

## **PROCEEDINGS OF THE THIRD INTERNATIONAL CONFERENCE ON SOCIAL INNOVATION**

Organised by the Regional Association of Cooperative enterprises,  
in partnership with the Occitanie administrative Region  
and the Social Entrepreneurs Movement

Réalis Center (Montpellier) – December 1<sup>st</sup>, 2017





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## I. FOREWORD



The Regional Association of Cooperative Enterprises has launched the International Conference on Social Innovation in December 2013, in Montpellier (France) on the occasion of the official opening of Réalis, first regional center dedicated to the companies of the social and solidarity economy.

This event, organized in partnership with the Occitanie administrative region and the Social Entrepreneurs Movement, **has become**

**unmissable** for those who want to discuss topics that concern our national and European ecosystem.

Under the aegis of **Jérôme Saddier**, chairman of the French Agency for promoting social and economic initiatives (Avisé) that played the role of great witness, the third edition of the Conference gathered more than **250 attendees** from various regions. **Thirteen speakers came from Austria, Belgium, Spain, United Kingdom and France** to share their expertise on growth acceleration of socially innovative companies and thereby contributed to enrich the collective debate. **This proceedings try to report its substance.**

## I. GROWTH ACCELERATION: WHAT CHALLENGES FOR SOCIALLY INNOVATIVE COMPANIES?



Introductory session facilitated by **Jérôme Saddier**, chairman of *Avisé*. Avec **Marianne Faucheux**, manager of the Economic Development and Social Solidarity Economy Service at *Caisse des dépôts* and **Antonella Noya**, OECD Head of Unit Social Economy and Innovation.

Introducing the discussions, Jérôme Saddier reminds that Social and Solidarity Economy (SSE) shall not be perceived as a different world, but it is still the only one to be useful for human development in the long term. The challenge consists in developing the tools to increase this impact. He recalls in this regard the **recommendations made by the Social Innovation Ecosystem Commission of the French Higher Council for the SSE in order to promote the acceleration of social innovations:**

- bring about effective ecosystems
- gear social innovation and financing
- build awareness
- foster action research
- facilitate the sharing of best practices
- promote joint construction (understanding the needs of each and others)
- better assess social impacts





**The Caisse des dépôts**, as an investor serving general interest and economic development, naturally support the SSE actors and strives to implement these recommendations. Companies from the SSE have the peculiarity of having to **juggle economic rationale and social impact**. This difficult exercise requires specific support and tools that enable companies to develop. **Marianne Faucheu** presents among others the **Hub of SSE**, an Internet platform to capitalize the accompanying resources and direct project

initiators towards a suitable and relevant offer. This platform is backed by **the NovESS fund, helping companies to get ready for scaling up**. Growth acceleration is not a simple thing: this requires a business plan, elaboration on the changes induced over time. It is therefore essential to offer **strategic support** and preparation for the meeting with investors that are often cautious with regard to social enterprises and their innovative projects. The measurement of the social impact is critical to demonstrate the interest of investment and thus increase access to funding.

In recent years, thoughts on non social innovation have moved up a gear, as was recently reflected by the conference organized by the European Commission and Portugal on 27 and 28 November 2017 in Lisbon, attended by 1,500 people ("Opening up to an ERA of Social Innovation Conference").

Although the **Organization for Economic Co-operation and Development (OECD)** is not an SSE player, it has nevertheless been working on social economy for 20 years and has notably carried out **work on scaling up with an international perspective** (see the document "Policy brief on scaling the impact of social enterprises", published in 2016)



Antonella Noya insists on the key role played by the social economy enterprises in terms of employment, support of public interest actions, new vision of the company and economic relationships. Scaling up is a great opportunity to take advantage of this huge potential for social transformation in times of social and environmental challenges. Change of scale is not compulsory, but if there is a significant impact and if it is possible to achieve the same effect on a larger scale, then it really makes sense. In this context, public policies have a critical role to play.

