



Social Business Models in Norway: How do they finance and monetise social value creation?

A Qualitative Approach

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Abstract

Although the total wealth has increased in many countries, social differences prevail and the environment suffers. As a response to these challenges, social entrepreneurs find innovative solutions to both social and environmental issues, which could relieve public welfare systems and create an enormous socioeconomic surplus. In Norway, social entrepreneurship is on the rise. However, while the majority of academic literature has discussed the potential of social entrepreneurs to *create* social value (i.e. to benefit the society and/or environment), very few studies exist that shed light on the challenges of *capturing* a sufficient part of the value for the entrepreneur. Thus, the question arises how social entrepreneurs can design their business models to ensure financing of their social venture. We aim to address this question by a two-step approach. First, we categorise a sample of 30 social business models according to their main features. This helps us compare them in how they help a social target group, and how they finance their activities. We then, based on a multiple-case study with in-depth interviews, identify challenges and opportunities that come with each social business model type, and offer recommendations.

Based on our sample, we identified four main types of social business models in Norway. The *Ideal* and the *Two-Sided* are non-commercial, and depend largely on grants, donations and volunteerism. An important challenge these business models face is the short time frame, the political risk and the inflexibility of the funding. The *Inclusive* and the *Consumer-Oriented* business models are more commercial, and need to balance their commercial and social goals more carefully. On one hand, a purely commercial focus might harm the social mission and the goodwill they receive. On the other hand, too much emphasis on “doing good” might lead to financial losses, and thus jeopardise the core social activities.

Hereby, by using a business model perspective, our findings contribute to the literature on social entrepreneurship in general and to Norway in particular. We describe challenges and opportunities social entrepreneurs face in financing and monetising their value creation, and provide concrete recommendations on how they can overcome these challenges.

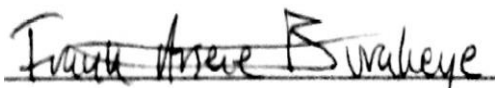
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1. Introduction

Social entrepreneurship is a field that has received increasing interest in recent years. Politicians, academia, for-profit and non-profit organisations and the general public argue for the potential it holds, with good reason. The world as we know it faces many challenges that may appear too great to overcome. Beside the pressure humans put on the environment and other species, governments and capitalism have failed to decrease social differences and suffering. Social entrepreneurship rises as a way of using innovation and business principles to increase social welfare, as opposed to only making the rich even richer. It is a movement that comes from the grassroots level, powered by people who identify problems and find innovative and sustainable solutions. A good example of this is microfinance and other “bottom of the pyramid” business models that, besides being profitable, generate tremendous value for the poor. In more equal countries, where the government provides many social services, social entrepreneurs may help those who are not included in the society, self-inflicted or not. This way, social entrepreneurs support imperfect welfare systems, and help address externalities of capitalism.

Based on our literature review, we found that although there has been an increased focus on social entrepreneurship and social business models in the United States and Continental Europe, knowledge and understanding about these topics are still in a relatively early stage in Norway and other Scandinavian countries (Loga et al., 2016; Center for Socialt Entreprenørskab, 2008) One of the reasons for why Norway lags behind on social entrepreneurship is the strong presence of the Norwegian welfare system in society (DAMVAD, 2012). The Norwegian welfare system has traditionally guaranteed for welfare services, which in other countries (e.g. the United States) are provided by private companies and now increasingly by social entrepreneurs. However, the welfare system in Norway is under pressure as the demand for welfare services increases, combined with higher expectations of quality. In addition, Norway can expect less income from oil and gas production in the future, and the proportion of people in working age decreases. This calls for more efficient use of resources in the social sector, and our aim is therefore to contribute to the knowledge of social entrepreneurship in Norway.

It has been suggested that social entrepreneurs could have a complementary or relieving role in the delivery of welfare services in Norway (Center for Socialt Entreprenørskab, 2008;

DAMVAD, 2012). In order to create significant social impact, however, social entrepreneurs need to find business models that ensure financing and the potential for scaling up the social value creation. As business models describe how value is created, delivered and captured (Teece, 2010), they are also useful in describing how some enterprises differ in doing so. Social entrepreneurs face two problems in particular with regard to financing their activities. First, social value creation is inherently difficult to measure and to put a price on (Dees, 1998b). It is, for instance, challenging (at best) to measure the socioeconomic effect of providing multicultural youths with role models that give them a sense of opportunity and belonging, although it may yield profound long term value.

The second problem social entrepreneurs face, which we will emphasise in this thesis, is the challenge of *capturing* a sufficient part of the value creation. As Dees (1998b, p. 3) points out, “markets do not do a good job of valuing social improvements, public goods and harms, and benefits to people who cannot afford to pay.” So even if it is possible to measure the social value creation, who should pay for it? The social target group, or beneficiaries, are often unable or unwilling to pay the true value, and quite often, social enterprises must rely on grants, donations and volunteers to make ends meet (Dees, 1998a). Thus, many social entrepreneurs have failed, lacking an appropriate business model to finance and monetise on the value they create. With the challenges the Norwegian welfare system faces, we thus argue that increased knowledge about social entrepreneurship in Norway from a business model perspective is of high relevance.

However, to date, research on social entrepreneurship from a business model perspective is scarce. For example, while Spiess-Knafl, Mast, & Jansen (2015) describe six social business model innovations, they do not discuss financing and monetising potential that each hold. Similarly, Dees (1998a) discusses the potential opportunities and dangers in commercialising social value creation, but not from a business model perspective (that is, how social entrepreneurs can create, deliver and capture value). We found only one study which links social business models to the degree of monetising potential (see Dohrmann, Raith, & Siebold, 2015), and our thesis builds on their research. However, they do not map Norwegian social business models, and there are aspects in their framework that we do not agree with. This will be discussed in more detail in chapter 3. In general, many scholars assume that social entrepreneurs are one breed, opposing to commercial entrepreneurs, without paying much attention to their underlying business models (which might as well be

of commercial nature) (Dees, 1998b; Lumpkin, Moss, Gras, Kato, & Amezcua, 2011; Reiser & Dean, 2014).

With regard to social entrepreneurship in Norway, only a few (non-academic) reports exist (e.g. DAMVAD, 2012; Nordisk ministerråd, 2014; Vista Analyse, 2014). Although these cover some of the problems that we discuss, like financing, earned income, volunteering and pro-bono services, they all share a too wide approach, where few details are included. In addition, they do not use a business model perspective in analysing the social enterprises, which we find useful for separating and comparing different social enterprises. Our aim is therefore to contribute to a better understanding of social entrepreneurship and social business models in Norway, by studying challenges and opportunities they face in financing and monetising social value creation. To do so, we find it useful to first map the different types of social business models found in Norway as these may face different kinds of challenges and opportunities.

1.1 Research Questions, Structure and Key Findings

To contribute to the literature on social entrepreneurship in Norway, we intend to answer the following question:

What types of social business models are typical in Norway, and what are the main challenges and opportunities for financing and monetising social value creation for these business models?

To answer the research question, we will start by defining *social entrepreneurship*, *business models* and *social business models* in chapter 2. There are no clear definitions of these concepts, hence clarifying is crucial before further research and analysis can be conducted. In chapter 3, we review extant literature on challenges and opportunities with financing and monetising social value creation. Chapter 4 presents the methodology adopted in this thesis. Next, in chapter 5, we present a twofold analysis. In the first part, we use our definition of a social business model to identify and categorise Norwegian social enterprises. We do this by finding similarities, and by mapping them in a modified framework from chapter 3. Second, we present challenges and opportunities in financing and monetising experienced by social entrepreneurs within each kind of business model. The aim is to identify the importance (if

any) of the type of business model used to create social value. Here, several in-depth interviews have been conducted to find more hands-on information. Lastly, in chapter 6, we conclude and discuss the implications of our findings.

Our findings contribute to the literature on social entrepreneurship and social business models. We show that there are four types of business models used by Norwegian social entrepreneurs. The *Ideal* and the *Two-Sided* social business models are non-commercial, and depend mostly on grants, philanthropic funding and volunteerism. Besides providing opportunities in the start-up phase, we show that grants and philanthropic funding cause challenges for non-commercial social entrepreneurs, such as short timeframe, political risk and inflexibility. The *Inclusive* and the *Consumer-Oriented* social business models are more commercial, and depend mainly on earned income. In order to survive and scale, these business models face the challenge of balancing the social and the financial value creation.

These findings help social entrepreneurs think more strategically about business models, and how to finance and monetise value creation. Furthermore, they give commercial business leaders and politicians insight into the opportunities that lie within social entrepreneurship. The findings also have theoretical implications, as the academic literature on business models for social entrepreneurship is only emerging (and non-existent in the case of Norway).

1.2 Boundaries of The Thesis

We limit our research by only including social entrepreneurs and social business models in Norway. Because different circumstances require different solutions, there might exist types of business models, both internationally and domestic, that do not fit with those presented. However, our aim has been to present the most common types of social business models in Norway and discuss their challenges and opportunities in financing and monetising social value creation. An argument for limiting our research to Norway is that funding schemes, legal forms and culture for social entrepreneurship might vary a lot from one country to another.

We have also, as time has been a constraint, interviewed a limited number of social entrepreneurs. Given this, we want to present well-known Norwegian actors that have proven their impact, and thus contributed to social value creation. Many of the entrepreneurs

we have interviewed receive, or have received help from Ferd Social Entrepreneurs. DAMVAD (2012) mention in a report for the Norwegian Ministry of Trade and Industry that Ferd's help has been of great importance for many social entrepreneurs, which is similar to our findings. Although this might affect perceived challenges and opportunities compared to social entrepreneurs not supported, being a part of the Ferd network means that others see potential in the idea. Also, many of the entrepreneurs have operated years before receiving support from Ferd, and we thus assume that they have a realistic perception of the challenges in financing social value creation.

2. Social Entrepreneurs and Social Business Models

To answer what types of social business models are typical in Norway, we need a definition of a social business model. However, the existing literature does not give a clear definition. Rather, the literature emphasises that one has to study the concepts of social entrepreneurship and business models to be able to understand and define a social business model (Dohrmann et al., 2015). In line with this, we will in this chapter first review literature on social entrepreneurship and provide our own definition. Next, we will study the concept of business models. Finally, based on our understanding of social entrepreneurship and business models, we will derive a working definition of a *social business models*.

2.1 Defining Social Entrepreneurship

There is not one clear definition of social entrepreneurship that is recognised as the “right” one. Many scholars, organizations and government entities have defined the concept differently, which leaves anyone who tries to understand what it really means with more questions than answers (Peredo & McLean, 2006). Martin & Osberg (2007, p. 30) argue that “the definition of social entrepreneurship today is anything but clear”, which in our case calls for a discussion on the topic. There are several motivations for defining social entrepreneurship. Dees (1998b) argues that a definition of social entrepreneurship should emphasise a different form of value creation than for traditional entrepreneurship. In business, the market will reward effective use of resources by a greater financial return on investment. For obvious reasons, measuring social value creation - the ultimate goal for a social entrepreneur - is a lot more difficult, and will require “different standards of evaluation when comparing with traditional entrepreneurship” (Peredo & McLean, 2006, p. 56). As social entrepreneurs work in the space between public, private and not-for-profit sector, it is hard to define exactly where they belong, and thus what legislation they have to consider. A common definition could do just that, and help politicians support social entrepreneurship with a more suitable legislation and other policies. At last, Martin & Osberg (2007) are worried that a vague definition would include too many “non-entrepreneurial” efforts, and thus undermine the reputation of social entrepreneurship.

We will first study the entrepreneurship component of social entrepreneurship before looking at the social component. This is in line with Martin & Osberg (2007) who argue that to define social entrepreneurship, one must start by understanding the concept of entrepreneurship. Similarly, Dees (1998b) emphasizes that “social entrepreneurs are one species in the genus entrepreneurs”, and defines social entrepreneurs by studying theories on entrepreneurship. Second, we will discuss what makes a social entrepreneur *social*, as scholars seem to disagree regarding the strictness of this component (Peredo & McLean, 2006). Third, we will derive appropriate working definitions for the purpose of our thesis. We argue that understanding social entrepreneurship is the most crucial part for understanding social business models, and what distinguishes them from traditional, profit-maximizing business models.

For the benefit of the reader, we first provide some selected definitions of social entrepreneurship. Our discussion on the topic is mainly based on the literature of these scholars.

Literature	Definition
The Meaning of “Social Entrepreneurship” - Dees (1998b, p. 4)	<p>Social entrepreneurs play the role of change agents in the social sector, by:</p> <ol style="list-style-type: none"> 1. Adopting a mission to create and sustain social value (not just private value), 2. Recognizing and relentlessly pursuing new opportunities to serve the mission, 3. Engaging in process of continuous innovation, adaptation and learning, 4. Acting boldly without being limited by resources currently in hand, and 5. Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.
Social Entrepreneurship: The case of definition - Martin & Osberg (2007, p. 35)	<p>Social entrepreneurs have the following three components:</p> <ol style="list-style-type: none"> 1. Identifying a stable but inherently unjust equilibrium that cause the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; 2. Identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and 3. Forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the target group, and through imitation and the creation of a stable ecosystem

	around the new equilibrium ensuring a better future for the targeted group and even society at large.
Social entrepreneurship: Creation new business models to serve the poor - Seelos & Mair (2005, p. 243-244)	<ol style="list-style-type: none"> 1. Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions. 2. Social entrepreneurship recognizes and act upon what other miss: opportunities to improve systems, create solutions, and invent new approaches. 3. Social entrepreneurship has social value creation as the primary objective, while economic value creation is often a by-product.
Social entrepreneurship: A critical review of the concept - Peredo & McLean (2006, p. 64)	<p>Social entrepreneurship is exercised where some person or group:</p> <ol style="list-style-type: none"> 1. Aim(s) at creating social value, either exclusively or at least in some prominent way; 2. Show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); 3. Employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; 4. Is/are willing to accept an above-average degree of risk in creating and disseminating social value; 5. Is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture.
The distinctive challenge of educating social entrepreneurs -Tracey & Phillips (2007, p. 265)	Entrepreneurship combines social and commercial objectives by developing economically sustainable solutions to social problems. It requires social entrepreneurs to identify and exploit market opportunities in order to develop products and services that achieve social ends, or to generate surpluses that can be reinvested in a social project.
The rise of the social entrepreneur - Leadbeater (1997)	<ol style="list-style-type: none"> 1. Social entrepreneurs identify underutilized resources -people, buildings, equipment – and find ways of putting them to use to satisfy unmet social needs. 2. Social entrepreneurs innovate new welfare services and new ways of delivering existing services
Ferd – Ferd (2016)	Social entrepreneurs identify a specific social problem and find new solutions to the problem. These solutions are organised in a way that provides long-term viability and social results.

Table 1: Selected definitions of social entrepreneurship.
Based on authors’ research.

2.1.1 The Entrepreneurship Component in Social Entrepreneurship

Entrepreneurship is, like in the case of social entrepreneurship, difficult to define. There is no broad accepted definition of the concept, but rather a number of features which may be variously combined and weighted to consider something an example of entrepreneurship (Peredo & McLean, 2006). In the literature, there seems to be two schools of practice and thought on social entrepreneurship; *the Social Enterprise School* and *the Social Innovation School* (Dees & Anderson, 2006). While there exist different definitions on social entrepreneurship within each school, they can be differentiated by their perspectives on the entrepreneurship component. These views are summarized in the following table.

Social Enterprise School	Social Innovation School
<p>An entrepreneur is someone who:</p> <ol style="list-style-type: none"> 1. Starts up a business venture. 2. Operates by using business methods. 3. Assumes great financial and operational risk. 	<p>An entrepreneur is someone who:</p> <ol style="list-style-type: none"> 1. Sees opportunities to innovate and adapt new approaches, either by inventing or using existing solutions in a new way. 2. Act boldly on the opportunities they identify without being limited by resources currently in hand, and thus 3. Tolerates a high level of risk.
<p>A social entrepreneur is someone who:</p> <ol style="list-style-type: none"> 1. Starts up a business in order to address a social problem/need. 2. Uses for-profit business methods to address social problems traditionally tackled by government and non-profit organisations. 	<p>A social entrepreneur is someone who:</p> <p>Has all the features mentioned above, but with a social mission as an important component of the undertaking.</p>

Table 2: Social Enterprise School and Social Innovation School.

Adapted from Dees & Anderson (2006)

The Social Enterprise School sees an entrepreneur as someone who starts up a business venture, operates it and assumes risk of a business (Dees & Anderson, 2006). In other words, it emphasizes using traditional business methods when addressing social problems (that traditionally were addressed by the government and Non-Profit organisations). The main motivation for this view is the capability of generating income and eventually to become self-sufficient, which by Boschee & McClurg (2003, p. 3) is characterized as “...the ultimate goal of the most ambitious social entrepreneurs”. They define a social entrepreneur as “any person, in any sector, who uses earned income strategies to pursue a social objective”. On

the one extreme, that includes hybrid models where revenues from a fully commercial activity is poured into a social activity that does not generate any income (Dees & Anderson, 2006). This makes the social part of the business less reliant on funds, and it opens for a higher degree of flexibility in how the money is spent (less constrained by donors). However, the *Social Enterprise School* does not attribute the (social) entrepreneur with other properties than those of “business methods approach”, “income generating” and “social value creation”.

On the contrary, *the Social Innovation School* argues that (social) entrepreneurs establish new and better ways to address a problem or meet a need, thus defining an entrepreneur as an inventor and innovator. This is in line with Peredo & McLean (2006) who argue that the *Social Enterprise School* gives an unsophisticated and minimalistic view on entrepreneurship, especially common in popular press. An entrepreneur is reduced to individuals that simply start and/or run a business without necessarily inventing or innovating.

Supporters of *the social innovation school* (Dees, 1998b; Martin & Osberg, 2007), build their definition of entrepreneurs on a theoretical base, and unlike the *social enterprise school*, they attribute (social) entrepreneurs with many properties. The French Economist Jean-Baptiste Say is considered as originating the field on entrepreneurship and defined entrepreneurship as “shifting economic resources out of an area of lower and into an area of higher productivity and higher yield” (Say, 1803, referred in Dees, 1998b, p. 2). Furthermore, the Austrian economist Joseph Schumpeter argued that entrepreneurs are agents of change in the larger economy that reform and revolutionize the pattern of production. Moreover, Peter Drucker, an Austrian educator and author, argues that “entrepreneurs always search for change, respond to it, and exploits it as an opportunity” (Drucker, 1995, referred in Martin & Osberg, 2007, p. 31). At last, Howard Stevenson, a leading theorist of entrepreneurship at Harvard Business School, argues that entrepreneurs are not limited by their current resources when pursuing an opportunity, rather these individuals mobilise their own and others resources to achieve their goals. Thus, based on these scholars’ definitions, one can conclude that entrepreneurship is about innovating and catalysing economic progress (Dees, 1998b; Martin & Osberg, 2007). Entrepreneurs have the role of creating value, identifying and pursuing opportunities without being limited by resources currently in hand.

Other supporters of *the social innovation school*, including Seelos & Mair (2005, p. 244), that identify entrepreneurs as individuals that recognize and act upon what others miss, emphasising that these individuals look for “opportunities to improve systems, create solutions, and invent new approaches”. Similarly, Nicholls (2006) emphasises that the entrepreneurship component in social entrepreneurship refers to adopting innovative approach to achieve a social mission, while Leadbeater (1997) argues that innovating new welfare services and new ways of delivering existing services reflect the entrepreneurship component.

2.1.2 The Social Component in Social Entrepreneurship

In the following, we will study the social component in social entrepreneurship. This is what distinguishes social entrepreneurship from traditional business entrepreneurship. According to Peredo & McLean (2006), there is a broad agreement that social entrepreneurs are driven by a social mission. Scholars disagree, however, in whether the social mission should be the one and only motivation, or if a desire for personal gain could just as well be integrated into the term. Two main differing views on the social component are summarized in the following table, before we discuss them further.

Strict understanding of the social component	Broad understanding of the social component
Mission-related impact is the main goal, not wealth creation. The social mission cannot be compromised in order to increase profits.	The social mission must not always be the main purpose, but must at least be prominent. Social entrepreneurs may combine the social mission with a strong commitment to making money.

Table 3: Two main differing views on the social component.

Adapted from Martin & Osberg (2007), Dees (1998b), Seelos & Mair (2005), Peredo & McLean (2006), and Tracey & Phillips (2007).

Martin & Osberg (2007) and Dees (1998b, p. 3) have the same understanding of what makes entrepreneurship “social”, namely that “mission-related impact is the central criterion, not wealth creation.” Dees (1998b, p. 4) argues that the core difference between social entrepreneurs and business entrepreneurs is that social entrepreneurs “adopt a mission to create and sustain social value”. The social mission is the foundation of the venture and cannot be compromised in order to increase private benefits. This means that the social mission always has the priority for social entrepreneurs, and that “making a profit, creating

wealth, or serving the desires of customers may be part of the model, but these are means to a social end, not the end itself” (Dees, 1998b, p. 5). Martin & Osberg (2007) also argue that what the distinguishing feature of social entrepreneurship is the primacy of social benefits, and that the critical distinction lies in the value proposition. The value proposition of a business entrepreneur is designed to serve a market and create financial profit, while the value proposition of social entrepreneurs is designed to primarily create value for a social target group. Seelos & Mair (2005) also argue that for traditional entrepreneurship, creation of social value is often a by-product, for instance in the creation of jobs and products that improve people’s lives. For social entrepreneurs, on the other hand, creation of social value is the primary goal, and profitability might be a by-product.

