FROM JOBSEEKER TO SOCIAL ENTREPRENEUR

A Guide for Jobseekers and People Interested in Entrepreneurship

RyHTi
Support structures for social entrepreneurship in Lapland

Euroopan unionin osarahoittama

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University of Lapland
Rovaniemi 2026

This publication was produced as part of the RYHTI – Structures for Social Entrepreneurship in Lapland project. We would like to thank everyone who contributed to the planning of this guide.

The publication was made possible by funding from the European Social Fund Plus (ESF+).

WELCOME TO THIS GUIDE ON SOCIAL ENTREPRENEURSHIP!

Are you interested in doing good? Are you interested in work that not only provides an income, but also has a broader positive impact on people's lives?

Why was this guide created?

This guide helps you explore social entrepreneurship and reflect on whether it could be a way for you to find employment, try entrepreneurship or develop your own idea.

Who is this guide for?

This guide is for you if you are a jobseeker, student or someone interested in entrepreneurship, and you want to do work that has a positive impact on people or the environment.

How to use this guide

- Read through the basic information and examples at your own pace.
- Complete the exercises: they will help you clarify your idea and identify your next steps.
- You can also use this guide in discussions, for example with a business advisor, counsellor or coach.

Who is this guide for?

This guide is for you if you are a jobseeker, student or someone interested in entrepreneurship, and you want to explore whether social entrepreneurship could be a way for you to find employment and do meaningful work.

What will you gain from this guide?

- a clear understanding of what social entrepreneurship means in practice
- exercises that help you identify a problem, target group and possible solution
- support for understanding the basic logic of a business model and funding
- tips for understanding and describing social impact

WOULD YOU LIKE TO DEEPEN YOUR KNOWLEDGE?

This guide provides an introduction to social entrepreneurship and business planning. If the topic interests you and you would like to deepen your knowledge, you can continue learning through the free training modules developed in the RYHTI project.

The training modules provide a more detailed introduction to the fundamentals of social entrepreneurship, the development of business ideas, value creation, business models, market analysis, establishing a business, financing, entrepreneurship skills and leadership.

The modules are available on the OpenMoodle platform and can be completed independently at your own pace. The modules are free of charge. Please note, however, that completing them does not provide formal study credits.

RYHTI training modules

Introduction to Social Entrepreneurship
Social and Sustainable Entrepreneurship
How to Find Social Business Ideas
Creating Social Sustainable Value
Social Business Model Canvas
Planning for Impact-Driven Business
Market Analysis and Marketing Plan
Establishing a Social Enterprise
Financing and Fundraising for Social Business
Entrepreneurship Skills and Leadership

You can find more information about the training modules at vaikuttavalappi.fi. or by scanning the QR code with your phone camera.

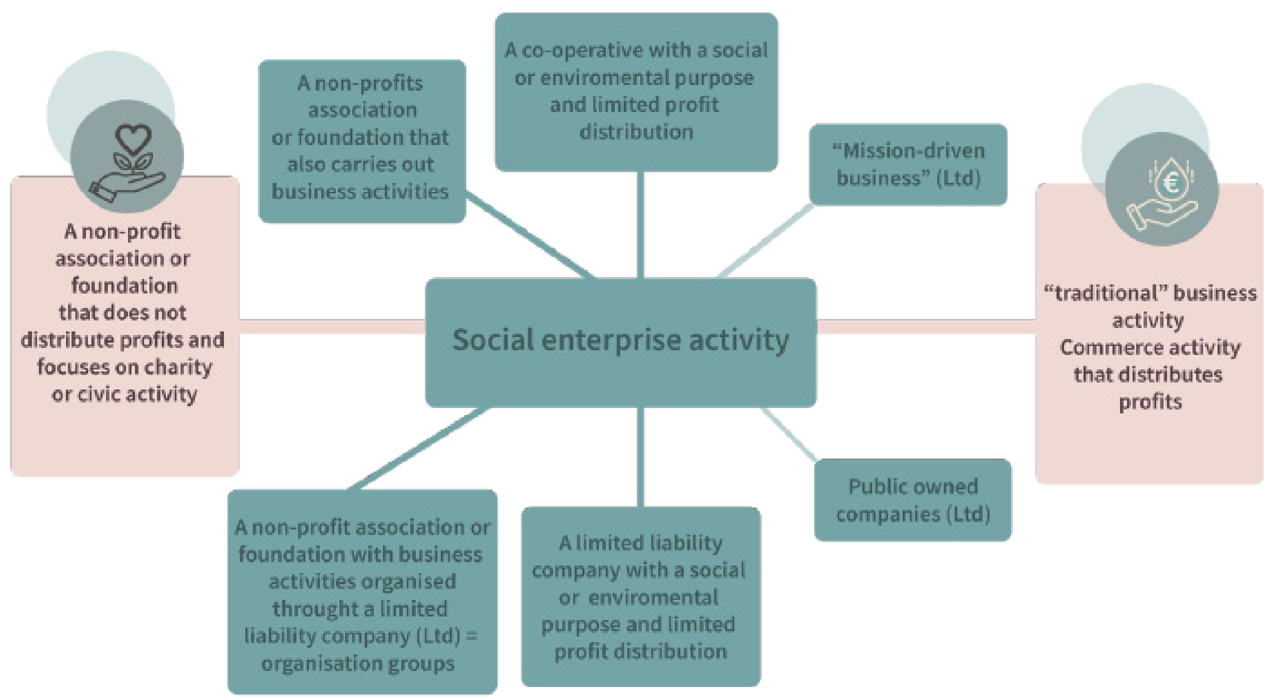
1. WHAT DOES SOCIAL ENTREPRENEURSHIP MEAN?

A social enterprise is a business whose primary goal is to solve social or environmental problems.

A social enterprise is not a charity. It mainly operates according to the same logic as other businesses: it generates income by selling products or services. The difference is that it uses most of its profit or surplus to promote social good. In other words, profit is not the goal in itself; profit is a tool for creating impact. However, the enterprise must still be financially viable and provide an appropriate livelihood for the entrepreneur and employees. Social enterprises also often emphasise transparency and responsible decision-making.

