The INCLUSO Business Model and Sustainability Criteria
Success beyond initial project funding

2010
The INCLUSO Sustainability Criteria
And Business Models
Success beyond initial project funding

SUMMARY

In most social projects, it's not enough to succeed: you have to prove it too. Funders and supporters usually want hard evidence of what you have done and the 'impact' you have achieved. This can range from hard figures on usage and engagement, to softer stuff like testimonials from beneficiaries and prestigious awards.

The key requirement for funders and project sponsors is usually evidence that the money they've spent has made an impact on the things they care about. Fair enough – but matching up funding objectives to the objectives of your community can be tricky. The best funders understand the needs of the community you're working in, and that beneficiaries should be free to reshape the services on offer. Finding funding that appreciates the human impact above the methods used to get there will make your life much easier when proving the value of your project.

Our experiences during the set-up and implementation of social projects/pilots addressing the use of social software for (marginalized) youngsters, have demonstrated that these sponsors are not simply requiring the submission of evaluation data as a condition of grant making, they are investing in organizational capacity for the long-term, in the hopes that the information will inform practice as well as future social investment.

As the implementation of social media really supports the vision and mission of an organization, it should be embedded in the day-by-day operations and as such incorporated in the funding (by government). If this is not possible one has to search for funding outside the subsidized circuit.
# TABLE OF CONTENT

SUMMARY.......................................................................................................................... 1

TABLE OF CONTENT ........................................................................................................... 2

1. INTRODUCTION .................................................................................................................. 3

2. SUSTAINABILITY CRITERIA ............................................................................................. 4

3. BUSINESS MODELS .......................................................................................................... 6

   3.1. Pre-Development ........................................................................................................ 6

   3.2. Define Costs & Revenues (incl. Subsidies) and implementation ............................. 7

   3.3. Make the project sustainable (Incl. Margin/Profit) .................................................. 7

4. BUSINESS OPPORTUNITIES .............................................................................................. 7

5. LESSONS LEARNED ......................................................................................................... 9

6. CONCLUSIONS ................................................................................................................ 11

**ANNEX 1: Description of the INCLUSO project ................................................................. 12**

**ANNEX 2: Sustainability criteria ......................................................................................... 13**
1. INTRODUCTION

The main difference between a business model for the profit sector and a business model for the non-profit sector is the element of social impact.

Many non-profit organisations won’t have sufficient funding. So if their goal is to achieve financial self-sufficiency, there are several business opportunities to evaluate. Not everything needs to be run by organisations and paid for in hard cash. All communities rely on good will; they are all ‘voluntary organisations’. So, if enough people want the service to exist, how can you involve that community in sustaining itself? The more you rely on the community for sustainability, the more you can keep focused on what they need.

Non-profit organisations need to consider a change in the way that they do ‘business’ – just as commercial organisations have had to do. In the most basic sense, a business model is the method of doing business by which a company can sustain itself – that is, generate revenue. As indicated above, this is hardly applicable for non-profit organisations. Also, when it comes to setting up and sustaining projects in this area, there exists no single ‘model’. There are only best practices.

First we will list up our findings on the sustainability criteria that we have used during the INCLUSO project (See annex 1 for the description of the INCLUSO project) . Secondly we will provide the feedback we received on the different business models as used by the INCLUSO pilots as we’ll as the business opportunities as we crossed them during the project. We end up with lessons learned.
2. SUSTAINABILITY CRITERIA

When setting up a project addressing the use of social software for (marginalized) youngsters, one have to take into account a number of properties/criteria (e.g. budget, training, …), that might prevent your organisation from sustaining the benefits the pilots bring, once the project has been concluded.

The sustainability criteria we used during the INCLUSO project are listed in Annex 2. The pilots completed a “zero” measurement and quarterly reviews, focusing on what was changed to enhance the incorporation of the use of social software. The quarterly follow up delivered some interesting and surprising conclusions. Below we have listed the major conclusions:

1/ Visibility

Different levels of visibility have been tested within the pilot. We have noticed that visibility is important to raise sponsorship and as such increase sustainability for the future.

2/ Reliability

The biggest issue was/is the “condition” of the PC’s as multiple persons share them.

3/ Affordability

Most pilots had/have already quite significant funding. Manpower was the most expensive (and the most difficult to find sponsorship for when setting up a project from scratch) cost in each pilot set-up.

