

Module 4: Sustainable Finance and Sponsorship

Impact Circles

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Unit 1	Sustainable Finance
Topic 1	EU funds and programmes
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Topic 3	Loans/microloans
Topic 4	Investment funds
Topic 5	Business angels
Topic 6	Corporate social responsibility

Module: Learning Outcomes

Module 4- Sustainable Finance and sponsorship

Introduction text: *In this module, you will learn about the ways of funding your business sustainably, as well as pros and cons of each of the ways. You will learn about proposals for sponsorships, defining USP, sponsorship prospecting and pitching. This knowledge will help you find the right fit for you and your business. It is an important step to becoming successful and by the end of it, you will acquire knowledge while having fun learning about it!*

Knowledge Statements of what a learner knows:	Skills Statements of what a learner understand:	Competences Statements of what a learner is able to do on completion of a learning process:
- a learner will gain foundational knowledge of ways of funding - loans, business angels, support for self-employment, EU funds and programmes and investment funds	- understanding ways of funding, practicing forward thinking	- a learner will be proficient in decision making, critical thinking
- a learner will learn more about USPs, sponsorship prospecting and proposals, as well as pitching	- understanding the proposals and sponsorship prospecting, the meaning and importance of USP	- a learner will be proficient in creative thinking and financial analysis

Introductory video

Hello everybody!

In this video for module 4, we will cover potential ways of funding your business sustainably and sponsorship and by the end of the lessons, you will be able to know the differences and advantages and disadvantages of EU funds and programs, support for self-employment, loans/microloans, investment funds and business angels, as well as learn ways of sponsorship and apply the most suitable ones to your business 😊

Unit 1: Sustainable Finance

Topic 1: EU funds and programmes

- Depending on the country, small businesses can apply and sponsor their start-up.
- There are loans for new small businesses with very low interest rates, eg <https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/search/>
- The development of trade behind which stands the production activity, is viewed positively for the needs of EU projects and microloans from various government bodies.

Topic 2: Support for self-employment

- **Support for self-employment** is given to unemployed persons to cover the costs for the establishment and start-up of a business entity.
- The goal is financial support, and the amount of the subsidy and the duration of the measure depends on the countries.

Topic 3: Loans/microloans

- One of the opportunities is to acquire microloan from a certain government body in the country where the webshop is located.
- **Microloans** are small loans that are intentionally designed to help meet the needs of startups and small businesses that may not qualify for funding elsewhere. There are community organizations, nonprofit groups, online lending platforms, and individuals that offer microloans.
- Resources, training, and business advice are often part of receiving a microloan—the loans are designed to help startups and small businesses grow and succeed.
- They are divided into governments (low interest rates, a lot of paperwork) and banks (vice versa).

Topic 3: Loans/microloans (continuation)

- The positive side of microloans is that they are very favorable, with a very low interest rate. States are usually willing to support various stages of small business development.
- The good side is also that it gives you an incentive for adequate planning and periodic analysis, which gives greater stability to the business and a greater chance for success.
- On the other hand, it's still a credit line, you still have the obligation to return that money with low interest, high financial responsibility is required and it is necessary to generate income in order to pay it back month after month.

Topic 4: Investment funds

- **An investment fund** is a product that combines the savings of many people and then puts them in the hands of a team of investment experts, the fund managers, so that they can make the money grow
- Advantages of investing with other people are – you can do things that you would not be able to do with your savings, you gain access to professional managers that would otherwise cost you a lot of money to hire, you have a more balanced portfolio for less money. Taxation is one of the great advantages of investment funds: funds are a product that allows tax deferral.
- Disadvantages are market risk (the risk is the possibility that the value of the asset may fall) and selection of funds – there are many funds and not all of them are the same or even good.

Topic 5: Business angels

- A business angel is a private individual, often with a high net-worth, and usually with business experience, who directly invests part of their assets in new and growing private businesses.
- Business angels can invest individually or as part of a syndicate where one angel typically takes the lead role.
- Besides capital, angel investors provide business management experience, skills and contacts for the entrepreneur. Experienced angels also know that they may have to wait for a return on their investment. They can, therefore, be a good source of ‘smart and patient’ capital.