In this guide, social good refers to things that have a positive impact on society, people's well-being and the state of the environment.

Different forms of social enterprise activity in Finland



WHAT IS ENTREPRENEURSHIP?

In this guide, entrepreneurship means self-employment as an entrepreneur: establishing and running an organisation that carries out business activities, in other words, a company.

Put simply, entrepreneurship means developing an idea into a financially viable business. This usually requires:

- identifying a problem or need in the market
- developing a solution, often a product or service, to meet that need
- planning, establishing and running a business so that the solution creates value for customers and is financially sustainable

Entrepreneurship can be uncertain and may involve financial risks. Planning and running a business often means long working days, bureaucracy and uncertain income. It may take years before a business becomes profitable, and not all businesses ever reach that point. Profitability also does not always depend only on a good idea, hard work and competence, but also on factors beyond your control. For example, the COVID-19 years caused many businesses to close down.

On the other hand, entrepreneurship can also be an opportunity to create work that matches your own interests and values, and to work with issues that matter to you. You can become an entrepreneur alone or as part of a team, full-time or part-time. Part-time entrepreneurship or light entrepreneurship can be a good way to try entrepreneurship before committing to it

Basics of entrepreneurship

Are you already familiar with entrepreneurship, or would you like to review the basics before diving into the world of social entrepreneurship? These sources provide a good overview of starting a business and the everyday realities of running one:

- Finnish Enterprise Agencies: Guide to Becoming an Entrepreneur
- Open online studies: Becoming an Entrepreneur in Lapland
- Suomi.fi: Planning business activities
- Suomen Yrittäjät: Becoming an entrepreneur
- Suomi.fi: Could I become an entrepreneur?
- Entrepreneurs' responsibilities and obligations

Entrepreneurship courses and training

Many different entrepreneurship courses and training programmes are available in Finland. You can find suitable options, for example, through adult education centres, educational institutions, employment services and online studies, such as a vocational qualification in entrepreneurship.

Who can start a business in Finland?

In general, an adult can start a business in Finland. Possible restrictions may relate, for example, to residence rights, the sector of activity or the requirements of the chosen business form. If you have moved to Finland from another country, check separately how your residence permit and right to work affect entrepreneurship.

For more information, especially for people who have moved to Finland from outside the EU/EEA area, see: InfoFinland – Entrepreneur in Finland (available in Finnish and English).

https://infofinland.fi/fi/moving-to-finland/non-eu-citizens/entrepreneur-in-finland

Support and benefits when starting entrepreneurship

If you receive benefits or financial support, such as unemployment benefits, find out in good time how starting entrepreneurship will affect your situation. You can find up-to-date guidance from Job Market Finland:

- TE Services / Job Market Finland: Unemployment security for entrepreneurs and self-employed people: https://tyomarkkinatori.fi/en/personal-customers/informa-tion-about-working-life/unemployment-security/unemployment-se ns

You can get help and advice from employment services experts, such as TE Services or your municipality's employment services. **If you are a jobseeker and are planning to start a business, always contact an expert before you begin**. This helps ensure that you receive up-to-date guidance for your specific situation and that starting entrepreneurship does not cause unexpected changes to your unemployment security or other benefits. At the same time, you can receive the best possible support for testing business activities and exploring possible support for new entrepreneurs, such as a start-up grant. This helps you avoid spending time on the wrong actions or unintentionally losing your right to benefits.

Test yourself: could you become a social entrepreneur?

Answer the following questions. Your answers will help you assess whether social entrepreneurship could suit you and which areas you may still need to strengthen.

Motivation

1. Do you want to solve social or environmental problems?
2. Do you have a social issue in mind that you would like to influence and that you have the skills to help solve?
3. Are you interested in entrepreneurship despite its challenges?

Attitude

1. Are you curious and open to new ideas and ways of thinking?
2. Are you willing to take risks and tolerate uncertainty?
3. Are you persistent, willing to learn from mistakes and ready to change direction when needed?

Knowledge and skills

1. Do you already know what entrepreneurship means in practice, for example in relation to finance, management, sales and marketing?
2. Are you good at coming up with new solutions and also putting them into practice?
3. Can you motivate people, and do you enjoy working with others?
4. Are you able to work under pressure?

Realism about entrepreneurship

1. Are you ready to commit to developing a business over several years?
2. Do you have people around you who can support you?
3. Do you have a realistic understanding of the financial and other risks involved in entrepreneurship?

2.SOCIAL ENTREPRENEURSHIP – BUSINESS WITH HEART

Social entrepreneurship means creating solutions to social or environmental problems in a financially viable way.

Mitä yhteiskunnallinen yrittäjyys on ja miksi se on tärkeää?

A social enterprise is not a charity, but a business that operates in the market and sells products or services. To create impact, its operations must be financially viable. What distinguishes it from many other businesses is how profit or surplus is used: a significant share is reinvested in advancing its social or environmental objective. Many social enterprises also emphasise transparency and responsible decision-making.

Social entrepreneurship is not a new phenomenon. A well-known example in Finland is Linnanmäki Amusement Park. By operating the amusement park, the Children's Day Foundation raises funds for child welfare.

In social enterprises, responsibility is not a separate "extra", but a core part of the business. The enterprise aims to strengthen its positive impacts and prevent or reduce negative impacts on people, the environment and society. Particularly in Lapland, where distances are long and the population is widely dispersed, mission-driven enterprises can complement services alongside public-sector actors and strengthen local vitality. A mission-driven business model can also be a natural option for an entrepreneur who wants to combine earning a livelihood with activities that respect nature and environmental values.

The aim of a social enterprise may be, for example, to...

- reduce loneliness among older people
- enable employment for people with partial work ability
- reduce food waste
- improve the accessibility of facilities
- support the employment of immigrants
- prevent social exclusion
- promote the use of renewable energy
- clean plastic waste from the sea
- improve access to health and social services
- promote the circular economy
- ...or solve another social or environmental problem.

Social entrepreneurship in a nutshell

Social entrepreneurship is a form of entrepreneurship in which the purpose of business activities is to solve a social or environmental problem and create positive change. The goal may relate, for example, to environmental protection, sustainable development, regional vitality, culture, education or participation in the labour market.

