



SOCIAL SEED

INCUBATION METHODOLOGY FOR SOCIALLY EXCLUDED ENTREPRENEURS
SUPPORTED BY COMPANIES



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METHODOLOGICAL GUIDE FOR SOCIAL INCUBATOR



SUMMARY

INTELLECTUAL OUTPUT 1: METHODOLOGICAL GUIDE FOR SOCIAL INCUBATOR

SUMMARY

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INTRODUCTION



The overall objective of the Social SEED project is the design and validation of a new social incubator for people at risk of social and economic exclusion. Intellectual Output 1 has identified the ideal phases of a social incubator, established the sort of relationship between stakeholders, selected the training and educational tools, as well as has analysed public incubators and capacities and limitation of the entrepreneurs. This short version of the Intellectual Output 1 shows the main findings for each of the established activities.



ACTIVITY 1.1

INCUBATOR PHASES DESIGN

The analysis carried out in the activity 1.1 has allowed the partnership to have a broader understanding about how a social incubator must be designed, taking as a basis different examples of incubator developed in European countries. Even though each incubator has its particularities, the analysis has allowed us to extract some common patterns for the stages of the incubation process.

In order to be able to draw conclusions from the study, the results obtained for each of the main characteristics that have been analysed in the different social incubators are shown below:

PROMOTER

The study shows that around 80% of the incubators are promoted by public and non-profit institutions.

Incubation period

The analysed incubators do not show a clear pattern in the incubation period. Incubation period is usually flexible, adapted to the identified needs and degree of maturity of the project. In this sense, two stages can be defined:

- Projects which have a clear idea and have certain level of development. For those projects, the incubation period must be between 3 or 4 months.
- Project which do not have a defined idea, in which case the incubation programs may last one years.

INCUBATION PROCESS

The most frequent stages that potential projects should go through are below:

- Application call: It could be a defined call or continuous registration process during the year.
- Projects selection: It is very important that the selected projects can accomplish the minimum requirements of the defined criteria of selection.
- Incubation process: Different stages and benefits that a project receives while it is being incubated.
- Implementation of the project: The project which has been incubated for several months can finally be activated and implemented. Likewise, this phase is very important because it shows the work done so the project can become a reality, allowing the generation of jobs and, therefore, ensuring that unemployed people once again have an opportunity.

INCUBATION OFFERS

The most significant benefits received by the studied projects are highlighted below:

- Training and support: The projects participating in the incubation program receive training in different subjects, in order to acquire the necessary knowledge to define their project in the best possible way.
- Dedicated spaces and work desks: This benefit also tends to be included in the different incu-



bation programs. The aim is to be able to offer the selected projects a minimum space and infrastructure so they can carry out their project with the best guarantees.

- Equipment support: Some of the incubators analysed also offer to the selected projects access to equipment, such as computers, printers, the internet, meeting rooms.
- Networking with mentors and investors: Normally, the selected projects have access to a network of mentors and partners, specialists in different subjects, so that they can have access to the maximum amount of information and can receive the best advice so that their project can evolve in the best possible way. Also, some incubators promote the possibility of investment.

NUMBER OF INCUBATED PER CALL

Although the number of projects per call will be defined by the real capacities of each social incubator,

it has been considered that the ideal number of projects per call should be **five**. In this way, services can be offered in a personalized way, guaranteeing the quality of all stages of the process.

NUMBER OF CALLS PER YEAR

Based in the available information of other incubators, the number of calls per year could be **two**.

INVESTMENT OPPORTUNITY

Half of the analysed incubators do not offer investment towards the incubated projects. However, there are many incubators that do facilitate networking with potential investors who want to support their projects. It is important that incubators provide contact with investors and potential clients.

ACTIVITY 1.2

RELATION BETWEEN MEMBERS OF THE INCUBATOR

The analysis will identify good practices, analysing the conditions and factors that influence their success based on different relevant incubators. It is important to know what experiences have been carried out, with the aim of analysing them and drawing conclusions that will allow us to design an incubator for people at risk of exclusion with the maximum guarantee of success and effectiveness.

