

# Methodology for the incubation of social entrepreneurship projects **RAISE DEMO CENTERS**

## VOLUME 4

**RAISE** Youth

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## INTRODUCTION TO THE INCUBATION METHODOLOGY

This methodology is intended as a support guide for the entities participating in the RAISE-Youth project in the context of their RAISE DEMO CENTERS, as a resource to support young people who are neither studying nor working. When designing this methodological proposal, the principles that govern the RAISE-Youth project have been considered are: youth, rurality, sustainability and social innovation.

Therefore, it is conceived as a methodological guide understood as a technical document that gathers and describes a series of guidelines to follow when carrying out the process of defining the accompaniment of entrepreneurship projects within the framework of the project.

That is why this methodology has a flexible and adaptable structure, which can be used completely and/or partially by other entities that, outside the context of the project, wish to incorporate new services to promote youth employment in rural areas.

Prior to the definition of tools, it is coherent to define a series of previous concepts that will help to contextualize the implementation of the methodology, as well as the rest of the resources proposed throughout the document.

The first step is to define a series of concepts, which, although very similar, have a relevant of important particularities to define, in order to have a global perspective of accompanying entrepreneurship projects.

First, there is the PRE-INCUBATION, (which you can find on Volume 3 of this collection), a process through which the entrepreneur is offered guidance on the idea that will be the basis for the development of his business project. Next, the incubation process will entail a review and follow-up process for the implementation and development of the business and all the processes.

This first phase includes the process from the ideation in which the dynamics promote the creativity and the generation of new ideas. In any case, the state of the project must be in the initial phases or in a sufficiently incipient state to be able to modify and adapt it with the ideas obtained during this phase.

Specifically, the concept of INCUBATION can be defined as that process of accompaniment through which the necessary support and assistance is provided so that an entrepreneurial project can grow and develop from its initial stage.

This support may also be complemented by a physical space where the project can remain during the time of training and counselling, or even contemplate a longer duration. This will be determined by the conditions and requirements of the Center in question.

The incubation services in a space would include those of a coworking space (as mentioned on section 5.1.3 of Volume 1 of this collection) such as access to a work station, internet access, electricity, water and additional training and consulting services.

The complete phase would entail a series of common phases: ideation, technical, financial and market feasibility analysis, legal advice, marketing and sales, and access to financing.

In addition, the incubation process has a series of objectives that are mainly focused on:

- Stimulate the creation of new companies
- Support innovative entrepreneurial projects to minimize risk from the very early stages of their development
- Accompanying business projects to ensure their evolution and consolidation
- Contribute to their growth

The concept of ACCELERATION is associated with the model of boosting Start-ups through training programs that start with an initial call, to offer mentoring services for a certain period of time, intensive training in different areas, including digital, and also involves a mentoring process by the entity that promotes the acceleration.

In the selection process, different parameters about the project will be taken into account, but special attention will be paid to the potential of the product, the business model and the components that make up the promoter team, i.e., if the members work well as a team, if there is balance between the roles of those involved, and if the performance and involvement are high.

In some specific cases, the process may include a possible capital investment, but it should be noted that the added value is the coaching and training offered. Generally, accelerators have a team of professionals specialized in different fields and will help the project to launch a product or service with the best possible resources.

During the acceleration phase, it is also possible to include the attraction of investments, the so-called business angels, and some accelerators even act as intermediaries between the company and the new investors. In any case, the success of the investment depends on the performance of the entrepreneurial project. Most accelerators are intended for projects in which there is at least a prototype on which to advance and improve, in order to place it in the market.

As previously mentioned, INCUBATORS focus on helping entrepreneurs launching their company, helping them define their product and/or business model. However, accelerators usually look for a more consolidated project, selecting those that are in a more advanced life cycle.

Some of the advantages of incubators are economic support, since the services they provide are normally offered free of charge, they also offer a space in an innovative context, they adapt to the particular needs of each project, and the risk is minimized thanks to the support and accompaniment. Therefore, the possibility of failure that usually occurs with an individual entrepreneurship is reduced.

In the ACCELERATION process, it is important to highlight the figure of the mentor, who is a fundamental pillar for the entrepreneur, due to their specialization in the business area of the projects and their experience. Mentoring, therefore, will help your product or service to advance more quickly.

In addition, the goal of accelerators is to ensure that the projects can make real profits, once the product or service offered by the entrepreneurs is ready for the market.