The ingredients of social entrepreneurship

Solutions to real problems

Social enterprises develop social innovations. These are genuinely impactful solutions to social problems.

For example, the Finnish maternity package was originally developed to support low-income families and strengthen mothers' and babies' access to healthcare.

Stronger together

The people affected by a particular social problem are often the best experts on it. For this reason, social enterprises listen carefully to their stakeholders.

Social challenges are often highly complex. They cannot be solved overnight or by one actor alone. This is why many social enterprises work together with other companies and actors in the public and third sectors.

No impact without profitability

For a social enterprise to create impact, its business activities must of course be financially viable.
Most of the profit or surplus of a social enterprise is used to pursue social change, either by investing it in developing the enterprise's own activities or by donating it, for example, to non-profit activities.

Responsibility in many forms

Social enterprises often emphasise transparency, participation and responsible decision-making. The aim is to operate transparently and resource-efficiently.

Well governed

Social enterprises often emphasise transparency, participation and responsible decision-making. The aim is to operate transparently and resource-efficiently.

Social entrepreneurship in Finland

Collecting comprehensive and accurate statistics on Finnish social enterprises is challenging because there is no single narrowly defined and established definition of a social enterprise. Social entrepreneurship is also not limited to a particular sector or business form: **a social enterprise may be a limited liability company, a cooperative, or an association or foundation engaged in business activities.** The enterprise may be small or large, and its impact may be broad or focused on a specific target group.

Examples of Finnish social enterprises

A foundation-based social enterprise

Raising funds for child welfare through fun

Linnanmäki is probably the best-known social enterprise in Finland. Behind it is the Children's Day Foundation, which raises funds for child welfare by maintaining and developing the amusement park. Over the years, the foundation has raised more than 120 million euros for child welfare work.

"By having fun at Linnanmäki, all our customers support child welfare work."

A cooperative social enterprise

Towards a better quality of life

The purpose of Uurto Cooperative in Kemijärvi is to employ local residents in a difficult labour market position and help them move towards a better quality of life.
The cooperative's employees include long-term unemployed people, people moving from rehabilitative work activities to the open labour market, young people and immigrants.

You can order workers from the cooperative, for example, for:

- snow clearing
- cleaning
- small renovation jobs
- property maintenance and forestry work

"Uurto Cooperative exists to provide functional services for clients and to offer a meaningful working environment for its employees."

A limited liability company social enterprise

Everyday help for older people

Gubbe is a Finnish start-up company that provides care services for older people in their homes.

The company aims to improve older people's quality of life and prevent loneliness. It trains Gubbe assistants who spend time with older people and help them with household tasks, outdoor activities or, for example, using technology. Gubbe assistants are usually upper secondary school or higher education students who earn additional income through the work.

Gubbe began from an everyday need: the founders could not find a suitable service that would offer companionship and support for an older person at home. The company has grown quickly and expanded its service.

The purpose of a limited liability company is to generate profit for shareholders, unless otherwise stated in the articles of association. For this reason, the articles of association of a limited liability social enterprise include its social objective and the principle of limited profit distribution. Limited profit distribution means that the company uses most of its profit to promote its social objective.

There are already many social enterprises in Finland: approximately 5,000 have been identified to date. These enterprises operate in different sectors and across the country. You can explore other Finnish social enterprises on the data page of the Centre of Expertise for Social Enterprises (YYO).

Limited profit distribution in a limited liability company

The purpose of a limited liability company is, by default, to generate profit for its owners, unless otherwise stated in the articles of association. Therefore, in a limited liability social enterprise, the social objective and the principle of limited profit distribution are written into the articles of association. Limited profit distribution means that the company uses most of its profit to promote its social objective.

Further information on social entrepreneurship

Information, advice and guidance

The Centre of Expertise for Social Enterprises (YYO) provides advice for social enterprises and those planning to establish one. Useful materials include:

- Frequently asked questions.
- Entrepreneur's material bank: information on topics such as establishing and funding a social enterprise.
- The Changemaker's Workbook for developing socially impactful business activities.

Network for social enterprises

ARVO ry (the Finnish Association for Social Enterprises) is a network for social enterprises and other impact-oriented actors. Its aim is to support the success of its members and increase the recognition and influence of social entrepreneurship.

The Social Enterprise Mark

The Association for Finnish Work grants **the Social Enterprise Mark.** However, a company can be a social enterprise even without the mark, as only some social enterprises have it.

Additional reading :

Social innovations: the publication Social innovations of social enterprises discusses the social innovations and innovativeness of social enterprises and provides policy recommendations for developing the operating environment. (in Finnish)

Measuring social impact: ARVO ry's publication Hyvän mitta: Simple tools for impact assessment (PDF in finnish) compiles practical ways to assess impact.

3.IDEATION AND DEVELOPMENT OF A SOCIAL ENTERPRISE IDEA

Generating and developing an idea for a social enterprise

In this section, we begin generating ideas for a social enterprise and developing an idea towards a business. We start with the problem: what is the challenge, who is it important to and what are its underlying causes? When you understand the root causes of the problem, it becomes easier to come up with effective solutions and build them into a business idea.

Take out a pen and paper!

Start from the problem

Social enterprises aim to solve a social or environmental problem. This is why ideation should begin by identifying the problem.

In social entrepreneurship, the process starts with choosing a problem, not by jumping directly to a business idea.

Reflect on the following: First write down all ideas without self-censorship. You can narrow them down in the next step.

- What problems or challenges do you see in your own life or the lives of people close to you, for example in studies, work or leisure time?
- What kinds of problems do you see more broadly in society?
- Which major global challenge feels most meaningful and personally relevant to you? You can explore global challenges, for example, through the UN Sustainable Development Goals.

The problem you choose should be narrowed down. For example, “climate change” is too large as a whole. Instead, you could focus on one of its consequences, such as “climate change threatens food production”, or one of its causes, such as “the use of fossil fuels”.

Exercise 1: Choose a problem

Duration: 5 min

1. Write down 2–3 social or environmental problems, needs, pain points or frustrations.
2. Circle the one that interests you the most.

The UN Sustainable Development Goals can be used to support problem identification and selection. You will find more information on the next page.