The big challenge is to make your project sustainable after the set-up and implementation. Therefore it’s crucial that your organisation decides whether their goal is to achieve financial self-sufficiency or simply contribute to the organisation’s bottom line.

4/ Scalability

As most of the pilots use free social software, no real scalability issues from a software point of view were detected. We highly suggest not using an own-developed software and always using free social software

5/ Open Standards

Most of the pilots used software’s like Msn, Ning, Bebo, Netlog, etc … which didn’t gave real issues as they all support most common open standards (e.g. Opensocial by Google).
6/ (Staff) Training

Training was a key task within each pilot and sometimes strongly underestimated. The coaches in general needed more and in-depth social media (i.e. the use of social media software) training than the youngsters.

7/ Institutional acceptance

This was a grey zone for all the pilots and we have decided to dedicate a special chapter on this in "The Incluso Manual" (http://www.incluso.org/manual).

8/ Embedding

Embedding is the KSF (Key Success Factor) for a successful implementation of social software within an organization/pilot. Embedding is inevitable (See also Chapter 5)

9/ Organizational impact

The INCLUSO project has put additional workload to staff however, over time, staff seem to absorb it more into their daily activities

10/ Working practices

The level of integration of the socials software’s is key in the impact on working practices. The more they are integrated, the less impact they have on the working practices. This looks evident but should be a real intention/objective for every project/pilot.

11/ Availability

Most problems seems to be mainly on access side. The use of the social media tools themselves is quite natural for the youngsters so no problem on this part of this criterion.

12/ Competitiveness

To list up the benefits is envisaged as the most difficult exercise. Social software definitely offers for most pilots new ways of communication between youngsters and youth workers and a thus become a more effective tool to contact youngsters as compared to rather traditional methods. For more details see chapter 3 and 4.
3. BUSINESS MODELS

3.1. Pre-Development

Initially the pilots have determined the feasibility of the “Big Idea” in order to be able to assess project participant “Fit” and organizational “Fit” (cfr. Manage the expectations)

Deploying resources and competences (Incl. Internal and external organization and products and services offered) are the first steps in the set-up of a project in this area.

The common resources and competences as revealed during the pilots are listed below.

1. People: First of all there is a champion needed who can put ‘social software in relation with coaching’ on the agenda of the organisation. He has to work out methods, possibilities, collect new ideas etc. for the organisation and work them out with the key people expertise in youth work.

2. ICT knowledge: Knowledge about ICT in general and social software in particular is needed. You need also coordinators who believe in the profit of ICT and coaching

3. Relevant literature

4. Hardware, Software and Internet Connection

5. (Understanding the needs of the) Participants (i.c. youngsters): Understanding the needs of young participants by their advisors, good relationships of the advisors and coaches with the participants, knowledge on how young people work online and what is important for them in the online communication process

6. Training:
   a. Training for coordinator(s)
   b. Awareness training for all members of the staff (Incl. Management)
   c. Training for participants (i.c. youngsters)

The services defined are very different per pilot and as such it’s difficult to define a standard list in this building block. We will list up some of the most common services as offered by the pilots:

- Actively promote the use of job sites to support young people in finding work
- Create a sociogram based on friends in a social network platform
- Online flashmob organisation
- Self-presentation via PowerPoint to increase Employability
- Set up your own social network site
- Support media competence by running a Christmas card competition
- Use a social media tool as the gateway to access general computer facilities
- Use a social network as a presentation platform for young people’s activities
- Use the internet to look for leisure opportunities
- Working on personality using avatars

We refer to the INCLUSO manual (http://www.incluso.org/manual) in which all services are described in detail.
3.2. Define Costs & Revenues (incl. Subsidies) and implementation

During these steps the pilots finalized the business plan including costs and revenues.

Costs are mainly related to the key resources as indicated above. Although highly different for each pilot and country (e.g. salaries of the advisors, internet connection, etc ...), it was possible to give a good indication (quantifiable) for all costs.

On the other hand, nearly no (quantifiable in money) new revenues streams have been detected during the pilots.

3.3. Make the project sustainable (Incl. Margin/Profit)

There has been a lot of research on how to demonstrate return on investment within both social enterprise and online ‘web 2.0’ projects. The New Economics Foundation has produced an excellent report Measuring value: A guide to Social Return on Investment, whilst Beth Kanter writes a lot on ROI for non-profits and online communities. The approach you take will depend very much on the specific context you’re working in, and particularly how your funders or employers are currently measuring value. You may find yourself working within someone else’s model, or you might be free to work out your own template.

