different objectives, structures, areas of influence, typology of organizations involved, resources. Find your own fit!

Lessons from the Pilot Actions

Box 5

In Italy, SENTINEL PP3 CEI reported that the two social cooperatives involved in the pilot project didn't manage to cooperate on the same activities but took different paths according to their needs.

The reason lies in the fact that their internal structure strongly differs from one another: these two organizations are very different in terms of dimension, resources and operational capacity. The smaller (Cramars, 12 people) focused on territorial development, territorial analysis and innovation, while the bigger (La Cadore, 200+ people) focused on internal development, management formation and improvement of already existing services.

Counterintuitively, the one with the lighter structure managed to allocate time and resources to work on innovation over the long term, while the other was burdened by already existing contracts, lack of

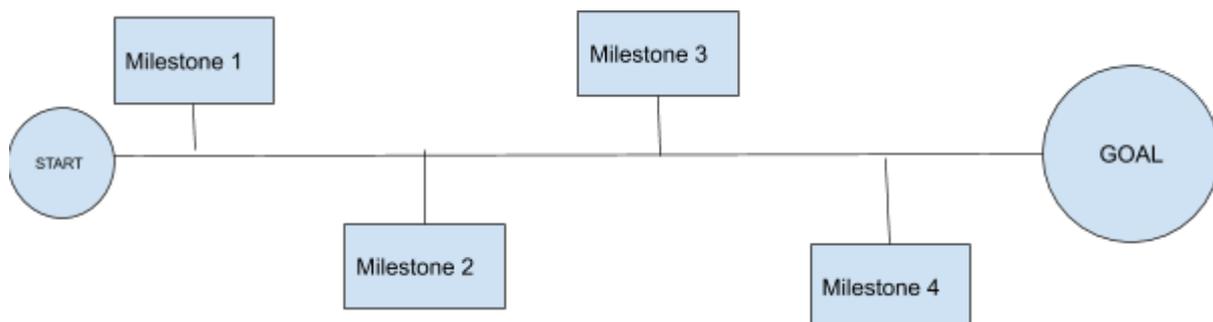
resources and internal policies that were slowing down progresses and openness towards an agile and innovative approach.

There's an important lesson to be learned here: it's always better to create a structure tailor made around the specific needs and capacity of your organization, the "one size fits for all" doesn't exist when talking about structure!

Step 10: Set up a road map

Now you have everything in place to set up your network. You have identified and analyzed deeply your ecosystem, you've undertaken a profound internal analysis to see what your resources allow and examined what the other roles in the ecosystem have in terms of resources and objectives.

Then you have identified and engaged the right partners under a shared vision and common goals, deciding together, through participatory processes, how this network should look like and what are its focuses and areas of influence. Now it's time to set up a road map, to make sure every stakeholder is aligned and remains engaged.



HOW TO CREATE AN ENABLING STRUCTURE FOR THE NETWORK TO WORK EFFICIENTLY AND BE SUSTAINABLE OVER TIME

To make sure the network survives its start-up phase is important to set up, from its very creation, solid foundations. These foundations lie on 4 key actions:

- **Action 1: Always remember to involve the stakeholders:** share, engage, discuss, co-create, stimulate peer formation and tutoring. Set up this rule as a core value and embed it in every action and decision;
- **Action 2: Set up ground rules and make sure everyone is aligned on them:** for internal communications, roles and expectations. Make sure you pick the right communication flow models and tools basing on the group's composition (provide basic examples for different cases);
- **Action 3: Measure stuff:** make sure you identify and measure effectively and efficiently the right PIs and adapt your KPIs (Key Performance Indicators) to different analysis needs and with the right timing over the life cycle of the network and its composition;
- **Action 4: Create value for its members:** always make sure to create value for the members of the network, by measuring it both in terms of perception from recipients and in absolute terms, and by adapting your strategy and your operations accordingly, to pursue shared value maximization.

1. Always remember to Involve the stakeholders

As we already know, a network is a dynamic structure composed by players and communication processes. So, it is extremely important to understand that its players are at its core. And players mean not only organizations but, more importantly, single individuals.