Defining the target group

Who would benefit most from solving the problem you chose in the previous exercise? Who would be willing to pay for solving it? Whose life would the solution make ten times better? The answers to these questions tell you the target group of your business, in other words, your potential customers.

It is often useful to distinguish between three roles:

- Beneficiary: whose life improves if the problem is solved?
- User: who uses the solution in everyday life?
- Payer: who pays for the solution? This may be the same as the user, or sometimes a different actor. 19

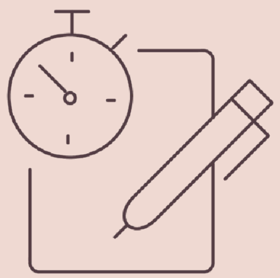
For this exercise, choose one target group and define it as precisely as possible. A precise definition of the target group helps you find your first customers and guide your marketing.

In some cases, the payer may be different from the user of the solution. For example, who would be willing to pay to reduce loneliness among older people?

Not all questions are necessarily relevant to every target group. Skip questions if needed.

Exercise 2: Define the target group

Duration: 10-15min.



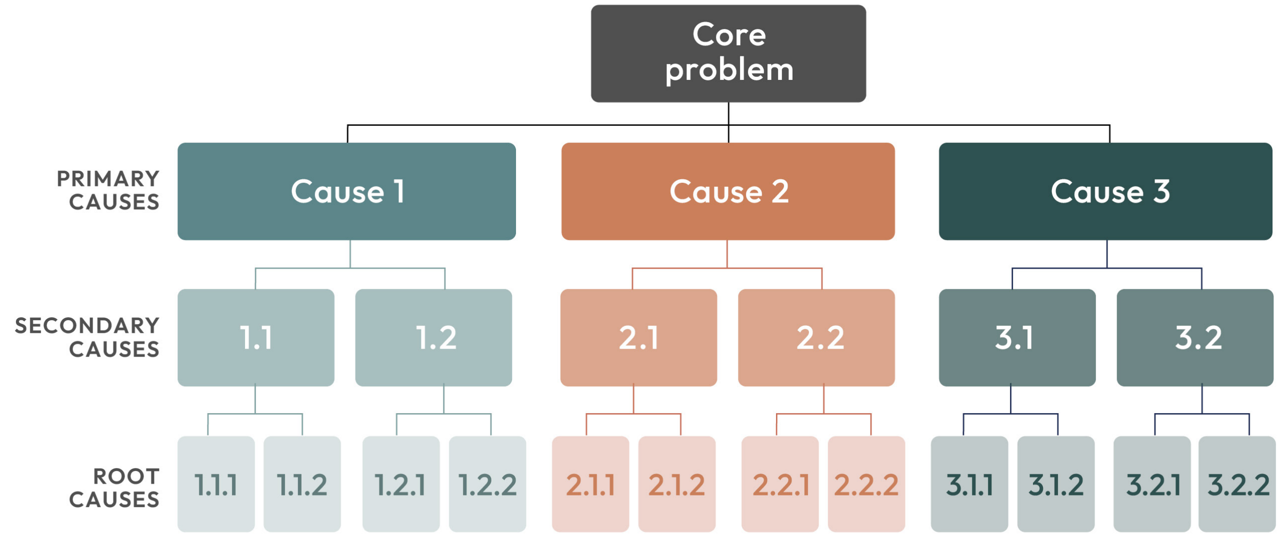
Answer the questions and narrow down one target group as precisely as possible:

- Who is affected by the problem? Whose everyday life would the solution clearly make easier?
- Is the target group made up of individuals, companies or other organisations?
- How do these people or organisations currently try to solve the problem, if they try at all? Or do they simply live with the problem because no good solution has been found?
- What are the people in the target group like, for example in terms of age, gender, occupation and financial situation? If they are organisations, what sector are they in and how large are they? Are they located in Finland or globally?
- Would these people pay for the solution themselves, as a product or service, or would the payers be a different group than the users? Who could the payers be and why would they pay to solve the problem? Who is the beneficiary in this solution, meaning whose life improves?

Analysing the problem

Once you have chosen a problem, the next step is to identify the reasons behind it. The better you understand the problem, the easier it is to come up with effective solutions. Here we use a problem tree, which helps break a large problem into smaller parts: the core problem, its causes and its root causes.

A problem tree helps divide large problems into smaller and more manageable parts. The method is based on the idea that there are causes behind problems, and understanding those causes helps develop solutions. These solutions can then be developed into business ideas and social enterprises.



Example: Core problem: Food waste

Primary cause: Why is food wasted, what are the background causes of the problem?

- Overproduction

Secondary causes: Why does overproduction arise, what are its background causes?

- Inaccurate demand forecasting
- Limited access to real-time sales data
- Rapid changes in consumer preferences

Root causes: Why do these secondary causes exist, what lies behind them?

- Insufficient investment in digital infrastructure and analytics
- Limited understanding of consumer behaviour and market trends
- Inefficient supply chain coordination

Exercise 3: Problem tree and focus

Duration: 15–25 min.

Once you have selected the problem, the next step is to pause and consider what is actually causing it. The first visible problem is often only one part of a larger whole. There may be several underlying causes related, for example, to people's everyday lives, access to services, attitudes, resources, structures or ways of working.

The better you understand the causes behind the problem, the easier it will be to identify different solutions. A good social business idea does not emerge simply from noticing a problem. It emerges from understanding which part of the problem can be addressed through business.

On the following spread, you will work on the problem using a Problem–Solution Tree. The task will help you identify the root causes of the problem and turn them into possible opportunities for solutions.

Complete the problem tree template *(on the following spread, pages 22–23)*:

1. Write the core problem in the top box.
2. Below the core problem, write 2–3 primary causes. Ask yourself: Why does this problem exist
3. Below each primary cause, write 1–2 secondary causes.

Finally, choose one branch for which you would like to develop a solution.

For example, choose a branch:

- that most urgently needs a solution
- that you have the skills to address
- for which you can most realistically develop a solution
- that offers opportunities for new types of solutions

Write 1–2 sentences explaining why you chose this particular branch.