On the contrary, Peredo & McLean (2006) argue that the social component in social entrepreneurship does not imply that social value creation must always be the main purpose but that it must at least be prominent in the social entrepreneur’s undertaking. The social value creation can be the exclusive goal, but social entrepreneurs can also be “hybrids”, where social value creation is combined by some form of income-generating venture. Furthermore, social entrepreneurs can be driven by social goals, but profits may be distributed to owners and operators. Likewise, Peredo & McLean (2006, p. 61-62) argue that social entrepreneurship may also include enterprises where “social purpose is mingled with a strong commitment to making money” or companies “that use cause branding, that provides needed support for worthwhile social projects, but also benefits the profitability of the business”. Tracey & Phillips (2007) also argue for a broader understanding of the social component in social entrepreneurship. The purpose of social entrepreneurs is to combine both social and commercial objectives to address a social problem. This requires social entrepreneurs to identify and exploit market opportunities, whether to “develop products and services that achieve social ends, or to generate surpluses that can be reinvested in a social project” (Tracey & Phillips, 2007, p. 266).

2.1.3 Arriving at a Working Definition of Social Entrepreneurship

As the literature illustrates, the broad range of definitions and understanding of social entrepreneurship can be grouped in two schools of practice and thought; the *social enterprise school* and the *social innovation school*. Entrepreneurship is, respectively, considered as starting and running a business, or as inventing and innovating new and better ways to address a problem. There is no clear border between “simply running a business” and “being

innovative enough”, when considering what makes a “proper” entrepreneur. Exactly at what point does a start-up move from only using business methods to being innovative? These qualities are not even at the same spectrum, but are both important for creating change and sustaining operations, respectively

An equal discussion arises regarding what makes social entrepreneurship truly *social*. Dees (1998b) and Martin & Osberg (2007) argue for a strict definition/interpretation, as they see mission-related impact as the main goal, not wealth creation. Accordingly, profit is just considered a mean to achieve more of the social mission, and not considered an end itself. On the contrary, Peredo & McLean (2006, p. 63) accept more commercial intentions and argue that “probing the mysteries of motivation is not only difficult but of little practical consequence for present purposes”.

Although different opinions exist on what it really means to be a social entrepreneur, we will not try to draw any distinct borders, but rather accept that different circumstances require different means. In other words, by combining elements from both schools, we see social entrepreneurship as:

Seizing opportunities to create social value where others see problems, addressing them directly in a new and innovative way and being able to sustain the operations required, either through direct income, funding and/or pro-bono and voluntary contributions.

2.2 Deriving a Definition of a Social Business Model

As mentioned above, the existing literature does not give a clear definition of social business models, but rather emphasises that one has to study the concept of social entrepreneurship and business models to be able to understand and define the social business model (Dohrmann et al., 2015). While the definition of social entrepreneurship provides features that are typical for social entrepreneurs, business models describe how value is created, delivered and captured (Teece, 2010). They are thus also useful in highlighting how enterprises differ in doing so. In this thesis, we use the business model approach to examine whether some generic business models face more challenges than others. As we now have a working definition of social entrepreneurship, we will in this chapter first present literature on business models. Next, based on our understanding of social entrepreneurship and business models, we will derive a working definition of a social business model. In the

following, we will also present the *Business Model Canvas*, a framework suitable for analysing social business models on a more detailed level.

2.2.1 The Concept of Business Models

As pointed out by many, there is not one clear definition of what exactly a business model is (Zott, Amit, & Massa, 2011; Yunus, Moingeon, & Lehmann-Ortega, 2010). Teece (2010) refers to it as how businesses create, deliver and capture value for their customers. This, although being formulated somehow differently, seems to be an overall consensus among scholars. Table 4 show some selected definitions.

Authors (year, page)	Definition of business models	Components
Zott et al. (2011, p. 1019)	Business models emphasise a system-level, holistic approach to explaining how firms “do business”, and seek to explain how value is created, not just how it is captured.	Value creation; system-level; holistic approach
Teece (2010, p. 73)	A business model defines how the enterprise creates and delivers value to customers, and then converts payments received to profits	Value creation; value delivery; value capture (convert payments to profits)
Magretta (2002, p. 4)	Business models are stories that help identify who the customer is, what the customer values, how do the enterprise make money (revenue logic), and how the enterprise can deliver value to customers at an appropriate cost (economic logic).	Customer definition; value to customer; revenue logic; economic logic
Chesbrough & Rosenbloom (2002, p. 533)	Business models articulate value proposition, identify a market segment, define structure of value chain, estimate cost structure and profit potential, describe position in value network and formulate competitive strategy	Value proposition; market segment; value chain; cost structure and profit potential; value network; competitive strategy
Osterwalder & Pigneur (2010, p. 14)	A business model describes the rationale of how an organization creates, delivers, and captures value, and can best be described through nine basic building blocks that show the logic of how a company intends to make money.	Value creation; value delivery; value capture;

Table 4: Selected definitions of business models.
Based on authors' research.

Teece (2010) identifies the business model as “how the enterprise creates and delivers value to customers, and then converts payments received to profits”, while Zott et al. (2011) illustrate business models as a holistic approach that include more than understanding how a business captures value. Some definitions are more detailed and operational than others. Chesbrough & Rosenbloom (2002), for example, offer six attributes to describe a business model. Their definition adds several functions beyond the creation, delivery and capture of value; adding identifying market segments and formulating competitive strategy as components of a business model. Moving further from a concrete definition, Magretta (2002) claims that at heart, a business models is a story of how a business works. In other words; every enterprise has a business model, no matter if they are consciously aware of it or not. What has proven important to success, however, is reflecting over how the shape of the business model creates competitive advantage. Although there are many definition, with different components, we find that the most common features are *value creation, value delivery and value capture*. Thus, our working definition of business models that we use in our thesis is:

A business model describes the value creation, value delivery and value capture in an organisation.

In order to grasp the concept of the business model on a more detailed level, it helps to split it up in different components, and study each of these both isolated and how they interact with the other components. Osterwalder & Pigneur (2010) have made such a detailed map, describing the business model components and interactions. This is summarized in what they call the *Business Model Canvas*, which is very useful in describing how the different elements of the business model are connected. Figure 1 illustrates the nine building blocks, with a description, that compose a business model.

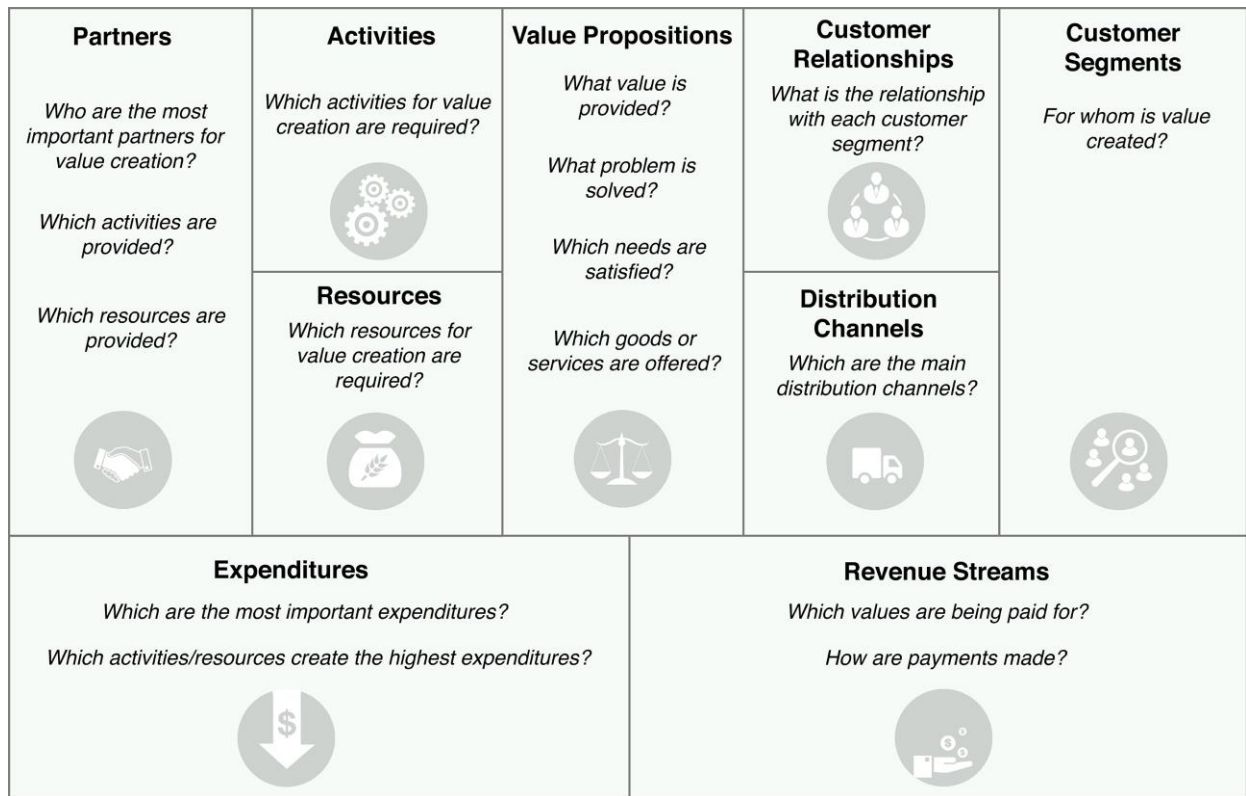


Figure 1: The Business Model Canvas.
Adapted from Osterwalder & Pigneur (2010)

We find that the Business Model Canvas is appropriate in describing both commercial and not-for-profit organisations (Osterwalder & Pigneur, 2010), and is thus also suitable for analysing social business models. In the next part, we will review and define what a *Social Business Model* is, and describe the different components of Osterwalder & Pigneur's (2010) canvas more in-depth, with emphasis on typical features of social business models.

2.2.2 Social Business Models and the Business Model Canvas

What distinguishes social entrepreneurs from traditional entrepreneurs is the importance of the social mission. We argue that a social business model is a product of social entrepreneurship, namely the story of how an organisation creates and delivers social value, and captures a sustainable portion of the financial value. By combining the working definitions of social entrepreneurship and business models, we derive our working definition of a social business model:

A social business model creates, delivers and captures value in a way that supports a social mission. A social business model always has a social target group (that might include environment and society as a whole) to which it offers a social value proposition.

The following table presents the three definitions derived in this chapter:

Social entrepreneurship	Business model	Social Business Model
Seeing opportunities to create social value where others see problems, addressing them directly in a new and innovative way and being able to sustain the operations required, either through direct income, funding and/or pro-bono and voluntary contributions.	A business model describes the value creation, value delivery and value capturing in an organisation.	A social business model creates, delivers and captures value in a way that supports a social mission. A social business model always has a social target group (that might include environment and society as a whole) to which it offers a social value proposition.

Table 5: Working definition of social entrepreneurship, business model and social business model.

In our mapping of typical social business models in Norway, we will use the *Business Model Canvas*. This enables us to categorise them according to specific features of the different components. In the following, we will describe the nine components in the *Business Model Canvas*, and the *Anchor Purpose* of social business models.

Anchor Purpose

In addition to the nine components in the Business Model Canvas, Calderon (2014) suggests that social business models should be guided by an *Anchor Purpose*. This is the equals to what many scholars call the *social mission*, as earlier discussed in this paper. This purpose should serve as a company's compass; anchoring a social enterprise's long-terms social commitment that emphasises a mixture of profitability and measurable impact. The social mission

Customer Segments

Customer Segment describes for whom an enterprise is creating value (Osterwalder & Pigneur, 2010). It illustrates which groups of people an enterprise aims to reach and serve. For social business models, Calderon (2014) argues that it is important to distinguish between customers/market target (who buy a product and/or service), beneficiaries/social target group (who are the target group for the social mission), and social investors (who provide the funding). For example, all social business models offer value to a social target group, but this social value can be paid for by a third party (a customer/a market target group) (Dohrmann et al., 2015). Consequently, we will, in our mapping of typical social

business models in Norway, distinguish between social target group, market target group and social investors.

Customer Relationships

Customer Relationship describes which relationships are established, and how they are maintained, with different customer segments (Osterwalder & Pigneur, 2010). For social business models this means clarifying relationships with social target groups, market target groups and social investors. Different customer segments have different preferences, so the depth, scope and motivation of customer relationship will vary (Calderon, 2014).

Value Proposition

The value proposition describes the value that an enterprise delivers to solve a customer's problem or satisfy a customer's need (Osterwalder & Pigneur, 2010). The value proposition consists of products and/or services that cater the customer segments. (Osterwalder & Pigneur, 2010) emphasise that the value proposition "...may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, customer experience). A social enterprise's social mission is considered a social value proposition, and may be combined with revenue generating value propositions (Calderon, 2014).

Channels

Channels describe "how a company communicates with and reaches its Customer Segments to deliver a Value Proposition" (Osterwalder & Pigneur, 2010, p. 26). These can, for example, be sales forces, web sales, or stores. Social enterprises can have multiple channels for either their social target groups, market target groups or social investors. An important feature of channels is whether they are owned by the social enterprise or are developed in partnership with other actors.

Revenue Stream

Revenue Stream describes how enterprises will earn income from its value proposition (Osterwalder & Pigneur, 2010). For social business models, revenue stream is often twofold; revenue streams can be generated from market target groups, and on the other hands, it can be generated from social investors that provide funds and donation (Dohrmann et al., 2015). The type of revenue streams depends on the value proposition. An important feature to

consider for enterprises is whether the revenue streams are one time transactions or based on long-term recurring revenue. For social business models mainly depending on funds and donations from social investors, this is a crucial part in the design of their business model, and often a major challenge for the financial sustainability.

Key Resources

Key Resources describe assets needed to create and offer the value proposition, reach markets, maintain customer relationships and earn income (Osterwalder & Pigneur, 2010). An enterprise's key resources can be physical, financial, intellectual or human, and can be owned, acquired, borrowed or shared through key partners. The social mission can be an important factor in attracting and securing resources. For example, a social business model can rely on resources from in-kind donations (discounts given because the enterprise has a social mission), or employees/volunteers willing to work for below market wages (Dees, 1998a).

Key Activities

Key Activities describe activities required to create and offer value proposition, reach markets, maintain customer relations and earn income (Osterwalder & Pigneur, 2010). Calderon (2014, p. 19) emphasises that "these can be activities already taking place or need to take place in the near future". We see that key activities and key resources are similar in being inputs in the value proposition, value delivery and value capture.

Key Partnerships

Key Partnerships describe the network of suppliers and partners needed for a business model to work (Osterwalder & Pigneur, 2010). Some motivations for building partnerships can be to optimize a business model, to reduce risk, or acquire resources. Social enterprises may rely on partnership with social investors (who can also be a customer segment), volunteers and/or pro bono work from experts. The social mission is an important factor in attracting and securing partnerships.

Cost structure

The cost structure building block describes costs that occur in the business model (Osterwalder & Pigneur, 2010). One can distinguish between two broad types of business model cost structures; the cost-driven and the value-driven. The cost-driven business models minimize costs wherever possible, using low price value propositions. On the contrary, value-driven business models focus more on value creation than minimizing costs, resulting in most cases a costlier value proposition. Many business models have features of both these extreme cost-structures. Key costs are often associated with key activities, key resources and value proposition (Calderon, 2014).

As mentioned in the introduction, the different kind of social business models found in Norway face different challenges and opportunities in financing and monetising social value creation. With our working definitions and the Business Model Canvas, we are now able to conduct a research on the different types of social business models in Norway. However, we also need to review the literature on financing and monetising social value creation to get an overview of the topic. This will provide the backdrop for identifying the challenges and opportunities with regard to financing and monetising social value creation. In the following chapter, we will thus review literature on financing and monetising social value creation.

3. Financing and Monetising Social Value Creation

As we now have a definition of social entrepreneurship and social business model, this chapter will address the challenges and opportunities with regard to financing and monetising social value creation. As discussed, social businesses have a strong commitment to a social mission, but they still need to ensure a healthy economy. The balance between serving a social mission and being financially sustainable is something most social entrepreneurs need to consider, and this dilemma is the motivation of this thesis. In the first part of this chapter we will present literature on challenges and opportunities social entrepreneurs face in financing and monetising social value creation, before we in the second part present a framework of how different types of social business models can finance and monetise social value creation. We end this chapter by highlighting the gaps that our study intends to address.

3.1 Challenges and Opportunities in Financing and Monetising Social Value Creation

In order to perform necessary activities, social businesses need to be able to access important resources, like people, equipment, and knowledge. Although an organisation has a noble mission, skilled employees do usually require a salary, and equipment is most often not free. In other words, while having some advantages over for-profit businesses, that will be further discussed, social businesses are often facing the discipline of the market when it comes to costs, without having the same potential as for-profit businesses to capitalise on the value they deliver (Dees, 1998a).

This is due to various reasons. First, a social target group on the consumption side of the business model might not be able to pay for the true value creation. Serving an underprivileged or “marginalised” group is by most people considered the core of social entrepreneurship, and the customers’ lacking ability to pay is an obvious challenge. Even if they were, it could be perceived inappropriate to charge full price (Dees, 1998a), for instance if the service or product borders to those provided for free by the government. Second, a social target group on the production side could reduce profitability through increased costs for training and lower productivity than commercial competitors (Spiess-Knafl et al., 2015, p. 117). When expected profitability is below the market-rate, then so is the access to

traditional debt financing, as Reiser and Dean (2014, p. 53) points out: *“To compensate for the extra risk of lending to a non-profit-maximizing enterprise, these investors are apt to seek above-market-rate terms from borrowers of that kind.”* Thus, when social businesses finance their operations, many have to rely on a mix of government grants, social investors and voluntary contributions besides earned income (Lumpkin et al., 2011).

3.1.1 Why the Social Sector Turns to Commercialisation

There are, however, many reasons for why an increasing number of social businesses turn to models that are designed to monetise on their social value creation. First, restrained government spending and more competition for grants and other social investments and donations are highlighted (Dees, 1998a; Lumpkin et al., 2011). Second, whereas profitability is a decent indicator of effective use of resources in the for-profit sector, Dees (1998b) points out that social value creation is at best very difficult to measure. Governments and social investors thus face higher uncertainty regarding the true impact of their investments, that is, if resources are employed effectively by the social entrepreneurs. Customers, on the other hand, might be better at recognising the true value that is delivered. Third, social businesses that depend heavily on government funding and/or corporate philanthropy might be vulnerable to changing policy and decisions made outside the organisation (Lumpkin et al., 2011).

The shift from nonprofit to social entrepreneurship is a response to this uncertainty, cutbacks in government grants and the increased rivalry among nonprofits, (Lumpkin et al., 2011) argue. Commercially earned revenues are potentially unrestricted as long as the business delivers something that is wanted in the market, and for many social enterprises, this gives a higher sense of certainty for future cash flows (Dees, 1998a). Sustaining and scaling operations, and thus impact, is then up to the business' ability to be cost efficient and market oriented, not political changes or short term philanthropic funding. As Dees (1998a) points out, a profit motive promotes efficiency and innovation that can sustain and improve the social value creation.

Besides making financing more predictable, some social enterprises use financial value creation as a tool for helping a social target group learn important skills and develop self-esteem (Dees, 1998a). Many social business models today are based on including a social

target group in an all-commercial value creation. The social value is then given through work training and an including community.

3.1.2 Dangers with Selling to Private Consumers

Moving the organisation from a non-profit to a more commercial and monetising business model has, as recently discussed, many potential advantages. However, as Dees (1998a) argues, this is not a move without potential dangers. First, many social enterprises lack organisational business skills, and might fail due to deficient commercial strategies. Considering that many commercial entrepreneurs fail this test, social entrepreneurs may be caught off guard by the competition in the market. This is in line with research made by DAMVAD (2012) for the Norwegian Ministry of Trade and Industry, when interviewing a number of prominent Norwegian social entrepreneurs. Second, there is a risk that commercialisation may compromise the social mission. Dees (1998a) argues that a commercial strategy is less desirable if it undermines social impact, for instance if a significant part of the social target group loses access to the service as the price goes up. Also, with commercialisation comes less philanthropy, voluntarism, potential tax reductions and political goodwill. These are some of the advantages social businesses, as mentioned above, have over for-profit businesses. Third, as the services offered by social businesses often borders to those provided for free by the government, some experience difficulty regarding customers' willingness to pay (DAMVAD, 2012).

3.1.3 Dangers with Selling to Government Entities

Because social businesses offer services or products that target the same kind of problems traditionally addressed by the public sector, a government entity is for many an important (and sometimes only) customer. This is highlighted in DAMVAD (2012) as a potential risk. If the government decides to cut a service or buy a different solution, this may run a social enterprise out of business. Another frustration that is often mention is the time and resources spent competing for tenders, and the lack of flexibility social entrepreneurs experience from government buyers. Social entrepreneurs, when being innovative, often provide interdisciplinary solutions. That imposes a challenge when government entities are strictly divided and operate separate budgets.

3.1.4 Many Social Entrepreneurs Rely on a Mix of Funding

Social entrepreneurs face challenges when it comes to financing and monetising the social value creation. Serving a marginalised group might constrain the fee that is appropriate to next to nothing (Dees, 1998a), and using a marginalised group in the value creation might entail low efficiency and increased costs (Spiess-Knafl et al., 2015). Social entrepreneurs have access to different kind of funding than pure commercial entrepreneurs, but this is short-term solutions, and a lot of time is spent trying to stay floating. As a response, many social enterprises have successfully adopted more commercial business models. There are, however, many challenges in going commercial, and many social entrepreneurs rely on a mix of grants, philanthropic funding, volunteers and pro-bono work as well as earned income.

3.2 A Business Model Approach to Financing and Monetising Social Value Creation

In the literature, we found that Dohrmann et al.'s (2015) work on the monetisation potential of social enterprises based on some fundamental features in their business model to be the most relevant for our thesis. They use the *Business Model Canvas* to study these different features. This results in a framework of four generic business models ordered according to their degree of monetisation and market performance. We will explain this framework in more detail below and discuss its shortcoming. This will highlight the gaps that our study intends to address.

