



Master's Thesis

**A One Stop Shop for Social Enterprise Resources
The Case of seToolbelt**



Donata von Doetinchem

Academic Advisor: Professor Susana Frazão Pinheiro

**Dissertation submitted in partial fulfillment of requirements for the degree of
MSc in Business Administration, at the Universidade Católica Portuguesa.**

September 2012

Abstract

Title: A One Stop Shop for Social Enterprise Resources - The Case of seToolbelt

Author: Donata von Doetinchem

The concept of social entrepreneurship has become well-established in business as a beneficial approach to achieve a desired social change. The purpose of this dissertation is to raise awareness of the field of social entrepreneurship, the needs of practitioners, and the opportunities of open source sharing as well as crowdsourcing in this area. At the beginning, an overview of the main literature and research on social entrepreneurship and the potential of Web 2.0 for firms is provided. The methodology adapted is a case study approach with the scope of presenting the story of seToolbelt, an online platform that aims to assist social entrepreneurs to grow successful social enterprises. The main challenges the company faces are addressed in the research questions and discussed in the teaching notes that enrich the case study. The first of seToolbelt's concerns is the ability to motivate users to participate, the second one the impact measurement of its operations. The dissertation concludes by indicating possible approaches to tackle these problems and to identify avenues to take.

Resumo

Título: Uma Loja de Balcão Único para Empresas Sociais - O Caso da seToolbelt

Autora: Donata von Doetinchem

O conceito de empreendedorismo social tornou-se bem estabelecido no mundo empresarial como uma abordagem benéfica para alcançar uma desejada mudança social. O objetivo desta dissertação é sensibilizar para a temática do empreendedorismo social, as necessidades dos seus profissionais, e as oportunidades de partilha de código aberto, bem como, crowdsourcing nesta área. No início, uma visão geral da principal literatura e pesquisa sobre empreendedorismo social e o potencial da Web 2.0 para empresas é fornecida. A metodologia adaptada é um estudo do caso apresentando a história da seToolbelt, uma plataforma online que visa apoiar empreendedores sociais a crescer empresas sociais bem sucedidas. Os principais desafios que a empresa enfrenta são abordados nas questões de pesquisa e discutidos nas notas de ensino que enriquecem o estudo do caso. A primeira preocupação da seToolbelt é a capacidade de motivar a participação dos usuários, a segunda a medição do impacto de suas operações. A dissertação conclui indicando possíveis abordagens para resolver estes problemas e identificando caminhos a tomar.

Table of Content

1	Preface	1
2	Introduction	2
3	Methodology and Research Design	4
4	Literature Review	5
4.1	Social Entrepreneurship	5
4.1.1	Definition of Social Entrepreneurship	5
4.1.2	History and Development of Social Enterprise	7
4.1.3	Industry Characteristics	8
4.1.4	Players in the Field of Social Enterprise	9
4.1.5	Needs and Behaviors of Practitioners	10
4.2	Innovation through Crowdsourcing	11
4.2.1	Open Innovation	11
4.2.2	User-driven Innovation	11
4.2.3	Crowdsourcing	12
4.2.4	Dissociation of Terms	13
4.2.5	Fields of Usage for Crowdsourcing	13
4.2.6	Motivations for Participation	14
4.3	Annexes	16
5	Case Study	20
5.1	How it began...	20
5.2	The Concept of seToolbelt	21
5.2.1	Naming the Project	21
5.2.2	Vision and Mission	22
5.2.3	Value Proposition – What did seToolbelt offer in detail?	22
5.2.4	Open Source Ethos	24
5.3	Organizational Structure	24
5.3.1	The Team	24
5.3.2	Board of Directors	26
5.3.3	Personnel Plan	26
5.3.4	Partnerships are Core	26
5.3.5	Technical Issues	30
5.4	Products and Services	30
5.4.1	Communication	31
5.4.2	The Challenges of Crowdsourcing and Open Source Sharing	32
5.4.3	Effects of Communication and Traffic Figures	32
5.4.4	Measuring Impact	33
5.5	Financials	34
5.6	Industry Characteristics and Competitors	34
5.7	Strategic Goals	35

Table of Content

5.8	Merger with W1SDØM	35
5.9	Recent Developments	37
5.10	Exhibits	38
6	Teaching Notes	51
6.1	Teaching Objectives	51
6.2	Additional Relevant Material	51
6.3	Teaching Questions	52
6.4	Analysis and Discussion	52
7	Conclusions, Limitations, and Future Research	58
7.1	Conclusions	58
7.2	Limitations and Future Research	59
8	Bibliography	60

List of Figures and Appendices

Figure 1 – Spectrum of Social Enterprise	8
Figure 2 – seToolbelt’s Objectives	23
Figure 3 - The PIC Resource Development Process	28
Figure 4 – seToolbelt’s Strategic Goals	35
Figure 5 – Initial Set of Services Offered by Merged Platform of seToolbelt and W1SDØM	36
Annex 1 – Characteristics of Three Models of Social Enterprise	16
Annex 2 – Selected Organizations in the Field of Social Enterprise	16
Annex 3 – Three-stage Process to Foster and Sustain Member Engagement	18
Exhibit 1 – Prospective Members of Board of Directors	38
Exhibit 2 – Overview of Personnel Costs	38
Exhibit 3 – Personnel Plan 2011 - 2015	39
Exhibit 4 – seToolbelt’s existing Content Partners, by February, 2012	39
Exhibit 5 – The PIC Resource Development Process	40
Exhibit 6 – Potential Grant Funders	40
Exhibit 7 – Overview of seToolbelt’s Products and Services	41
Exhibit 8 – Google Analytics Report for seToolbelt.org, period August 1, 2011 to July 31, 2012	43
Exhibit 9 – Practitioner Resource Needs Survey Results	44
Exhibit 10 – seToolbelt’s Annual Operating Plan 2012-2015 / Income Statement Projections	48
Exhibit 11 – seToolbelt’s Primary Competitors	49

1 Preface

Traditional profit maximization is no longer the only goal a business should strive for. Customers, the public and further company stakeholders are increasingly concerned with responsible consumerism, sustainability, and environmental issues. Companies have understood that their image can be positively influenced by applying an appropriate code of conduct that respects social responsibility, sustainability, and environmental awareness.

As part of my master studies I had the opportunity to study the concept of social entrepreneurship and to get to know the versatile areas where to apply it. During the preparation of my research, contacts to different firms have demonstrated that commitment in the field of social responsibility plays an essential role in their corporate strategy and is often part of their communication.

The dissertation seminar Entrepreneurship & Development with Professor Susana Frazão Pinheiro encouraged me to focus on social entrepreneurship. Once I had decided to dedicate my dissertation to this topic I was lucky to learn about seToolbelt, a young company with the mission to support social entrepreneurs through resources, tools, and a global peer learning network in planning, managing, and growing successful social enterprises. Thanks to my advisor, Professor Susana Frazão Pinheiro, I got in touch with Lindsay Miller, Director of seToolbelt at that time. With her support I was able to tell the story of seToolbelt and to dive further into the field of social entrepreneurship.

First of all, I would like to express my sincere gratitude to Lindsay Miller for dedicating time and effort to provide me with the necessary information and clarify my questions, even after she had officially left the seToolbelt team. I am deeply grateful to Professor Susana Frazão Pinheiro for her availability, assistance, and orientation during the dissertation period. Furthermore, many thanks are owed to my family and friends for their encouragement, support, and patience during the last months.

2 Introduction

The concept of social entrepreneurship has become well-established in business during the last two decades. It is recognized as a solution for various pressing social problems and for mitigating market failure. The purpose of this dissertation is to raise awareness of the field of social entrepreneurship, the needs of practitioners, and the opportunities of open knowledge sharing and crowdsourcing in this area. The main component represents the case study of seToolbelt, an online platform that aims to assist “social entrepreneurs [to] plan, launch, manage, and grow successful social enterprises.”¹

During the process of information gathering for the case study seToolbelt Director Lindsay Miller pointed out that the company is facing two main challenges at the moment. The first one concerns the ability to motivate users to participate in seToolbelt, the second one the impact measurement of seToolbelt’s operations. The objective of this dissertation is to provide possible approaches to tackle these problems and to identify avenues to take.

Throughout the compilation of the case study from April to August, 2012, seToolbelt was facing different challenges resulting from changes inside the organization as well as within its direct environment. Since the initiative was not a viable business yet, it continued to be dependent on funding partners. In summer 2012, the company was facing a serious funding problem as the existing grants were not sufficient to keep on going; on completion of the case study, no solution to the financial shortfall had been found so far. A further challenge posed the announcement of seToolbelt Director Lindsay Miller to leave the team by end of May. Due to the difficult funding situation the team had no financial means to hire a replacement for her. Apart from these internal challenges, a development in the field of social enterprise changed the competitive environment for seToolbelt: On May 15, the Skoll Foundation announced that Social Edge and Skoll World Forum would merge into a new platform, the Skoll World Forum Online. This new powerful competitor represented a new challenge for seToolbelt. At the same time, the merger with the online platform W1SDØM, planned since spring 2012, could be beneficial for both organizations to compete with the new rival. These developments demonstrate that the case on seToolbelt is the story of a young growing organization in a fast changing environment facing challenges of various kinds.

The dissertation is structured in six main chapters starting with explanations regarding the applied methodology and the research design (ch. 3). The literature review (ch. 4) aims to provide an overview of the existing research on social entrepreneurship and innovation through knowledge sharing and

¹ <http://www.setoolbelt.org/> [Accessed August 29, 2012].

crowdsourcing. This information is also necessary for students studying the case of seToolbelt to discuss and answer the teaching questions. Subsequently, the case study (ch. 5) is presented, followed by teaching notes (ch. 6) as guidance for instructors. Within the teaching notes the research questions are addressed and recommendations for seToolbelt's challenges are provided. The dissertation concludes with suggestions for seToolbelt's further development, limitations, and proposals for future research (ch. 7).

3 Methodology and Research Design

The methodology adapted is a case study approach with the scope of presenting seToolbelt's story from its inception until today. With regard to the style, it should be mentioned that "cases are written in the past tense. This way, they can be taught for years without seeming outdated" (Linder 1994, p. 4). This approach has been applied to the present case.

The data used is primary data collected in phone interviews as well as via e-mail correspondence with seToolbelt Director Lindsay Miller. Furthermore, secondary data sources like the company's business plan, reports, and working papers have been used.

In order to address the problems seToolbelt faces and to provide possible approaches to tackle them, the following research questions are brought forward:

Research Question 1: *How can seToolbelt's impact on the social enterprise field be measured?*

Research Question 2: *How can seToolbelt win more users and motivate them to participate?*

The questions will be discussed in the Teaching Notes together with further questions related to seToolbelt's future development options.

4 Literature Review

This chapter is dedicated to introducing the topic of social entrepreneurship, presenting different approaches to defining the concept, and providing details about the industry and players in the field. The second part of the literature review explains how firms can apply the potential of Web 2.0 to optimize their performance. The focus is on the topic of innovation through knowledge sharing and crowdsourcing and the motivations for participating in such activities.

4.1 Social Entrepreneurship

In general, the term “entrepreneurship” refers to the “capacity and willingness to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward.”² The social component adds an additional objective to the concept. Entrepreneurial principles are not only used to create profit, but also to achieve a desired social change in recognition of a social problem. This is, first of all, the plain meaning of the term “social entrepreneurship”. However, disagreement exists regarding the definition of its concept.

Before elaborating on the distinct perceptions of social entrepreneurship an assumption, based on Peredo & McLean (2006), is made in this dissertation concerning the relationship between “social entrepreneurship” and the term “social enterprise”. Social entrepreneurship is about the driven individual and its entrepreneurial activity, while social enterprise represents the organization in which this activity manifests itself (Chell et al. 2010). Though, for the purpose of this research, social enterprise will be equated with social entrepreneurship. This conception complies as well with seToolbelt’s view.

4.1.1 Definition of Social Entrepreneurship

During the last 20 years the idea of social entrepreneurship has become well-established in business. Both scholarly and popular commentators discuss the characteristics of organizations and initiatives engaging in social entrepreneurship. Leading business schools include the topic in their curriculum (Peredo & McLean 2006). Organizations like Skoll, Schwab, and Ashoka, have taken up the cause of social

² <http://www.businessdictionary.com/definition/entrepreneurship.html> [Accessed August 1, 2012].

entrepreneurship; their mission is to drive change, address social problems, and advance sustainable social innovation.³

However, despite the growing interest in this field, there is no clear definition of its domain (Zahra et al. 2009). ““Social Entrepreneurship” is one of the most misunderstood phrases in the nonprofit sector today. Everybody, it seems, has a different definition of what it means”(Boschee & McClurg 2003, p. 1).

Zahra et al. (2009) address this problem and provide an overview of existing definitions in literature. They present a list of 20 definitions and descriptions of social entrepreneurship and social entrepreneurs. Based on this compilation they “provide a definition that integrates common points of view” (p. 520). While commercial entrepreneurs are largely driven by profits and their performance is measured by financial returns (Austin et al. 2006), social entrepreneurs, in comparison, often pursue both social and economic goals. Zahra et al. (2009) summarize that, “on the whole, most existing definitions imply that social entrepreneurship relates to exploiting opportunities for social change and improvement, rather than traditional profit maximization” (p. 521). They conclude their observations by giving the following definition: “Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (p. 522). The Nobel Peace Prize winner and founder of the microfinance bank Grameen, Muhammad Yunus, gives a similarly wide definition: “Social entrepreneurship is a very broad idea. As it is generally defined, any innovative initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not-for-profit” (Yunus 2007). Austin et al. (2006) endorse Yunus’ statement when they define social entrepreneurship in the following way: Social entrepreneurship is an “innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors” (p. 2). Peredo & McLean (2006) argue as well “that the line between for-profit and not-for-profit (NFP) enterprises is hard to sustain as a significant boundary on social entrepreneurship. Indeed one thing that emerges from a look at the range of uses given to “social entrepreneurship” is the clear suggestion that the distinctions among public, private and NFP sectors become attenuated” (p. 64).

Common across all perspectives is the fact that social entrepreneurship is generally focused on creating social value and improvement through innovative methods (Austin et al. 2006). Kim Alter, founder of Virtue Ventures and seToolbelt, shares this view, too. Due to her experience with the funding problems

³ <http://www.skollfoundation.org/about/mission>;
<http://www.schwabfound.org/sf/AboutUs/OurMission/index.htm>; <http://www.ashoka.org/visionmission> [All accessed July 12, 2012].

of nonprofit organizations she thinks that they need to diversify their funding, be smarter, and look for alternative sources. In this context, business is a means to do that. In her opinion, social entrepreneurship is about being innovative and taking all valuable characteristics and principles that are typical for the business sector, like creativity, agility, discipline, and rigor, and bringing them to the nonprofit sector. Kim Alter's definition of social enterprise is therefore "a vehicle for mitigating a social problem or a market failure using business as a vehicle to do that" (Alter 2011).

The definition that will be taken as a basis for this dissertation will be the one provided in seToolbelt's Business Plan (p. 39): "Social Enterprise: The business of solving social problems or market failures by employing entrepreneurial, private sector approaches to increase effectiveness, sustainability, and impact. It is not a "thing", not a legal structure, nor a type of business, but rather a methodology that promotes integrated value creation – financial, social and environmental – to achieve social benefit or change."

4.1.2 History and Development of Social Enterprise

Throughout history, private parties have addressed certain social problems by providing services or goods "that were not, in their judgment, being adequately or appropriately provided by either business or government" (Dees 1996, p. 1). The problems addressed range from health and education to environmental sustainability, peace and security, tolerance and human rights. Traditionally, the private parties were structured as nonprofit organizations (Dees 1996), being depended on philanthropic activities and charity (Nagler 2007). However, during the past 30 years, the situation has changed dramatically. Operating costs have soared; due to increasingly strained government budgets and limited philanthropic funds the available resources have flattened; and the number of organizations competing for grants and subsidies has grown. That is why many nonprofits have realized that they have to find other ways (in addition to philanthropic resources) to ensure their survival; so they started to adapt more entrepreneurial modes of operations (Boschee & McClurg 2003; Dees 1996).

Elkington & Hartigan (2008) describe different organizational models for social enterprise that differ in leadership, management, and fund-raising styles: the "leveraged non-profit" model, the "hybrid non-profit" and the "social business" model. The characteristics of each model can be found in Annex 1.

Kim Alter chooses a similar approach when describing the social enterprise typology as a hybrid spectrum that lies at the intersection of business and traditional nonprofit. This spectrum includes four types of Hybrid Practitioners (see Figure 1). On the left side of the spectrum one can find nonprofits with

commercial activities that aim to generate income and economic value to fund social programs; their main motive is mission accomplishment as dictated by stakeholder mandate. The right side consists of for-profit organizations that act in a socially responsible way, but whose main motives are generating profits and redistributing it to their shareholders (Alter 2010).

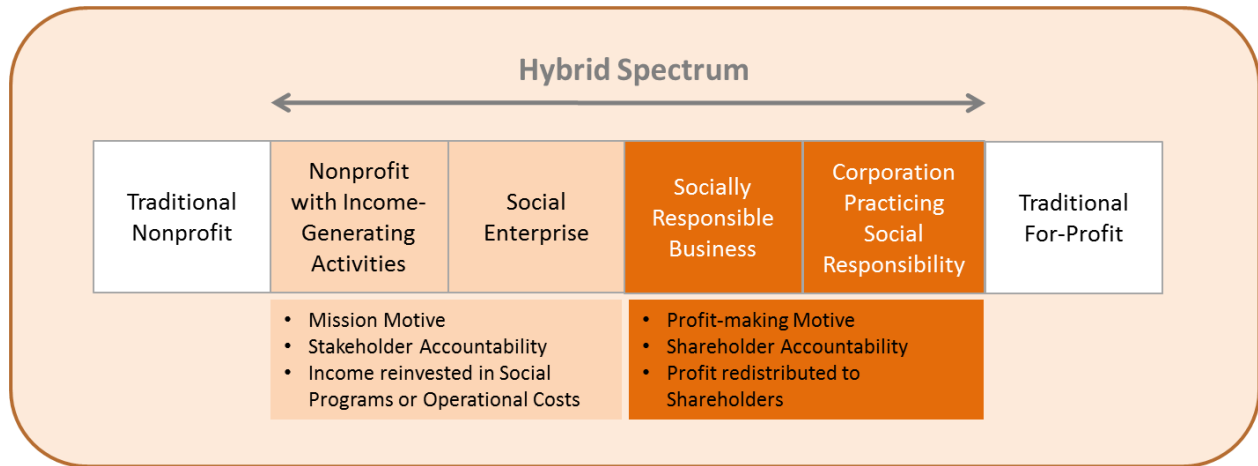


Figure 1 – Spectrum of Social Enterprise

Source: Alter 2010.

4.1.3 Industry Characteristics

Social entrepreneurship serves as a tool to diminish a market failure or to address a social problem. As social problems exist in various constellations and scenarios it is not easy to delineate the industry in which it takes place. seToolbelt observes “that “social enterprise” is becoming interchangeable with large and established do-good-ing industries like international development, philanthropic giving, social investment, and social business” (seToolbelt 2012, p. 19). The resulting collection of privately-controlled social-purpose organizations resembles the social sector (Dees 1996), also referred to as third sector. The term “third sector” has been coined in the UK and “is used to distinguish such organisations from the other two sectors of the economy: the public sector (‘government’) and the private sector (‘businesses’)” (National Audit Office 2009, p. 5).