Analyzing the Problem

Once you have selected the problem, the next step is to analyze its root causes. The better you understand the problem, the more, and better, alternative solutions you will be able to identify. One effective method for brainstorming and analyzing root causes is the *Problem-Solution Tree (PST)*.

The PST is a visual tool that helps break down a complex issue into smaller, more manageable components. This method is based on the principle that problems are driven by underlying factors, and by understanding these root causes, you can develop more effective and targeted solutions. These solutions can then be transformed into business ideas or social enterprises.

1. Create a problem tree

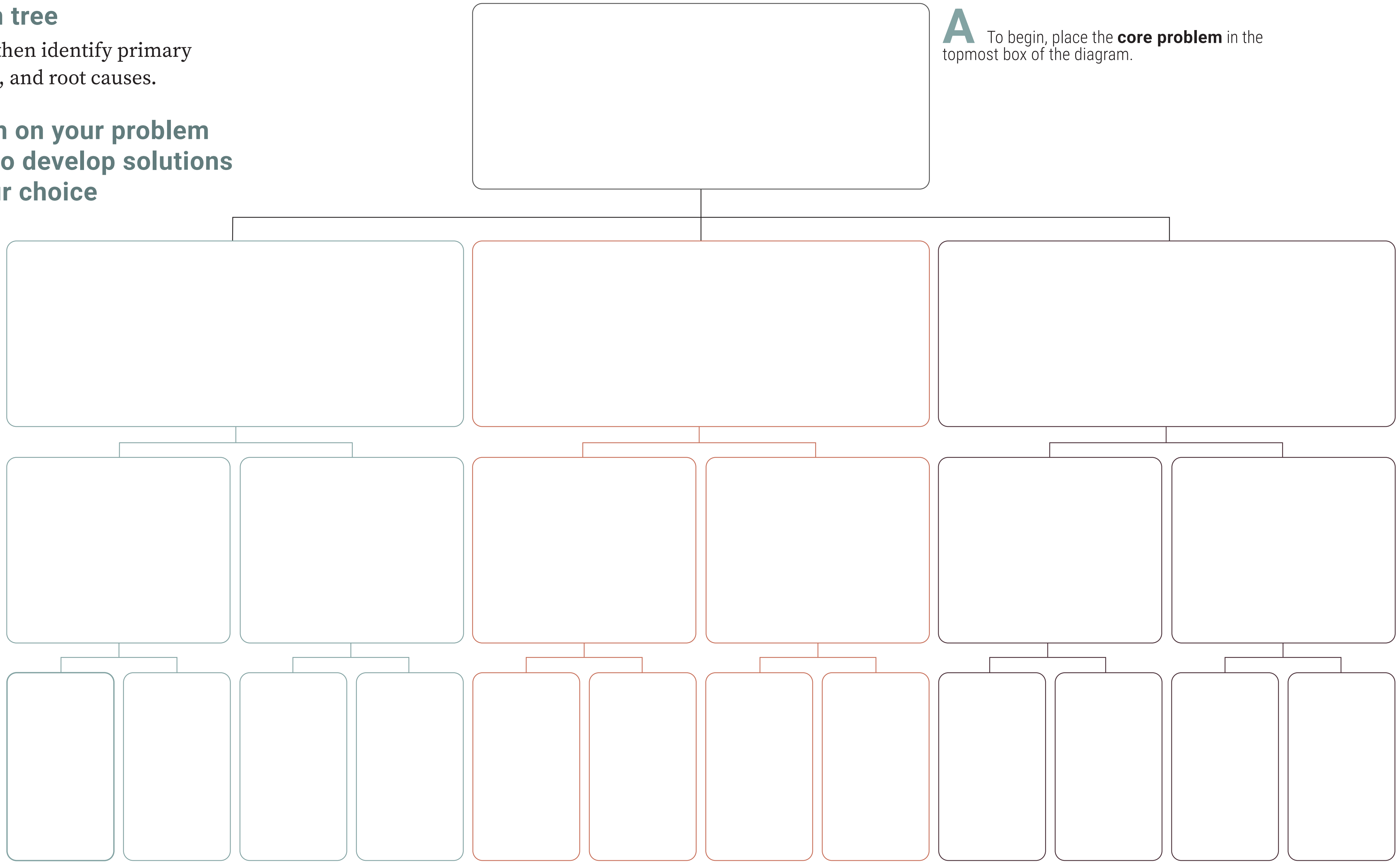
Fill in the core problem, then identify primary causes, secondary causes, and root causes.

2. Select the branch on your problem tree that you want to develop solutions for, and explain your choice

You might choose:

- The most urgent issue
- The most feasible or realistic to solve
- The one with the greatest potential for innovation

Consider: what makes this branch important, promising, or relevant to you?



A To begin, place the **core problem** in the topmost box of the diagram.

B Then, identify 3 **primary causes** by asking: "Why does this core problem exist?". Write each primary cause in a separate box.

C For each primary cause, define 2 **secondary causes** by asking: "Why does this primary cause exist?"Write each secondary cause in its own box branching from the corresponding primary cause.

D For each secondary cause, identify 1 to 2 **root causes** by continuing to ask: "Why does this secondary cause exist?" Again, write each root cause in a separate box.

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Developing a solution idea

Now you will develop a solution idea for the problem you selected in the previous exercise. The first version does not need to be perfect, but it should be realistic and concrete enough for you to test it with the target group and find out whether the idea really works.

Use the problem tree:

- What are the root causes of the branch you selected?
- How could you reduce or remove these root causes in practice?

A good solution emerges when you understand the nature of the problem and the reality of everyday life. You can build this understanding by reading relevant reports and research and by talking with the people affected by the problem.

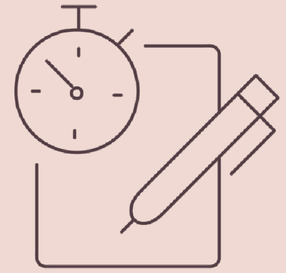
Try to describe your solution as concretely as possible. For example, the expression "an app that helps students concentrate" is too vague. A more precise and useful description could be:

"An app that sets reading goals for students and rewards them for concentrating. The app guides the user to read for 15 minutes, then do a 2-minute relaxation exercise, read again for an hour, then take a snack break and move for 15 minutes. The app also plays music that supports concentration."