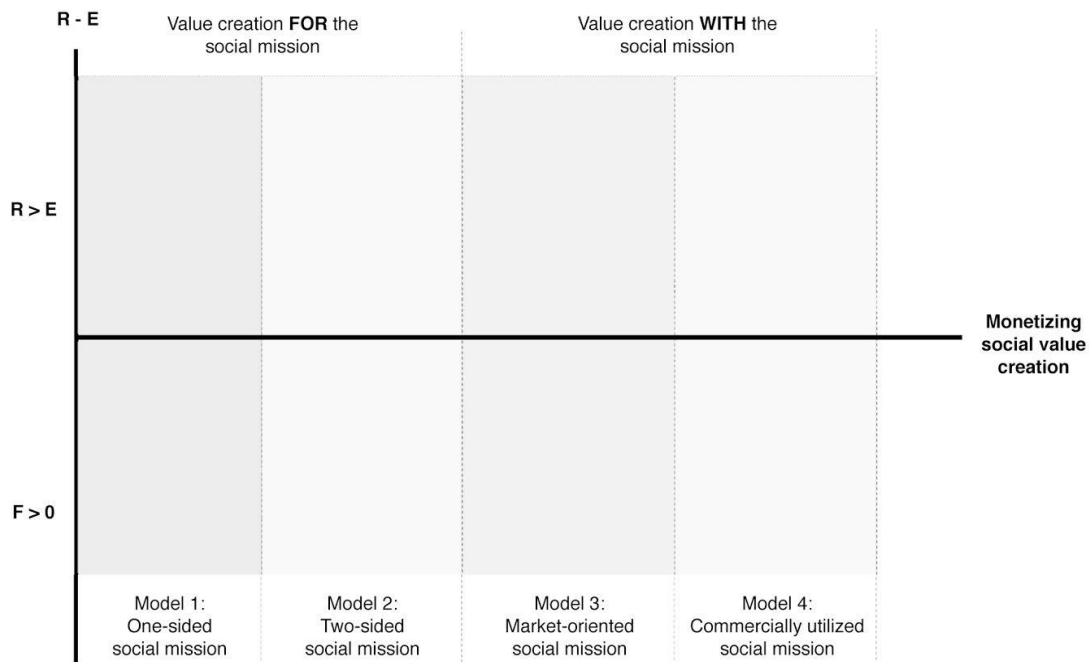


Figure 2: Framework to position social business models according to degree of monetisation and market performance

Dohrmann et al. (2015)

All businesses have expenses they have to cover (E), and this can be done either with market-generated revenues (R), or funding (F). Along the horizontal axis, the businesses are positioned based on how they manage to profit from the social value creation, while the vertical axis indicates the kind of financing a business relies on. This is illustrated mainly by differentiating between cases where revenues exceed expenses ($R > E$), and where funding is required ($F > 0$).

Dohrmann et al.'s (2015) framework distinguishes between creating value FOR the social mission and WITH the social mission. This divide tells to which extent the social target group is involved in the value creation, which in turn affects the need for financing. Although it is divided into two categories, where model 1 and 2 represent value creation FOR the social mission, and model 3 and 4 represent WITH, it is important to point out that this is a continuous scale, and that a business may contain both elements.

The first business model is characterized by a *one-sided social mission*. This is the least commercially oriented business model. The key value proposition is the social mission. The social target group is the recipients of this offer and can be placed on the customer side. This means that this type of business models, first and foremost, create VALUE FOR the social

target group. Since this social target group is not able to pay for the value proposition, the business model is dependent on public or private social investors. These type of business models can cover its costs by public grants, donations and sponsorships, or by receiving free services from pro-bono partners.

The second business model is characterized by a *two-sided social mission* by having two target groups; one on the production side and one on the customer side. The first social target group is thus a resource, since they contribute in the social value creation. At the customer side, we also find a social target group, whom are the beneficiaries of the services / products being delivered. This business model represents a greater degree of monetisation and commercialisation. However, to cover costs that are not covered by market revenues the business model can still rely on social investors.

As we moving towards a further degree of monetisation and commercialization, we find the *market-oriented social business model*. This differs from the previous two in that there is no longer a social target group on the customer side. The social target group is on the production side, and is thus a resource in creating value. This value is captured by selling or delivering it to the market. Hence, the business model will generate income WITH the social mission than FOR the social goal. Social investors may be required on the customer side when the social target group is not productive enough to be competitive, either in an initial phase, or in the long term. The need for financial support is smaller because one aims at a market in competition with other commercial players.

The fourth generic business model is largely *commercial*, and like the one-sided social model the social target group is on the consumption side. The difference is that in the commercially social business model, the needs of the social target group creates demand from ANOTHER customer group that have the means to pay for the service/product. This model is considered more commercial than the market-oriented model because the consumer side is easier to scale up than production. Social investors are also relevant here, especially at an early stage where the brand is not known. This may of course also be solved by raising other commercial investors, but this presupposes that the business can offer returns.

3.2.1 Research Gaps

As pointed out in the introduction, social entrepreneurship finance is a relatively new field (Dohrmann et al., 2015). Although there are some studies on financing and monetising social value creation, these studies do not emphasise the business model aspect. Dees (1998a), for instance, presents reasons for why more nonprofits enterprises are being commercialised, dangers with regard to this development and purposes a framework to help nonprofits assess the options they face. The author does, however, not look at the implications commercialisation has on the different enterprises' business model, or if commercialisation gives some business models more challenges and/or opportunities than others. On the other hand, we found that Dohrmann et al. (2015) include the business aspect. Their framework, which is described above, is one of few extant frameworks that includes the business model aspects when studying how social entrepreneurs finance and monetise social value creation. Dohrmann et al.'s (2015) model is based on the *Business Model Canvas*, which is also used in this thesis. We thus found that their framework is the most suitable to answer our research question as it opens up for both to categorise the different social business models and describe the different challenges and opportunities they face with regard to financing and monetising social value creation.

However, we found weaknesses in Dohrmann et al.'s (2015) framework. First, the authors give a general picture of social business models by using cases from several countries. We argue that different countries have particular circumstances that require different solutions. For instance, funding schemes, legal forms and culture for social entrepreneurship might vary a lot from one country to another. We will thus limit our research to Norway. This will enable us to discuss in-depth their challenges and opportunities in financing and monetising social value creation. Second, the framework does not cover in-depth the financing options the different social business models encounter, and implications this has for the social value creation. For instance, the framework describes that a social business model may rely on external funds ($F > 0$), but does not differentiate between, for example, grants and donations. We will in this thesis cover how different funds have different implications for the types of social business models in Norway. Furthermore, the authors use Facebook and Google as examples of commercial social business models. Based on our working definition of social business models, we disagree with these examples and the basis for this type of social business model. Dohrmann et al. (2015) mention that future research may extend the

framework, e.g. by finding other social business models categories. Thus, if we during our research find that there are other types of social business models categories in Norway, we will modify the framework to fit the Norwegian context.

To conclude, our thesis will give a new insight on the topic as we study the case for social entrepreneurs in Norway, while Dohrmann et al. (2015) give a more general picture. We will discuss in-depth the various financing options the different types of social business models face, and implications for the social value creation. The results of the thesis may contribute to increase the understanding of the topic among government entities, social entrepreneurs, social investors, academia and whomever is interested in social entrepreneurship in Norway.

4. Methodology

In this chapter, we explain the purpose of our thesis and the choice of a qualitative research method with an exploratory design. Next, we explain the thesis' research strategy, data collection and data analysis, by presenting the main steps of the thesis: Literature review to define social business models and to highlight the gaps that our study intends to address; Secondary data collection based on online research to identify types of social business models in Norway; and Multiple-case study with in-depth interviews to analyse the main challenges and opportunities of financing and monetising social value creation for these business models. Lastly, we evaluate the validity, generalisability and reliability of the research method.

4.1 Purpose of the Thesis and Choice of Methodology

The purpose of this thesis is twofold. Firstly, we wish to identify what *types of social business models are typical in Norway*. This was done by examining different features of social business models in Norway, and consequently categorising these social business models according to their features. Secondly, we want to *analyse the main challenges for financing and monetising social value creation for these business models*. This has been done by conducting in-depth interviews with social entrepreneurs that represent the different types of social business models that are typical in Norway. By answering these questions, this study will provide insight into how social entrepreneurs in Norway design their business models to most efficiently finance their social value creation.

Our research demanded an understanding of the concepts of social entrepreneurship (both in general and in a Norwegian context), business models and social business models, to be able to identify challenges and opportunities in financing and monetising social value for social entrepreneurs in Norway. These are broad and relatively new fields both in academia and in business. Dohrmann et al. (2015, p. 152) argue that “the social entrepreneurship finance is a fairly new frontier as a field of research with numerous ambiguous, unexplored aspects”. Our intention is to further contribute to this research field by examine and exploring the case for Norwegian social entrepreneurs. Consequently, we will use the *exploratory research design*. This design is “particularly useful if you wish to clarify your understanding of a problem, such as if you are unsure of the precise nature of the problem” (Saunders, Lewis &

Thornhill, 2009, p. 139). Our findings can contribute to an increased understanding of typical types of social business models in Norway, and social entrepreneurship finance in Norway. Whether our findings can be generalised to other countries, will be discussed later.

What types of, and, what are the main challenges and opportunities, are types of questions that require broad discussion and reflection, rather than quantitative measures (i.e. hypotheses on cause-and-effect relationships). On the other hand, qualitative research design allows, to a greater extent, to understand and gain insight of a topic (Ghauri & Grønhaug, 2010). Hence, due to the nature of our research questions, we will adopt *an explorative, qualitative research*. This enables us to understand and gain insight in a broad and complex topic, by finding out “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light” (Robson, 2002, referred in Saunders et al., 2009, p. 139).

4.2 The Thesis' Main Steps

The study consisted of three main steps. In the following, we explain research strategies, data collection and data analysis used in the different steps of our study.

Step 1: Literature Review

The aim of this step was to understand and gain insight into the concept of social business model, and the challenges and opportunities with financing and monetising social value. This enabled us to get an overview of which topics were not thoroughly covered or that were not at all covered. First, we reviewed existing literature to define and understand the concepts social entrepreneurship and business model. We used our understanding to derive a working definition of social business models. Next, we reviewed literature on financing and monetizing social value. This is presented in Chapter 2 and 3. We used *Google Scholar* and the database *Business Source Complete* to search for literature covering the topics. The search gave many results, given that these are broad and complex topics. To limit the research to relevant literature, we included only literature that thoroughly covered the concepts and topics. For instance, if a research paper used social entrepreneurship to explain another phenomenon, we excluded the research paper. We included literature that explicitly aimed at defining and conceptualising the topics. In addition, we emphasised reviewing literature written by acknowledged scholars in the field.

By systematically comparing and contrasting the literature on social entrepreneurship and business models, we found that the *Business Model Canvas* is useful in describing both commercial and not-for-profit organisations, and is thus also suitable for analysing social business models. The model was used in mapping what types of social business models are typical in Norway. This process is further explained in step 2. In the literature review, we also found that Dohrmann et al.'s (2015) framework, designed to evaluate various challenges for financing and monetising social value creation for four generic social business models, is appropriate and suitable for the second purpose of our thesis; *analysing challenges and opportunities for social value creation for typical social business models in Norway*. The authors behind the model stipulate that if there are other types of social business model than the four generic model, one can extend the framework to study the challenges for financing and monetising social value creation for these types. This is further explained in step 3.

Step 2: Generating Types of Social Business Models in Norway

The aim of step 2 was to generate the types of social business models that are typical in Norway. Our mapping was based on collected secondary data from websites, business reports and annual reports. The analysis of types of social business models in Norway is presented in Chapter 5.

First, we conducted a search for social entrepreneurs by visiting the websites of the most prominent social incubators and social investors in Norway. The search resulted in a sample of 30 social entrepreneurs. A table with a detailed description of the 30 social entrepreneurs is presented in appendix 1. The strength of this approach is that social entrepreneurs that are part of a social incubator and/or a social investor's portfolio are already vetted and considered as serious actors. However, we acknowledge that the incubators' and investors' criteria for including a social entrepreneur in their portfolio, will influence the mapping of types of social business models in Norway. Nevertheless, we argue that the strengths of this approach exceed the weaknesses. The alternative would be to conduct an open search on the Internet, and vet each social entrepreneur. This would require more time than the limited time frame of the thesis.

Next, we used the *Business Model Canvas* to study different components of the sampled social entrepreneurs' social business model. We studied each component isolated and how they interact with each other. For example, *Epleslang*, a social enterprise that sells fresh

apple juice, offers inclusive employment for people with disabilities. Consequently, we identified their *Anchor Purpose* as *creating inclusive employment*. Furthermore, we identified that their *social target group*, whom also are a *Key Resource* in the production, are people with disabilities. Such analyses were done for each of the 30 social entrepreneurs in our sample.

Based on these findings, we categorised social business models in Norway according to features of the different components and their interaction. Social business models with similar tendencies in the *Business Model Canvas* were grouped together. To exemplify, we found that both *Epleslang* and *Monsterbedriften* aim for *inclusive employment*. Consequently, the two social enterprises, who have other common features as well, were categorised as the same type of social business models. This resulted in a framework with four types of social business models. The framework and detailed description of these social business model types is presented in Chapter 5. The following table shows which companies were grouped together.

Type of social business model	Companies
Ideal	Abloom Filmfestival BUA LIN Lær Kids a Koding Ungt Entreprenørskap
Two-sided	Catalysts Forandringsfabrikken Seema Trivselsleder VIBRO World Wide Narrative
Inclusive	Epleslang Fretext Gammel Nok Kompass & Co Medarbeiderne Monsterbedriften Moving Mamas =Oslo Unicus
Consumer-oriented	Aktivitedosetten Atlas Kompetanse Forskerfabrikken Gladiator Intempo AS Kjør for livet Lyk-Z & Døtre Lærvikaren Noen AS Pøbelprosjektet

Table 6: Types of social business models in Norway

Step 3: Mapping Challenges and Opportunities in Financing and Monetising Social Value Creation

In the next step, we analysed challenges and opportunities for financing and monetising social value creation for different types of social business models in Norway. Our findings in step 1 and 2 enabled us to get an overview of which topics were not thoroughly covered or not covered at all. Based on this, we chose to conduct a *multiple-case study with in-depth interviews*. This is in line with Yin (2003) who argues that case studies can be used to gain an understanding of complex phenomena. It can be argued that understanding the challenges and opportunities of financing and monetising social value creation is a complex phenomenon as social entrepreneurship finance is a relatively new field and the social component requires different standards of evaluation than for traditional businesses. Moreover, the nature of our research questions (*what types of [...], and what are [...]*) speak for using a case study strategy. Saunders et al. (2009, p. 146) highlight the case study strategy's "ability to generate answers to the question 'why', as well as the 'what?' and 'how?' questions". Thus the case study strategy is an appropriate research strategy for answering our research questions. We also chose to conduct a multiple-case study, so that our study is more robust and compelling to external users (Yin, 2003). In-depth interviews were led with two social entrepreneurs from each type of social business models in our framework (three from the consumer-oriented social enterprise). This resulted in a sample of nine interviewees.

We set certain criteria for choosing the interviewees. Firstly, we chose social entrepreneurs that have strong tendencies towards one of the four types of social business model presented in our framework, for the purpose of isolating the effects that one typical social business model gives for financing and monetising social value creation. Secondly, we chose social entrepreneurs that have existed for more than three years to be sure that there is enough data about the business. Thirdly, we aimed at interviewing the founder in each social enterprise. However, for some of the chosen companies, the founder was not available to participate. In that case, we interviewed a person that had worked in the company for at least three years. The chosen case companies are presented in table 7.

Company	Position	Type of social business model	Type of interview	Length	Date
Lær Kids a Koding	Founder	Ideal	Face-to-Face	60 min	November 18, 2016
LIN	Founder	Ideal	Face-to-Face	60 min	November 24, 2016
VIBRO	Founder	Two-sided	Face-to-Face	80 min	October 21, 2016
Forandringsfabrikken	Finance Manager	Two-sided	Face-to-Face	75 min	October 20, 2016
Monsterbedriften	Founder	Inclusive	Face-to-Face	90 min	November 17, 2016
Unicus	Founder	Inclusive	Face-to-Face	60 min	November 17, 2016
Gladiator GT	Founder	Consumer-Oriented	Face-to-Face	90 min	October 24, 2016
Forskerfabrikken	Founder	Consumer-Oriented	Face-to-Face	60 min	October 25, 2016
Pøbelprosjektet	Founder	Consumer-Oriented	Face-to-Face	60 min	October 25, 2016

Table 7: List of interviewees

We chose to conduct semi-structured interviews where we had predetermined questions, but the interviews were led as conversations that freely varied. To enable the interviewees to talk freely, the questions were designed as open-ended, broad and easily understandable questions. The semi-structured approach gave us the possibility to explore different aspects as they occurred during the interviews. The same interview guide with 11 questions was sent beforehand to each participant. The purpose was to give the interviewees a guideline of the interview and what we aimed at finding out. In addition, the questions gave us the opportunity to compare the interviews and the given answers. The interview guide is presented in appendix 2.

We conducted face-to-face interviews with each company as we believe that this method facilitates open conversations. For practical reasons, some agreements were set before the interview was conducted. Recording, anonymity and securing data were explained and approved by each interviewee. We aimed at conducting an hour long interview with each interviewee, but some of the interviews lasted for longer as the interviewees had much to

share. We found the interviews highly useful and essential to understand the challenges and opportunities the different social entrepreneurs in Norway face in financing and monetising their social value creation. After the interviews, the records were transcribed and collected with the notes taken during the interviews. Appendix 3 presents an example of a transcribed interview. We analysed the material based on our understanding of the interviews, and our findings and analyses are used in chapter 5.2.

4.3 Evaluation of the Research Method

In the following, we will evaluate the credibility of our findings. This is done by analysing the validity, generalisability and reliability of our research.

4.3.1 Validity

The question about validity looks at how well the collected data actually represent the phenomenon being studied. Saunders et al. (2009) argues that to secure high validity in semi-structured in-depth interviews, one should pay attention to; appropriate use of different kind of questions; discuss topics from a variety of angles; scope to summarize and test understanding; and ability to record data accurately and fully. To secure validity, we used an interview guide with open-ended questions that were sent to the interviewees in advance. This enables us to summarise and compare the interviews. Furthermore, we read background information on each company before the interview. This helped us in asking follow-up questions and facilitating discussion.

More specifically, to ensure *construct validity*, more than 30 companies were analysed for the mapping of typical social business models in Norway. For the in-depth interviews, we interviewed more than one person: eight founders, and one finance manager. To attain *descriptive validity*, the interviews were recorded, transcribed and compared to notes to secure accuracy. Lastly, we recognised that there might be some cognitive bias as we had some presumptions about our findings in advance. However, as we are two students that have not worked much with the social entrepreneurship field before, this increases the objectiveness when analysing the collected data and secures the *validity of interpretation*.

4.3.2 Generalisability

Generalisability is related to how well our findings are generalisable to other samples, times and whether our findings are applicable to other situations (Saunders et al., 2009). As mentioned above, we only include social entrepreneurs and social business models in Norway. We recognise that because different circumstances require different solutions, there might exist types of business models that do not fit with those presented. An argument for limiting our research to Norway is that funding schemes, legal forms and culture for social entrepreneurship might vary a lot from one country to another. Consequently, we argue that our findings, first and foremost, are generalisable for social entrepreneurs and social business models in Norway.

4.3.3 Reliability

In a qualitative research, the question about reliability is about whether alternative research would reveal similar information (Saunders et al., 2009). To ensure reliability, we have used suggestions from Saunders et al. (2009) on how to respond to the issues of reliability when conducting qualitative research. Consequently, we have documented the process of choosing a methodology (research design and strategy) and our activities while actually collecting and analysing data. This opens up for that researchers eventually can reanalyse our collected data. However, it is important to emphasise that the field of social entrepreneurship in Norway is in development and can change rapidly. Consequently, if a similar research is conducted in another time period, it may generate other typical social business models in Norway and find other challenges and opportunities in financing and monetising social value creation. This could be seen as a weakening of the thesis' reliability, but Saunders et al. (2009, p. 328) point out that “an attempt to ensure that qualitative, non-standardised research could be replicated by other researchers would not be realistic or feasible without undermining the strength of this types of research.

5. Analysis and Findings

In this chapter we aim to present our findings and discuss the implications for social entrepreneurs. First, from the secondary data collection, we categorise thirty social entrepreneurs in Norway based on typical financial features of their business models. Our findings result in a framework with four generic social business models in Norway: (1) The Ideal social enterprise, (2) The Two-sided social enterprise, (3) The Inclusive social enterprise and (4) The Consumer-oriented social enterprise. Secondly, we analyse our findings from the nine conducted in-depth interviews. Our findings give an insight in the main challenges and opportunities that typical social business models in Norway face with regard to financing and monetising social value creation.

5.1 Four Typical Social Business Models in Norway

We use the *Business Model Canvas* to study different components of social business models, and this mapping of the thirty social entrepreneurs is presented in appendix 1 with references. In this part, we look at how important components of the *business models* interact, and thus how the social entrepreneurs finance and monetise social value creation. Our findings result in a framework with four generic social business models, inspired by Dohrmann et al.'s (2015, p. 133) "*positioning of social business models according to the monetization and market performance*". However, as mentioned in chapter 3, we do not agree with the last category in their framework. Dohrmann et al. (2015) use Facebook and Google as examples to give the business models in the framework an increasing degree of monetising potential. We do not consider Facebook and Google to be social business models. Also, by studying thirty prominent Norwegian social enterprises, we identified a category that was not included in Dohrmann et al.'s (2015) framework. We have thus altered the framework to show generic types of social business models in Norway. Unlike Dohrmann et al. (2015), our framework first and foremost distinguishes between COMMERCIAL and NON-COMMERCIAL social business models, which indicates whether the social enterprise relies mainly on revenue from sales or grants and donations. Also, we separate between value creation FOR and WITH the social mission. FOR the social mission means that the social target group is on the consumption side in the business model canvas, while WITH the social mission means that there is a social target group on the

production side. Figure 3 gives an overview of the four generic types of social business models in Norway.

