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CHEMNITZ

How to Foster Entrepreneurship in the Local Innovation Ecosystem with Different Approaches (II)

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Melissa

Please,

tell us who you are, where you work and what your task is!

Gründungsgarage Chemnitz is a driver for social entrepreneurship, social dialogues and creative, collaborative impulses.

- We strengthen awareness of social and sustainable issues.
- We support entrepreneurs in orienting their lives and work towards their values and the future.
- We promote social entrepreneurship in our region.

→ We have a programme for social entrepreneurs, Youth education project, Open Garage events

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Our Collaboration

Advisory Board Member

Tasks and Aims

- Support with knowledge
- Participate at events with key notes, workshops, etc.
- Act as jury member in the selection of applicants
- Initiate research
- Activate the network

Why

- Research areas: social innovation & innovation systems
- Key studies about social innovations in Saxony since 2021
- Former employment in social work and welfare sector

Social Entrepreneurship

Definition I

Mair et al., 2006

Social entrepreneurship
is understood as organizations
that aim to solve societal problems
with business methods.

Social Entrepreneurship

Definition II

Yunus, 2008

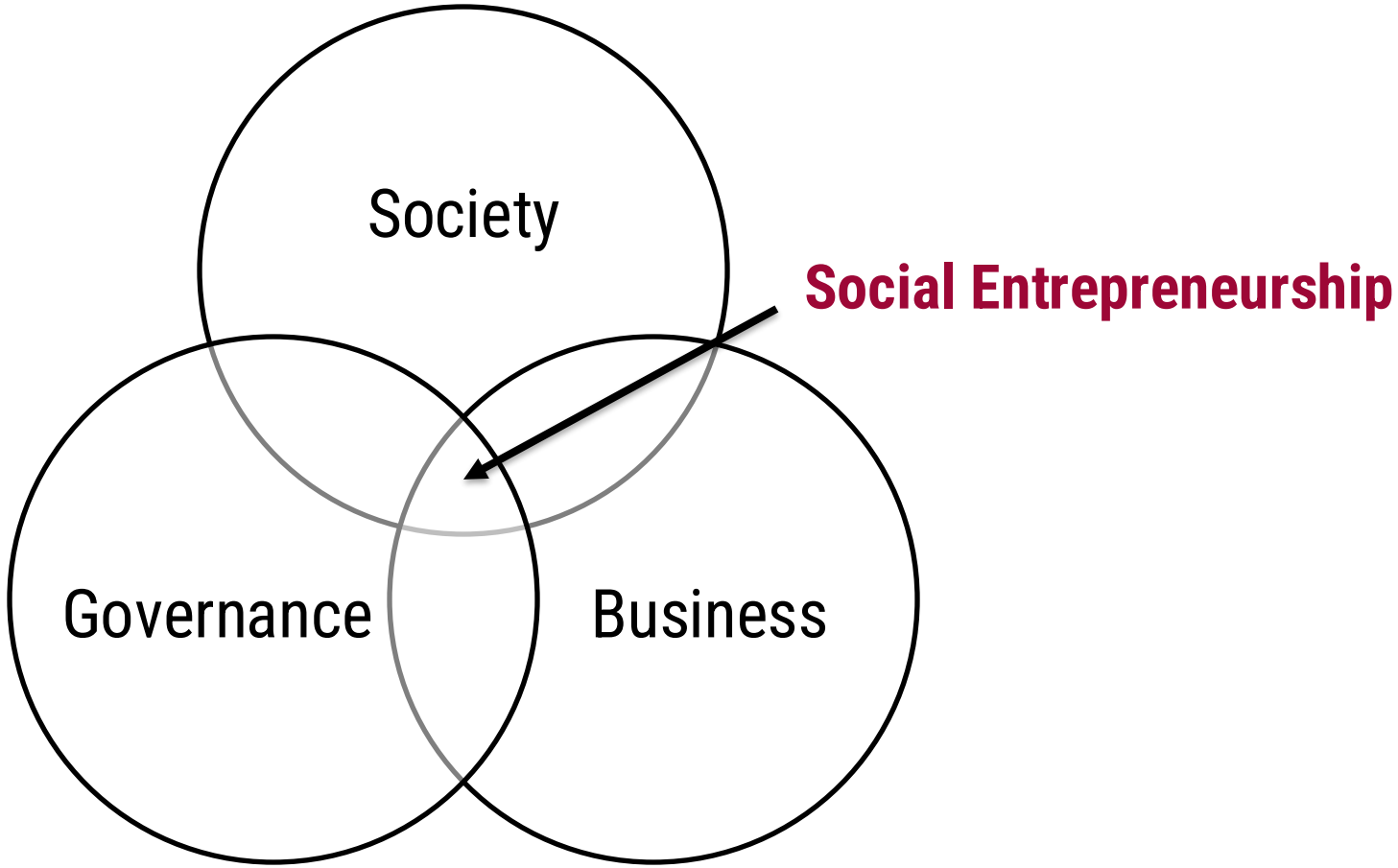
Social Business – not a charity

„A social business is not a charity. It is a nonloss, nondividend company with a social objective. It aims to maximize the positive impact on society while earning enough to cover its costs, and, if possible, generate a surplus to help the business grow. The owner never intends to take any profit for himself.“

Social Entrepreneurship

Dimensions

SEND, 2019



Melissa

What are differences and challenges in supporting social entrepreneurs in comparison to “regular” entrepreneurs ?