**Scaling up operating models of conventional businesses and social enterprises are not the same:** the former having the main objective of maximizing profit, while the fundamental purpose of the second is their social impact. For traditional companies, scaling up involves the conquest of new markets. Social enterprises have several choices (expansion, replication, partnership, knowledge sharing - see OECD document), depending on their purpose and the local context. Antonella Noya notes that these choices are poorly known by the public authorities and regrets a lack of analyzes (except those conducted by the BENISI and TRANSITION projects<sup>1</sup>). This explains the difficulty of the public authorities in determining which model to favor.

<sup>1</sup> *Building a European Network of Incubators for Social Innovation*. Launched in Vienna on October 15th, 2013, BENISI is a project funded and supported by the European Commission.

<sup>1</sup> *Transnational Network for Social Innovation Incubation*. Launched in september 2013 in Bruxelles, TRANSITION is a project that supports the scaling-up of social innovations across Europe.



Companies with more than 250 employees seem to have a tendency to opt for franchises or mergers and acquisitions while the establishment of strategic partnerships allows a faster scaling up, enhancing the contributions of each of the actors.

**Social enterprises face specific challenges as they scale up and public action is essential to overcome them** and create a market, financing, skills and networking-enabling context.

## II. PRESENTATION OF SOME OF THE COMPANIES AND PROGRAMS PARTICIPATING IN THE WORKSHOPS

### European Commission

By **Andon Kalibatsev**, policy officer, directorate general economic and financial affairs

The European Union Program for Employment and Social Innovation (EaSI) has a microfinance and social entrepreneurship component. It offers various types of financial instruments for social enterprises. In addition, the European Fund for Strategic Investments (EFSI) is piloting three new equity instruments (EUR 150 million in total) for innovative social enterprises at different stages of their development, including scaling-up.



### Impact Hub (*international*)

By **Christine Spornbauer**, consultant at Impact Hub King's Cross (London), former leader of the acceleration activities of Impact Hub Vienna (Austria)

As accelerators, incubators and co-working spaces, Impact Hubs are present in 100 cities across the world. The network gathers 16,000 members, women and men from diverse backgrounds, aged 20 to 70 years. The organization offers programs on investment, scaling up, but also programs on ecology in partnership with the World Wide Fund for Nature (WWF).



### Oksigen Lab (*Belgium*)

#### Impact transfer Ashoka (*Austria*)

By **Loïc Van Cutsem**, senior consultant at Oksigen Lab and co-leader of Impact Transfer

Oksigen Lab is a support system for social enterprises in launch or scaling up phases. It is also a research center.

Ashoka's Impact Transfer program helps solutions that have proven efficient in a territory to replicate elsewhere, by developing a network as international as possible and relying on local actors.



### SMart (*Belgium*)

By **Sergio Giorgi**, in charge of International Development

SMart is a cooperative that pools services for artists. It was created in 1998 in Belgium. Originally, it was to offer a framework to support the activity and the career path of the artists and professionals of the creative industry. Today, SMart is present in 9 European countries, and the artists represent less than 50% of the beneficiaries. Its international development meets both a universal ambition and a necessity since mobility is a factor of success for self-employed workers.





### **Activiza (Spain)**

**By Noelia Lopez Vasquez, co-founder and senior consultant**

Created in 2013, Activiza is a social enterprise located in Galicia and specialized in aging. It develops models and tools for professionals to better work with the elderly. It has experienced two important turning points during its yet short life, corresponding to the implementation of two periods of scaling up. Activiza has been accompanied twice by BBVA Momentum, a seven-month national acceleration program that offers training, mentoring, access to financing...



### **Alter'Veature (France)**

**By Philippe Rajosefa, manager of Alter'Incub (Urs Scop LR)**

Dedicated to SSE companies with a growth potential and supported by the Social Innovation Department of the Regional Union of Scop, Alter'Veature, the first regional acceleration program was launched in May 2017. Six companies took part in its testing phase. A controlled growth accelerator, Alter'Veature aims to respond to the strategic issues of social enterprises by respecting their values and promoting job creation.





### III. THE WORKSHOPS

#### WORKSHOP #1 : WHAT STRATEGIES SHALL BE DEVELOPPED TO SPPORT THE GROWTH ACCELERATION OF COMPANIES?



Workshop facilitated by **Denis Stokkink**, president of the think&do tank *Pour la solidarité*.  
 With **Andon Kalibatsev**, Policy officer with the European Commission (Luxembourg), **Grégoire Mariau**, Innovative Project manager at Bpifrance, Regional Directorate of Montpellier (France), **Amélie Rafael**, vice-president of the General Confederation of Cooperative enterprises (France), **Christine Spernbauer** consultant at Impact Hub King's Cross (United Kingdom).

