



COMMON GOOD

Sustainable and Transparent Business

Common Good – Sustainable and Transparent Business

1st edition

Place of publication: Saarijärven Offset Oy, Saarijärvi 2014

Publisher: Karelia University of Applied Sciences

Publication series : B:18

ISBN: 978-952-275-109-6 (printed)

ISBN: 978-952-275-110-2 (online publication)

ISSN-L 2323-6876

ISSN 2323-6876

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FOREWORD

Dear social entrepreneur,

Social enterprises are a strong motivator for many employees and entrepreneurs, as Finns are becoming increasingly interested in business transparency and the ability to do good. At Diacor, which is one of Finland's largest social enterprises, this is reflected in increased wellbeing and a genuine wish on the part of the staff to remain committed to their work.

Despite their strongly positive values, social enterprises have no special privilege or right to deviate from the norms of Finnish society. I want to underline the 'doing the right thing' culture, which means emphasizing fairness and abidance with ethically sustainable principles. Well-managed and profitable business is at the core of corporate responsibility.

Common Good through Entrepreneurship is an important book, and the international Common Power network established by the Karelia University of Applied Sciences has had an important role in its creation. Although the core competence of the network is in community-owned renewable energy production solutions, the book also serves as a comprehensive guide to Finnish social entrepreneurship.

Sustainable development has been the subject of widespread debate for many years, but the journey has just begun, with the first steps only now being taken in many sectors. The articles in this book will help both existing and aspiring entrepreneurs to better find their way on this journey.

Social entrepreneurship is a valuable business model. We warmly welcome you to join us!

Anni Vepsäläinen

Managing Director, Diacor terveyspalvelut Oy



INTRODUCTION

This publication is aimed at encouraging and promoting new ideas. It introduces social entrepreneurship and business. We look at the past and present, and provide practical examples of social enterprises. The publication is written for those who are thinking about starting a social enterprise, and for business consultants who interact with social entrepreneurs in their work.

In many ways, establishing a social enterprise is no different from setting up any other business. Various guides on starting a business are already widely available, and we have tried to avoid covering the same areas. At the end of the book we have listed various kinds of guides, links, and concepts relating to social entrepreneurship.

We have aimed at illustrating the diversity of social enterprises' operations in Finland through case studies. We introduce enterprises and entrepreneurs who are making an effort to tackle various problems of society. We take a close look at the values, business operations, and social objectives of existing social enterprises and explain transparency, demonstrating impact, and the manifestations of the two in practice.

We hope that the publication will increase the readers' knowledge of social enterprises in Finland. Perhaps it will give them a comprehensive picture of the operating field and interest groups of social enterprises or help them to better understand the requirements for establishing a successful social enterprise and the creation of a competitive edge. Furthermore, we hope that reading the book will increase readers' interest in becoming social entrepreneurs.

We want to thank all the companies and entrepreneurs whose stories are included in this publication. These companies are a fine example of the true social good that can be achieved through sustainable and transparent business operations. These entrepreneurs and people they employ can be truly proud of the results they have achieved in promoting the common good. During preparation of this publication, it was easy to be motivated by the success of the people behind the case studies, as they care so deeply about the important goals they pursue.

Joensuu, 28 March 2014

The authors



SOCIAL ENTREPRENEURSHIP IN FINLAND

THE IDEA OF SOCIAL ENTREPRENEURSHIP IS RELATIVELY NEW TO FINLAND. NEVERTHELESS, SOCIAL ENTERPRISES HAVE LONG EXISTED HERE. A FORM OF VALUE-ORIENTED ENTREPRENEURSHIP, SOCIAL ENTREPRENEURS AIM TO ACHIEVE SOCIAL IMPACTS. THIS CHAPTER PROVIDES AN OVERVIEW OF THE HISTORY OF SOCIAL ENTREPRENEURSHIP, AND ENDS WITH AN INTRODUCTION TO ONE OF FINLAND'S BEST-KNOWN SOCIAL ENTERPRISES.

Roots of social entrepreneurship

The most famous example of this global concept is Grameen Bank, which was established by the Bangladeshi banker Muhammad Yunus, as the world's first financing institution to offer microloans. In Europe, the roots of social entrepreneurship date back to the early 1980s, when the first companies managing special social tasks were founded in Italy and Britain.

In Finland, social entrepreneurship was introduced in the early 1990s through work integration social enterprises. Social enterprises have received wider publicity in the 2010s, e.g. in the European Union. Social entrepreneurship is currently experiencing a period of strong growth and change in Europe.

The European Commission has recognized the role of social entrepreneurship as part of the social economy and in economic development. The exact number of social enterprises is not known, but some estimates suggest that there are over two million within the EU. With an estimated 11 million people working in the social economy sector in Europe, these enterprises have a significant labour market impact.¹

Anecdotal evidence would suggest that there are thousands of social enterprises in Finland. A survey conducted by the Finnish Institute in London has revealed that up to 12,000 Finnish small- or medium-sized companies meet the criteria set for social enterprises.² Finnish social enterprises are most usually cooperatives or limited companies, but other forms are also represented. The Association for Finnish Work, which is known for its Finnish Key Flag symbol granted to products as a guarantee of the authenticity of their Finnish origin, began granting a special mark to social enterprises in late 2011. At the time of writing, the Finnish Social Enterprise mark has already been granted to 43 companies.³

Capturing the idea

Social enterprise is still a relatively unfamiliar concept for many Finns. Social entrepreneurship is based on a corporate value base that is reflected in the company's operations, and also in its regulations and articles of association. Social enterprises tackle social problems through their operations, and channel most of their profit into promoting their social objectives. Their operations must be responsible, sustainable, and transparent. These concepts are defined in more detail in the next Chapter.

The business model of social enterprises can be based on a wide range of starting points. They can be non-profit organizations, in which case operating profit is re-invested in developing the operations of the enterprises that generate the social impacts. A social enterprise may also seek the highest possible profit, which is used fully or partly to advance its social mission. The pursuit of profit and the desire to solve social problems can be equally important to the company, in which case it will follow its stated social values in all its operations. In other cases, part of the operations may focus on maximization of profits, and part on producing social good. The case studies presented in this publication show that the business models of social enterprises are very varied, and that each of them creates social good in their own individual way.

In Finland, the criteria for social enterprises were first set out in 2011 by the Ministry of Employment and the Economy's committee on social entrepreneurship. The final report of the committee addressed the need to develop a business model for social enterprises in Finland.⁴ Consequently, the Association for Finnish Work launched a Finnish Social Enterprise mark, which can be granted to companies that meet certain criteria. We tell the story behind the mark later in this publication.

Social enterprises are not mentioned in Finnish legislation. Only the position of social enterprises is defined by law. Therefore, no official company type exists for social enterprises in Finland. Social enterprises do not receive special support for their operations. In Finland, social enterprises are not entitled to subsidies or tax relief; and instead their whole income is based on business operations. In this sense, social enterprises operate just like any other company. The purpose of this publication is not to

draw a dividing line between social enterprises and other companies, but to introduce the types of social entrepreneurship.

Social objectives and limited distribution of profits

The operational objectives of social enterprises are strongly linked to tackling social challenges or problems. The primary purpose of a social enterprise can be, for example, to improve the quality of life of a community or a certain category of people. A social enterprise aims to produce social good and to yield profits. The latter is important, as it helps the enterprise develop its operations and work for society.

Social objectives form the basis for the existence and business operations of social enterprises. Social problems can be divided into local, minority and group related, environmental, and developing country problems.

Social good is not just what the enterprise produces for private customers, but also the good it produces for secondary customers, be they the entire population, future generations, or the environment. The social good can be generated through the enterprise's end products or services, through its investments, in its production process, or based on its distribution of profits.⁵

One of the special characteristics of social enterprises is **limited distribution of profits**, meaning that half of all profit made is channelled into advancing a specific social objective. Profits can be used to develop the enterprise's own operations, or can be donated in accordance with its operating principles.

In social entrepreneurship, there are several different approaches to profits. To ensure longevity, long-term operations must be profitable. On the other hand, since social enterprises produce social good in their processes and with their end products, the amount of profits is of less importance than for conventional, primarily profit-driven businesses. However, all sustainable business operations must be financially self-sustaining in order to remain in operation in the long run.

Transparency and demonstrating impacts

A third characteristic of social entrepreneurship is **openness and transparency** of operations. The enterprise's operations must be open to outside scrutiny, and must stand up to ethical inspection. Moreover, the stated beneficial social impacts must be capable of being demonstrated.⁶

Transparency does not mean that the enterprise cannot have business secrets used for generating social good.

The Association for Finnish Work interprets transparency as being strongly linked with the first two features of a social enterprise: a social objective and limited distribution of profits. Social enterprises must specify in their corporate rules, their social objectives and the rationale behind profit distribution. This increases the transparency of operations and ensures that clients and partners are aware of the company's aims.

Transparency can be reflected in all operations of the enterprise, or can be taken to a product level.

Some social enterprises openly state the cost-structure of each product or service and how much the manufacturer has been paid for it. The origin and conditions in which the product was made are also important. A good example of transparency is a product-specific story that gives the customer information of the product.

A fourth distinctive feature is demonstrable beneficial social impact. Various methods have been developed for demonstrating social impact, the most popular indicators including social accounting and the SROI method, which is introduced on page 37.

When an organization applies for the Finnish Social Enterprise mark, the Association for Finnish Work pays attention to these aforementioned characteristics of social enterprises. In addition, other features typical of social enterprises will be considered, such as the communality of the enterprise or providing employment for those who might otherwise find it difficult to get work.



How social entrepreneurship is distinctive

Social entrepreneurship is not a synonym for corporate social responsibility. Of course it is vital to consider social responsibility and sustainability in the operations of a social enterprise. Companies that report on their social responsibility are not necessarily social enterprises, as they may not meet the other criteria set for social enterprises, i.e. limited distribution of profits, openness and transparency, and having clear social objectives.

Although cooperative activities are strongly linked to social entrepreneurship through the concept of the social economy, not all cooperatives are social enterprises. However, the latter can operate as cooperatives. For example large consumer cooperatives that operate locally and play a significant role in the development of the local economy are not social enterprises, because their distribution of profits is not restricted, and they have no defined social objectives.

A social enterprise can obtain non-profit status. However, not all social enterprises are automatically non-profit organizations, since their operations are not necessarily non-profit or open to all. The reverse is also true: not all non-profit organizations are automatically social enterprises, as in many cases their activities are not commercial in nature.

Social entrepreneurship is not the same as charity. The purpose is to produce services or products for paying customers. Operations must also be profitable in the long run. The same business principles can be applied to social enterprises as to any other enterprises. Social enterprises must work to increase their business income to avoid weakening their profitability and the conditions for continued viability.

FINLAND'S BEST-KNOWN SOCIAL ENTERPRISE?



GENERATIONS OF FINNS HAVE PROBABLY VISITED LINNANMÄKI AMUSEMENT PARK. THIS POPULAR SUMMER DESTINATION IN THE CENTRE OF HELSINKI HAS BEEN RUNNING FOR OVER 60 YEARS. WHAT IS NOT WIDELY KNOWN IS THAT THE CHILDREN'S DAY FOUNDATION, WHICH OWNS THE PARK, IS ONE OF THE MAIN CONTRIBUTORS TO CHILD PROTECTION WORK IN FINLAND, AND IS AN EXCELLENT EXAMPLE OF A SOCIAL ENTERPRISE.

History

The story of the Child Protection Foundation dates back to the early 1900s, when events for children were organized in Helsinki every spring. The aim was to raise funds for child protection work, and events included juggling, magic tricks, and basic merry-go-rounds. These were extremely popular in their time.

In the post-war years, Vesilinnanmäki in the Alppila suburb of Helsinki was chosen as the location for the event. In 1950, an amusement park was founded there, and was jointly managed by the Central Union for Child Welfare, Barnavårdsföreningen i Finland, the Federation of Mother and Child Homes and Shelters, the Mannerheim League for Child Welfare, Parasta Lapsille ry, and Save the Children Finland.

The profits from Linnanmäki amusement park were based on oral contracts divided between the operators and at first the rationale behind the distribution of funds was unclear. A consultant survey was administered to streamline operations, and based on its final report the Children's Day Foundation was founded in 1957. Written rules were prepared for the Foundation, outlining responsibilities and liabilities, distribution of profits and losses, and the organization of administration. The rules have been updated as necessary over the years.

Operational aims

The goal of the Children's Day Foundation's operations is to raise funds for child protection work through Linnanmäki Amusement Park. During its history, Linnanmäki has raised over 90 million euros for this purpose. Since the year 2000, the total annual volume of funding granted has doubled. Every year, the Children's Day Foundation has been able to increase the volume of funding, and in recent years around four million euros has been donated annually for helping children at risk. This has been facilitated by taking Linnanmäki in an increasingly business-oriented direction.

Applying the principles of social entrepreneurship to foundation activities

For the first 50 years, the Children's Day Foundation was managed as an association, and the results were excellent. The Foundation was involved in the founding of other Finnish amusement parks, including Särkänniemi in Tampere and Tykkimäki in Kouvola. It had operations in Rocca Al Mare Amusement Park in Tallinn, Kalajoki in Northern Ostrobothnia, and Santa Claus Village in Rovaniemi.

By the turn of the millennium, under Managing Director Risto Räikkönen, the Foundation's management style has continued to develop towards business management. Räikkönen, who had previously worked in the export industry and adopted the principles of social entrepreneurship at the Helsinki Deaconess Institute, has had a vital role in strengthening the Foundation's financial position. When he began as managing director of Linnanmäki and the Children's Day Foundation, Räikkönen remained committed to his view that hard-headed business and softer social objectives can work well together, and even complement each other.

Business thinking is now reflected in all of the Foundation's core operations, and supporting child protection work is the foremost aim in the minds of the Foundation's management. The only business activity specified in the foundation's strategy is focusing on its core expertise, i.e. managing Linnanmäki Amusement Park. All other activities have been rescinded in recent years. Focusing on one amusement park only has paid off, and the Foundation's finances are now in good shape. This secures the continuation of operations and increases in the funding directed annually to child protection work.

Social values

According to Children's Day Foundation managing director Risto Räikkönen, commitment plays an important role in Linnanmäki's value base. Linnanmäki will continue to help vulnerable children, which makes working for the enterprise meaningful. The enterprise's values are reflected in everyday activities, e.g. through goal-setting and supervision. The main objective is to raise funds for child protection work, and staff are genuinely pleased when this end is met.



The values typical of social enterprises, i.e. transparency and limited distribution of funds, are central to Linnanmäki's operations. Transparency means that the Foundation's financial statement and annual report are public in full. In addition, associations involved in the Foundation's administration can monitor its operations and results at all times. From the employee perspective, transparency is reflected in monthly meetings, where matters concerning the Foundation are discussed openly.

The limited distribution of funds is organized so that around half of annual business profit is reserved for investments. The other half goes directly to child protection work. Investments made in the equipment and renovations of the amusement park are central to ensuring that the Foundation can continue to raise funds for child protection work in the future. Concrete examples of this development work include new amusement park equipment and the renovation of the rollercoaster, which dates back to 1951.

Impact through ownership

The operating profits of Linnanmäki Amusement Park are divided between the owners of the Children's Day Foundation. Of these, e.g. the Federation of Mother and Child Homes and Shelters uses its annual share to help over four thousand vulnerable children and their families. More specifically, the funding is used to organize family rehabilitation courses at the association's own course centre Sopukka, and to support peer group activities.

The family rehabilitation courses are aimed at families with small babies, who have problems relating to drug or alcohol usage, mental health, or violence. The courses provide opportunities for peer support and



professional help. These activities support the families and help them to cope with parenthood in everyday life, whilst facilitating the safe development of the baby at home.

Sustainable development and recycling

Linnanmäki is the market leader and trendsetter in adventure business and wants to set an example for others. Values that are important for Linnanmäki include sustainable development ecology. Linnanmäki's administration believes that the time of conspicuous consumption and negligence of environmental issues has passed, and the organization is dedicated to becoming a pioneer in these areas.

Environmental values are visible throughout the park's activities, for instance in favouring renewable energy sources. Equipment is operated by hydropower and Linnanmäki also produces wind power on a small scale. Using a lot of energy, the amusement park participates in the energy saving programme of the Ministry of Employment and the Economy, the participants of which are committed to reducing their energy consumption. Consequently, low energy consumption is a major consideration in the acquisition of new equipment. Other concrete energy saving measures include switching to low-energy LED lighting and replacing direct electric heating with district heating.

Other examples of energy-friendly measures being taken at Linnanmäki are the restaurants in the amusement park area, which use biodegradable

disposable tableware only. Measures to reduce the amount of waste have also been taken. Although ecological materials are more expensive, Linnanmäki finds the price worth paying.

Work in a multi-cultural environment

Linnanmäki is an important employer in the Helsinki Metropolitan Area. In addition to the permanent staff, the park employs around six hundred temporary employees each year. Most of these temporary employees are young, and Linnanmäki is their first workplace. Training and orientation are important at the beginning of one's employment. Orientation to the work tasks and rules of working life are carried out with care, and the training is provided as part of paid working time. One of Linnanmäki's social tasks is to orientate young recruits to working life as well as possible.

The enterprise's social responsibility also extends to employment. In a fast-changing multicultural world, Linnanmäki is a good example of successful efforts at welcoming people from different backgrounds into the working community. Linnanmäki wants to provide work to all kinds of people including immigrants and long-term unemployed and socially excluded persons. Staff members with an immigrant background are considered a strength, and including members of all immigrant groups in the amusement park's staff is considered important for the customer experience. The same applies to language proficiency, and fluency in Russian and Swedish are sought after skills in an employee.

Development, a constant challenge

A business-oriented social enterprise must be ever ready to make changes and reforms. At Linnanmäki, customer orientation is reflected in its constant development. The services and equipment of the amusement park are continuously being developed to keep its customers' interests alive.

Developing new service models is also a vital part of Linnanmäki's business operation. In recent years, the theme has been increasing year-round operations through the Peacock theatre and Sealife Helsinki, both of which are also open during the winter season.

The amusement park aims to develop an increasingly wider customer base. In addition to providing entertainment for children, the needs of pensioners in particular are considered important. One effort to this end has been the establishment of gourmet restaurants in the amusement park area. The development of conference services for companies has also opened new business operation opportunities, and has increased year-round use of the area.

Strategic planning

Every well-managed enterprise must be familiar with the current competition situation, and must aim to adapt to changes. In the course of its first 60 years, the competition situation for Linnanmäki Amusement Park has undergone much change. In the 1950s, competition for customers was not as intense as it is now, as movie theatres were the only real competitors. Linnanmäki's greatest competitors these days are not other amusement parks, but sports events, shopping centres, and various public events organized in the

Helsinki Metropolitan area. These all exert a strong pull on people's limited amounts of free time.