- Access to Capital (Investors are often focused solely on high financial returns)
- Legal Aspects (taxation, legal structure, compliance)
- Balancing Mission and Profitability (must find ways to generate revenue while sill holding their social/environmental goals
- Less entrepreneurial knowledge

Social Entrepreneurship - Business

Business Model

Social Business Model Canvas

Social Innovation Lab

Key Resources	Key Activities	Type of Intervention	Segments	Value Proposition
What resources will you need to run your activities? People, finance, access?		*What is the format of your intervention? Is it a workshop? A service? A product?*	Beneficiary	Social Value Proposition Impact Measures *How will you show that you are creating social impact?*
Partners + Key Stakeholders *Who are the essential groups you will need to involve to deliver your progamme? Do you need special access or permissions?*		**Channels** *How are you reaching your beneficiaries and customers?*	Customer *Who are the people or organisations who will pay to address this issue?*	Customer Value Proposition *What do your customers want to get out of this initiative?*
Cost Structure *What are your biggest expenditure areas? How do they change as you scale up?*		**Surplus** *Where do you plan to invest your profits?*	**Revenue** *Break down your revenue sources by %*	

Inspired by The Business Model Canvas

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Inspired by The Business Model Canvas

Beneficiaries
vs.
Customers

… because beneficiaries are often not able to pay for the products or services.

Where does the money come from?

Social Entrepreneurship - Business

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Inspired by The Business Model Canvas

Threefold:

- Value linked to the social problem
- Value linked to society
- Value linked to costumers

Social Entrepreneurship - Business

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Inspired by The Business Model Canvas

How are the values created?

What is offered at the market?

Social Entrepreneurship - Business

Social Innovations?

(SEND, 2019)

Social innovations are new purposes in the sense of **improvement for society** or solutions to social problems that are also accepted and applied in society.

This means on the **normative dimension**:

- What is better for whom? New means means the “novelty” of social practices compared to the conventional practices of a society.
- On the content or object-related dimension, this means: What is new about the innovation?

Social Entrepreneurship - Business

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Social Business Model Canvas

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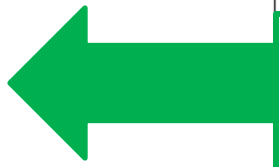
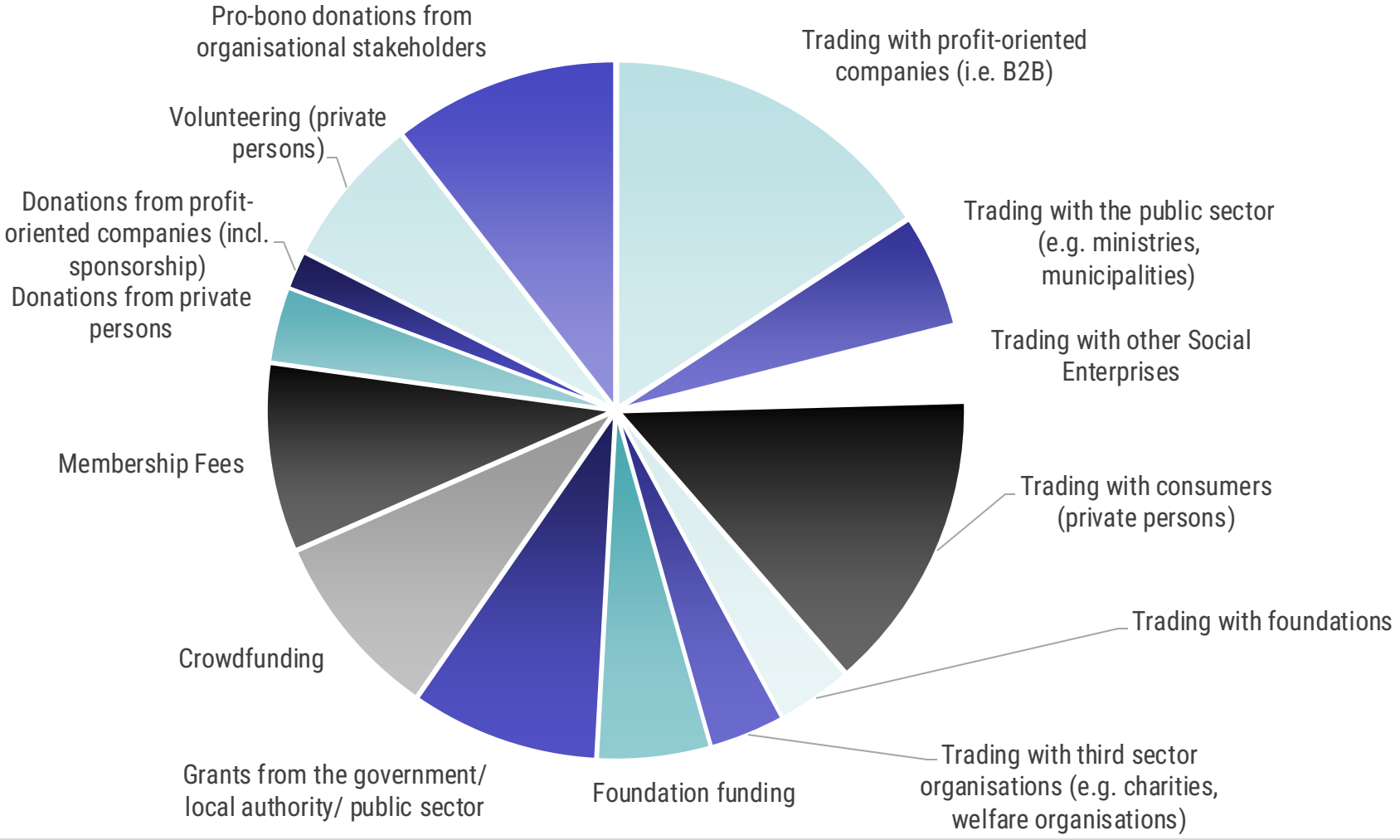