Examples of solutions

- A mobile application or website
- A training session, workshop or other event
- A book, guide or other material
- Personal guidance or support, either in person or online
- A matchmaking service or platform that connects people
- A physical product, such as a tool or measuring device
- A subscription service
- A subscription service
- A community platform or peer support network
- A pop-up event or service, or a mobile unit, such as a mobile library
- A social media campaign or other information campaign
- A hybrid model that combines digital and physical elements
- A circular economy solution, such as reuse or repair

Exercise 4: Develop a solution idea



Duration: 20-30 min.

1. Summarise the branch you selected from the problem tree

Write a brief answer:

- Core problem:
- Primary causes:
- Secondary causes:
- Root causes:

2. Generate a solution to the root causes

Answer:

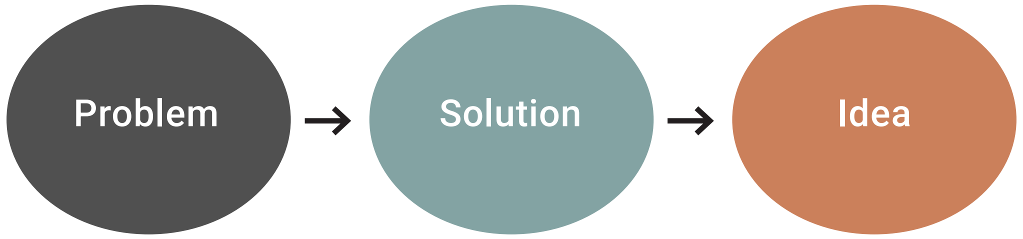
- What could be done about these causes? How would you reduce or remove them in practice?
- What kind of solution would it be: a product, a service or a combination of these? See the solution examples below.
- Describe the solution as concretely as possible: what does it do, how does it work and what does the user do?

3. Payer and willingness to pay

- Who would pay for the solution: the user or another actor?
- Why would the payer pay? What benefit do they receive?
- If there does not seem to be willingness to pay: why not, and could the payer be someone

Testing the solution idea with the target group

It is a good idea to present the solution idea to the target group, meaning potential customers, as early as possible. This helps you find out whether there is real demand for the solution, and prevents you from spending time and money developing something that nobody needs or wants.



Start simply and proceed step by step:

1. Describe the idea orally or on one page, or in slides, and ask for feedback.
2. If the idea attracts interest, create a simple prototype, such as a sketch, sample page, service description or demo, and test again.
3. Make improvements and repeat the feedback round.

The most important thing in testing is not perfection, but that the target group understands your idea clearly and can give feedback on it. At the same time, ask about willingness to pay: would the target group be willing to pay for the solution? If not, find out why, and whether the payer could be someone else, such as an organi-sation, municipality or educational institution.

If the target group is not interested in the idea, you can either develop a new solution to the same problem or check whether the target group was chosen correctly. Sometimes the best decision is to let go of the idea and move on to another one.

Exercise 5: Plan the testing

Duration: 15-20min.

Answe:

1. Where can you find people who belong to your target group, and how will you contact them?
2. If the payer is another actor, such as an organisation or municipality, who are the right contacts and how will you approach them?
3. What is the simplest testable version of your solution that you can present without major costs, for example a description, slide deck, sketch or sample page?
4. What do you want to learn from the test, for example: “is this needed?”, “what is the most important benefit?”, “would you pay for this and why/why not?”

Next step: agree on 3–5 short discussions with representatives of the target group and write down their feedback.

Sustainable Business Model Canvas (SBMC)

A business model describes how a company operates in practice: what it offers, who it serves, how it reaches its customers, and how its activities are financially viable.

You can use the Sustainable Business Model Canvas (SBMC) tool to design a sustainable business model. It helps you plan the company’s activities so that they are financially viable while also being socially and environmentally sustainable.

Next, you will build a business model using the SBMC. Complete the SBMC template using the solution you developed and the target group you selected in the previous exercises.

You can use either the blank SBMC template or the SBMC template developed for the RYHTI training modules. You will find it on the next page.

Exercise 6: Create a sustainable business model with the SBMC

Duration: 30-45min.

Fill in the SBMC using the solution and target group you selected in the earlier exercises. The goal is to make visible on one page:

- what you offer and to whom
- how the activities are organised in practice
- where the income comes from and what the activities cost
- what kind of positive impact you create and how you reduce harm

The first version of the SBMC does not need to be perfect. The most important thing is to make the idea visible on one page. Update the canvas whenever you receive new feedback from the target group.

Remember the sustainability perspective in every section.

Sustainable Business Model

A business model explains how a company operates and generates revenue. It outlines how the company solves problems, who its customers are, how it reaches them, and what costs and expenses are involved.

When designing a sustainable business model, you can use the Sustainable Business Model Canvas (SBMC). This tool helps you explore how different parts of your business connect and how your operations can be sustainable economically, socially, and environmentally.

On this page, you will find instructions for completing the Sustainable Business Model Canvas. On the next page, you'll find an empty template for you to fill out. Use the solution and target group you chose in the previous exercises as the basis for your work.

Value Proposition

- What problems do you solve for your customers? What needs do you meet?
- What positive change does your business create for your customers, society or the environment? What is your mission (= why does the business exist)?

Sustainability tip: How does your solution help customers live according to sustainable

Key Activities

- What activities are essential to deliver your solution effectively and consistently from day to day?
- What activities are needed to maintain relationships, channels, partnerships, resources, and financial health?
- How these tasks or activities incorporate sustainability and circularity?

Sustainability tip: How can technology make

Key Resources

- What resources are needed to deliver your solution?
- What are the tangible and intangible things you need? (E.g., people, knowledge, skills, technology, materials.)

Sustainability tip: Are your resources environmentally friendly and responsibly

Key Partners

- Which partners should you work with?
- What activities do partners handle?
- What resources do you get from partners?
- How will you use sustainability criteria in building partnerships?

Sustainability tip: Could you collaborate with

Customer Relationships

- How do you build and maintain relationships with customers?
- How do you learn about your customers (e.g., through data)?