The market volume of the social sector is huge, looking at amounts of money spent in international development aid. According to the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD) the donor nations provided \$133.5 billion in official development assistance in 2011 (OECD 2012). In the same year, private donations in the US reached \$298.4 billion (The Chronicle of Philanthropy 2012). Another indicator for the size of the market is the demand for services mostly supplied by social enterprises. Prahalad (2010) draws attention to the 4-5 billion poor

who are unserved or underserved by the large organized private sector, the so-called Bottom of the Pyramid consumers. A study by World Resources Institute/International Finance Corporation has shown that this group of consumers account for \$5 trillion in purchasing power parity terms. Moreover, “market development at the Bottom of the Pyramid will also create millions of new entrepreneurs at the grass root level” (Prahalad 2010, p. 6).

The mentioned figures give an idea of the dimensions the development industry and social enterprises are facing. Different sources affirm that this sector is growing faster than the rest of the economy.⁴

4.1.4 Players in the Field of Social Enterprise

Due to the diversity of social challenges that exist globally the amount of players in the field of social enterprise is huge. Support organizations for social entrepreneurship such as Ashoka, Schwab Foundation for Social Entrepreneurship, and The Skoll Foundation have emerged during the last 30 years. Their mission is to promote social entrepreneurship by providing a range of services to social entrepreneurs, raising awareness, and advancing understanding of social entrepreneurship in society. More details can be found in Annex 2.

Apart from these three important organizations other networking platforms and fellowship programs for social entrepreneurs offer membership benefits including access to networks, services, publications and content, and annual conferences or events. Among these are Social Enterprise UK, Social Enterprise Alliance (in the US), ClearlySo, and the Guardian Social Enterprise Network.

Furthermore, funders and organizations providing financial support to social enterprises are crucial players in the field. One of these is Acumen Fund that invests philanthropic capital in early-stage enterprises which tackle social problems. The loans or equity (no grants) are accompanied by a wide range of management support services. Several other funding institutions can be found in Annex 2.

Additionally, any kind of traditional nonprofit organizations as well as socially responsible business entrepreneurs have to be considered when talking about the actors in the spectrum of social enterprise. Consulting firms primarily specialized in supporting and advising social enterprises represent another group. Moreover, academics and educators studying and researching on this field are relevant players.

⁴ <http://www.socialenterpriselive.com/section/se100/management/20110711/vibrant-sector-defies-downturn-powerful-growth>; <http://www.dynamicbusiness.com.au/entrepreneur-profile/social-entrepreneurship-fastest-growing-sector-of-economy-16042012.html> [Both accessed August 17, 2012].

4.1.5 Needs and Behaviors of Practitioners

There is not much literature or academic papers on the needs of practitioners; probably because it is a topic from the practice. Nevertheless, the number of organizations offering assistance to social enterprise practitioners speaks for itself. There is definitely a need for support of social enterprises. As already mentioned in section 4.1.4 the types of support services vary from networking and community building, peer collaboration and cross-fertilization, access to content, resources, and publications to promoting social entrepreneurship in the public, consulting services, and funding, such as grants, seed financing, and capital.

With regard to seToolbelt's services - the open content resource hub - the statement of a social entrepreneur on the World Skoll Forum for Social Entrepreneurs, 2008 encourages this initiative: "It would be great if there was a one stop shop for social enterprise resources."⁵

Although the demand for a knowledge sharing platform is existent the challenge might be the behavior of social entrepreneurs and their attitude towards virtual resource sharing. As seToolbelt notes "social entrepreneurs are a difficult audience to engage virtually" (seToolbelt 2012, p. 19). Busy with their practical work their main focus lies on advancing their projects to approach their social goals. Knowledge management and sharing practices are less likely part of their mindset or have no high priority in their daily work.

An additional aspect worth to be considered when discussing the needs and behaviors of social entrepreneurs is the fact that "the ability to efficiently measure and demonstrate your impact [in the third sector] has taken on renewed importance in recent years."⁶ Companies acting in social business have to struggle even more than traditional businesses to prove to their funders that they create value and impact, especially in troubled economic conditions. Investors who seek new choices and are interested in investing in sustainable ventures that account equally for human, environmental, and financial return have to be convinced of the concept. Moreover, impact measurement benefits the organizational efficiency. That is why social enterprise practitioners need to install certain instruments to measure the impact of their venture.

⁵ <http://www.setoolbelt.org/about> [Accessed August 29, 2012].

⁶ <http://www.siaassociation.org/events/upcoming-events/charity-impact-measurement-conference/> [Accessed September 3, 2012].

4.2 Innovation through Crowdsourcing

Web 2.0 and social media play a central role in today's society, including the business world. Yet, companies have to "fully explore the possibilities of Web 2.0 [...] The next logical step is to apply the potential of Web 2.0 to optimize firm performance" (Schenk & Guittard 2009, p. 3). The concept of crowdsourcing is a beneficial approach to outsource company activities at low costs to the large group of internet users globally available and ready to contribute to projects for little or no remuneration. Although the first crowdsourcing activities have already taken place in 1998 with the creation of the platform InnoCentive, the term "crowdsourcing" first appeared eight years later. Since then various projects applying the concept have been initiated, discussions in online blogs and communities are ongoing, and books about the idea have been written. However, academic papers especially focusing on crowdsourcing are rare, and the concept of crowdsourcing is under construction. That is why crowdsourcing is often confused or conflated with other related concepts such as open innovation, user-driven innovation, and open source software (Schenk & Guittard 2009). In the following, these concepts are characterized and the similarities and differences presented.

4.2.1 Open Innovation

Traditionally, firms generated ideas for innovation in internal processes. As companies are rethinking the fundamental ways of managing their innovation activities a new tendency to attract innovation from outside the company has emerged during the last decade (Leimeister et al. 2009; Busarovs 2011). In 2003, Henry Chesbrough coined the term "Open Innovation" (Chesbrough 2003) as a "new paradigm for organizing innovation. It assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their innovations" (Chesbrough 2012, p. 21). Integrating external parties (stakeholders of the firm) in the research and development process "will open up the company's innovation funnel", in that way increasing the amount of innovation potential (Leimeister et al. 2009). The underlying assumption is the "wisdom of crowds" concept: "Under the right circumstances, groups are smarter, make better decisions and are better at solving problems than even the smartest people within them. On any one problem a few people may outperform the group. But over time collective wisdom is near-impossible to beat. No one, you might say, knows more than everyone" (Surowiecki 2004).

4.2.2 User-driven Innovation

Companies who want to make use of this principle have to understand that customers and users are one of the biggest resources of innovation (Leimeister et al. 2009). Leimeister et al. (2009) discuss three core

approaches how to involve customers: Lead-User Method, Internet Toolkits, and Ideas Competitions. The Lead-User Method integrates innovative customers, so-called lead users, into internal company workshops in order to generate concepts for new products or services. The other two practices are both internet-based. Via Internet Toolkits, customers are asked to design concepts for new products online via a software application. In Ideas Competitions, companies collect innovative ideas from customers related to a certain topic.

4.2.3 Crowdsourcing

As mentioned before, these practices of open innovation are based on the idea of “collective intelligence” and the “power of crowds” (Libert & Spector 2007), which can be summed up in the term “crowdsourcing”. The name “crowdsourcing” was invented by Jeff Howe in 2006 and is formed from two words, “crowd” and “outsourcing”. Howe defines crowdsourcing as “the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an open call” (Howe 2006). The job can either be carried out in peer-production or be performed by sole individuals. Essential is the use of the open call format that reaches a large network of potential laborers (Howe 2006). With regard to seToolbelt’s business concept, the slightly more inclusive definition of crowdsourcing that Howe recommends for the purposes of his blog should be mentioned: “Crowdsourcing need not require an active shift from current employees or contractors to the crowd; it can start with the crowd” (Howe 2006).

Estellés-Arolas & González-Ladrón-de-Guevara (2012) came to the conclusion that “the term “crowdsourcing” is a term in its infancy, which, as new applications appear, is undergoing a constant evolution.” Due to its use for a wide group of activities and its adaptability to different forms of practices various definitions exist in the literature. The authors’ overview of 40 different definitions clearly reflects the disagreement among scholars; and the result of their analysis is the following very broad definition that shows how difficult it is to pay tribute to all existing crowdsourcing processes:

“Crowdsourcing is a type of participative online activity in which an individual, an institution, a non-profit organization, or company proposes to a group of individuals of varying knowledge, heterogeneity, and number, via a flexible open call, the voluntary undertaking of a task. The undertaking of the task, of variable complexity and modularity, and in which the crowd should participate bringing their work, money, knowledge and/or experience, always entails mutual benefit. The user will receive the satisfaction of a given type of need, be it economic, social recognition, self-esteem, or the development of individual skills, while the crowdsourcer will obtain and utilize to their advantage that what the user has brought to the venture, whose form will depend on the type of activity undertaken” (Estellés-Arolas & González-Ladrón-de-Guevara 2012, pp. 9).

4.2.4 Dissociation of Terms

In literature as well as in practice the different terms and concepts in this area are frequently confused and sometimes conflated (Gobble 2012; Estellés-Arolas & González-Ladrón-de-Guevara 2012). In the following, light is shed on the relationships between open innovation, crowdsourcing, and open source.

In contrast to open innovation, only some crowdsourcing activities originate innovation of any kind. Crowdsourcing as one aspect of “network-driven innovation” usually delivers only pieces of an innovation which must still be synthesized, whereas the objective of open innovation is to generate a complete new offering. In conclusion, open innovation and crowdsourcing are differentiated by their products (Gobble 2012). However, they “fall within the same paradigm: knowledge is distributed and the opening of a firm's R&D processes can be a source of competitive advantage” (Schenk & Guittard 2009).

The term “open source” is related to the idea of free and open source software available for anyone without any access barriers. It takes its origins in the early days of computer programming when software developers and scientist freely exchanged codes they had created as part of their research culture (von Hippel 2005). In answer to the general trend toward development of proprietary commercialized software hacker communities promote the open source movement being persuaded “that intellectual property protection is unnecessary and indeed, unhelpful to innovation” (Chesbrough 2012, p. 21). According to Gobble (2012, p. 59) “open source is a philosophy as much as a methodology and its defining characteristic is an antipathy toward intellectual property laws and other limits on sharing. It is focused on peer collaboration as the engine of creation.”

With regard to the attitude toward intellectual property protections the open source and open innovation concepts come to accordance. However, they differ by the profit motive. “Open source is not in itself concerned with profiting from its creations” (Gobble 2012, p. 59), while open innovation processes utilize business models and are focused on capturing value (Gobble 2012; Chesbrough 2012).

4.2.5 Fields of Usage for Crowdsourcing

Relying on the power of crowds makes sense for diverse tasks, whether to create customized products or services that satisfy real customer needs, or to augment the innovation potential of a company through integration of external parties in the innovation process. But also in case of simple routine tasks that require human intelligence and that occur in high numbers crowdsourcing is an appropriate method.

Busarovs (2011) identifies two main approaches in recent literature how to structure crowdsourcing types: by kind of task and by size of reward for the participant. There exist three categories of tasks,

namely routine, complex, and creative (Schenk & Guittard 2009). The size of reward is divided into the following four categories: with no reward, penny rewards, dollars rewards, and millions reward (Borst & van den Ende 2007; 2008). Busarovs (2011) then combines both approaches in one matrix with nine fields to make crowdsourcing taxonomy more visual. The combinations routine task - dollars reward, routine task - millions reward, and complex task - millions reward are considered as not applicable in real life as no one will pay high rewards for simple tasks. It would go beyond the scope of this dissertation to explain all the details of Busarovs' approach and the case examples he provides per combination category. Therefore, only one case will be discussed, namely the one of the category creative task - no reward; this is the most suitable with reference to seToolbelt. The objective of the sample project "Management Innovation eXchange" (MIX) is to reinvent management for the 21st century. "The MIX is designed for all those who are frustrated by the limits of our legacy management practices" (Busarovs 2011, p. 55); it provides a platform where leading-edge ideas and practices can be documented, shared, and developed. Harvard Business Review and McKinsey & Company partner with MIX in launching this contest. The nonmonetary reward for winners will be significant recognition as management innovators on MIX, Harvard Business Review, and McKinsey Quarterly.

Further crowdsourcing examples of different types are: reCAPTCHA, InnoCentive, Threadless, Amazon Mechanical Turk, ModCloth, Lánzanos, Fiat Mio, and iStockPhoto (Busarovs 2011; Estellés-Arolas & González-Ladrón-de-Guevara 2012).

4.2.6 Motivations for Participation

Today in the age of new media technologies, such as the internet, "audiences do not merely use and seek pleasure from content. Audiences are producers and consumers, what futurist Alvin Toffler (1980) called a "prosumer" of media content" (Brabham 2008). Web 2.0 enables people to interact with websites and add information. It is very easy to publish work, connect with other people, and share and exchange information (Wikipedia 2012). To account for this development, recent studies on audience motivations for online media use have focused on the practice of open source software production. As explained before, open source software producers create software for free. According to different studies (Bonaccorsi & Rossi 2004; Hertel et al. 2003) the producers' motivator is the pleasure found in programming. Most of them do not expect to get paid or receive public recognition (Brabham 2008).

But such intrinsic motivation is not the only reason why individuals are drawn to crowdsourcing applications. Brabham's (2008) study on iStockphoto reveals "that the desire to make money [an

extrinsic motivator], develop individual skills, and to have fun were the strongest motivators for participation at iStockphoto” (Brabham 2008).

The examples demonstrate that there exist both intrinsic as well as extrinsic motivations for participation in virtual communities. Porter et al. (2011) developed a three-stage process that indicates the necessary steps for a firm to take to encourage and sustain engagement in virtual communities. The model considers both types of motivation and reveals that “engagement often is amplified by specific, proactive efforts on the part of a firm that provides members with the appropriate resources to create value for themselves and for the firm in a community it sponsors” (Porter et al. 2011; Wenger 2004). In detail, the model is explained in Annex 3.


4.3 Annexes

Annex 1 – Characteristics of Three Models of Social Enterprise

<p>Model 1: Leveraged Non-profit</p>	<ul style="list-style-type: none"> • A public good delivered to the most economically vulnerable, who do not have access to, or are unable to afford, the service rendered. • Entrepreneur and organization are change catalysts, with a central goal of enabling direct beneficiaries to assume ownership of the initiative, enhancing its longer-term sustainability. • Multiple external partners are actively involved in supporting the venture financially/politically. • Founding entrepreneur morphs into a figurehead as others assume responsibilities and leadership.
<p>Model 2: Hybrid Non-profit</p>	<ul style="list-style-type: none"> • As with model 1 ventures, goods/services are delivered to populations that have been excluded or underserved by mainstream markets, but the notion of making (and reinvesting) a profit is not totally out of the question. • Sooner or later, the founding entrepreneur typically develops a marketing plan to ensure that the poor or otherwise disadvantaged can access the product/service being provided. • Enterprise is able to recover a portion of its costs through the sale of goods/services, in the process often identifying new markets. • To sustain activities and address the unmet needs of poor or otherwise marginalized clients, the entrepreneur mobilizes funds from public, private, and philanthropic organizations in the form of grants, loans, or quasi-equity investments. • As mainstream investors and businesses enter the picture, they tend to push these ventures to become model 3 social businesses, to ensure access to new sources of funding, particularly capital markets. This may be warranted, but it risks refocusing activities to the point where the poorest will no longer be served.
<p>Model 3: Social Business</p>	<ul style="list-style-type: none"> • The entrepreneur sets up the venture as a business with the specific mission to drive transformational social and/or environmental change. • Profits are generated, but the main aim is not to maximize financial returns for shareholders but instead to financially benefit low-income groups and to grow the social venture by reinvestment, enabling it to reach and serve more people. • The entrepreneur seeks out investors interested in combining financial and social returns. • The enterprise's financing - and scaling - opportunities can be significantly greater because social businesses can more easily take on debt and equity.

Source: Adapted from Elkington & Hartigan (2008).

Annex 2 – Selected Organizations in the Field of Social Enterprise

Organization	Description
 <p>Ashoka http://www.ashoka.org/</p>	<ul style="list-style-type: none"> - Founded by Billy Drayton in 1980 – the first network of “social entrepreneurs” - Supports social entrepreneurs financially - Promotes networking and collaboration among Ashoka Fellows - “Build[s] an infrastructure that supports the growth and expansion of the field of social entrepreneurship, including seed financing and capital, bridges to the business and academic sectors”



Schwab Foundation for Social Entrepreneurship

<http://www.schwabfound.org/>

- Created by Klaus and Hilde Schwab in 1998
- Community building: over 190 social entrepreneurs form part of the Schwab Foundation community
- Social Entrepreneur of the Year competition
- Doesn't give grants or financial investment in organizations of social entrepreneurs
- Participation and involvement of social entrepreneurs at the meetings of the World Economic Forum
- Scholarships for students of partner university



The Skoll Foundation

<http://www.skollfoundation.org/>

- Created by Jeff Skoll, founder of eBay, in 1999
- Invests in social entrepreneurs through its award program, the Skoll Awards for Social Entrepreneurship
- Partnership with the Saïd Business School at the University of Oxford to launch the first academic center dedicated to social entrepreneurship, the Skoll Centre for Social Entrepreneurship
- Foster collaboration between social entrepreneurs through the annual Skoll World Forum and Social Edge (both are planned to merge until fall 2012 to the new Skoll World Forum Online)⁷
- Drive public awareness of social entrepreneurship through sharing stories of social entrepreneurs via films and broadcasting



Acumen Fund

<http://www.acumenfund.org/>

- Founded in 2001
- Fund using philanthropic capital as so-called patient capital. "Patient capital is understood as a debt or equity investment in an early-stage enterprise providing low-income consumers with access to healthcare, water, housing, alternative energy, or agricultural inputs." Acumen Fund's typical commitments of patient capital for an enterprise range from \$300,000 to \$2,500,000 in equity or debt with payback or exit in roughly seven to ten years. In addition, a wide range of management support services is provided to nurture the company to scale.
- Any financial returns are recycled into new investments.
- They address investors willing to take on a risk/return profile that is unacceptable to traditional financiers.



Echoing Green

<http://www.echoinggreen.org/>

- Founded in 1987
- Start-up funding, customized support services
- Networking: Global Network of Champions
- Has already provided more than 500 emerging social entrepreneurs working in more than 40 countries with \$31 million in start-up funding





Bamboo Finance

<http://www.bamboofinance.com/>

- Created in 2007
- Commercial investment firm managing \$250 million representing a unique portfolio of direct investments around the world
- Specialized in the financing of entrepreneurship using a market-oriented approach to deliver social value, environmental value and financial returns to investors.