Where do you get your money from?

Social Entrepreneurship - Business

Generating Income

(Herrmann-Fankhänel, 2022)



Social Entrepreneurship - Governance

Business Model

Social Business Model Canvas

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Inspired by The Business Model Canvas

What are you doing with your profits?

Social Entrepreneurship - Governance

Governance

(SEND, 2019)

In order to maintain their social impact in the long term, the organizations make use of steering and controlling mechanisms.

Profits are not primarily distributed to any shareholders, but are largely reinvested. This is intended to prevent mission drift (drifting away from the intended goal).

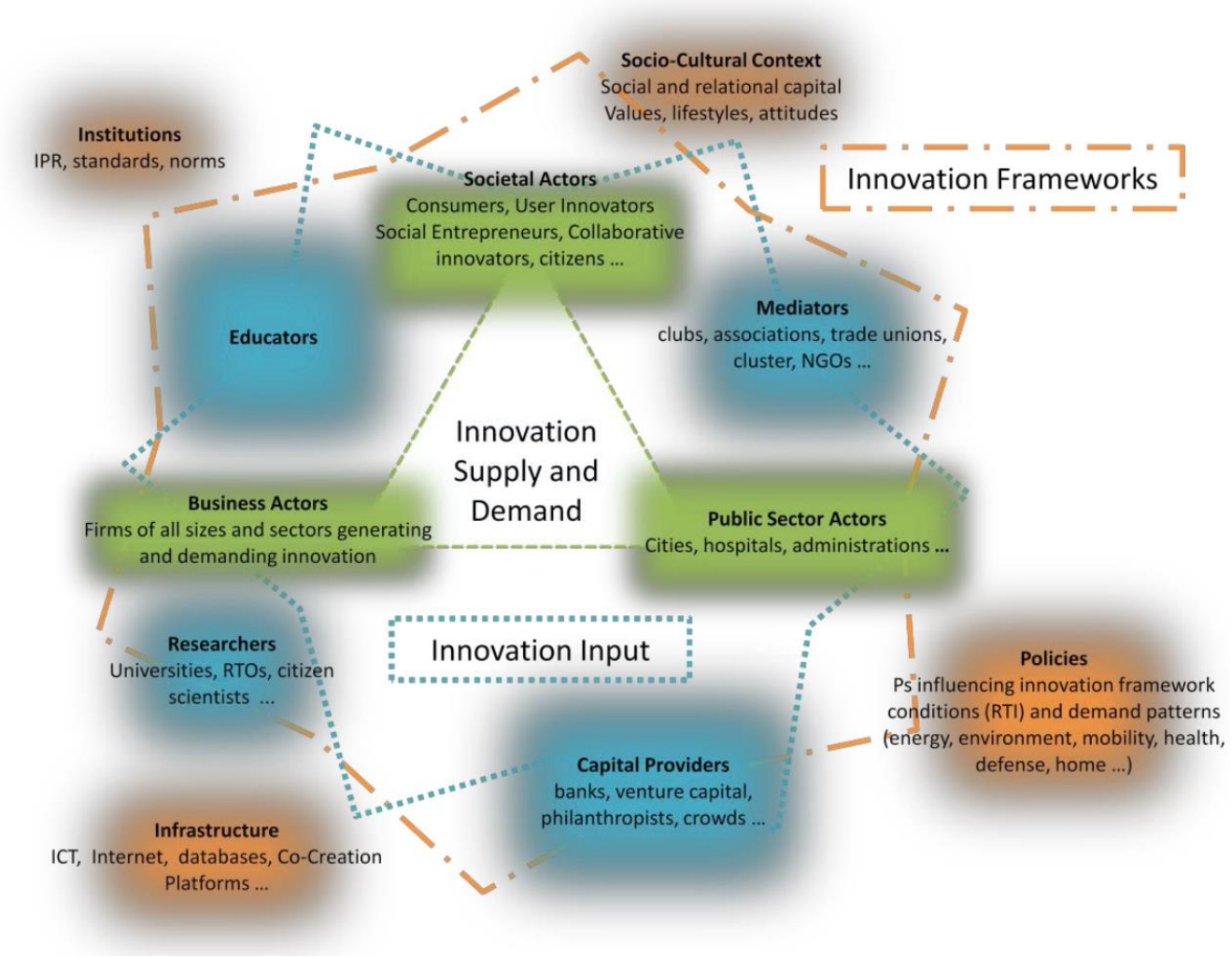
This focus on the common good should be permanently anchored:

- via an appropriate legal form,
- in the articles of association/contracts and/or
- via external accounting
- the involvement of the target group, customers and the team in strategic decisions and
- a high degree of transparency

Recap Yesterday: Innovation System

Innovation System & Actors

Warnke et al. (2016)



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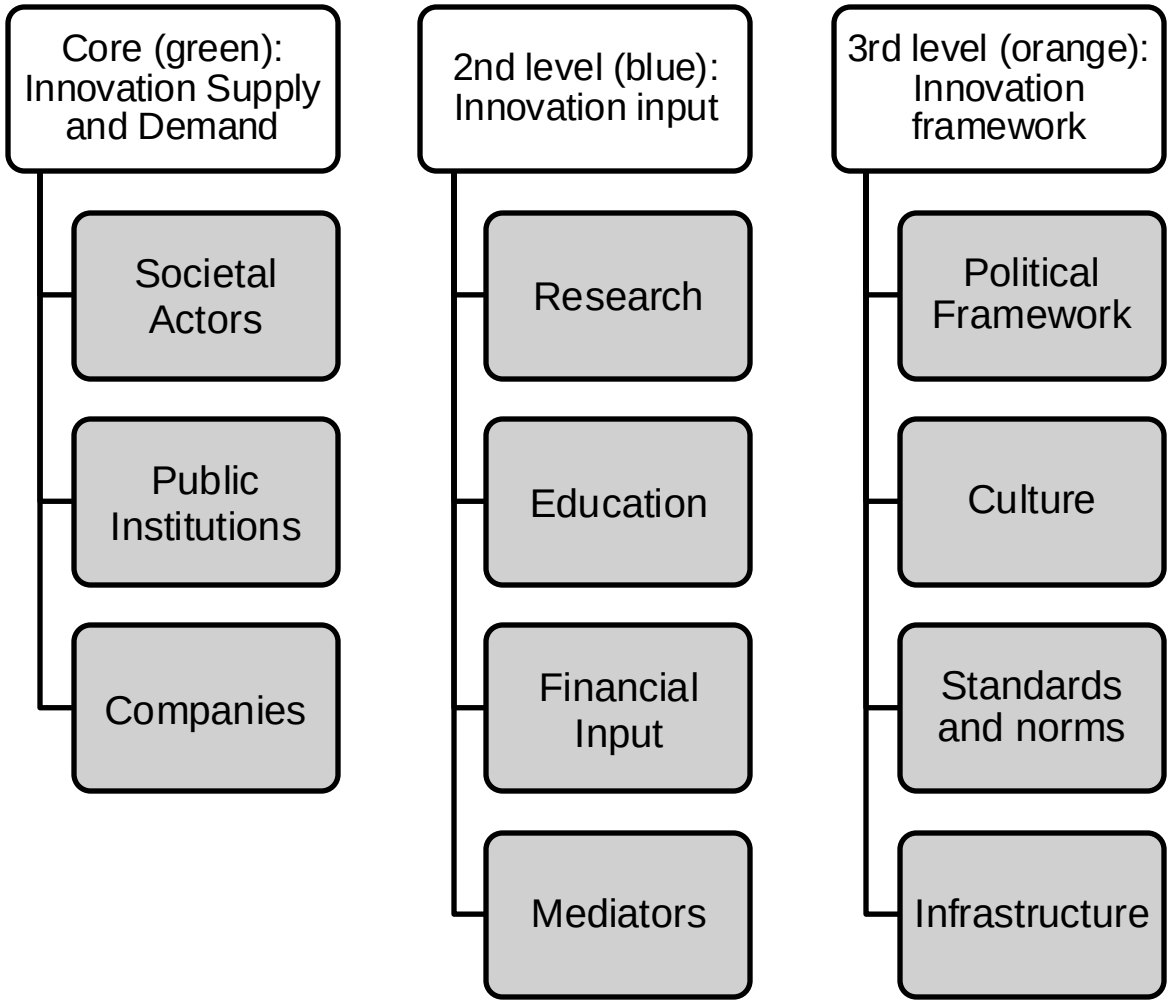