	Non-commercial	Commercial
Value creation FOR the social mission	The Ideal Social Enterprise	The Consumer-Oriented Social Enterprise
Value creation WITH the social mission	The Two-Sided Social Enterprise	The Inclusive Social Enterprise

Figure 3: The four generic social business models in Norway

It is important to emphasise that the framework distinguishes between generic business models, and that there will exist many differences within each quadrant. Consequently, a social business model positioned in one quadrant implies that the features of this model tend more towards this quadrant. Our framework with the thirty social entrepreneurs positioned according to features of their social business models is presented in figure 4.

	Non-commercial	Commercial
Value creation FOR the social mission	The Ideal Social Enterprise <i>Abloom Filmfestival</i> <i>BUA</i> <i>LIN</i> <i>Lær Kidsa Koding</i> <i>Ungt Entreprenørskap</i>	The Consumer-Oriented Social Enterprise <i>Aktivitetsdosetten</i> <i>Atlas Kompetanse</i> <i>Forskerfabrikken</i> <i>Gladiator</i> <i>Intempo AS</i> <i>Kjør for livet</i> <i>Lyk-Z & Døtre</i> <i>Lærervikaren</i> <i>Noen AS</i> <i>Pøbelprosjektet</i>
Value creation WITH the social mission	The Two-Sided Social Enterprise <i>Catalysts</i> <i>Forandringsfabrikken</i> <i>Seema</i> <i>Trivselsleder</i> <i>VIBRO</i> <i>World Wide Narrative</i>	The Inclusive Social Enterprise <i>Epleslang</i> <i>Fretext</i> <i>Gammel Nok (Hybrid)</i> <i>Kompass & Co</i> <i>Medarbeiderne</i> <i>Monsterbedriften</i> <i>Moving Mamas</i> <i>=Oslo</i> <i>Unicus</i>

Figure 4: The thirty social entrepreneurs positioned in our framework

Our findings show that the four generic social business models differ most on *revenue streams* and in terms of which role *the social target group* has in the value proposition. Consequently, in the following we will explain how the generic models differ in terms of their revenue streams and the social target group's position in the value proposition. We will emphasise the degree of commercialisation, before we in chapter 5.2 analyse the challenges and opportunities for financing and monetising social value creation.

5.1.1 The Ideal Social Enterprise

A number of social entrepreneurs identify problems, challenges or needs among a social target group, and offer services or products to help, charging a reduced price or sometimes no price at all. We name this generic social business model for the Ideal social enterprise. Our research show that many entrepreneurs using an ideal social business model are not considered to be enough "business like", and people tend to overlook the great innovations they provide in social services. Exemplifying, *Lær Kidsa Koding* aims at helping children and youth to not only be users of technology, but also creators with technological tools. They use innovative approaches, like coding clubs and "the coding lecture", to meet the need for increased knowledge of information technology sciences.

Revenue Streams

To be able to offer the value proposition at reduced price or for free, the ideal social enterprise relies on grants and donations to cover costs. Although some ideal social enterprises charge a fee for their services or products, these fees are often symbolic and do not cover the cost of offering the value proposition. The ideal social enterprise uses different sources to generate grants and donation, like cash donations from organisations, foundations or private individuals. Nevertheless, we found that in Norway the ideal social enterprises often rely on grants from government and/or local entities. This is most likely due to the significant and widespread role government, local entities and the public sector in general play in Norway. *BUA*, for instance, receives grants from local entities to strengthen the offer for lending sports and leisure equipments to children and youth. The social enterprise applies for grants to set up facilities where children and youth can borrow equipment. Likewise, *LIN (Likestilling, inkludering og nettverk)* applies for grants from government and local entities for their work with women with multicultural background. *LIN* works and applies for grants on a project basis.

We also found that ideal social enterprises in Norway can earn revenue from membership fees. Exemplifying, *Abloom Filmfestival*, a social enterprise that arranges film festivals where children with disabilities come together and meet others like themselves, is organised as a membership organisation where members pay a monthly membership fee. However, ideal social enterprises with membership fees often rely on other source of revenue as well. *Abloom Filmfestival*, for instance, has a hybrid social business model that also relies on grants from government and local entities, donations from organisations. A small part of the revenue is generated from tickets sold during the film festival.

Our findings also suggest that strategic partnerships are an important source of revenue for the ideal social enterprise. In addition to increased revenue stream, the partnerships can help ideal social enterprises in reducing costs. For example, *Lær Kids Koding* has a strategic partnership with Samsung that pays the salary for one project coordinator. Other examples are receiving pro-bono work, volunteers, discounts, and services (e.g. free usage of equipments or venues). These favours reduce expenditures although they do not directly increase revenue, and they thus contribute to a more financially viable business model.

Social Target Group

An ideal social enterprise first and foremost creates value FOR the social target group. That is, the social target group is positioned on the consumption side in the business model. As discussed under the section on revenue streams, ideal social enterprises often rely on grants and donation to be able to offer their value proposition to the social target group on the consumption side. Exemplifying, *Ungt Entreprenørskap* promotes entrepreneurship among children and youth, and receive grants and donations from government entities and private social investors. The social target group on the consumption side are children and youth who participate in *Ungt Entreprenørskap*'s events, courses and seminars. Likewise, *Lær Kidsa Koding*'s social target group are children and youth of school age. They offer the social target group, positioned on the consumption side, opportunities to learn programming and become familiar with computer science as a subject. Participation is free, which allows all children, regardless of social background, to attend. This way, *Lær Kidsa Koding* contributes to equal chances to learn, and hopefully less social differences in the future. To achieve this, *Lær Kidsa Koding* is organised as a network of volunteering enthusiasts and thereby reducing costs to an absolute minimum.

We found that for ideal social enterprises in Norway, the social target groups on the consumption side are often children and youth, the elderly, minorities or otherwise marginalised groups. Exemplifying, *Abloom Filmfestival*, *BUA*, *Lær Kidsa Koding* and *Ungt Entreprenørskap* all offer a value proposition to children and youth. *LIN* has a social target group on the consumption side that are women with multicultural background. Our findings show that this is the case for most social entrepreneurs in Norway regardless of the type of social business model.

To conclude, the ideal social enterprise creates value FOR a social target group on the consumption side, that are unable or not willing to pay for the value proposition. To address this, and thereby increase the social value creation, ideal social enterprises offer their services/products free of charge or to a strongly reduced price. As a result, these non-commercial business models rely on grants and donation from foundations, private individuals, and government and local entities. As a way of minimizing costs, many use volunteers and receive pro-bono services, as well as other good intentioned favours. In Norway, however, it should be noted that government and local entities play an important role in financing ideal social enterprises.

5.1.2 The Two-Sided Social Enterprise

Besides creating value FOR a social target group on the consumption side, some social entrepreneurs also include a social target group in the production. Value is then also created WITH a social target group, and we say that these social business models are “two-sided social enterprises”. Our findings show that, compared to the ideal social enterprise, the two-sided social enterprise is to a greater extent considered to be social entrepreneurship in Norway. We attribute this to the fact that the two-sided social business model utilises a social target group as a resource, often by applying creativity and by seeing opportunities. It also has a potential for reducing costs and thereby making the business model more financially sustainable. *VIBRO*, for instance, is an organisation that started out making videos of multicultural Norwegian role models, so that multicultural youths could find inspiration and feel represented. This got a lot of attention, and many youths wanted to contribute. Now, they issue a magazine and arrange debates and a festival, which would not be possible without the youth being a producing social target group.

Revenue Streams

In terms of revenue streams, social enterprises with a two-sided social business model differ a lot. Some two-sided social enterprises have many common features with the ideal social business model, namely that both rely largely on government grants and donation from companies, individuals and foundations. Exemplifying, *VIBRO* is exclusively sponsored by cash donations from social investors. *Forandringsfabrikken* is another example of a two-sided social enterprise that mainly relies on grants from government entities and other donations. What makes both *VIBRO's* and *Forandringsfabrikken's* model different, is that their social business model has a two-sided social mission; a social target group on the consumption side and on the production side.

Our findings also show that some two-sided social enterprises have a more commercial approach. In these social enterprises, the social target group on the production side is to a greater extent used as an input to increase the social enterprises' revenues. Exemplifying, *Seema* uses earned-income from consulting services together with grants and donations from social investors to run the mentor program for women with multicultural background. The experiences that the women possess becomes an important resource for *Seema*, when they help corporations and organisations manage diversity. This way, they can help more women with multicultural background realising their full potential. Another example is *World Wide Narrative*, that aims at helping neglected children by providing digital, emotional stories about real children in similar situations. This way, children with a troubled background are used as a resource in providing value for other children that need guidance. As a way of generating income, *World Wide Narrative* offer courses for government and private employees that want to learn about digital storytelling as a tool.

Both *Seema* and *World Wide Narrative* are examples of two-sided social enterprises that are slightly more commercial, as they seem to depend more on earned income. The activities that generate income benefit strongly from the social activities, but they are not directly connected. In this sense, although both *Seema* and *World Wide Narrative* are two-sided social enterprises, one can say that they have a hybrid social business model.

Social Target Group

The inclusion of a social target group on the production side is the main parameter that differentiate the two-sided from the ideal social business model. The social target group on

the production side is a resource for the social enterprises, but also a group that the social enterprise aims at helping. For instance, *Forandringsfabrikken* relies on the experiences of children with a difficult background, that have been dependent on government institutions. Together they want to influence ruling guidelines, legislation and political decisions that affect troubled children and youths. However, *Forandringsfabrikken* also develops the children's and youth's capabilities and skills by including them in their work. Consequently, the collaboration is beneficial for both *Forandringsfabrikken* and the children and youth. *VIBRO* is also a good example of this practice. *VIBRO*'s projects target youths in Norway, especially youths with a multicultural background. At the same time, its members are youths that execute the projects.

Our findings show that collaborating/using people in the value creation that have the same characteristics and experiences as the social target group on the consumption side is common among two-sided social enterprises in Norway. *Forandringsfabrikken* and *VIBRO* are examples of social enterprises using this approach. Another example is *World Wide Narrative* and their work with neglected children. The social enterprise gives neglected children the opportunity to rewrite their past by changing their role from being the victim to being the hero. The stories are then made into a short video that help other children in the same situation. Consequently, the children's stories are an important resource in *World Wide Narrative*'s work targeting neglected children on the consumption side, but the children on the production side also get to make changes in their lives by creating a new narrative for a brighter future.

To conclude, although a two-sided social enterprise creates value FOR, it also creates value WITH the social target group, which distinguishes it from ideal social enterprises. Our findings show that many two-sided social enterprises also depend largely on grants and donations, although some have a significant higher degree of commercialisation than the ideal social enterprises. This is because they find ways to capitalise on the experiences they get by interacting with a social target group. This way, the social target group is included as a resource in the value creation.

5.1.3 The Inclusive Social Enterprise

A number of the identified social entrepreneurs include individuals, that for various reasons struggle to get employment, in their production. We thus name this generic social business

model the “inclusive social enterprise”. Exemplifying, *Epleslang*, a social enterprise selling premium apple juice, employs individuals with some degree of disability to harvest apples used in their juices. *Epleslang* thus has a social target group on the production side that would otherwise struggled to get employment. What differentiates this type of social business model from two-sided social enterprise, which also has a social target group on the production side, is that inclusive social enterprises do not have a social target group on the consumption side. Rather, the inclusive social enterprise sells its products or services to the market. *Epleslang*, for instance, sells its apple juices in grocery stores to customers who can enjoy a premium apple juice with good consciousness.

Revenue Streams

The inclusive social enterprise sells its products or services in the market, and thereby compete with other commercial companies. Our findings show that inclusive social enterprises emphasise that they want to deliver products and services that are chosen by customers because of their quality, not because of altruism. Exemplifying, *Monsterbedriften*, a social enterprise that provides construction and demolition services using people that have fallen outside the traditional labour market, explicitly writes on their website that they want to be the chosen alternative not because of altruism, but because of the quality they deliver. *Epleslang* also underlines that they sell premium apple juice that compete with other brand apple juices.

Nevertheless, we argue that although quality is a prerequisite, the inclusive social business model can give a competitive advantage when customers are faced with two alternatives with the same quality. For example, *Kompass & Co* is an inclusive social enterprise that employs youth and young adults between 15 – 25 years to help them gain experience and confidence. Their catering, urban gardening and redesign/upcycling services are most likely of as good quality as competing alternatives, but we argue that their social business model may lead people to choose their services over competing services. =*Oslo*, for instance, employs former drug addicts to sell street magazines. We do not intend to discuss the quality of the magazines, but we argue that there is a presence of altruism when people buy the magazines. The inclusive social business model can thus positively affect a social enterprise’s revenue potential.

In addition, for some inclusive social enterprises, we found that the social target group on the production side can create better services than “ordinary” employees, which in turn gives the

social enterprise an advantage over competitors. Exemplifying, *Unicus* is a social enterprise that hires people with Asperger's syndrome to test and assure quality of IT systems. The social enterprise values the employees' comparative advantage in having an attention to detail, and being accurate, structured and systematic. Because *Unicus* sees an opportunity where others see a group with difficulties, the arrangement is mutually beneficial for *Unicus* and their employees, as well as their customers.

Social Target Group

Inclusive social enterprises give people that for various reasons have difficulties getting employment a fair chance. On the other side, the inclusive social enterprises aim at fulfilling the same standards as a traditional employer. As a result, they focus on providing real employment and delivering market competitive products and services. The inclusive social enterprises emphasise that this is necessary in order to create confidence, pride and dignity among employees. The employment should not be viewed as a charity case, but rather as giving the employees the opportunity to be self-reliance.

Our findings show that many inclusive social enterprises in Norway employ a specific social target group. For instance, *=Oslo* and *Medarbeiderne* employ present and former addicts, a group in society that otherwise would have difficulties finding a job. On the other hand, *Kompass & Co* and *Gammel Nok* target social groups of a specific age group; youths between 15 – 25 years and Seniors, respectively. *Epleslang*'s social target group on the production side are individuals with disabilities, while *Unicus* targets individuals with Asperger's syndrome. Nevertheless, we also found that some inclusive social enterprises have a broader range of social target group. Exemplifying, both *Fretex* and *Monsterbedriften* target individuals that in general have, for various reasons, had difficulties to get employment.

To conclude, by employing the social target group, inclusive social enterprises create value WITH the social mission. The products and services are in turn sold in the market, which would argue for a high degree of commercialisation. On the other hand, employing people that would otherwise struggle to find a job may in some cases lead to lower output and increased costs. This depends on whether the social target group has a competitive advantage or not. This could entail motivation and gratitude, pride, or simply just a set of skills, as is the case in *Unicus*.

5.1.4 The Consumer-Oriented Social Enterprise

The consumer-oriented social enterprise is the fourth typical generic social business model in Norway. This has, like the inclusive social business model, a lot more monetising potential than the ideal and two-sided social business models. We found that a number of social enterprises sell products or services that intend to create social value FOR the target group, while also generating a financial surplus. The consumer-oriented social enterprise and the ideal social enterprise have in common that they only have a social target group on the consumption side, not on the production side. However, they have different approaches; the ideal social enterprise relies on grants and donations or volunteers to deliver their services, while the consumer-oriented social enterprise mainly relies on income from sales. For example, *Aktivitetsdosetten* is a social enterprise that provides activities to elderly people in nursing homes. The elderly are the social target group on the consumption side, but the nursing homes are the paying customers (One might argue that the elderly indirectly pay for the service, either by fees to the nursing home or by paid taxes. However, for the purpose of this thesis, we will not discuss this any further.)

Revenue Streams

Unlike the inclusive social business model, many of the Norwegian social enterprises sell products or services without having a social target group on the production side. This means that the social target group mainly consume, and sometimes also pay the full price. There are, however, many instances where someone else pays the social entrepreneur to offer a service or product to a social target group. This could be organisations or corporations (e.g. private nursing homes and kindergartens), parents, local entities (e.g. schools or other municipal entities) and government entities (e.g. NAV). A common denominator for these “social” customers is that they are expected to help the social target group in some way, and that society as a whole will benefit from better and more cost effective solutions than they already provide. This makes room for innovation and social entrepreneurship.

In Norway, where the government is a major provider of social services, government entities also becomes the natural customer for many consumer-oriented social enterprises. Exemplifying, *Gladiator GT* has developed a product called Aball1, and with it a set of activities that teaches children literacy and numeracy. They want to innovate how children learn, by applying physical activity, team work, empathy and competition. Because of the

nature of the activities they offer, primary schools, local entities and organisations and sport teams dealing with children are natural customers. Another example is *Atlas Kompetanse*, a social enterprise that facilitates school-home cooperation and provides family counselling. They sell their services to schools, government and local entities. Thus, the social enterprises' social target group are children and families, while the customers are schools, government and local entities.

Some consumer-oriented social enterprises also include other customers than government and local entities. *Forskerfabrikken*, a social enterprise that offers leisure activities for children based on science and mathematics, offers courses, a summer school, science equipment and even a christmas calendar. The target consumers are children in primary schools, which makes their parents the target customers. Also, by offering further education and courses to teachers, schools pay for their services. Another example is *Intempo*, a social enterprise that produces games for young children that are makes early stage learning more fun and effective. They sell games to parents, kindergartens and NAV (for children with special needs).

Although some consumer-oriented social enterprises sell their products and services to private consumers, our findings show that many have government and local entities as important (and sometimes the only) customers. Hence, although consumer-oriented social enterprises rely little on grants and donations, many still depend on government and local entities as important customers of the products and services they provide. As mentioned, this is likely due to the Norwegian welfare system and the need for finding more cost effective solutions to the challenges we face as a society. In chapter 5.2, we will discuss the challenges and opportunities with regard to this revenue stream.

Social Target Group

As pointed out, consumer-oriented social enterprises have a social target group on the consumption side. Although consumer-oriented social enterprises sell their products and/or services, the social target group are often not the customers. Exemplifying, *Pøbelprosjektet* provides an alternative option to youths and young adults that have either dropped out of school, considering dropping out, or do not feel they fit in the standard school system. The participants in *Pøbelprosjektet*'s programs are a social target group on the consumption side,

but the programs are sold to NAV (The Norwegian Labour and Welfare Organization). NAV is thus the customer.

We found that when the consumer-oriented social enterprises' products and/or services are used by the social target group, this also creates value for the customers (e.g. government and local entities). *Kjør for livet*, for instance, offers leisure activities to children and youth that either feel left out of society or are uninterested in conventional leisure activities for children and youth. These children or their parents do not participate, rather *Kjør for livet* sell each place in the program to municipalities and the Child Welfare Services. The social enterprise thus offers a service that creates value for children and youth, and for municipalities and the Children Welfare Services whose mandate is to meet children's and youths' needs in a municipality.

Commercial social enterprises create value FOR a social target group on the consumption side. In some cases, the social target group on the consumption side is also the customer. However, in most cases, our findings show that the customer is another group than the social target group. For instance, a school can buy a product or service from a consumer-oriented social enterprise that offers a solution than the school can provide by themselves. The consumer-oriented social enterprises aim at being financially sustainable on income from sale and have a high degree of commercialisation.

5.1.5 Concluding Remarks: (Dis-)Similarities Between the Four Models

In this part, we presented the result of our mapping of thirty social entrepreneurs in Norway. The mapping resulted in a framework with four generic business models: (1) The Ideal social enterprise, (2) The Two-sided social enterprise, (3) The Inclusive social enterprise and (4) The Consumer-oriented social enterprise. Our findings showed that the social business models differ most in terms of revenue stream and the role of the social target group in the value proposition. For instance, in terms of revenues, the ideal and the two-sided social enterprises are non-commercial and rely mostly on grants and donations. On the contrary, the inclusive and consumer-oriented social enterprises are commercial and rely on selling its products/services in the market and/or to government/local entities. Our findings are summarised in the following table.

	Revenue stream	The social target group
The Ideal social enterprise	<p>Relies on grants and donations to cover costs, often from government and/or local entities.</p> <p>Some charge a fee, but these are often symbolic and do not cover the cost of offering the value proposition.</p>	<p>Creates value FOR a social target group on the consumption side.</p> <p>This group is unable or not willing to pay for the value proposition.</p>
The Two-sided social enterprise	<p>Social enterprises with a two-sided social business model differ a lot in terms of revenue stream.</p> <p>Some rely largely on government grants and donation from companies, individuals and foundations.</p> <p>Others depend more on earned income generated from activities that are not directly connected to the social activities (hybrid models).</p>	<p>Creates value both FOR and WITH a social target group.</p> <p>Inclusion of a social target group on the production side (WITH). The group is a resource, but also a group that the social enterprise aims at helping.</p> <p>Also has a social target group on the consumption side (FOR).</p>
The Inclusive social enterprise	<p>Sells its products or services in the market.</p> <p>More monetising potential than the ideal and two-sided social business models.</p>	<p>Creates value WITH a social target group.</p> <p>Inclusion of a social target group on the production side, but does not have a social target group on the consumption side. This differentiates the model from two-sided social enterprises.</p> <p>Gives people that for various reasons have difficulties getting employment a fair chance.</p>
The Consumer-oriented social enterprise	<p>Sells its products or services in the market and/or to government/local entities.</p> <p>More monetising potential than the ideal and two-sided social business models.</p>	<p>Creates value FOR a social target group on the consumption side.</p> <p>The social target group mainly consume, and sometimes also pay the full price.</p> <p>Many instances where someone else pays the social entrepreneur to offer a service or product to a social target group.</p>

Table 8: Revenue stream and social target group in the four generic social business models

5.2 Mapping Challenges and Opportunities in Financing and Monetising Social Value Creation

In this part of the analysis, we use our insights from the nine in-depth interviews to discuss challenges and opportunities in financing and monetising social value creation. Although we find common denominators within each group of generic social business models, there are also differences that make every business model unique. As a result, we share experiences from each type of generic social business model as well as differences within each group. First, we look at how the social entrepreneurs obtained necessary start-up capital, and if they

received any other favours that helped in the start-up phase. Second, we discuss how the social enterprises finance their day-to-day business operations, changes each social enterprise have made in terms of financing and monetising, and what challenges and opportunities they face with their current business models. For the benefit of the reader, we will indicate the type of social business model in brackets after we mention a company name.