Linnanmäki's answer to the constantly changing competition situation is strategic planning. It uses an annual cycle, which forms the basis for its annual strategy which is prepared by the executive management in the spring, and approved by the Foundation's management in the autumn. The next spring, the preparation of a new strategy begins again; and so the cycle continues. Over ten years of systematic work has enabled Linnanmäki to establish a clear picture of the direction in which the operations should be developed.

Future

In the future, Linnanmäki will continue to provide an increasing number of year-round services in a central location in Helsinki. The aim is to extend the amusement park so that in the future, equipment will be located on two or even three levels. On the current site, extending upwards or downwards are the only options, as its location in the middle of a city restricts construction at ground level. Multi-level construction has already started, and as an example, staff premises are located underground.

The aforementioned continuous development of service operations and increased year-round provision of services are a vital part of Linnanmäki's future strategy. Internationality and an increased number of Russian tourists in particular are already reflected in Linnanmäki's operations, and their significance will continue to grow in future.

The future of the social enterprise looks encouraging. To quote managing director Risto Räikkönen: "Social



enterprises are such a big thing that few have realized it as yet. But we will all see it in ten or fifteen years. That's why we want to be part of this first wave as pioneers, setting an example to others of how society can and should be developed."

Social entrepreneurship is reflected in all segments of Linnanmäki's operations. Few social enterprises in Finland can demonstrate such clear social impacts as Linnanmäki and the Children's Day Foundation have done during the park's 60-year history. Profits directed towards child protection work have an important role in helping vulnerable Finnish children. The Children's Day Foundation provides an excellent example of social entrepreneurship being used for the good of society.

The Children's Day Foundation

Helsinki

Founded in 1957

Industry: amusement and theme park operations

Turnover: 25 million euros

www.linnanmaki.fi

Linnanmäki

PLANNING OF SOCIAL ENTREPRENEURSHIP OPERATIONS

WE MET DOZENS OF SOCIAL ENTREPRENEURS WHILST WRITING THIS BOOK. WHEN WE TALKED WITH THEM, WE COULD SEE A CERTAIN FIRE IN THEIR EYES: ENTREPRENEURS WHO HAVE ADOPTED OR CREATED THE STRONG VALUE BASE OF THEIR ENTERPRISE ARE SERIOUS ABOUT THEIR MISSION, AND WANT TO SHARE IT WITH OTHERS. THEY WANT TO SHOW HOW THEIR ENTERPRISE PRODUCES SOCIAL BENEFITS.

Solving social problems

The operations of a social enterprise can be based on the personal goals, principles, preferences, and values of the entrepreneur. The entrepreneur often gives a face to the operations, and the activities of the entire organization can be closely linked to a certain person or community. The entrepreneur's enthusiasm and will to realize his or her vision is a basic condition for any successful business operation. The main goal of a social enterprise is to adopt a social objective and to communicate it to the outside world. The objective and business model must be defined from the beginning as the main factor directing business operations and the entire staff must be able to commit to this form of operations.

An existing organization can become interested in social entrepreneurship also. In Finland, many foundations and associations have in recent years established business operations to support their cause. For this, a social enterprise is more than well suited. A social enterprise established on the basis of an association or foundation can produce profit through its business operations that are used in accordance with the operating principles specified in its corporate rules.

Very often the motivation for establishing a social enterprise is the entrepreneur's personal interest in solving a problem existing in society. The entrepreneur may have thought about tackling social problems by means of business operations for a long time. Before founding an enterprise it is good to take a moment to consider the following questions: What is the problem that the business operations will be used to tackle and what kind of resources will be used to tackle it? Who are the potential customers and why would they be willing to pay for your specific product or service?

The entrepreneur must assess the profit-making feasibility of the new enterprise realistically, i.e. how the business income is generated and the value experienced by the customer is created. Later, these ideas will be used to formulate the value base of the enterprise. Answering the questions listed above at a very early stage makes it easier to prepare a feasible business plan, too. It is also advisable to start testing the business idea by telling friends or business advisors about the idea. With the feedback received, the idea will slowly be developed into a real enterprise.

Social outlook of the enterprise

Vision is the entrepreneur or organization's view of the enterprise, and its intent to fulfil its social objectives in 5-10 years' time. The vision should be realistic but at the same time ambitious. It is the dream that the organization is working towards. The vision is not just the entrepreneur's objective but also serves as a clear landmark for the staff, guiding the development of the organization's activities. The following questions can be used to define the vision of a social enterprise.

- What will the enterprise be like in 5 years' time?
- What results have been achieved by that time?
- What would our society be like if the specified problem was solved?
- What is the socially sustainable operating principle?

The operating principle defines the reasons behind the enterprise's existence. It can also be called a mission and describes the strategic goals of the enterprise and the measures taken to achieve these objectives. The operating principle of the social enterprise also defines what social good it will be able to produce through its activities. The operating principle can be thought of as the backbone and core of the enterprise's work. The following questions will help to define the enterprise's operating principle:

- What values does the enterprise want to commit?
- What are the core objective of the enterprise's activities?
- What are the long-term objectives that the enterprise wants to commit to?

Double bottom line

Often the sole aim of business is to maximize profits. This is also what many economists consider to be the sole purpose of an enterprise. The current Finnish Limited Liability Companies' Act shares the same basic assumption: "The purpose of a company is to generate profits for the shareholders, unless otherwise provided in the company code"⁷.

The aim of a social enterprise is different: business is based on values and a specific social problem that the organization wants to solve. "Unless otherwise provided in the Articles of Association" has therefore taken on a new meaning. A social objective and mention of the limited distribution of profits can be included in the Articles of Association of a limited company. Social objectives and profit seeking go hand-in hand and are equally important.

In recent years, social business models have stirred a lot of discussion. Recognized economics with Michael E. Porter leading the way have initiated discussion on the subject matter⁸. The term used is double bottom line, which means that a social enterprise has two purposes; the social objective and the business goal. Both of these are important because without profits business cannot continue and without social objectives the enterprise's value base would be empty. From this point of view it can be stated that an enterprise that focuses on the maximization of profits cannot be a social enterprise unless it has specified a social objective.

Values

The work of a social enterprise is based on value choices, which form the basis for all of its activities. Values are operating principles that are adopted by the working community and considered good and important. These principles are reflected in the operating principle and vision.

Values can also be described as wants. What does the enterprise want to become known, recognized, or remembered for? An enterprise can have only one value or it can have many of them. It is advisable to open the content and background of the values to oneself and the interest groups of the enterprise. The following questions can be considered to define the enterprise's values:

- What do you want the customers to say about your enterprise?
- Which matters are important in your enterprise?
- Which approach do you want to apply towards customers and staff?

Objectives of the enterprise

A set of defined objectives guides the tasks of the enterprise. Operations are actions that are facilitated by specific investments, and have specific influences. Impacts are directed at the enterprise's interest groups. These impacts should be demonstrated, measured, rated, and made public. Objectives determine what should be measured. The objectives must be: exact, measurable, feasible, result-oriented, and temporally restricted. When the objectives are met, the enterprises vision and operating principle are realized.

As with the aforementioned double bottom line, the objectives of a social enterprise can also be divided into two separate pieces: business and social objectives. Since the competitive edge of the social enterprise can be the positive impacts on the environment and the community, the enterprise should focus on assessing and measuring the impacts from the beginning.

Short-term objectives can be set for anything from a few months to a few years. The short-term goals of a social enterprise that is starting business could be related to, for example, a successful launch or establishing a position in the market. In practice, the short-term objectives in the early stages are often business objectives related to the enterprise's daily survival. The objective of a new social enterprise could be, for example, to offer new jobs to persons who might otherwise find it hard to find employment.

The long-term objectives are clearly related to the enterprise's values and social objectives. In the long term – from two to five years, a social enterprise must aim to demonstrate significant social impacts. The means to assess these impacts have already been developed. Next, we will introduce an enterprise whose operational objective is to develop children's social skills.

BUSINESS ON CHILDREN'S TERMS



THE PURPOSE OF SOCIAL ENTREPRENEURSHIP IS TO SOLVE SOCIAL PROBLEMS THROUGH COMMERCE. TO ACHIEVE THIS END, ENTREPRENEURS MUST HAVE A CLEAR VISION OF THE ENTERPRISE'S ACTIVITIES. BUSINESS IS BASED ON THE ENTERPRISE'S STRONG VALUE BASE. THIS IS THE STORY OF TEAM PLANET, AN ENTERPRISE BASED IN JYVÄSKYLÄ, FINLAND, THAT AIMS TO DEVELOP CHILDREN'S INTERACTIONS AND GROUP WORK SKILLS.

Early stages of the enterprise

TeamPlanet is a social enterprise that is owned by Liisa Korpela and Mirja Kalliovalkama-Mäkinen. Both have years of experience in various tasks in the social and healthcare sector. Before TeamPlanet, Kalliovalkama-Mäkinen worked as an entrepreneur in the home care sector for ten years. Korpela had held various positions in Kalliovalkama-Mäkinen's enterprise and at paediatric wards and sports associations.

The idea of a joint enterprise dates back to the autumn of 2012 when the women noticed that child protection work had increased significantly within the home care sector in the past years. This made them wonder about how they could have an influence on development. Korpela has acted as a junior basketball coach for years, which served as an inspiration to start offering leisure time activities that would contribute to children's development.

The business idea was developed intensively over the following spring. Before getting started, a small-scale market survey was conducted and the views of local politicians and city management on the intended operations were assessed. At first, the women meant

to operate as an association funded by external operators such as Finland's Slot Machine Association, but after they discussed the matter with consultancy companies, Korpela and Kalliovalkama-Mäkinen became interested in the business model offered by a social enterprise. In summer 2013, TeamPlanet Oy was registered in the trade register.

Activities that enhance interaction skills

In addition to leisure time activities, TeamPlanet's business idea is to provide various services to families for everyday life and crisis situations. The starting point is doing and playing together without competing. Entrepreneurs explain that interaction skills are extremely important for the children's development. Good interaction skills make children better equipped for later life.

Leisure time activities are conducted in groups that have been named fittingly. For example, Team Myrsky offers adventure activities and TeamTheater theatre activities. Pricing is based on seasonal fees and at first activities are organized during the autumn and spring terms of primary schools.

Customer-orientation is key to the enterprise's activities. Compared to traditional team activities, TeamPlanet has a different approach to activities. The enterprise offers the setting and equipment and the children can customize the activity together in a group instructed by professionals. The aim is to commit children for a year at a time, which helps establish a relationship of trust between the instructor and individual children. This way the instructor can better contribute to their development. Children are not divided into groups based on skill level, but all are welcome to play and participate in the activities just the way they want. Equality is emphasized, and all families and children are welcome.

In addition to leisure time activities, TeamPlanet offers various professional, child and family-oriented services to families. These services are vital for the enterprise because they facilitate the profitability of business, whilst also facilitating the development of children's activities.

Social objectives

The social objective included in the company code is clear: the enterprise aims to reduce loneliness in families and to promote children's teamwork skills. The enterprise wants to offer its services to all children and families with children, including families that cannot afford any other activities.

TeamPlanet operates on children's terms. One objective is to lower the threshold for children to participate in group-work. The enterprise considers that it has met this objective when children feel that they have been heard and noticed and that they are valuable.

Improving youth employment is one of the main social challenges. TeamPlanet wants to support the employment of youth. In the future, 15-20 year old people will be recruited as assisting instructors for various events.

Transparency and demonstrating impacts

The values of a social enterprise are the basis of TeamPlanet's work. According to Korpela and Kalliovalkama-Mäkinen, business and seeking to produce social good are not mutually exclusive, but good for each other.

Transparency and demonstrating impacts are vital parts of a social enterprise's activities. For new enterprises, these aspects can be planned beforehand, but the real impacts become visible only gradually. Team Planet develops practical methods for assessing children's interaction skills as part of its training services.

Transparency can be put into practice from the very beginning. For TeamPlanet, extending transparency to customers and interest groups is still being planned. The plan is to publish the annual report and calculations on the sources of income, number of sponsored activities, and staff salaries.

Funds for activities through support services

The aim of TeamPlanet's leisure time activities is not to yield profits. Instead, all profits are put back into development. The enterprise aims to generate profits



from the provision of family services. These profits will, for the most part, be channelled into children's leisure time activities. The aim is to keep the pricing of leisure time activities reasonable to ensure that families will be able to participate in them.

Other businesses are offered an opportunity to participate in supporting children's leisure time activities by becoming sponsors or business mentors. TeamPlanet commits to use partner donations to offer a place for the children of poor families in activity groups. Long-term social impacts are produced when the children's opportunities for leisure time activities increase, supported by businesses.

Companies in the Jyväskylä region have shown interest in what TeamPlanet has to offer. Several small companies in particular have been very interested in channelling funds towards this good cause. According to the founders, acquisition of sponsors has been challenging yet rewarding. More partners constantly sought and children's opportunities for leisure time activities improve the more companies become involved. However, things are not dependent on sponsor funds alone, since the profits generated from the provision of family services and paid leisure time activities are vital to continued development.

Working with the best team

At TeamPlanet, the quality of services is rated very highly. Everything starts with making the right recruitment choices; staff are selected based on skills and personal chemistry. The staff will work as a team a lot of the time, with the aim to increase the meaningfulness of the work.

TeamPlanet's staff are a diverse group of skilled people that includes nurses, practical nurses, kindergarten teachers, physiotherapists, a social worker, and a paediatric psychiatric nurse. Also the staff have adopted the values of social entrepreneurship. Working for children is an important motivator for all instructors and other staff members in their daily work.

Help through networking

In the early phases of business, TeamPlanet's main partners have included consultancy firms, whose ideas and advice were very important for getting things off the ground. The idea of a social enterprise generated through consultancy has slowly developed into a functioning service based model.

On the other hand, finding financiers has been really difficult. Although all informed operators considered TeamPlanet's business idea to be very good, receiving funding has not been automatic. Funding channels supporting social entrepreneurship are lacking in Finland, which has also become evident for new social entrepreneurs. For this reason, TeamPlanet financed the company with their own capital in the early stages.

Finding funding channels is one of the most critical phases of a new business. In the early phases, marketing and operational start-up costs are expensive, while very little income is being generated to offset them. When the books have become balanced after a certain time, financiers start to show interest. In TeamPlanet's case, Finnvera will probably participate as a financier later. Other potential financiers include the Centre for Economic Development, Transport and the Environment in Central Finland and Finland's Slot Machine Association.

Competition situation

Competition-wise, TeamPlanet operates in a kind of market void. Similar companies that offer multi-professional services to children and youth are few in the Jyväskylä region. Non-commercial evening clubs and sports clubs can be considered as providing direct competition together with various kinds of theme and sport adventure parks. Indirect competitors, on the other hand, are multiple. For example TV programmes, video games, and computers take up more and more of even small children's time. TeamPlanet makes use of children's preferences and so one of the activity groups concentrates on playing, while another introduces the world of movies. In these groups, children learn interaction skills through games and movies. In the long term, children can develop innovations such as new games.

According to its founders, TeamPlanet does not compete with sports clubs directly because the activity groups are not competitive. In fact, its activity groups support the work of sports clubs, because they aim to improve children's interaction and teamwork skills that are also important in competitive sports. This way sports clubs can indirectly benefit from TeamPlanet's services, because children's ability to work together develops when they participate in TeamPlanet's activity groups. In the future, the enterprise is planning to start marketing their expertise in group-work skills to sport clubs.

Towards the dream

It is difficult to predict the future, but each business must have a clear vision of the future. TeamPlanet's short-term objective is to balance its operations and to reach as many families in the Jyväskylä region as possible. In the long term, TeamPlanet founders Liisa Korpela and Mirja Kalliovalkama-Mäkinen would like to extend their particular social enterprise model to other locations as well.

Working towards a social objective can start with very modest business operations. Channelling the entrepreneurs' own values into business operations creates a mindset and social ethos in which values are integrated with all operations. Entrepreneurs are ready to commit to the social cause. TeamPlanet wants to be a nationally recognized social enterprise and social influencer. The new social entrepreneurs are now heading towards these goals. We wish them every success!

TeamPlanet Oy

Jyväskylä

Founded in 2013

Industry: other open social care services

www.teamplanet.fi



DEMONSTRATING SOCIAL IMPACTS



Measuring social impacts

Measuring social impacts is key to justifying the benefits of a social enterprise. Several methods to measure social impacts have been developed in Europe including social accounting and return on social investment (SROI).

Social accounting is monitoring the fulfilment of the set social objectives over a pre-determined time period.⁹ Despite its name, the purpose of social accounting is not to inspect the financial indicators of the organization. In practice, social accounting is used to monitor the achievement of the social objectives set by the social enterprise in its corporate rules. The enterprise defines the quantitative or qualitative social indicators itself based on its social objectives. With the social accounting report, the social enterprise can demonstrate the results of its efforts, and provide assessments of the social benefits of its operations in relation to its objectives to its interest groups.

Return on social investments is a means to understand and communicate how the enterprise's business produces social value and how it is measured in purely monetary terms.¹⁰ A central objective is to calculate a SROI figure, which is based on an assessment of financial benefits that the enterprise will be able to generate through its work. The ratio can be used to determine, for example, how much society will save in relation to the capital invested. An SROI ratio of 4:1, for example, means that each invested euro saves four euros. With the return on social investment, the social benefits produced by the enterprise can be shown to investors and partners in monetary terms. This way the investor will be able to see the impact of the money they have invested on solving the social problems. From the enterprise's point of view, using the method helps to understand the company's objectives and social impact.

The commercial Sofie service came into being as a result of a comparison between the advantages and disadvantages of the return on social investment and social accounting. Marketed by Impact House, the service combines the features of both and offers an impact assessment service tailored to the needs of social enterprises. The service is described in more detail in the following example.

Corporate responsibility reporting of a social enterprise

The aim of a social enterprise is to demonstrate concrete social impacts. One means to do this is to corporate responsibility reporting. Traditionally we are only used to seeing this report enclosed with major corporations' annual reports. However, a corporate responsibility report is an excellent means to demonstrate the impacts of a social enterprise and introduce its services to interest groups.

Usually the corporate responsibility report is divided into three sections covering the aspects of financial responsibility, social responsibility, and environmental responsibility. Financial reporting discusses the enterprise's operations such as distribution of profits in an open manner. The social responsibility section, on the other hand, uses the tools designed for measuring impacts that are described in the previous chapter, to demonstrate the beneficial social impacts of the enterprise's operations. The environmental responsibility section describes the environmental measures taken by the social enterprise.