Sustainability tip: Are your channels accessible for people with visual or hearing

Channels

- How do customers learn about your product?
- How can they evaluate the solution before buying?
- How do they purchase it?
- How do they get support after purchase?
- How can they share experiences or give feedback?

Sustainability tip: Are your channels sustainable for people, society, and the

Customer Segments

- Who are your customers or beneficiaries? If you have different customer groups, create separate SBMCs for each (they may require different approaches).

Sustainability tip: Are there specific groups

Cost Structure

- What costs do your activities and resources generate? (E.g. materials, tools, salaries, marketing).
- Which activities and resources are most expensive? Can you reduce these costs?
- Consider fixed and variable costs. (Fixed costs are expenses that stay the same no matter how much you produce or sell, e.g. rent, salaries, insurance. Variable costs change depending on how much you produce or sell, e.g. raw materials, packaging, shipping.)

Revenue Streams

- What are your sources of income? Estimate pricing and expected sales (e.g., product sales, subscriptions, rentals, advertising)
- How much are customers willing to pay?
- How is your product priced? (Fixed price or dynamic pricing based on e.g. timing or demand)
- How will your revenue exceed costs?

Sustainability tip: Could you rent products instead of selling them?

Environmental and Social Harms

- What negative impacts does your business have on society or the environment?

Environmental and Social Benefits

- How and what positive impacts does your business create for society and the environment?
- How do you track and measure your social and environmental impact?

Sustainability tip: How can you promote renewable energy or other sustainable practices?

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1. Fill the SBMC

Use the solution and target group you selected in the previous exercises as the basis for your work. For each section of the canvas, answer the guiding questions on the previous page and remember to consider the sustainability perspective! You can download another version of the SBMC here: https://www.case-ka.eu/wp/wp-content/uploads/2017/05/SustainableBusinessModelCanvas_highresolution.jpg. It includes more detailed instructions if you need extra guidance.

Value Proposition	**Key Activities**	**Key Partners**	**Customer Relationships**	**Customer Segments**
	Key Resources		**Channels**	

Cost Structure	**Revenue Streams**
Environmental and Social Harms	**Environmental and Social Benefits**

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4. THE IMPACT OF A SOCIAL ENTERPRISE

The impact of a social enterprise

At the core of social entrepreneurship is the aim to create positive changes in society or in the state of the environment. These changes are also referred to as impact.

What is impact?

Impact means the benefit that the company's activities produce for people, communities, society or the environment. To speak credibly about impact, it must be possible to monitor and assess it.

Impact measurement becomes easier when the company has a clear understanding of:

- what problem it solves
- who benefits, and who is the user or payer if these are different actors
- what the company can influence in practice, meaning what it does and what it cannot directly change
- what change is being pursued, meaning what success looks like

Once these are clear, it is easier to choose:

- the right measures for achieving the goal
- the indicators used to monitor whether the desired change is taking place

Tip:
Use the problem tree you created in the earlier exercises. When the root causes are visible, the solutions and indicators are also easier to target correctly.

Short-term and long-term effects

Effects may be visible in the short or long term. Short-term effects are often easier to monitor, such as participation, increased skills or adoption of a solution. They also help assess whether you are moving towards the long-term goal, such as reducing unemployment.

Quantitative and qualitative measurement

Impact can be monitored both quantitatively and qualitatively:

- **Quantitative measurement:** things that can be described with numbers, such as number of participants, number of people employed or amount of waste saved.
- **Qualitative assessment:** experiences and meanings, such as perceived well-being, smoother everyday life or a sense of inclusion, assessed through surveys, interviews or feedback.

Impact measurement helps development

When a company monitors its impact, it can develop its activities. If the results are not as expected, the operating method, target group, solution or indicators can be changed, and tested again.

Outcomes and impact – what is the difference?

An outcome is a change that occurs as a result of an activity. It may be seen, for example, in a person's skills, daily life, employment, well-being or the state of the environment.

Impact refers to a broader and longer-term change in relation to the intended goal. It shows whether the activity has genuinely contributed to the social or environmental objective that the company aims to achieve.

Simply put, outcomes are the changes that an activity creates. Impact describes how well these changes contribute to the intended social or environmental benefit.

Example: reducing youth unemployment

Company goal: to reduce unemployment among young people under 25 in Kemi

Actions:

- organise free job-search coaching and CV workshops for young people together with educational institutions, youth workers and employment services
- find mentors for young people from local companies
- communicate with young people on social media, for example about finding hidden job opportunities
- communicate to companies about the benefits of hiring young people and reduce prejudices

Short-term indicators:

- how many young people participate in the activities
- how many find employment within six months of participation
- how young people feel their job-search skills and confidence have improved, based on surveys or interviews

Long-term indicators:

- whether youth unemployment in the area decreases within 2–5 years
- whether young people's well-being and financial situation have improved after five years

Communicating impact
Impact measurement also helps communicate about the company's activities. Communication based on real results and feedback builds trust and supports cooperation, sales and funding applications.

Financial sustainability and impact go hand in hand

A social enterprise must be both impactful and financially sustainable. If the finances do not hold, the activities may end, and this can have serious consequences if the customers are in a vulnerable position or if the service is important to them. Profitability is therefore a precondition for impact, not its opposite.

Cooperation strengthens impact

One actor cannot influence everything alone. Partners can help, for example, in reaching the target group, testing, collecting information and verifying effects.

Assess your company's impact by asking, for example:

- what changed in the target group's everyday life and how can this be noticed?
- over what time period are results expected?
- could the activities also have negative or unexpected impacts, and how can these be reduced?
- who collects the information and how often?
- how lasting are the changes?

Would you like more information about impact?

ARVO's Hyvän mitta website: Impact chain – accessible version (in Finnish). https://www.hyvanmitta.fi/vaikuttavuusketju-saavutettava/

Centre of Expertise for Social Enterprises YYO: Indicator banks for impact measurement (in Finnish). https://yyo.fi/mittaripankkeja-vaikuttavuuden-mittaamiseen/

Exercise 6: Identify indicators for measuring impact

Duration: 10-15min.