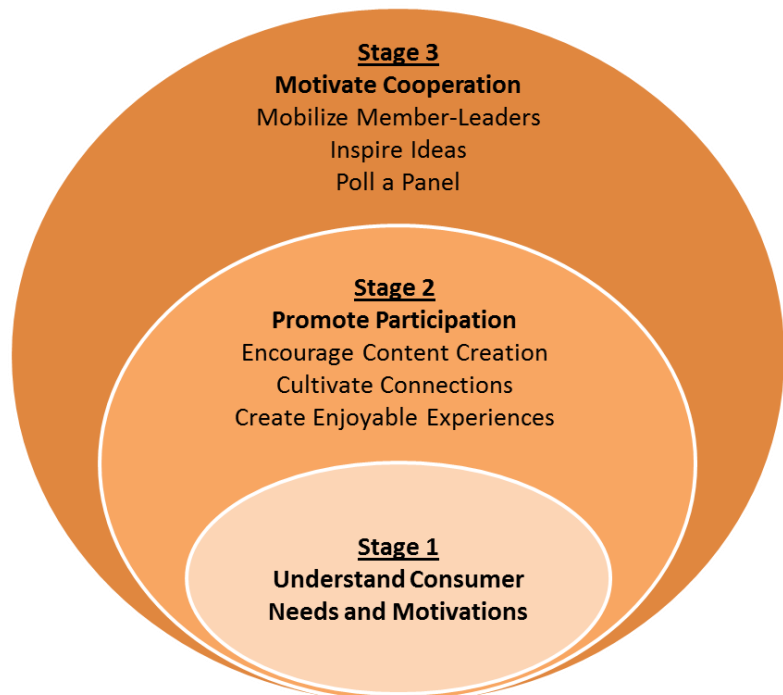
⁷ <http://skollworldforum.org/2012/05/15/social-edge-to-merge-with-skoll-world-forum/> [Accessed August 23, 2012].

 Kiva http://www.kiva.org/	<ul style="list-style-type: none"> - Founded in 2005, first online lending platform - “Leveraging the internet and a worldwide network of microfinance institutions, Kiva lets individuals lend as little as \$25 to help create opportunity around the world.”
 Calvert Foundation http://www.calvertfoundation.org/	<ul style="list-style-type: none"> - Founded in 1988, current programs were launched in 1995 - Uses investment capital of people to make positive social impact by investing in social businesses and nonprofit organizations, while also earning a financial return.

Source: adapted from the websites of the organizations.

Annex 3 – Three-stage Process to Foster and Sustain Member Engagement

First of all, the manager must understand the consumer needs that lead to intrinsic motivations. These might be of social nature, such as “perceiving significant overlap between their personal identity and that of other community members; viewing themselves as a valued member of the community; and feeling a general sense of belonging to the community” (Porter et al. 2011, p. 84). Or they might be of psychological nature, such as a need for recognition and status or enjoyment and fun. As “reluctance of members to contribute is a primary cause of community failure” (Porter et al. 2011, p. 85), it is crucial to provide additional motivation in the second stage. These extrinsic motivation efforts include:



- Encouraging content creation: offer the possibility to rank or tag content, initiate discussion-based events on topics (e.g., webinars), enable member-driven blogs;
- Cultivating connections among members and between members and community as a whole: proactively link subcommunities, promote cross-channel communications (i.e., meet both online and offline);
- Creating enjoyable experiences, i.e., gratifying both utilitarian (e.g., learning) and hedonic (e.g., fun, adventure) needs.

In the third step of the engagement process, the manager has to motivate the customers to cooperate, such that value is created for both the community members and the firm. To achieve this goal the members have to feel embedded and empowered, i.e., they do not only feel a sense of obligation to

support the community because they receive value in return, but also believe that their activities have real influence with the community. The following three efforts are effective to achieve this kind of cooperation: mobilizing member-leaders, inspiring ideas from members, and polling members for strategic insights.

Source: adapted from Porter et al. 2011.

5 Case Study

“It would be great if there was a one stop shop for social enterprise resources.”

Social Entrepreneur, Skoll World Forum for Social Entrepreneurs, 2008⁸

The story of seToolbelt started in 2007 when Sutia “Kim” Alter, Founder and Managing Director of Virtue Ventures LLC, felt the need for a collaborative forum for social enterprise practitioners to exchange ideas, knowledge, and resources.

5.1 How it began...

Virtue Ventures was a small, innovative management consulting firm working in the field of designing, launching, and managing social enterprises and nonprofit agencies. It dedicated itself especially to developing countries and transitioning economies. Founded in 2000 and located in Portland, Oregon, United States, Virtue Venture was committed to fostering social entrepreneurship through action-research, technical services and capacity building initiatives.⁹

During the daily consulting praxis Kim Alter experienced that a knowledge share platform would be a helpful tool to assist practitioners in the process of setting up and running their social business. When building a new business, a non-social entrepreneur required inspiration and support from others who contributed their experiences and knowledge. In the field of social venture knowledge sharing was even more important as these kinds of businesses often faced problems of distinctive features that had scarcely been addressed before. Furthermore, social entrepreneurs frequently faced barriers to finding or accessing appropriate resources necessary for advancing their projects.

The initial idea that established a basis for the creation of seToolbelt was to connect social entrepreneurs to exchange knowledge and experiences in order to enhance each other’s enterprises. Several additional aspects as explained in the following came along.

Most existing social enterprise literature was devoted to scholarly theories and inspirational stories that did not help social practitioners to plan and operate their business. Instead of the “top down” approach, which was common for the majority of social enterprise resources that were created and published by academic and funding organizations, a more hands-on approach driven by practitioners was needed.

⁸ <http://www.setoolbelt.org/about> [Accessed August 29, 2012].

⁹ <http://www.virtueventures.com/> [Accessed August 29, 2012]; seToolbelt 2012, p. 34.

Relevant strategic and management topics were not addressed sufficiently. seToolbelt saw this gap as opportunity.⁸

In addition to the objective of “filling the gap” seToolbelt aimed to address the issue of financial resources spent every year on creating knowledge products in the field of social enterprise. Yet, this wealth of resources is mostly stored in publisher’s own resource centers and libraries and not accessible for the public due to a proprietary culture or unreasonable costs. Even if the manuals, tools, and templates are publicly available they are kept in disparate locations or spread across issuer’s websites.¹⁰

A further dimension was added through the purpose of collaborative content creation. The peer network structure should enable addressing common social enterprise problems and collectively tackling challenges social entrepreneurs faced when planning, starting, and managing their ventures.¹¹

5.2 The Concept of seToolbelt

As a prerequisite to provide all these services Kim Alter and co-founder Vincent Dawans thought of an internet platform as basic tool where a virtual online community could come together with global reach.

Thus, the project of seToolbelt was born and Kim Alter, Vincent Dawans, and Lindsay Miller, who joined as Director, started to build “an open content resource hub supporting social enterprise practitioners to find, share, and collectively develop technical resources and tools to help them plan, launch, manage, and grow successful social enterprises.”¹² Although the project was reliant on seed financing in the beginning, the main goal was to become a self-sustaining company.

5.2.1 Naming the Project

Yet, the name of the platform had not been seToolbelt from the beginning. As the project was an outgrowth of a Virtue Ventures initiative (entitled “Social Enterprise: A Methodology for Building High Performance Organizations”) the name originally chosen was “Venturesource”, a combination of the terms “venture” and “resource”. On the one hand it referred to the parent organization; on the other hand it expressed the business objective – to provide the necessary resources for venture creation.

¹⁰ seToolbelt 2012, p. 4.

¹¹ <http://www.setoolbelt.org/collaborate> [Accessed August 29, 2012].

¹² seToolbelt 2012, p. 6.

However, VentureOne Corporation, a DowJones company, had already trademarked that term in 1997¹³. One day, Kim Alter received a letter from a lawyer informing her that the name had already been protected by copyright and asking her to change it immediately. Kim Alter and Vincent Dawans decided not to start a case. Therefore, the initiative was re-branded and officially launched as seToolbelt in January, 2011, operating the website www.setoolbelt.org. “se” in seToolbelt stood for “social enterprise”, thus indicating the project’s purpose: providing social enterprise practitioners with necessary tools for their daily work.

5.2.2 Vision and Mission

seToolbelt was driven by the vision to contribute to “a world in which social enterprise has merged with mainstream business, where business and social/environmental objectives are truly aligned rather than in conflict, where consumers demand responsibility, equity, and accountability of corporations, and where by the very nature of doing business, the world is made a better place.”¹⁴

In order to achieve the vision, seToolbelt defined its mission as following: “To enable social entrepreneurs to find, share, and develop practical resources through a global peer learning network to help them plan, start, manage, problem-solve, and grow successful social enterprises.”¹⁴ And seToolbelt intended to become “the leading aggregator of vetted, practical, free tools and resources for change agents worldwide.”¹⁵

5.2.3 Value Proposition – What did seToolbelt offer in detail?

seToolbelt offered a unique value proposition as it “is the first global platform for collective problem-solving and knowledge creation for social enterprise that brings a grassroots practitioner perspective to the fore.”¹⁶ seToolbelt had built up a resource library containing over 1,500 free toolkits, cases, articles, videos, examples, manuals, interviews, pod casts, business plans, frameworks, and templates. In order to eliminate any barriers between practitioners and the tools they need to succeed, all resources were available for free and without any registration or login requirements. Any user could contribute and submit content.¹⁷

¹³ United States Patent and Trademark Office, Trademark Electronic Search System (TESS) <http://tess2.uspto.gov/bin/showfield?f=doc&state=4002:7qq15q.2.1>. [Accessed July 12, 2012].

¹⁴ seToolbelt 2012, p. 9.

¹⁵ seToolbelt 2012, p. 4.

¹⁶ <http://www.setoolbelt.org/about>

¹⁷ seToolbelt 2012, p. 6.

A market research, that seToolbelt conducted during the start-up phase, suggested that “84% of social enterprise practitioners would benefit from strategic and managerial resources, while over 65% create[d] original technical resources because they [could not] find appropriate tools in the public space.”¹⁸ Therefore, seToolbelt’s objectives were:



Figure 2 – seToolbelt’s Objectives

Source: adapted from seToolbelt 2012, pp. 7.

seToolbelt’s value proposition serviced not only social entrepreneurs, but all players across the spectrum of social enterprise actors, ranging from traditional nonprofit professionals to socially responsible business entrepreneurs. To technical assistance providers like consulting firms in the area of social enterprise seToolbelt’s resource center offered helpful, practical tools for use in the field to support their constituents’ work. For funders, who were interested in supporting social enterprises, the library provided latest practical thinking and resources to help select, monitor, and measure successful social enterprises. Furthermore, academics and educators could benefit from the frameworks and case studies that were grounded in reality by using them to enrich their theoretical teaching materials and research agendas.

According to its vision and mission, seToolbelt aimed to become an international platform with global reach. By spring 2012, 50% of its traffic was international, being composed of users from 150 different countries among which a high density in India could be observed. The other 50% of its users came from UK, US, and Canada, which represented the most engaging countries in terms of social enterprise.

¹⁸ seToolbelt 2012, p. 7.

5.2.4 Open Source Ethos

The main objective that united all these purposes was an open source ethos. seToolbelt believed that social change was possible if social businesses got free and open access to the necessary social enterprise and organizational development resources.

Free and open access was one of the prerequisites for the open source philosophy. This meant no login requirements or fees. Therefore, seToolbelt abstained from any user registration or financial barriers that contravened the open source character and did not serve to build the kind of open source community for social enterprise practitioners that all would benefit from.

“Knowledge is power, and power should be shared!”¹⁹ This second prerequisite for the open source community was based on the idea that barriers to sharing only served to slow the development of the field of social enterprise and limit the potential social impact that could be achieved, if a truly open-source approach was cultivated. On the one hand, sharing of experiences, tools, and further resources with others working in the field could help to improve their business practice; on the other hand it could contribute to embed social enterprise approaches within mainstream business practice.

The seToolbelt team believed that open source sharing and crowdsourcing could contribute highly to advancements in the third sector. They drew the comparison to the open source ideology in software development: The developer of a program shared the source code with other users or developers worldwide who worked on the code and produced as final result a vastly improved source code. In a similar way, collaborating in the process of resource and tool creation for social enterprise could serve to advance the quality and the value of the content, thus enhancing the impact of practitioners working to solve social problems, and thereby the wider field of social enterprise.¹⁹

5.3 Organizational Structure

As a young and growing company with limited funds, seToolbelt had to start with a small team in order to keep the expenses low.

5.3.1 The Team

The seToolbelt team consisted of three persons, Sutia “Kim” Alter, Vincent Dawans, and Lindsay Miller.

¹⁹ <http://www.setoolbelt.org/about/ethos> [Accessed August 29, 2012].

Sutia “Kim” Alter

As Founder and Managing Director of Virtue Ventures, Sutia “Kim” Alter took the role of Strategy Advisor for seToolbelt. When seToolbelt was officially launched in 2011, she could rely on her experience in the area of social business gleaned over the last 20 years. Kim Alter’s career as a social entrepreneur started when she co-launched and directed a social enterprise, Visions in Action, with operations in five African countries. In 2000, she founded Virtue Ventures LLC. Alter is also a founding member of the Social Enterprise Alliance, and served on the board of directors for three years. Due to her practical contributions to the social enterprise field Kim Alter was appointed Visiting Fellow to the Skoll Centre for Social Entrepreneurship at Saïd Business School, University of Oxford in 2004. There, Kim Alter conducted research and taught courses on social entrepreneurship.

She was widely considered a social enterprise “thought leader” and therefore invited to numerous conferences and events as keynote speaker; among these were the Skoll World Forum on Social Entrepreneurship and the Asian Social Entrepreneurs Summit (ASES) in Seoul, Korea in October 2008. Kim Alter had worked so far in 40 countries in Europe, Asia, Africa, Latin America and the Middle East and in a wide variety of industries and sectors.²⁰

Vincent Dawans

Due to his expert knowledge in the field of IT solutions Vincent Dawans was nominated Chief Technical Officer at seToolbelt. When he joined Virtue Ventures as Partner he had already worked as system analyst and developer and in management consulting. From then on, he participated in a variety of social enterprises and international development agencies and championed Virtue Ventures’ initiative, “Social Enterprise: A Methodology for Building High Performance Organizations”, which resulted in the inception of seToolbelt. As system engineer and programmer, Drupal²¹ specialist, and open source champion all design and web development work of seToolbelt was attributed to Vincent Dawans. He had worked before on projects in East Africa, West Africa, India, Peru, Indonesia, as well as around the United States.²²

Lindsay Miller

Lindsay Miller joined Virtue Ventures in 2008 as Associate Consultant who fostered the growth of social enterprises and nonprofits in the US and abroad by providing technical assistance and advisory support.

²⁰ <http://www.virtueventures.com/about/team/kim-alter> [Accessed August 29, 2012]; seToolbelt 2012, p. 34.

²¹ See section 5.3.5 Technical Issues.

²² <http://www.virtueventures.com/about/team/vincent-dawans> [Accessed August 29, 2012]; seToolbelt 2012, p. 35.

She gained international working experience in ecotourism and skills training projects for indigenous women in Chile and Mexico and in infrastructure development projects in Nepal. Lindsay Miller was a Skoll Scholar in Social Entrepreneurship at Oxford University's Saïd Business School where she earned her MBA degree. In October, 2011, Lindsay Miller was appointed Director of seToolbelt.²³

5.3.2 Board of Directors

Additionally, it was planned to establish a Board of Directors to provide guidance by reviewing and advising on seToolbelt's strategic decisions. The prospective members of the Board (see Exhibit 1 for details) were leaders in the social enterprise and "changemaking" fields; that is why they were able to support seToolbelt's development through providing connections to larger networks of investors, funders, potential clients, and users. Furthermore, the Board monitored the business activities, supervised the use of funds, and accounted for the company's legal and regulatory compliance.²⁴

5.3.3 Personnel Plan

In line with seToolbelt's growth strategy (see later in section 5.7 Strategic Goals) the personnel plan considered a deliberate and careful expansion of the team. As payroll costs constituted a high percentage (around 84% on average according to seToolbelt's income statement²⁵) of total expenses, it was important for the company to keep them as low as possible in order to reach the goal of a viable business. Therefore, they cooperated with volunteers and paid interns. Exhibit 3 provides an overview of the personnel plan.

5.3.4 Partnerships are Core

seToolbelt relied on five different kinds of partnerships which are described in the following.

5.3.4.1 Content Partners

First of all, there were Content Partners who contributed resources directly to the library, thus ensuring that the most current and relevant resources were available to users. They provided content related to a variety of industries, disciplines, geographical regions, and languages; and it was in their responsibility to maintain and manage their own resources. The incentive for content partners to cooperate was the gain of access to seToolbelt's global community of practitioners and promotion on the website and through

²³ <http://www.virtueventures.com/about/team/lindsay-miller> [Accessed August 29, 2012]; seToolbelt 2012, p. 35.

²⁴ seToolbelt 2012, p. 36.

²⁵ See Exhibit 2.

social media communications. Moreover, they benefited from valuable feedback from users about resources they contributed.²⁶

In February 2012, seToolbelt maintained content partnerships with 28 different organizations. Among these were Enterprising Nonprofits, Social Enterprise Associates, Demonstrating Value, Ashoka Changemakers, and Grassroots Business Funds.²⁷ Furthermore, Virtue Ventures as parent company contributed resources and content.

5.3.4.2 Network Partnerships

Network Partnerships formed another important type of partners as they ensured access to existing networks of social entrepreneurs and other players in the field that were important to build seToolbelt's community of users. "By engaging with multiple network partners, seToolbelt [was] able to link existing networks [...] as well as to convene a global practitioner community across fragmented social enterprise markets."²⁸ As of May, 2012, Social Enterprise Alliance was the first and only network partner seToolbelt had brought on. The objective was to connect with the main existing networks operating in the field of social enterprise, e.g. Development Marketplace, Skoll, Schwab, Social Enterprise Coalition, Ashoka, GSBI, ANDE. In addition, network partners were appropriate leaders of Practitioner Innovation Communities which fostered joint problem-solving and new resource creation.^{28 29}

A further development announced opportunities to enlarge the network: A partnership with the community W1SDØM, planned to start in the summer of 2012, would entail several other partners that seToolbelt was hoping to engage with. The details and impact of this merger will be discussed later on in section 5.8.

5.3.4.3 Collaboration Partners

"seToolbelt [was] a collaborative forum where social entrepreneurs [could] collectively tackle challenges."³⁰ That is why Collaboration Partners, as the third kind of partnership, represented the core of seToolbelt. Many issues social entrepreneurs were confronted with when planning, starting, and managing their businesses were of a common nature. Therefore, seToolbelt decided to give room to "the mutual desire to address common social enterprise problems"³⁰ by facilitating and synthesizing community discussions, in both online and offline working groups. Thus, cross-fertilization and peer learning could be promoted and content creation could be facilitated.

²⁶ seToolbelt 2012, p. 12; <http://www.setoolbelt.org/about/partners> [Accessed August 29, 2012].

²⁷ See Exhibit 4 for a complete list of Content Partners.

²⁸ seToolbelt 2012, p. 12.

²⁹ <http://www.setoolbelt.org/about/partners> [Accessed August 29, 2012].

seToolbelt had two distinct collaborate programs: **Practitioner Innovation Communities (PICs)** and **Social Enterprise Capacity Building Labs (SECBL)**.³⁰

Practitioner Innovation Communities

Users, who had a mutual desire to find solutions to certain “pain points”, formed a PIC, either as an online or offline working group. The members engaged in collective problem-solving and created content and tools appropriate for the problem.