DEMONSTRATING SOCIAL IMPACTS



GENERATING SOCIAL IMPACTS IS AMONG THE MAIN OBJECTIVES OF A SOCIAL ENTERPRISE. ASSESSING THE IMPACTS CAN BE DIFFICULT. FOR NEW ENTREPRENEURS IN PARTICULAR, THE TERM SOCIAL IMPACTS IN ITSELF CAN BE UNFAMILIAR. THE SOLUTION IS SOFIE, A SERVICE PRODUCED BY IMPACTHOUSE THAT OFFERS SOCIAL ENTREPRENEURS THE MEANS TO DEMONSTRATE THESE IMPACTS.

History

ImpactHouse is a registered enterprise that offers consultancy services to companies and organizations relating to the analysis of social impacts. ImpactHouse was founded in spring 2013, but its story started before that.

Funded by the Finnish Funding Agency for Technology and Innovation (TEKES), a social enterprise called Syfo Oy started to develop Sofie, a service designed for measuring social impacts, in 2007 together with an extensive network. When Syfo Oy began to wane, ImpactHouse was founded to develop the service further. The chair and founder of the association is Jaana Merenmies, who has extensive experience in the provision of consulting services for corporate management. The others involved are also experienced professionals.

Very little is known about social impacts and impact management in Finland. ImpactHouse ry addresses this problem by increasing awareness of social impact management and its significance for various organizations. Before the association was founded, the exact format of the business was carefully considered.

A limited liability company model was considered one of the best options for a long time, but a registered association seemed to facilitate a better means for influencing various operators. The Sofie service serves as the basis for the enterprise's payable services.

Impacts matter

Demonstrating social impacts is currently important, and according to Jaana Merenmies, its importance will continue to increase in future. Finland's Slot Machine Association, for example, finances various kinds of projects and is developing a model in which funding in the future would be granted, based on social impacts. Some municipalities have also started to emphasize social impacts in public procurement and even seek impacts directly. In Espoo, for example, youth employment has been used as a criterion in the city's public procurement. This is a major opportunity for social enterprises and Sofie provides an excellent means to demonstrate the impacts to interest groups.

Applying best practice

According to Merenmies, SROI and social accounting models that are popular abroad, are too complex and burdensome for small and medium-sized enterprises in particular. The starting point of the Sofie service is to capitalize on the strengths of these models and to minimize their weaknesses.

The use of the service is based on a cloud tool, which allows the enterprise to monitor and report its social impacts in a systematic way. The most visible part of the service is social impact reporting that provides information of the impacts to interest groups inside and outside the enterprise. According to Merenmies, the overall learning process of the enterprise using Sofie is at the core of the service, as it improves the enterprise's ability to assess the impacts.

Conveying competencies is key

ImpactHouse's service is based on training the users to measure impacts and on conveying competencies to the enterprise. This means that the organization that acquires a licence to use the service receives not only an electronic tool but also a lot of information on the matter.

Other impact measuring services in the market do not convey competencies, but results. According to Merenmies, it was vital to do otherwise when the service was being developed. The purpose of the conveyance of training and competencies is to ensure that the users will in the end be able to manage the impact assessment process independently using the

Sofie service. Assessment skills make it possible to understand the significance of social impacts as a starting point for all business.

Suited to all kinds of users

The Sofie service is a diverse tool that adapts to the needs of all enterprises regardless of their size. For existing enterprises the service offers tools for monitoring and managing social impacts. Information produced with the service can be used to support management operations, e.g. by supporting the staff or as a tool for strategic planning or operational development. The service can be used to report the value of social impacts in monetary terms to external interest groups, for example, an ethical investor will be given exact information of the impacts reached through his or her investment.

In the case of new enterprises, the service can be put into use in the early stages of planning the company's activities. Adopting the service early in the start-up phase allows for a deeper analysis of the social impacts and the means to measure them.

Planning support

During the start-up stage, Sofie can be used to produce an estimate of the enterprise's social impacts, which can be used as a basis for the services it provides. This estimate is often incorporated into the business plan. The estimate clearly reveals the relationship between the level of impacts and turnover. The estimate in particular benefits enterprises that receive funding from ethically oriented operators that wish to pay attention to social impacts in their investments. For

the enterprise itself, the estimate clarifies the impacts that it can achieve.

According to Jaana Merenmies, the service is at its best, a seamless part of the management's toolbox. The service will be tailored to the needs of each enterprise separately. Depending on the background of the enterprise, the training and conveyance of competencies will be planned individually. The actual date of commencement of the service depends on the competencies of the enterprise or the entrepreneur. In the case of new enterprises, for example, the preparation of a social impact assessment produced using the Sofie service takes nearly the same amount of time as preparing a business plan.

Recognized users

The pricing of the service is based on an assessment-specific fee. The number of users per enterprise is not restricted because it is better for the quality of the service if more people within the enterprise are familiar with the measuring of the impacts. Each project will be priced separately because the needs of the enterprises differ. Training relating to the service can also be implemented in various ways, for example as group training organized jointly for several social enterprises. This not only lowers the cost of the training, but the enterprises will get the chance to learn from each other.

Sofie users include enterprises and organizations from various operating fields. In the public sector the service is used by the City of Espoo and Yleisradio Oy (Finnish Broadcasting Company). Foundations that use the service include the Helsinki Deaconess Institute. The service is also used by a number of smaller operators.

Demonstrating impacts

The Sofie service has been developed to meet a certain need. Measuring impacts is one sector of social entrepreneurship in which national expertise is yet relatively undeveloped. International systems developed for measuring impacts are not necessarily suited for small enterprises without modification. For this need, a service where the customer does not buy a mere tool, but also develops their own competencies in assessing impacts, is perfect.

For new entrepreneurs and enterprises, the idea of social entrepreneurship can become clearer when the impacts are assessed for the first time. Sometimes, the actual social benefits of its work can come as a surprise. Often, a lot of social good can be achieved through the smallest investment. ImpactHouse's service provides an excellent option for demonstrating beneficial social impact.

ImpactHouse ry
Helsinki
Founded in 2013
www.impacthouse.fi
www.sofienet.fi



SOCIAL ENTERPRISE MARKET

THERE ARE ALSO OPPORTUNITIES FOR FINANCIALLY PROFITABLE SOCIAL ENTREPRENEURSHIP IN MARKETS WHERE BUSINESS HAS BEEN RARE OR NON-EXISTENT. THIS DOESN'T MEAN THAT DEMAND WOULD NOT BE REQUIRED FOR THE PRODUCT. SOCIAL ENTERPRISES HAVE BEEN ESTABLISHED IN MANY DIFFERENT SECTORS.

THE ENTERPRISES INTRODUCED IN THIS PUBLICATION REPRESENT NINE DIFFERENT SECTORS. THEY INCLUDE OPERATORS IN THE PUBLIC SECTOR, THIRD SECTOR ORGANIZATIONS, AND SOCIAL ENTERPRISES. THIS CHAPTER INTRODUCES THE MARKETS FOR SOCIAL ENTERPRISES AND DIFFERENT TYPES OF SOCIAL ENTERPRISES THROUGH EXAMPLES.

Public procurements and social impacts

The Finnish Procurement Act is applied to procurements in the public sector. For many enterprises, participating in public procurements is part of everyday business, and constitutes a significant part of the enterprise's turnover. With good preparation, small companies can win bidding competitions and increase their turnover through them.

In most cases, the offer with the lowest price tag wins bidding competitions organized for public service procurements. Including sought-after social impacts as criteria in the invitation to tender in the planning stage increases a social enterprise's ability to compete with sustainable businesses. For the organizer of bidding competitions, the use of qualitative criteria requires daring and skills to implement the procurement right.

In the long term, purchasing high-quality services is nearly always more sustainable than choosing the option with the lowest price. Several guidelines have been written for responsible procurements such as the CSR Compass administered by the Ministry of Employment and the Economy and Motiva's Procurement Service that offers advisory services on sustainable public procurements.

Social and health care services account for around sixty per cent of municipal expenses. By choosing a locally owned and produced service, this capital can be channelled at least partially back into the municipal economy. A locally owned and managed social enterprise can have a positive impact on the local economy and have a central role as a producer of local wellbeing services. On this basis it can be stated that it is more sustainable to choose a locally owned enterprise to produce services than a multi-national one that does not necessarily pay taxes in Finland. Municipalities and cities have also slowly



started to consider these aspects in their own bidding competitions. The City of Espoo is a case in point, having used a range of qualitative criteria in its competitive bidding for services.

Social enterprises in cooperation with the public sector

Various changes in society open up opportunities for the founding of social enterprises. These include decisions made in the public sector that aim to contract out services that have traditionally been organized by public operators, such as municipalities and the state.

Municipalities try to eliminate all operations that are not required from them by law due to the pressure to cut expenses. On the other hand, municipalities are bound by law to secure the availability and quality of services, which the residents are also used to. New cost-effective service models and new innovations are constantly needed to compensate the increasing social and healthcare service expenses. The writer of the preface of this publication, Diacor, which is owned by the Helsinki Deaconess Institute and offers GP, occupational health, specialist, and hospital services, is an example of such a social enterprise.

In the social and healthcare sector, social entrepreneurship is extremely popular on an international scale, too. In Great Britain, for example, social enterprises often operate as producers of healthcare services. In Finland, Mäntänvuoren Terveys Oy based in Mänttä-Vilppula in central Finland is a good example of cooperation between the municipal and private sectors in social and healthcare services.

The tasks of the municipalities and cities also include taking care of the weakest members of society. City-owned rental apartments and supported mother and child homes, are examples of the measures taken by cities to help those who are in a vulnerable position. Sometimes also these services have been contracted out. The following example is a social enterprise that operates in various locations in Finland and who welcome everyone as their customers.

“WE WELCOME EVERYONE”



WHAT WOULD YOU DO IF YOU SUDDENLY ENDED UP WITHOUT A PERMANENT APARTMENT? OR IF A FRIEND WITH AN ALCOHOL PROBLEM WANTS TO STOP DRINKING BUT HAS NO APARTMENT? OR A RELATIVE HAS LOST THEIR CREDIT RATING AND CANNOT GET A RENTAL CONTRACT THROUGH NORMAL CHANNELS? HOW WILL THESE PEOPLE EVER GET BACK ON THEIR FEET? THERE IS A PLACE WHERE THEY ALL ARE WELCOME: SHELTERED HOUSING OFFERED BY THE FINNISH FEDERATION OF SETTLEMENT HOUSES.

History

The Finnish Federation of Settlement Houses is part of the international settlement movement. The general objectives of the movement are related to the development of communality in society. The history of the Finnish Federation of Settlement Houses dates back nearly a century. Founded immediately after independence in 1918, the federation was the second NGO to start up in newly independent Finland. From the very beginning, the aim has been to bring together various social classes and people who think differently. The Finnish Federation of Settlement Houses conducts for example cultural, educational, and social work through local Settlements. In total, there are 36 local Settlements and 8 district organisations of Settlement Youth across Finland. The Foundation administers, among others, 18 community colleges and coordinates victim support. A non-profit organization, the foundation provides services of general interest.

The objectives of the Finnish Federation of Settlement Houses are strongly related to working with children and the youth, senior citizens, and multicultural groups. As the term ‘settlement’ refers to settling down and housing, it is also in line with the foundations’

other operations to offer housing. The development of social housing and related housing services, started at the beginning of the millennium. The aim of the foundation was to develop a model for sheltered housing for persons who cannot easily find housing otherwise.

About the enterprise

The foundation’s housing services are divided between two companies. S-Asunnot Oy was founded by the Finnish Federation of Settlement Houses and the Kalliola Settlement in 2000. The first apartment building was completed in Malmi in Helsinki three years later. At present, S-Asunnot Oy administers over a thousand rental apartments around Finland. Its affiliate Senioriasumisoikeus Oy was founded in 2008 and administers around 400 right-of-occupancy apartments. The enterprise aims to provide high quality, reasonably priced, and sustainable housing close to services.

S-Asunnot Oy offers rental housing in apartment buildings known as Ässäkoti mainly in the Helsinki Metropolitan Area. It also owns apartments in Hyvinkää and Tampere. In addition to the Helsinki

Metropolitan Area, Senioriasumisoikeus Oy owns apartments in Hyvinkää and Kuopio. These apartments can be applied for by persons over 55.

S-Asunto Oy's apartments are mainly constructed with ARA-funding, which is granted by The Housing Finance and Development Centre of Finland (ARA) and restricts the selection of residents. ARA-funded housing must be offered to persons with a low-income and who have no sufficient savings to purchase an apartment. S-Asunnot Oy offers housing for special groups also, such as long-term unemployed and disabled persons. This kind of housing constitutes 15-20 percent of all S-Asunnot Oy's properties. For example the property in Saunalahti in Espoo includes ten apartments for young people with special needs.

Supported social housing

The social real estate management model was tested in the first housing company owned by S-Asunnot Oy with the financial support of ARA, and it was later extended to all properties owned by S-Asunnot Oy and Senioriasumisoikeus Oy. At present, a resident management agent has an office in each residential building. The services of the resident management agent are meant for all residents of the building. Each resident management agent has a degree in social welfare and is therefore able to help the residents in a range of situations. Resident management is used to develop the communality of housing and offer the residents support in everyday housing. In the supported housing model, the role of the resident management agent is to address any emerging problems such as delays in the payment of rent at an early stage. This business model has achieved excellent results and delays in rental payment, for example, are very rare.

Another important means to increase communality is the lounge that can be found in each building. It is a premise meant for all residents where they can read the daily papers, watch TV, or use a computer. The lounge is usually located next to the resident management agent's office, which makes it easy for the residents to visit them both at the same time. Residents are encouraged to organize various kinds of activities in the common premises. Events are resident-oriented or support the wellbeing of the residents. For example in Kuopio, two events a month were organized in 2012 in a senior right-of-occupancy apartment building. In these events, the residents received information about various themes of their choice. In Kalasatama in Helsinki, the residents of senior rental apartments have organized weekly coffee clubs, art exhibitions, and boating trips to the archipelago.

Social objectives

S-Asunnot Oy's social objective is strongly linked to developing the quality of housing. The aim is to increase the communality of housing and, at the same time, help those of the residents who need support in their housing. In supported housing, the residents' need for support varies greatly and the resident managing agent helps the residents in filling housing support forms and the like.

The enterprise uses all profit for developing its activities. It is stated in the company code that the enterprise does not distribute dividends to its owners. This does not, however, mean that the business is not profitable, as the aim is to make profit each year that is invested back into the enterprise for development. Business is transparent: the annual report is public and the enterprise explains its operations openly. The



business model is not a trade secret. Managing director Esa Fagerlund hopes that other operators would also adopt the resident managing agent model.

Significant impacts

According to Fagerlund, the enterprise generates beneficial social impact for residents, and also for municipalities. Unlike other operators in the field, S-Asunnot Oy offers housing for persons who cannot easily find it otherwise. No-one is therefore turned away, as everyone is welcome. In municipalities, the company is valued because it helps ease the housing situation by offering supported housing services to all sectors of society.

Fagerlund is only sorry that as a small operator, the social impacts of the enterprise are relatively small. On the other hand, a person or a family that gets back on their feet after a hard time is never a small achievement and if S-Asunnot Oy has contributed to this, it is an excellent result according to Fagerlund. As an example, he tells about the trial implemented with Kalliola Settlement that involved offering housing for five persons with a substance abuse background. Four of them have since then given up drugs and alcohol. This emphasizes the fact that an opportunity for supported, permanent housing is of vital importance in situations like this.

Another example of the social impacts facilitated by the housing services is from Hervanta in Tampere, where S-Asunnot Oy owns a total of 20 rental buildings meant for under-29-year-olds who have been homeless for a long time. The City of Tampere refers them to supported housing. In the housing company, a three-person team manages the residents' matters and

instructs them on matters relating to housing. The company has generated concrete social impacts by reducing homelessness in the Tampere region.

The third example is a rental building completed in Vantaa in 2013, where twenty of the eighty apartments are reserved for young persons with disabilities. A support unit of the City of Vantaa is located in the building that manages the support needed by the disabled residents. In addition, the resident management agent operating in the building serves all residents. A couple of apartments in the same building are reserved for young clients of child protection, as their first homes.

The social enterprise mark affects the image

S-Asunnot Oy and Senioriasumisoikeus Oy were among the first operators in Finland to be granted the Finnish Social Enterprise Mark in March 2012. Fagerlund says that the mark has improved the image of the enterprise especially when operating in the municipal sector. The mark shows that the enterprise's operations are ethically sustainable.

Fagerlund has also participated in the Ministry of the Environment's working group on the Development programme for housing for elderly people that will continue until 2017. The objective of the government-approved programme is to develop the level of housing for elderly people and opportunities for living at home in Finland. Viewed against this background, it can be stated that S-Asunnot Oy and Senioriasumisoikeus Oy's work is highly important and that they have served as pioneers in a developing field.

More social housing in future

Esa Fagerlund predicts that the need for supported housing will continue to increase in Finland and therefore there will be also be a demand for their work in the future. Economic ups and downs in the construction sector will affect the speed of the expansion, because during a favourable economic situation construction firms do not submit tenders to rental housing constructors, which means that S-Asunnot Oy cannot then construct new housing. Activities also depend on the availability of public funding, i.e. funding granted by ARA. In the future the enterprise intends to invest in new buildings, where opportunities arise. Offering housing for the elderly will also increase in the future.

The more accurate measuring of social impacts is another important project to be implemented within the enterprise. A member association of the Finnish Federation of Settlement Houses in Järvenpää has used the social accounting model to demonstrating impacts and S-Asunnot Oy plans to use their experience in measuring its social impact.

Experienced corporate manager's advice to new social entrepreneurs

Soon to be retired managing director Fagerlund encourages new social entrepreneurs to bravely take up the challenge. Honest hard work and genuine commitment towards achieving social objectives, and demonstrating it through transparent operations is important. Entrepreneurs should keep in mind that all business should benefit the client, and consequently the company itself. Innovativeness and sensitivity to changes are also key to the management of a successful enterprise. The social objectives should be kept in mind, but the business must also adapt to a constantly changing environment.

S-Asunnot Oy

Helsinki

Founded in 2000

Industry: renting of apartments

*Turnover, S-Asunnot Oy: €7.6 million,
Senioriasumisoikeus Oy: €3.1 million, in
total: 10.7 million.*

www.setlementti.fi/s-asunnot



SOCIAL RENEWABLE ENERGY



The energy industry in the turmoil of change

In the 1990s, electricity markets were limited and electricity could only be purchased from the local electricity company. Most of the energy companies that used to be owned by municipalities and the state have been privatized. Social enterprises are perfectly suited for producing these necessary services. Local heating plants around Finland are an excellent example of this development. Usually heating companies that employ a cooperative model and produce renewable energy have been able to demonstrate social benefits they create. This means that social enterprises are emerging in the bio-energy sector in Finland.