PUBLIC, PRIVATE AND/OR SOCIAL LEADERSHIP

Historically, most incubators were run by public sector organizations because the private sector considered them a very risky option, due to their high failure rates. Those led by private companies are very competitive, since they look for the best projects, the most scalable ones, which can generate a return on investment multiplied by 10. These requirements make it very difficult for private incubators to incubate projects of people at risk of exclusion, since they will generally be self-employment projects, with little capacity to be scalable, and with a low technological or disruptive level, linked to some trade known by the entrepreneur.

On the other hand, when the incubators have public leadership, there is a different pattern, subsidizing many of the expenses to facilitate entrepreneurship. In this model, the objective is to create employment, so it is not so much about the ability to return the investment made in them.

And in third place are the incubators led by social organizations, in this case, they act in a similar way to the public ones, but advancing even more in the model of aids, giving economic aids for displacements, materials, etc. In this model the objective is the inclusion of people at risk of exclusion, therefore there are more elements of help, not only economic but also psychosocial.

BUSINESS PARTICIPATION IN INCUBATORS

About the participation of the business world in the incubators analyzed, which work with disadvantaged groups, two parts should be differentiated, on the one hand, the participation of professionals and on the other the participation of companies as entities. In the first case, the presence of mentors or professors from the business world, with experience in the creation of companies, who in most cases participate selflessly, is common. It is usually part of their volunteering. In incubators that are not aimed at people at risk of exclusion, the participation of the companies, in addition to training and mentoring, takes many other forms. For example, they can collaborate in identifying business opportunities or equipment to develop the project,

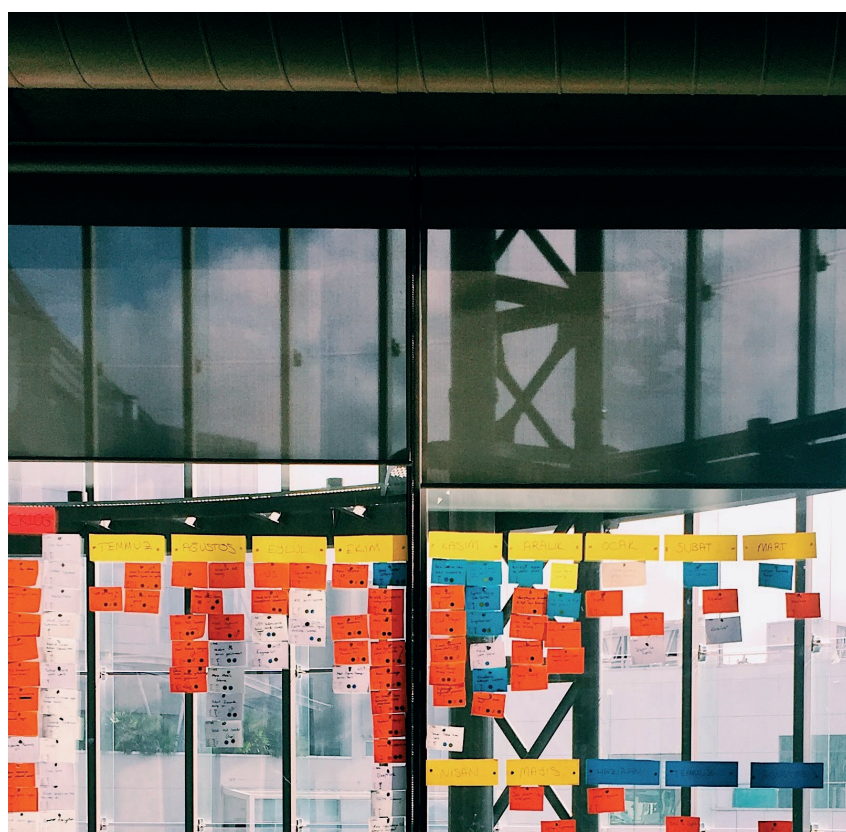
proof of concept aimed at implementing the product, economic exchange according to milestones. It would be interesting to be able to reproduce all these incubator-business relationships to inclusive incubators.