#### ❖ How to encourage growth acceleration ? *Speaking slots*

The Cooperative movement brings together 2,000 companies and is structured both regionally and nationally (180 employees within the Regional Unions and the Confederation) to support them from the start and throughout their lives. This support is based on mutual aid since the movement is mainly financed by its members. Several initiatives have been launched in the Regional Unions to support the acceleration of local businesses. **Amélie Rafael** reminds that the goal of the current term is to increase cooperative jobs from 50,000 to 70,000 in four years. For this to be achieved, it is necessary:

- 1) to detect among these 2,000 companies those with growth potential. It is the role of the regional delegates, who accompany Scop and Scic throughout their existence.
- 2) to convince companies of the interest to grow, despite the risks involved. This is a step that is all the more decisive in cooperatives, since governance is provided by the employees and it is therefore a whole team that must be trained towards a common and shared goal.



3) to accompany companies to growth. The financial dimension is of course important, but conducting the work by sector is also crucial: it allows to rely on other experiences, similar economic models that have proven themselves.

**Andon Kalibatsev** confirms that one of the main challenges facing social enterprises is access to finance during growth acceleration. Commercial banks and other funders do not offer the expected solutions: there is a gap in this market, where demand is much higher than supply, which justifies public intervention. The European Commission has therefore decided to propose a system of guarantees (risk coverage) to financial intermediaries in order to convince them to grant loans to social enterprises.

Based on this guarantee system proposed by the European Union, Bpifrance finances innovative and growing companies, explains **Grégoire Mariau**. It offers six-year unsecured loans to SSE companies with profitable growth. It also finances innovation through interest-free loans granted to research programs that cover 50% of research and development expenditures.

**Christine Spornbauer** shares lessons learned from the Growth Acceleration Program implemented in eight European Impact Hubs that have enabled 112 social enterprises to scale up. The first lesson concerns entrepreneurs, who must figure out what they wish to develop, their activity or their social impact, and be aware that in all cases, this requires a very strong commitment, including from the teams. The second lesson relates to the program. Funding is essential and there are two stages to be distinguished: readiness for acceleration and acceleration support. From a more general point of view, it must be kept in mind that not all social enterprises need to scale up and that it is necessary to have a strong local ecosystem to support those who embark on the path of acceleration.

#### ❖ Discussion with the audience

##### > About crowd funding

The crowdfunding rationale is a little different from the one of other types of financing. Andon Kalibatsev reminds us that while crowdfunding is an attractive option for companies that do not have access to traditional financing channels, it also meets the wishes of people who want to invest directly in projects of social utility.

According to Christine Spornbauer, crowd funding is not only a financial tool. Investors are often the (future) consumers or users of the proposed product and it is also a way of building its customer base.

##### > About the requirements and amounts of the Bpifrance loans

The SSE loan is granted to companies with repayment ability, in other words to profitable companies. Its minimum amount is 30,000 euros (collateral-free with a rate around 3%), and its maximum amount cannot exceed the level of equity (capital) of the company. The role of public support is not to substitute private incentives, but to help catalyzing growth.

With regard to support for social innovation, the criteria are more flexible and an interest-free loan can be offered to an unprofitable structure. It finances only half of the innovation program and the other half must be sought from private funds (investors, business angels, crowd funding). The minimum amount is 30,000 euros and the maximum amount is to be defined according to the financing plan.

##### > About French tech and SSE

French tech is a movement launched by Fleur Pellerin, former Minister of Culture and Axel Lemaire, former Secretary of State in charge of digital, in order to change the image of France abroad and



federate the energies around the digital. Everyone can claim it. Social and solidarity innovation can be digital and therefor labelled "French tech". If you feel French tech, you are French tech!

**> About the great number of public and private financial tools available**

The need to hybridize resources and offer solutions adapted to all stages of growth and to all sectors justifies the existence of various financing tools.