“seToolbelt’s role was to facilitate the PIC process and in doing so, greatly reduce the work burden on participants.”³¹ The typical PIC resource development process showing seToolbelt’s responsibilities is presented in Figure 3. Using a bottom up market research method enabled by seToolbelt, practitioners identify the problem (1.), self-select a volunteer “working group” and define the output (2.). Subsequently, seToolbelt adds technical value to maximize efforts in an iterative process (3.). Distilling results enables to develop prototype resources and field-testing the tool (4.), followed by refining the resource-prototype to create a “product” (5.) which will be disseminated for free by seToolbelt (6.). For more details see Exhibit 5.

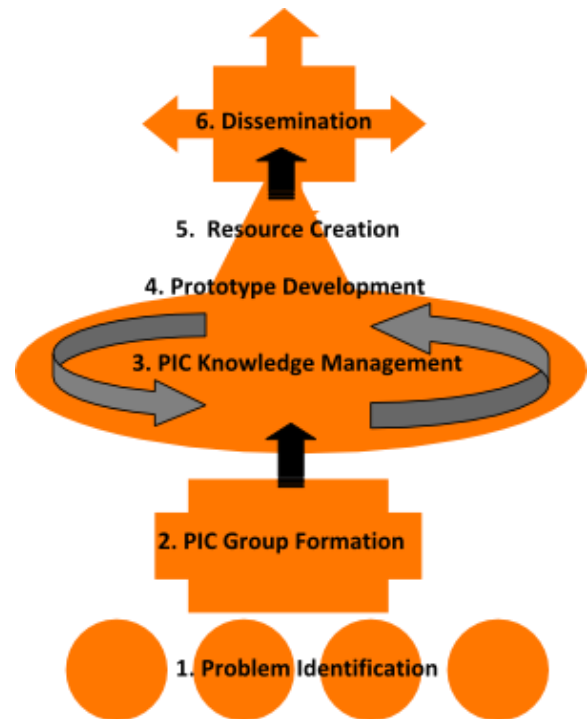


Figure 3 - The PIC Resource Development Process

Source: <http://www.setoolbelt.org/collaborate/pics>
[Accessed August 29, 2012].

Social Enterprise Capacity Building Labs

Another collaborate program were the Social Enterprise Capacity Building Labs (SECBL). Characteristically, these labs were intensive year or multi-year special interest projects directed at strengthening the capacity of participants while solving complex technical questions in social enterprise. In contrast to PICs, much of the work was conducted offline working directly with practitioners in developing countries. Some SECBLs followed a PIC in order to support the implementation process of a newly developed tool; others were created as stand-alone initiative.³²

³⁰ <http://www.setoolbelt.org/collaborate> [Accessed August 29, 2012].

³¹ <http://www.setoolbelt.org/collaborate/pics> [Accessed August 29, 2012].

³² <http://www.setoolbelt.org/collaborate/secbl> [Accessed August 29, 2012].

5.3.4.4 Language Partnerships

In order to enlarge the global reach of seToolbelt, Language Partnerships were essential to support the translation of relevant resources, tools, and the user interface into multiple languages. Yet as of May 2012, the area of language partnerships offered enormous room for improvement. Only 1.5% of all available resources in the library were published in another language than English.³³ The issue was that translation work was very costly.

5.3.4.5 Funding Partners

Without several Funding Partners seToolbelt would not have been founded. The first funds came from the Skoll Foundation in 2007 to support the Virtue Venture initiative “Social Enterprise: A Methodology for Building High Performance Organizations”, which strove towards addressing “the lack of sound technical and methodological resources for social enterprise as well as to test practitioner-led collaborative resource development.”³⁴ This “Field Building” grant amounted to \$100,000. The setup of the online resource library was fostered by Care Enterprise Partners in the same year. From 2008 to 2009, The SEEP Network and Grassroots Business Fund engaged in research on cooperative peer resource creation by sponsoring workshops and providing the technology platform. The Great Bay Foundation contributed in-kind support by providing “unfettered access to their portfolio of social enterprise investees for primary research [...] The Skoll Center for Social Entrepreneurship at the University of Oxford sponsored practitioner surveys and focus groups at the Skoll World Forum for Social Entrepreneurs in 2007.”³⁴ Finally, a seed grant from United States Agency for International Development (USAID) amounting to \$100,000 made the official launch of seToolbelt in January, 2011 possible.³⁴

All of the described activities resulted in the inception of seToolbelt. However, once launched, funding partners continued to be necessary as seToolbelt was not a viable business yet.³⁴ Exhibit 6 provides an overview of potential funding partners. In summer 2012, the company was facing a serious funding problem as the existing grants were not sufficient to keep on going.

The partners did not only serve one type of partnership. Overlaps were possible and very common as the number of players in the field of social business was manageable and they were generally well connected among each other. A network partner like Skoll, for example, was also a content partner and aggregated practitioner lessons and perspectives.

³³ <http://www.setoolbelt.org/search/resources> [Accessed August 29, 2012].

³⁴ seToolbelt 2012, pp. 8.

5.3.5 Technical Issues

The core of seToolbelt was the online platform. Therefore, it was crucial to have a robust and flexible system that was adaptable to the requirements. seToolbelt's team decided to use the free software of Drupal, an open source content management system powering millions of websites and applications. Drupal software was maintained and developed by a community of 630,000+ users and developers who were constantly working to make sure Drupal was a cutting-edge platform that supported the latest technologies that the web had to offer.³⁵

Besides epitomizing seToolbelt's open source ethos Drupal's system was both powerful and flexible, and easy to integrate with other web development platforms. Furthermore, it offered the technical possibilities to add participatory feedback, rating systems, discussion groups, submissions, online workspaces, distance learning, webinars, online conferences, etc.³⁶

5.4 Products and Services

As mentioned before, the open source ethos was central to seToolbelt's business. However, seToolbelt's precondition was that a user who wanted to engage with other users or use premium services had to register. Besides creating your own account on the website, seToolbelt allowed openID login via Facebook, Yahoo, Twitter, Google and other providers.

The broad array of products and services seToolbelt offered ranged from free of charge services for all users to paid services for premium users. The free services included access to the resource library, sharing resources, networking with other seToolbelt users in forums and discussion groups, and participation in PICs. Premium users gained access to paid resources, Premium PICs, private networking groups, and were allowed to place custom resource requests. Premium membership were paid by the individual users, however, seToolbelt expected "the majority of paid memberships [to] be sponsored by foundations, funders, or other institutions as a service and support to their constituents"³⁷. In addition, consulting services to create original content or adapt existing content to meet the needs of constituents were available. These services required high levels of engagement from seToolbelt's side, thus they were associated with higher costs.³⁷ Exhibit 7 provides a detailed overview of seToolbelt's products and services.

³⁵ <http://www.drupal.org/about> [Accessed July 15, 2012].

³⁶ seToolbelt 2012, p. 31.

³⁷ seToolbelt 2012, pp. 27.

5.4.1 Communication

“Social entrepreneurs [were] a difficult audience to engage virtually.”³⁸ Busy with their practical work their main focus was on advancing their projects to approach their social goals. Knowledge management and sharing practices were less likely part of their mindset or had no high priority in their daily work.

On the other hand, seToolbelt had only devoted few resources during its first year to push the implementation of an aggressive marketing strategy³⁸ in order to raise awareness for the services it offered and the need of practitioners’ participation.

Their main strategy to strengthen popularity and reputation and to raise awareness was to gain access to existing networks of other organizations. As already mentioned in section 5.3.4, Social Enterprise Alliance (SEA) was the first and so far only network partner of seToolbelt; and seToolbelt benefited from the customer data base SEA disposed of. In the beginning of their partnership they had hoped to sync logins and include SEA network members as members of seToolbelt. That would have facilitated the collaboration significantly, however, had not materialized due to resource constraints and challenges with SEA existing member data base and login system; it had been pieced together over the years and did not lend itself easily to integration at this point. But together both organizations created a co-branded site version, “SEA knowledge Center powered by seToolbelt” (<http://toolbelt.se-alliance.org/>), which offered access to seToolbelt’s resource library and collaboration service. The planned merger with W1SDØM discussed later in section 5.8 had brought additional value in terms of user integration.

Moreover, seToolbelt relied on a promotion plan which was a combination of web-based marketing communications and in-person sales effort. As of June 2012, the different communication channels were:

- Social media: daily Twitter feeds “Resource of the Day” to highlight new content on the site; presence on Facebook
- Conference and events presence
- Web-based advertising (Google Ads)
- Print flyers, brochures, and postcards
- Regular postings on partners’ blogs such as Blog “Social Earth”
- Outreach and cross-promotion by partners, collaborators, networks and affiliates
- Competitions, lotteries, and other “giveaways” to engage users.³⁹

³⁸ seToolbelt 2012, p. 19.

³⁹ seToolbelt 2012, p. 30.

5.4.2 The Challenges of Crowdsourcing and Open Source Sharing

The most important objective of an online platform like seToolbelt, whose activities relied on the concepts of crowdsourcing and open source sharing, was to ensure traffic on the platform. Involved and committed users who participated in discussions and contributed content represented the essential component. Therefore, the company's main concern was to attract users. The more people joined, the more resources were published, and the more attractive the platform became. Thus, even more people would join.

As already mentioned in the previous section, seToolbelt followed different approaches to spread the word and to engage users. A very innovative initiative was the resource competition that seToolbelt completed for the first time in October, 2011. In order to close the gap of practitioner-focused technical resources accessible to the public, users were invited to submit previously unpublished or unavailable resources relevant to social enterprise. A judging panel, composed by internal and seToolbelt partner judges determined the winning resources which were awarded cash prizes. The result of the first and a second competition in February, 2012 were 30 entries of previously unpublished tools and resources.⁴⁰

5.4.3 Effects of Communication and Traffic Figures

A slowly increasing number of followers and overall growing traffic on the website indicated the effect of the communication activities. However, when looking at the most recent website traffic report⁴¹ from July, 2012, Director Lindsay Miller was not satisfied yet with the contribution to and collaboration on the platform. Although the user base of 250 registered users in February, 2012 had grown to 450 registered users by July, 2012, the number of visitors had dropped significantly during the last three month. While there had been nearly 4,000 visitors in March and April, the number decreased by 50% for May to July to less than 2,000 unique visitors to the site per month. In total, the platform counted 21,815 unique visitors from August 1, 2011 to July 31, 2012; 24% of them returned regularly to the site. The average duration of a visit was a bit more than three minutes and 2.53 pages were visited on average. The website experienced a bounce⁴² rate of 52.42%.

⁴⁰ seToolbelt 2012, pp. 10 & 27.

⁴¹ Data from Google Analytics report for <http://www.setoolbelt.org>, see Exhibit 8.

⁴² Internet marketing term used in web traffic analysis. According to Google Analytics' definition the bounce rate represents the percentage of single-page visits or visits in which the person left a certain site from the entrance (landing) page. This metric is used to measure visit quality. A high bounce rate generally indicates that site entrance pages aren't relevant to the visitors. (Source: <http://support.google.com/googleanalytics/bin/answer.py?hl=en&answer=81986> [Accessed August 7, 2012]).

Content partnerships existed with 28 organizations and 1,588 resources were available in the library, among these 150 grey literature resources. The number of seToolbelt's Twitter followers had grown from 665 in February to 790 in July, 2012.

In spite of the positive developments, Lindsay Miller knew that she had to find a way to boost the participation in knowledge and resource sharing. In order to approach the goal of eventually becoming a self-sufficient business, the seToolbelt team had to adapt its services even more precisely to its target group and analyze and understand the motivation for contributing.

That is why Lindsay Miller conducted a market research to identify the practitioners' resource needs and their behavior with regard to the use of resources and their search attitude. In this way, she hoped to find out about the most conducive ways to engage with the audience of busy change makers.

The "Practitioner Resource Needs Survey" took place from April 15 to May 31, 2012 and was accessible via www.seToolbelt.org. As incentive to fill in the survey, seToolbelt arranged a prize draw among all participants in which they were giving away a free seToolbelt Resource Consultation worth \$250. The survey was promoted on seToolbelt and through Social Enterprise Alliance and supported by The Roberts Enterprise Development Fund (REDF). A total of 54 complete responses were collected. The survey included eight questions related to the background and resource needs of social enterprise practitioners. The details can be found in Exhibit 9.

5.4.4 Measuring Impact

Apart from the challenge of motivating social enterprise practitioners to share their resources, impact measurement represented a further issue. "By design, seToolbelt aim[ed] to have large scale impact across sectors by systematically supporting the social enterprise working to improve the world"⁴³. To prove the importance of its work and to argue for its raison d'être the problem the company faced was tracking the impact of its work. As most of its resources linked to authors' websites, seToolbelt was only able to track clicks on links to outside websites, but not if the resource was downloaded. That information was captured in the author's page's own analytics only. Furthermore, it was difficult to evaluate or capture the tangible or intangible impact that accessing resources had on a given entrepreneur or organization.⁴³

Especially in the third sector, where seToolbelt operated, impact was important. Companies acting in social business had to struggle even more than traditional businesses to prove to their stakeholders that

⁴³ seToolbelt 2012, p. 10.

they performed well and had impact. Investors seeking new choices and interested in investing in sustainable ventures that accounted equally for human, environmental, and financial return had to be convinced of the concept.

5.5 Financials

According to seToolbelt's fundraising plan set up in the end of 2011, its operations relied on total grant funding of \$350,000 from 2012-2014.⁴⁴ Beginning of 2015, the business was projected to be self-sustaining. A detailed annual operating plan is provided in Exhibit 10.

5.6 Industry Characteristics and Competitors

The social enterprise industry consisted of many different players in a huge diversified field that was difficult to delineate. As already discussed in the section about seToolbelt's value proposition (section 5.2.3), its market consisted of all players across the spectrum of social enterprise actors. "The bottom line [was] that "social enterprise" [was] becoming interchangeable with large and established do-good-ing industries like international development, philanthropic giving, social investment, and social business, meaning that the "pie" available both to social enterprise practitioners and the initiatives supporting them [was] getting bigger."⁴⁵ Consequently, other players existed that offered similar services in order to support social enterprises. The table provided in Exhibit 11 gives an overview of seToolbelt's primary competitors and expands on their similarities, differences, strengths, and weaknesses.

⁴⁴ seToolbelt 2012, p. 38.

⁴⁵ seToolbelt 2012, p. 19.

5.7 Strategic Goals

In addition to the operating plan, seToolbelt had defined the following strategic goals and objectives to be reached by 2015:

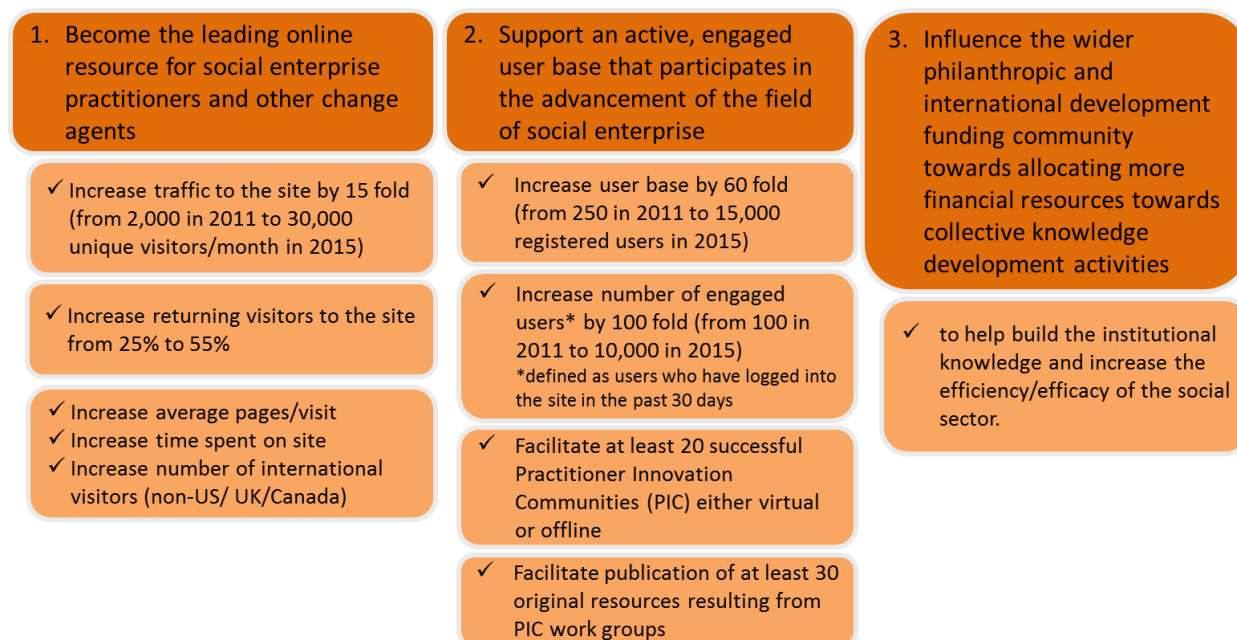


Figure 4 – seToolbelt’s Strategic Goals

Source: adapted from seToolbelt 2012, pp. 10.

5.8 Merger with W1SDØM

As already mentioned above, seToolbelt and W1SDØM planned a merger of their platforms and communities in the summer of 2012. A letter of intent had already been signed in spring 2012.

W1SDØM addressed the massive problems humankind was facing globally, including poverty, hunger, food security, energy, and economic justice. With a team of advisors, investors, and entrepreneurs W1SDØM created sustainable ventures that defined new ways of acting in the world.⁴⁶ The main focus of the initiative was to support the development and evolution of sustainable ventures that were conducive to the ecosystem and fostered social change.

The common belief that coordinating the efforts of impact investors, international aid donors, for- and non-profit innovators, academics, and practitioners was one of the most important challenges of the century⁴⁷ made seToolbelt and W1SDØM realize that they could achieve more change when joining

⁴⁶ <http://w1sd0m.net/about/w1sd0m> [Accessed July 5, 2012].

⁴⁷ Executive Summary W1SDØM & seToolbelt 2012.

forces. Collaboration would bring growth in human resources and capacity and they could improve the quality and relevance of connections between investors, advisors, ventures and networks.