As a conclusion, it could be said that the main features that define acceleration are based on the following differentiating factors:

- Intensive training
- Methodology based on Lean StartUp
- Specialized mentoring in different business areas
- Investment and financing

## RAISE-DEMO CENTER INCUBATION METHODOLOGY

As mentioned in the introduction to the document, the methodology is conceived as a practical guide that is easily interpretable, flexible and adaptable to the contexts and circumstances of its potential users.

The methodological approach used arises in the context of offering support to youth-driven projects within the framework of the RAISE Youth project.

That is why a methodological proposal has been defined based on previous experience in training and acceleration processes carried out by FUNDECYT-PCTEX, to which, have been incorporated those aspects that will be easily applicable and of greater impact for the projects promoted and supported by this methodology.

In general, the companies that participate in an acceleration process are related to innovation and the use of new technologies.

But in this case, the proposal takes as a reference both aspects derived from incubation and acceleration processes, which are applicable to Start-ups, but have proven to be equally effective in other general entrepreneurship processes.

It could be said that this is a hybridization of models, in which the following features converge:

- Includes intensive training in terms of time and content
- It has an important weight of mentoring
- Includes dynamics and training based on agile methodologies (Lean StarUp, SCRUM).
- Additional incubation services are available in RAISE DEMO CENTERS.

In short, the whole process of accompaniment is aimed at developing entrepreneurial skills and improving the employability of young people who are neither studying nor working, especially in rural contexts, where the supply of resources for entrepreneurship and opportunities may seem scarcer.

Through training and mentoring by entrepreneurship experts, the creation and consolidation of sustainable and innovative business projects around the RAISE Centers will be promoted.

Within the concept of sustainable business, the RAISE DEMO CENTERS will address the model based on social innovation, following the paradigm defined in the context of the European Commission, which defines this type of organization as follows:

- companies whose primary objective will be to have a social impact over and above generating profit
- leverage their profits to achieve social objectives.
- promoters and entrepreneurs will manage a business model based on the principles of accountability, transparency and innovation, especially involving employees, customers and suppliers.

The main objective of social purpose organizations is to generate a significant impact on society, the environment and the local community.

By responding through social innovation to needs not yet satisfied, the entrepreneurial projects promoted within the framework of the RAISE Youth will be oriented towards smart growth, responding to the 2030 Sustainable Development Goals and linked to the field of ICTs, agroecology and sustainable tourism.

From the rural point of view, the entrepreneurial projects will be aligned with the actions proposed within the Rural Action Plan of the European Union, whose objectives are balanced, fair, ecological and innovative development.

These strategic lines will be considered when promoting entrepreneurial projects in the rural area, so that they contribute to the four lines of action marked, so that rural areas are achieved:

- stronger: priority will be given to empowering rural communities, improving their access to services and facilitating social innovation;
- connected: connectivity will be improved in terms of both transportation and digital access;
- resilient: natural resources will be preserved and agricultural activities will be greened to combat climate change, without forgetting social resilience, for which training courses and a variety of quality employment opportunities will be offered;
- prosperous: economic activities will be diversified and the added value of agriculture, agri-food activities and agritourism will be enhanced.

Therefore, special attention will be given to those ideas or projects linked to digital technologies, energy, mobility, food and natural resources.

## APPLICATION AND USE OF THE GUIDE

This document is intended as a practical guide that is easily interpretable, flexible and adaptable to the contexts and circumstances of the possible users of this guide. Likewise, the content of the modules as well as the defined order can be adapted to the context in which it is applied.

Therefore, the content of the modules as well as the defined order can be adapted to the context in which it is applied.

The acceleration process considers a series of consecutive phases in which the most important aspects that have proven to be necessary to start up and grow the entrepreneurial project will be addressed.

The modalities of the sessions are designed to be face-to-face, but given the current circumstances derived from COVID'19, they can be adapted to an on-line format.

Hereafter, there are included the different blocks of contents that have been contemplated as the necessary elements that the training process will have to incorporate, taking into account the main elements that the entrepreneur will need to incorporate into his business project.

These have been designed to answer a series of questions that every entrepreneur must take into account when starting the development of his project:

- What solution do I bring to the market?
- How do I do it?
- Who does it?
- What do I need to carry it out?
- How do I make it known?
- What impacts would it have?

As mentioned above, since it is a methodological guide, this content structure is designed to be a point of reference for the process of accompanying entrepreneurial projects promoted by unemployed young people in rural contexts.

Finally, through this methodology of incubation of the RAISE DEMO CENTERS, a series of training modules will be presented, which include a series of thematic blocks, the

objectives of each one of them, and also incorporate a proposal of tools that can help in the learning process.