To keep individuals engaged, **the first step is to gather them around shared core values and goals**. To do so, it is important to define these values and to set up these goals together, make them explicit and reinforce them constantly.

The second step is to animate the network constantly, providing the individuals with plenty of occasions to engage in different areas of the network: formation, communication, solution and project design, peer tutoring and free discussion around core topics.

Lessons from the Pilot Actions

Box 6

A positive example of this practice is the feedback received by SEs participating in SENTINEL PP1 HCSOM's pilot project carried out in Hungary.

As they reported, the most valuable activity in terms of networking and sense of community were the joint training workshops organized periodically.

These workshops proved to be the perfect means to help people from different organizations bond, share personal challenges and celebrate success, as well as learn from each other and create opportunities for cooperation.

There's an important lesson to be learned here: never underestimate the power of connecting people in the network around things they value; if you want to keep the network alive, processes, tools and frameworks are important, but never forget to listen to your community and focus on the people.

The third step is to celebrate both successes and failures: success must be shared with gratefulness towards each stakeholder, recognizing clearly their contribution; failure must be celebrated and shared as a lesson, to make sure no one will make the same mistakes again.

2. Set up ground rules

As we already saw in the network set up guide, it's important to clearly define roles and expectations for each member of the network, rights and responsibilities, and a well-defined communication flow, to keep everything smoother. Processes are also important: no matter if they are defined on the way, learning by doing, or they are brought in by a partner; they must be formalized, so that everyone can understand them and is aligned. Processes make sure that there's a common framework for action, with measurable outputs that can help improve efficiency and efficacy. Moreover, formalizing processes means that transferring knowledge to new members will be easier.

Process culture must be part of the organization, as in every other business, because it can make the difference.

3. Measure stuff

Performance culture is another important building block of a successful organization; this is especially true for networks. Embedding a performance culture within a network of different stakeholders, especially in the social economy sector, where it's not always widespread, it's not an easy task.

To do that, it's important to have these pre-conditions:

- Clearly defined goals;
- A road map to reach each goal, on the short, medium and long term;
- A set of tasks with responsible functions, for every step of the road map;
- Every member of the team/network is aligned on these goals/tasks.

For every goal or task, it's possible to measure if it has been reached and also how well it has been reached, in terms of costs, time, efforts, results, etc. So, there are some values linked to each goal that can be effectively measured: it's important to make them clear to everyone, so that they can measure them or read them and make better decisions. But not every data must be measured, as measuring implies a cost. It's important to define the key indicators that can help decision makers identifying the main strengths and weaknesses of the undertaken actions and intervene, if necessary.

These important indicators are called KPIs. To embed a performance culture in your network/organization, you must:

- Identify KPIs for each goal/task;
- Make sure everyone is aligned on them;
- Make sure everyone knows how to measure them;
- Periodically check if they need to be changed;
- Periodically share the data with the team, read them and compare them to assess your overall performance.

4. Create value for the members

The most important thing, to keep members of a network engaged, is to create value for them and be sure that they perceive it, otherwise they will eventually leave the network for other opportunities.

That's when a performance culture comes in handy: when performance is measured and discussed together, member's perception of the value created is also aligned, as it's linked to real data. Otherwise, there could be a gap between value created and value perceived by the recipient.

Moreover, it's important to measure recipient's satisfaction with different tools, such as focus groups, interviews and questionnaires, to raise problems, suggestions and the most valuable network outputs perceived.

If value is not created, or not enough, according to member's needs, then processes, goals and strategies must be reviewed together, to make sure:

- objectives were realistic and feasible;
- resources were adequate;
- strategies were correct and correctly executed;
- processes were effective.

One final advice: focus on people

There is no such thing as a magical receipt to make network works. It really depends on people more than on organizations, on their motivation and their ability to follow up on planning with actions. These guiding principles, should however, make the work easier for those trying to provide networking services. Always remember to build good, proficient relationships of trust and mutual respect with your stakeholders, on a personal level. Together, as a group, you are the network.

To analyze more deeply some of these principles, on next chapter concrete examples will be provided from Pilot Projects implemented by SENTINEL project's partners in their countries.

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