Furthermore, both believed that information technology – when coupled with the right intention and application – would continue to improve the way humans connect. Together, W1SDØM and seToolbelt planned to “offer an unprecedented suite of online services to change agents around the world, facilitating capital flow (intellectual, human, social, and financial) between the ventures, investors, advisors, and networks that [were] working in service to a collective vision for a better world.”⁴⁸

While seToolbelt contributed the knowledge base to this merger, W1SDØM relied on an extended network of change agents worldwide, among these accredited investors seeking more than financial return. The services the new value-aligned, purpose-built platform resulting from the merger sought to offer included the following:

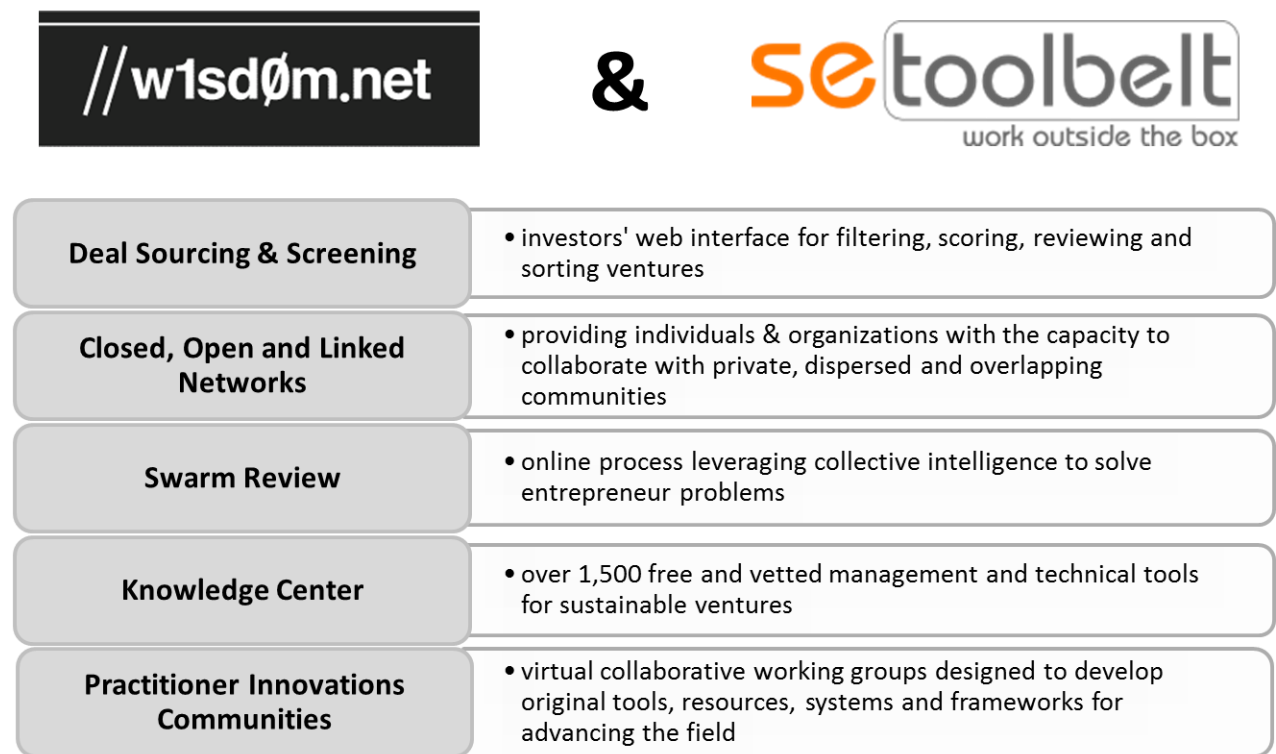


Figure 5 – Initial Set of Services Offered by Merged Platform of seToolbelt and W1SDØM

Source: adapted from Executive Summary W1SDØM & seToolbelt 2012.

⁴⁸ Executive Summary W1SDØM & seToolbelt 2012.

In order to facilitate a holistic integration of the user groups of both communities, seToolbelt agreed with W1SDØM on the creation of common user accounts. It was W1SDØM's task to create user accounts for all seToolbelt users to integrate both platforms.

5.9 Recent Developments

As any other organization, seToolbelt was not immune to change – putting aside the fact that change is the motor of development. Although modifications can be painful, they always offer opportunities as well. The latest change was the fact that Lindsay Miller left the team. She resigned as director at the end of May, 2012. Due to the difficult funding situation seToolbelt was facing, they had no financial means to hire a replacement. For the transition phase, Kim Alter took on the W1SDØM-seToolbelt partnership project. Vincent Dawans continued to take care of the technical management of the website. Despite not being director anymore Lindsay continued certain consulting services for seToolbelt customers she had already started.

Another recent development in the field that changed the competitive environment for seToolbelt was the announcement of the Skoll Foundation on May 15, 2012 that Social Edge and Skoll World Forum would merge into a new platform, the Skoll World Forum Online.⁴⁹ Social Edge possessed a well-established “first-address” platform for social enterprise practitioners and had built a trusted and strong online community over the last decade. It offered social entrepreneurs and other practitioners of the social benefit sector the possibility to network, learn, inspire and share resources.⁵⁰ The Skoll World Forum on Social Entrepreneurship was the premiere international platform for social entrepreneurship. Each year in Oxford, 900 distinguished delegates from the social, finance, private and public sectors convened for three days and nights of critical debates, discussions and work sessions aimed to innovating, accelerating and scaling solutions to social challenges.⁵¹ The combination of these two powerful communities in the Skoll World Forum Online – a year-round digital platform centered on content, community, and collaboration – created a new strong competitor for seToolbelt.

These developments demonstrate that the case on seToolbelt is the story of a young growing organization in a fast changing environment facing challenges of various kinds. In the following teaching notes, these challenges are addressed and possible solutions provided.

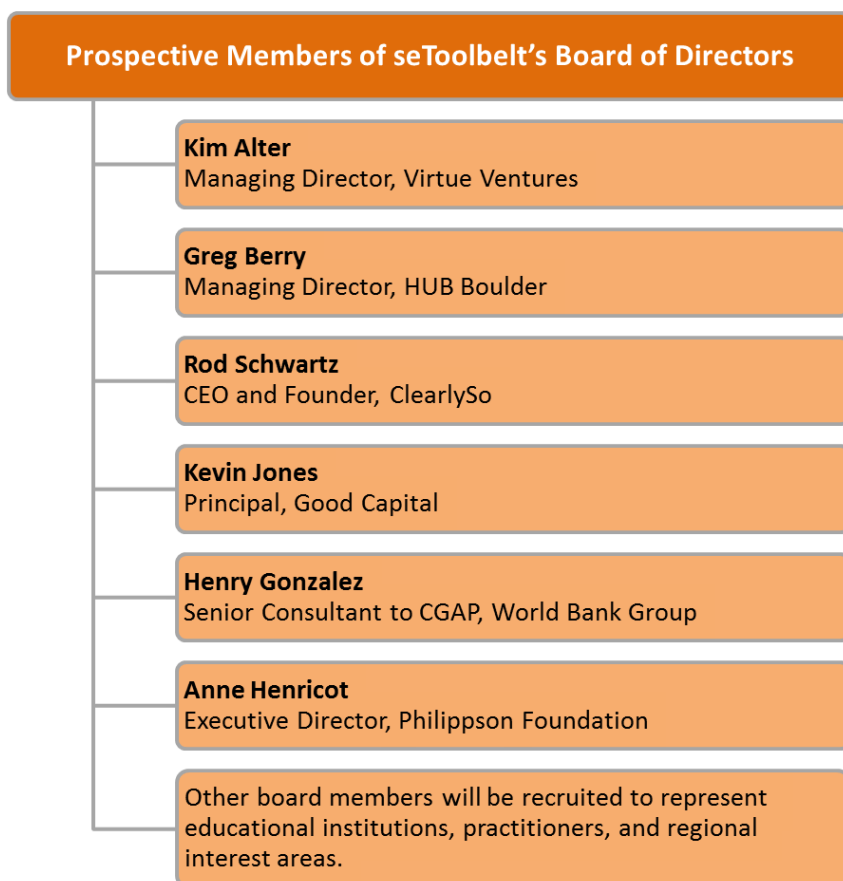
⁴⁹ <http://skollworldforum.org/2012/05/15/social-edge-to-merge-with-skoll-world-forum/> [Accessed July 28, 2012].

⁵⁰ <http://www.socialedge.org/about-us> [Accessed July 28, 2012].

⁵¹ <http://skollworldforum.org/about/> [Accessed July 28, 2012].

5.10 Exhibits

Exhibit 1 – Prospective Members of Board of Directors



Source: seToolbelt 2012, p. 36.

Exhibit 2 – Overview of Personnel Costs

Percentage of personnel costs of total expenses

	2011	2012	2013	2014	2015	
Personnel Costs	111,810.00	126,720.00	190,000.00	235,397.00	263,460.00	
% of total oper. Expenses	85.4	82.2	76.7	86.8	89.8	84.2 ∅
Total Operating Expenses	130,925.00	154,120.00	247,850.00	271,097.00	293,460.00	

Source: based on figures from Annual Operating Plan, seToolbelt Business Plan 2012, p. 41.

Exhibit 3 – Personnel Plan 2011 - 2015

Personnel Plan (USD 1,000)

	2011	2012	2013	2014	2015
Executive Director	\$ 48.31	\$ 45.00	\$ 46.58	\$ 48.21	\$ 49.89
Strategic Advisor	\$ 18.32	\$ 20.00	\$ 10.00	\$ 5.00	\$ 10.00
Chief Technical Officer	\$ 28.57	\$ 30.00	\$ 46.58	\$ 48.21	\$ 49.89
Director of Content	\$ -	\$ -	\$ 29.00	\$ 45.02	\$ 46.60
Community Manager	\$ -	\$ 11.25	\$ 23.29	\$ 24.10	\$ 24.95
Content Manager	\$ -	\$ -	\$ -	\$ 25.00	\$ 38.81
Intern	\$ 4.63	\$ 6.00	\$ 12.42	\$ 12.85	\$ 13.30
Super User	\$ -	\$ 1.00	\$ 2.00	\$ 2.00	\$ 2.00
	\$ 99.83	\$ 113.25	\$ 169.86	\$ 210.39	\$ 235.45

Source: seToolbelt 2012, p. 35.

Exhibit 4 – seToolbelt’s existing Content Partners, by February, 2012

Partner Organization	Link	Since
ANDE	http://www.aspeninstitute.org/policy-work/aspennetwork-development-entrepreneurs	2011
Ashoka Changemakers	http://www.changemakers.com/	2011
Citizen Circles	http://www.citizenircles.com/	2011
ClearlySo	http://www.clearlyso.com/	2011
Demonstrating Value	http://www.demonstratingvalue.org/	2011
Development Marketplace	http://wbi.worldbank.org/developmentmarketplace/	2011
Enterprising Nonprofits	http://www.enterprisingnonprofits.ca/	2011
Fixes, The New York Times	http://opinionator.blogs.nytimes.com/category/fixes/	2012
Global Giving	http://www.globalgiving.org/	2011
Grassroots Business Fund	http://gbfund.org/	2011
IdeaEncore	https://www.ideaencore.com/	2011
Innovation Alchemy	http://innovationalchemy.com/	2011
Law For Change	http://www.lawforchange.org/	2011
Lex Mundi Pro Bono Foundation	http://www.lexmundiprobono.org/	2010
Next Billion	http://www.nextbillion.net/	2012
REDF	http://www.redf.org/	2011
Sattva	http://sattva.co.in/	2011
Social Earth	http://www.socialearth.org/	2011
Social Enterprise Alliance	https://www.se-alliance.org/	2012
Social Enterprise Associates	http://www.socialenterprise.net/	2011
Social Innovation Generation	http://sigeneration.ca/	2011
SoJo	http://www.thesojo.net/	2011
Teach A Man To Fish	http://www.teachamantofish.org.uk/	2011

The QED Group	http://www.qedgroupllc.com/	2011
The Young Foundation	http://www.youngfoundation.org/	2011
Virtue Ventures	http://www.virtueventures.com/	2010

Source: *seToolbelt 2012*, pp. 39.

Exhibit 5 – The PIC Resource Development Process

1. **Problem Identification** - Using a bottom up market research process enabled by seToolbelt, practitioners identify common issues, concerns and technical needs related to planning, starting, managing, and growing their social enterprises.
2. **Group Formation** - Practitioners self-select a volunteer “working group,” and convene virtually and/or in-person to discuss their common problem and/or technical needs as well as to set the terms and define the product or output of the working group.
3. **PIC Knowledge Management** – To maximize efforts and minimize time of already overburden practitioners, seToolbelt captures group knowledge, adds technical value and then feeds it back to group for comment through an iterative process.
4. **Prototype Development** – Group information is synthesized and distilled, then prototype resources are developed and field tested in practitioners’ social enterprises.
5. **Resource Creation** – Results from field tests are analyzed by the group, adjustments to tools are made and then refined tool is retested by practitioners until prototype becomes a product.
6. **Disseminate** – information/new resources are disseminated free and in open-content through seToolbelt.

Source: <http://www.setoolbelt.org/collaborate/pics> [Accessed August 29, 2012].

Exhibit 6 – Potential Grant Funders

Adobe Systems	Flinn Foundation	Rotary Foundation
Aetna Foundation	Ford Foundation	Salesforce Foundation
Alfred P. Sloan Foundation	Glasser Family Foundation	Santa Fe Natural Tobacco Company Foundation
American Express	Heineman Foundation	Soros Foundation
Amoco Foundation	Henry J. Kaiser Family Foundation	Texaco
Andrew W. Mellon Foundation	Irvine Health Foundation	The Bayport Foundation
Applied Materials	J. Paul Getty Trust	The Ben & Jerry’s Foundation
Ashland Inc. Foundation	James S. McDonnell Foundation	The Berlex Foundation
AT&T Foundation	John D. and Catherine T. MacArthur Foundation	The Case Foundation
BankAmerica Corporation	John S. & James L. Knight Foundation	The Charles Dana Foundation
Bill & Melinda Gates Foundation	John Simon Guggenheim Memorial Foundation	The Colorado Trust
Boeing Charitable Contributions	Lance Winslow Foundation	The Commonwealth Fund
Boettcher Foundation, Colorado	MasterCard Foundation	The Future of Children
Carnegie Corporation of New York	Medina Foundation	The George Gund Foundation

Charles Stewart Mott Foundation	MetLife Foundation	The Henry Luce Foundation
Cisco Foundation	Microsoft/Giving	The Nobel Foundation
Claude W. & Dolly Ahrens Foundation	Nippon Foundation	The Pew Charitable Trusts
Common Counsel Foundation	Pacific Northwest Foundation	The Weingart Foundation
Community Foundation Silicon Valley	Paso del Norte Health Foundation	The Z. Smith Reynolds Foundation
Eddie Bauer	Paul Allen Foundations	Turner Foundation, Inc.
Ewing Marion Kauffman Foundation	Philanthropic Ventures Foundation	W. K. Kellogg Foundation
Fidelity Investments Charitable Gift Fund	Richard & Rhoda Goldman Fund	

Source: seToolbelt 2012, p. 44.

Exhibit 7 – Overview of seToolbelt’s Products and Services

Free Services to All Users	
Resource Library	Unlimited access to seToolbelt’s library of free tools and resources and powerful faceted search functionality, available without payment, registration, or other barriers.
Sharing Resources	The ability to contribute to the resource library by submitting either original content and/or identifying publicly available content that is not already in the library.
Networking and Peer Learning	Networking with other seToolbelt users, access to and the ability to initiate open forums and discussion groups with peers.
Participation in Practitioner Innovation Communities (PIC)	Participation in community-led PIC projects, targeted at developing original tools in response to the community’s identified practitioner “pain points”.
Resource Competitions	Participation in free Resource Competitions, which invite users to submit previously unpublished/unavailable resources relevant to social enterprise. Winning resources (determined by seToolbelt’s panel of internal and partner judges) are awarded cash prizes.
Custom Resource Request Lottery	Each month, a user request for resources and tools based on the sector, challenge, and organizational lifecycle of his/her venture, is chosen to receive targeted, low-touch technical assistance. seToolbelt staff then mine the resource library, review and vet relevant resources, and return a list of 10-12 beneficial resources for the given situation. This process of soliciting resource requests will also feed into.
Paid Services to Premium Users	
Private Networking and Peer Learning	While all users are encouraged to participate in and initiate open forums, discussion, and working groups, Premium Users have the ability to initiate private discussions and collaborative working groups, allowing for more selective, targeted collaboration within the wider community of practitioners.
Premium PICs	Premium PICs can be made private and include tailored facilitation, engagement

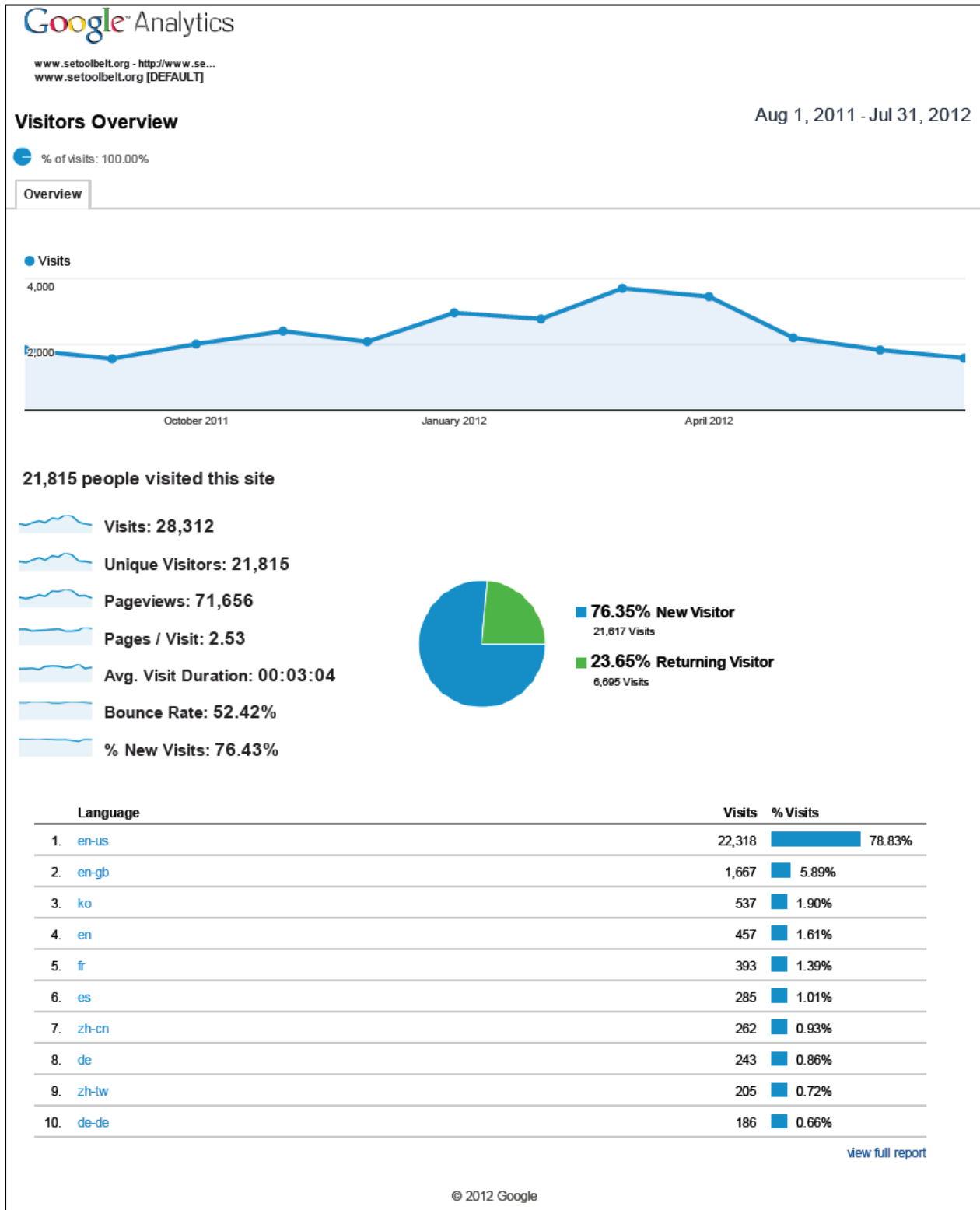
	by seToolbelt staff, and content iteration, testing, and publication (Note: this service could also be purchased by a foundation or funding organization and provided free of charge to its constituent group via seToolbelt).
Custom Resource Requests	Each premium member is able to submit one custom request for resources and tools based on the sector, challenge, and organizational lifecycle of his/her venture. seToolbelt staff then mine the resource library, review and vet relevant resources, and return a list of 10-12 beneficial resources for the given situation.
Discounted access to paid resources	seToolbelt will work with current and future content partners to secure access or limited licensing to distribute non-publicly available resources to its premium users at a discounted rate or at zero cost to the user. This arrangement benefits both the content providers, who gain access to a relevant and potentially influential network of practitioners, as well as the members, who gain access to otherwise unattainable resources. Additionally, it furthers seToolbelt’s mission by increasing practitioner access to knowledge and resources.