Social companies have had a particularly important position in the production of renewable energy in Denmark, Scotland, and Germany, for example. In all these countries wind parks and solar energy parks owned by local communities hold a decisive position when a shift is made from fossil fuels to renewable energy. Community-owned renewable energy production arrived in Finland at the turn of the millennium.

At best, social entrepreneurship in energy production benefits local residents. The production of wind power provides the local community and landowners with much needed additional income. Experience also shows that opposition to the construction of wind power plants is reduced when local communities are invited to participate as owners. A wind power plant that operates as a social enterprise can also sell wind power to its owners at a price lower than the current market price.

Improving the environment

There is an ever-strengthening common intent in our society to improve the state of the environment. The appreciation of environmental matters has increased partly due to the discussion on global warming. Various operations relating to recycling and environmental protection are perfectly suited for social enterprises. In the countryside, available opportunities include services aiming to promote the sustainable use of natural resources and improve the state of the environment.

Countryside and sparsely populated areas have become known as the users of cooperative business models. Small consumer cooperatives, dairy cooperatives, and meat cooperatives founded in the last century are excellent examples of social entrepreneurship. Since then, many of these pioneers in the first generation cooperative activities have extended into multi-sectoral businesses, and the social cooperative idea has disappeared during the growth.

Small cooperatives founded towards the end of the millennia are fresh examples of the opportunities of social operations. For example producer, broadband, and energy cooperatives established all over Finland show that cooperatives can be used to create new jobs in sparsely populated areas. Energy cooperatives maintain, for example, local heating plants. Using locally harvested energy wood in heat production creates a local market and procurement chain for energy wood, and is also significant in terms of forest management. Next, we will introduce the first wind power company in Finland that is owned by its customers. After that, we will look at a cooperative, which saves a million litres of heavy fuel oil each year.

FINLAND'S FIRST CUSTOMER-OWNED WIND POWER COMPANY



LUMITUULI IS A COMPANY, WHOSE STORY GOES BACK TO THE SMALL DISTRICT OF LUMIJOKI IN NORTHERN OSTROBOTHNIA IN THE MID-1990'S. AT THE TIME, LOCAL RESIDENTS AND DECISION-MAKERS CAME UP WITH THE IDEA TO PRODUCE WIND POWER. HOW DID THIS SOCIAL-ORIENTED PROJECT GROW INTO THE FIRST AND LARGEST PRIVATELY-OWNED WIND POWER COMPANY IN FINLAND?

History

In the 1990s, Lumijoki became interested in producing renewable energy. Members of the local community and municipal decision-makers had already investigated the option of establishing their own wind power plant at the beginning of the decade. Wind measurements confirmed that the area was suitable for wind energy production. Local politicians responded favourably to the idea of constructing a wind power plant in the municipality of Lumijoki.

Following various survey projects, Sähkösuuskunta Lumi, a cooperative owned and administered by the local community was founded in 1996. Despite the good intentions, the resources of the small locality were too few. Subsequently, the power plant was not constructed and the electricity cooperative was discontinued.

An environmental association joins the project

The idea of a community-owned wind power plant had, however, reached the Helsinki Metropolitan area, where members of an environmental association Dodo ry became interested in the matter. For an operation-

oriented environmental association it was only natural to support a project that aims to increase the use of renewable energy. A group of the association's active members decided to revive the old idea of constructing a wind power plant in Lumijoki. In part, the decision was supported by the recently adopted amendment to the Finnish Electricity Markets Act that allowed people to purchase electricity from any operator regardless of their location. Therefore, electricity produced by the wind power plant in Lumijoki, could be purchased by a person living in Helsinki.

The members of Dodo ry were able to win the support of the local community in Lukijoki. The construction of wind power in Lumijoki seemed possible and so Dodo ry started to market the idea through their networks in the Helsinki Metropolitan Area also. The idea was new on a national level, as there were only a few dozen wind power plants in Finland at the time, and none of them community-owned.

The learning curve was relatively steep at the beginning of the project, as a lot of research was required on e.g. the permit process, zoning, and wind power technology. The community-oriented project started on a volunteer basis to ensure that it would be implemented. As the result, Lumituuli Oy was established in March 1998. It was registered in Lumijoki and had its headquarters in Helsinki.

The vital measures of the early stages

The business was at first funded with the founders' own capital, which was used to plan a marketing campaign and start the permit process in order to establish the power plant. From the moment of its founding, it was clear that the first wind power plant would be financed for the most part, with a public issuance of shares. Based on previous experiences, it was decided that the interest of one locality only would not be sufficient to collect enough capital and so anyone was invited to invest in the project regardless of their place of residence. This allowed for the local community in Lumijoki, as well as anyone interested in renewable energy around Finland to participate in the enterprise.

Active distribution of information was used in the marketing of the public issuing of shares using the channels available at the time. In the small community of Lumijoki, information spread quickly through the grapevine. In the Helsinki Metropolitan Area, brochures were distributed at various environmental events and the issuance of shares marketed in the paper. The public issuance of shares raised the 600,000 euros that was needed to construct the wind power plant. In addition, the then Ministry of Trade and Industry granted the project 30 per cent investment support fund. The rest of the funding was covered with a bank loan.

Constructing the power plant at sea

Construction started in 1998. Because the power plant is located at sea, the movement of ice and the erosive effect of waves on the soil had to be considered in



the planning of the foundation. For this reason, an artificial island was constructed for the foundation. Transporting the actual plant to the island was a major operation that required top expertise. The only option to transport the components of the power plant was to construct an ice road. Luckily the winter was favourable and the ice was sufficiently thick after the frost season in February to construct the road.

The Lumituuli power plant in the Routunkari shallows in Lumijoki started to produce electricity in 1999. The plant, known as Sähkölehti, has been in operation since then, producing 1400 megawatt hours of wind power every year. The production corresponds to the annual electricity consumption of around 700 two-bedroom apartments. Because there were very few wind power plants in Finland at the end of the 1990s, Lumituuli has, as one of the first wind power companies, developed into a significant wind power operator on a national scale.

Harnessing the wind

The objective of Lumituuli's operations is to produce wind power, to promote the use of wind power especially in Finland, and offer consulting services in the energy sector. The enterprise employs two people, the managing director Sampsa Hario and development manager Timo Lahti. Lumituuli has two wind power plants of its own; one is made by a Danish company Vestas and was completed in Lumijoki in 1999, and the other one is made by a German company Enercon and was completed in 2013. In addition, Lumituuli owns part of the Nordic Larsmo Vindkraft wind power company, and Åland-based Ålands Vindenergi Andelslag cooperative.

After its foundation, Lumituuli issued new shares to raise capital for new wind power projects. This has

widened the ownership base of the enterprise and at present, it has over 1200 shareholders, with the majority of them private persons. The demand for the shares and the electricity generated by Lumituuli has remained stable and people want to become involved for various reasons. Some of the owners want to support projects aiming to increase the use of renewable energy, while others want to reduce the carbon footprint of their own electricity consumption by investing in wind power.

Lumituuli sells wind-generated electricity to its shareholders only. The long-term price level has remained lower than the market average, which means that the shareholders who use wind power benefit financially from Lumituuli through reduced electricity costs. One share entitles the shareholder to purchase 500 kWh of wind-generated electricity that covers around one quarter of the annual electricity consumption of a two-bedroom apartment. Electricity is sold to shareholders through Ekosähkö Oy, which transfers the electricity generated at Lumituuli's power plants to end users.

Social impact

Since its foundation, Lumituuli has been a social operator. The idea that was originally created by the local community to generate wind power has developed into social entrepreneurship. Lumituuli's social objective is to promote the construction of wind power in Finland. Measures aiming to increase the production of renewable energy are a central part of Lumituuli's operations. Social impacts are created when the production of renewable energy increases and, subsequently, fewer and fewer fossil fuels are needed. This way the enterprise can affect the sustainability of Finnish energy consumption by increasing the availability of renewable energy.

The restricted distribution of profits is stated in the enterprise's articles of association, ensuring that the profits are channelled to promoting the social objective. The enterprise has not paid dividends to its shareholders, although according to the articles of association, it could do so. All profits generated by the enterprise have thus far been channelled to developing new wind power projects.

The operations have generated concrete impacts such as the wind power plant completed in late 2013. The plant doubled the volume of wind-generated electricity produced by Lumituuli. For their part, Lumituuli's power plants help reduce carbon dioxide emissions in Finland by replacing fossil fuels with renewable wind generated electricity. In addition, Lumituuli has aimed to promote the production of wind-generated electricity in Finland through investments. Of this, Larsmo Vindkraft is a good example, of whom Lumituuli is a significant owner.

Through various projects, Lumituuli is constantly seeking new areas suitable for the production of wind power. Based in Helsinki, the enterprise's main interest is naturally in suitable areas in the Helsinki Metropolitan Area and, and one of its development projects aims at constructing wind power plants in Helsinki.

In accordance with the objective to promote the production of wind power, included in the enterprise's articles of association, Lumituuli is an active operator in the wind power sector and a member of the Finnish Wind Power Association (FWPA).

Respecting the opinions of the local community

In the case of Lumituuli, openness means active interaction with the local community. Opinions of the local community are respected in the planning of new projects and the distribution of information is open throughout the project. Active distribution of information helps reduce local opposition to the construction of wind power.

In the case of Lumituuli, relations with the local community are excellent in Lumijoki, for example. Managing director Sampsa Hario says that when he visits Lumijoki people often ask him when the enterprise will construct new power plants in the area. This is further proof of the success of the social-oriented enterprise.

Where possible, Lumituuli aims to favour local businesses and people in its projects. For example in Lumijoki, local companies completed most of the construction work relating to the power plant. The running of the power plant is monitored remotely, but in the event of disruption, a local fisherman, Eino Korkala, gets into his boat and checks the plant on site before restarting the service.

Environmental values close to heart

The values and transparency of the social enterprise are also reflected in the preparation of new wind power projects. In some areas, for example, the goals of nature conservation have prevented the construction of wind power plants. Lumituuli's principle is that environmental values must be respected and the construction of a power plant must not damage nature in the area.

For example the findings of the Natura assessment completed as part of the permit application process for a wind power park planned in the Oulunsalo-Hailuoto area prevented the construction of the park to the intended extent. Lumituuli did not wish to challenge the decision but planned the project reducing the number of wind power plants and changing the location of the plants to accommodate the needs of the environment. This kind of responsibility and respect for the environment should be the goal of all businesses including social enterprises.

Lumituuli makes an important contribution to the promotion of the production of renewable energy. Our dependence on fossil fuels is not sustainable, either economically or environmentally. This highlights the role of local energy production solutions in reducing the use of fossil fuels. As a socially oriented operator, Lumituuli has proven that the values of a social enterprise are a feasible asset and that businesses can achieve real social benefit. Success stories like Lumituuli help construct a basis for more sustainable energy production in Finland.

Lumituuli Oy

Helsinki • Lumijoki

Founded in 1998

Industry: production of hydro and wind power generated electricity

www.lumituuli.fi



SOCIALLY-ORIENTED LOCAL ENERGY PRODUCTION



ENO IN JOENSUU IS BURSTING WITH ACTION. IN ADDITION TO COMMUTERS, THE ROADS ARE POPULATED BY HEAVY TRUCKS HAULING TIMBER. BEHIND THE SERVICE STATION, FAINT DRIFTS OF SMOKE ARE RISING TOWARDS THE CLEAR SKY. IT IS THE WOOD CHIP BURNING PLANT OF ENO ENERGY COOPERATIVE THAT IS PRODUCING RENEWABLE DISTRICT HEATING TO THE NEEDS OF THE LOCAL RESIDENTS.

The idea of producing local energy in Eno dates back to 1996 when landowner Teuvo Hirvonen started to wonder about establishing a local heat power plant that would utilise wood chips as fuel. It was clear from the start that a plant of this scale could not be established by one man alone, and therefore Hirvonen started to seek interested people to participate in the project and to network with local operators.

Starting with a new business model

During the start-up phase, the cooperative model stirred a lot of suspicion. Some criticized the use of wood as the only fuel, whilst some others doubted the profitability of a cooperative. Lack of knowledge was partly to blame: at the time the cooperative was founded, the use of wood chips for heat production was new in the region and only a few industrial-scale plants existed in the whole of Northern Karelia. Introductory visits to Tuupovaara nearby and the local energy cooperative and the profitability calculations prepared in cooperation with the Forestry Centre of North-Karelia's Roihu project, helped to shed all suspicion.

The final push was provided by the municipal manager of Eno, who understood the value produced by the

energy cooperative to the region. Employment and other impacts on the local economy were the main considerations when comparing the use of renewable forest energy sources with fossil fuels. The interest of local decision-makers in the production of local energy, and finding suitable operators facilitated the registration of Eno Energy Cooperative in the trade register just before the turn of the millennium, and heat production could be started.

The energy cooperative

At first, the Eno Energy Cooperative involved twelve local forest owners. The company has since expanded, and currently has 52 members. The business idea of the cooperative is to manage the entire district heat production chain from the forest to the end customer, at a reasonable price and based on the turn key principle.

The cooperative purchases the raw material used in heat production, i.e. wood chips, from a contract supplier. Around one fifth of the wood chips come from the forests owned by the members of the cooperative, and the rest is purchased from the general market. The owners of the cooperative have a total of around 8000 hectares of forest, so there is no shortage of raw materials as yet. Wood chips are used to produce heat in the heating plants owned by the cooperative. The



contract supplier supplies woodchips to the heating plants based on need. During the frost season in winter, 60 cubic metres of woodchips is burned at just one heating plant in Eno in a day, which means that at times the supplier delivers woodchips twice a day.

Heat energy is transmitted to the customers using the district-heating network that is owned by the cooperative. The total length of the network is several kilometres and the operations are profitable when the property is located a reasonable distance away from the heating plant. Both municipality-owned and private housing companies and business buildings have joined the network. Compared to oil heating, locally produced district heat saves the final user, such as a terraced house housing company, 5,000-10,000 euros in heating a year. For housing companies, the estimated payback time of the investment needed for using district heating is 3-5 years.

Up until now the turnover of the cooperative has increased nearly every year. More properties have joined the district-heating network, at an even pace. In recent years, the annual turnover of the enterprise has been slightly over one million euros. Those members of the cooperative that have sold wood to the cooperative during the year will benefit financially from the excess produced by the enterprise. The remuneration paid from any excess increases the price received by the sellers for the wood compared to the price in the general markets.

Networking is key

Eno Energy Cooperative is a multisectoral specialist network. Without a joint effort to make the cooperative work, its operations would not be possible to this extent. Trust in the skills and competence of others is high within the cooperative. The diverse and applicable professional skills of the members of the

cooperative are key to the success of the enterprise. The members have knowhow for example in accounting management, electrification and metal work, energy wood harvesting, and maintenance work. The organizational structure is simple, excluding, for example, a managing director. Operations manager Vesa Mutanen is responsible for the operation of the heating plants together with plant managers. Administration manager Urpo Hassinen supervises accounting and financial management and forest manager Tuomo Turunen procures the energy wood.

Impacts on regional economy

The cooperative employs seven to ten persons a year, which is a lot in a locality the size of Eno. The raw material mainly consists of material derived from the first thinning of forests and the tree-top mass collected during final cutting, which would otherwise be left behind in the forest. The fact that the cooperative uses relatively small wood as the raw material of wood chips, forest owners are encouraged to conduct thinning and take forest management measures more often. Wood procurement of the cooperative is therefore directly linked with the renewal cycle of local forests and the income generated from them in future.

The burning of wood chips saves around 1.9 million litres of oil, which reduces the carbon dioxide emissions of heating significantly.

In euros, that volume of oil would cost around two million euros. Since the annual turnover of the cooperative has in recent years been around one million euros, the local property owners save the same amount, as oil is no longer needed for heating. In addition, each euro spent will remain in the region and boosts local economy. Multiplier effects considered,

the impacts of Eno Energy Cooperative on regional economy are significant. In addition, the profitability of the company has been among the best in the field in North Karelia.

Benefits for the local community

From the community's point of view, the cooperative can be said to have created positive activities in Eno. In accordance with the values of the cooperative model, Eno Energy Cooperative wants to participate in promoting the development of the local community. One means to achieve this is to support the work of local associations with grants and to refer the visitors to the cooperative to visit local cafés and craft shops.

The open and active approach of the cooperative to working is reflected to its surroundings. With regard to the wellbeing of the community, cooperative operations have achieved, for example, the will of the locals to work together and increased openness within the community. Based on surveys conducted by the cooperative, customer satisfaction in Eno is high and the customers are proud that their properties are heated with renewable energy.

The source of the enterprise's competitive edge

The success of Eno Energy Cooperative shows that cooperative activities can be both profitable and beneficial to the local community. Profitability is

important not only in order to maintain the operator's motivation, but also to secure the cooperative's future.

Careful selection of the heated properties is an important part of the enterprise's profitability: single houses located too far from the heating plant are not usually suited for this kind of endeavour. Pricing must be competitive in comparison to other options.

The traditional values of cooperative activities – communality, openness, and equality go hand in hand with profitability. Locality and teamwork are resources that are reflected in all aspects of the business. A positive approach and working together are among the factors that have been used efficiently in Eno. Networking and finding the right people as key persons have been vital for the success of the enterprise. Cooperation has taken the enterprise far and respecting the opinions of the local community has made it possible for Eno Energy Cooperation to develop a business model that benefits the local economy, and that the entire locality can be proud of. It truly sets a fine example to all new cooperatives.

Eno Energy Cooperative

Eno, Joensuu

Industry: production and distribution of district heating and cooling

Turnover: over one million euros

www.enonenergia.fi



THE PUBLIC SECTOR NEEDS SERVICE INNOVATIONS



Social innovations produce new business models

The concept of social innovation is often associated with the business activities of social enterprises. Social innovations are products, services and models that correspond to social needs more efficiently than the competing alternatives, and create social relationships and forms of cooperation.¹¹

In Finland, the concept of social innovation has traditionally been seen as parallel with wellbeing, education and healthcare related operations and services provided using public funding. These include day-care, paternal leave, the maternity package, free school meals, financial aid for students and maternity clinic services. In addition to administrative or socio-political innovations, which change the structure of society, a social innovation may also be some form of invention.

In this publication we have chosen to focus on the concept of social innovation with regard to business activities. This means innovations that create social good through economically sustainable business activities. Social innovations concretely increase wellbeing, not just indirectly through economic wellbeing. The idea of social entrepreneurship in itself is a social innovation. It is expected to function as one tool for the removal of weak points in society discrepancies and to produce social good; new social innovations.

Some modern examples of social innovation include the combination of technological and social or societal needs. This results in interesting applications aimed at the elderly, or visually impaired, for example. A technological application which facilitates day-to-day tasks for people who are visually or hearing-impaired, or who have limited mobility, is an example of a social innovation.

