

THE FUTURE IS SOCIAL – OR THERE IS NONE!

Our society is facing many social challenges while everything that we need to solve these challenges has already been invented. What we need are people who want to find new solutions and proactively create change in this world. The non-profit Social Impact supports those who develop new approaches to make the world to a better place by scaling social innovations.

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INTRODUCTION

By the end of the Cold War at the latest, neoliberalism prevailed in Western and Central Europe as a dominant paradigm. In principle, the advocates of this school of thought assume that the market should regulate and shape all sectors of society. The consequences of this approach become apparent in the conditions of our world order. The gap between rich and poor, developed and developing countries is growing, resulting in wars, distress, escape. Natural resources are heavily exploited and the dangers of ecological disasters remain ignored. There are currently no major national or global strategies to stop this trend. However, there are more and more civil society organizations and dedicated individuals who are looking for an alternative to a growth-oriented economy.

It is about the survival of civilization. No more and no less!

This economy kills – the pope came to this conclusion three years ago in the *Evangelii Gaudium* [1]. This statement broadly remained unnoticed since, after all, the pope is not an economic expert. Recently, the Research Institute of the WEF in its *Global Risk Report 2017* [2] has also come to the conclusion that social and economic inequality, social polarization and exclusion as well as the consequences of climate change will have an essential impact on the global development. It is furthermore noted that technological progress is steadily withdrawing from social control, resulting in major and unpredictable risks to mankind. Additionally, the world's powerful people are asked to take measures to reduce poverty and instability.

It appears to be contradictory: Those who benefit the most from the capitalist market economy are the ones asking for its reform.

However, this understanding and realization is necessary: it is about the survival of civilization. No more and no less!

IMPACT ON GLOBAL DEVELOPMENT

We need to rethink the economy! The thesis that the individual utility maximization can nurture the social wealth has proven itself wrong.

The fetish of profit and growth will lead us to a disaster. We do not need more consumption, more technological innovations, or more business innovations. What we need is a new attitude, a new understanding of the essence and character of business. What we need are better and smarter products and production processes that account for our limited resources. We need work relationships that allow fair pay for the labour. We need trade relations which allow a fair exchange between producers and consumers. What we need is the understanding that the most favourable form of social problem solving is to not let the problems arise at all.

INNOVATIVE SOLUTIONS

The solution of social problems should be the starting and final point of all thoughts on innovation and must include all social spheres. The traditional way of dividing responsibility between politics, business and civil society is obsolete.

With regard to these aspects, no new technological innovations are needed. Everything that we need to solve these social challenges has already been invented. However, it is necessary to have the willingness, the joy and the desire to change – to develop and spread social innovations.

SOCIAL ENTREPRENEURS

Equal to the private sector, entrepreneurs are also often the drivers of social innovation. The difference of these entrepreneurs to the traditional ones is, that they see their goal in solving a social problem. They strive primarily for social value and recognition, and not for private profit. Just a few years ago, it seemed naive to believe that the scene of these “do-gooders” had any influence on business and society. But now these exotics are getting more and more attention. The European Union launched the Social Business Initiative, and the current coalition agreement and the German engagement strategy state the support of social entrepreneurs. More and more companies and welfare organizations are looking to engage in cooperation with social entrepreneurs. Nevertheless, there is still no coherent public strategy to promote social innovation and social entrepreneurs.

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SPECIAL NEEDS OF SOCIAL ENTERPRISES

In December 2015, the study “Challenges of the founding and scaling of social enterprises”, commissioned by the German Federal Ministry of Economics and Energy (BMWi), has been published. Although the study only takes commercial-based social enterprises into account, it clearly indicated that social enterprises need different framework conditions and a different funding infrastructure than traditional founders. Thus, the authors of the study conclude: “Consulting services are of particular importance to social enterprises (e.g. on legal issues, financing options, concretization and implementation of the business idea and scaling of the company). There is a corresponding need for high-quality support structures. This need cannot currently be covered by the classic central places (e.g. chambers, institutions for economic development) or

the consultants, which are more oriented towards general founding support.” [3] Despite this finding, nothing has happened since.