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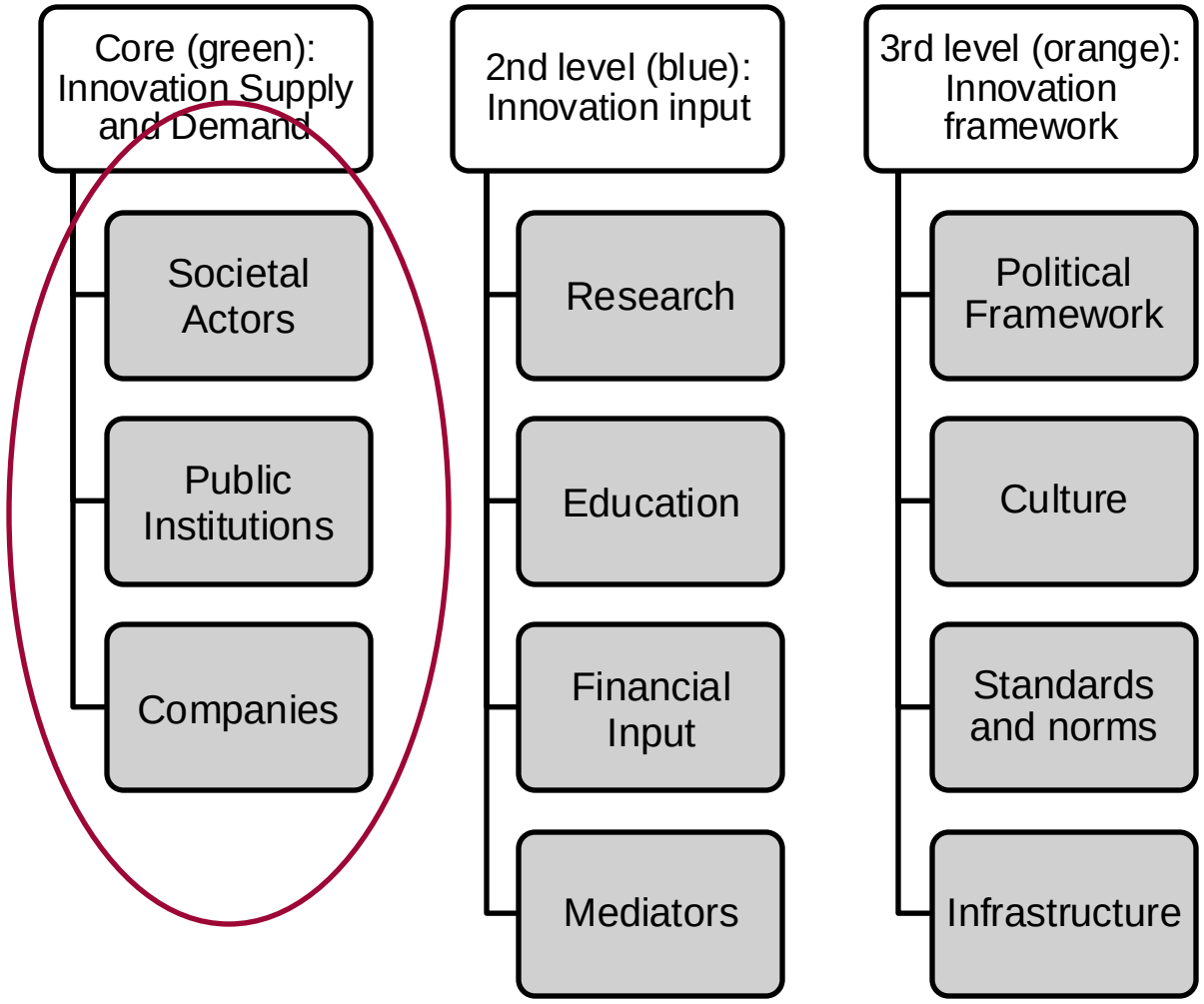
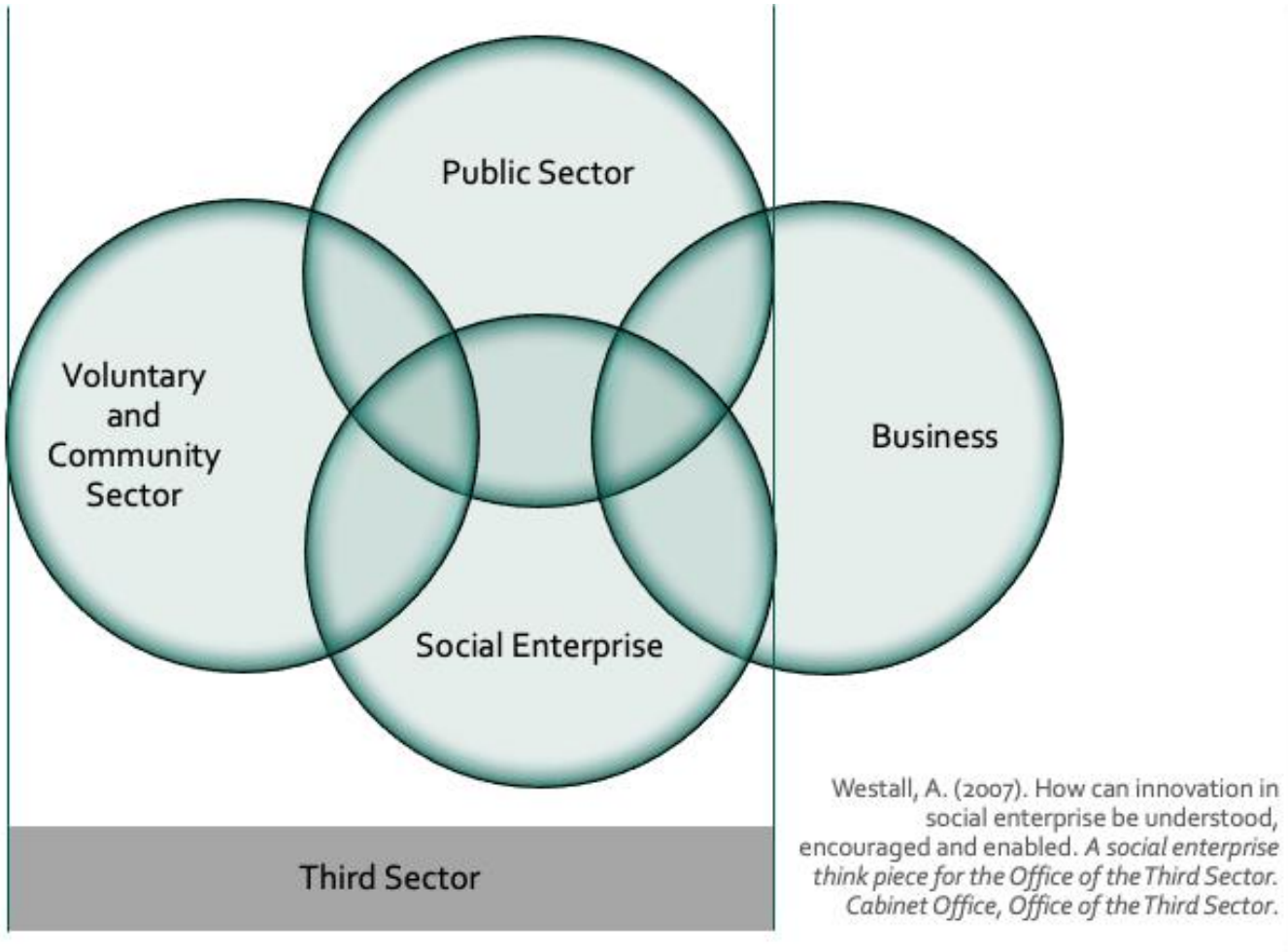