With regard to overall funding, the challenge often consists in making use of it and understanding how the ecosystem functions, as Amélie Rafael recalls. This is why the General Confederation of Social Enterprises insists on the need to focus on the support and the methodology, and to mobilize the funds only in a second phase.

Christine Spornbauer recalls that start-ups with a positive impact often need small amounts (100,000 to 150,000 euros) and that, as a result, big funds are not accessible to them. On the other hand, the measurement of social impact is not a sufficiently common practice on the part of social enterprises: it would be wise to define a relevant standard that could be applied by the largest number of companies. This would make it possible to estimate the social (and not only financial) return of the investments made.

## WORKSHOP #2: GROWING WITHOUT LOSING YOUR SOUL: HOW RENCONCILING SOCIAL AND ECONOMIC IMPACTS?



Workshop facilitated by **Isabelle Hoyaux**, founder of ScaleChanger.

With **Samuel Corgne**, manager of Ergo santé (France), **Aline Herbinet**, co-founder and CEO of V@si (France), **Jacques Landriot**, Honorary Chairman of the UP group (France), **Noelia Lopez-Vasquez**, co-founder and senior consultant at Activiza (Spain).

For SSE companies, scaling up is not primarily "getting bigger" or changing size. The question that arises is why and what for. The injunction does not come from outside: it responds to a real desire to share its vision and to make its values grow; to a real social ambition in the service of the general interest. Actors supported by ScaleChanger frequently express their fear of losing their balance, moving away from their core business, from their usual way of working.

### > Managing to scale up while preserving social and economic balance

**Noelia Lopez Vasquez** acknowledges that it is rather complicated, despite the strong desire to increase the impact of an action that is important to us. Hence the importance of supporting the companies, which are often focused on their day-to-day business activities and lack objectivity. The challenge for Activiza was to scale up without losing contact with the beneficiaries (the elderly) and with the field teams. The team remained at the heart of the process: it was determining to preserve the collaborative spirit, to remain open, to continue to share the same vision and to stay close to the people for and with whom we work.

### > What are the challenges you face when scaling up ?

V@si is an innovative company that offers remote physical activity programs and has benefited from the Alter'venture acceleration program. The diagnosis highlighted the desire to change scale but with the concern of preserving the company's deeply rooted values and not sacrificing the health of the executive, **Aline Herbinet**. It demonstrates the importance of learning to be "dispensable", of striking



a balance. Opening to the international market is a big change and it is important to find a balance between personal and professional life. The important thing is not losing sight of the fact that the professional project is at the service of the life project.

**Samuel Corgne**, V@si mentor during the Alter'venture program, wonders if bringing in external investors is not the first step towards losing your soul. To scale up is not an imperative and a company can evolve following different paths (broadening the audience, reinforcing the team). Growing is not necessarily translated into figures, it is above all a dynamic.

**Jacques Landriot** brings the lighting of his experience at the head of the Chèque déjeuner group (now UP group). When he became CEO in 1991, the group had 200 employees and very big competitors. To survive this competition, the strategic project was to develop internationally. It was necessary to take the time to explain this project to each employee members (what need, what repercussions). It is important to ensure that members do not feel deprived. By extending its activity to other countries, the group has endeavoured to "improve" living conditions and to spread its values (setting up cooperative charters, granting of more vacation leave)

## ATELIER #3: MAKE ACCELERATION HAPPEN – KEYS FOR SUCCESS



Workshop facilitated by **Kévin André**, co-director of the Innovation and Social Entrepreneurship Institute of ESSEC Business School.

With **Sergio Giorgi**, in charge of International development at Smart group (Belgium) and **Loïc Van Cutsem**, senior consultant at Oksigen Lab (Belgium) and co-leader of Impact Transfer (Austria).

**Kévin André** recalls that three ways of scaling up exist: to do more (to move into new areas or territories for example), to do better or to diversify (i.e to scale out).

### > Getting ready to scale up

According to **Loïc Van Cutsem**, before changing scale, you must make sure you are ready. You must refine your model and be clear on its impact, before thinking of spreading. You must also identify the person who will be responsible for this spread: the founder does not have the gift of ubiquity and he can choose to train others so that they can adapt the project to their territory.