Free Services to Partners	
Content Partnership	Partner organization contributes resources to seToolbelt’s library through an easy submission process; those resources are made publicly available to all seToolbelt users. Content Partners benefit from increased readership, access to a global network of social enterprise practitioners, and cross promotion through seToolbelt’s partner page and through email and social media communication campaigns.
Communications Partnership	Values aligned partners engage with seToolbelt in mutually beneficial cross-marketing efforts, promoting through email communications, Twitter, Facebook, weekly blog posts, website logos, etc.
Network Partnership	Network partners see value in seToolbelt’s services and products, and offer it as a resource library or suite of services to selected existing networks. This provides resource-driven value to existing network members, while providing seToolbelt access to new networks. For membership organizations, seToolbelt offers easy user integration resulting in easy member access and engagement of members with seToolbelt’s resource library.

Paid Services to Customers and Partners	
Library Hosting and Resource Management	seToolbelt serves as the free resource library for customers and/or the customer’s members, either by embedding seToolbelt’s site or by linking to a co-branded version of seToolbelt. An example, developed for the Social Enterprise Alliance can be found at http://toolbelt.se-alliance.org/ .
Tailored Toolkits	seToolbelt creates targeted “toolkits” from existing resources in the library based on Customer member requests and interests.
Custom Resource Requests	As outlined above, this service can also be purchased on a per-request basis by support organizations on behalf of their constituents or by individual users of seToolbelt.
Advertising and other in-site Promotion	seToolbelt offers advertising opportunities for partners and customers through “sponsored” features on the site (such as sponsored Tailored Toolkits or resource competitions) and carefully selected banner ads.

Source: seToolbelt 2012, pp. 27.

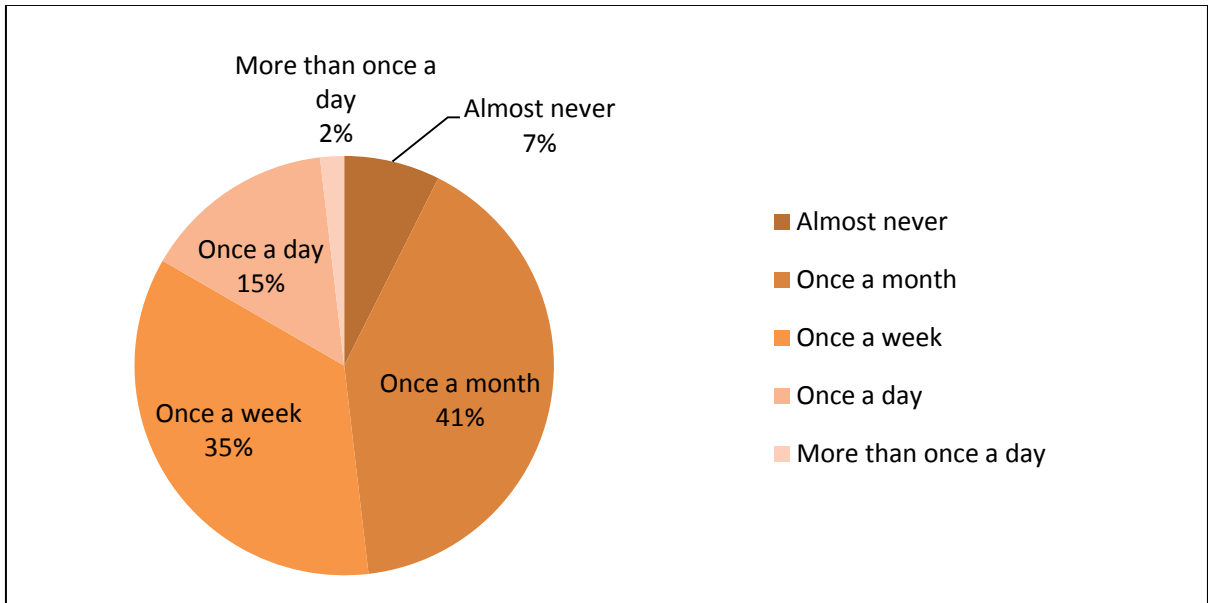
Exhibit 8 – Google Analytics Report for seToolbelt.org, period August 1, 2011 to July 31, 2012



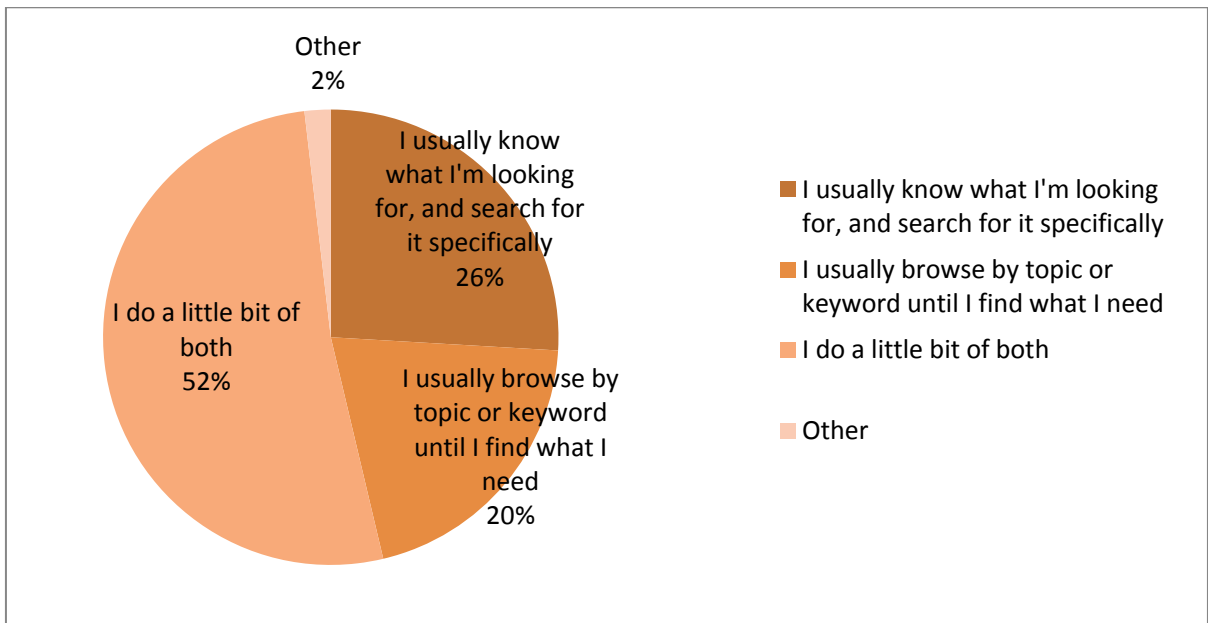
Source: Google Analytics Report for <http://www.setoolbelt.org>.

Exhibit 9 – Practitioner Resource Needs Survey Results

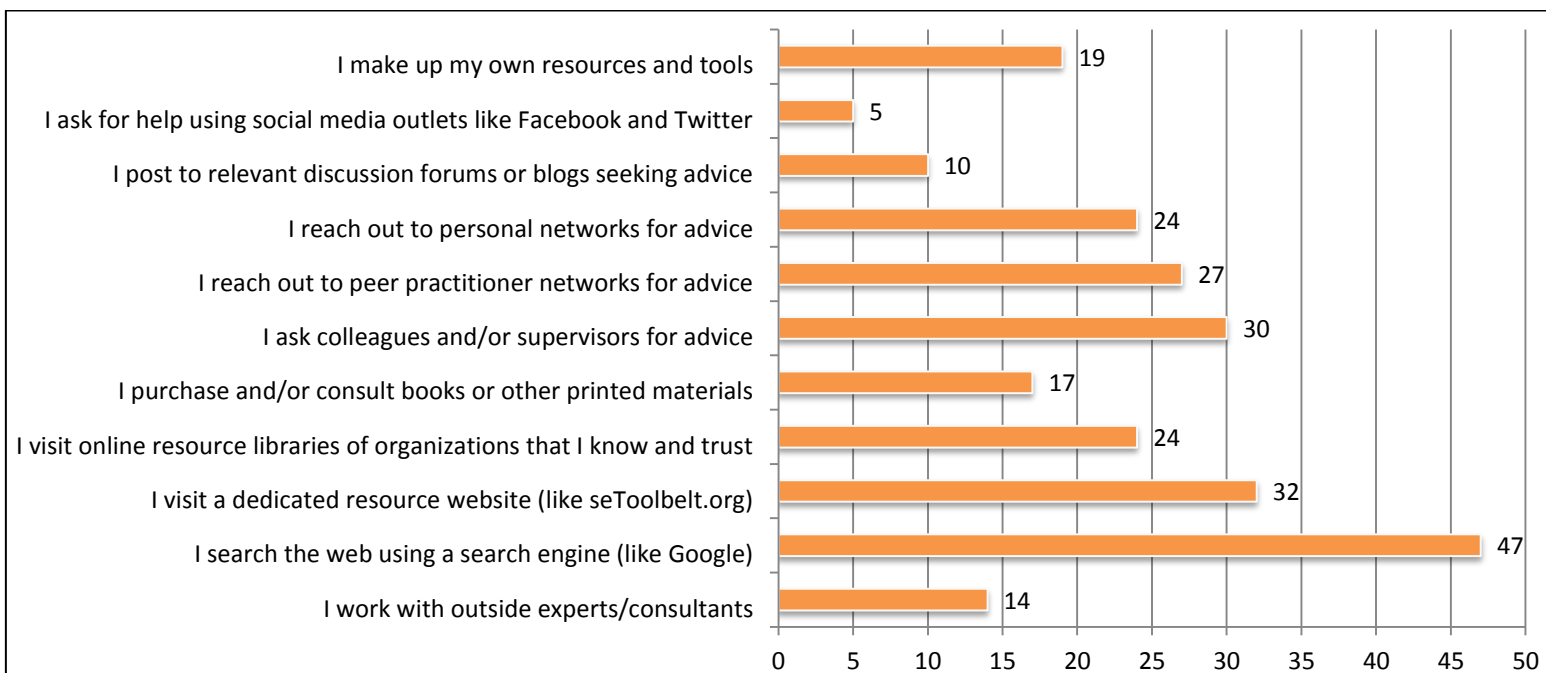
1. How often do you find yourself seeking out management tools and resources (such as articles, templates, manuals, trainings, etc.) to support your work?



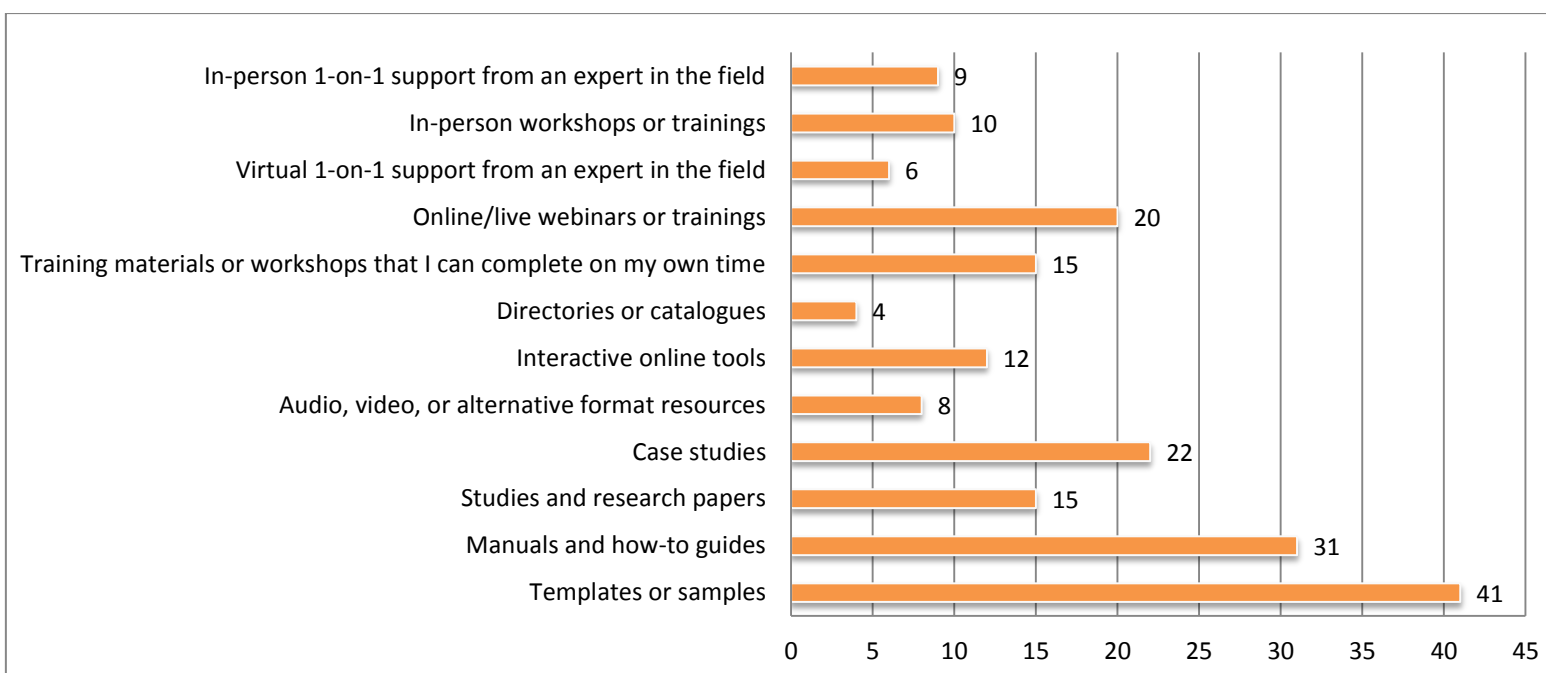
2. Do you usually know what kind of resources you're looking for? In other words, do you search for specific resources, or do you browse until you see something that looks like what you need?



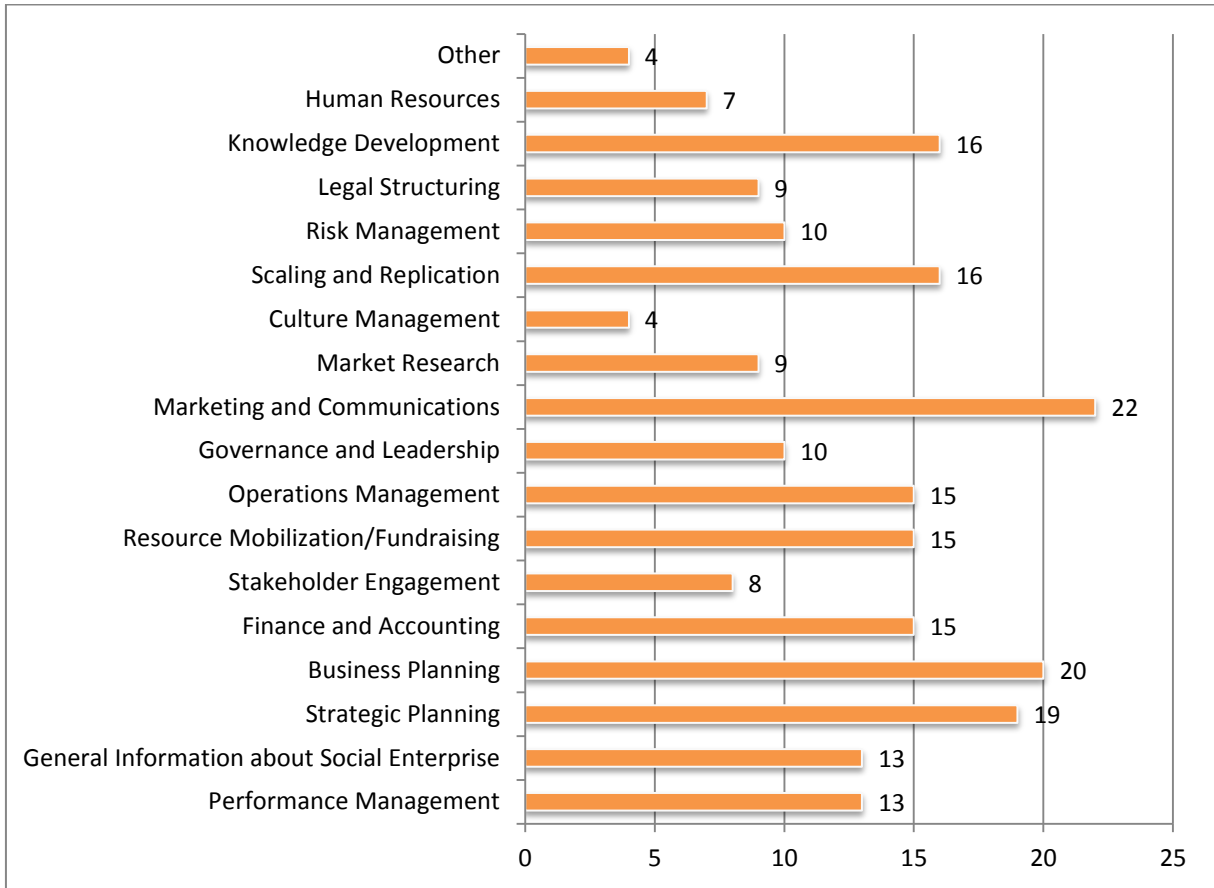
3. When you need a management resource, tool, or new skill to do your work, how do you go about finding it?



