

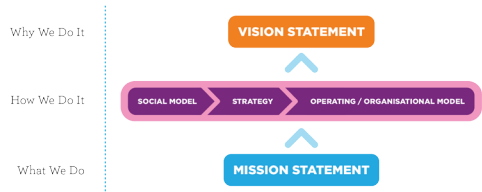
Stage 2: Project Concept and Design

Theme 2: Social Model

DEFINING THE PROBLEM AND YOUR SOLUTION

Introduction

As your plans emerge from initial ideas and thinking towards a more complete project concept and potentially on to a fully operational enterprise, you will increasingly need to think about your social model. Your social model forms an essential component of your business model and helps link your mission (*'what we do'*) to your vision (*'why we do it'*):



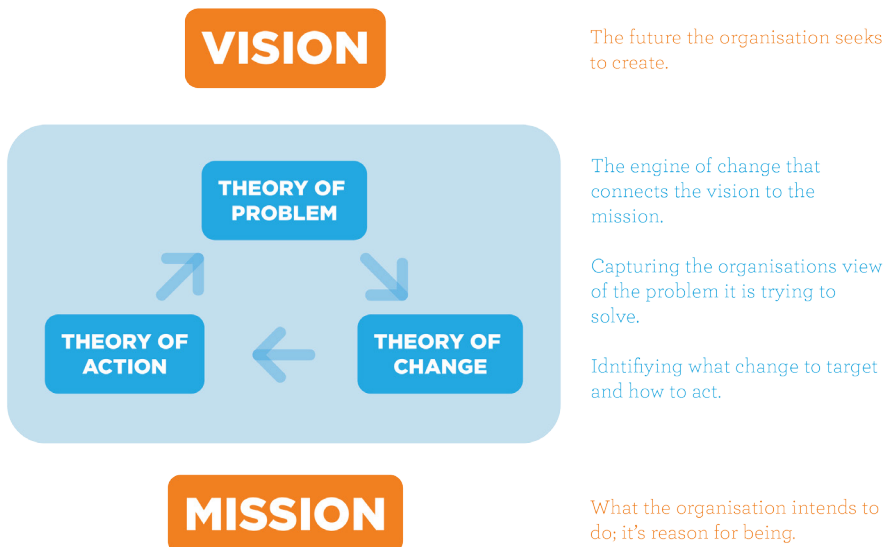
This framework forms your entire business model; in this theme of the toolkit, we will be focusing on the development of the Social Model component. Vision, Mission, Strategy and the link into your operations is discussed in the Business Model theme of this toolkit.

The social model is the key element that differentiates a social enterprise from a commercial business. Although many social entrepreneurs recognise the importance of their social model, many fail successfully to define and articulate its key components. Due to the significance and challenges of this topic, this section goes into some detail compared to other themes within this toolkit. Throughout this theme, we will refer to a single case study, Social Enterprise D, an organisation that provides advice, information and support to refugees and migrants in city 'y'. This hypothetical organisation is used to illustrate some of the key processes and thinking required when developing your social model.

The 'social change model' is a useful framework for understanding and communicating your social model. The framework separates an organisation's social model into three core components:

- **The theory of the problem:** The problem (social, environmental) that you are setting out to solve / alleviate.
- **The theory of change:** The solution theory (*your strategy*) to addressing the problem defined above.
- **The theory of action:** The key interventions (*your actions/ operations*), which will enable the organisation to deliver the theory of change solution.

The diagram below illustrates the fundamental role of your social model in bridging the gap between your organisation's vision and mission.



It is never too early to start thinking about the nature of your social model. It is likely to be a continuously evolving concept – as you learn more about the problem and the effectiveness of your interventions, you may discover new, more robust strategies and actions for addressing the root causes of the problem.

The very fact that you have chosen the social enterprise model for your project / organisation suggests that you have already identified a problem which you believe you can solve. The purpose of this section is to take a closer look at both the initial ‘problem’ idea (theory of the problem) and your proposed strategy for solving this problem (theory of change). The translation of your solution / strategy into a set of interventions is discussed in the next section of this Social Model theme of the toolkit.

The function of **business planning** is related to designing and documenting your social model; however, full business planning will define both the social model and the business model, then do a deep dive into much more detailed aspects of operations, governance, finance, organisational development, etc. – that is, pretty much every other theme covered in this toolkit. Business planning is considered under the Business Model theme of this toolkit.

