

**Businessplan "fit for future"
a social entrepreneurial project**



a work of

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1. Executive Summary

The problems we want to solve are integration difficulties, low appreciation for education among students, and consequently their bad prospect, which are core problems of migrant families in Germany.

Fit For Future is a social entrepreneurial project to support, educate and sensitize these families to the importance of education. Fit For Future will help these families successfully overcome the difficulties of integration in our society, thus creating more lateral and vertical movement in society.

Our idea creates a unique, professional and self-sustaining network with parents, students and pertinent schools, which will start in the region of North Rhine-Westphalia. Since there is no comparable competitor on the market, this project will have a great impact on society.

The influence of family background on the personal development of the children is particularly high in Germany. One reason is part-time school education, whereby the students spend a lot of time at home with their families, because most activities are too expensive.

We will offer a free afternoon program which will attract these students and their parents to spend a few hours a week, where they interact, learn and exchange experiences with students of higher education.

One element this program has to offer will be listening to motivating, successful people with migration background. We will also offer special presentations and workshops in order to help them to get ready for the job market. Each time we will have different topics presented to keep interest high.

These workshops will keep the usually struggling students motivated by combining social interaction, high quality learning and fun.

The core idea of the network consists of an intergeneration contract. Participants who have successfully finished the program and achieved their goals will find gratification in helping the younger generation through the program to success. Due to the high frequency in new students the cheapest and most effective marketing strategy is word-of-mouth advertising, which is done by the students themselves.

Since the seed financing requirements are not very high, we will first rely on private investors and later on sponsoring from the federal state and corporations. In addition to

that, we will cooperate with schools, universities and students and socially active families will lead this project to success.

In the beginning the project will mainly be conducted by students of the WHU. Later, we will look for an association with eligible members from different areas in order to maintain a sustainable dynamic system of new information inflow.

This will make us, you and everyone “Fit For Future”!

2. The Team

All of us are students at the WHU Otto Beisheim School of Management and take part in students’ initiatives besides studying. More information about each member can be found below:

1. Hi, I’m Suzan and I’m 19 years old. Stuttgart is my hometown. My parents



come originally from Turkey. This summer I got my high school diploma. Besides school, I took part in projects such as “Mörrike gegen Aids” and lead an assertiveness training for kids in the 5th grade. In my free time, I read a lot and do lots of sports. One of my hobbies is travelling around the world.

My task for this project is the market research, the event management and marketing.

2. Hi, my name is Jaro and I’m 20 years old. I study at the WHU as well. During



my studies, I’ve been a lot abroad: in Nottingham and Paris. In addition to my studies, I do a lot of sports. I’m interested in many other languages and cultures, music and philosophy. Strategy and finance are my main duties for the project “fit for future”.

3. Hi, I'm Habib and I'm 21 years old. I study like my team mates at the WHU in



Vallendar. During my studies, I've been a lot abroad: in Singapore and in Bangalore (India). Originally, I come from Afghanistan and Farsi/ Dari are my mother tongues besides German. In addition to my studies, I do a lot of sports (jogging, tennis and badminton). I'm interested in many other languages

and cultures. Strategy and marketing are my main duties for the project "fit for future".

4. Hi, I'm Patrick and I'm 19 years old. I went to school in Rheinbach close to



Bonn. As the head of student council of the Vinzenz-Palotti-Kolleg I took responsibility for a lot of projects and organized certain activities at school. After I got my high school diploma, I worked as an intern at the IVG Immobilien AG. Besides school I worked as a person in charge of "Abenteuer-Pur", a

project of the children's and youths' centre Live St. Martin. I like playing tennis, dancing, arts and music. My task for this project is IT, technical support, graphical implementation. I'm volunteering for "fit for future".

5. Hi, my name is Momo and I'm 20 years old. I grew up in Cologne and Shanghai and I have been to the USA for a year. As the head of student



council I coordinated and organized a lot of projects. Besides school, I worked voluntary as a lifeguard, swimming coach (DLRG) and a paramedic (DRK). Another project I participated in was "Business@school". I also led the basketball club of our school. My hobbies are meeting friends, doing

sports, reading, listening to music and travelling. I am the contact person for f³ and PR and marketing are my duties.

6. Hi, my name is Tian and I am 21 years old. I grew up in Germany and in



China. Before I started university, I made an apprenticeship as an industrial manager. I'm very much interested in the Chinese culture, economy and politics. In my free time I play badminton, compose, sing and play the guitar in the big band, jazz combo, and the orchestra. Strategy, finance and

marketing are my main duties in the project "fit for future". Like Patrick, I work for this project voluntarily.

3. Strategy implementation

General Strategy

Our long-term vision is to promote education as a key success factor for the future prospects and integration of migrants. Our concept pursues a uniform approach by not only providing support to students but also to their families. We aim at addressing the whole social environment of young migrants as these people might have a considerable influence on their attitudes and behaviors.

In the starting phase our strategy focuses on a differentiated offer of a social service with the aim to gain high resonance and popularity in the short-term, especially at schools in the area of North Rhine-Westphalia.