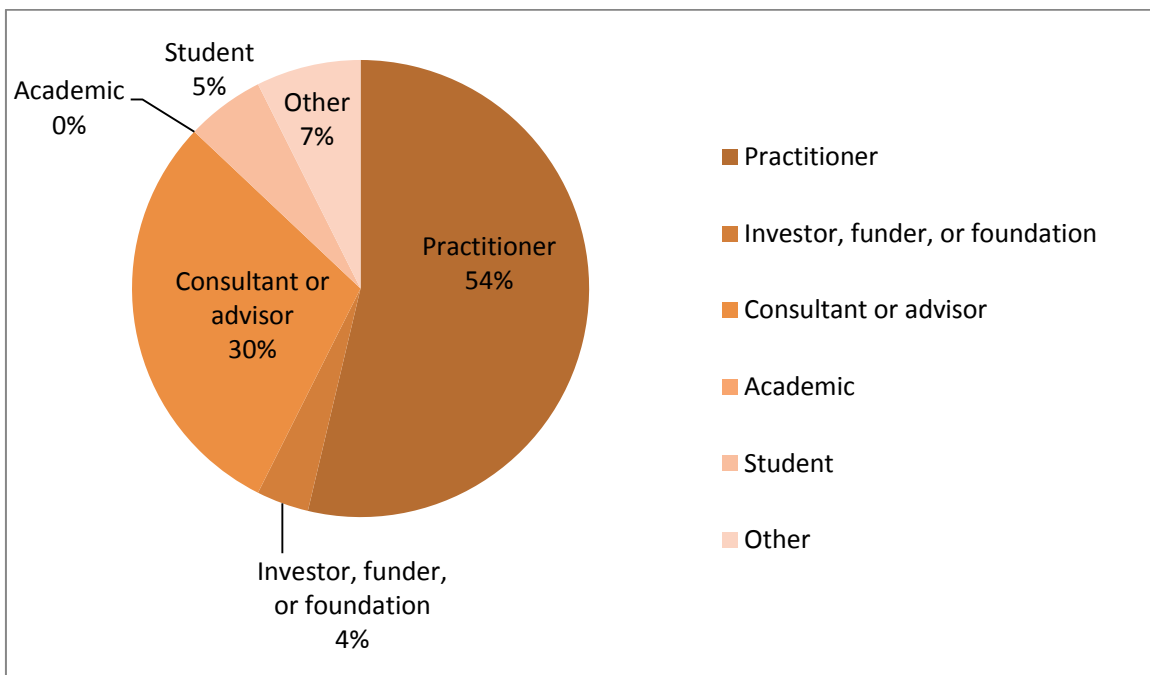
4. What types of resources and tools do you find the most helpful?



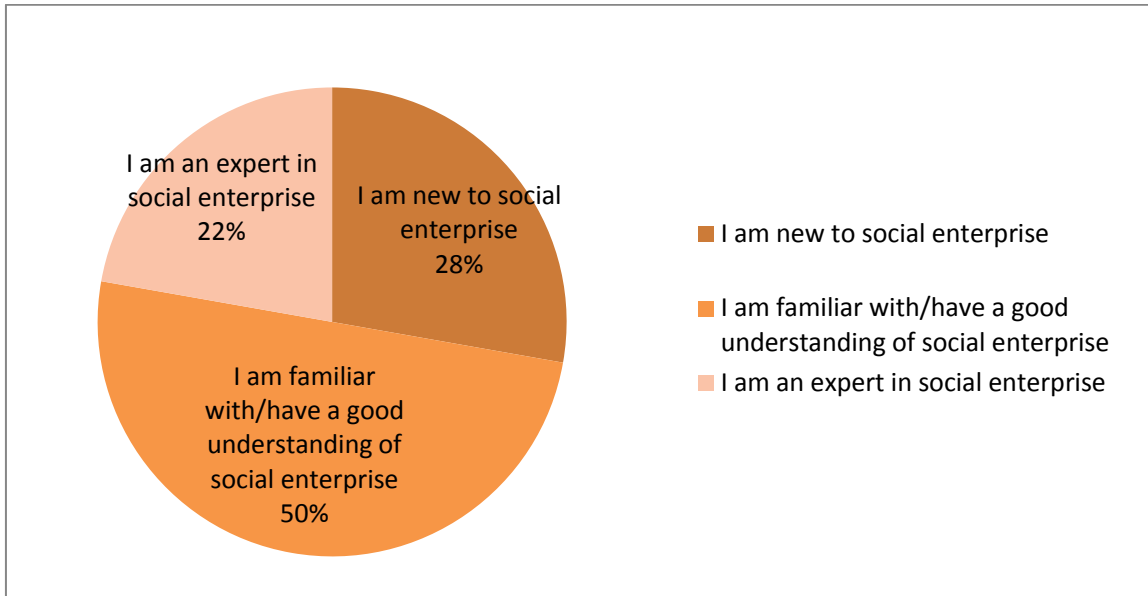
5. In which of the following areas would you most benefit from additional management tools, resources, or learning modules specific to social enterprise?



6. Please tell us about yourself.

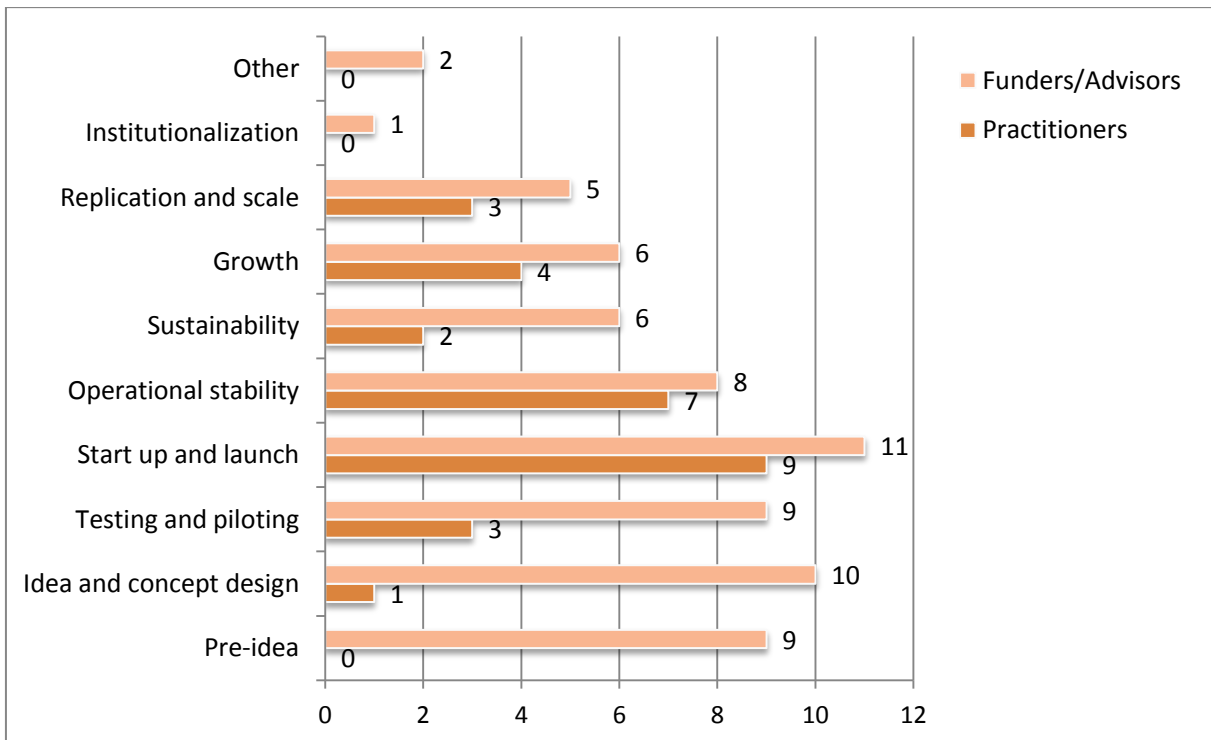


7. How familiar are you with social enterprise as a field of practice?



8.a. For practitioners: What life cycle stage is your current venture in?

8.b. For funders and advisors: In what life cycle stage are the social ventures that you support? (Please select all that apply.)



Source: adapted from Practitioner Resource Needs Survey Results 2012.

Exhibit 10 – seToolbelt’s Annual Operating Plan 2012-2015 / Income Statement Projections

seToolbelt

Annual Operating Plan: 2012-2015

Income Statement	Actual	Projected	Projected	Projected	Projected	Total
	2011	2012	2013	2014	2015	2012 -2015
INCOME						
Premium User Fees	-	1,800	7,170	28,326	67,094	104,390
Advertising/Promotion	-	300	1,500	6,000	8,400	16,200
Custom Resource Requests	-	500	3,000	5,000	5,500	14,000
Library Hosting/Co-branding	-	1,800	12,000	45,000	63,000	121,800
Consulting Contracts	-	42,000	70,000	70,000	160,000	342,000
Grants	91,481	108,519	150,000	100,000	-	358,519
Crowd Funding	-	-	7,500	20,000	-	27,500
Other Income	-	-	-	-	-	-
Total Income	91,481	154,919	251,170	274,326	303,994	984,409
Operating Expenses						
Personnel	111,810	126,720	190,000	235,397	263,460	815,577
Salaries	99,830	113,250	169,858	210,390	235,446	728,944
Employee Benefits	-	-	-	-	-	-
Payroll Taxes	11,980	13,470	20,143	25,007	28,014	86,633
Platform Development	1,004	3,300	30,000	9,000	9,700	52,000
Hosting	892	1,800	3,000	3,000	4,200	12,000
Design	-	1,500	2,000	1,000	500	5,000
Development	112	-	25,000	5,000	5,000	35,000
Other	-	-	-	-	-	-
Marketing/Sales	12,069	13,200	14,000	11,500	8,300	47,000
SEM/SEO/PR	-	600	1,200	1,200	1,200	4,200
Events/Conferences	2,248	5,000	3,000	3,000	3,000	14,000
Print	-	200	300	300	100	900
Travel/Entertainment	8,821	5,400	8,000	5,500	2,500	21,400
Sales Commission	-	1,500	1,500	1,500	1,500	6,000
Competitions/Prizes	1,000	500	-	-	-	500
Other	-	-	-	-	-	-
Facilities	-	-	-	3,850	4,450	8,300
Rent/Office	-	-	-	1,000	1,200	2,200
Utilities	-	-	-	250	250	500
Telephone	-	-	-	2,000	2,000	4,000
Internet	-	-	-	600	600	1,200
Repairs/maintenance	-	-	-	-	400	400
General/Administrative	6,042	10,900	13,850	11,350	7,550	43,650
Equipment/Supplies	167	200	5,000	2,500	1,000	8,700
Legal/Accounting	-	5,000	3,500	3,500	1,200	13,200
Professional Services	5,875	5,500	5,000	5,000	5,000	20,500
Dues/Subscriptions/Licenses	-	100	250	250	250	850
Training Materials/Service	-	-	-	-	-	-
Postage and Freight	-	100	100	100	100	400
Insurance	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Operating Expense	130,925	154,120	247,850	271,097	293,460	966,527
Operating Income/(Loss)	(39,444)	799	3,320	3,229	10,534	17,882
Depreciation/Amortization	-	-	(1,667)	(2,500)	(2,833)	(7,000)
Interest	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Net Income/(Loss)	(39,444)	799	1,653	729	7,701	10,882
Headcount	1.75	1.95	3.10	3.80	4.10	14.7

Income Statement Inputs

Registered Users	250	1,000	2,000	5,000	15,000	
Premium Users	0	15	60	189	373	
New Premium Users	0	15	50	150	250	
Renewing Premium Users	0	0	10	39	123	
Average Premium Annual \$	- \$	120 \$	120 \$	150 \$	180	
Advertisers	0	2	5	10	14	
New Advertisers	0	2	4	8	10	
Renewing Advertisers	0	0	1	2	4	
Average Annual Ad Fee \$	- \$	150 \$	300 \$	600 \$	600	
Custom Resource Requests	0	5	30	50	55	
Custom Resource Request \$	- \$	100 \$	100 \$	100 \$	100	
Hosted Libraries	0	2	10	25	35	
Library Visiting Users/yea	0	20000	100000	250000	350000	\$ 10,000
Ave fee/user/year	0.00	0.06	0.06	0.12	0.12	
Base fee	\$ -	\$ 300	\$ 600	\$ 600	\$ 600	
Consulting Customers	0	1	2	2	4	
Average Consulting Contract \$	- \$	42,000 \$	35,000 \$	35,000 \$	40,000	
Tax Rate	12%					
Premium Renewal Rate	65%					
Advertiser Renewal Rate	50%					
Revenues per Employee	\$ 52,275	\$ 79,446	\$ 81,023	\$ 72,191	\$ 74,145	\$ 66,967
Expense per Employee	\$ 74,814	\$ 79,036	\$ 79,952	\$ 71,341	\$ 71,576	\$ 65,750

Source: seToolbelt 2012, pp. 41.

Exhibit 11 – seToolbelt’s Primary Competitors

Competitor	Similarities	Differences	Strengths	Weaknesses
The Guardian Social Enterprise Network	Searchable database of members in the network	Searchable directory of companies, media aggregator fed by Guardian UK content, does not offer resources or tools, no collaborative functionality	Backed by The Guardian and related financial resources, embedded content channel through parent company, UK location, access to wider audience via Guardian	Limited tangible value of platform to users, have struggled with uptake
Social Edge	Practitioner-focus, user engagement in discussions	Doesn't have a targeted focus on resources, no collaborative functionality	Well-established as the "first" platform for social enterprise practitioners, strong community	Platform and design are outdated and difficult to navigate
Social Entrepreneurs Empowerment Series	Free educational and skill building content for social entrepreneurs	Delivery method is one-sided, doesn't have collaborative functionality, not focused on field building or resource outputs	Impressive community of members on LinkedIn and registered through the site	Questionable content, experience, leadership in the sector
ClearlySo	Suite of tools to support social enterprises	Doesn't focus on resources specifically, no interactive or peer learning element, greater engagement in deal facilitation	Strong leadership, established in the field, UK location, connected with mainstream investment circles, access to investment capital	Lack of uptake, questionable value to members

MojaLink	Service has not yet launched, but proposition sounds very similar to seToolbelt	Greater focus on networking and content management than on resources and tools	Massive following LinkedIn (over 50,000 members), focus on social enterprise as well as development, nonprofit, and philanthropic sectors	Unclear how tangible their “what” is and actual launch date
SoJo	Focus on practical tips and resources for startup social entrepreneurs	Repurpose content for publication on site, focus on young, startup audience	Developing technology to intuitively guide users through resources, dynamic leadership, intuitive interface	Inexperienced leadership, technology not ready for launch, niche market
W1sd0m.net	Proposing complimentary networking platform, similar audience and objectives	For profit structure, not focused on resources or education	Dynamic team, well connected in social enterprise space, private sector experience, strong vision	Private sector experience can lead to overlooking revenue opportunities in public sectors, least viable product on offer, interface and platform difficult to navigate

Source: *seToolbelt 2012, pp. 24.*

6 Teaching Notes

The indications given in the teaching notes serve as information and direction for an instructor who considers the case on hand for educational purposes. It must be noted that teaching notes are living documents. They need to be adjusted and expanded according to changes in the business environment or to advances in subject knowledge and research in the area (Corey 1998).

6.1 Teaching Objectives

The case study is designed for an audience interested in social entrepreneurship. It is suitable for management courses that address the topic of social entrepreneurship and strategy in that field. On the one hand the objective of the case is to raise awareness for the needs of social enterprise practitioners and how an organization like seToolbelt can provide the necessary support. On the other hand it demonstrates the challenges and problems a young organization encounters during the process of becoming an established player in the social enterprise field.

The main learning objectives for students are:

- Understand the behavior and needs of social enterprise practitioners and what kind of support is of value to them;
- Open source sharing and crowdsourcing can contribute highly to advancements in the third sector;
- Understand the concept of crowdsourcing and knowledge sharing and possibilities to motivate users to participate;
- Comprehend that impact measurement is crucial in the third sector;
- Understand what players exist in the social enterprise field, how it is structured, and how they interact.

6.2 Additional Relevant Material

The following additional material may facilitate the discussion of the teaching questions broadening students' insights and help to find elaborate answers.

- Websites of seToolbelt's competitors
- Example of "Management Innovation eXchange" (MIX) <http://www.managementexchange.com/>
- Carpenter, M.A. & Sanders, W.G., 2009. Strategic Management Concepts - A Dynamic Perspective 2nd ed., Pearson Prentice Hall, pp. 128

6.3 Teaching Questions

The teaching questions (TQs) serve as guidance for the instructor who teaches the case in class. The questions' objective is to facilitate the discussion and lead it in the right direction. Furthermore, the research questions of this dissertation that address important issues for seToolbelt's strategic alignment are incorporated in the teaching questions. As the case raises further issues that are in parts related to the research questions these additional ones are included as well. The discussion questions and assignments are the following:

TQ 1: How can seToolbelt's impact on the social enterprise field be measured?

TQ 1.1: What is seToolbelt's impact on social enterprise?

TQ 2: How does seToolbelt's competitive environment look like? Do a competitor analysis! Take into consideration the announced merger of Social Edge and Skoll World Forum. How will this development influence seToolbelt's future and the planned partnership with W1SDØM?

TQ 3: How can seToolbelt win more users and motivate them to participate?

TQ 4: How can seToolbelt achieve global reach?

TQ 5: How can seToolbelt meet their goals in order to become a viable business?

6.4 Analysis and Discussion

In the following, the teaching questions are discussed and guidelines for the instructor's proceedings and the student's answers are provided. The objective of this section is not to answer the questions extensively, but rather to provide different approaches and ideas regarding a possible solution of the respective issues.

TQ 1: How can seToolbelt's impact on the social enterprise field be measured?

TQ 1.1: What is seToolbelt's impact on social enterprise?

To begin with, impact measurement is of utmost importance for seToolbelt as emphasized in the case (section 5.4.4) in order to prove the importance of its work and to argue for its raison d'être. Secondly, demonstrating impact for organizations in the third sector has taken on renewed importance in recent years (see Literature Review section 4.1.5). That is why this issue is addressed in Research Question 1.

To answer this question the instructor should ask the students to firstly think about what exactly seToolbelt's impact is (TQ 1.1). As an online platform for collective problem-solving, knowledge sharing and resource creation for social enterprises its impact can be measured by two different aspects:

- Do users find the tools/resources/information they are looking for?
- Does accessing the resources positively influence the entrepreneur's business?

The firm faces the challenge to measure these two things. As most of its resources link to authors' websites, it is only possible to track clicks on links to outside websites, but not if the resource is downloaded. That information is captured in the author's page's analytics.

Regarding measuring the effect on the entrepreneur's business the difficulty consists in actually capturing the tangible or intangible impact that accessing resources has on a given entrepreneur or organization.

One approach could be to actively ask users for their feedback on using seToolbelt's services. In order to allow an efficient follow-up user log-in must be required. However, this option contravenes the mission statement of free and open access to sources. Obviously, seToolbelt faces a tradeoff between barrier-free access to information and impact measurement. As impact measurement is so important for the business, the company has to consider giving up the dream of a completely barrier-free open source platform and making a concession.

In addition, the standards of W1SDØM are different as this community requires users' registration from the very beginning. Once the merger between the two platforms takes place the standards have to be aligned anyway. Besides, seToolbelt had already agreed with W1SDØM on the creation of common user accounts in order to facilitate the integration of both communities. With regard to this facet it might be advisable to introduce compulsory registration for seToolbelt users.

An additional issue worth considering in this context is the possible misuse of contents without a required registration.

TQ 2: How does seToolbelt's competitive environment look like? Do a Competitor analysis! Take into consideration the announced merger of Social Edge and Skoll World Forum. How will this development influence seToolbelt's future and the planned partnership with W1SDØM?

Exhibit 11 forms the basis for the discussion of this question, but students should be encouraged to check out the websites of the organizations for further information. First of all, students compare the

competitors regarding their similarities and differences in contrast to seToolbelt, then and regarding their strengths and weaknesses. A helpful approach might be to visualize the competitive landscape by using the value curve concept (for detailed information see Carpenter & Sanders 2009, pp. 128). According to their key success factors competitors are mapped, thus facilitating the comparison among them. In this way, one can visualize how incumbents compete and how a new entrant might position himself.