## MODULE 1 "Problem/Solution/Product/Market".

This block, entitled "Problem/Solution/Product/Market", will address such important issues in the incubation process of a business project as answering the questions "Who is going to buy my product?" and "What problem or need am I solving?". In addition, the function and importance of market research will be discussed, as well as the different types of research: on products, customers and competition, and how to draw conclusions for decision making.

Among the most outstanding aspects, through the module the student will learn at least to:

- Define the market needs that we can cover
- Segmenting customers
- Competition and positioning
- Value proposition

### Objectives:

At the end of this module it is expected that the participants to the training sessions will be able to:

- Use in an effective way the tools explained in this module.
- Be able to make a quick and concise analysis of their project idea and its market implications.
- To specify if the product or service solves a need.

### Tools of the module

#### **Tool 1: Persona canvas tool**

The PERSONA tool allows you to better understand the needs or problems of your customers, and allows you to design your products or services more in line with their needs. From the description of a "model" person, you try to find information about their desires, frustrations, competencies, skills, experience, needs, fears, etc.

To use this tool, and make sure that the result represents, as accurately as possible, the reality, it is recommended to conduct personal interviews, observation of the context, etc.,

trying to gather feedback about their motivations, expectations, concerns, etc. Subsequently, an analysis of the inputs collected is carried out, creating a model of the end user of your product or service.

More information: <https://www.designthinking.services/herramientas-design-thinking/metodo-persona/>

## **Tool 2: Value proposition tool**

Every social entrepreneurship project is born to meet a need or solve a problem of a segment of the population or a specific group. Therefore, aligning the VALUE PROPOSITION of your project with the existing need or problem will increase the future success of your social purpose organization.

Through this tool, you will be able to know the reality of your customers, their concerns, expected benefits and frustrations, and to adjust your value proposition to the needs of your customers, offering them the benefits and eliminating their possible frustrations.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta7-fase3.pdf>

## **Tool 3: Empathy map canvas**

The EMPATHY MAP CANVAS tool is a good ally during the beginning of any business project, to know and better understand the needs of the customer or target audience. Putting ourselves in the place of the future customer will allow us to know and understand his personality, motivations, ecosystem, needs, desires and barriers.

Through this tool we will carry out a process of segmentation, humanization and empathy of future customers, always taking into account the questions: What does he see, what does he say and what does he do, what does he hear, what does he think and what does he feel? Among other questions.

More information: <https://designthinking.gal/el-mapa-de-empatia/>

*Do not forget!*

*Before undertaking any business activity, it is important to answer the questions "Who is going to buy my product?" and "What problem or need am I supplying?"  
It is essential to define the strategy that will establish a link between supply and market demand, which will be carried out through a marketing plan.*

*TIP!*

*You can use participatory digital tools such as FUNretro, to make participants reflect on the impact their project has on the market or on users.  
Also, make use of examples and successful projects that serve as a reference for your users.*

## MODULE 2 “Resource management and entrepreneurial skills”

This block deals with resource management, answering the question "who does it? and how do I do it? To this end, it will address those aspects that respond to infrastructure, equipment, operations and human resources that will be necessary to carry out the project. From the definition of the needs, answers will be given to the question "how do I do it? Or what resources do I need?

In addition, an important topic will be addressed when it comes to entrepreneurship: emotional management both to lead others and to lead yourself.

There are a number of essential skills for those who start a social initiative, which has to do with how they perceive themselves, how they perceive their client, and how they perceive others and finally, what are the skills needed to manage all that.

### Objectives:

Through this module, at least a series of issues will be addressed that will allow the entrepreneur to:

- understand how operations work
- types of processes, process management and process flow diagrams.
- Know the fundamental aspects to be included in an operations plan.
- What is the human team needed to properly manage the company.
- How to manage human resources, including the entrepreneur himself/herself.

### Tools of the module

#### **Tool 1: Stakeholders map**

The AGENTS MAP tool provides a more complete view of all the agents, both direct and indirect, who are or will be affected by our activity. These agents can be either internal (employees, managers, investors, etc.) or external (customers, suppliers, distributors, government, society, etc.). Stakeholders can be grouped according to common interests, making it possible to organize actions according to these interest groups.

To use this tool, various templates can be used (circular scheme), which can later be complemented with an interest/power matrix, where the actions to be carried out according to this relationship will be defined.