5.2.1 Start-up Phase

The start-up phase is an important and critical phase for a social entrepreneur. This is when the social entrepreneur makes the leap from having an idea to having a business model, that is, putting resources to work to achieve a social impact. As discussed in chapter 2, entrepreneurs are unique in that they pursue their missions regardless of resources on hand. In other words, many need to obtain some start-up capital that they do not possess. Others have a business model that does not require a lot of capital in the beginning, and yet some others manage to reduce start-up costs significantly by utilising their network for favours and services. In this part, we want to examine how Norwegian social entrepreneurs with different generic business models have managed the start-up phase with regard to financing and limiting costs. Do they face any challenges in particular attracting capital and favours, or does the social component give them any advantages that traditional start-ups do not face? Is the choice of generic business model important, or do other factors, like timing and network, play a bigger role? In the following, we look at how Norwegian social entrepreneurs have managed the start-up phase, and share some of their key experiences.

Measures to Obtain Capital

What characterises the social entrepreneurs that we interviewed is that they had a limited need for capital in the beginning. The business models were all labour intensive, and did not require any large investments. That being said, the social enterprises also needed some initial capital to be able to conduct their activities, either for equipment or for salaries. *VIBRO (Two-Sided)*, for instance, depended on different government grants from the start, like Enhet for mangfold og integrering, Frifond, Aktiv Ungdom and LNU (Landsrådet for Norges barne- og ungdomsorganisasjoner). They managed to pull together 150 000 kroner, which was used to acquire equipment they needed to make the portrett videos of role models with multicultural background. *LIN (Ideal)* also received support from NAV at an early stage,

although they had been working without salary for some time. This enabled them to work with the Norwegian and computer courses on a more professional basis. *Forandringsfabrikken (Two-Sided)* also received a grant from Extrastiftelsen, that helped them develop their business model in an early stage. These examples show that, although the intentions and the business models are noncommercial, grants are available for social entrepreneurs that address important challenges in the society, which is the equivalent of meeting a demand in the market.

In addition, *Pøbelprosjektet (Consumer-Oriented)* and *Gladiator GT (Consumer-Oriented)* both identified an opportunity to obtain start-up capital that was more based on personal contact and private donations. *Pøbelprosjektet*, for instance, received 1 million kroner by a wealthy person that had faith in the project. *Gladiator GT*, on the other hand, gathered a pool of companies that supported them financially in the early days, using their private network as a way in. Besides supporting a good cause, *Gladiator GT* facilitated a meeting point for these companies, which made it more interesting to participate. There seems to be many ways to receive some initial funding, but a challenge that many social entrepreneurs face is where to look for it. As the examples highlight, support may come from an anonymous admirer as well as from your own network, the most important feature is to offer something meaningful that they believe in. However, besides receiving financial support from private philanthropists and companies, *Pøbelprosjektet* and *Gladiator GT* pointed out that they had paying customers from the beginning that helped them develop their business models.

Forskerfabrikken (Consumer-Oriented), *Unicus (Inclusive)* and *Monsterbedriften (Inclusive)* are examples of other social enterprises that also had customers from day one. *Forskerfabrikken* received income from the courses they offered, and this was sufficient to cover both equipment and the course leader's salary. *Unicus* was fortunate when Telenor decided to try their services at an early stage. According to them, they would not have gotten this opportunity without having the social component that made them stand out. As they could deliver quality work at competitive prices, Telenor became a loyal customer and gave *Unicus* a "proof of concept". This was also important for FERD, that came in as a social investor not long after *Unicus* was founded. The entrepreneur that started *Monsterbedriften* knew many people that struggled to get a job, and this was the motivation behind the enterprise. They did not think of it as social entrepreneurship however, just a specialised company doing demolition of bathrooms in the construction industry. As a result, they did

not apply for any financial grants or donations, but financed their business through earned income.

In general, and not unexpected, the more commercial social enterprises face more opportunities in financing their own start-up, either through earned revenues from day one or through social investors (Ferd has been an important actor in Norway). This is challenging for social enterprises that do not sell anything and depend on grants and donations. It seems, however, that there are start-up funding available for people with good ideas.

Measures to Reduce Costs

A general challenge for entrepreneurs is to cover costs that occur in the start-up phase before the business model generates sufficient revenues or funding. This is also the case for social entrepreneurs. To tackle this, we found that the interviewed social entrepreneurs emphasised on obtaining non-financial favours and goodwill that would help in reducing costs. The interviewed social entrepreneurs mentioned that the social component helped in obtaining favours and goodwill in the start-up phase, and that this was an opportunity many traditional for-profit entrepreneurs do not have. For instance, *Pøbelprosjektet (Consumer-Oriented)*, *LIN (Ideal)* and *Forskerfabrikken (Consumer-Oriented)* were provided venues for free from companies that liked and supported their social mission. The social enterprises also received discounts based on the social component. *Gladiator GT (Consumer-Oriented)*, for instance, received postponed payment deadlines from creditors that understood the importance of their social work. The youths in *VIBRO (Two-Sided)* got free training from individuals and companies. The examples are many!

The type of business model affected to some extent what *kind* of favours the different social entrepreneurs obtained in the start-up phase. For the ideal and two-sided social enterprises that do not sell their products or services, volunteerism was particularly important. *Lær Kidsa Koding (Ideal)* relied (and still relies) completely on volunteerism when they founded coding clubs. In fact, the social enterprise stands out from the other interviewed social enterprises in that it does not want to receive funding, but rather rely on voluntary work. LIN and VIBRO are other examples of social enterprises that reduced costs in the start-up phase by employing volunteers. The founder of LIN, together with two other women, worked without salary to offer Norwegian and computer courses to women with a multicultural background. In VIBRO, the founders and the youth worked together on a voluntary basis to

create the portrett videos mentioned above. Voluntary work allowed LIN, Lær Kidsa Koding and VIBRO from the beginning to provide their services for free. On the other hand, the inclusive and consumer-oriented social enterprises relied less on volunteerism in a traditional sense. Rather, these business models focused on sales.

However, obtaining favours and goodwill in the start-up phase relied more on the social entrepreneur's abilities and personal contacts than the type of social business model. Social entrepreneurs that used their existing networks or become part of a professional network, e.g. Ferd and Ashoka, managed to reduce costs in both the start-up phase and the day-to-day operations. For instance, the interviewee from *Forandringsfabrikken (Two-Sided)* emphasises the crucial role one of the founder has in obtaining favours from her network, Ferd and Ashoka.

Nevertheless, as we will see in the next section, the social component can also be a disadvantage. Pøbelprosjektet argues that the social component helps enormously in the start-up phase as there are many funds supporting social projects. However, there are few funds that support the day-to-day operations. The founder thus argues that it is more challenging to operate as a social entrepreneur in the day-to-day operations than in the start-up phase.

5.2.2 Day-to-Day Business Operations

The interviewed social entrepreneurs did not experience that access to start-up funding was harder for them compared to traditional for-profit entrepreneurs. On the contrary, many felt an advantage in being "social", regardless of generic business model. When looking at receiving favours and goodwill, there were no differences between the start-up phase and the day-to-day operations as the social entrepreneurs still experienced that the social component helped. However, when looking at long term financing, our analysis reveals that the choice of generic business model might be of greater importance for the challenges and opportunities they face. It is useful to distinguish between two different approaches to financing and monetising social value creation. For non-commercial social enterprises (*Ideal* and *Two-Sided*), grants from government entities and foundations are the main source for financing the social value creation. The commercial social enterprises (*Inclusive* and *Consumer-oriented*), on the other hand, have business models that rely more on sales and earnings. Each of these approaches raises different challenges and opportunities for the

social entrepreneurs. In this part, we examine these challenges and opportunities, and share important experiences from the interviewed social enterprises.

Non-Commercial Social Enterprises

Although it provides opportunities to pursue a social mission, financing through grants and donations also comes with several challenges. Many non-commercial social enterprises thus have to rely on volunteerism, donations, favours and strategic partners to make ends meet.

Government Grants

LIN (Ideal) has relied on government grants almost from the beginning of the organisation. It was an approved application to NAV that laid the foundation for more professional courses and processes, and grants from government and local entities still constitute the main source of their financing. If LIN had chosen a commercial business model, charging market price for their courses, it is unlikely that they would receive the same amount of monetary support. Also, charging such a price would probably affect the social value creation strongly, as few of the women with multicultural background would be able (or willing) to pay for it.

At the same time, LIN faced the problem that some women enrolled in the courses (there is a waiting list), and did not show up for classes. This reduced the number of participants, which could affect the financing directly. To prevent the social target group for undervaluing the courses, get motivated participants and cover the gap between granted money and actual costs, LIN put a strongly reduced price on the courses. This has been highly successful, in the way that drop-out rates have dropped, costs are covered and the courses are still full. However, the fee LIN charges is close to symbolic, and it is grants from government and local entities that have thus enabled LIN to grow as an organisation and to develop their business model.

Forandringsfabrikken (Two-Sided) also relies on government grants in their work for improving child welfare, psychologic health care and school services. These are services that the government is expected to provide, and like integration, they are in the politicians' interest to improve. A challenge both *Forandringsfabrikken* and LIN face, however, is the political risk and short time frame that comes with government grants. The day before we conducted the interview with *Forandringsfabrikken*, they were surprisingly not accepted to a hearing in the School Committee, which could potentially reduce their budget by ¼ in 2017. LIN also expresses a concern with their financing model, arguing that the short term, project

based funding does not allow them to give the employees long term contracts. Facing the risk of not having a paid job after a finished project, some employees might choose to leave for a safer alternative, which could potentially drain the organisation for competence.

Another drawback in depending on government grants is the time it takes applying for funds and documenting that the funds were used according to the specifications. This was pointed out by most of the people we interviewed, from every generic business model. For social entrepreneurs, this might take away time and focus from the core social mission, which is the reason why they became entrepreneurs in the first place. Traditional for-profit entrepreneurs often have commercial investors (that expect a return in the future) and other sources of long term funding that allows them to focus on the value proposition. Social entrepreneurs that rely heavily on grants, on the other hand, might lose contact with the social value creation, and this way lose motivation. Also, governments grants are usually earmarked to a specific purpose or project, and are given on strict conditions. *VIBRO (Two-Sided)*, for instance, has drastically reduced the funding they receive from government grants, as they wanted more flexibility in how to use the money. Although these requirements and conditions exist to prevent fraud, they are time consuming and limit the social enterprises in how the money is spent. VIBRO has, instead of government grants, relied increasingly on support from the social investor Kronprinsparets Fond. They have helped VIBRO develop their business model and look for opportunities to commercialise some of their activities, as well as contributing with capital.

Both LIN and VIBRO currently look for opportunities to monetise on the skills and experience they have obtained working for a social cause, by offering more commercial services and products. LIN considers the possibility of developing and selling courses to companies and government entities that need input in managing a multicultural community or workforce. This way, they can finance the social work they are currently doing by monetising on the experience they have earned over the years. VIBRO also aims to capture more of the value they create, but stresses that they are still in an early stage of finding a more financially sustainable business model.

Besides government funding, LIN, VIBRO and Forandringsfabrikken receive grants from several foundations and trusts. Extrastiftelsen and Sparebankstiftelsen are mentioned frequently, but there are many others who also support social entrepreneurs and ideal social enterprises. The process for receiving grants from a foundation or trusts is, according to LIN,

similar to the process with government grants. We thus only mention that this is an alternative opportunity, and that many *Ideal* and *Two-Sided* social entrepreneurs depend on this kind of funding.

Corporate Sponsors and Donations

Lær Kidsa Koding (LKK)(Ideal) has a different approach than the three social enterprises discussed above. LKK, although not being a formal organisation yet, is structured as a network of coding clubs, where the entrepreneurs both are active in the teaching as well as the strategic planning. Their aim is to improve skills that are highly sought in the private sector, and also a hot political topic in a period when Norway needs new industries. As a result, they have experienced a massive interest from both companies, organisations and political parties. Samsung, for instance, sponsors a full position for LKK. This has eased the pressure on the entrepreneurs, who have other jobs beside LKK. Strategic collaboration with companies in the private sector is an opportunity that many of the interviewed entrepreneurs emphasise, especially if the goals coincide.

There is, however, often a conflict of interest that should be considered. LKK, for instance, has turned down numerous offers of sponsoring and collaborations, both from private companies and political organisations. It is important for them to remain independent, as they also have a political agenda in making coding more integrated in school. Having constraints in what they can express and whom they may talk to is something they want to avoid, and this is one of the challenges in accepting corporate funding. Also, funding from the private sector might decrease substantially if the business of the sponsor takes a hit. When Samsung recently had trouble with their newest smartphone exploding, this almost affected the sponsorship.

Volunteerism

LKK's business model depend on volunteers at every level in the hierarchy. This has enabled them to reduce costs to an absolute minimum, and to offer their value proposition for free. According to LKK, their way of doing it has given them many advantages. When telling people that they do it for free, they also receive more for free. For instance, although they are associated with over 100 coding clubs nationwide, they pay no rent. This would probably not be the case if they operated on a more commercial basis and charged fees for participating. On the other side, they point out that a challenge in working for free is that it takes a lot of leisure time, and that it can be too much sometimes. This is also the case for

VIBRO, where the entrepreneurs have worked day and night without having a salary. Experiences from these organisations suggest that a high degree of voluntary work may potentially harm continuity in the operations, as more people will come and go.

Commercial Social Enterprises

The opportunities earned income give in financing social value creation are closely related to the challenges discussed in the previous part. However, there is a difference between commercial social enterprises that mainly sell to private customers and those that mainly sell to government and/or local entities. As for the non-commercial social enterprises, we also found that strategic partnership is an opportunity to both increase revenues and reduce costs. Nonetheless, commercial social enterprises face a challenge in balance commercial and social activities.

Earned Income from Private Customers

When earned income is generated from private customers, a social enterprise has more freedom and flexibility to decide and design its projects, products and services without being restricted by requirements set by government entities or foundations. This gives the social enterprises the opportunity to use more time on developing their businesses rather than applying for grants. Another advantage earned income gives is more predictability unlike grants that have more political risk. *Forskerfabrikken (Consumer-Oriented)*, for instance, was founded as an ideal social enterprise. Although the social enterprise had income from some courses, they relied first and foremost on grants and donations. After some years, the founder realised that this gave little predictability. They could not plan for their activities since the amount of grants they received varied from one year to another. *Forskerfabrikken* changed its business model and pursued a more commercial approach. The social enterprise used this change to attract social investors, to develop its products and services, and to increase sales. Today, *Forskerfabrikken* is considered as a role model for many social entrepreneurs in Norway.

Yet there are also challenges in relying on earned income to finance social value creation. Scaling sales to achieve sufficient earned income is a challenge mentioned by the *Inclusive* and the *Consumer-Oriented* social enterprises. This is also the case for traditional for-profit entrepreneurs. However, the *Inclusive* social enterprises experienced that their business model made scaling sales more difficult. *Monsterbedriften*, for instance, experienced that

customers were sceptical about the social enterprise employed former criminals or drug-addicts. Customers wondered if the employees would do a good job, or if they could be trusted. *Unicus*, on the other hand, had to compete against well-known consulting companies. They experienced that potential customers had a positive attitude towards the social component in *Unicus*, but they did not want to take the risk of hiring a consulting company using individuals with Asperger's syndrome over well-known companies, like Accenture or McKinsey. Although the social enterprise had Telenor as its first customer and received excellent testimonials, getting the second, third and fourth customer was extremely difficult. It took approximately one and half year. The founder of *Unicus* reflects over that it is unusual to struggle to get the next customers when a company has received excellent testimonials from a customer like Telenor. He points out that this would most likely not have been the case for traditional consulting firms.

Both *Unicus* and *Monsterbedriften* experienced that sales went better once they had enough testimonials from former customers, but that their business model can be a challenge when competing against traditional companies. Although *Unicus* and *Monsterbedriften* would qualify for grants from NAV because of employing individuals that would otherwise struggle to get work, both social enterprises mention that the disadvantages of relying on grants are greater than the challenges they encounter in depending on earned income from private customers.

Earned Income from Government Entities and/or Foundations

Social enterprises that have government entities as customers still experiences some of the same challenges as receiving grants. They still have to use a considerable amount of time on public bidding processes and documenting that the funds were used according to the specifications. However, these social enterprises mention that competing on public bids give more predictability than relying on grants. The public bids often have a longer timeframe than grants. More importantly, public bids are often larger than grants. Thus, winning a public bid gives both more predictability and revenues than getting a grant. *Pøbelprosjektet (Consumer-Oriented)*, for instance, emphasises that these differences led the social enterprise to prioritise public bids over applying for grants. In fact, in the beginning about 50 percent of *Pøbelprosjektet*'s income came from grants, while last year grants only counted for 10 percent of total income.

However, social enterprises that sell to government entities and/foundations are more at risk than social enterprises selling in the market. Pøbelprosjektet, for instance, sells their programs mainly to NAV. Although the social enterprise tries to diversify risk by selling to NAV entities in different counties, there is political risk associated with only having one government entity as a customer. On the other hand, *Gladiator GT (Consumer-Oriented)* depends on income from foundations. The social enterprise defines and designs projects that are sold to foundations. This year, 50 percent of Gladiator GT's income came from one foundation. The founder acknowledges that this has been a challenge for the enterprise, and that they are looking for better ways to monetise the social value creation. In addition to the risk of relying on one big customer or few customers, the process for applying for and documenting that funds are used according to specifications is time consuming. For these reasons, we argue that these social enterprises have not yet managed to monetise their social value creation to the same degree as social enterprises that sell in the market.

Strategic Partnerships

As mentioned in the start-up phase, the more commercial social enterprises face more opportunities in financing their start-up. Focusing on more commercial activities has also helped the social enterprises in obtaining social investors for the day-to-day operations. Ferd has been a particularly important social investor for the inclusive and commercial social enterprises in Norway. They have provided capital and advice so that the social enterprises could increase their monetising potential. *Forskerfabrikken (Consumer-Oriented)* emphasises this. The capital and advice from Ferd helped the social enterprise to reshape their business model and increase the monetising potential. When *Forskerfabrikken* did not manage to earn sufficient income, Ferd provided capital to cover losses. This gave the social enterprise enough time to focus on discovering profitable markets, building a brand, and scaling.

Unicus (Inclusive) has done it differently, by being the first company in which Ferd has taken an active ownership (38% of the shares). This way, although being alumni in the Ferd system, they can continue to benefit from Ferd's human and financial resources. This will help Unicus to scale up their business, both in Norway and abroad. The day we interviewed Unicus, they announced that they are soon opening offices in both Stavanger and Stockholm.

Another way of securing long term financing is to partner up with commercial actors. In 2016 *Forskerfabrikken* started a partnership with Norsk Hydro, with a value of 1,5 million

kroner per year in 3 years. Hydro's support of Forskerfabrikken is not just CSR (Corporate Social Responsibility) to look good, it has a more strategic purpose. Technology and innovation has been a cornerstone in the company since it was established, and this coincides with Forskerfabrikken's goal to increase children's interest for science and mathematics (Hydro, 2016).

Nevertheless, the interviewed social enterprises also mention that having an active social investor can be challenging. *Monsterbedriften (Inclusive)*, for instance, shared that although Ferd is of great importance to develop and monetise their social value creation, they know less about the sector *Monsterbedriften* operates in. Consequently, after some years where the manager was a person from Ferd, the founder took over this position again.

Balancing Commercial Activities and the Social Mission

Some commercial social enterprises take on activities that yield social value, but not financial value. This is a trade-off commercial social enterprises need to consider. *Monsterbedriften (Inclusive)*, for instance, started as a demolition company hiring people with a troubled background. However, during the years they took on more and more activities. Exemplifying, *Monsterbedriften* had experienced that many of the employees struggled with everyday life after work, so they established shared accommodation for their employees, known as "the monster house". The idea was to help the employees from falling back to previous circles, being exposed to drugs and criminal activities. Although this effort yielded a social return, *Monsterbedriften* had to cover all expenses. This put the whole company in jeopardy, and Ferd had to cover their deficit. Now, *Monsterbedriften* is in the process of stabilising their business model around their core activities, so they can provide people with a job and a new chance.

Another company with a similar issue is *Pøbelprosjektet (Consumer-Oriented)*. They sell seats in their program mainly to NAV, and experience it as difficult to get a surplus. They attribute this to the fact that they do a lot of work with the participants that is never paid for by the contractor. For instance, if *Pøbelprosjektet* has an eight-week contract with NAV to help participants get an internship, they have been willing to put in effort to secure them a long term paid job afterwards. In addition, they have used a lot of time and resource to follow up on former participants going through hard times. These are activities for which *Pøbelprosjektet* is not paid, but they have been important for the social value creation.