INVESTOR RELATIONS

In companies created by people at risk of exclusion, the projects usually not give an interesting return on investment. Therefore, inclusive incubators often opt for other forms of financial help, such as prizes (which can amount up to 1,000 euros for example), crowdfunding campaign, social microcredits (European funds aimed at people at risk of exclusion, up to 25,000 euros without guarantees).

PARTICIPATION OF SOCIAL ORGANIZATIONS IN THE INCUBATORS

NGOs do not have a presence in the standardized incubators, only when they lead the incubators. In the latter, where they work with people at risk of exclusion, they generally lack an entrepreneurial approach. These entrepreneurial projects are



usually led by social workers with a great deal of experience in designing itineraries for social integration, but little experience in creating companies.

PUBLIC ADMINISTRATION PARTICIPATION IN INCUBATORS

They generally are not involved with private incubators. There are usually more participations intertwined with those led by social organizations or those led by themselves. Similarly, as in the previous paragraph, they tend to have deficiencies in business knowledge, as they are often led by officials with little entrepreneurial experience. Although they are supported by external professionals.

RELATIONSHIPS BETWEEN ENTREPRENEURS AND MENTORS

In general, an attempt is made to create a sense of teamwork in the different incubators, regardless of whether it is a private incubator, or one led by a social organization. Although it is true that in the latter, this facet is worked on much more, normally also because of its focus on the person rather than on competition. It is in this type of social incubator that we have found best practices.

GOOD PRACTICE INDICATORS

Almost all incubators tend to use the same indicators to analyse their impact on the incubated companies and their environment. We list the most used ones: driven companies, job creation, geographical origin of the entrepreneurs concerned, driven business sectors, phase, degree of progress and maturity of the incubated companies, aid most requested by entrepreneurs, most popular experts by area of expertise, financing most requested by entrepreneurs, etc.



ACTIVITY 1.3

TRAINING AND EDUCATIONAL TOOLS SELECTION

When investigating the entrepreneurial potential of European society, it becomes clear that incubators play a crucial role in the process. The political environment of a country shapes, to a great extent, the conditions under which those incubators operate. There is a significant difference in the level of development of support mechanisms among the four project partner countries, especially when we compare those who entered the EU before and after 2004. In Italy, Germany and Spain, there is a far more forward-looking understanding of the social economy in general, and the social incubation processes are more comprehensive and advanced. On the other hand, Polish entrepreneurship has a slightly different characteristics, due to the transformation from socialism to liberal democracy in the early 90's of the XX century.

The way in which an incubator was formed influences strongly its approach towards education and trainings. In our work we approached incubators established as:

1. Foundations
2. Associations
3. Commercial companies
4. Budgetary units of public administration

They usually offer both theoretical and practical training. In terms of theoretical knowledge, the following aspects are usually discussed:

- marketing
- sales
- elements of human resources and a general concept of company management
- finance
- social economy – local specific of social business types
- legal aspects of entrepreneurship

In the vast majority of cases, the incubator is respon-

sible for preparing the training content. It is often done so with the help of experts and sometimes even with the future to be investors –a complex approach that provides the practical insight so much expected by the business.

Similarly, most of the social incubators we interviewed (from Poland, Spain, Italy and Germany) entrust the training and mentoring tasks to their staff. Very often, they contract external experts in the field of entrepreneurship for practical education. Experts and mentors are selected using the following criteria: experience, expertise, knowledge and ability to network so that they best correspond to the needs of those being incubated.

While working on social entrepreneurship, workshops are exceptionally valuable. They allow transmitting knowledge, skills and abilities through work-

ing together, often in experimental, “out of the box” techniques. One of the most common methods referred to by our experienced partners from Italy and Spain is design thinking. Polish experts also underlined using the service design methods, that has grown as a human-centred, collaborative, holistic approach focused on improving existing services or creating new ones.