STARTUP SUPPORT SYSTEMS

As a result, the non-profit Social Impact gGmbH – which is mostly funded by foundations and donations – is the only reliable, high-quality support programme for social startups and social entrepreneurs in Germany that includes all different phases of the founding process. Social Impact has established Social Impact Labs to support the creation of social enterprises and to scale social innovations. The Social Impact Labs are a platform for social entrepreneurs and social startups as well as for all organizations and companies that want to promote social innovations. The Social Impact Labs offer space for work and co-creation, networking, shared services and exchange for everyone interested. Social Impact Labs provide social startups with a special support programme that is adapted to their specific needs. They receive a free-of-charge co-working spot for a period of 8 months and can benefit from a comprehensive qualification, coaching and mentoring programme.

THE SCHOLARSHIP PROGRAMME

The graph shows the development phases of the Social Impact incubation programme. Only those participants are accepted into the programme that present a socially innovative idea and that can show that a significant social added value will be created with the development of the product or service. The projects are evaluated by internal and external experts. Only 10 - 15 % of the applicants are accepted into the programme. Based on this intensive preselection process, a special development and qualification plan is created for each Social Startup Team.



Development phases of the Social Impact incubation programme

The participants have to qualify from phase to phase in order to be able to benefit from the versatile and differentiated support offers tailored towards the individual needs of social startups.

In the first two months, the focus is on the “Theory of Change”. The key question is whether the intended target can actually be achieved. Only after a successful completion of this phase, the social business model is thoroughly examined. After about 5 months, the social startups have to present their business model to an independent jury, which decides whether further support should be given. In the subsequent phases, the Social Startups receive intensive support in preparing the founding and financing of their projects. The model shows that the participants have to qualify from phase to phase in order to be able to benefit from the versatile and differentiated support offers tailored towards the individual needs of social startups.

Throughout the process, the teams are not only supported by the Social Impact experts but also by many mentors from the business sector (SAP, HANIEL, Deutsche Bank, etc.) and by welfare organizations (PARITÄT).

The success of the programme is impressive:

- more than 2,000 Social Startup teams have applied for a place in one of the Social Impact Labs throughout Germany,
- 430 teams were accepted into the programme,
- 70 teams are currently working in the labs,
- more than 200 teams have already founded a business; more than 1,000 jobs were created,
- the crowdfunding offer of Social Impact generated nearly € 1.6 million for the teams (until May 2017).
- In addition, in 2016 Social Impact has received grants amounting to more than € 350,000 that were distributed to the teams,

- the teams won nearly 200 national and international awards. In 2015 and 2016 the German founder award went to a team from the Social Impact Lab.
- In the meantime Social Impact gGmbH has set up six labs in Germany (Berlin, Hamburg, Leipzig, Frankfurt, Duisburg and Stuttgart) and established the largest social entrepreneurship incubation programme in Europe, both in Germany and Eastern Europe.

However, the success of the Social Impact Programme is also an indicator for how much potential for addressing societal challenges is not untapped because of the lack of public support for social innovations.

The success stories of our alumni showed how important a startup support system is for their development. The programme “Dialog macht Schule” supports students from non-educational families with an immigration biography from the seventh grade in developing an awareness for democracy and social participation. At selected schools dialogue groups take place regularly over a period of 2-3 years. Starting out with topics that are important for the students in their personal learning and living environment, they then develop insights into the current political, cultural and social life to expand their views and perspectives and to develop a differentiated approach towards questions of identity, religion and society. Another good example is the startup “Original Unverpackt”, the first supermarket in Germany which avoids disposable packaging. Instead of the usual product packaging and plastic bags, the customer can bring their own storage containers or take reusable containers in the store and fill them with products from the wide range of goods. The background of the idea is that valuable resources such as water and oil are exploited for the production of packaging.

These examples show that entrepreneurship and social commitment are not contradictory. They are role models for others and contribute to the development of the social entrepreneurship scene – not only in Berlin but all over Germany where a growing number of people want to launch a social enterprise and find solutions to the problems and deficits in this world.

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