Pøbelprosjektet thus needs to balance the effort spent on commercial and ideal activities, because they need the former in order to finance the other.

However, some actors are sceptical to the fact that the social enterprises earn income on services that traditionally are delivered by the Norwegian welfare system, and question if more focus on commercial activities leads to giving the social mission less priority. This is a challenge for commercial social enterprises face regardless of if they are selling in the market or to government entities. *Forskerfabrikken (Consumer-Oriented)*, for instance, has experienced that other organisations with complementary objectives have refused to collaborate with them based on the fact that they are commercial. The founder highlights that Vitensenter Network in Norway, a non-profit organisation that receives grants from the government, has being especially hostile.

Another example is given by the founder of Pøbelprosjektet. He bought a new Audi Q5, an expensive car, and was met with massive negative media coverage that focused on that a social entrepreneur selling services to the public used money on an expensive car. The pressure was so high that the founder ended up by selling the Audi Q5. Although, both the *Inclusive* and *Costumer-Oriented* social enterprises have commercial activities, our experience is that the commercial social enterprises are met with more scepticism. This is attributed to the fact that former includes the social target group on the production side and has to have commercial activities in order to employ more people from its social target group. On the other hand, since some of the commercial social enterprises sell directly to the social target group or to the government, the scepticism lies in that these actors thus take pay from a social target group that needs help, and that they “exploit the system” by selling to the government.

The commercial social enterprises, however, emphasise that the commercial activities are essential to earn income that can cover costs associated with delivering the social mission. In fact, they find it unproductive to be sceptical towards commercial social enterprises, and point out that social enterprises do not aim at taking out high salaries or dividends. Rather, profit is often reinvested in the enterprise so that a social enterprise can reach more individuals in its social target group. *Forskerfabrikken*, for instance, explained that because of increasing sales, they now have economic resources to offer some of their courses for free. The founder of Pøbelprosjekt highlights that it makes no sense that the social enterprises should be criticised for having commercial activities in-house, because if they did

not, they would anyways be dependent on donations from companies that generate income from commercial activities.

5.2.3 Summary of Challenges and Opportunities

The aim of this part was to analyse the challenges and opportunities the four generic business models face in financing and monetising social value creation. We found that the interviewed social enterprises experienced different kinds of challenges and opportunities in the *start-up phase* and the *day-to-day operations*. In the *start-up phase*, there were few differences between the four generic business models. The social enterprises did not experience that the start-up phase was harder for them compared to traditional for-profit entrepreneurs. On the contrary, they felt that being “social” was an advantage in receiving favours and goodwill, both in the start-up phase and in the daily operations. To obtain start-up capital, there seems to be many ways to receive initial funding from government entities, foundations, individuals and companies. The challenge that many social entrepreneurs face is where to look for it. The only difference we found in the start-up phase, is that the more commercial social business models (inclusive and consumer-oriented) also focused on having paying customers from day one.

In the *day-to-day operations*, the differences between the generic business models were more evident. The most important distinct factor was whether the business model was *non-commercial* (ideal and two-sided social enterprises) or *commercial* (inclusive and consumer-oriented social enterprises). The non-commercial enterprises continued to rely on grants and donations in the day-to-day operations. Between the ideal and two-sided, there seems to be few differences with regard to challenges and opportunities. The main challenges with relying on funds are the risk of rejection, the short time frame and the lack of flexibility in how the money is spent. Another drawback is the time it takes applying for funds and documenting that the funds were used according to the specifications. On the other hand, grants and donations allow for activities that have no potential of generating income, and give entrepreneurs with innovative solutions the opportunity to pursue a social mission.

On the contrary, the commercial social enterprises generated more reliable earned income through sales. They were thus also able to attract more long term capital from social investors since they generated reliable cash flows. Nevertheless, we found differences between commercial social enterprises that mainly sell in the market and those who sell to

government and/or local entities. The latter had a more bureaucratic customer, and faced many of the same challenges as the non-commercial (short-time frame, strict conditions, and time-consuming applying and documenting processes).

There also seems to be more acceptance for profits in inclusive social enterprises than for profits in consumer-oriented social enterprises. This is likely because profits in the inclusive social business enterprise signals a successful producing social target group, an underdog tendency that most people would salute. For the consumer-oriented business model, however, the social target group is on the consumption side. Profits would thus be on the expense of the social target group directly or a third-party provider (government, parent, school).

6. Implications and Conclusion

The aim of our thesis has been twofold. First, we identified different types of social business models. Second, we analysed the main challenges for financing and monetising social value creation these business models face. We have showed that there are mainly four generic business models used by Norwegian social entrepreneurs. The *Ideal* and the *Two-Sided* social business models are non-commercial, and depend mostly on grants, philanthropic funding and volunteerism. Besides providing opportunities in the start-up phase and for non-commercial activities, we have showed that grants and philanthropic funding cause challenges for non-commercial social entrepreneurs, such as short timeframe, political risk and inflexibility. The *Inclusive* and the *Consumer-Oriented* social business models are more commercial, and depend mainly on earned income. To survive and scale, these business models face the challenge of balancing the social and the financial value creation. In the following part, we provide managerial and theoretical implications of our findings. Lastly, we discuss limitations of our thesis and potential future research.

6.1 Managerial Implications

The framework presented in this thesis allows for comparing challenges and opportunities faced by social entrepreneurs in financing and monetising social value creation. This has obvious managerial implications, as most social entrepreneurs need to think carefully about how to secure long-term financial viability and scaling. Re-designing a business model might just be one way to do this.

Among the social enterprises we interviewed, both Pøbelprosjektet and Forskerfabrikken started out as more ideal and developed to be more commercial. This was a direct response to some of the challenges and limitations associated to relying on grants. Although grants can be a good way (and perhaps the only way) to establish a project, there is a broad consensus that earned income brings more stability and freedom in the long run. This is also the reason why LIN and VIBRO aim at including more income-generating activities. In this regard, we recommend non-commercial social entrepreneurs to monetise on the skills and experience they have obtained working for a social cause. This way, they can finance the social work they are currently doing by monetising on the experience they have earned over

the years. LIN, for instance, considers the possibility of selling courses to companies and government entities that need input in managing a multicultural community or workforce.

Another way of securing long term financing is to partner up with commercial actors. As mentioned, Forskerfabrikken has a partnership with Norsk Hydro worth 1,5 million kroner per year for 3 years. Norsk Hydro emphasises Forskerfabrikken's ability to create enthusiasm for science and mathematics as an important reason for their support. As a major technology-based company, they also want to increase children's interest for science and mathematics. We believe that focusing on equal long term goals increases the potential of building long term strategic partnerships between social entrepreneurs and commercial actors. This is, as far as we can see, an underutilised source of financing social entrepreneurship in Norway.

Another underutilised opportunity is to engage commercial actors more directly in the activities. The resources held by a company could be invaluable for a social entrepreneur, and at a low expense for the company than giving money. Pro-bono services, sharing of distribution systems and office facilities are examples of this kind of cost-reducing favours. This could be an inexpensive way of doing CSR, and thus increase reputation and employees' motivation. We see this as a great opportunity for social entrepreneurs to reduce costs, and recommend strategic partnerships if it does not compromise the social value creation.

Furthermore, to secure long-term financial viability, it is important to limit the social value creating activities to what makes sense from a financial point of view. For instance, both Monsterbedriften and Pøbelprosjektet realised that although some of their activities yielded social return, they were only generating expenses. This put the companies' future in jeopardy. They are now in the process of stabilising their business models around core activities. We recommend social enterprises to balance the effort spent on income-generating and pure ideal activities, because they need the former to finance the other. Also, what characterises a social business model is that core activities create social value, which means that focusing on core activities does not mean abandoning the social value creation.

6.2 Theoretical Implications

To date, social entrepreneurship is a field that is relatively unexplored, especially in Norway. We see a global trend where social entrepreneurship is embraced as an alternative for limiting social and environmental issues. Still, the concept lacks a clear definition and understanding. For instance, there are two schools of thoughts and ideas that emphasise different attributes of social entrepreneurship. One focuses on the innovative and bold game changer, while the other sees social entrepreneurship as financing social value creation through commercial activities. By comparing these different views and providing our own definition, we contribute to the understanding of social entrepreneurship.

Further, building on this understanding and business model literature, we have derived a definition of a social business model. Research on social entrepreneurship from a business model perspective is particularly scarce. In general, many scholars assume that all social entrepreneurs face the same challenges and opportunities in financing social value creation, without paying much attention to their underlying business models. We have addressed this research gap by identifying four generic social business models in Norway, and by categorising 30 social enterprises according to how they create social value and finance their activities. This provides a comprehensive overview of types of social business models in Norway, and a tool for further analysis. Although the framework is based on findings from Norway, it might be suitable for studying social business models in other places.

We further use in-depth interviews to explore the relationship between generic social business model and experienced challenges and opportunities in financing and monetising social value creation. Contributions to existing literature are made, first, by emphasising the impact of business model configuration, and second, by sharing experiences and thoughts on the start-up period, day-to-day operations and future opportunities. As far as we can see, this has not been done before, and strengthens the understanding of challenges and opportunities social entrepreneurs face with regard to financing social value creation.

6.3 Limitations and Future Research

We have gained a lot of insight into social entrepreneurship and social business models while working with this thesis, and thus believe that our findings contribute to the existing literature on the topics. That being said, there are limitations related to the sample and how

we collected the data.

Our finding suggests that commercial social business models have an advantage in generating a more secure long-term financing. This result could be affected by the fact that we have interviewed relatively successful and well known social enterprises. Also, as mentioned, all the interviewed commercial enterprises have been a part of the Ferd portfolio, which means that they have received financial and non-financial support. Ferd only supports social enterprises with a monetising potential, and thus favours the commercial business models. Including less successful social enterprises, both commercial and non-commercial, could therefore increase the validity of the findings. At the same time, some of the interviewees point out that they received Ferd support many years after they started, and that they faced the same challenges and opportunities as anyone else. Either way, for future research it would be interesting to include less successful social entrepreneurs.

We included 30 social enterprises in our sample. This was not limited by the availability of social enterprises in Norway, but a necessity as we have had strict time constraints in writing the thesis. A larger sample would have strengthened our thesis, and potentially given us different results. This, combined with the fact that we have only examined Norwegian social enterprises, implies a lower degree of generalisability in our findings.

The amount of information we gathered from the interviews and the secondary data was enormous. As we have faced a limited time frame, we have only included the most important and general challenges and opportunities. For instance, when looking at government grants, there are a range of different arrangements, that come with varying requirements. As we discovered, one could easily write a whole thesis on government funding of social entrepreneurship, but due to the time frame we had to describe it on a general basis. Nonetheless, this is an obvious opportunity for further research.

In general, we categorise the social enterprises according to generic features in their business models. There are, however, many specific features that set them apart, and these are obviously also important for the performance of each social enterprise. For instance, the social entrepreneur's ability to create enthusiasm, find strategic partners and otherwise attract resources are all of great importance. An interesting topic for further research would thus be to describe the key success factors for social entrepreneurs in Norway.

7. References

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8. Appendix

Appendix 1: Mapping 30 social entrepreneurs in Norway

Name	Description	Type of Business Model
Abloom Filmfestival	<p>Abloom Filmfestival is a social enterprise focusing on diversity among children, especially children with disabilities. The social enterprise arranges film festivals where children with disabilities come together and meet others like themselves. The vision for Abloom Filmfestival is to fight taboos related to having disabilities and change parents' and other people's mindsets around this issue.</p> <p>Sources:</p> <p>Abloom Filmfestival (2015a) Abloom Filmfestival (2015b) Reach for Change (2016)</p>	<p>Children with disabilities and their families are Abloom Filmfestival's social target group on the consumption side. The social enterprise is organised as a membership organisation where members pay a monthly membership fee. Although, Abloom Filmfestival sells tickets during the festival, their main source of income is from membership fees and from grants and donation from government entities and strategic partners.</p>
Aktivitetsdosetten	<p>Aktivitetsdosetten is a social enterprise that provides activities to elderly people in nursing homes. The social enterprise believes that offering tailored activities to elderly people will increase their health and quality of life. Today, nursing homes often have standard activities for its residents. Aktivitetsdosetten believes that tailoring activities to different residents will increase participation, and the motivation to uphold an active lifestyle among residents in nursing homes. The method is based on that activities can function the same as, or supplement, medicine.</p> <p>Sources:</p> <p>Aktivitetsdosetten (2016a) Aktivitetsdosetten (2016b) SosEnt-konferansen (2016b)</p>	<p>The social target group, residents in nursing homes in Stavanger, are on the consumption side. Although residents pay a fee for staying in the nursing homes, they are indirect customers. Nursing homes are the market target group on the consumption side. Since most nursing homes in Norway are run by municipalities, Aktivitetsdosetten has a close collaboration with Stavanger municipality where they offer their services.</p>
Atlas Kompetanse AS	<p>Atlas Kompetanse AS is a social enterprise that work on two disciplines; school- home cooperation and family counselling. The social enterprise was founded on the basis of the needs the founders saw in working with newly arrived immigrant families to Norway. The parents in these families wanted to follow up their children, but did not have enough information or tools to implement this. Atlas Kompetanse AS works to improve dialogue and strengthen parents' understanding of the system so they can make better informed choices for their children. They aim at preventing social exclusion among children and young people with minority backgrounds.</p> <p>Sources:</p> <p>Atlas Kompetanse (2016a) Atlas Kompetanse (2016b) Reach for Change (2016)</p>	<p>The social target group on the consumption side are newly arrived immigrant families in Norway; both parents and children. Through family counselling, Atlas Kompetanse aims at facilitating these families transition to Norway. Schools, local and government entities are the market target group that pay for the services provided to the families. Atlas Kompetanse relies fully on sales to schools, local and government entities.</p>

BUA	<p>BUA is a social enterprise that aims at increasing physical activities among children and youth. The social enterprise aims at strengthening and increasing accessibility for renting sport and leisure equipment. BUA works with associations, NGOs and local entities who lend sports and leisure equipment for children and youth to strengthen their offer. Sport and leisure equipment are often expensive. By strengthening the offer to lend these equipment, BUA wants to stimulate and increase physical activity among children and youth.</p> <p>Sources:</p> <p>BUA (n.d.) Stavanger Aftenblad (2015)</p>	<p>BUA offers a service to children and youth, whom are the social target group on the consumption side. Associations, NGOs and local entities are on the production side, as they, through BUA, lend sport and leisure equipment to the social target group. BUA receive grants and donations from local entities and social investors.</p>
Catalysts	<p>Catalysts is a mentoring program aimed at young people between 15 and 30 who want and have the motivation, to achieve results in education and employment. The program is aimed primarily at young people from minority backgrounds. The youth are connected with a mentor who is trained to guide participants so that they achieve specific results.</p> <p>Sources:</p> <p>Catalysts (n.d.) SosEnt-konferansen (2016a)</p>	<p>Today, Catalysts rely mainly on grants and donation from local entities and social investors. The social venture is, however, moving towards a hybrid business model, where it sells mentorship programs to the public sector. The young people in the mentoring program are a social target group on the consumption side that are offered increased capabilities and a greater professional network. The participants are, however, also a resource for Catalysts when attracting mentors and selling their mentoring program to the public sector.</p>
Epleslang AS	<p>Epleslang is a social enterprise that sells fresh apple juice. The business model aims at utilizing untapped and undervalued resources that people forget about. First, the apples they use for making the apple juice are not commercially grown, but given to them by private house owners with apple trees in their garden. Many people have lots of apples available, but when autumn comes they are left to rotten. Epleslang thus uses a resource that is already there, but one that other people don't find it worthwhile to harvest. Thus, by having an inclusive business model, they see undervalued resources in both ends, and use them to create both social and financial value. Although many people would consider a person with Down's Syndrome a less capable employee, it is likely a competitive advantage for Epleslang, who is at the mercy of private garden owners.</p> <p>Sources:</p> <p>Epleslang (n.d.) Gjerde (2012)</p>	<p>Epleslang offers inclusive employment for people with disabilities. Apples are free, but they pay full wages for the job being done. The apple juice is sold in grocery stores (Norgesgruppen), to customers who can enjoy a premium apple juice with good consciousness.</p>

Forandringsfabrikken	<p>Forandringsfabrikken is a foundation that aims at influence ruling guidelines, legislation and political decisions that affect troubled children and youths. They utilize the knowledge of the young people who are dependent on the systems in advising different government entities and private companies. By facilitating the voice of an otherwise overlooked population, one might call it a social lobbying organisation. They get people within the systems, who are titled “professionals”, to present their experiences on how these systems actually work for the end user. There are customers from both government and private sector, and Forandringsfabrikken receives support from a number of NGOs and government entities.</p> <p>Sources: Forandringsfabrikken (2008) Forandringsfabrikken (2012) Vista Analyse (2014)</p>	<p>Forandringsfabrikken collaborates with young “professionals” within the systems to present first hand experiences and knowledge that is important for decision makers and actors in both government and private sector. The social target group is thus used as a resource, and the “customers” are government entities and NGOs. There is also a social target group on the consumption side, as they benefit directly from better policies and services. They are, however, not able to finance the operational costs.</p>
Forskerfabrikken	<p>Forskerfabrikken is a social enterprise that wants to offer activities in science and mathematics as an equal alternative to more traditional leisure activities (as sports, music, scouts and so on). Their vision is to increase the interest children and youths find in maths and science, so that more people will choose this direction for higher education. Ultimately, Forskerfabrikken believes, knowledge within maths and science will be crucial for a more environmentally and socially sustainable future. They address this by offering courses to children, that parents pay for, but they also sell to schools. In addition, Forskerfabrikken offers further education for school teachers and educators, with emphasis on showing how maths and science can be taught in a meaningful way and thus arouse curiosity.</p> <p>Hydro has signed a three-year partnership with Forskerfabrikken, and sponsors them with 1,5 million NOK per year. The goal is to create an interest for industry and technology among Norwegian children.</p> <p>Sources: Forskerfabrikken (n.d.) Vista Analyse (2014) Norsk Hydro ASA (2016)</p>	<p>Forskerfabrikken sells courses to children (parents) as a leisure activity, to schools as part of the educational program and to educators as further education. The social target group consists of all the children who experience increased interest in knowledge that will help them built a better future. Although Forskerfabrikken has a commercial profile, they have a clear social/environmental motivation, and their services will most likely benefit society as a whole. Also, by charging a price for attending, they communicate the value of the program, as well as having the resources to make a truly exciting experience.</p>
Fretex	<p>Fretex is perhaps the oldest social enterprise that is still running strong in Norway. From the start-up in 1905, it has earned the position as Norway’s by far largest second hand chain. In 2015, the group had a turnover of 683 million NOK, employing 2000 people of whom “1600 participates in various vocational rehabilitation programs” (fretex.no, about fretex, 14. sep). Fretex has a strong social profile with inclusive employment and affordable retailing, but they also do a tremendous job with regard to recycling and environmental impact. In 2015, they collected 15 574 million tons of textiles (that would otherwise be waste), which was sold in Fretex shops,</p>	<p>Fretex has a hybrid business model, in the way that they combine the two-sided social mission with a more marked oriented model. Many of the employees are people who need a second chance, and people who struggle to make the ends meet get the opportunity of buying decent clothes, furniture, interior and other necessities for a low</p>

	<p>given to the needy by the Salvation Army and recycled into other products.</p> <p>Sources:</p> <p>Fretex (n.d.) Fretex (2015) Fretex (2016)</p>	<p>price. At the same time, reusing and vintage shopping is growing in popularity, making the concept more popular among everyone.</p>
Gammel Nok AS	<p>Gammel Nok is a social enterprise that facilitates work for people who find themselves at “the end” of their career, but feel like having more to give. Besides being a recruitment agency, they offer counselling and training of older people who need to find a different job. Gammel Nok does an important job in making society perceives old people as a resource rather than a liability. They now have more than a 1000 registered seniors, and offer services that span from professional consultancy to painting a wall and assisting other elderly people.</p> <p>Sources:</p> <p>Gammel Nok (2015) SosEnt-konferansen (2016b)</p>	<p>Gammel Nok has a marked oriented business model, in which they offer services to the market by using old people, often very competent and educated, who struggle to find a job elsewhere simply because they are considered too old. Gammel Nok has perhaps a greater opportunity of scaling, however, as they have made a register that can be matched with the market, rather than employing everyone themselves.</p>
Gladiator GT	<p>Gladiator GT sells a product (and activities) Aball1. This is balls with numbers, letters and symbols that children use to solve problems in competing teams. It is not the balls themselves, but the games that the social entrepreneurs, Glenn and Tor, have developed, that make Aball1 such a powerful tool. At the same time as children learns literacy and numeracy, they learn how to help each other out by working in teams, which is important for building empathy. Gladiator GT sells their solutions to schools, governmental and private organisations and sports teams.</p> <p>Sources:</p> <p>Gladiator (n.d.) Vista Analyse (2014)</p>	<p>Government, public schools and other organisations as customers, mainly children as social target group. Social target group does not have to pay, as the product, when used by the social target group, creates value for the customers</p>
Intempo (now Bravo-leken)	<p>Intempo produces games for young children, which are meant to make early stage learning more fun and effective. By creating a solid foundation for further linguistic development, they aim to improve linguistic abilities and the ability to learn. This has, according to Intempo, a positive effect on all children, also those who experience particular challenges with regard to language and learning. Besides selling a product for improve learning, they offer courses and advising services for kindergarten educators, parents and special pedagogues regarding early childhood learning.</p> <p>Sources:</p> <p>Intempo AS (2015) Intempo AS (2016)</p>	<p>Intempo is one of the actors that seems to have a fully commercial business model, selling their product to parents, kindergartens and NAV (for children with special needs). They still have a strong social commitment, trying to improve the abilities of children and enhance learning at later stages in life. The strong focus on children with special needs further validate the social aspect of their business model.</p>