Another issue of key importance is the fact that commercial and business culture can only be experienced in action. The incubator should provide various opportunities for meeting with local businesspersons and customers, for observing the market, and for gaining insight into business management and customer management. These could take the form of reflection aids, discussion forums, and field excursions/study visits, but most of all – internships and job shadowing.

All the incubators approached use online training tools like webinars, online workspaces and programs such as Microsoft Teams and Google Classroom. Some incubators also use Moodle e-learning platform for their work.

GENERAL RECOMMENDATIONS FOR THE SOCIAL SEED TRAINING CONTENT

- human-centred approach of the module
- inclusion of Design Thinking and Service Design methodologies
- splitting the training programme into 6-10 different modules
- each module is to be held for a one full day
- participants receive a trainee handbook, slides and several exercises (real-life cases/ scenarios) to work on
- the course should be highly interactive with a group of max 15 participants
- it is crucial to ensure maximum commitment and the dialogue between the trainees and the trainers and among the participants themselves
- the services must be provided at a location with useful public transport links and in proper rooms (also considering people with limitations)
- The incubator should provide the participants with the use of working spaces and working materials (e.g. computers, printers, etc.) and shared rooms for events, as socially excluded people often lack adequate working or living conditions and the necessary working supplies
- Follow-on support for beneficiaries after the programme ends could be continued in the form of mentorship, free access to office facilities and information and networking support.

ACTIVITY 1.4

PUBLIC INCUBATORS

Numerous municipalities have been running their own economic development programs for decades and have set up their own departments or divisions in their administrations to promote the economy in their region. In addition to a location policy, which is designed to make the region attractive for the settlement of (industrial) companies, research institutions or tradesmen, especially through attractive taxes and/or through (low-priced) commercial settlements, the municipalities are increasingly supporting the establishment of companies in their region and for their region.

This support can take many forms and has taken on a wide spectrum in recent years due to numerous new models: including start-up centres, business parks, co-working spaces, incubators, accelerators, fin-tecs, digital hubs. These various instruments are often aimed at specific target groups and are not accessible to all groups of people or sectors. This means that although there may be a municipal start-up centre run by the municipality, this start-up centre is only set up for a specific target group or sector and does not take disadvantaged groups of people or sectors into account.

However, the municipalities are not the only actors who support the start-up process. Other actors include: the chambers, the companies themselves with their own programs and projects, research institutions, foundations, private initiatives, non-profit associations and, finally, projects initiated by funding

programs of the European Union, member states or regions. This diversity of actors and models can lead to a lack of transparency, which in turn can lead to duplication or a concentration on certain target groups and sectors that have been identified by the various actors as particularly affinity with start-ups and promising for success.

In recent years, incubators (and accelerators) for Start Ups, Fin-Tecs or Digital Innovations have been booming. On the other hand, “disadvantaged groups of people” are mostly seen as not economically attractive or not suitable for self-employment. As a result, municipal and private support systems are only marginally geared to them. Insertion: One exception (in many countries) are support programs for women’s self-employment.

An Internet research of the scientific literature showed that numerous publications on the subject of “incubators” have been published in recent years. These examine, develop and analyse models for incubators and emphasize the economic importance of incubators. Regarding our target groups, they come to the following conclusions:

- A diverse start-up landscape - especially the establishment of disadvantaged groups - is of high importance for economic performance and for social and civic integration.
- Incubators, accelerators, business incu-

bators and similar initiatives promote sustainable entrepreneurship by testing and stabilizing the idea behind the company in the start-up phase and contributing to consolidation in the initial phase (after the company is founded).

- Municipalities are responsible for a wide variety of institutional offerings - whereby it is up to the municipalities to decide which offerings are made available and financed by them, in what size and for what target group: but anything is possible.
- Specific incubators, accelerators, foundation centres or similar initiatives tailored to disadvantaged target groups are extremely rare and, in most countries, not offered by municipalities at all, and if they are, they offer inclusive services.
- In spite of all scientific knowledge about the importance of a diverse economy and the role of the business start-ups of disadvantaged groups of people for the economy and society as well as the possibilities of the municipalities to provide the institutional framework in the form of incubators, accelerators, start-up centres or similar initiatives, these institutional framework conditions are not provided for disadvantaged target groups.