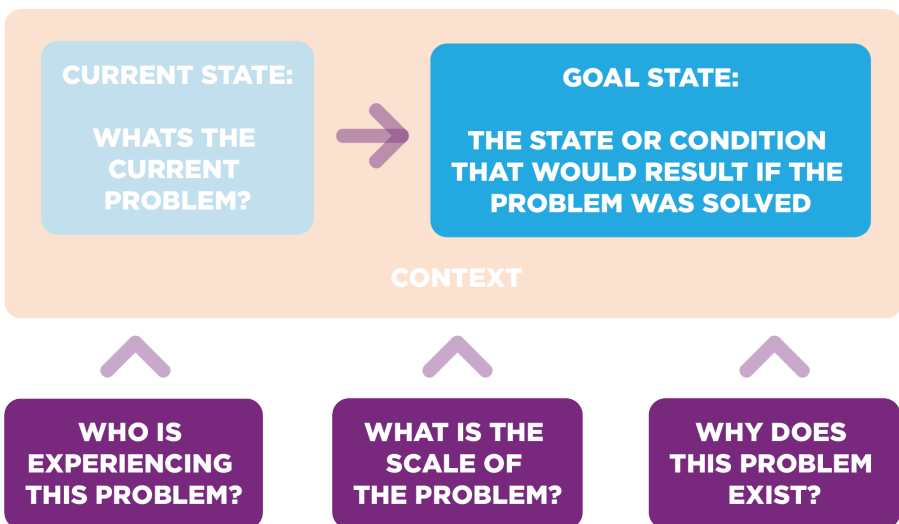
Defining the theory of the problem

You are likely already to have an idea for solving a particular social or environmental problem. However, before launching into designing your solution, it’s worth thinking about the nature of the problem in some detail. If you can successfully define the problem you are setting out to solve (ideally in one statement), it is far more likely that you will be able to develop a robust strategy for solving it. Furthermore, if you are serious about making your organisation work, you are going to have to find a way of communicating the nature of the problem to a variety of stakeholders, in a clear, simple and accessible way.

In this next section we will introduce a logical process for defining the problem you are setting out to solve; the **theory of the problem**. This process is driven by three core elements of the problem definition:

- What is the **current situation** (or state) of the problem you have identified?
- What is the **context** behind this problem?
- What is the end, **goal state** or condition that would result if the problem was solved?

The diagram below demonstrates the role of these three elements in defining the theory of the problem your organisation is looking to solve:



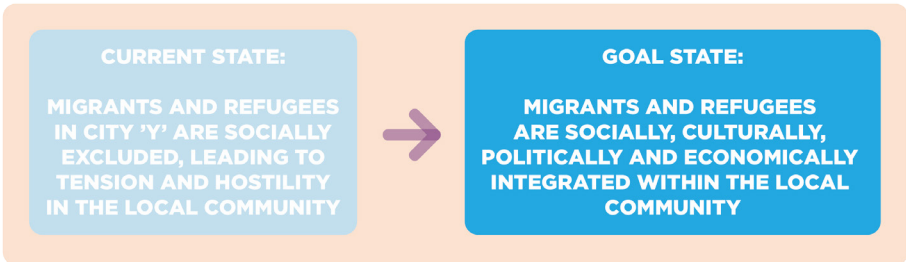
Note: 'Defining your theory of the problem' is based on Shrestha & Appanah's 'Innovative Problem Solving Guide' (2008), accessed March 2010: <http://ysei.org/node/88>

Theory of the problem - current and goal states

The first step in this process is to define the current situation and the goal state for the problem you are seeking to address. The example below illustrates the current and goal states as defined by Social Enterprise 'D',



an organisation seeking to provide advice, information and support to refugees and migrants in city 'y':



Remember, determining these different 'states' will require a close understanding of both the current problem and the desired state. This will require you to have a detailed understanding of the context of the problem by completing a robust environmental analysis (see next section). With this in mind, you will often find that you may need to re-examine your definition of the current and goal states once you have completed your environmental analysis (the context).

Theory of the problem - the context

Now that you have defined the problem and what the world would look like if the problem was removed, the next step is to develop a deeper understanding of the situation through an **environmental analysis** – i.e. the context. When assessing the context behind the problem you are trying to solve, you should be aiming to answer the following questions:

- **Who is experiencing this problem and what are their typical experiences?**
 - Identify the target population
 - Where appropriate, segment the target population into a number of separate groups
 - Try and identify the typical experiences of the target population / segments
 - Identify trends or future expected changes that may change the situation (for better or worse)
- **What is the scale of the problem?**
 - How big is the target population (ideally broken down by the separate groups outlined above)
 - Is the problem growing / is the target population growing?
- **Why does this problem exist?**
 - Understanding the root causes of the problem (see below)

The most challenging, yet ultimately vital element of this analysis is identifying the root causes of the problem. These causes will become the foundation of your theory of change and your theory of action. The PEST analysis is a useful way of assessing the root causes of the problem you have identified, providing a framework for assessing the potential **P**olitical, **E**conomic, **S**ocial and **T**echnological causes of a problem. For some problems, it may also be worth examining the potential **L**egal and **E**nvironmental causes - i.e. PEST(LE). When completing the PEST(LE) analysis, it might be worth referring to your stakeholder analysis to identify some of the key groups that might influence the problem you have identified.