Kjør for Livet	<p>Kjør for livet is a social enterprise that offers leisure activities to children and youth that either feel left out of society or are uninterested in conventional leisure activities for children and youth. The social enterprise's goal is to establish an environment where children and youth that would otherwise be excluded, feel included and at home. Kjør for livet believes that collaborating with parents, schools and the Child Welfare Services is key in providing children and youth an arena where they can create their own future.</p> <p>Kjør for livet runs, as of September 2016, two programs for children and youth. In "Club 5", children have 48 gatherings in one year where the focus is on establishing a feeling of mastery and inclusion through activities. The "Club 7"-program target young car drivers, and organises activities and seminars to prevent accidents among young drivers.</p> <p>Sources:</p> <p>Kjør for Livet (n.d.) Vista Analyse (2014)</p>	<p>Kjør for livet has a business model in which municipalities and the Child Welfare Services are the customers. The social enterprise sells each place in the program to municipalities and the Child Welfare Services. The social target group on the consumer side is, however, children and youth at risk of being left behind in school, traditional leisure activities and in society in general. These children and their parents do not pay anything; the participation cost is covered by municipalities or Child Welfare Services.</p>
Kompass & Co	<p>Kompass & Co is an inclusive social enterprise that employs youth and young adults between 15 – 25 years to help them gain experience and confidence. In 2014 they were named "the Game Changer of the year" by Reach for change. They are inspired by Jamie Oliver, and offer services like catering, urban gardening and redesign/upcycling.</p> <p>Sources:</p> <p>Kompass & Co (n.d.) Reach for Change (2016)</p>	<p>Inclusive work, social target group is on the production side. This affects the effectiveness of Kompass & Co, and thus profitability.</p>
LIN (Likestilling, inkludering og nettverk)	<p>LIN is a social platform for information, knowledge, communication, dialogue and trust between the minority population and the Norwegian society across ethnicity, religion and culture. Through a series of cooperation projects with other public institutions, LIN acts as a catalyst and contributor to the integration and inclusion efforts. The social platform offers courses, activities and guidance for women with multicultural background in Norway.</p> <p>Sources:</p> <p>Likestilling Inkludering og Nettverk (LIN) (n.d.) Frivillighet Norge (n.d.)</p>	<p>LIN is a social enterprise that rely on grants and donations from government and local entities. The social enterprise works on a project basis, applying for grants and donations based on the projects' objective. The social target group is women with a multicultural background living in Norway.</p>
Lyk-Z & Døtre	<p>Lyk-Z & Døtre is a social enterprise that aims at helping young dropouts to discover their own qualities, build confidence and get back in school or a job. They have developed a web-platform and a method to help young adults make better choices for themselves, named FROG Online Identity. In 2012 they won Ferd's price called "the social entrepreneur of the year", and Ferd invested in the company.</p>	<p>The social enterprise earns revenue from licence sales, courses and workshops. The social target group on the consumption side are young dropouts, but the licences, courses and workshops are paid for by a market target</p>

	<p>Sources:</p> <p>Lyk-z & Døtre (2013) SosEnt-konferansen (2016c) Vista Analyse (2014)</p>	<p>group. Lyk-Z & Døtre mentions that they strive for “profitability”.</p>
Lærervikaren	<p>Lærervikaren is a company that wants to give Norwegian primary schools (barne- og ungdomskoler) better access to qualified substitute teachers and lectures that are in line with the Norwegian curriculum. Norwegian schools often struggle to get qualified substitute teachers in short notice, and this might also make it difficult to give a productive lecture. By creating over 1500 quality lectures, and by facilitating a web-based market that makes it easy for schools to find substitute teachers in their area, Lærervikaren aims at improving the quality of the education in Norway.</p> <p>Sources: Lærervikaren (2016) Ferd Sosiale Entreprenører (2013a) Kronprinsparets Fond (n.d.)</p>	<p>Lærervikaren sells access to primary schools, who have to pay an amount based on how many learners are receiving a substitute teacher in a class. In other words, the social target group is the students, and the customers are schools.</p>
Lær Kidsa Koding	<p>Lær Kidsa Koding is a social organisation that works to ensure that children and youth must learn to understand and control their own role in the digital society. The social organisation aims at helping children and youth to not only be users of technology, but also creators with technological tools. An important part of their objective is to work to ensure that all young people of school age have the opportunity to learn programming and become familiar with computer science as a subject.</p> <p>Sources: Lær Kidsa Koding (2016a) Lær Kidsa Koding (2016b) Waterhouse (2016)</p>	<p>Lær Kidsa Koding is organised as a network where local groups, individuals, governments, schools and businesses can help each other across the country. They offer free activities to children and youth, whom are the social target group.</p>
Medarbeiderne	<p>Medarbeiderne is an inclusive social enterprise that employs former drug addicts. Medarbeiderne’s principal is to give everyone a chance without letting their past limit their opportunities. The social enterprise offers pick-up of recyclable products and material from households and businesses. The social mission is primary to employ former drug addicts, but its services has also an environmental mission.</p> <p>Sources: Medarbeiderne (2016a) Medarbeiderne (2016b) SosEnt-konferansen (2016d)</p>	<p>Medarbeiderne is a hybrid social enterprise with a market-oriented social mission. They are at the same time a non-for-profit venture, so all profits are reinvested in the venture. Medarbeiderne has a social target group on the production side, which are the former drug addicts. The social enterprise sells it services to households and businesses.</p>
Monsterbedriften	<p>Monsterbedriften is an inclusive social enterprise that employ people, who of a various number of reasons struggle to get employment elsewhere. They provide construction and demolition services, and employ 40 people in Oslo, Mjøndalen, Eidsvoll and Gjøvik. Although working in construction, Monsterbedriften’s</p>	<p>Monsterbedriften has an inclusive social business model. The social target group is on the production side and are people, who of a various number of reasons struggle to</p>

	<p>purpose is to “build people”. The social aspect is thus very prominent in their business model. By hiring people that have fallen outside the traditional labour market, they need to be good at “building people” in order to get a motivated and competitive workforce. They want to be the chosen alternative not because of altruism, but because of the quality they deliver.</p> <p>Sources: Monsterbedriften (2016) Ferd Sosiale Entreprenører (2013b) Dalen (2016)</p>	<p>get employment elsewhere. The social enterprise sells its construction and demolition services to customers in the market.</p>
Moving Mamas AS	<p>Moving Mamas is a social enterprise that aims at giving women with multicultural background in Norway work experience. The women in the project collaborate with product designers to develop products that are sold to private companies and individuals. As of 2016, the “Mamas” have developed high-quality cutting boards.</p> <p>Sources: Moving Mamas (2015) SosEnt-konferansen (2016a)</p>	<p>Moving Mamas is an inclusive social enterprise. The social target group on the production side are women with a multicultural background lacking work experience. They develop products that are sold to a market target group; companies and individuals.</p>
Noen AS	<p>Noen AS is a social enterprise with a social mission to offer activities and care services to people with dementia and their families. Noen AS has a vision to contribute to health promotion and improved quality of life to people with dementia. Their services also include courses and seminars to government entities that wish to increase their knowledge and capabilities on handling people with dementia.</p> <p>Sources: Noen AS (n.d.) SosEnt-konferansen (2016b)</p>	<p>Noen AS has a portfolio of paid services that they offer people with dementia and their families. In addition, it has services that it offers government entities. The social target group is people with dementia. When people with dementia or their families pay for the services, they are also the market target group on the consumption side. In other cases, government entities pay or sponsor the services for people with dementia. In these cases, the government entities are the market target group on the consumption side.</p>
=Oslo	<p>=Oslo is a foundation that publishes magazines that are later distributed and sold by drug addicts or former drug addicts. =Oslo prefers to call their sellers for sellers, and not drug addicts and former drug addicts. The sellers buy the magazines from =Oslo for a small sum, and resell them to a pre-set price. This price gives the sellers a guaranteed profit once the magazine is sold. The sellers sell the magazines on the streets and commercial centres in Oslo. =Oslo provides employment to a group in society that otherwise would have had difficulties finding work or been beggars.</p> <p>Sources: Epleslang (n.d.) Epleslang (2013) Store Norske Leksikon (2016)</p>	<p>=Oslo has a hybrid form where it generates income from selling the magazines and at the same time receiving some grants and donations. Their primary source of income is, however, sale of magazines. The social venture has a social group on the production side. Their sellers are former and current drug addicts. By selling the magazines, the drug addicts are a resource for =Oslo. The buyers are a market target group on the consumption</p>

		side. This characterizes =Oslo as a social venture with a market-oriented social mission.
Pøbelprosjektet	<p>Pøbelprosjektet is a non-for-profit social venture. The project provides an alternative option to people that have either dropped out of school, considering dropping out, or don't feel they fit in the standard school system. The social venture has a goal to make the transition back to school or to paid work easier. Pøbelprosjektet gives its participants encouragement, knowledge and tools to manage and achieve their set goals. The social venture aspires to make its participants realise that they have capabilities that both the society and labour market needs, and that they are not "just" school drop-outs.</p> <p>Sources:</p> <p>Pøbelprosjektet (n.d.) Vista Analyse (2014)</p>	<p>The participants in Pøbelprosjektet's programs are a social target group on the consumption side. The social venture has a social mission which is to make the transition back to school or to paid work easier for its participants. To achieve this, Pøbelprosjektet participates in bids by government entities and sell their projects to government entities, namely to NAV (The Norwegian Labour and Welfare Organization).</p>
Seema	<p>Seema is a social enterprise that through developing talents, leadership trainings and mentoring open doors for international women with high education in Norway. The social enterprise also provides corporations greater competitive advantage and tools to both retain and recruit the best minds through courses, skills and mentoring based on diversity management.</p> <p>Sources:</p> <p>Seema (n.d.) Ferd Sosiale Entreprenører (2013c)</p>	<p>Seema has a hybrid business model, where it uses earned-income from consulting services to corporation together with grants and donations from social investors, to run the mentor program for women with multicultural background. The social mission of promoting diversity in Norwegian corporations is present both on the consumption and production side. The women in the mentor program are a social target group that build their capabilities, but at the same time the women's experiences are a resource for Seema when it sells consulting services to corporations.</p>
Trivselsleder	<p>Trivselsleder is a social venture that works to increase inclusion, more activities and less bullying in schools. The social venture has a program where children and youth in school from grade 4 to grade 10, choose some of their fellow pupils to be agents. These agents work together with their teachers and Trivselsleder to increase inclusion, more activities and less bullying in their respective classes. Trivselsleder believes that this model promotes values such as inclusion, kindness and respect among the pupils.</p> <p>Sources:</p> <p>Trivselsleder (n.d.) Vista Analyse (2014)</p>	<p>The social mission is key in the business model. The social target group on the consumption side are children and youth, while the market target group are schools and local entities.</p>

Ungt Entreprenørskap	<p>Ungt Entreprenørskap is a non-profit organization that promotes entrepreneurship among children and youth. The social venture offers teaching programs and learning materials within entrepreneurship to schools. Ungt Entreprenørskap also organizes events, courses and seminars for pupils, students, teachers, and school administrators to promote entrepreneurship. The social venture believes that collaborating with actors in the education system, the public and private sector, helps to promote entrepreneurship, creativity and enthusiasm among children and youth.</p> <p>Sources:</p> <p>Ungt Entreprenørskap (n.d.) Ferd Sosiale Entreprenører (2013d)</p>	<p>Ungt Entrepreneurship has a business model that lies on donation and grants from government entities and other social investors. The social venture can be characterized as one with one-sided social mission where the social target group is children and youth on the consumption side.</p>
Unicus	<p>Unicus is a social enterprise that hires people with autism to test and assure quality of IT systems. The social enterprise values the employees' comparative advantage in having an attention to detail, and being accurate, structured and systematic. Unicus has a focus on the individuals' strength rather than their limitations. The social enterprise has succeeded in delivering a service of high quality, and its customer portfolio includes some of Norway's largest corporations.</p> <p>Sources:</p> <p>Unicus (n.d.) Vista Analyse (2014) Rossen (2012)</p>	<p>Unicus has a business model where the social target group is on the production side. Employees with autism are given a chance to be part of the working force. The employees' characteristics are used to create a service to a market target group on the consumption side, which usually are corporations. Unicus thus has a market-oriented social mission. The social enterprise manages to have a high degree of monetization of its services since it uses the autistic employees' special characteristic to create a better service.</p>
VIBRO	<p>VIBRO is a social enterprise for youths, by youths. The social enterprise has five projects that targets youths in Norway, especially youths with a multicultural background. VIBRO organizes among others a yearly festival, seminars and events at high schools in Oslo. The social enterprise also publishes a magazine that is distributed for free in the three largest cities in Norway. VIBRO's mission is to create a more inclusive society where youths of all origins build capabilities that they can use in the future at the same time as the youth create an inclusive arena for other youths. The members are youth between the age of 16 and 29.</p> <p>Sources:</p> <p>Vibro (2016) Kronprinsparets Fond (n.d.) Reach for Change (2016)</p>	<p>VIBRO is a social enterprise with a two-sided mission. The social venture has a social target group on the production side; its members. The members are youths that build their capabilities when planning and executing VIBRO's projects, and are therefore an input to the value delivery. On the consumption side, youths are also the social target group. The social enterprise is exclusively sponsored by government entities and other social investors.</p>
World Wide Narrative	<p>World Wide Narrative helps neglected children overcome their obstacles through two solutions:</p>	<p>World Wide Narrative is a social enterprise with a two-sided mission. On one hand, the social enterprise aims at</p>

	<p>Digital Storytelling: Through digital storytelling courses, children get to rewrite their past. They do this by taking something that actually happened to them and change their role from being the victim to being the hero, which helps them make the changes they need to create a brighter future. The written story is then made into a short video so that others could get a better understanding of the children's situation.</p> <p>HEI!: HEI! is an encrypted communication app for children that provides a safe channel to keep in touch with their most trusted contact person whenever they need and wherever they are. The vision of HEI! is to give children a way to reach the adults they feel the safest with through which they receive support and motivation to continue studying, going to school, and work.</p> <p>Sources:</p> <p>Reach for Change (2016) World Wide Narrative (2015a) World Wide Narrative (2015b)</p>	<p>helping a social target group on the consumption side; neglected children. These children are, however, also a social target group on the production side, because their stories help other children in the same situation. World Wide Narrative's customers are all entities that work with children.</p>
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Appendix 2: Interview guide

Kort beskrivelse av masteroppgave:

Kort fortalt har vi kartlagt typiske norske sosiale forretningsmodeller (i alt fire generiske forretningsmodeller), plassert dem i et rammeverk for grad av kommersialiseringspotensial, og ønsker videre å gjøre kvalitative intervjuer hos utvalgte bedrifter innenfor hver generisk forretningsmodell. Tanken er å (1) lage en oversikt over hvordan norske sosiale entreprenører har utformet sine forretningsmodeller, og (2) dele innsikt om hvilke utfordringer/muligheter de forskjellige forretningsmodellene møter med tanke på finansiering og inntjeningspotensial. Målet vårt er å kunne komme med et nyttig bidrag til myndigheter, sosiale entreprenører, sosiale investorer, academia og evt. andre som måtte ha interesse av sosialt entreprenørskap i Norge.

Intervjuspørsmål/temaer:

1. Bakgrunn for oppstart av Forskerfabrikken, og litt historie
2. Kilden til startkapital
 - a. Oppsparte midler?
 - b. Jobb ved siden av?
 - c. Tilskudd fra myndigheter?
 - d. Sosiale investorer?
 - e. Bedrifter?
 - f. Kommersielle investorer?
 - g. Private donasjoner?
3. Tror du at oppstarten til Forskerfabrikken var mer utfordrende enn for andre kommersielle entreprenører? I tilfellet, hvorfor?
4. Har dere fått hjelp i oppstartsfasen og/eller daglig drift som du tror kommersielle entreprenører ikke ville fått?
 - a. Pro-bono arbeid (konsulenter, advokater, styremedlemmer, design etc.)?
 - b. Frivillighet?
 - c. Rabatter (innkjøp, utstyr etc.)?
 - d. Tjenester (lån av utstyr og lokaler etc.)?
 - e. Samarbeidspartnere (bedrifter, organisasjoner etc.)?
5. Hvordan finansierer dere driften deres (dekker kostnader)?
 - a. Inntekter ved salg av produkter/tjenester? (og hvem er kundene?)
 - b. Tilskudd fra offentlig sektor, sosiale investorer, private donorer etc.?
6. Hva er de største utfordringene Forskerfabrikken har med tanke på finansiering av driften?
 - a. Lite fleksibilitet ved tilskudd?
 - b. Få, store kunder → avhengighet?
 - c. Kan fokus på salg/inntjening komme i veien for det sosiale målet?
7. Hvor viktig er sosial måling for Forskerfabrikken inntjening, og hvordan måler dere sosiale resultater?
8. Hva har Forskerfabrikken gjort riktig for å sikre overlevelse og vekst?
9. Hvordan har miksen av inntekter endret seg i bedriftens levetid? Hva er i tilfellet grunnen til dette?
10. Ser dere for dere en strategisk endring av finansiering i fremtiden (f.eks. mer direkte inntekter og mindre tilskudd)? Hva er i tilfellet grunnen til dette?
11. Hva er deres ambisjoner for vekst, og hvordan vil dere eventuelt få til dette fra et finansieringsperspektiv?

Appendix 3: Transcribed interview

We include one transcript as an example. The interviews were conducted in Norwegian. For more transcripts please contact the authors.

Intervjuer: Vi sendte deg en mail med informasjon og oversikt over problemstillingen vår, men vi kan likevel fortelle kort, som en innledning, hva oppgaven vår går ut på. Tanken er å lage en oversikt over sosiale entreprenører i Norge, spesielt de som utmerker seg og gjør det greit (ikke bare som hobbyprosjekter). Videre ønsker vi å se på hva slags forretningsmodeller de har, er det for eksempel siktet mot det offentlige eller privat, hva slags funding har man og så videre. Så prøver vi å kategorisere dem etter grad av kommersialiseringsmuligheter. Etter å ha intervjuet flere sosiale entreprenører har vi skjønnet at det er mange som ser opp til Forskerfabrikken, så det er kult at vi kan ta et intervju med dere. Vi ønsker å intervju to sosiale entreprenører hver innenfor disse fire kategoriene vi har, og høre hva som er deres utfordringer og muligheter i forretningsmodellen de har. Så hvis du kan begynne med å fortelle litt om bakgrunnen for oppstart av Forskerfabrikken?

Respondent: Det var for å gi barn muligheten for å fordype seg i naturfag. Jeg tenkte hvorfor kan ikke det være en hobby, på samme måte som man kan gå og lære seg piano, fiolin og fotball. Fordi jeg mener at man trenger dybdekunnskap hvis man skal virkelig interessere seg i ting. Etter hvert har det også blitt matematikk, men der fokuserer vi spesielt på de som har utfordring med faget for det er et stort problem i Norge. 40 prosent av elevene på ungdomstrinn har faktisk karakter 2 eller 3 i matte. Det er veldig farlig, og er et stort handikapp i dagens samfunn.

Intervjuer: Så naturfag er mer for å utvide interessen, mens matematikken er for elever som sliter med faget?

Respondent: Ja, det stemmer. Men vi har også i Oslo sommerskole har vi leket matematikk. Der vi prøver å vise til ulike sider man ikke møter i teoribøkene. Der har vi anvendelse, men også mer fokus på former og mønstre. Så en litt mer leken tilnærming til matematikken.

Intervjuer: Når var det du skjønnte at dette kunne være noe økonomisk bærekraftig å drive med?

Respondent: Jeg tror ikke det var før i 2012 eller 2013.

Intervjuer: Hva var det som gjorde at du innså dette?

Respondent: Det var fordi vi så at det var laget et helt nytt marked i Norge; sommerskole. Da kunne vi opp volumet og inntektene, på en sånn nivå at vi kunne bli bærekraftige.

Intervjuer: For det var ikke, med tanke på skalering, stort nok med fritidstilbudene?

Respondent: Nei, det er for lite omsetning per salg. Man fikk mye mer omsetning per salg med sommerkurs enn med forskerkurs. Da var det plutselig mye mer liv laga. Det er ofte like mye jobb for hvert salg, men man må spørre seg hvor stor omsetning per salg man får.

Intervjuer: Så det er rett og slett mye mer inntjening på sommerkurs?

Respondent: Ja. Det er faktisk nesten 50 prosent av våre inntekter nå. Det opprinnelige kurset jeg startet med utgjør 9 prosent av våre inntekter.

Intervjuer: Du sa også noe om at for hver kurs dere selger, så kan dere tilby to kursplasser gratis. Er det slik at for hver som melder seg inn kommersielt hos dere, så er det to som er med uten å betale for det?

Respondent: Ja, hvis vi får det til. Vi kan for eksempel si til en rektor ved skole at hvis får låne lokaler ved deg, så kan du gi bort to kursplasser gratis til to elever. Eller hvis vi er inne i en kommune, og sier at her kan mottaksklassen få noen plasser. Det hadde vi i Bærum kommune i år. Noen ganger er det barnevernet som får disponere plasser. Så det er litt forskjellige modeller. Det er ikke alltid det er like lett å få det til rent praksis, men vi prøver.

Intervjuer: For selv om det er kommersielt, så er det med på å styrke den sosiale verdiskapningen deres og kredibiliteten det gir også.

Respondent: Ja, for vi er jo opptatt av å nå barn som ikke har de samme ressursene som de som kan betale. Og nå begynner vi å ha muskler til å faktisk også ha noe gratis kurs. Vi har hatt noen få gratis kurs, men da sier vi også til kurslederne våre at hvis dere jobber gratis på et asylmottak, så stiller vi med utsyr og innhold.