Internet research, carried out in 16 European countries, confirmed these results: there are many and innumerable incubators, accelerators, business incubators, co-working spaces, labs, etc. with a partly comprehensive, partly limited range of services. The services include Seminars, workshops, webinars, individual consulting, support, coaching, mentoring, networking, crowdfunding, financing (not exhaustive). Some offer premises for the preparation and planning of the business, which can be used individually and in groups / teams - partly free of charge,

partly with personal contribution -, and facilities for the future company or (only) common administrative units. Others offer scholarships for the participants and the payment of living expenses. There is something for every need.

If the focus is directed at municipal incubators, accelerators, etc., these are only a small fraction of the available services. But even if the municipalities are rather a small player, incubators, accelerators etc. are offered by them for different target groups and different sectors. If the focus is narrowed to municipal incubators, accelerators etc. for disadvantaged groups of people - specific or inclusive - the proverbial needle in the haystack must be sought and found. Municipalities usually do not target disadvantaged groups of people - although disadvantaged groups of people can (theoretically) use the existing facilities, there are hurdles that do not allow them to participate in practice.

Municipalities are one actor among many stakeholders who offer incubators, accelerators, etc. and thus play an active role in supporting the start-up ecosystem. However, there are no municipal incubators, accelerators, etc. that are targeted at disadvantaged groups of people or that have an inclusive approach and take disadvantaged target groups into account. The possibilities are available but are not used. This disillusioning conclusion cannot be made more positive by the few municipalities in Europe that have taken a different path and can serve as good examples of how disadvantaged target groups can be included in municipal incubators, accelerators, etc.

ACTIVITY 1.5

ANALYSIS OF CAPACITIES AND LIMITATIONS

In order to define a methodological guide to design a social incubator with groups at risk of exclusion supported by companies, was carried out a study of the situation of people at risk of social exclusion, underlining therefore what limitations they could have to face during an incubation process such as the one Social Seed project proposes. The following information have been obtained through scientific literature review and through at least 8 consultations and interviews per partner country with NGOs or professionals (also internal staff, if available) working with these groups. The aim of this study is to detect the limitations that these collectives face at the time of undertaking and capacities that could be stimulated to empower these groups to achieving good results on their business projects.

Considering **personal and social aspects**, according to the literature being part of a frail category could be both an added value or a source of impediments to the business, since often in their lives they have been led to develop very strong mental attitudes and a sense of power in dealing and overcoming problems, but, otherwise, because of their lack of economic resources, it makes difficult to undertake a business idea and the lack of emotional stability don't allows them to face strongly situations of stress.

Women are significantly more likely to cite fear of failure or fear of doing it alone as a primary reason for not starting a business. It emerges that not all women lack self-belief, however many female entrepreneurs were more likely to attribute their subsequent success to other people, rather than to their own capabilities. Although women are often interested in entrepreneurship, it is more a gender bias that blocks them. The role they culturally are supposed to perform is in fact more linked to family, children and domestic care. Therefore, the **family** plays an important role in the self-entrepreneurship process. In fact, it can represent a support nucleus, but it is necessary to know how to balance family life at work (making it a benefit and not an obstacle).

In some cases, **disability** can bring physical or material limitations to reach the incubation site and this is an important factor to evaluate. Social incubators are usually in the city center in some facility given by the local authorities and they support economically the participants through reimburse of travel/reaching cost the training facilities. It's also possible to use tools that allow to support those who want to start a business also in a remote way (virtual workshops, webinars, WhatsApp), but is important also in the online delivery to provide and organize a supportive network, to prevent participants from feeling alone and excluded.