Social Entrepreneurship - Actors

Organizations and Logics

Westall, 2007



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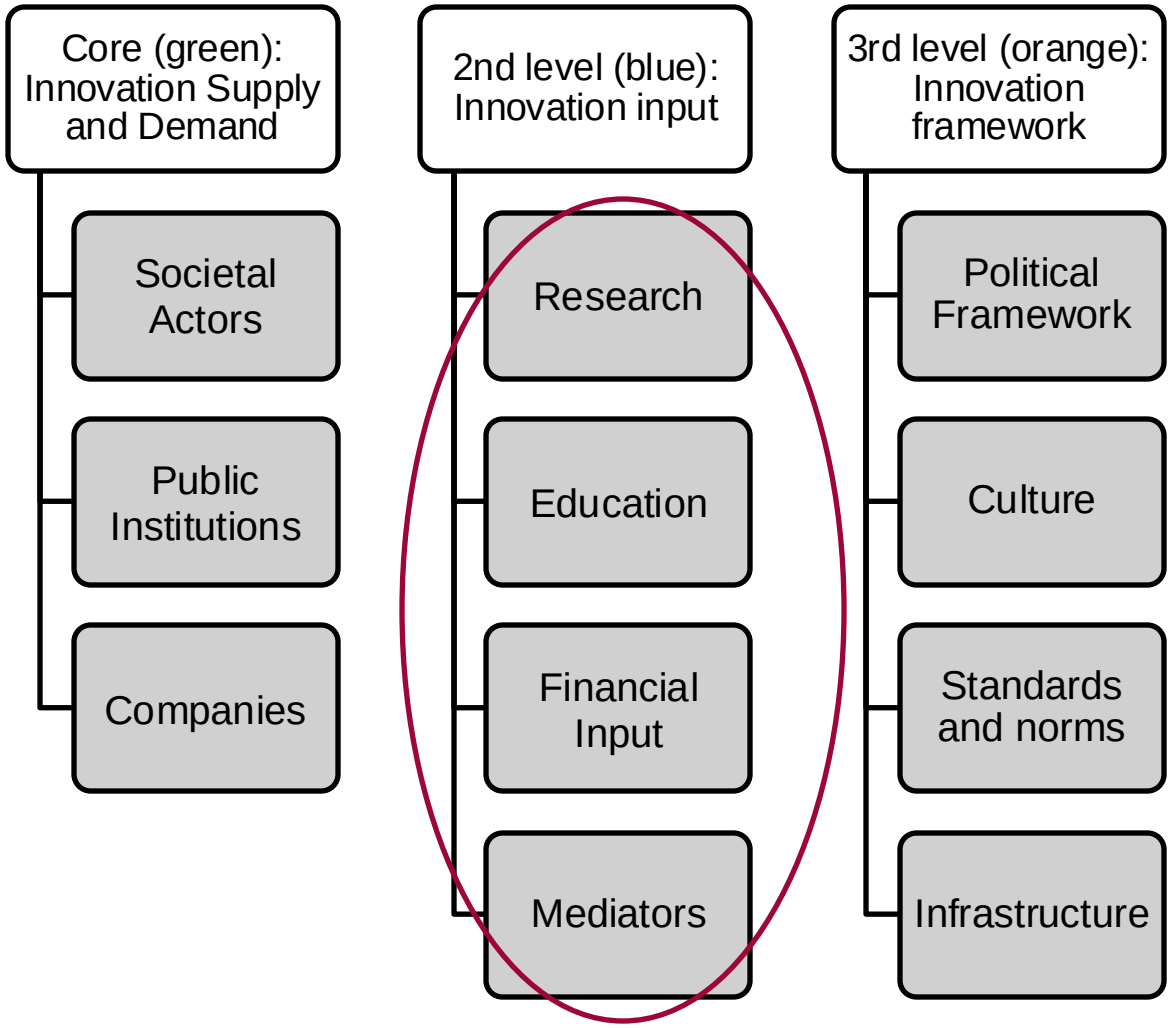
Recap Yesterday: Innovation System