In the medium to long run we would like to geographically expand our project to other states in Germany. Of course, a prerequisite for this expansion would be a minimum market penetration in North Rhine-Westphalia and sufficient financial budget for further investments in the development of our project. In medium run we can imagine taking use of strategic alliances with other (social) associations and sponsorships, for example for the expansion of our network or for the purpose of easing our marketing management and communication process.

In order to analyze the status quo and future potential of our project it is reasonable to conduct a SWOT analysis.

3.1 Strength:

The underlying idea behind our project and our differentiated approach enable us to gain a sustainable competitive advantage, mainly due to the following reasons:

We can benefit from a first mover advantage as our project does not exist in the way and format we developed it. Of course, there are coaching offers for students (with migrant background) but unfortunately too often they do not lead to high success as the basic problems remain unconsidered. We think that success highly depends on the way of motivating and convincing young migrants to use education as driver for future success. For instance, we need to increase our credibility and encourage young people by using young academics (students) with a migration and multicultural background as coaches/teachers. These people normally have a close contact to the migrants, a better understanding of their problems and can be taken as an example for success.

We assume having a high resonance as we do not only address young migrants but also their families and social environment, especially their parents. They are part of our project as they take different important roles. On the one hand, they have a considerable influence on their children and their education and thus a relevant decision making power. On the other hand, we would like to encourage them to actively participate in our project by taking use of our offer tailored to the development and integration of migrant parents. We aim at both offering language courses as well as cultural trainings to facilitate the integration of migrant parents into the society and labor market. We assume that the progress and satisfaction of parents will be reflected in their attitude towards the importance of education which in turn would increase their influence on their children and their overall willingness to invest in the education of their children. Depending on the feedback we would like to create an incentive compatible compensation system allowing the parents to reward the coaches and contribute to the growth of the project according to their satisfaction level. This additional source of revenue can be used for further investments in the project and its expansion. Furthermore it would enhance the coaches' motivation and willingness to support the project.

In conclusion, we think that our uniform approach which integrates different parties and methods into the project, may lead to a high acceptance and positive feedback. This would enable us to gain a sustainable competitive advantage.

3.2 Weaknesses:

Like many other social entrepreneurial projects we might have difficulties to implement our project in the beginning phase due to insufficient financial budget. For the success of our project it is important to invest a lot in marketing and communications in order to reach a certain level of publicity. High effort must be put to get the support of as many schools as possible. Once we have reached a certain proportion of the public our project will continue to grow with the help of word-of-mouth advertising that does not require high investments, if at all.

3.3 Opportunities:

In the medium to long run we might think of expanding to other states and forming strategic alliances with social associations where young people are active. With the help of strategic alliances we can expand our network to an international level, gain more market share, increase financial budget and find new ways to recruit coaches.

Furthermore we believe to gain the support of new investors, especially public authorities which might have a strong interest in the growth of our project as it benefits their integration and unemployment programs. We are convinced that improvements in language skills and cultural aspects would benefit parents to find a satisfactory job which in turn would lower the unemployment rate. Regarding the educational offers to young migrant students we believe that their progress would benefit them both in terms of academic and social terms increasing their future prospects. Both children and parents would be easier integrated into the society, which is also in the interest of public authorities.

3.4 Threats:

The competitive market situation is rather positive from our point of view as currently no other identical or similar projects are existent. The threat of potential new entrants cannot be excluded but it is rather low because the success of such a project depends on publicity

and word-of-mouth-advertising. A new entrant would have high initial costs to gain market share and the confidence of the target customers.

3.5 Conclusion:

Our project has to be implemented at different stages. First of all, we would like to gain as much positive resonance as possible, in the state of North Rhine-Westphalia. Our goal is to activate a wave of positive word-to-mouth publicity in order to convince as many people as possible for the participation in the project.

After positive results are measurable we would continue to transform our project model into other states. Partnerships and strategic alliances should help us to better and faster reach our target group.

By that time we hope to have increased our sponsorships and base of public investors in order to make further investments in the project, for example in the quality of coaching and the individual mentoring respectively support.

3.6 Market analysis

Attitudes cannot be changed overnight. The risks that can be seen in the project “fit for future” are that we cannot change peoples’ mind over night. Once an attitude towards a specific topic such as education is set, it cannot be changed easily.

To convince the students to participate, we need to understand the definition of what an attitude is. An attitude is a hypothetical construct that represents an individual’s degree of like or dislike for a thing or person. The thing or the person is mostly referred to as attitude object. Sometimes we don’t know exactly if we have a positive or negative view on an attitude object, thus we are ambivalent to the object.

At this early stage we can persuade the targeted students. But what is an attitude? It’s easily said a judgment. Attitudes develop on the ABC model (affect, behavior and cognition). The affective response is an emotional one that expresses the degree of an individual’s preference towards an object. The behavioral intention is a verbal a typical behavior tendency of a person. The cognitive response is a cognitive evaluation of the being that makes up an individual’s beliefs about the object. Most attitudes are the result of either observational learning from the environment or of direct experience.

Attitudes are expected to change as a function of experience. This means that if we are able to change peoples' experience as a function of experience. This means that if we are able to change peoples' experience with our project, we can change their attitudes towards the importance of education.