Both way though, this is where having a clear purpose and an understanding of who you’re trying to help becomes crucial. Set clear, realistic objectives at the start, and the process of demonstrating you achieved them is much easier.

We have not investigated the SROI of the pilots in detail but it is certainly valid to do in follow-up projects.

4. BUSINESS OPPORTUNITIES

Not all non-profit organisations will have sufficient funding. So if their goal is to achieve financial self-sufficiency, there are several business opportunities to evaluate.

Some examples of business opportunities:

- Create consultancy and training services for other non-profit organisations (based on the experience built up during the project, e.g. the INCLUSO project).

- Address and seek out Corporate Social Responsibility (CSR) opportunities. CSR is a form of corporate self-regulation integrated into a business model. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: Profit, People, Planet (see Wikipedia for definitions). Corporate and other partners get a chance to make a difference in social responsibility, and position themselves as caring and innovative to a wider audience. They can support specific projects that match their objectives and positioning.
Research: Try to sell data/information and its analysis - gathered with regard to research purposes (strictly respecting all appropriate ethical and privacy rules)

Charity/sponsorship applications through social media applications

When it comes to social fundraising tools, Facebook Causes often comes to mind first. In reality, it is just one of many tools available to non-profits that want to integrate donation capabilities into their online effort. That’s good news, because to date, a relatively small amount of donations has been raised on Causes: €17 million (Livingston Geoff). Even via Twitter fundraising has steadily been on the rise in the last two years. Twitter has been used to raise hundreds of thousands of Euros for charities and charitable causes, and has been used to spread awareness about social issues (Rowley Melissa Jun).

Some alternatives are listed below

- http://DonorsChoose.org
  - An online charity connecting to classrooms in need

- http://www.chipin.com
  - ChipIn is a web-based service that simplifies the process of collecting money from groups of people

- http://www.socialvibe.com/
  - Socialvibe is a social media utility connecting people with brands, empowering them to engage with sponsors and share branded content with their social graph to benefit a cause of their choice
5. LESSONS LEARNED

1. It’s crucial that an organisation decides whether their goal is to achieve financial self-sufficiency or simply contribute to the organisation’s bottom line. (The so called “double bottom line” concept)

2. Making the pilots/projects profitable (sustainable) seemed extremely difficult but when provided with the proper financial and technical assistance resources, non-profit organizations can successfully engage in the creation of social purpose project addressing the use of social software for (marginalized) youngsters.

3. In order to realize the potential (positive) social impact and to be able to move the “experimentation” of the start-up phase to the next stage of development, the organisation considering a project in this area, must have access to technical expertise, financial resources and adequate predevelopment support.

4. A key success factor is the presence of (a) knowledgeable social worker(s) in this area. Without a single “champion” within the organization, many of these successful projects would not have been launched or effectively managed. Assigning an already overextended staff person the task of managing a project is not an effective way of working. Not only should a single staff person be charged with managing such an effort, but that person must also have the prerequisite skills and passion required to implement a project.

5. There exist no single “model” for setting up and sustain projects in this area. There are only best practices. While there are certainly common lessons learned, issues confronted, and experiences shared by the pilots, there is no single model for successfully pursuing projects in this area. Each organisation is different, constituting unique resources, players, capacity, and historical opportunities. The challenge is not to agree upon on single model for the field, but to develop on the part of practitioners and others the ability to draw upon a variety of best practices to most effectively respond to particular circumstances.

6. Effective funding of organisations, while often disbursed in increments, must be part of a significant, long-term commitment on the part of the funders supporting such efforts. The projects, which experienced the greatest success, are those that could rely upon the funding for significant, multi-year support in the form of both grant funds and staffing assistance. In the non-profit environment, it will take at least 3 to 5 years to be able to measure the full social impact. Organizations will not be successful without the presence and involvement of funding partners able to fully comprehend their challenge and make a

---

1 Bottom line is the line in a financial statement that shows net income or loss

2 Double bottom line is a business term used in socially responsible enterprise, non profit organisations and investment. Bottom line is an informal term for net income. It derives from the position of net income on the income statement - it's the last line, or "bottom line." The bottom line of net income is the final tally of what the company earned after all expenses have been deducted and all intermediary stages of income - including gross income, operating income, and pretax income - have been calculated. (Source http://www.investorglossary.com/bottom-line.htm)

While all businesses have a conventional bottom line to measure their fiscal performance—financial profit or loss—non-profit organisations always have to look to measure their performance also in terms of positive social impact. (Source Wikipedia)
long-term contribution to it. We have noticed that visibility is important to raise sponsorship and as such increase sustainability for the future.