In order to be able to utilise a social innovation, it is important that the end result is more than just tax revenue and other economic wellbeing. The objective of social innovation is societal development, from an administrative or service-based perspective. The development and enhancement of the public sector can create savings in tax revenue and private sector operations can be used to indirectly achieve the same results by both producing tax revenue and increasing wellbeing.

Challenges can be faced by offering a better alternative to existing services that are produced by society. A genuine improvement in people's quality of life and the facilitation of daily life are the cornerstones of social innovation. Ultimately it is insignificant who is responsible for the utilization of the innovation, as long as the aforementioned values are the objective. Our society faces many challenges, which can be met by developing business activities or by modifying administrative or service structures. An especially important requirement for the creation of a social innovation is a problem or challenge to which our society does not yet have a simple solution.

TURNING LEFTOVERS INTO A SOCIAL INNOVATION



AT THE VAAJAKUMPU SCHOOL IN JYVÄSKYLÄ'S VAAJAKOSKI DISTRICT, THE SCHOOL CHILDREN HAVE JUST FINISHED THEIR LUNCH, BUT THE LEFTOVER FOOD IS NOT REMOVED FROM THE LINE. IN FACT, JUST THE OPPOSITE: THE STAFF PUT ALL THE FOOD THAT WAS NOT EATEN INTO ONE LINE. AT THE SAME TIME, A GROUP OF PEOPLE GATHERS BEHIND THE CANTEEN'S GLASS DOORS. THE GROUP CONSISTS OF SENIORS, FAMILIES WITH CHILDREN AND PEOPLE OF WORKING AGE. ON THE DOOR IS A SIGN READING "WE'VE GOT SOME FOOD LEFT, PLEASE FEEL FREE TO EAT LUNCH". SO WHAT ON EARTH IS GOING ON? READ ON TO FIND OUT.

Cost-efficient catering services

Kylän Kattaus is a public utility owned by the City of Jyväskylä, which provides catering services for the area's day-care centres, schools and care homes for the elderly. The non-profit utility was established in 2004. It aims to provide food that meets pre-determined nutrition criteria cost-efficiently. During competitive bidding, the City of Jyväskylä determined a price level, which in practice dictates the budget available per meal. Kylän Kattaus prepares around 23,000 lunches daily and these are served in approximately 100 cafeterias and canteens. One of Kylän Kattaus' branches is located at the Vaajakumpu school, which in autumn 2013, began to implement a new kind of business model aimed at a reduction in biowaste. Let's first take a look at some background information.

Menu rotation as a planning tool

Vaajakumpu school has around 500 mouths to feed daily, and the majority of these are school pupils. The school's canteen uses a six-week menu rotation period. Food for the children is reserved in kilos rather than portion size, since the consumption of various dishes varies quite a lot. This practice was decided on based on long-term experience. In primary schools especially, the amount of food consumed and the portion sizes depend largely on the dishes served on the day. More pasta bake is consumed than cabbage soup, for example. When raw ingredients are ordered by the kilo, the possible loss is kept smaller than when ordering by portion.

The menu rotation facilitates order management. The information from previous orders is always compared to actual consumption. If there was too much of a product the previous time, the quantity of the relevant raw ingredient can be reduced on the next order.

Equally, if there wasn't enough of a particular food last time, it's possible to increase the quantity on the next order. Through careful monitoring, it's possible to influence the amount of food that is left over early on in the order phase.

Customer surveys and menu development

If they so wish, customers are able to give input concerning the food that is served. Customer surveys have been organized in all Kylän Kattaus kitchens. In schools, a favourite food day is organized several times a year, and students can suggest food in advance. However, pizzas, hamburgers and other fast foods are not an option; the food has to be healthy and produced from quality raw ingredients. The school also contains a children's parliament, which proposes the children's ideas and wishes concerning the development of school food. Component salads, served separately by ingredient, were taken into use in this way.

Active loss management

Loss is unavoidable in large-scale kitchens, but we can still aim to minimize it. In addition to the menu rotation at the Vaajakumpu school, efforts are also made to manage loss through monitoring, training and catering. The school monitors portion sizes, food preparation and loss, as well as popular foods. Weekly monitoring gauges the amount of biowaste produced, for example. There are many factors outside of the school canteen's control, which nevertheless have an effect on loss, such as the weather. In good weather, the children rush out to play and not much time is spent on eating, as it is in poor weather.



When preparing food, the most important factor in managing loss is the professional skill of the kitchen staff. You also need a dash of creativity. Food at the Vaajakumpu school is prepared with the mentality that no perfectly good food is thrown away; instead, raw materials are put to the best possible use. Unheated food, which is left over, is frozen and used later on.

The amount of food left on plates - that is, food that the children throw away - is best tackled through the right attitude. Children often copy adults, so the teachers set an example for the children at lunchtime and can encourage the children not only to take a suitable amount of food, but also to finish everything on their plates. Vaajakumpu school has also tried out various campaigns to reduce the amount of food left on plates. These include themed weeks, when the children are encouraged to pay attention to eating everything on their plate. Occasionally the biowaste containers are removed completely from the canteen, which has encouraged children towards better eating habits. In addition, there is also real-time monitoring of the amount of biowaste on the school's notice board. These campaigns have produced good results, and the amount of plate-loss at the Vaajakumpu school has been reduced to around one kilogram of food per day. Most of this is peel or some other kind of true biowaste.

The amount of loss pertaining to food served - or serving loss - is tackled through timing concerning replenishment of the food line. Extra food is warmed up during lunch and more food is put out on the serving line only when necessary. Unheated food can be used in meals for the following day. According to regulations set by the Finnish Food Safety Authority Evira, heated or hot food must be served within four hours of it being heated. The daily number of diners in such a large unit is difficult to predict and even if

order monitoring and loss management are carried out flawlessly, there is still always some food left over. Vaajakumpu school has begun to serve this leftover food to local residents.

Utilizing serving loss as a new innovation

Kylän Kattaus' service manager Paula Puikkonen came up with the innovative idea of selling leftover food to diners unassociated with the school. The idea was to develop a working model to utilize usable food that would have otherwise ended up as biowaste.

In all of Kylän Kattaus' restaurants, tens of thousands of kilos of loss are produced per year, which is around ten per cent of the total food prepared. Of this amount, the majority is serving loss that can be utilized. Compared with national surveys, Kylän Kattaus restaurants are doing well and the amount of loss is already small. This was achieved through active measures aimed at reducing such loss. When it comes to large-scale catering, however, even a small percentage loss means an enormous amount of biowaste.

Since Evira's regulations do not permit the sale of once-heated food, Puikkonen decided to take a different approach. If the sale of leftover food outside of the canteen is not permitted, why not serve the food in the canteen for a small fee?

The idea was further refined by the "Towards resource wisdom" project, carried out in cooperation between the City of Jyväskylä and Sitra - The Finnish Innovation Fund. A service model was developed whereby food and side dishes leftover from lunch at schools or care

homes for the elderly is sold to the public at a cost price subject to VAT. A trial began in summer 2013 at the City of Jyväskylä's Keljo care home and in autumn it was extended to the Vaajakumpu school, so that the idea could be tested in different environments. In both cases, permission for the trials was obtained from both the school and care home management and from canteen staff.

Trial experiences

The loss trial at the Keljo care home did not succeed in the desired manner since customers pay for the meals sold at the canteen. As a result, a meal consisting of leftover food and sold at a lower price meant fewer customers paid for a normal-priced lunch. At the Vaajakumpu school the situation was different since the children do not pay for their school meal. Instead, the catering service is produced using tax revenue. It was decided to exclude the school staff, who pay for their own lunches, from the trial. After a two-week trial period, the decision was made to continue the activities until further notice.

The Kylän Kattaus service model has received real positive feedback from the Vaajakoski district. The canteen receives around twenty visitors per day and the amount of leftover food has mostly sufficed. From interviewing the lunchtime diners it's clear that for several people, lunch has become a socially important event. For many seniors or other people who live alone, lunch at the Vaajakumpu school is their only opportunity to get out and meet people and exchange pleasantries. And the walk from home to the school is a nice form of exercise. For men who live alone especially, lunch may be their only warm meal of the day, and without this social innovation they might not eat a hearty meal at all. All of the visitors found the

food to be of good quality and nutritious. For many local residents, lunch at the school has become a daily routine.

Kylän Kattaus' new service model has not caused any additional costs. The sold lunch is subject to a fee, which covers the costs of a visitor. In practice, this means bread, butter, a drink with the meal and the washing of plates and cutlery. The new model has not caused any additional work for the staff at the Vaajakumpu school, either. During lunchtime the staff take care of cleaning the serving line and after lunch, the leftover line is cleaned. Food is only sold when it is left over and the serving of food at an affordable price does not increase the amount of food ordered for the school. The model is simply a way of utilizing usable food that would otherwise end up in the biowaste container.

Success through social innovation

The service model developed by Kylän Kattaus is an excellent demonstration of social innovations that can be developed and refined into a small-scale business activity by anyone. In the case of the Vaajakumpu school lunches, the aim is not to make money, but instead to prevent the production of biowaste and to simultaneously offer local residents the opportunity to enjoy an affordable lunch.

Paula Puikkonen, who came up with the model, has one idea to extend the trial. In care homes for the elderly, leftover food could be served to volunteers who visit the residents daily to take care of their wellbeing. This would mean that volunteers would receive something small in return for their valuable work.

Perhaps in the future the customer base of primary schools and other catering services produced through tax revenue will widen all over Finland. The idea, developed in Jyväskylä, has encouraged discussion all over the country and has even been discussed in parliament. The Vaajakumpu school acts as an example on how innovative thinking can prevent the creation of waste and save resources. We can also have an impact on the public image of school lunch through such action. Finnish school food is of good quality and nutritious, as proven by a visit to the Vaajakumpu school.

Catering service Kylän Kattaus

Jyväskylä

Established in 2004

Industry: Staff catering

www.jyvaskyla.fi/ruokapalvelu

JYVÄSKYLÄ 

CHANGING NEEDS OPEN NEW DOORS FOR ENTREPRENEURIAL ACTIVITIES



Changes in service structure

As social service structures change, opportunities arise for social entrepreneurship. In some cases, the outsourcing of services and reductions in social interactions, have created situations whereby not all of people's needs and wishes are necessarily met. Since people still wish to be served personally, social enterprises can also make use of this opportunity by offering good service on a customer-oriented basis.

For example, pensioners will have an increasing amount of money to spend and are ready to use that money on various services and social interaction. The demand for tourism services and various activity holidays can increase as older baby boom generations retire. The corporate values of service providers who serve pensioner groups and associations can be vital selection criteria. Social enterprises can develop new kinds of services for these target groups, such as tourism, exercise, wellbeing and home help services.

Organic products are gaining popularity

Many customers want to pay for products and services, which are in line with their values. They take environmental and natural protection into account when making a purchasing decision. The consumption of organically produced foodstuffs in Finland has increased moderately in recent years, though overall sales make up just a small percentage of all foodstuff sales. Organic production's strengths are based widely on an image of the products' quality and as a healthier alternative compared to mass-produced foodstuffs.

Customer interest in the origin of their food has increased. This societal theme has emerged as a result of discussion on locally sourced food. Locally sourced food is not just an ethical choice; customers wish to become closer to food producers. As a result of the creation of social relationships, people approach food from various perspectives. Raw ingredients sourced directly from farms increase the appreciation of food, since the customer knows how the food was produced.

Large goods suppliers and retailers have responded to growing demand. Almost all shops stock organic and locally sourced food, and the amount of organic products is increasing constantly. Restaurants have also woken up to the increase in demand and the Steps to Organic programme, which aims at increasing the use of organic products in professional kitchens, has received widespread popularity in Finland. New operating opportunities are arising for social enterprises as a result of market change. Next we would like to present a social enterprise, which provides catering services in popular cultural sites.

AN ETHICAL CATERING SUCCESS STORY



FINLAND'S MOST SIGNIFICANT CULTURAL SITES, LIKE SIBELIUS HALL IN LAHTI, THE HELSINKI OPERA HOUSE OR THE NATIONAL MUSEUM OF FINLAND, REQUIRE THE COMPANY IN CHARGE OF CATERING TO BE OF CORRESPONDING STANDING IN ITS OWN FIELD. AND WHO COULD BE A BETTER PARTNER IN COOPERATION FOR THESE SITES THAN THE SOCIAL ENTERPRISE KANRESTA OY, WHICH HAS OVER TWENTY YEARS OF EXPERIENCE IN ETHICALLY MANAGED CATERING?

History

Kanresta Oy is a social enterprise owned by The Finnish Association for Public Health. The Finnish Association for Public Health's member organizations are the Foundation for Paediatric Research, the Finnish Association for Mental Health, the Finnish Heart Association, and the Central Union for the Welfare of the Aged. The Finnish Association for Public Health is a non-profit association, which focuses on fund-raising for its member organizations. With funds raised, the member organizations support public health, paediatric and mental health work, the health and wellbeing of the elderly in Finland and the prevention of heart diseases. The work carried out by the Finnish Association for Public Health's member organizations for the good of society is both important and nationally recognized. The association is one of Finland's largest charity and non-profit organizations.

The services provided by the Finnish Association for Public Health stretch back decades. In the 1960s, the association began to maintain hospital cafés around the capital region. It took a larger step towards business operations at the beginning of the 1990s.

Antti Rosenberg has acted as the managing director of the Finnish Association for Public Health since 1991. It was his idea to develop restaurant services alongside the cafés. For competitive reasons, it was decided to organize restaurant operations into an entrepreneurial format. And that is how Kanresta Oy was born.

The enterprise's first restaurant was established along Highway 1 at the Muurla Glassworks factory outlet, from where business activities began to spread. Antti Rosenberg, managing director of the Finnish Association for Public Health, has also acted as the enterprise's managing director since its establishment. Rosenberg's personal vision for the development and expansion of the restaurant services has brought success.

About the enterprise's operations

Kanresta Oy provides restaurant and catering services all over Finland. The restaurants are mostly located in public facilities and provide high-quality food services in places such as Heureka in Vantaa, the Opera House

and National Museum of Finland in Helsinki, the Kuopio airport and in Sibelius House in Lahti. From the start of 2014, the enterprise will manage the largest restaurant in Finland, located in Finlandia Hall.

The enterprise's strategy is to operate in places where people seek exciting experiences and have high expectations of the restaurant and food. A comprehensive service experience and smooth cooperation with the property owner are important to the enterprise. Various themes for restaurants are planned together in cooperation. The restaurant at the Finnish National Opera House, for example, could revolve around an on going performance.

Social objectives

Kanresta's social objectives go hand-in-hand with its business objectives. Its business activities aim at making a profit, which is then channelled in full to the Finnish Association for Public Health and then on to its member organizations.

The profits earned by the enterprise bring about social impact via the member organizations of the Finnish Association for Public Health. The Foundation for Paediatric Research, for example, awards grants to researchers and has therefore promoted research into paediatric illnesses in Finland. As such, the profits produced by the enterprise are channelled into a good cause.

Restaurant activities have social impact

The social enterprise's values are present in daily operations. In line with its values, Kanresta wants to be assured of the sustainability of each of its goods suppliers. Managing Director Rosenberg meets the executive management of each new goods supplier in person, in order to ensure that the operations of the supplier also meet criteria and are appropriate. For the customer this means that the products offered in Kanresta's restaurants are safe and ethically sustainable. Where possible, attempts are also made to favour Finnish raw ingredients due to their freshness and quality.

Transparency in this enterprise's case means that both interest groups and personnel are told openly about the enterprise's operations. The personnel are informed about how the enterprise's profits are used. The enterprise is also happy to tell other interested parties about its activities and operations. For customers, transparency means that all ingredients in the meal they have just enjoyed can be traced back to the very beginning of the production chain, and the customer can receive information about who produced the raw ingredients.

Kanresta wants to be a reliable employer to its staff. In accordance with its human resources strategy, Kanresta wishes to have its employees commit to the enterprise in the long-term through various personnel benefits. This not only increases a sense of community, but also motivates the staff to work for the benefit of the enterprise. Though the use of a leased workforce is common in the restaurant business, Kanresta aims to use it as little as possible. This is how Kanresta demonstrates social responsibility and that it cares for its staff.

Individuality is a competitive advantage

Kanresta wishes to distinguish itself from its competitors through individuality. The restaurants are not chain-managed, so the restaurants' head chefs make the decisions on what foods are served in each restaurant. This manifests itself to the customers as individual menus, and meals that vary according to season and an individual customer loyalty programme.

Fair trade products hold a significant position in the enterprise's restaurants. The restaurants strive to use them as much as possible. In addition, the enterprise also aims to use organic and locally sourced food where it can. Challenging economic circumstances have had an influence on customer demand, however. Organic and locally sourced products are slightly more expensive to order, so the customer also pays a higher price for them. In times of austerity, demand often focuses on a cheaper alternative. However, Kanresta's principle is to offer an organic option and several restaurants are involved in the Steps to Organic programme, which commits to promoting the use of organic ingredients in restaurants.

Ethical restaurant operations

Kanresta has quietly grown into one of Finland's most significant restaurant chains. It has expanded its operations step by step. As revenue has grown, so has the profit channelled to its owners. The Finnish Association for Public Health has benefitted greatly from Kanresta's operations.

There is much talk about the quality of food. At the same time, there is discussion on how to offer more organic or locally sourced food to customers who want it. The quality food services provided by Kanresta show that if they so wish, restaurants are able to offer organic products in a unique way and thereby perhaps gain a competitive advantage.

The Finnish Social Enterprise Mark awarded to Kanresta by the Association for Finnish Work is a demonstration of the recognition that the company's operations are sustainable and result in social impact. The mark is important to the company, and it is proudly displayed in all its restaurants. When dining at a Kanresta restaurant, the customer can be sure that his or her money is going to a good cause; the promotion of public health.

Kanresta Oy

Helsinki

Established in 1994

Industry: restaurants

Revenue over 20 million euros

www.kanresta.fi



HAND-MADE PRODUCTS ARE VALUED IN FINLAND



Finnish design and handicrafts

Handicrafts, arts and crafts, craft design, and art and design. These terms all overlap in places. But what they all have in common is doing by hand. Handicrafts are often thought of as a hobby, but they can be a method of manufacturing a commercial product and as such, a business activity to be taken seriously.

In earlier times, the task of craftsmen and artisans was to make items needed in daily life, such as kitchenware. In the era of industrial production, it is possible to purchase almost anything from a supermarket. Many artisans and designers have had to fight for their livelihood with large, international enterprises. As the standard of living has increased, people have wanted to procure as much as possible, which means that a low price has been a vital factor in the customer's purchasing decision.