4. The legal form of fit for future

We chose the "Eingetragener Verein (e.V.)" as our legal form. This legal form is regulated by the BGB (the civil code of Germany). We chose this legal form because our purpose is primarily non-profit oriented.

Furthermore the e.V. as our legal form provides us the full legal capacity as a juristic person and the best cost-utility ratio, since we have very low costs. The charge of founding (notarial act + entry of the association register) is approximately 100 €. Additionally, the charitable and non-profit character of our project will exempt us from value added tax payments. Finally the advantage of an e.V. is also that the liability is limited to the club funds. This will help us to acquire members, since theirs are no severe risks involved.

The executive board will be elected at the annual members meeting by the members of the e.V.. At the beginning the members of the executive board are Manfred Yuan, Suzan Erbil, Patrick Tang, Xiaotian Zheng, Habib Qubad and Jaroslaw Postnikov.

5. Sources of financing

There are basically two ways to start a venture. One is **bootstrapping**, which means that you start a company with your own money. The other is to raise **outside capital**. The question which route to take depends apart from the availability of capital most importantly on the time window of opportunity and the capital requirements of the sector you are in. If the window of opportunity is large and the capital requirements are low, you can succeed by bootstrapping your venture. If the window of opportunity is small and the capital requirements are high, it makes sense to raise outside capital early on. Since we all are students right now, it would be very difficult to bootstrap our venture, so we have to go for outside capital from the very beginning.

5.2 Sources of outside equity

There are three main sources of outside equity: *angel investors*, *venture capital firms* and *corporations*. However, in our case only angel investors and corporations can be considered, since we do not follow an exit strategy as venture capital firms do, but are non-profit oriented.

5.2.1 Angel Investors

Business Angels are wealthy individuals who invest money into early stage companies; and as various surveys proved, fun and personal affection are often the main reasons for angels to invest. The best angels are key people from the industry or other entrepreneurs, because they understand what you and the venture are going through and can give valuable advice as well as help with their contacts to open doors to potential customers and partners.

Angels often need much less time to make up their mind and fund the venture more quickly. They move much faster than venture capital firms, because they do not do the same deep due diligence. Besides, they rather tend to look at the venture as “I am your friend, how is it going” as opposed to somebody who comes in monthly asking how much revenue and profit you made. Besides being more patient, angels tend to offer better valuations for the venture, which means they are happy with less equity in the company. However, angels usually do not have enough money to fund the company all the way to its maturity and are often rather passive investors.

All in all, angels are often the first and only source of financing once founders cannot bootstrap the company anymore. They can bring in practical experience and connections, thus making an important contribution, and usually have an easier attitude towards the financial part of the company as well as offer a better valuation than venture capitalists. Compared with an investment from a venture capital firm an investment from an angel is however often a much more passive investment with a lower leverage for the company’s development in terms of contacts, professional advice and recruiting. Hence, finding appropriate angel investors will be our first task concerning the financing of our venture.

5.2.2 Corporate Investors

Besides receiving funding from angels, we will also try to raise money from corporations. Normally, as the venture grows bigger, more corporations will be willing to invest. Corporations usually invest at later stages, because often they do not have the professional people to do the due diligence on an early-stage venture. So initially for us there are just angel investors as our only option.

Taking money from a corporation is not only a financial, but also a strategic decision. Corporate money is good for gaining access to distribution channels and to establish strategic partnerships. Furthermore, investments from well-known corporations can provide our venture with credibility which might be critical in our target market. The fact that there is a large corporation standing behind us, could allow us to get better access to customers and potential partners.

However, we have to be careful when bringing in corporate money in early rounds. Because once you take corporate money, in many cases you align yourself with one company. Therefore you always have to ask yourself what impact this corporate money will have on other potential investors or other companies doing business with you.

Thus, we should be wary of the long-term implications of a corporate investment, and not submit to the temptation of a financially very attractive offer without considering the consequences.

Corporate investors can sometimes play a good role as a customer and as a sounding board for product development. However they can also be very distracting and can divert resources inappropriately, since in an early stage they might influence the focus of our company in a way which is not in the long-term interest of our company. One way to prevent that could be to bring in several competing corporations and play them against each other. However, this could result in a very complicated governance of the company, since all investors would be wearing the hat of what is best for their company and not what would be

best for our young venture. Therefore, we will always have to make sure here, that our long-term interests and the interests of the corporate investors are aligned.

In short, an investment from a corporate investor might give us access to important distribution channels or customers as well as provide necessary credibility. However, it can also put our company on a certain track and direction and thus limit our possibilities to partner with other companies. A decision to take in corporate money is therefore always a very strategic decision as well.

5.3 Our conclusion

There is no single formula for choosing the right source of financing. Each time it will be a different formula when to choose a certain type of investor. Besides, the different sources of financing are not a category from which to choose, but it really depends on the people involved: Who is the angel, who is the corporate investor? Do they take the time, do they have the technical expertise, do they have capital and do they have connections? And since each source of financing has its inherent advantages at different stages of the company, we see the different sources of capital as complementary rather than as alternative sources of capital.

Our website: <http://www.f3-fitforfuture.de.vu/>