7. Organisations must understand the profound organisational changes entailed when starting a project in this area:

   a. The planning involves intensive organizational reflection and often results in rethinking and refining (service) processes.
   b. The project changes the way information is gathered, reported and used. It challenges social workers to use and interpret information in new ways.
   c. Training for social workers is needed

8. Make use of “free” social software

9. Embedding is another key success factor for an implementation of social software within an organization. Embedding is inevitable (e.g. The level of integration of the social software’s is key in the impact on working practices). The more they are integrated, the less impact they have on the working practices. This looks evident but should be a real intention/objective for every project/pilot

10. Fail early, fail often. When you’re doing something new, failing is much the best way to learn – so learn quickly.
6. CONCLUSIONS

The Internet has brought about enormous societal changes, many of which we are just beginning to understand. In the prevailing information age, we are approaching the point where not having access to ICT is likely to put an individual at a competitive disadvantage. ICT can give access to information, which may lead towards knowledge, which in its turn forms the basis for development. The ability to use ICT is becoming a fundamental aspect of citizenship and “digital inclusion has become a prerequisite for social inclusion in contemporary society” (Ferlander, p.112). Living on the wrong side of the digital divide means being cut off from the information society.

The European Commission now calls upon to put words into action and make e-Inclusion a reality, with the support of the policy actions outlined in several action plans such as the INCLUSO project.

The use of new communication devices and internet use will continue to increase and forced by the fast evolution of the internet, innovative web technologies and networking functionalities, the user changed from a passive information consumer to an active content producer and distributor. One of the most exciting evolutions in the Internet over the last years is the spread of social networks. No other genre of web services has such high expansion rates like the social networking sphere.

When analyzing the business models, we saw how hard it is to find a suitable way to monetize projects in set-up of Social Media for non-profit organisations. However, the use of Social Media is extremely powerful for the very reason that it offers one of the most effective means for reaching the challenging youth market segment. Social Media expand the opportunities for young people to connect and engage; and large numbers of them are taking advantage of these new features. Since the future lies in the hands of young people, Social Media is a powerful tool to include the excluded.

The long-term success of social media and the capacity to enhance inclusion for marginalized youngsters will depend on their ability to retain the interest and engagement of their members and the way non-profit organisation find ways to sustain the project from financial point of view (Cfr. Double bottom line”). Corporate social entrepreneurship has the ability to achieve sustainable social impact through its dual value creation properties.

Whether or not social media will be inclined to add the social dimension to the mission statement and core business of the non-profit organisation depends not only on the external push and pull factors but also on the internal motivational spectrum. Will the market orientation of social media be compatible with social objectives? Here intangible benefits such as brand image building and external partnership goodwill are important assets.

The dominant success factor will be the particular adaptation of the business model and the inclusion of social partner organizations (sponsors). The business model needs to be remodeled and opened up towards atypical target groups.
ANNEX 1: Description of the INCLUSO project

The European Commission wants to make sure that no one is excluded from the information society and in the last decade the Commission has been taking steps to reach this objective. Several initiatives, such as the 2006 Ministerial “Riga Declaration” on ICT for an inclusive information society, emphasize this importance. The Declaration sets concrete targets for Internet usage and availability, digital literacy, and accessibility of ICT by 2010. In order to reach these objectives, the European Commission launched the E-inclusion campaign in 2008.

“E-inclusion refers to the actions to realise an inclusive information society, that is, an information society for all. The aim is to enable every person who so wishes to fully participate in the information society, despite individual or social disadvantages” (Commission of the European Communities, 2007).


1. First of all, E-inclusion improves social justice since it ensures equity in the information society.
2. A second reason is of economic importance: to fully realise the potential of productivity growth and to give more opportunities for the ICT sector.
3. A last reason is that it promotes and reduces the cost of social and economic exclusion.

The Incluso project, a research project funded by the European Commission’s 7th Framework Programme, is one of the initiatives in promoting E-inclusion. The main research question of the Incluso project is whether ICT, and more precisely social software, support the social inclusion of marginalised youngsters (Description of Work Incluso, 2007).