Referring to the **practical aspects of incubation**, the schedule of the program in terms of **duration/number of hours** is a key element but, in view of the specific beneficiaries targeted by social incubator, it must be considered with a flexible approach, because it can concretely affect their availability to participate and, if not properly planned, it can introduce some constraints for some categories among them (mothers, migrants, etc.). For the **conciliation of work time** it is important to plan the incubation path in order to make it compatible with the family needs – especially for caregiver's categories (i.g. mother, especially of minors) – and with the process of job searching.

The **documentation** that can be required in relation to the type of incubator and to the funding that are necessary for the business project, is an important element that can actually make a big difference for participants. Usually in fact, targeted beneficiaries are distrustful of institutions and being asked to fill documents looks like either an intrusion into the private sphere or a way to doubt their statements; sometimes, however, the process is funded by public or private entities and different documents may be required in order to access the funds and prove the participation to the activities.

In addition, we have to consider that the categories of people involved in social entrepreneurship incubation have a **high vulnerability profile**. Generally, when they enter the incubator and are supported by professionals, they become empowered and have a very high state of mind, showing great willingness to succeed, persistence, enthusiasm and motivation.

Taking into account all the possible barriers and limitations, it's important to provide recipients with all the necessary tools to **recognise and manage worries and stress**, through specific transversal actions of **mentoring, consultancy, coaching, personal growth, support and assistance**, without replacing them in their management. All the experts agreed, **reporting** that is very important to consider these aspects during an incubation path, in order to provide a sense of security, so much needed by the socially excluded. From a technical point of view, **appropriate tools are required to plan and manage tasks and schedule**, which can be provided through non-formal training, so to make them simpler and more intuitive. **Theoretical and practical training should be offered on how to use different tools to prevent or manage problems and practical sessions with real examples must be planned.**

All contributors agreed that **mentors** cover a key role along the entrepreneurial journey. The professional and technical support is essential for the sustainability of the firm in every aspect and the personal/relational dimension is fundamental to develop self-awareness and confidence not only towards the own business project but also in relation to the reference context/market.

Other limitation, as observed in all project partner countries, are **the difficulty** for groups at risk of exclusion **in obtaining funds to finance their business idea**, and the **difference in treatment and income** in the categories of people considered at risk of exclusion. On this aspects **sponsors/investors** are central figures to the entrepreneurial path of these disadvantaged people, in order to cover most of the costs for the starting business project.

Summarizing, people at risk of exclusion are often persons with a low self-confidence and a wrong solution is to de-professionalize these people, reducing the value of their contribution. An incubation path that offers support and mentoring under different aspects and provides a sense of security is important and so much needed by the socially excluded.

The incubator is the place of election of all the individual and/or group initiatives to implement, in order to facilitate the **development of the entrepreneurial** culture of the recipients (training, information, exhibitions, debates, etc.). **Socialization** is indeed essential for an enterprise since the early stages of the incubation process. It is necessary to make the most of the group path, because it could give birth to integrated businesses that have shared or complementary visions in a collaborative path instead of having many similar individual paths. The perspective must not be one of competition, but one of cooperation in which each subject can compare with others and receive support.

Helping them to intercept and create peer groups, encouraging the comparison between people who are taking similar paths and developing similar ideas, it's also possible to create alliances and develop networking. It is important to develop activities and support that tends to enhance the efforts that the person makes without risking their income. It should be made a program based on their specific needs, on concrete and real factors, as well as allowing a high level of involvement and management by participant in activity planning with a more lasting support, gradually decreasing in the development of the business, so that the person cannot remain uncovered.





CONCLUSIONS

People at risk of exclusion generally face very complicated situations, both in terms of health and lack of economic and training resources. Likewise, entrepreneurship is a critical experience for every person and requires a lot of skills, economic resources and networking. Social incubators aim to support people with limited resources to develop their own project, but such a task need a well-considered and technical approach. The Intellectual Output 1 collects all relevant aspects related to the creation of a social incubator. In the following link you can download the whole document: <https://socialseedproject.eu/download/175> .