Innovation System & Actors

Warnke et al. (2016)



Melissa

Who are your key regional partners?

Who supports social entrepreneur-ship in Saxony?

Who are your key regional partners?

- IHK Chemnitz (Chamber of Industry and Commerce), Economic development
- SINN (The future platform for social INNovations),
- SEND e.V. (Social Entrepreneurship Network Germany),

Who supports social entrepreneur-ship in Saxony?

- Kulturhanse
- SEND e.V.
- SINN

Recap Yesterday: Analysis of Innovation Systems

Two Per-spectives

(Hekkert et al. 2007)

Structural

1. Organizations (R&D institutes, companies, customers, governments, NGOs, banks, etc.)
2. Networks (R&D collaboration, lobby networks, etc.)
3. Institutions (laws, rules, standards, routines)
4. Technology

→

Static mapping of the structural innovation system is not sufficient!

Recap Yesterday: Analysis of Innovation Systems

Two Per-spectives

(Hekkert et al. 2007)

Functional

1. Entrepreneurial action
2. Knowledge development
3. Knowledge diffusion and exchange
4. Selection of options
5. Market formation
6. Resource mobilization
7. Creation of legitimacy

→

- Key processes that positively influence innovation are highlighted
- Assumption: Better functioning innovation system → more innovations
- Better evaluation of system functions as an indicator of improved functionality

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How are you integrated in the local system of entrepren. support?

What are your experiences to keep these functions alive in an ecosystem?

How are you integrated in the local system of entrepren. support?

- Start-up consultant network,
- Regular Meetings

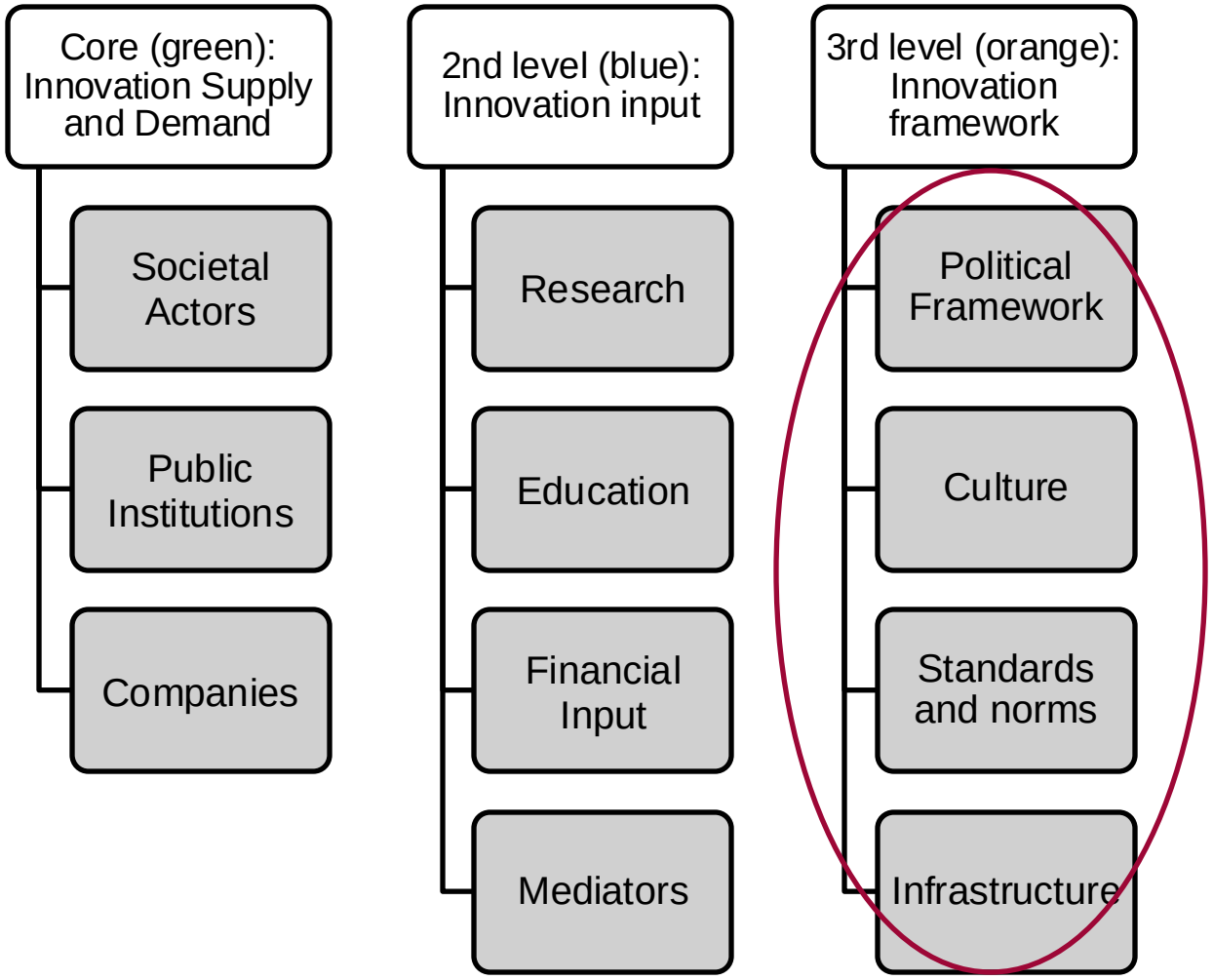
What are your experiences to keep these functions alive in an ecosystem?