Students should point out, that seToolbelt already maintains content partnerships with two of its competitors, namely SoJo and ClearlySo (see Exhibit 4). Furthermore, a merger with its competitor W1SDØM is planned for 2012. seToolbelt should strive to maintain these strategic partnerships and enhance the cooperation, also with others. Thus, the potential threat of rivals is reduced. The merger with W1SDØM is a great opportunity for seToolbelt. W1SDØM relies on an extended network of change agents worldwide, among these accredited investors interested in impact investment. As seToolbelt contributes the knowledge base to this merger that W1SDØM misses, the organizations complement each other very well.

However, the announcement of Social Edge and Skoll World Forum joining forces and creating a new platform, the Skoll World Forum Online, represents a great threat to seToolbelt as this new player will be a strong opponent. While Social Edge is already a well-established “first-address” community, its position will become even stronger due to this development.

TQ 3: How can seToolbelt win more users and motivate them to participate? (Addresses Research Question 2)

Getting users engaged is the greatest obstacle to success for seToolbelt’s virtual community. The concept of open resource and knowledge sharing succeeds best if committed users participate in discussions and are willing to contribute content. Therefore, the company’s main concern is to attract users.

At first, the instructor should ask students to gather the activities seToolbelt has already implemented to communicate its services to social enterprise practitioners, which are:

- Gain access to existing networks Social Enterprise Alliance/planned partnership with W1SDØM
- Social media: daily Twitter feeds “Resource of the Day” to highlight new content on the site; presence on Facebook
- Conference and events presence
- Web-based advertising (Google Ads)

- Print flyers, brochures, and postcards
- Regular postings on partners' blogs such as Blog "Social Earth"
- Outreach and cross-promotion by partners, collaborators, networks and affiliates
- Resource competitions, lotteries, and other "giveaways" to engage users.

However, these marketing activities seem not to be sufficient as the number of visitors has dropped significantly since March, 2012 from nearly 4,000 to less than 2,000 unique visitors to the site per month in July. This fact should fuel a discussion regarding the potential influencing factors. One possible reason could be Lindsay Miller's decision to resign from her job as director. This development might have caused insecurity among the users because there is no solution for her succession yet. Despite this recent change it can be assumed that there were other reasons for the low participation level on the platform. The realization of the "Practitioner Resource Needs Survey" is an indicator. The next step should be the analysis of the survey results (see Exhibit 9) regarding needs and motivators of practitioners.

Practitioner Resource Needs Survey Results Analysis (adapted from Practitioner Resource Needs Survey Results 2012)

- "There is a significant need for tools and resources related to social enterprise", with more than 50% of respondents seeking out resources at least once a week.
- The second most used option to look for resources (after search engines) are dedicated resource websites like seToolbelt's.
- Regarding the most helpful type of resource participants identify templates and samples, manuals and how-to guides, case studies, and online/live webinars and trainings.
- With regard to the area of interest users point out that they are most interested in tools related to marketing and communications, followed by business and strategic planning, knowledge development, and scaling and replication. "Most other topics enjoyed similar levels of interest, indicating the need to continue to offer resources across many topics."
- With 54% the majority of respondents are practitioners, consultants and advisors represent the second strongest group (30%). 6% identify themselves as students, 0% as academics.

As conclusion from the survey, seToolbelt should aim to provide resources and tools congruent with respondents' indications. Furthermore, seToolbelt should increase its outreach to academics. This group can provide relevant resource input to advance the library content, thus attracting more users.

There is a shortcoming in the survey: It fails to address to a full extent the question of motivation for audience to contribute. Therefore, the instructor should encourage students to think of possible reasons for people not to share their resources. Possible answers are: proprietary issues, time constraints, and ego.

Incentives for Participation

In order to understand better what kind of motivators draw individuals to crowdsourcing and to add some theoretical background to the discussion, the three-stage process to foster and sustain member engagement by Porter et al. (2011) should be applied. Students should derive solutions applicable to seToolbelt how to promote participation. The following recommendations are possible:

- In order to encourage content creation the option to rate or tag content should be extended. The platform offers already the possibility to rate and comment content. However, this function is not used extensively. To encourage more involvement a credit system could be a feasible solution: Every time a user comments, rates or adds content he receives a certain amount of credits. With these credits he can purchase services on the platform, e.g., custom resource request, consulting services, access to paid resources.
- Initiate discussion-based events on topics (e.g., webinars); enable member-driven discussions in a forum. The PIC process is a good initiative to involve members interested in a specific issue; it should be promoted.
- Cultivating connections among members and community as a whole: By maintaining partnerships in content, network, and collaboration seToolbelt is linking subcommunities proactively. In addition, the promotion of offline working groups should have a high priority as interaction across offline and online spaces deepens relational ties between members. As face-to-face collaboration augments emotional bonding, it motivates members to contribute high-quality content and to abstain from free-riding (Porter et al. 2011). The example of the success of the Skoll community due to the annual Skoll World Forum attests this.

Additionally, students should create the connection between the example of “Management Innovation eXchange” (MIX) and seToolbelt’s situation. As the example shows individuals likely participate in crowdsourcing ventures to gain peer recognition and to develop creative skills, not necessarily for tangible rewards.

TQ 4: How can seToolbelt achieve global reach?

According to its vision and mission, seToolbelt aims to become an international platform with global reach. By spring 2012, 50% of its traffic was international, being composed of users from 150 different countries among which a high density in India could be observed. The other 50% of its users came from UK, US, and Canada. Although 50% international traffic is a good rate, seToolbelt has to find ways to grow globally. Cooperation with foreign organizations supporting social enterprise is one recommendation students could come up with.

A further prerequisite to expand operations to other countries is to provide resources in different languages. The language partnerships are a first step, but there is still high potential for growth. Besides, it is necessary to consider that this objective is quite challenging. Students should also discuss the differences in legal systems, funding structure, cultural and social aspects and political and economic contexts. Although global reach is crucial for success in the long run, it is not the most important issue seToolbelt has to deal with. First of all, the company has to ensure its funding; this topic is addressed in TQ 5.

TQ 5: How can seToolbelt meet their goals in order to become a viable business?

This question aims to analyze the financial projections (Exhibit 10). Beginning of 2015, seToolbelt intends to be self-sustaining. Until then it still relies on grant funding, amounting to a total of \$350,000 for the period 2012 - 2014. However, in summer 2012, the company faces a serious funding problem as no grant is in prospect. As the business is still in its growth phase it does not generate enough income through user fees, custom resource, and other services. Therefore, grants are crucial for its continuance during the next two years (at least). As prerequisite to receive a grant, seToolbelt has to convince potential funders with a reasonable and consistent business plan that discloses realistic perspectives about the future development. The planned cooperation with W1SDØM is a step in the right direction because it raises the attractiveness of seToolbelt, thus probably reaching more users.

Moreover, seToobelt should focus on increasing its consulting services as they offer the highest potential for income. Further partnerships could be helpful to enhance the service range and to provide more valuable offers, thus raising awareness and reputation. Among these additional services the company should definitely consider expanding library hosting services and co-branding.

According to the experiences and recent developments the financial projections are demanding.

7 Conclusions, Limitations, and Future Research

seToolbelt was founded as an open content resource hub with the mission to enable social entrepreneurs to plan and grow successful social ventures. The platform aspires to become the leading aggregator of practical, free tools and resources for change agents worldwide. Apart from seToolbelt's objectives to promote an open source ethos and to strive for global reach the goal of becoming a self-sustaining business plays a key role. Below, seToolbelt's achievements will be assessed and recommendations for the future will be discussed. Finally, limitations of this research are identified and suggestions for future research provided.

7.1 Conclusions

seToolbelt's unique selling proposition is the well-organized resource library containing over 1,500 free toolkits, cases, manuals, and other relevant resources. Accurate in its search results, accessible without any registration, and available for free, it offers an excellent value proposition that differentiates seToolbelt from its competitors. Additional value is generated through the encouragement of collaborative peer learning and joint content creation fostered by the platform.

Although the open source idea is core to seToolbelt's initial business setup, it should be reassessed. Within the scope of the merger with W1SDØM seToolbelt veers away from the original position that anything contravening the open source philosophy cannot be accepted, as they agreed to accept obligatory user registration for the merged platforms. seToolbelt has realized that there is a certain limit to the free and open access culture.

Copy right issues and public recognition are topics of controversial discussion for the motivation of social enterprise practitioners to share tools and resources. Offering only free of charge resources might be harmful for the quality level, since authors could have a certain desire to receive recognition for their efforts. Moreover, compulsory user registration would bring seToolbelt closer to its goal of impact measurement as they could easily request feedback and analyze users' behavior.

seToolbelt faces a difficult financial situation in summer 2012 as there is no grant in prospect. Without new funding its continuance is jeopardized. It can be questioned whether the financial projections are too ambitious and whether a support organization for social entrepreneurs is generally able to operate as a self-sustaining business. It might be worth considering that main players in the field, like The Skoll Foundation or Ashoka, are not self-sustaining but have funds available originating from private

ownership or foundations. Their operating conditions differ from seToolbelt's, economic efficiency is not their main concern.

A further topic in order to achieve growth is the issue of enhancing practitioner engagement. Possible approaches are the introduction of a credit system that encourages user involvement. In addition, the existing Practitioner Innovation Communities (PIC) process should be extended and offline working groups promoted. Nonmonetary reward concepts in the form of significant recognition (e.g., refer to resource authors on website/in publications) should be adapted. In order to ensure high levels of content quality and achieve valuable user cooperation the implementation of member-leaders or moderators in discussion forums can be stimulating. Users will feel appreciated and supported and will be pleased to return.

The enumerated approaches are means to tackle the challenges and improve seToolbelt's situation. The concept of the "one stop shop for social enterprise resources" is a valuable idea and great tool for collective problem-solving and knowledge creation for social enterprise. It is an ambitious approach within a demanding environment due to strong competitors. It would be highly desirable that seToolbelt finds the right avenues to take and will be able to overcome the obstacles on its way.

7.2 Limitations and Future Research

The case study as the main component of this dissertation is based on primary data collected in phone interviews and via e-mail correspondence with seToolbelt Director Lindsay Miller. Additionally, secondary data sources such as the company's business plan, reports, and working papers have been used. Omitting quantitative research methods constitutes a limitation to this dissertation.

The emphasis of the study lays on the description and analysis of seToolbelt's situation at this moment in time; predictions about the future viability are not the focus, as the scope of this thesis restricts in-depth investigations. The same applies to precise recommendations as a more comprehensive overview of the social enterprise field and practical experience in this area would be necessary for judgment.

As a result, further research should aim to analyze the existing services for social enterprise practitioners in the market and find out more about the needs and behaviors of practitioners. In this context, it would be interesting to conduct an additional survey among seToolbelt users focusing especially on the question of motivation to participate in seToolbelt. A logical step would be to conduct this survey among all players in the field of social entrepreneurship, including those that are not familiar with the concept of seToolbelt.

8 Bibliography

- Alter, K., 2010. Social Enterprise Typology. Available at:
http://www.4lenses.org/Setypology/se_in_context [Accessed August 5, 2012].
- Alter, K., 2011. *William Davidson Institute - Interview: Kim Alter on Social Enterprise*, Available at:
<http://www.youtube.com/watch?v=ULemV-1rHGU>.
- Austin, J., Stevenson, H. & Wei-Skillern, J., 2006. Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrepreneurship: Theory and Practice*, 30(1), pp.1–22.
- Bonaccorsi, A. & Rossi, C., 2004. Altruistic individuals, selfish firms? The structure of motivation in open source software. *First Monday*, 9(1). Available at:
<http://firstmonday.org/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/1113/1033> [Accessed September 3, 2012].
- Borst, I. & van den Ende, J., 2007. Financial rewards in open sourcing model; the case of multimedia services. *Proceedings International Product Developments Conference. 10-12 June 2007, Porto, Portugal*.
- Borst, I. & van den Ende, J., 2008. Motivation and contributions in crowdsourced activities: theory and empirical tests. *Proceedings International Product Developments Conference. 29 June - 1 July 2008, Hamburg, Germany*.
- Boschee, J. & McClurg, J., 2003. Toward a better understanding of social entrepreneurship: Some important distinctions.
- Brabham, D.C., 2008. Moving the crowd at iStockphoto: The composition of the crowd and motivations for participation in a crowdsourcing application. *First Monday*, 13(6). Available at:
<http://www.uic.edu/htbin/cgiwrap/bin/ojs/index.php/fm/article/view/2159/1969> [Accessed September 3, 2012].
- Busarovs, A., 2011. Crowdsourcing as User-Driven Innovation, New Business Philosophy's Model. *Journal of Business Management*, (4), pp.53–60.
- Carpenter, M.A. & Sanders, W.G., 2009. *Strategic Management Concepts - A Dynamic Perspective* 2nd ed., Pearson Prentice Hall.
- Chell, E., Nicolopoulou, K. & Karataş-Özkan, M., 2010. Social entrepreneurship and enterprise: International and innovation perspectives. *Entrepreneurship & Regional Development*, 22(6), pp.485–493.
- Chesbrough, H., 2003. *Open Innovation: The New Imperative for Creating and Profiting from Technology*, Harvard Business School Publishing.
- Chesbrough, H., 2012. Open Innovation: Where We've Been and Where We're Going. *Research-Technology Management*, 55(4), pp.20–27.

- Corey, R., 1998. *Writing Cases and Teaching Notes - 9-399-077. Harvard Business School Publishing.*
- Dees, J.G., 1996. *The Social Enterprise Spectrum: Philanthropy to Commerce. Harvard Business School Publishing, pp.1–7.*
- Estellés-Arolas, E. & González-Ladrón-de-Guevara, F., 2012. Towards an integrated crowdsourcing definition. *Journal of Information Science, pp.1–14.*
- Gobble, M.M., 2012. Defining Open. *Research-Technology Management, 55(4), pp.58–63.*
- Hertel, G., Niedner, S. & Hermann, S., 2003. Motivation of software developers in open source projects: An Internet-based survey of contributors to the Linux kernel. *Research Policy, 32(7), pp.1159–1177.*
- von Hippel, E., 2005. *Democratizing Innovation, The MIT Press.*
- Howe, J., 2006. Crowdsourcing: A Definition. *Crowdsourcing - Why the Power of Crowd is Driving the Future of Business.* Available at: http://www.crowdsourcing.com/cs/2006/06/crowdsourcing_a.html [Accessed August 29, 2012].
- Leimeister, J.M. et al., 2009. Leveraging Crowdsourcing: Activation-Supporting Components for IT-Based Ideas Competition. *Journal of Management Information Systems, 26(1), pp.197–224.*
- Libert, B. & Spector, J., 2007. *We are smarter than me: how to unleash the power of crowds in your business, Wharton School Publishing.*
- Linder, J., 1994. *Writing Cases: Tips and Pointers - 9-391-026. Harvard Business School Publishing.*
- Nagler, J., 2007. The Importance of Social Entrepreneurship for Economic Development Policies. *www.business4good.org, pp.1–10.*
- National Audit Office, 2009. Building the Capacity of the Third Sector. Available at: http://www.nao.org.uk/publications/0809/building_the_capacity_of_the_t.aspx [Accessed August 28, 2012].
- OECD, 2012. Key aid totals in 2011. Available at: <http://www.oecd.org/dac/developmentaidtodevelopingcountriesfallsbecauseofglobalrecession.htm> [Accessed August 17, 2012].
- Peredo, A.M. & McLean, M., 2006. Social entrepreneurship: A critical review of the concept. *Journal of World Business, 41(1), pp.56–65.*
- Porter, C.E. et al., 2011. How to Foster and Sustain Engagement in Virtual Communities. *California Management Review, 53(4), pp.80–110.*
- Prahalad, C.K., 2010. *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits, Prentice Hall.*

Schenk, E. & Guittard, C., 2009. Crowdsourcing: What can be Outsourced to the Crowd, and Why? *Sciences de l'Homme et de la Société*. Available at: http://halshs.archives-ouvertes.fr/docs/00/43/92/56/PDF/Crowdsourcing_eng.pdf.

Surowiecki, J., 2004. Mass Intelligence. *Forbes Global*, 7(9).

The Chronicle of Philanthropy, 2012. Sources of Giving in America: How They Are Recovering From the Recession. Available at: <http://philanthropy.com/article/Sources-of-Giving-in-America-/132337/> [Accessed August 17, 2012].

Wenger, E., 2004. Knowledge management as a doughnut : Shaping your knowledge strategy through communities of practice. *Ivey Business Journal*, (January/February), pp.1–8.

Wikipedia, 2012. Web 2.0. Available at: http://simple.wikipedia.org/wiki/Web_2.0 [Accessed September 3, 2012].

Yunus, M., 2007. *Creating a World Without Poverty: Social Business and the Future of Capitalism* 1st ed., Public Affairs.

Zahra, S. a. et al., 2009. A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), pp.519–532.

Reports provided by seToolbelt

Executive Summary W1SDØM & seToolbelt 2012. seToolbelt internal document.

Google Analytics Report for <http://www.setoolbelt.org>.

Practitioner Resource Needs Survey Results, June 1, 2012, seToolbelt publication.

seToolbelt, 2012. seToolbelt - Business Plan 2012 – 2015, seToolbelt publication.

Interviews

Telephone interviews with Lindsay Miller, seToolbelt Director, April 20, 2012 and June 13, 2012.

Websites

<http://support.google.com/googleanalytics/bin/answer.py?hl=en&answer=81986>

[Accessed August 7, 2012].

<http://tess2.uspto.gov/bin/showfield?f=doc&state=4002:7qq15q.2.1>. [Accessed July 12, 2012].

<http://w1sd0m.net/about/w1sd0m> [Accessed July 5, 2012].

<http://www.acumenfund.org/> [Accessed August 23, 2012].

<http://www.ashoka.org/> [Accessed August 23, 2012].

<http://www.ashoka.org/visionmission> [Accessed July 12, 2012].

<http://www.bamboofinance.com/> [Accessed August 23, 2012].

<http://www.businessdictionary.com/definition/entrepreneurship.html> [Accessed August 1, 2012].

<http://www.calvertfoundation.org/> [Accessed August 23, 2012].

<http://www.drupal.org/about> [Accessed June 20, 2012].

<http://www.dynamicbusiness.com.au/entrepreneur-profile/social-entrepreneurship-fastest-growing-sector-of-economy-16042012.html> [Accessed August 17, 2012].

<http://www.echoinggreen.org/> [Accessed August 23, 2012].

<http://www.kiva.org/> [Accessed August 23, 2012].

<http://www.schwabfound.org/> [Accessed from July to August, 2012].

<http://www.setoolbelt.org/about> [Accessed from May to September, 2012].

<http://www.siaassociation.org/events/upcoming-events/charity-impact-measurement-conference/>
[Accessed September 3, 2012].

<http://www.skollfoundation.org/> [Accessed from July to August, 2012].

<http://www.skollworldforum.org/about/> [Accessed July 28, 2012].

<http://www.socialedge.org/about-us> [Accessed July 28, 2012].

<http://www.socialenterpriselive.com/section/se100/management/20110711/vibrant-sector-defies-downturn-powerful-growth> [Accessed August 17, 2012].

<http://www.virtueventures.com/> [Accessed from June to August, 2012].