Our society is in a transition phase between the era of mass production and an era that values authenticity, earthiness and ethical production methods. What else could explain the sharp growth in demand for organic products in Europe, for example? Old factory halls worldwide have been renovated into handicraft workshops where each shop specializes in the production of different products. One is specialized in making unique furniture, another in leatherwork.

The appreciation of hand-made products has increased recently. Many interior design and lifestyle magazines are happy to promote hand-made solutions, which show characterful signs of being hand-made. Nowadays, many hand-made products are even thought of as luxury products. This era could become a "golden era" for Finnish handicrafts and design. Though perhaps not on the same scale as in the 1950s-1960's, an increase in the appreciation of handicrafts is taking place on a national level.

On the other hand, craftsmen and -women will continue to fight mass production and popular brands in the future. It is important to learn the "commercial language" and to make the masses aware of your skills and products. Despite this challenge, for many networking and network-based business models have produced the desired results. A good example of this is the Home Crafts product brand launched by Taito Pohjois-Karjala Oy, which has gained recognition outside of the province. In addition, we also need other forms of support from the private, public and third sectors, which recognize and value what people can do. The next example of an enterprise describes a sales chain, which distributes products made by small-scale craftsmen and women to customers all over Finland.

FINNISH HANDICRAFTS AND SOCIAL IMPACT



SEVERAL FINNISH CITIES ARE HOME TO A TAITO SHOP OUTLET. THE STORES ARE KNOWN FOR THE CHARACTERFUL, LOCALLY PRODUCED FINNISH HANDICRAFTS THEY SELL. TAITO MYYMÄLÄT OY, WHICH COORDINATES SALES OPERATIONS, VALUES FINNISHNESS AND LOCAL WORK.

Promoting Finnish handicrafts for over 100 years

Taito Myymälät Oy was established at the turn of the millennium, but its roots go far back into history. At the start of the 20th century, agricultural associations founded cottage industry associations all over Finland (hereafter referred to as Taito associations). At first, the associations' objective was to train the rural population, both to increase income and to maintain handicraft skills. The associations opened up stores in towns and cities, which sold handicrafts typical to the region.

Käsi- ja taideteollisuusliitto Taito ry (hereafter referred to as the Taito union) was established in 1913 and acted as a central organization for the regional associations. Members of the Taito union are regional and independent Taito associations, of which there are around twenty in Finland. The Taito union's combined task and operating principle is to promote the Finnish handicraft culture as both a skill and a livelihood. The union's most visible brand, the Taito Shop chain, operates in around 22 municipalities in Finland. The organization distributes information nationally through its taito.fi website and the Finnish handicrafts magazine Taito.

Education and handicraft stores have remained Taito's core activities throughout its history. As Finland joined the European Union in the early 1990s, the organization began intense work to develop handicraft entrepreneurship. It was at this time that a project was launched to develop the Taito association's marketing channel, and was funded by the Ministry of Employment and the Economy. As a result of the project, six regional Taito associations and the enterprises that own them established the joint enterprise Taito Myymälät Oy in 2000 to develop and coordinate sales and marketing. The enterprise is owned by sixteen Taito union member associations and enterprises. In 2012, the Association for Finnish Work awarded Taito Myymälät Oy with the status of Social Enterprise.

About the enterprise's operations

Taito Myymälät Oy aims to promote the success and sale of Finnish handicraft and craft design products. Its business idea is to offer its owners help in marketing and developing sales operations, and to increase cooperation between stores. Stores operating under the Taito Shop brand offer a diverse range of products made by local handcrafters and handicraft enterprises.

Some products can be found in all Taito Shop stores. Each store is an independent business unit and store managers are responsible for the operative activities of the store.

Taito Myymälät Oy's seven-member board consists of representatives of owner enterprises who elect a chair from amongst themselves. Hannele Heikkinen, the managing director of Taito Keski-Suomi ry, has acted as chair since 2011. In addition to her administrative tasks and chair duties, it is also her job to coordinate sales operations and organize store care days. In 2013, Taito Myymälät Oy decided to invest in a shared online store platform. A future objective is for all stores in the organization to participate in the Taito Shop chain cooperation.

Social enterprise values

In accordance with the enterprise's social objectives, Taito Myymälät Oy's and Taito Shop stores' profits are used entirely to promote small-scale entrepreneurship, handicrafts culture and handicrafts in Finland.

Openness and transparency are important values in Taito Myymälät Oy's actions. The enterprise openly tells of its operations to all interested parties and has no business secrets. The manufacturing chain of Taito Shop products is transparent to customers and the people behind the products are presented in marketing. The products are marketed placing emphasis on the fact that the Taito Shop does not manufacture the products, but are instead made by handicraft enterprises or by skilled individuals.



Business activities have social impact

Taito Myymälät Oy's operations' social impact is created through its business activities. For many small entrepreneurs, the Taito Shop stores act as the only professional sales channel they have. Products sold through the Taito Shop stores generate income to hundreds of manufacturers in Finland. Without a national handicrafts sales chain, it would have been difficult for many skilled handcrafters to enter the markets. The Taito Shop stores give new entrepreneurs the opportunity to test sales and to receive entrepreneurial advice concerning product development. Customer feedback and the store manager's professional skills are forwarded on to entrepreneurs so that the products can be further refined and achieve better commercial preconditions to enter larger markets.

Social impact is also brought about through employment. Some of the Taito Shop stores offer work to those with disabilities and in long-term unemployment via pay subsidies. Taito Myymälät Oy chair Hannele Heikkinen believes that one important task for a social enterprise is to employ people who are otherwise in a weak position on the employment markets. Employees receiving pay subsidies find the store work interesting and it has helped them back into employment. The Taito Shop stores also employ trainees and for many young people it is their first experience of working life.

The story behind the brand

Lots of work has been carried out on the Taito Shop brand over the last decade. Taito Shop differs significantly from other gift shops. Characterful products with a story and identity are an important part of the product range. Amongst its customers, Taito Shop is known for its high-quality and local product range. The products are perceived as ethical and sustainable. As far as possible, marketing strives to highlight that the products are manufactured by small handicraft enterprises.

As such, small size is the Taito Shop chain's strength. Through its extensive network of enterprises, the stores can order small quantities of products and then deliver them flexibly to customer. This forms a significant competitive advantage and stores can react quickly to customers' wishes. The aim is, however, to maintain a wide range of various handicrafts so that customers find the stores' range interesting. Stores' operations are developed through customer feedback and suggestions for new products are forwarded on to the product manufacturers.

The Social Enterprise Mark as a marketing tool

Taito Myymälät Oy was awarded a Social Enterprise Mark in December 2012. In addition to Taito Myymälät Oy, the local Taito Shop stores, which are linked with Taito Myymälät Oy's operations through a cooperation agreement, are also entitled to use the mark in their marketing. The use of the mark has to be connected to the "Taito Shop. Where the producer matters" -principle.

The Social Enterprise Mark has had an effect on the Taito Shop chain's brand. After receiving the right to use the mark, the enterprise focused on creating a story through which to openly present the enterprise's values. After receiving the mark and developing the brand's story, the enterprise realized how valuable Taito Myymälät Oy's work is. The values of the social enterprise are visible to its customers on noticeboards in the Taito Shop stores. In purchasing a product from Taito Shop, which bears the Social Enterprise Mark, the customer can be sure that their money will be channelled into a good cause.

Information on the origin of products increases openness

Increased openness, in part due to the Social Enterprise Mark, has seen customers become more interested in the origin of products. Though the Taito Shop bears both the Key Flag and Social Enterprise Mark, not all of its products are made in Finland, and customers wish to know the producer behind the product in the same way as they do for Finnish products.

Amongst staff, the Social Enterprise Mark has helped employees to understand that the aim of the enterprise's operations is to do good and support entrepreneurship in small enterprises in Finland. The enterprise's approach to goods suppliers has become more open and product launches are planned together with small entrepreneurs in more detail, than previously. Marja-Leena Tenhunen's Personal Design Hat Oy produces products that are sold in the Helsinki Taito Shop store. She gives the Taito Shop employees top marks for how open-minded they

are in working with her. There have been a lot of positive developments in the service attitudes of Taito Shop stores since the enterprise received the Social Enterprise Mark. Working at the Taito Shop is perceived as enjoyable due to the enterprise's social objectives.

Entrepreneurship as a developer of associations' service production

In recent years, actors in the third sector - that is, associations and societies - have become increasingly interested in the development of business activities. Product sales and service operations subject to fees open up new opportunities for associations and strengthen their financial position. Social entrepreneurship is very suitable as a business model for third sector actors. Social enterprises' and non-profit organizations' operations are very similar with regard to values and objectives. Transparency, fairness and social objectives are common goals shared by associations and social enterprises.

Taito Myymälät Oy and the Taito Shop store chain were established to develop the service and store operations of regional Taito associations. At the same time it has become a significant sales channel for many small entrepreneurs. Social enterprise values and third sector actors' objectives combine smoothly with

entrepreneurship that achieves a lot of good for society and promotes Finnish handicrafts. Few enterprises can say that all of their profit is put towards social objectives. Taito Myymälät Oy sets an example to show that a social enterprise owned by associations is a functional way of organizing associations' business activities in a manner that is not only financially profitable, but also socially sustainable.

Taito Myymälät Oy

Jyväskylä

Established in 2000

Industry: other store management consulting

The coordinator company Taito Myymälät Oy has a turnover under 100,000 euros

The Taito Shop chain's total combined turnover is approx. 3.5 million euros

www.taitoshop.fi



CUSTOMER-ORIENTATION AND INDIVIDUALITY AS A COMPETITIVE METHOD FOR SOCIAL ENTERPRISES

ENTERPRISES THAT ARE ABLE TO SATISFY THEIR CUSTOMERS WITH EXCELLENT PRODUCTS OR SERVICES ARE THE ENTERPRISES THAT SUCCEED. COMPETITIVE ADVANTAGE, THROUGH WHICH AN ENTERPRISE DIFFERENTIATES ITSELF FROM ITS COMPETITORS, IS A KEY CONCEPT. THE AIM OF THIS CHAPTER IS TO CONSIDER HOW COMPETITIVE ADVANTAGE CAN BE CREATED WHILST BEARING CUSTOMER-ORIENTATION IN MIND. THE OBJECTIVE IS TO ENCOURAGE IDEAS FOR PLANNING ENTREPRENEURSHIP REGARDLESS OF THE ENTERPRISE'S SIZE OR INDUSTRY. THE CONTENT OF THIS CHAPTER IS FAIRLY THEORETICAL BUT IT IS CERTAIN TO OFFER SOMETHING THAT EVERY ENTERPRISE AND ENTREPRENEUR CAN APPLY TO HIS OR HER OWN SITUATION.

Focus on the customer

Globalization and the development of technology have made the world a smaller place. Today it is fast and easy to order goods and services from the other side of the world using the internet. Though many Finnish companies have suffered as a result, globalization has also brought with it many new opportunities. Only the best can survive in this competition, but how can a social enterprise make customer-orientation a competitive advantage?

It is well worth investing in the development of customer-orientation as soon as you establish an enterprise. This begins with the entrepreneur and founders of the enterprise, who should adopt customer-orientation as a company value alongside the fulfilment of a social task. If necessary, it is a good idea for the enterprise to create a customer database and make sure that it is up-to-date and provide user training. Other procedures aiming at competent customer management such as customer and market surveys are important tools for an enterprise when sounding out markets.

Knowing your customer and selecting a target group is key when planning successful operations. A single enterprise cannot serve everyone, nor should it. An enterprise has to know its customers and choose customer segments which are not only the most productive, but also reachable. From a business point of view, the profit margin - that is, the enterprise's profit from products or services - is of primary importance, perhaps even more important than the management of sales quantities. The enterprise must also communicate actively with its customers and clearly outline its value proposition. As a value proposition, customer-orientation should also be written into the enterprise's business plan and vision in order for all interest groups to be aware of it.

It is important to know both the enterprise's own situation and the competitive situation so that the enterprise can find itself a position in the market. The objective is to serve customers better than competitors and thereby increase the value experienced by the customer. It is well worth investing in customer relationship management, since a good customer relationship increases customer loyalty and has a positive effect on turnover and profit. A loyal customer

is a profitable customer, and it is often said that 20 per cent of customers produce 80 per cent of turnover. The management of key customer relationships is therefore a path towards more profitable business.

If an enterprise's customers are other companies, it is of the utmost importance to manage wholesale and redistribution networks well. Customer relationship management is of increased importance in business to business markets, and many small enterprises in these markets can find themselves very dependent on just a handful of larger customers. The loss or gain of just one customer can have a colossal effect on turnover.

From a marketing perspective, a strong brand and brand equity are key to customer-orientation. Brand equity is generated through customer experience, the familiarity of an enterprise or product, brand loyalty and image. It is well worth investing in the management of these, as well as in paying attention to customers in everyday operations. Each encounter with a customer is an opportunity for a successful transaction or the loss of a customer to a competitor, if the situation does not go as well as planned. Speed is often crucial to dealing with negative customer feedback and experiences, and the only way to save a customer relationship on the edge.

Enterprises develop and grow continuously. As such it is important to make sure that you do not become complacent. Ongoing product development work and being on the lookout for profitable innovations, as well as improvements in service quality, often pay themselves back in the long-term. Now and again it can be useful to stop and look back: where have we succeeded and what could have been done better? This is referred to as strategic planning, and a year clock model can be of great help here. Enterprises must learn from their mistakes and customers must be taken

seriously. Some enterprises take a positive approach to their mistakes. When an enterprise is active, mistakes are unavoidable, but it must be possible to correct them and learn from them.

Customer-orientation is effective in all industries, especially those in which the competitors have not invested in customer-orientation sufficiently. In this way, a social enterprise can obtain one more competitive advantage by investing in the improvement of customer orientation.

Standing out on the markets

One point of departure for successful business operations is to stand out in the markets. The objective is to give customers a better and more lasting impression of the enterprise than competitors do. A social enterprise can already stand out from competitors due to its values – as long as it remembers to communicate the values clearly to customers. Differentiation is one of the most important competitive strategies in entrepreneurship, but how does it work in practice?

Marketing communications is key when pursuing competitive advantage. The enterprise must know its customers and their needs. The customer must be reachable and it must be possible to confer the enterprise's values and objectives to the customer. The enterprise must be active and control its marketing communications on all levels from word-of-mouth to social media.

The objective is for the enterprise to find something that the competitors do not have. One good tool for differentiation is to be the first in a certain business sector: the enterprise can be the first to commercialize

a new service or product. It is important to tell the customer that you are the first of your kind and make a lasting impression. A successful product or service must offer genuine benefits at the right price. Behind every pioneering product is a distinct idea.

Market leadership is one of the strongest fields of differentiation. Customers consider market leadership to be clear proof of a brand's quality. There are a huge number of service and business categories, so the enterprise should set off to find a suitable one for itself. How about the largest social enterprise selling ethically produced products in Finland?

Many enterprises have a long history behind them. Enterprises founded in the last century can often find interesting stories from the past to tell customers. Younger enterprises, too, can also make use of their histories when trying to stand out. For many foreigners, Finnish education skills are perceived as being of a high level. A social enterprise that sells educational services on international markets can gain competitive advantage by revealing that the enterprise is Finnish. Stories can be found everywhere, and people like them. How did your enterprise start?

One marketing tool for making a lasting impression is often the ownership of a certain attribute. When talking about brands of car, everyone associates the word 'safety' with Volvo. It is always repeated in the company's marketing communications and Volvo has become a synonym for safety. Social enterprises can also make use of this marketing method to stand out from competitors. But be vigilant, since customers may already associate a certain attribute with another company that operates in the same sector. However, there is no harm in trying. You might be surprised at how effective this method is!

Opportunities of internationalization

Internationalization has become an essential part of entrepreneurship. Even small enterprises' customer bases may include several international customers. Almost every store sells something from abroad. Since the 1990s, the value of importing has tripled while the value of exporting has doubled.

Internationalization and the simultaneous development of technology have created plenty of opportunities for Finnish companies. It is now easier to market products worldwide. It is possible to serve customers 24/7 online and there are more alternatives than ever before.

A social enterprise can achieve a competitive advantage both through specialization and internationalization. The following example is of a social enterprise whose products are designed in Finland and manufactured in Kenya. The enterprise's social objective is to employ people living in developing countries and to promote wellbeing.

Ideas from the following publications have been adapted when writing this chapter: ^{12, 13, 14}

FINNISH DESIGN FROM KENYA



FINNISH DESIGN IS RESPECTED WORLDWIDE. CUSTOMER INTEREST IN CHARACTERFUL PRODUCTS IS A TREND THAT IS CLEARLY ON THE INCREASE. AND WHAT IF YOU COULD HAVE A REAL IMPACT ON SOCIETY BY PURCHASING PRODUCTS DESIGNED IN FINLAND? THIS IS THE STORY OF MIFUKO, AN ENTERPRISE OPERATING ON THE HELSINKI-NAIROBI AXIS AND WHOSE SOCIAL OBJECTIVE IS TO IMPROVE THE EMPLOYMENT SITUATION IN KENYA.

Long-term friendship

Mari Martikainen and Minna Impiö have known each other for fifteen years. The friends met in 1996 when they were studying textile design at the Helsinki School of Arts, Design and Architecture. After her studies, Minna worked in graphic design and Mari was self-employed doing similar work.

The idea of establishing a joint enterprise was born in 2008 when Minna and her family moved to Nairobi, the capital of Kenya, and Mari went to visit. They came up with the preliminary idea of combining their shared skills in a joint project. In Kenya they saw that the locals were very skilled with handicrafts and were competent with various materials. It was clear from the start that the business activities would follow Fairtrade principles and employ locals in Kenya. And that is how social enterprise Mifuko Oy came to be. Its objective is to promote Kenyans' livelihood and employment through entrepreneurship.

Social impact through design products

Finnish and Kenyan handicraft skills combine in Mifuko's products. Mari and Minna have designed the majority of Mifuko's products together. Modern technology allows them to work together on design despite both living in different countries. Thanks to the internet, they can exchange ideas and opinions in real time.

Mifuko's products can be sorted into several categories. Products which are mainly manufactured from recycled materials include high-quality interior design products, ornaments, bags and jewellery. The enterprise's social values are visible in the products as stories. Each product contains a story about the enterprise and the person who made the product.

Mifuko's products are manufactured in local workshops in Kenya. Mari and Minna are in direct contact with the workshops without any middlemen. In this way they are able to have an influence not only on the quality of the products, but also on the locals' working conditions. Strict criteria are set for the selection of workshops and child labour, for example,

is strictly forbidden. This means that production can be kept transparent and ensures the traceability of products.