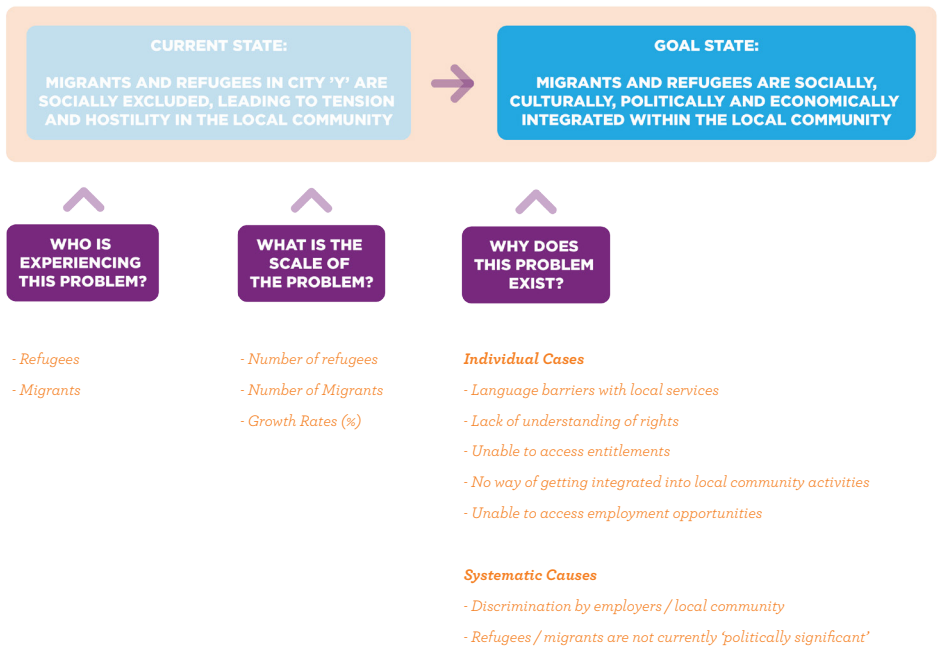


In many cases, the root causes of problems identified with your PEST(LE) analysis can be split into two categories:

- **Individual causes**- a lack of specific individual interventions (e.g. 'lack of support around employment issues for migrants)
- **Systemic causes**- large scale systemic causes which effect the population as a whole (e.g. 'wide spread discrimination towards migrant workers')

Theory of the problem - example

The diagram below sets out a high level summary of key elements of Social Enterprise D's (an organisation aiming to provide support to refugees and migrants in city 'y') theory of the problem:



During Social Enterprise D's analysis of the context behind the problem, it was established that the key 'root causes' of the problem were as follows:

- Individual causes:

- Difficulties for migrant and refugees in understanding and accessing their rights and entitlements around:
- Employment and benefits & Healthcare
- Social care
- Immigration
- Limited support to help migrants and refugees integrate into the local community through local clubs, groups and community activities.

- Systemic causes:

- Discrimination by employers
- Discrimination in the local community

Taking these root causes into consideration, Social Enterprise D has created the following definition of the 'theory of the problem' it will aim to address, combining the identified current state, goal state and problem context:

Many migrants and refugees in city 'Y' don't understand their right and entitlements to services, receive limited support in helping them integrate into local activities, and are discriminated by employers and their local community. These factors to social exclusion and social polarisation, making it very difficult for migrant workers and refugees to become integrated into the community.

CONTEXT

CURRENT STATE

GOAL STATE



Theory of change

Now that you have clearly defined the problem you are aiming to address (**theory of the problem**), the next stage is to develop your strategy for addressing this problem (**theory of change**). Your strategy for solving this problem, your theory of change, needs to define the building blocks required to bring about your long term goal (goal state).



The purpose of the ‘theory of change’ process is to help you develop a robust solution strategy built around the root causes of the problem you are setting out to address. It should be structured around three key elements:

- **Interventions:** the high level initiatives or activities that bring about outcomes
- **Outcomes:** the results generated by the interventions
- **Assumptions:** explaining the connections between the interventions and the outcomes.

Using the context of the problem outlined in the previous section (theory of the problem), you should aim to define and map the ‘cause and effect’ links that connect your high level interventions to your outcomes, and your outcomes to the alleviation of the problem(s) experienced by your target population.

The example overleaf illustrates the pathway of change for Social Enterprise ‘D’ which provides advice, information and support to refugees and migrants in a city Y. The theory of change outlines both the current

state and goal state of the defined problem, then illustrates the key interventions (in red) that social enterprise D can make to change the outcomes (in green) and achieve the overall goal state.

This example, as with any theory of change, would also require clear documentation of the assumptions made within this solution theory- the connections between the interventions and the outcomes. Where possible, evidence should be provided to justify these examples; from research, personal experience or experiences from a similar organisation. For example, why would '*support provided to migrants and refugees around employment and civic rights*' generate: 1) More opportunity for migrants and refugees to access the local employment market. 2) Make migrants and refugees more politically active?

