

Supporting Social Entrepreneurs

MEDUP! Capacity Building Training

1st Online National Sessions

Palestine – 23/11/2020



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WEBINAR ETIQUETTE



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Listen to Understand



**Participation,
NOT domination**



Focus on the Goals



Assume Best Intentions



Be Here



Good time keeping



**Keep your mics muted
when you are not talking**



**Use chat or raise your
hand to speak**



**Change your Zoom name
to Name, Organisation**



**Be polite, considerate
and respectful**



**Set up an account on
miro.com**



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Objectives MedUp Year 3 Training

- Share main concepts, approaches and tools to design and implement effective strategies to guarantee the long-term sustainability of our organisations
- Strengthen connections among Palestinian SESOs through the creation of a stimulating online learning space
- Improve the capabilities to lead fundraising strategies by a learning by doing approach and local experts' insights about national contexts

OUTPUT: Reflection about strategic planning and financial strategy in the Covid-19 context



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CALENDAR for Palestine

	WHEN	LEVEL	WHO
Strategic Planning & Fundraising	27.10.2020 at 12.00 CET	REGIONAL	All Support organizations from the 6 countries together
Financial Sustainability at the time of COVID-19	23/11/20 at 11:30 CET	NATIONAL	All Support organizations from your country.
Access to funds	07/12/2020 at 11:30 CET	NATIONAL	All Support organizations from your country.
COACHING SESSIONS	Nov - Dec - Jan	NATIONAL	One-to-one coaching session. 1 hour per each SESOs + follow up
PEER to PEER Learning Exchange	28/01/2021 at 11:30 CET	NATIONAL	All Support organizations from your country.
How to write a proposal - LAB	Beginning of February	REGIONAL	All Support organizations from the 6 countries together



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Check-in

Your Name

Your Organisation

How did the COVID19 pandemic impact your work in support of social/impact entrepreneurs?



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OUR MEDUP! CHALLENGE

How might we create our own financial sustainability strategy in the midst of the Covid-19 pandemic?



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**Supporting social entrepreneurs to start up and thrive
Capacity building programme for
Social Entrepreneur Support Organisations (SESOs)**

Session 1

**Financial Sustainability
at the time of Covid-19**



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Agenda Overview

Part 1 - the Theory

What are Financial Sustainability and Basic Financial Planning?

Part 2 - the Practice

How did we do it? Lessons from the Impact Hub Network

Part 3 - Expert Corner

insights from our National Experts on how to face the crisis in the specific context of Palestinian

Part 4 - the Discussion

Discussion on common and uncommon challenges among the SESOs on developing effective strategies to improve the financial sustainability of their organisations



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Part I - the Theory

Understanding Financial Sustainability



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Impact of Coronavirus on your business model:

Aligning the Elements:

How potential changes in one dimension can be aligned with the others?

Which customer/clients segments value which of your offerings, and has that changed because of the crisis? How will **your value proposition continue to have an impact?**

Adjust the elements to ensure **financial sustainability**



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Defining Financial Sustainability

What is Financial Sustainability?

The assessment that an organization will have sufficient funds to meet all its **resource and financial obligations**, whether the fund continues or not.

The capacity of an investment to generate the **expected return** for the investor.

An organisation's capacity to obtain revenues **sustain productive processes**.

Financial Sustainability is linked to **intergenerational equity** or the need of rendering resources without compromising the ability to do so in the future.



First Considerations

- **What are you currently doing?**
 - What is essential to your mission?
 - What is something that your organization should be doing in the face of the crisis?
 - What implications are there for your business plan and executive summary?
- **What are each of these costs?**
 - Consider both programmatic and staff costs as you figure out this base amount.
- **What money do you want?**
 - Think about your long-term goals - what do you really want to do? If money weren't a problem, what would you like to see happen?
 - Talk with other staff members and clients for their ideas of where they would like to see the organization go.
 - Make those dreams more concrete. What it will take (in terms of resources) to accomplish these goals?



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Basic Financials

Four components

1. **External financial statements:** issued for external reporting purposes – such as for investors, tax authorities or other significant partners who require financial information. They are produced on an annual basis

Internal statements:

1. **Balance sheet:** *what do we have* .
2. **Income statement:** what did we do, include revenue and expenses that yield the net income (or loss).
3. **Cash Flow statement:** hows the sources and uses of cash for a fixed period of time

[Resources: Tool1 Balance sheet with ratios and working capital1.xlsx](#)



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Financial Sustainability – 4 Tips

1. **Access to Capital:** Ongoing working capital to maintain your day-to-day operations and investment capital to put back into your company and support growth.
2. **Profitability:** Low profits leave no room for revenue or expense fluctuations and limit your ability to reinvest- compromising your financial sustainability.
3. **Reporting:** Taking the time to assess your organization is critical to healthy, *sustained* growth. Creating a plan to review your finances on a regular basis allows you to adjust in time to reverse a negative trend.
4. **Planning:** Your financial planning should be flexible enough to allow for market changes and unexpected opportunities, but strong enough to keep you on track.



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Getting a grip on your financials: Financial Reporting

Your financial statements help tell your story to your audience (government, donors, volunteers, and foundations). You need to understand what your financial statements to ensure that your fundraising activities are as efficient as possible.

For example:

- ❑ A compelling a case for support driven by solutions to meet real community/societal needs
- ❑ A strong development plan with achievable fundraising goals
- ❑ A strategic plan with measurable objectives that is integrated with the organization's plan
- ❑ A balanced portfolio of contributions from funders
- ❑ A solid case for how you are fulfilling the organization's mission
- ❑ Fundraising activities that enhance the organization's image
- ❑ Excellence in relationship management and donor communication and stewardship



KEEP
CALM
AND
GET A
GRIP

KeepCalmAndPosters.com

Action Steps for Financial Sustainability

For the long-term **financial health** of your organization, take these steps today:

- 1. Review** your current and future capital needs and determine growth;
- 2. Analyze** your profitability by balancing costs/needs;
- 3. Assess** reporting and planning capabilities;
- 4. Evaluate** and understand your value proposition to your customers and what is their “buy in” capacity and prospect.