More information: <https://marlonmelara.com/para-que-sirve-el-stakeholder-map/>

## **Tool 2: Customer Journey Map**

It is a tool that comes from design thinking and is key for designers when developing the user experience of a new product or service.

It allows to capture in a map, each of the stages, interactions, channels and elements that our customer goes through from one point to another of our service.

It is possible to create different customer experience maps, to focus on certain parts of the process and thus better understand how the customer is living the experience with our company.

More information: <https://www.qmatic.com/es-es/blog/que-es-el-customer-journey-map-y-para-que-sirve/>

## **Tool 3: 5 why –**

The five whys technique tries to go beyond the surface of a problem and discover the root cause. This analysis will allow us to better address the solution we want to offer.

5 Why is a tool designed to direct our own creative capacity and focus it on causes rather than solutions, allowing us to delve deeper into the very nature of the element under analysis and discover new components that will help us shape a value proposition.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## MODULE 3 "Legal forms and legal framework."

Organisations from the social economy, in any of their formulas, have as a common element the allocation of part of their profits to a social purpose. From there, they can adopt different formulas, which must be known, in order to choose the one that best fits the business model proposed by the project.

This module will try to answer the question of how to set up a social purpose organization. To this end, an analysis of the legal forms of the social economy will be made. We will review the definition of each of them, what are the key aspects and the differences between them.

### Objectives:

At the end of the module, the knowledge acquired will allow at least those formulas that allow the initiative to be sustainable over time, in addition to knowing those aspects that will determine at a legal level, how it can affect the evolution of the project and what commitments it entails, since the legal formulas of the social economy entail a commitment that goes beyond mere business management.

### Tools of the module

#### **Tool 1: Online search engine for market analysis**

Online tools or cloud tools are resources available on the Internet that will allow you to make a general analysis of market interest in the products and services of your social entrepreneurship project. These tools are easy to use and provide valuable information to determine the potential positioning of your project in the market.

It will also be useful to search for entities with social objectives similar to yours and analyze the legal formulas governing them.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta12-fase4.pdf>

## Tool 2: Competitive analysis

This model will help you conduct a complete examination of the environment in which you operate, get to know your competitors and their relationships, identify new development opportunities and draw up a strategy to achieve the objectives you have set for yourself.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta12-fase4.pdf>

## MODULE 4 “Financial and economic plan”

The Economic and Financial Plan of a company is the part that gathers the financial information of the project. It will indicate the economic and financial profitability, which at first may seem contradictory when we talk about a social purpose organization.

However, for this model to be sustainable and to be able to fulfil its social function, the economic plan will be a fundamental part for the good functioning of the initiative, knowing also the particularities of this type of enterprises.

Therefore, the objectives of this module will be to identify and assess the items of the economic-financial plan and help to answer the question "How much would it cost? To this end, an analysis will be made of the main elements of the economic-financial plan that will make the business idea solvent.

### Objectives:

When defining the elements that should be included in an economic and financial plan, participants will at least be able to clearly identify the elements that make it up, and will also have sufficient knowledge to:

- Make a feasibility analysis of the project
- Make an initial investment plan
- Define a financing plan
- Draw up an operations plan

### Tools of the module

#### **Tool 1: Minimum Viable Product**

This tool is the first fully functional version of a product or service that must satisfy the customer's need with the minimum production work. According to Eric Ries' definition, the MVP allows the team developing the social entrepreneurship initiative to collect the maximum amount of learning, validated by its consumers and with the least possible effort.

This tool will allow you to define the Minimum Viable Product of your social entrepreneurship initiative and with it, begin the process of testing, interaction and improvement with customers.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## **Tool 2: Social Business Canvas**

The Social Business Model Canvas is a simple template with which you can capture your social entrepreneurship business model on a single page, collecting in a visual and quick way all the key points of your entrepreneurial initiative.

It is composed of a series of items or blocks that will allow you to identify the strategies and activities of your social purpose organization, helping you to accurately characterize it.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## **Tool 3: Cost-Benefit Analysis**

Through this tool you will make an initial forecast of start-up costs and maintenance costs, which you will have to update as payments are made, noting also the actual costs of each concept considered. The estimated cost/actual cost comparison will provide you with a learning experience that will help you increase the accuracy of your monthly maintenance cost estimates as you move forward in the implementation of your initiative, knowing the real costs associated with your venture.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## MODULE 5 “Alternative Funding and Social finances”

Micro-patronage, social works, stakeholders, fundraising, private investors, grants, public funding, patrons, etc., are concepts that every entrepreneur of a social initiative should be familiar with.