**Sergio Giorgi** confirms that the lack of readiness can be a factor of failure. In order to replicate its model in France, SMart carried out a feasibility study that lasted one year and which findings were ... that it was necessary to continue the analysis! But at some point, you have to get started and it always involves to take risk! Someone in the audience points out that you have to be flexible and adapt as the project progresses.

### > Why and how scaling up

According to Loïc Van Cutsem, when you respond effectively to a need, you should think about how to transfer your solution elsewhere.

Replication is a way of scaling up. First you move from one entity to two, then to N. The most important and innovative is moving from 1 to 2. Afterward, each new entity will change the structure balance. Someone in the audience stresses the constraints that come to light when creating for



example an extra nursery, which entails new expenses and requires, in order to be profitable, to build three more...

The development of franchises is another way of scaling up. In this case, it is important to capitalize on the experiences. To make the most of this development choice, it is necessary to ensure that franchisees share their experiences with the parent company, which can then identify opportunities or risks that it would not have perceived alone.

Merger & acquisition is not a widely used method of scaling up among SSE companies, as there is limited opportunity for equity and compensation.

#### > Keys of success

Successful change of scale requires the use of good local resources. Partnership with local forces is crucial and allows to go faster and do better.

In order to successfully scaling up, you must also be supported. Loïc Van Cutsem specifies that the support brings an outside look and a legal expertise which can be beneficial in terms of clarification and networking. But this support requires time, which entrepreneurs often lack. Sergio Giorgi also insists on the need to set a framework which avoids to disperse and sets limits.

#### > Ways of funding a change of scale

- Impact investing products finance companies with a social mission, knowing that the return on investment will be reduced given the social objective of the project. The criticism commonly addressed to this tool is that it is more suited to conventional companies (SA type, LLC) than to companies belonging to the SSE.

- Interreg Europe, managed by the European Commission, aims to promote cooperation between European regions and the development of common solutions in the fields of urban, rural and coastal development, economic development and environmental management.

- The Financing Agency for Social Entrepreneurship (FASE) is a German financial intermediary that offers hybrid financing to social enterprises

## IV. FINDINGS AND OUTLOOKS



Concluding the conference, **Jérôme Saddier** wants to share several thoughts following the discussions that took place during the workshops:

- While there is certainly still a lack of financial tools to meet all needs, there is still a lot of money in circulation in the country and **many funds are being created**. Facing this excess of liquidity which they do not know very well what to do with, banking and financial institutions develop investment offers. But this situation may not last and we must **remain vigilant about a possible reversal** and its possible consequences in the short and medium terms.
- The French SSE law of 2014 insists on the **human dimension of our organizations** which are defined by the **involvement of the different stakeholders**, that is to say the employees and the direct beneficiaries. This is also true for growth acceleration.
- A wide range of support tools is now available to businesses: **the danger lies not in this diversity, but in the risk of standardization**.
- You can grow while staying on the same project, but also deciding to explore what is around. **A growth that is more horizontal than vertical** makes it possible to aggregate other aspects than those of the original project and which are just as meaningful.
- **Better coordination on the territories** is an absolute necessity: it is one of the keys of success.

Jérôme Saddier points out **two challenges to be met by social enterprises**:

- **To face the technocratic reflexes** that exist in France, the formal oppositions of interlocutors who are neither trained nor attentive, the procedures that are not adapted to what we need to do.
- Make European law recognize the non-profit sector. Today, its definition is insufficient. The non-profit sector is assimilated to the provision of a free service, which does not correspond to our projects. The European Union must recognize the entrepreneurial ability of the non-profit companies that promote different working and production patterns.



## V. CLOSING



**Christophe Itier, High Commissioner for the Social and Solidarity Economy and Innovation**, recorded a specific speech that was delivered at the end of the Conference. He detailed the **roadmap of the government** which should allow to create an **ecosystem more supportive to social innovation** at all levels (identification, labelling, financing, regulation, measurement of the impact, support). The first step will be realized in mid-January 2018, with the launch of a call for projects to test the method. Christophe Itier insisted on "the energy and the will that drives [his] teams to bring social innovation to the heart of public policies and the scaling-up of SSE."



## VI. REFERENCES

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## APPENDICES – Speakers’ presentations