There is a risk that new technologies could exclude certain groups of society and create new barriers, since more and more information and services are available in digital form. The reasons for this are multiple: age, literacy level, disability, race, social background,… One of the groups at risk of social exclusion is the so-called marginalized youth, youngsters who due to socio-economic, legal, cultural or geographic reasons have limited or no access to these tools and their benefits. With the launch of the Incluso project, the European Commission wants to prove that social software tools can facilitate social inclusion.
**ANNEX 2: Sustainability criteria**

The sustainability criteria we defined as key in the setup of pilot projects in the context of a project such as INCLUSO are listed below.

<table>
<thead>
<tr>
<th>Criteria for sustainability</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visibility</td>
<td>How visible is the project within society? What are the chances to raise attention from potential funders, sponsors, press, EU decision makers?</td>
</tr>
<tr>
<td>Reliability (consistency of quality)</td>
<td>How stable are the provided internet connections? What is the quality of the used hardware (will it still meet system requirements in 1-2 years)? Is there any support for the used software? Are the tools protected against inappropriate or 'badly intentioned' use (e.g. hacking, scamming,…)?</td>
</tr>
<tr>
<td>Affordability</td>
<td>What is the weight of the costs (set-up and follow-up) related to the project within the total cost structure of the organization? What costs (set-up and follow-up) are implied for the youngsters themselves and how does it fit in their budget?</td>
</tr>
<tr>
<td>Scalability</td>
<td>How many concurrent users can the system handle? How much personal attention from project personnel is needed for each youngster to ensure an effective use of the tools? Are the tools easily convertible for use in other organizations or other countries?</td>
</tr>
<tr>
<td>Open standards</td>
<td>Is the used technology easily integrateable with other systems? Can developed applications be useful and integrateable in other (social networking) tools? Is the hardware equipped with free software?</td>
</tr>
<tr>
<td>Staff training</td>
<td>How much training is needed? Who will provide training? Is there a need for continuous training or is a single initial training sufficient?</td>
</tr>
<tr>
<td>Institutional acceptance</td>
<td>Is the treatment of the youngsters’ data compliant with privacy legislations? Are all tools allowed in all countries for all ages? (COPPA act - <a href="http://www.coppa.org/">http://www.coppa.org/</a>)</td>
</tr>
<tr>
<td>Embedding</td>
<td>To which extent are the proposed tools embedded in the functioning of the organizations? To which extent are the proposed tools embedded in the functioning of the companies providing them? Can companies survive without offering this product, or is the company based on this product?</td>
</tr>
<tr>
<td>Organizational impact</td>
<td>Do the projects put more workload on the personnel or do they bring relief? Do the projects imply a need for hiring (a) new (type of) personnel?</td>
</tr>
<tr>
<td>Impacts on working practices</td>
<td>How can the proposed tools be integrated in the normal working procedures in the organization? Is there a lot of change management involved? Does personnel need to change its ‘working moments’?</td>
</tr>
</tbody>
</table>
### Availability

**Ease of access:**
Eg.: how will the project make sure that the youngsters can access on a very regular base the social software tools? Will the youngsters be free to access the used tools anytime or do they need to ask for permission? or Aberdeen is working on a Wifi network to ensure internet access. How about the other projects?

**Simple concept/use:**
Will both staff and youngsters be able to use the proposed tools with limited amount of training and computer literacy?
Eg.: Aberdeen project: how will the youngsters put their content online? Do they need to have programming skills (html, flash,..) or is there an intuitive and user friendly content management system?

### Competitiveness

A range of factors from measures of income and prosperity to economic creativity and innovative ability that describe the performance of one economy relative to others.

**Adds value:**
Enhanced product differentiation, and thereby higher margins, that cannot be achieved on the basic product alone. The way in which a business makes their inputs worth more by the time they are sold. Ex.: Aberdeen project – by creating content for the portal such as online training guides and information about other agencies and services, youngsters add value to the portal for both the residents in the area as the agencies/services that will have a link on the portal Ex.: ICT tools have a positive influence on social inclusion of marginalised youngsters (more social capital…)

**Cost effective:**
the least cost alternative means for achieving the same stream of benefits or a given objective. Ex.: Tonuso – for the same level of interaction between the organization and the school environment, does the use of software tools cost less than for example monthly meetings between organization personnel and school's teacher staff?