Addressing all these concepts will help to find the answer to the question that every entrepreneur usually asks: Where do I get funding? It is therefore important to be aware of those formulas in which they can participate and benefit.

Every social entrepreneur must take care of the sustainability of his initiative by building a system of sufficient funding, and at the same time, that allows him to gain the necessary autonomy to continue with his social action without dependence on the sources of funding. In addition, we will learn how to correctly plan a micro-patronage or crowdfunding campaign, which is a very common alternative for social projects.

### Objectives:

Through this module it is intended that the promoter can, at least:

- Understand the type of financial products and learn how to make decisions.
- Know the different financial entities in the framework of the Social Economy.
- Learn about bank negotiation situations by enriching the situation analysis and communication systems.

### Tools of the module

#### **Tool 1: Feasibility study**

The development of a feasibility study is of vital importance for social entrepreneurship initiatives as it allows us to estimate the market demand for the social need to which we intend to respond and thus foresee the success of the business idea. This tool will help you analyze the economic profitability of your social entrepreneurship project, the existence of market demand for the products and/or services you offer as well as the feasibility of the idea based on the resources you have available.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## Tool 2: Financing sources

Knowing the different ways in which a social entrepreneurship project can be financed and selecting those that best align with the objectives, goals and values of the initiative will be crucial to promote its viability. There are numerous existing instruments for financing projects, each implemented by different institutions, organizations and actors.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## MODULE 6 “Marketing Plan, Corporate identity and Social Communication”

How do I make my product or service known? Putting a new product or service on the market requires prior work to get to know the customer and his expectations in order to make them part of our portfolio of products and services.

It is good to differentiate between customer, beneficiary and user, since marketing strategies are different, and once segmented, prepare the strategy to reach them, as well as the most appropriate channels and tools that have greater ability to influence the action we expect as a response.

### Objectives:

To achieve good results, it will be necessary to identify the most appropriate marketing strategies, so throughout the module the most effective strategies will be addressed through a theoretical analysis, real examples, success stories and best practices in the definition and implementation of the communication plan will be analysed, as well as verbal and non-verbal communication techniques.

### Tools of the module

#### **Tool 1: Corporate branding**

Through branding you will install in the imagination of your clients the promise that accompanies your initiative and from which you will structure your business strategy. The objective of this tool is to start working on the branding applied to your project.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## MODULE 7 “Measuring social impact”

Understanding how an organization transforms its environment, analysing how it does so and incorporating this process into the management of objectives, as well as making them known, is of growing interest to all types of entities.

When we talk about social entrepreneurship, impact measurement makes much more sense, since the business model itself has as its central axis the generation of a benefit for and by society.

The way to measure the social impact of a project requires, first of all, defining its objectives. In this way, it will be possible to establish measurement parameters in order to subsequently verify whether the results obtained are as expected.

However, measuring social impact is a continuous learning process, as new formulas continue to emerge to measure and analyze the impacts generated by an initiative.

### Objectives:

The objective of this session will focus on identifying how impact measurement can have a positive impact on the social initiative, as it can be very useful in several aspects, including project management and internal and external communication.

In this module it will be analyzed:

- Different impact measurement tools and the parameters they evaluate.
- Analysing data and identifying indicators of impact and sustainability.
- What opportunities are available to measure and report on social impact

### Tools of the module

#### **Tool 1: SMART indicators**

To fully measure and monitor the impact of a social entrepreneurship initiative, three dimensions must be taken into account in the analysis: an environmental dimension (how the project relates to the environment), an economic dimension (how the project relates to

material and financial resources) and a social dimension (how the project relates to the community). Facilitating this analysis is the objective of this tool.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## **Tool 2: Theory of Change**

With this methodology, realistic goals can be drawn up and solid and coherent strategies can be defined to achieve the objectives set. On the other hand, in the phase of measuring the impact of an initiative, the Theory of Change will be especially useful to identify the data we need to collect and how to analyse them to get the information we need.

More information: <https://proyectoefes.es/wp-content/uploads/2020/05/herramienta3-fase1.pdf>

## **Tool 3: SDG and impact measurement**

The objective is to discover the advantages and opportunities derived from a correct measurement of the impact of business activity on the SDGs and the main techniques to achieve it.

Knowing the impact not only allows to optimize the SDG implementation strategy, but also opens new business and capital raising opportunities.

More information:

[https://www.pactomundial.org/?smd\\_process\\_download=1&download\\_id=14945](https://www.pactomundial.org/?smd_process_download=1&download_id=14945)

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