Resources

[Tool4 Twoyear comparative income statement.](#)

[Tool5 Revenue-Analysis-Worksheet, Tool6 Financial Plan Timeline](#)



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Part I – the Theory

Planning and Strategy



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Planning Tips

1. Be **realistic** about scenario planning – develop plans on the assumption that several different futures are possible and to focus attention on the underlying drivers of uncertainty.
2. Intensify **monitoring** – identify and intensively monitor key indicators suggesting which scenario might unfold.
3. Look **beyond the crisis**: Staying fixated on current economic events run the risk of overlooking a core responsibility: evaluating the effectiveness of current strategies.



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First step in reassessing your Business Model is listing your Assumptions

Create an exhaustive list of **any business assumptions** about your organization to avoid any unwanted surprises

For example:

- *performance metrics*
- *your customer's business case (that is, their return on investment, or ROI)*
- *market size, addressable market*
- *gross margin*
- *technical support costs*
- *payment cycle*
- *compensation requirements*
- *headcount levels and salary for team*

Track and test these assumptions on an ongoing basis. If they prove false- you can react to them quickly.



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Second step is re-evaluating your value proposition...

- Identify **all the benefits** your product offers;
- Describe what makes these benefits **valuable**;
- Identify your customer's **main problem**;
- **Connect** this value to your client's problem;
- How can you differentiate yourself?
- What social/environmental KPI's do you address?
- Can you address a new social/environmental indicator based on situation?

More resources:

<https://www.dynamicsyield.com/article/covid-19-best-marketing-practices/>
 Reading7
[impact_of_the_corona_crisis_on_your_business_model_workbook_2020.pdf](#)

... and if necessary adjusting it

- You're there to assist social entrepreneurs reach their goals in this time of need. This in turn helps you reach your own goals. **Stress how you can help them!**
- Your audience is going through the same crisis as you. **Work with them.** Reach out and send notes of support and advice.
- **Show the love.** Do whatever you can to support your audience – pricing, services, and any other considerations.
- **Work with your community.** Use social media to make sure others know about your effort and encourage others to join you in making things better for everyone.



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Part 2 – the Practice

Lessons from the Impact Hub Network



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Impact of the Pandemic on IHs

Revenues: IHs are expecting the following reduction on revenues:*

% Revenue Reduction/ Revenue Stream	0%-20%	20%-40%	40%-60%	> 60%	Increase	Avg (comp)
Membership	24%	24%	35%	16%	2%	- 42%
Bookings	7%	7%	16%	70%	-	- 69%
Programs	39%	9%	2%	23%	26%	- 28%
Consultancy	53%	7%	5%	16%	18%	- 25%
Other	44%	7%	12%	28%	9%	- 37%

Team & Talent: 72% IHs reduced their team to keep afloat.

Indebtedness: 56% of IHs delayed payments of rent and/or took a new loan to keep liquidity*

Cash Flow: IH's are delaying payments where possible which puts pressure on CF locally & globally.



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Our immediate response – [the COVID dashboards](#)

CHECK OUT THE UPCOMING EVENTS HERE

WELCOME
MAKERS



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Access to Capital **2020**

KIVA Campaign: COVID-19 Loans -0% interest , 6 months grace period, exchange rate guarantee.



15 Days - USD 25K - 1,000 Lenders



A loan helped grow capacity to deliver a new business line of online programs and community support to contribute towards job creation and new opportunities in the midst of COVID-19.

22 Days - USD 20K - 652 Lenders



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Part 2 – the Practice

Group Exercise



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Promoting social entrepreneurship in the Mediterranean Region

Moonshot Brainstorm



“We choose to go to the Moon [...] not because [it is] easy, but because [it is] hard; because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one we intend to win, and the others, too.”



Moonshot Brainstorm



“We choose to go to the Moon [...] not because [it is] easy, but because [it is] hard; because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one we intend to win, and the others, too.”



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Moonshot Brainstorm



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1. Go to <https://miro.com/>
2. write down in 5 minutes every “radical solution” for the financial sustainability, value proposition of your organization
3. Don’t worry about constraints of time, money, tools. You have the opportunity in a non-judgemental environment to explore, brainstorm, and create any idea or thought.
4. Share and see how we can implement some of these solutions together.



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Part 3

Expert Corner



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TALKING WITH EXPERTS:



Hasan Omar

Palestine

A certified trainer, serial entrepreneur, startups & SMEs consultant, international mentor, entrepreneurship and business incubation expert, researcher, economic development and empowerment consultant and business enabler.



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Part 4 Discussion



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Conclusions



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Next Steps

How to prepare for the 1-1 Sessions

- **Schedule** your time with me
- **Prepare** ahead of our 1-1 the following:
 - *Fundraising Pitch - a concrete case, such as a pitch to a corporate or a proposal to a donor you are about to submit*
 - *Financial Sustainability Plan - including a new idea of revenues source and evidence for why you think it will succeed*
- Send me ahead of the 1-1 any **specific question** you may have



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“Hope is not a lottery ticket you can sit on the sofa and clutch, feeling lucky. It is an axe you break down doors with in an emergency. Hope should shove you out the door, because it will take everything you have to steer the future away from endless war, from the annihilation of the earth's treasures and the grinding down of the poor and marginal... To hope is to give yourself to the future - and that commitment to the future is what makes the present inhabitable.”

Rebecca Solnit



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