- We try to help our scholarship holders navigate through this system.
- Entrepreneurial action: Space for innovations is needed, aarket analyses
- Knowledge development and diffusion: Workshop (different speaker and topics) & collaboration with different actors (Economy, Culture, Science)
- Resource mobilisation: Good network is necessary (Investors, non-financial aid…)

Recap Yesterday: Innovation System

Innovation System & Actors

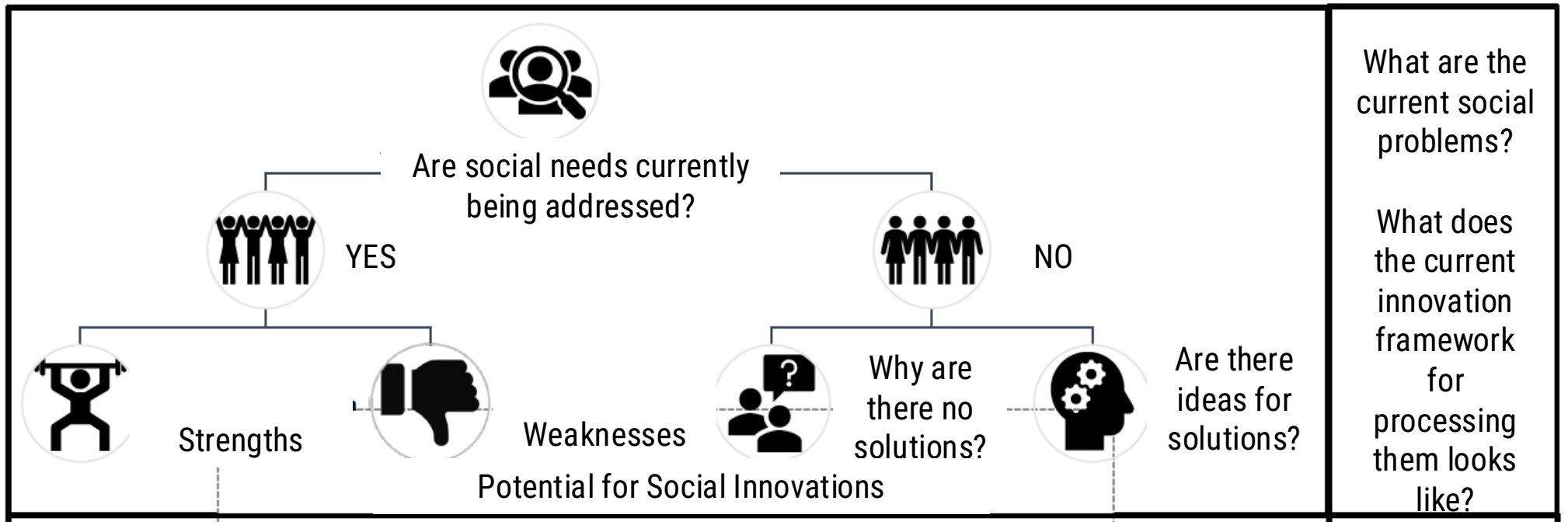
Warnke et al. (2016)



Social Entrepreneurship - Society

Social Needs and Solutions

Herrmann-Fankhänel, 2022



Social Entrepreneurship - Society

What is a social problem?

- It is assumed to be an event that **restricts people's quality of life**, leads to suffering or can be life-threatening (Doyal & Gough, 1984).
- A social problem comprises circumstances and conditions that are perceived as **harmful, undesirable or threatening**. It is the **subjective perception** that counts, not the objective situation (Jamrozik & Nocella, 1998).
- The more relevant human suffering is perceived, the greater the need for action (Bethmann, 2019).

Social Entrepreneurship - Society

Local and Global?

Mytelka, 2000

Local perspectives on the implementation and processing of social innovations are of particular importance,

whereby the players in a **regional innovation system must also fit into national and global constructs**.

Social Entrepreneurship - Society

Local and Global?

Mytelka, 2000



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Melissa

Do you maintain national and international partnerships for the support of social entrepreneurs in Chemnitz?

- Not really, focus is on Chemnitz and the region;
- Not enough resources to form real partnerships with national and international actors

Melissa

Can you present some examples, please?

- …

THANK YOU!

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