Start here – choose 3–5 indicators

Begin monitoring impact in a simple way. Select 3–5 indicators to start with, including both quantitative and qualitative indicators. A good basic set includes:

- 1–2 quantitative indicators: for example, number of participants, number of users adopting the solution, employment outcomes or reduced waste
- 1–2 qualitative indicators: for example, customer feedback, perceived benefits, improvements in daily life or changes in well-being, measured through surveys or interviews
- 1 operational or financial indicator: for example, sales, cost per customer, repeat purchases or reliability of service delivery

Keep the indicators as clear as possible: who collects the data, when it is collected and how the results are used to improve the activities.

Your first set of indicators does not need to be final. Update it as you learn more about the target group and how well the solution works.

5. THE FINANCES OF A SOCIAL ENTERPRISE

Euroopan unionin osarahoittama

The finances of a social enterprise

A social enterprise does not seek profit for its owners, but invests most of its profit or surplus in advancing its social purpose. Financial viability is still a precondition for the operation of a social enterprise as well: without a functioning financial basis, the enterprise cannot carry out its mission in the long term.

Basic information about business finance, if the topic is new to you

If business finance is not familiar to you, it is worth first learning the basics. On the Suomi.fi website, you can find clear information on themes such as:

- accounting and financial administration
- budgeting
- business taxation
- invoicing and payments
- financial statements and auditing

What is special about the finances of a social enterprise?

Social enterprises are businesses like any other: money is needed to start, run and develop operations. The difference compared with many traditional companies is that financial profit is not the main goal, but a tool for achieving a social or environmental goal. For this reason, the impact goal is also taken into account in financial planning.

Market-based activity

A social enterprise should be able to operate in the market with its own earnings logic. Grants, public support and donations can help especially in the early stages, but the activity is not sustainable if they remain the only source of income. The company's products or services must be good and useful enough for customers, or another payer, to be willing to pay for them. In the long term, the company must be able to generate enough turnover to cover its costs and continue its operations.

Funding pathway step by step

Plan your funding in stages so that you do not apply for the "wrong type of funding" at the wrong time.

0–6 months: Develop and test the idea with a small budget, using your own contribution, start-up grant or small-scale experiments.

6–18 months: Pilot the solution and gather evidence through first customers, feedback, agreements and indicators.

18 months and beyond: Focus on growth and expansion through sales, partnerships, loans or investments, and public funding instruments.

Sources of funding for a social enterprise

The funding sources of social enterprises are largely the same as those of other businesses.

In the early stages, funding may come, for example, from:

- the entrepreneur's own funds and funding received or borrowed from close contacts
- loans and credit, which often require a business plan and possibly collateral
- crowdfunding
- a start-up grant, which supports the livelihood of a new entrepreneur but is not actual business funding

As the company develops and grows, funding opportunities may include, for example:

- public funding instruments, such as ELY Centre or Business Finland funding
- private investors, including impact investors
- loans and other financing arrangements

Tips for applying for funding

- First consider what you need funding for: development, piloting or growth.
- Read the funding conditions and application instructions carefully.
- Prepare a comprehensive business plan and financial calculations, including income, costs and profitability.
- Prepare a clear elevator pitch: a short presentation of your idea, for example 1–2 minutes, covering the problem, solution, target group, earnings logic and impact. Practise the presentation.

The business plan of a social enterprise

A business plan brings together the basic information about the company's operations. Its purpose is both to support business planning and guide everyday activities, and to describe the business idea clearly to potential funders and partners, for example.

Good news: you have already completed much of the groundwork for the business plan through the exercises in this guide: the problem and target group, solution idea, testing and SBMC.

What does a business plan usually include?

A business plan contains both text and financial calculations. The content may vary depending on the size and sector of the company, but typical sections include:

1) Basic information

- the entrepreneur's name and possible team members
- company name and contact details 41
- main sector and business form

2) Business idea and value proposition

- what product or service you sell
- who you sell to, meaning customer segments, and what value the customer receives
- what the company's mission is and what impact, meaning positive change, it aims to create

3) Skills and resources

- the entrepreneur's and team's skills and experience
- needed resources and partners

4) Market and competition

- the area in which you operate and the size of the target market
- competitors and how you stand out
- how customers find you, meaning channels

5) Sales and marketing

- sales channels and methods
- marketing actions and goals
- pricing and sales targets

6) Goals and roadmap

- the company's goals over, for example, 1–3 and 3–5 years
- what you will do next, such as piloting, first customers or development

7) Finances and calculations

- funding need: what you need money for and where it will come from
- profitability: what level of sales or turnover you are aiming for
- profit and cash-flow calculations, meaning money in and money out
- financial administration, such as accounting, invoicing and taxation

Tip: A business plan is not "finished in one go". Update it whenever you receive new feedback from the target group, make changes to the solution or refine the earnings logic.

Tool for creating a business plan

You can also prepare a business plan using a ready-made tool. Job Market Finland's business plan tool helps you build the plan step by step and record the key information in one place:

Business plan tool: https://tyomarkkinatori.fi/tyonantajat-ja-yrittajat/yrittajyyden-tyokalut/liiketoimintasuunnitelma

6. CONCLUSION

In this guide, you have explored social entrepreneurship and moved step by step towards your own business idea: you identified a problem, defined the target group, developed a solution and planned how to test it. You also built a sustainable business model using the SBMC and learned the basics of finance, funding and impact.

The next step is to make the idea as concrete as possible: talk with the target group, collect feedback and update the plan. Remember that in social entrepreneurship, profitability and impact go hand in hand: a good solution works both for people and for the economy.

If you need support, make use of business advice services, employment services and the networks and materials of social enterprises, such as YYO and ARVO ry. You are not alone. With the right partners and small experiments, you can go a long way.

Next steps

1. Finalise the description of the solution: what you do, for whom and why it works.
2. Test the idea with 3–5 representatives of the target group and write down the feedback.
3. Update the SBMC: refine the channels, pricing, costs, benefits/harms and indicators.
4. Create a simple roadmap for the next three months, including piloting, partners and the next test.
5. Contact organisations that offer support, such as business advice services, employment services and YYO/networks, and ask about the next practical steps.