Intervjuer: Hender det at det er noen foreldre som ringer dere og sier at de har dårlig råd, og lurert på muligheter for å delta på kurset for barna deres?

Respondent: Nei, det har det ikke vært mye av.

Intervjuer: Vi lurte på kilden til startkapital da dere satt i gang. Hva var kilden? Var det for eksempel oppsparte midler, jobb ved siden av, tilskudd fra myndigheter, sosiale investorer, bedrifter, kommersielle investorer, og/eller private donasjoner?

Respondent: Jeg la ut fra egen lomme for å kjøpe utstyr. Også fikk vi inntekter fra dag 1 med barn på kurs. Det var nok til å betale for utstyr og kursleder. Etter hvert fikk støtte fra Abelia i NHO. De var de første som støttet oss. Vi var en forening med ideelt formål da. Vi fikk 10-20 tusen fra Abelia. Vi fikk også litt støtte fra Norsk Kjemisk selskap, omtrent 5 tusen. Så var det veldig morsomt. Vi fikk også støtte fra Oslo kvinnelige handelsstands forenings stiftelse, som finansierer unge kvinnelige gründere i Norge. Jeg fikk ca 30 tusen fra stiftelsen. Det ble brukt til å lønne mannen min til å programmere første versjon av samlebåndet som holder oversikt over alle kursdeltakerne. Det var jo underbetalt, men da hadde vi han som frilanse da. Så har jeg fått inn gradvis medlemmer. Vi hadde tilslutt 200-300 tusen i medlemskontingent i året.

Intervjuer: Hvordan var det da å være medlem av Forskerfabrikken?

Respondent: Da var vi en forening, og alle som var medlem av foreningen støttet driften ved å betale kontingent.

Intervjuer: Så det var ikke slikt at man var aktiv med i deres aktiviteter, men var mer støttemedlemmer?

Respondent: Ja. Universitet i Oslo har blant annet gitt oss 50 tusen kr i året flere år på rad. Etter hvert gjorde Abelia det også. Så vi klarte etter hvert å etablere et fint nettverk, men det var aldri planlegging et år om gangen. Så når vi fikk kontakt med Ferd, så fikk vi klar beskjed fra Johan Andressen om at hvis han skulle støtte oss, så kunne de ikke støtte en forening med masse medlemmer. Det er bare tull og rot, og at Ferd ville støtte et AS. Så da tok jeg ut all drift utenfor Oslo, vi var jo ikke utenfor Oslo lenger. Jeg lagde et AS som jeg var hovedaksjonær, og etter hvert har den foreningen blitt lagt ned og blitt innlemmet i Forskerfabrikken AS.

Intervjuer: Når skjedde dette med Ferd?

Respondent: I 2008 ble vi et AS, og i 2009 kom Ferd inn. Vi gjorde omstillingen fra forening til AS ferdig først. Da fikk Johan Andressen plass i styret.

Intervjuer: Hva har Ferd hatt å si for dere? Økonomisk og for å bli bærekraftig?

Respondent: Det har hatt alt å si. Det å få rådgivning og at noen tror på deg etter så mange år, og også lærte meg forretningsutvikling og merkevarebygging som jeg har vært dårlig på, det vil jeg si har betydd enormt mye. For jeg er ikke noen gambler selv om jeg tar litt mer risiko enn gjennomsnittlig nordmann, men jeg risikerer ikke hus og hjem, jeg har aldri hatt dårlig råd i disse årene. Jeg har tjent penger ved siden av ved å ha flere oppdrag. Ferd har bidratt med rådgivning, skalering, hatt tro i oss, og hjelp med likviditet. Vi manglet for eksempel 500 000 i likviditet, og det fikk vi av Ferd.

Intervjuer: Så de har vært en viktig sikkerhet?

Respondent: Ja, absolutt. Vi fikk tid til å oppdage at det er et marked for sommerskoler, for eksempel. Bare det å få tid til det, det er ikke gjort over natt å snu forretningsmodellen. Jeg vil at Ferd har betydd alt, og det har snudd helt opp ned på mitt perspektiv på dette med frikapital og at vi har noen sikkerlig riker i dette landet. Dette tror jeg er utrolig bra! Fordi det gir mulighet til å skape nye ting fort og effektivt, og satse der det offentlige er alt for trege. I alle disse årene var jeg i Forskningsrådet og fikk litt penger her og der, men det var

ingen som så potensialet. Det var mye klapp på skulderen og her har du litt penger og sånn, men det var veldig spennende å få inn den næringslivskompetansen fra Ferd som så potensialet.

Intervjuer: I oppstarten, tror du det har vært vanskeligere for deg enn det hadde vært for kommersielle aktører? Da tenker vi på før Ferd kom inn. Med tanke på å få tilgang på kapital, for eksempel? Eller tror du det at dere har hatt en filantropisk profil, så har dere fått noe andre kommersielle aktører ikke ville ha fått?

Respondent: Ja, det har vi. Vi er jo glad for at vi f.eks. får låne gratis lokaler. Det er vi kjempetakknemlig for. Det er veldig viktig for at prisene ikke skal bli dyrere. Så vi prøver nå også å øke samarbeidet med kommunene for å kommunisere kursene våre. Men hvis jeg tenker en privat aktør, som skulle starte med dette nå: Man må jo så langt, før det er kommersiell drivverdig. Jeg tror ikke det er fristende for noe private aktører å gjøre det. Det har tatt veldig lang tid. Man må ha et veldig stort volum før det lønner seg. Så jeg ser at det er noe som prøver å starte nå, og jeg tenker bare at dere orker, hehe. Jeg vet at det der knekker du bare nakken på.

Intervjuer: Så det var en fordel å være ideell først?

Respondent: Nei, hvis jeg skulle gjort det på nytt så hadde jeg startet et sosialt AS med en gang. Og brukt teknikker fra næringslivet og kombinert det med sosiale mål. Det er jo startet med bare hjerte, og ikke med hode. Det er startet med rent idealisme og engasjement. Det er slikt Eddi (Pøbelprosjektet) og Marit (Forandringsfabrikken) har startet også. Det er liksom en annen verden enn Handelshøyskolen. Men nå har jeg lært det dere har lært. Så det handler om å kombinere de to verdene. Jeg tror alle sosiale entreprenører starter med hjerte, og ikke med hode. Vi har hatt en veldig typisk vekst, ved å gå via forskjellige organisasjonsformer. Det vet jeg er veldig typisk. Teste ulike forretningsmodeller er helt klassisk. Så nå gjør jeg det helt annerledes i Sverige, nå har jeg jo erfaringen. Det merker jeg er en helt annen måte å starte på. Det som er fint nå, er at når det kommer nye sosiale entreprenører, så ser jeg at de starter med en gang som sosiale AS og jobber med en forretningsmodell for å ha en dobbelt bunnlinje. Du har noen slike nye inne hos Ferd, som for eksempel Medarbeiderne. De har startet rett på som et AS. Det synes jeg er kjempespennende. Så de får hjelp til å se dette fra dag 1, og det mener jeg er stort fremskritt.

Intervjuer: Absolutt. Det er en fordel å tenke forretning. Det er tildeles det vi skriver om også.

Respondent: Ja, det tror jeg også. For det å leve fra hånd til munn og vente på statsstøtte, det er i hvert fall jeg lei av.

Intervjuer: Det tror vi ikke du er alene om uten å røpe for mye av hva andre har sagt. Det virker som den generelle tilbakemeldingen, også fra de som har jobbet mye med problemstilling som nesten selges kun til det offentlig, så er det blandede følelser der også. Hvert fall det med å skrive søknader, opplever mange som svært tidskrevende. I oppstartsfasen og/eller daglig drift, tror du dere har fått hjelp som du tror kommersielle entreprenører ikke ville fått?

Respondent: Ja, det har vi blant annet fått fra Ashoka. Du kan si at hvis vi ikke hadde fått Ferd, så hadde Ashoka spilt den samme rollen. Men siden vi var i Ferd systemet, så har vi ikke hatt det samme behov. Men vi bruker Ashoka nå, og diskuterer med dem. Og er veldig glad for å det nettverket nå som vi skal inn i Sverige. Det har alltid vært noe som backer oss. De gangen jeg nesten har gitt opp, har det alltid kommet, nesten helt mirakuløst, hjelp. NHO har blant annet vært en viktig støttespiller for oss. Flere av foreningene der, men Abelia spesielt. Teknisk Museum har i en periode vært partner og støttespiller. Oslo kommune og Utdanningsetaten har gitt oss masse tillitt og oppdrag, som vi har utviklet oss faglig på. Samtidig som de har vært fornøyd med våre leveranser.

Intervjuer: Vi snakket tidligere om at samarbeidet med offentlig hadde vært litt trøblete, men Oslo kommune skiller seg ut?

Respondent: Utdanningsetaten der har vært helt fantastisk.

Intervjuer: Er det individuelt hvem personen du møter er?

Respondent: Ja, det vil jeg si. Da de innførte sommerskoler, ringte jeg med en gang, for jeg så at det var noe vi kunne tenke oss å bli med på. Så ble vi kanskje de første som lagde sommerskole med naturfag i Norge. Så vi har holdt på det i 10-12 år. Etter hvert fikk vi etterutdanningsoppdrag og har også senere fått ansvar for Osloprøver i naturfag. Det har vært et veldig fint samarbeid i nettopp det å få tillitt som en privat aktør. Det vil

jeg trekke frem. Det har også vært andre kommuner som har vist oss tillitt underveis, og det er fortsatt kommuner som gjør det i dag. Men i tidlig fasen var det ekstra viktig.

Intervjuer: Vil du si at det er lettere å jobbe mot kommuner enn mot stat?

Respondent: Ja, det vil jeg si. Staten har vi enda ikke jobbet for.

Intervjuer: Du nevnte også gratis bruk av lokaler. Hva med frivillighet?

Respondent: Vi har lønnet alle hele tiden. Det er fordi vi føler at undervisningen stiller ganske mange krav: man må delta i møter, har ansvar for barn, faktisk er det også en del sikkerhetsaspekter. Så vi har følt at det har viktig å gjøre til en profesjonell jobb fordi man binder tiden sin så veldig.

Intervjuer: Foredraget du holdt på mandag, har du mulighet til å sende oss foilene? For jeg husker at du hadde med en oversikt over oppsplittingen av inntekter. De neste spørsmålene er om hvordan dere finansierer driften.

Respondent: Jeg kan sende dere foilene. Der står det veldig godt beskrevet.

Intervjuer: Det meste dere driver med er salg, får dere noe tilskudd fra offentlig eller private aktører?

Respondent: Vi får 1 million i året av Hydro.

Intervjuer: Så det er de strategiske samarbeidene dere har med næringslivet?

Respondent: Nei, vi ser på det mer som en del av forretningsmodellen vår. Det er ikke sponning, men et gjensidig samarbeid og utveksling av tjenester. Hydro gir 1 million, så kjøper de i tillegg tjenester. Vi yter jo noe tilbake for den 1 million vi får i året.

Intervjuer: Blant annet at de får kursplasser og lignende?

Respondent: Nei, det kommer i tillegg. Men at vi for eksempel har logoen deres på alt vi gjør.

Intervjuer: Hva er de største utfordringene Forskerfabrikken har med tanke på finansiering av driften?

Respondent: Jeg tror den største utfordringen må ha vært et par år før Ferd kom inn. Jeg klarte ikke å skalere kursene for barn. Det var ikke noe å leve av, men vi klarte å få inn et veldig stort etterutdanningsprosjekt på tre millioner i Oslo kommune. Jeg hadde en årlig omsetning på tre millioner i året, og da klarte jeg å si opp mine andre oppdrag og jobbet fulltid med Forskerfabrikken. Men jeg klarte ikke å se noen vei videre, for jeg visste at oppdraget hadde en tidsbegrensing. Hva skulle jeg gjøre etter det? Det føltes som et slags blindspor. Det var et veldig kritisk punkt, hvis ikke Ferd hadde kommet inn i den perioden så hadde jeg nok gitt opp.

Intervjuer: Det går også på det å ha få og store kunder, og den risikoen hvis noen trekker seg.

Respondent: Hvis du ser på den oversikten over inntektene våre, så har vi flere inntektskilder. Det er mye mer diversifisert sammenlignet med andre sosiale entreprenører.

Intervjuer: En annen ting er jo at dere var en forening i starten til å være et AS. Dere har gått fra å være veldig ideelle til kommersielle. Har dere opplevd noen holdningsendringer eller at dette har lukket noen dører? For eksempel ved salg til kommuner eller andre offentlige aktører?

Respondent: Ja, det er jo noen kommuner som møter oss med veldig stor skepsis fordi vi tar penger for noe som ikke har vært vanlig å ta penger for. Vi bli møtt med veldig stor skepsis fra Vitensenter nettverket i Norge, bortsett fra senteret i Trondheim, som vi har et samarbeid med. Vi blir beskyldt for å være kommersielle, men Vitensentrene er på statsbudsjettet. Da er det lett å kalle andre for kommersielle. Vi har laget en forretningsmodell som gjør at vi kan nå våre sosiale mål, men møter jevnlig kritikk om at vi er for kommersielle og man ikke vil samarbeide med oss. Vitensenter nettverket skiller seg ekstra ut i hvordan de forskjellsbehandler oss. De skal jo nå ut mest mulig ut nasjonalt og bygge opp lokale enheter. Vi har laget et kostnadseffektivt tilbud, og burde i det minste hatt et samarbeid. Vi har invitert dem to ganger, men det er kun senteret i Trondheim som har sagt ja. Det at vi er kommersielle, vil ikke si at vi er ute etter å tjene store penger. Vi er interessert i å dekke kostandene våre. Men stort sett, vil jeg si at vi møter utrolig mye godvilje. Vi velger å bare tenke på det, og veldig mye positiv respons. Jeg synes det er rart at et slikt nettverk som Vitensenter,

med et nasjonalt mandat og statsbudsjettstøtte, i så mange år holder oss ute fra flere nettverk når vi faktisk er landsomfattende. Det synes jeg er merkelig, og det bør stå i en rapport! Vi jobber mot det samme målet, og det er et så stort behov at man burde si ja til litt mangfold.

Intervjuer: Siden vi har snakket litt løs, så er det kanskje mulig at de påfølgende spørsmål allerede er blitt besvart. Men for å få en struktur, så bare går jeg gjennom spørsmålene. Hva har Forskerfabrikken gjort riktig for å sikre overlevelse og vekst? Jeg har en liten følelse her, hvis jeg kan få gjette. Det virker som dere har hatt en veldig lean start up der dere har skalert sakte men sikkert.

Respondent: Det er flere ting. Det er en faktor som sjeldent blir nevnt, men som har enorm verdi for oss. Og det er at han jeg er gift med, er en veldig dyktig programmerer. Han har lagt programvarer for oss, som kanskje ville kostet oss 10 millioner. Uten den programvaren, hadde vi aldri klart å administrere kurs over hele landet med alle de kurslederne og alle barna. Og han har jobbet gratis for oss i nesten 15 år, eller veldig dårlig betalt vedsiden av sin fulle jobb. Det er faktisk veldig godt gift. Man er veldig avhengig av støtte fra familien og gode nettverk. Jeg vil si at det å få et godt nettverk har jeg jobbet veldig aktiv for selv. Jeg var kjempenovøs da jeg skulle intervju og ansatte daglig leder, og hadde aldri vært på et intervju før. Så da tenkte jeg at jeg skulle ansette en som jeg liker å jobbe med. Det vi to er like på er at vi har orden i sysakene; det er ikke en ubetalt regning, det er ingen snusk i økonomien. Sånn har det vært fra dag 1, jeg har ikke tullet med en eneste krone. Jeg har levert regnskap til regnskapsfører med bilag for alt. Og det tror jeg det er kjempeviktig i det lange løp; at man er til å stole på og at man holder avtaler og kvalitet. Ditt gode rykte. Nå får vi antageligvis kunder fra dag 1 i Sverige, et svært konsern med 8 milliarder i omsetning. Det er fordi vi har gode referanser i Norge. Det er å være ordentlig. Jeg har sett en del som ikke lykkes og de er ikke med vilje uordentlig, men de er forferdelige rotebøtter. Det er også viktig å ha utholdenhet, og tørre å gjøre de kjedelige jobbene. Jeg har gjort ganske mange kjedelige jobber, og gjør det fortsatt.

Intervjuer: Mange vi har snakket med er så lei av ting de føler at de er nødt til å gjøre, som går i veien for det de egentlig skal gjøre. Da hender det at vi tenker, det er jo dette dere egentlig skal gjøre. Det er en del av det.

Respondent: Nå er jeg så heldig at jeg har fått lønnet folk til å gjøre ting, som jeg er dårlig på eller passe god til. Men jeg har en stund disiplinert meg til f.eks. sitte med regnskap, lagd faktura for hånd eller pakket til kurs, altså jeg har gjort alt de tingene. Man må ta i tak og gjøre ting. Det føler jeg ikke er et problem blant sosiale entreprenører. De er ikke redd for å ta i tak, de er sikkerlig iherdige folk. Oppsummert vil jeg si at utholdenhet er faktisk veldig viktig.

Intervjuer: Hvordan har miksen av inntekter endret seg i bedriftens levetid? Hva er i tilfellet grunnen til dette?

Respondent: Den har endret seg totalt. Den startet med kun inntekter fra forskerkurs for barn, og nå er den på 9 prosent.

Intervjuer: Men har det alltid vært salgsinntekter som har stått for brorparten av inntektene til Forskerfabrikken?

Respondent: Nei, når vi var en forening som var omtrent halvparten av inntektene en god stund bidrag og støtte. Når vi ble et AS ble dette snudd ganske fort da.

Intervjuer: Så det var frem til dere ble et AS at bidrag og støtte utgjorde en stor del av inntekter?

Respondent: Ja, da hadde vi i utgangspunktet 1 million i året fra Ferd og så fikk vi litt ekstra (til en ny stilling blant annet). Vi tok ut fra kontoen hos Ferd når vi trengte det, så det var ikke slik at vi bare fikk 1 million.

Intervjuer: Når begynte dere å selge forskerutstyr til barn?

Respondent: Vi begynte med det allerede i 2009. Satt opp en amatør nettside. Men det er først nå den begynner å ta av. I år ser det ut som vi kommer til å selge ut alle julekalenderne. Da blir det 7 millioner fra salg i nettbutikken. Vi har nå i oktober solgt over 58 prosent av julekalenderne våre.

Intervjuer: Fremover nå, ser dere for dere en strategisk endring av inntekter?

Respondent: Nei, det gjør vi faktisk ikke. Vi har funnet vår modell. Den skal bare skaleres, jobbe med kvalitet og rutiner. Vokse jevnt og trutt i Norge, og heller bruke overskudd til å skalere i utlandet.

Intervjuer: Tenker dere å vokse kun organisk?

Respondent: Ja, kun organisk. Vi ønsker ikke et franchisesystem, for eksempel. Vi har vurdert franchise, men kom frem til at vi vil ha kontroll på kvalitet, sikkerhet og merkevaren.

Intervjuer: Helt til slutt, hva er deres ambisjoner for vekst? Noen langsiktige mål?

Respondent: Jeg ser at hvis vi kan gå inn i store markeder, som Tyskland f.eks., så kan det blir flere hundre millioner i omsetning totalt. Det tror jeg er realistisk i løpet av 10 år. Det er ingen som gjør noe lignende i disse markedene. Vi har et så stort forsprang. I Sverige fikk vi bekreftet at vår styrke er at vi både tenker både tungt teoretisk på den faglige siden, men samtidig er vi såpass praktiske og hands on. For ofte er alternativer enten det ene eller det andre, men vi er begge deler. Vi har en ordentlig forankring, dette har jeg jobbet med i flere år nå. Jeg har sikret vår faglige forankring, så når jeg møter en pedagogisk leder i en barnehage så stoler hun på meg fordi jeg har en forankring og hun kjenner igjen tankene. Det må jeg faktisk innrømme at kom fra pro-bono tjeneste fra Geelmuyden Kiese, der jeg fikk beskjed om at min rolle burde være å kontinuerlig jobbe med å sikre den faglige forankringen. Så er jeg veldig opptatt av å finne en modell som samtidig i enda større grad tillater at vi kan jobbe mot våre sosiale mål. Det jeg synes hadde vært veldig spennende nå, er om vi kan klare å levere noe tilsvarende sommerskolepakken til SOS barneskoler eller til skoler i flytningsleirer. Det er vi veldig opptatt av.

Intervjuer: Apropos sosiale mål, har dere noen verktøy for å måle sosiale resultater?

Respondent: Ja, vi har opptatt av å måle om vi har en effekt på lang sikt. Det har vi gjort to ganger. Vi kaller den for «10 år etter»-undersøkelsen. Den kan jeg sende dere en rapport på. Vi har latt det gå tre år siden den forrige, så nå skal vi ta en ny undersøkelse. For vi vil ha barna gjennom videregående før vi Intervjuer dem. Da vil dere se at vi har en langsiktig effekt på folks yrkesvalg, dog selvopplevd.

Intervjuer: Ja, for det er kanskje litt vanskelig å vise til statistisk. For de som deltaker i kursene var kanskje i utgangspunktet allerede interessert i naturfag?

Respondent: Ja, hvert fall i første utvalget vi hadde. Da var det mange barn av høyt utdannede familier. Det er ikke representativt, men for hver gang vi gjør undersøkelsen nå så blir det mer og mer utover i landet. Men neste vil også være i Oslo og kanskje litt i Akershus. Så det er det som er gøy med å ha hatt systemet vår (Samlebåndet) fra dag 1, for vi har full call og oversikt på hvem som har deltatt.

Intervjuer: Tusen takk for at du deltok på intervjuet.