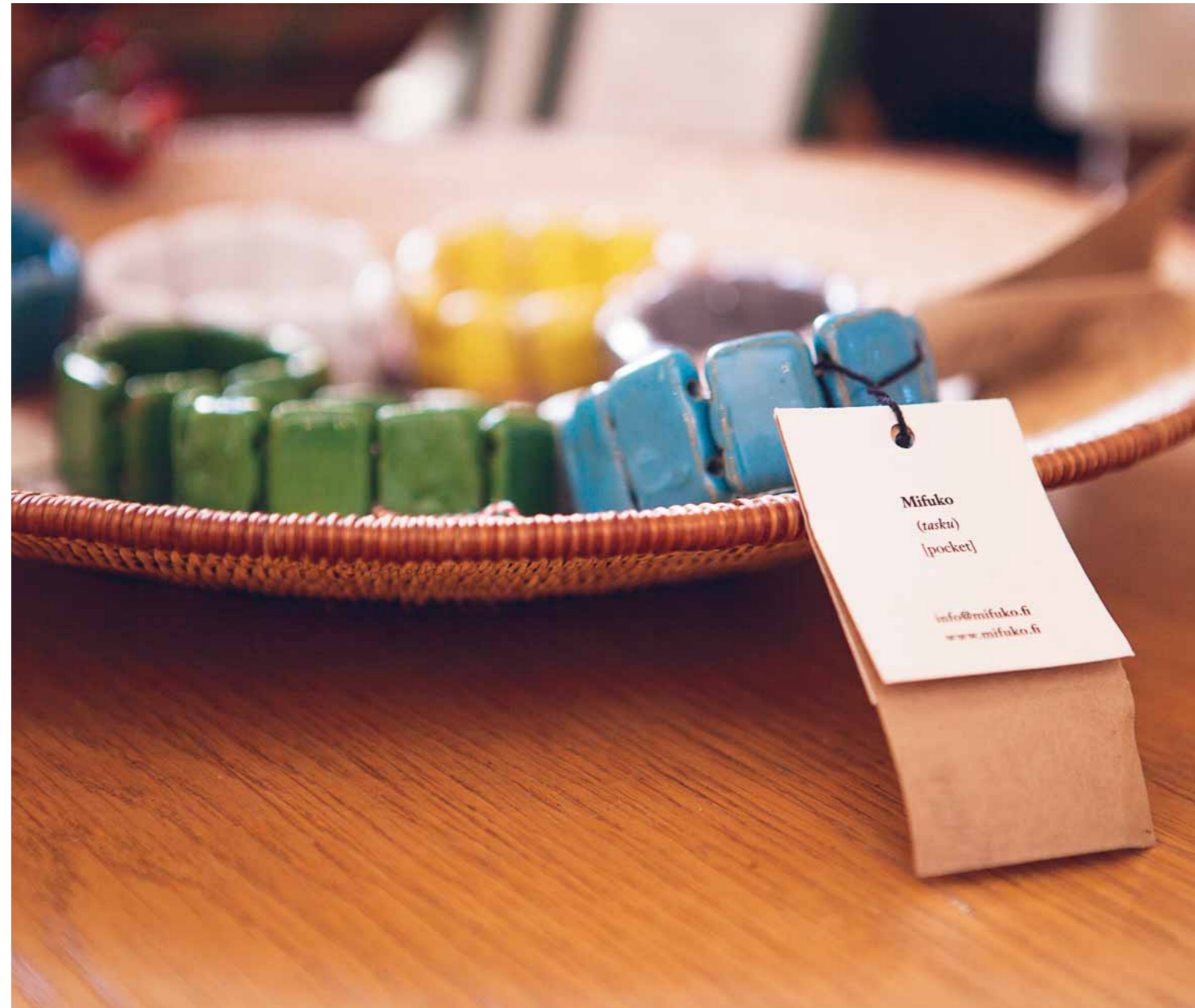
Mifuko has around fourteen workshops all over Kenya and they directly employ around twenty employees. The entrepreneurship has achieved positive effects on the employment situation in the area, and all in all around five hundred people have been involved in the workshop activities.

The price paid to Mifuko's local employees is higher than what the workers would receive for their products at the local markets. In this way, Mifuko motivates the workshop employees to carry out high-quality work. Mifuko is also committed to ordering products regularly from the workshops to provide stability and help locals to plan for the future.

Networking is key

Finding suitable workshops in Kenya has required long-term networking with locals. In Kenya, business relationships are based on contacts, trust and mutual respect. While living in Kenya, Minna was responsible for the workshops' operations and sought new, suitable partners for Mifuko together with a local consultant. Mari on the other hand, is responsible for the enterprise's operations in Finland. Mari has also visited Kenya several times with the help of support granted by the Finnpartnership Finnish Business Partnership programme, to select suitable workshops as partners in cooperation.

Funded by the Ministry for Foreign Affairs of Finland and managed by Finnfund, Finnpartnership was one of the most important partners in cooperation in the enterprise's early days. Other important networks have included contacts with the Finnish design industry



formed during the women's studies, and who have opened doors to various art and design events and international exhibitions.

The signs of a social enterprise

Mifuko's own company regulations deal with the limited distribution of profit and based on these the company puts half of its profits into projects which support employment in Kenya. For this reason, the Mifuko Trust association was founded, through which any possible profit is channelled into various projects. One project has already been carried out and has helped Steve Kine, a blacksmith, who works in the Kibera slum to procure premises for himself.

For Mifuko, the transparency of a social enterprise means that information about the product materials, producer and the price received for the product are available to all. In fact, many of Mifuko's workshops operate in a social enterprise manner by employing young or disabled people in slum areas. Mifuko also ensures that the workshops invest part of their profits into the development of working conditions and operations.

Mifuko requires its workshops to provide information on what kind of social work they carry out. One example is the workshop in Mombasa, which uses profit from Mifuko to train deaf people as artisans and then employ them in the workshops. Many workshops offer their employees a free lunch, which is a significant benefit in Kenya. The wages paid to workshop employees can motivate the workers to perform at their best; for example, the workshops pay the employees better once they have reached a certain production quota.

Internationality

Working between two countries requires a lot from a company. Mifuko's entrepreneurs believe that communication is key to smooth operations. Nevertheless, problems can occur in production. Mifuko has aimed to reduce quality-related problems by keeping its products the same over long periods of time. The range is renewed slowly, keeping the quality of products high. Instead of season-based fashion, the products create an image of timeless and classic, sustainable design.

The products are manufactured in Kenya and transported to Finland by airfreight, which is the fastest way to get the products on the market. Sea freight was considered, but the small quantity of products and long transportation time mean that it has not yet been used. Shared freight with other actors would be possible, but so far import from Kenya to Finland by other Finnish companies has been minimal.

With regard to product sales and marketing, internationality is part of daily life for Mifuko. The enterprise's products are sold in online stores around the world. Visits to international exhibitions are part of the enterprise's marketing strategy. Next on the agenda is the Formex exhibition in Stockholm, where the largest buyers in Europe search for suitable products for their ranges. Another important channel for product marketing to international customers is the Ambiente exhibition in Frankfurt.

Sales and marketing

In addition to international online stores, important sales channels for Mifuko also include Design Forum Finland and Reilun Kaupan Tähti in Helsinki. Mifuko products can also be purchased from handicraft stores all over Finland and from Mifuko's own online store.

The Association for Finnish Work awarded Mifuko with a Social Enterprise Mark in 2012. The mark has had an effect on the enterprise's internal values and is also proof for customers that the enterprise aims to act ethically. The mark has also increased cooperation with educational facilities and researchers. The mark also allows for the enterprise's values to be effectively marketed to partners in cooperation.

Finnish design

Design is an important part of Mifuko's products. The entrepreneurs are proud of the long traditions of Finnish design, but Mifuko holds all skilfully designed products close at heart. In their products, Mari and Minna value usability and sustainability, which are also essential parts of the products' ideology.

The unique, handcrafted products are Mifuko's competitive advantage. African influences were sought from the start. Materials often act as inspiration for product design and by knowing the producers' skills, the end result can be influenced during the design phase. The producers often also send Mari and Minna their own ideas, which have been further refined into some excellent products. In other words, interaction is a two-way street. New products have also been developed based on customer feedback.

The enterprise's principle is that if the product is well designed and functional, it becomes highly desirable

in itself. Other positive influences, such as ethics and employment are also important to some customers. Based on the enterprise's experience, around half of customers buy products from Mifuko because of their design while the other half make their purchasing decision based on social impact.

Entrepreneurs' tips for a new social enterprise

The Mifuko ladies believe that new social entrepreneurs should clearly define their values and objectives. Commitment to a limited distribution of profit is also important. It is worth having a clear story for the enterprise and have a range of products that can help to highlight the enterprise's social objectives.

For the practical management of business activities, Mari and Minna recommend enlisting professionals if your own skills are not sufficient for accounting, for example. It is important to take care of accounting carefully right from the start to avoid confusion. It is easy to spend a couple of working days per week on basic business activities, such as VAT calculations, so this should be taken into account in how you use your time.

Social with character

Though it operates internationally, Mifuko has succeeded in establishing its place amongst Finnish design industry enterprises. Its characterful products are a colourful and refreshing burst of African handicrafts. All products have their own store and by purchasing the products, a customer can have a social impact.

Transparency is an important value for a social enterprise. It is important to know the entire manufacturing process if you want to point out social impacts which arise from product manufacturing. In many cases it is not enough for subcontractors to explain how the product was manufactured, and instead the selling enterprise must be active in visiting the manufacturers regularly. In Mifuko's case, the entrepreneurs themselves created networks in Kenya and know each supplier personally. In this way, it is possible to sell a product to the customer and know the product's origin with 100% certainty.

The operations of a social enterprise can have a wide range of effects on its society. The employment of Kenyan artisans is an objective towards which Mifuko is carrying out hard work. The enterprise's activities have already achieved many positive effects in Kenya. It sets an example to other social enterprises on what to strive towards.

Mifuko Oy

Helsinki-Nairobi

Established in 2009

Industry: textile wholesale

Turnover over 100,000 euros

www.mifuko.fi

**Mifuko**

SHOW YOUR SOCIAL ENTERPRISE'S COMPETITIVE ADVANTAGE!

THE SOCIAL ENTERPRISE MARK AWARDED BY THE ASSOCIATION FOR FINNISH WORK HIGHLIGHTS AN ENTERPRISE'S ABILITY TO SOLVE PROBLEMS AND TO ACT AS A BUILDER OF SUSTAINABLE WELLBEING. THE USE OF THE MARK IN AN ENTERPRISE'S MARKETING AND COMMUNICATIONS SHOWS THAT THE ENTERPRISE COMPLIES WITH THE SOCIAL ENTERPRISE BUSINESS MODEL SET OUT IN THE CRITERIA FOR AWARDING THE MARK.

Through the use of the Social Enterprise Mark, which was launched at the end of 2011, the Association for Finnish Work aims to increase appreciation of and familiarity with social entrepreneurship. Social enterprises are new economic actors. Their entrepreneurial operations generate social innovations. Social innovations are especially needed in areas affected by strains on society, the economy or the natural environment.

According to the association's evaluation, a social enterprise's business model should provide something relating to the following areas:

- The reformation of a publicly-funded service structure, incl. the development of people-oriented care technology and preventative services.
- Solutions relating to the environmental industry, especially with regard to resource efficiency, the use of renewable energy and bio economy.
- The introduction of creative industry methods and procedures to other business areas, such as the development of care and preventative services.
- The length of careers through the employment of young people, part-time employees, people in long-term unemployment and senior citizens.

When general awareness of social entrepreneurship increases, the opportunities to select and influence customers, employees and entrepreneurs also increase.

Who cares about the Social Enterprise Mark?

The Social Enterprise Mark is much needed. According to the Eurobarometer published in spring 2013, over 80% of Finns are interested in an enterprise's impact on society and the environment¹⁵. In addition, according to Tripod Research, the number of LOHAS (Lifestyles of Health and Sustainability) consumers is continuing to increase, and this also applies to Finland. According to the research institution, a third of Finns make consumption decisions driven by ethics and ecology, while the greatest obstacle to purchasing was a lack of provision.

In addition to individual private consumers, other enterprises and public sector buyers are also important customer groups for social enterprises. The Association for Finnish Work's objective is to make the Social Enterprise Mark a fast and reliable way to tell an enterprise's customers that the enterprise in question has the primary objective of solving social problems, and that the owners are committed to the enterprise's social objectives.

This message is important for corporate buyers, who are under increasing pressure to consider responsibility in the subcontracting chain and other social responsibility. It also seems that citizens are paying more and more attention to the kind of actors

from whom public services funded by taxation are purchased. It is presumed that the renewed Act on Public Contracts, which is due in 2014-2015 will also encourage a step in this direction.

The Social Enterprise Mark is also a symbol of thanks to the enterprise's personnel for their work. Many enterprises that have received the right to use the mark, use it visibly as part of their employer image in their recruitment. Research has shown that the significance of work and the opportunity to fulfil oneself through work, is important to an increasing number of Finns¹⁶. The mark can be a competitive advantage for social and healthcare industry employers, who are suffering from a lack of labour.

Many enterprises that have received the mark have also provided feedback, according to which the application process for the mark has acted as a roadmap to better and more sustainable operating methods. The use of the mark encourages enterprises to take all three pillars of sustainable development into account in business operations.

How do you get a Social Enterprise Mark?

Enterprises must apply for the Social Enterprise Mark. Applications are evaluated by a committee appointed by the Association for Finnish Work's executive board. The committee consists of social entrepreneurship experts.

The following criteria are used when evaluating applications for a Social Enterprise Mark, and all social enterprises must meet these criteria:

1. The primary purpose and objective of a social enterprise is to create social good. The social

enterprise carries out responsible business activities.

2. Social enterprises use at least half of their profits to produce social good in accordance with their operating principle. The distribution of profits to private owners is limited.
3. Business operations are open and transparent. The enterprise records its social objectives and the principle of limited distribution of profits in its articles of association.

In addition to these primary criteria, the committee also takes into account certain secondary criteria, which are typical to social enterprises. These include e.g. the position of employees in the enterprise, the demonstration of social impact and the safeguarding of a social mission.

The use of the mark is also monitored: enterprises are sent a survey each year, which helps to investigate the enterprise's use of profits, for example. The mark is awarded for three years at a time, after which it should be applied for again. During its first two years, the committee rejected just over 30% of applications.

Association for Finnish Work

Helsinki

Established in 1912

www.avainlippu.fi/yhteiskunnallinen-yritys



SUOMALAISEN TYÖN LIITTO



MORE SOCIAL ENTREPRENEURSHIP



FEW ORGANIZATIONS HAVE AS MUCH INFORMATION ON THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP AS SYY AKATEMIA. THIS SPECIALIST ORGANIZATION OPERATES BASED ON A COOPERATIVE MODEL AND IS ITSELF A SOCIAL ENTERPRISE, WHICH AIMS AT CREATING MORE SOCIAL ENTERPRISES. THIS CHAPTER PRESENTS INFORMATION ON THE TYPES OF SERVICES THE COOPERATIVE OFFERS TO OTHER SOCIAL ENTERPRISES.

History

The Suomen Yhteiskunnallisen Yrittäjyyden Akatemia cooperative, known by its shorter name SYY Akatemia, was established in 2012, when the SYY ry association separated its payable service operations from its association operations. From 2009, SYY ry organized various events and training aimed at social enterprises under the SYY Akatemia name. It wanted to organize training into a separate component and that was how the specialist organization SYY Akatemia cooperative was born.

The founders of the cooperative are an active bunch of specialists from various industries who were involved in SYY ry's activities in one way or another. The members have experience with things including public and third sector operations, entrepreneurial coaching, the development of business operations, financial management, productization and the development of business concepts.

The founders chose to establish the enterprise as a cooperative as it was seen as a democratic way to organize the enterprise's future actions. Since all founders have been actively involved in the development of social entrepreneurship in Finland, it was only natural to determine the SYY Akatemia cooperative's own actions so that they would fulfil social enterprise criteria.

Diverse training and consulting services

The SYY Akatemia cooperative offers training and consulting services for social entrepreneurs. Concrete services include SYY Akatemia, WeCreate and Kasvuhuone. The SYY Akatemia training programme is aimed at new social entrepreneurs and enterprises. The WeCreate service concept on the other hand works in cooperation with a company-training programme carried out with international company coach Daniel Sá Nogueira. The Kasvuhuone consulting service is SYY Akatemia's most visible brand and is aimed at enterprises that have already established operations.

One example of training provided is the Menestyvä Yhteiskunnallinen Yritys (Successful Social Enterprise) training which took place in autumn 2013. The training was aimed at enterprises that were applying for or had already received the Social Enterprise Mark. The enterprises' business models were fine-tuned and the enterprises networked together with other companies.

In addition to training and consulting services, the cooperative also provides information on important interest groups for social enterprises. The cooperatives' members have at their disposal, extensive networks

through which to find information on a wide range of service providers. The creation of networks alongside training is one of the objectives of SYY Akatemia's operations.

Benefits from the cooperative's services manifest concretely in the customer's operations. For example, using the SYY Akatemia training service, the customer receives information on basic social enterprise operations and how business activities can have a social impact in a profitable manner. SYY Akatemia's training provides the enterprise or entrepreneur with practical skills and knowledge on what social entrepreneurship means, how an enterprise's values are formed and how social impact can be evaluated. The Kasvuhuone service, on the other hand, focuses on nurturing existing operations. The customer benefits from this not only through an increase in turnover, but also through an increase in social impact.

The Kasvuhuone service

The Kasvuhuone service offers existing social enterprises help with developing and expanding their operations. It encourages the spread of good practices that help to develop the operations of an existing social enterprise towards growth. Another objective is to highlight an enterprise's social impact and increase this impact as operations grow.

In the early stages of the service, a current analysis is made of the enterprise's operations, which examines the enterprise's revenue logic and achieved social impact, among other things. The analysis helps to identify development challenges and to create a vision of how the enterprise's operations can be developed and increased in the future. Training, coaching or consulting are offered to help development.

SYY Akatemia's social objectives and impact

As a social enterprise, SYY Akatemia's social objective is set out in the cooperative's rules. The objective is to create more social enterprises that are profitable and have an impact on society. SYY Akatemia's limited distribution of profit is set out so that any possible surplus left over from operations is allocated to the development of the cooperative's own operations.

For SYY Akatemia, openness and transparency mean the open distribution of information concerning the cooperative's business. It has no business secrets and pricing is open. In addition, the cooperative rules set by SYY Akatemia are used as model rules in social entrepreneurship training provided by the Tampere Region Co-operative Centre.

SYY Akatemia's own social impact is created through training services and increased entrepreneurship. SYY Akatemia's training has reached a large number of new entrepreneurs and people considering a move to entrepreneurship. New, successful social enterprises have already been established as a result of the training. Another significant social impact is an increase in awareness of a social enterprise business model, achieved through training and the distribution of information.

A cooperative model-based specialist organization

Elina Vanhapiha, involved in the SYY Akatemia cooperative, explains that a cooperative model is very suitable for the maintenance of a specialist organization like SYY Akatemia. The cooperative

allows for part-time entrepreneurship, so the model is excellent for operations wherein all cooperative members also work elsewhere. Working in the cooperative is entrepreneurship, since each member is responsible for keeping the business running, for customer procurement and for marketing.

Since each SYY Akatemia member also works outside of the cooperative, they also bring new ideas and action to the cooperative's activities. In utilizing their own networks, each member can develop the cooperative's strategy and products offered in accordance with demand.

Vanhapiha explains that the cooperative considers it a strength, that its members are involved in various sectors of society through their own work. As SYY Akatemia wishes to act as a specialist network and help social enterprises to grow, it is only natural for the cooperative to act as a link between different parties, such as between social enterprises and municipalities.

Social impact is significant

Vanhapiha wants to highlight social impact. A social enterprise should aim to keep impact a central part of enterprise operations and prioritise the development of services according to which services achieve the greatest social impact. Vanhapiha believes that the most important thing in an enterprise's operations is what the enterprise achieves, not simply focusing on doing. This idea is new to Finland. Municipalities, for example, are only just realizing that they can procure social impact in their procurements instead of simply focusing on price.

Cooperative entrepreneurs' advice to new entrepreneurs

According to Janne Lemettinen, a founding member of SYY Akatemia, anyone considering starting up a social enterprise should share their thoughts and ideas with a reliable party as early on as possible. Networking with suitable partners can make the establishment of a new enterprise easier. A new social entrepreneur can receive ideas for the organization of operations through support networks. According to Lemettinen, SYY ry is a great way to network with other social entrepreneurs.

Vanhapiha agrees and says that a new entrepreneur has to learn who its potential customers are, and what it aims to achieve with its operations. It should also consider which parties it wants to involve in its entrepreneurial dream. The entrepreneur has to come out of his or her shell with ideas and share them with the relevant interest groups. You are sure to find help for the early stages of your enterprise.

*Suomen Yhteiskunnallisen Yrittäjyyden
Akatemia cooperative*

Helsinki

Established in 2012

*Industry: other executive management
consulting*

www.syyakatemia.org



SOCIAL ENTERPRISE NETWORKS

SEVERAL PARTIES EXIST WHO KNOW THE SPECIAL FEATURES AND CHARACTERISTICS OF SOCIAL ENTREPRENEURSHIP. HERE WE HAVE COLLECTIVE A FEW EXAMPLES OF INTEREST GROUPS WHICH ARE IMPORTANT FOR SOCIAL ENTREPRENEURS. VALUABLE INFORMATION AND SKILLS ON THE ESTABLISHMENT AND OPERATIONS OF A SOCIAL ENTERPRISE CAN BE GLEANED FROM THESE GROUPS. IN THIS CHAPTER, WE WILL PRESENT ORGANIZATIONS, PROJECTS, COLLEGES AND SUPPORT NETWORKS, WHICH HAVE IMPACTED ON SOCIAL ENTREPRENEURSHIP IN FINLAND.

Advice services for social enterprises

The Tampere Region Co-operative Centre

The Tampere Region Co-operative Centre is an advice point for co-operative entrepreneurs or for people considering co-operative entrepreneurship. The centre's task is to support the operations of cooperatives in the Tampere region and to develop co-operative entrepreneurship. In addition, the centre also acts as a national support organization for corporate advisors in matters relating to cooperatives.

During its history of operations, the Tampere Region Co-operative Centre has also amassed comprehensive knowledge relating to social entrepreneurship. For example, the centre has produced model rules for social cooperatives, which the aforementioned SYY Akatemia, for example, made use of during its start-up phase.

The Yhdessä Yrittämään! (Entrepreneurship together!) programme which operated from 2009-2013, is one

example of the Tampere Region Co-operative Centre's activities. A wide range of materials was produced in the project and training was organized for corporate advisors relating to cooperative operations and its characteristics.

Tampereen Seudun Osuustoimintakeskus

Tampere

Perustettu vuonna 1999

www.osuustoimintakeskus.net

www.yhteistoiminta.fi



SECRE – northern communities as renewable energy producers

Social Enterprises in Community Renewable Energy, or SECRE, is an international network, which promotes social entrepreneurship in the production of renewable energy. One of its objectives is to spread awareness of social entrepreneurship and community operations. Its field of operation consists of the sparsely populated northern areas of the European Union.

The idea of the SECRE network arose when it was observed that social enterprises in the European Union's Northern Periphery were not sufficiently utilizing opportunities for renewable energy production. Earlier observations also suggested that the social enterprise business model would be very suitable for small-scale and community-based renewable energy production. Enterprises and communities which produce renewable energy in sparsely populated areas face a wide range of challenges, which include the availability of funding, ensuring the profitability of operations in the long-term, terms for the use and distribution of produced electricity, community commitment and project management requirements. The SECRE network has striven to face these challenges by seeking out problem areas in various sectors and later by offering the Common Power service for identified needs.

The international network provides information and training services dealing with social entrepreneurship and the utilization of renewable energy. Participating from Finland are the Karelia University of Applied Sciences, the Savonia University of Applied Sciences and the Finnish Forest Research Institute Metla. All in all, twelve partners from seven EU countries participate in the network.

The network's experts have studied social entrepreneurship in the field of renewable energy and



the characteristics typical to it. Later on a data bank will be established containing a large quantity of data collected over a period of more than two years and case examples of various social enterprises. It will also present community-based forms of renewable energy production.

In the future, the network will be known for its Common Power service. The Common Power service package includes consulting and training for entrepreneurs and corporate advisors. The service is aimed at community-based projects or other projects aiming at the use of renewable energy.

Common Power makes use of the SECRE community's wide range of skills and good practices developed in the project. The content of the service is determined to correspond with regional needs. The aim is to take into account the special features of each area's social entrepreneurship.

Social Enterprises in Community Renewable Energy

*Joensuu • Varkaus • Belfast • Coleraine
• Galway • Rousay, Orkney Islands •
Stornoway • Umeå • Sogndal • Ísafjörður*

www.secre.eu
www.commonpower.eu



Support through networking

The Suomen Yhteiskunnallisten Yrittäjien association

As its name suggests, the Finnish Social Entrepreneurs' association (Suomen Yhteiskunnallisten Yrittäjien yhdistys), or SYY for short, acts as an interest group and looks out for the interests of social entrepreneurs in Finland. The association's objective is to promote the development of social entrepreneurship and bring together various parties to discuss the topic. In addition to offering a channel to exert influence, SYY ry also provides valuable support for social entrepreneurs.

SYY ry was established in 2010 and its members are well-known social enterprises. The association's board is a group of active people who have been involved in importing the social entrepreneurship concept to Finland.

In the early phases of its operations as an association, SYY ry organized various events and training for social enterprises under the name SYY Akatemia. Later on, the training services were organized into cooperative format operations, set out in more detail on page 103.

*Suomen Yhteiskunnallisten Yrittäjien
yhdistys*

Helsinki

Established in 2010

www.syy.fi



Social enterprise research network FinSERN

The social enterprise research network FinSERN was established in autumn 2010 and collects research data relating to social entrepreneurship, business activities and community economy. FinSERN brings Finnish researchers together and promotes the international cooperation on research through e.g. the SERNOG and EMES research organizations.

FinSERN has organized research conferences which present current studies and research relating to social entrepreneurship. Publications by researchers in the FinSERN community can be downloaded from the association's website. In addition, FinSERN also organizes an annual thesis competition, which awards prizes to the best social entrepreneurship-related theses and thesis work from universities and polytechnics.

FinSERN

Helsinki

Established in 2010

www.finsern.fi

finSERN

Ministries and Sitra involved in determining social enterprises

The YTYRI working group

The Ministry of Employment and the Economy appointed a working group to prepare a social enterprise business model with the objective of developing the social entrepreneurship business model in Finland. The basis for the appointment of the group was the ministry's objective of promoting new, international and growing business. The working group conducted their work during 2010 when the first initiatives for the national recognition of social entrepreneurship were made.

The YTYRI working group consisted of experts from various areas and one of its most important publications is the final report on the Development of a social enterprise concept, published in spring 2010. Based on the report, a new working group was appointed to develop the social enterprise mark, with a mandate on its publication later given to the Association for Finnish Work. The Social Enterprise Mark is dealt with elsewhere in this publication.

YTYRI working group

Helsinki

Active 2010–2011

www.tem.fi

Sitra - The Finnish Innovation Fund

Sitra was founded as an organization of the Bank of Finland in 1967 to honour the 50th anniversary of Finland's independence. In 1991, Sitra was transformed into an independent fund that reports directly to the Finnish Parliament. Sitra's objective is to anticipate social change and to be involved in the development of new business models that aim for a sustainable economy.

As part of its support of new sustainable economy trends, Sitra has been involved in promoting the development of social entrepreneurship and financing models in Finland. Sitra's personnel participated in the YTYRI working group appointed by the Ministry of Employment and the Economy. As a concrete act in the social enterprise sector, Sitra has funded e.g. a project carried out by Eera Oy and Demos Helsinki to develop a financing model for social enterprises. The final report "Yhteiskunnallisen yrittämisen rahastomalli" can be found online in PDF format.

Sitra - The Finnish Innovation Fund

Helsinki

Established in 1967

www.sitra.fi

SITRA

Research and development work through public funding

The Kolmas Lähde project

The Kolmas Lähde (Third Source) project is a coordination project funded by the Ministry of Education and Culture and managed by the Aalto University's Small Business Centre. The aim of projects funded by the ministry is to develop youth, culture and sports services in the third sector. The Kolmas Lähde project operates all over Finland. It trains and supports associations and municipalities in the development of wellbeing services. The social enterprise business model has acted as one model for the organization of associations' actions.

The objective of the Kolmas Lähde project is to increase associations' and municipalities' payable service operations. The objective was achieved and associations all over Finland have developed their services. The project, which has been active since 2008, has accumulated knowledge and skills concerning the development of associations' services. This information will be distributed through publications and training until the project ends.

The Kolmas Lähde project publications include a Case Book and Hand Book. The Case Book presents 77 associations which have successfully productized their service operations. In the future it could be possible to organize the service operations of some of these associations into a social enterprise format. The Hand Book provides tools for the development of associations' service production.

Kolmas Lähde
Acts nation-wide
Active 2008–2014
www.kolmaslahde.fi

KOLMAS LÄHDE

The Living lab project for social enterprises

The Social enterprises' living lab project carried out by the Diaconia University of Applied Sciences, Syfo Oy and the Helsinki School of Business Small Business Centre was active between 2010 and 2013. The target group were entrepreneurs and organizations who were either already social entrepreneurs or thinking of becoming social entrepreneurs. Parties providing corporate advice and authorities that make decisions on municipality procurements, were also an important part of the project's target group.

The aim of the project, partially funded by ESR, was to support and promote the development of social entrepreneurship in Finland. Concrete actions were taken by developing various tools and service models to support the creation of new enterprises. One such service is the Kasvuhuone service coordinated by the SYY Akatemia cooperative. Kasvuhuone was originally developed in the Social enterprise Living lab project. Another significant result was the establishment of the FinSern research association in 2010. A third result is the Social Enterprise Mark, which was planned in the YTYRI working group organized by the Ministry for Employment and the Economy by those involved in the Social Enterprise Living lab project.

Social Enterprises'
Living lab project
Helsinki
Active 2010–2013
www.yhteiskunnallinenyritys.fi
www.finsern.fi

The Social entrepreneurship in South Savo project

The Yhteiskunnallinen yrittäjyys Etelä Savossa (Social entrepreneurship in South Savo) project is a project carried out by the Diaconia University of Applied Sciences and Aalto University's School of Business' Small Business Centre and is funded by the European Social Fund and the South Savo Centre for Economic Development, Transport and the Environment. The project aims to develop employment and home care services in South Savo, together with municipalities, the third sector and companies in the region.

The project supports the strengthening of South Savo social enterprises' and associations' operations through the organization of business and productization training days. The project's activities are concretized in the form of training days and seminars organized in Mikkeli and Pieksämäki, among others. For social enterprises, the project offers a diverse range of skills through training and consulting. Training themes have included the development of service production, cooperative operations, and social entrepreneurship.

Social entrepreneurship
in South Savo
Mikkeli • Pieksämäki
Active 2011–2014
www.yhteiskunnallinenyritys.fi



The Social entrepreneurship in the Oulu region project

The Social entrepreneurship in the Oulu region (Yhetiskunnallinen yrittäjyys Oulun seudulla) project is coordinated by the Diaconia University of Applied Sciences, which aims at developing operational preconditions in the region for social enterprises. During the project, the operations of social enterprises will be made visible through the organization of various seminars and events. Another objective is to increase familiarity with the operations of the FinSern research organization and with the Social Enterprise Mark, and to seek new financing opportunities for social enterprises.

The Social entrepreneurship in the Oulu region project will see the development of an information and advisory services model for social enterprises. In addition, the project will create a social entrepreneurship toolbox for corporate advisors, enterprises, third sector actors and polytechnics. The Social entrepreneurship in the Oulu region project is funded by EAKR, the City of Oulu and the Diaconia University of Applied Sciences.

The Social entrepreneurship in the Oulu region project

Oulu

Active 2013–2014

www.diak.fi



The Social Entrepreneurship in Innovative Value Creation (SOCENT) project

The Social Entrepreneurship in Innovative Value Creation (SOCENT) project is a research project coordinated by the Lappeenranta University of technology and funded by Tekes. The objective of the project is to understand on a theoretical and practical level, how social entrepreneurship can promote the resolution of social problems.

The project offers innovative support to social enterprises operating in the private and third sectors. In addition, the project promotes social enterprises' and their personnel's innovation policies and the development and utilization of resources.

The Social Entrepreneurship in Innovative Value Creation (SOCENT) project

Lahti

Active 2013–2014

www.lut.fi

Where can a social enterprise obtain funding?

Crowdfunding – social impact of the future?

Crowdfunding is a financing model wherein a private person can act as a financier for an enterprise even by providing just a small sum of money. The idea is that the financier determines the amount of money he or she wishes to use to support the project. Within social media, this funding method has gained worldwide popularity. The amount of funding can vary from twenty or thirty euros to a few thousand euros.

In Finland the rules concerning crowdfunding are mainly set out in the Money Collection Act (Rahankeräyslaki 225/2006) and are monitored by the police administration. At the time of writing, a policy is in place whereby crowdfunding must always be against payment or compensation. In practice, this means that the party collecting capital through crowdfunding must, in return for the funding, provide an equivalent quantity of a product or service.

Several internet websites offer services relating to crowdfunding, wherein an enterprise or association can obtain funding for its product, service or project. Some well-known international websites include Kickstarter and Indiegogo. Mesenaatti is perhaps the most popular service in Finnish. The idea behind websites subject to a fee, is to offer visibility for parties seeking funding.

The Ehta cooperative for the development of ethical banking

Ettisen pankkitoiminnan kehitys osuuskunta Ehta, or the Ehta cooperative for the development of ethical banking, was founded to develop a new kind of financing institution in Finland which operates on an ethical and sustainable basis. The project goes by the name of Pankki 2.0 (Bank 2.0) and its objective is to establish a financing institution whose operations are open and transparent. It aims to collect capital with which to fund sustainable and responsible economic trade, such as fair trade, renewable energy and enterprises and organizations that offer training.

Though the banking itself is still in the early stages, the start has been promising. Sitra declared the Pankki 2.0 initiative to be the best project at the Sustainable Economy idea competition in spring 2013. Carried out in cooperation with Luomulaatikko Oy from Tampere, a project to establish a new kind of organic food store owned by producers and customers resulted in 120,000 euros of share capital for the new enterprise. At the time of writing, the development of the Pankki 2.0 project is still under way, so anyone interested in the matter should watch this space. Perhaps a financing institution concentrating on ethical banking will someday be opened in Finland.

Ehta cooperative for the development of ethical banking

Helsinki

Established 2013

www.pankki2.fi



A SOCIAL ENTREPRENEURSHIP GLOSSARY

A double bottom line is a concept relating to social entrepreneurship and means that in addition to pursuing normal revenue, a social enterprise also has the objective of solving a social problem.

Impact investment refers to the taking into account of social impacts when carrying out investments. The investor has other objectives besides maximizing profits; the amount of money invested must also achieve positive social impact.

Limited profit distribution is one of the key concepts of social enterprise operations. A social enterprise must allocate at least half of its profits to the solution of a problem as determined in its rules or to the development of its own operations. This means that the distribution of profit to private owners is limited.

In Finland, a **non-profit organization** is an association, foundation, limited liability company or other legal association whose operations meet criteria for non-profit operations set by the tax administration. In order to attain the status of a non-profit organization, the organization's rules must include various limitations on the distribution of profit and capital. The organization's owners may not benefit financially from the organization's operations, nor may the wages paid by the organization be larger than usual. The non-profit status of an enterprise is determined in the Income Tax Act (Tuloverolaki, 1535/1992) and the tax administration may issue certain taxation benefits for operations it deems as non-profit.

Social accounting is the monitoring of the fulfilment of social objectives taking place over a previously defined period of time. Social accounting is one of many methods developed for the evaluation of a social enterprise's social impact, and also often includes an evaluation of an enterprise's environmental impact.

The concept of **social economy** covers enterprises and organizations that practice society-oriented opera-

tions. Social economy actors have traditionally included social and community enterprises, cooperatives and mutual companies, as well as work carried out by associations and foundations.

A social enterprise is a company whose operations are guided by values, limited profit distribution, social responsibility, operational transparency and the demonstration of impact. In Finland, social enterprises can be cooperatives, foundations, associations, limited liability companies, partnerships or private persons carrying on trade.

A social firm or work integration social enterprise is a single community economy actor and a social enterprise business model. In Finland, the Act on Social Enterprises (Laki sosiaalisista yrityksistä 1351/2003) legislates social enterprises and defines, among other things, the employment obligations for social enterprises. The objective is to employ disabled people or people in long-term unemployment and to therefore offer these individuals the opportunity to return to employment.

Social return on investment (SROI) is a method and way of understanding how certain enterprise actions can produce social value. It is also a method of evaluating the profit of extra-financial value in monetary terms. When using this method, a SROI ratio is used.

The third sector - also known as the voluntary sector - is the sphere of social activity undertaken by organizations that are not for profit, such as associations and foundations.

Transparency is a central concept in the field of social entrepreneurship. Compliance with open and transparent operating methods supports the demonstration of an enterprise's operational impact and gives customers, financiers and other interest groups the opportunity to evaluate its operations for themselves.

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