Topic 5: Business angels (continuation)

- The positive side of business angels is that they provide valuable knowledge, expert support, contacts and guidance. Their experience and resources can be of significant value for business's growth. Also, unlike banks, business angels fund businesses or entrepreneurs with the money they need to get going, getting an ownership stake in the company in return. This ownership stake starts at about 10%, there is no repayment required.
- The negative side can be that business owners commonly give away between 10% and 50% of their business start-up in exchange for capital. They can encourage you to sell your start-up before you're ready if the business fails, but they can also choose to hire a more experienced executive and remove you from the company. Furthermore, it is essential to evaluate whether the company can grow at the rate that an angel investor expects and determine expectations for growth.

Topic 6: Corporate social responsibility

- CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and establish better practices within the firm, create wealth and improve society
- It can involve a wide range of stakeholders – non-governmental organizations, business partners, lenders, insurers, communities, regulators, intergovernmental bodies, consumers, employees and investors
- CSR is an entry point for understanding sustainable development issues and responding to them in a firm's business strategy
- it can also help in finance - building share value, lower the cost of capital and ensure better responsiveness to markets

Topic 6: Corporate social responsibility (continuation)

- Potential **benefits** of implementing CSR include:
 - Better anticipation and management of an ever-expanding spectrum of risk
 - Considering the interests of parties concerned about a firm's impact is one way of better anticipating and managing risk
 - Improved reputation management
 - Reputation is founded on values such as trust, credibility, reliability, quality and consistency
 - Enhanced ability to recruit, develop and retain staff
 - Improved innovation, competitiveness and market positioning
 - Enhanced operational efficiencies and cost savings
 - Access to capital

Learning Activity 1: Title

Please provide here relevant practical tools and exercises for the specific section and elaborate a mini-toolkit (3-5 learning activities per module ideally –1 per unit). The following table provides a structure for the activities. Please describe each activity within the table. Provide additional materials for an activity as a list of links or as an annex (e.g. handouts, images, graphics, charts, presentations, games, mind-maps, videos etc.). The table is filled with one example.

Educational goal	Type of activity	Content	Additional materials
Knowledge and skills related to Sustainable Finance	Individual exercise	After revising the Unit 1, find 2 best ways of financing for your products and explain its importance in a creative way.	https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/search/

Evaluation

Summary

Please name here the most important learnings, findings or also tips/pieces of advice which the beneficiary should not forget when heading to the next step in the process. Please keep the format of bullet points.

- Depending on the country, small businesses can apply and sponsor their start-up with EU funds and programmes.
- Support for self-employment is given to unemployed persons to cover the costs for the establishment and start-up of a business entity.
- Microloans are small loans that are intentionally designed to help meet the needs of startups and small businesses that may not qualify for funding elsewhere
- An investment fund is a product that combines the savings of many people and then puts them in the hands of a team of investment experts, the fund managers, so that they can make the money grow
- A business angel is a private individual who directly invests part of their assets in new and growing private businesses.

Further material

- <https://culture.ec.europa.eu/funding/cultureu-funding-guide/discover-funding-opportunities-for-the-cultural-and-creative-sectors>
- <http://www.ipyme.org/es-ES/Financiacion/RedesBusinessAngels/Paginas/MapaRedesBA.aspx>

Unit 2: Sponsorship: tools to find a funding opportunity

Module 4 : Sustainable Finance and Sponsorship

Unit 2	Sponsorship: tools to find a funding opportunity
Topic 1	Writing a proposal for sponsorship
Topic 2	Value proposition and defining USP
Topic 3	Sponsorship prospecting
Topic 4	Pitching

Topic 1: Writing a proposal for sponsorship

- Know your audience
 - When you are reaching out to a sponsor, you need to know and demonstrate that you know who you are contacting, their role at their company and how they fit into your sponsorship needs
- Mention common goals
 - Highlight how support of your efforts intersects with the business' larger philanthropic goals
 - Show that you want to help your community and that everyone wins with their sponsorship of your business, including the community
- Include contact information
 - Most businesses will want to discuss the sponsorship so provide a range of ways so that potential sponsors can reach you easily

Topic 2: Value proposition and defining USP

- It is important to know who your future customers are. When you know the potential key customer groups, you can use the value proposition table to define your services more precisely according to it:
- What does a typical day of our customer look like?
- What goals does he want to achieve?
- What problems does he encounter when achieving these goals?
- What benefits does he want to achieve in fulfilling those goals?
- How can my product or service help him alleviate those problems?
- How can my product or service help him achieve the desired benefits?

Topic 2 (continuation)

- A unique selling point (USP) is a marketing statement that differentiates a product or a brand from its competitors.
- A USP might boast the lowest cost, the highest quality, the most experience, the first in its product class or another trait that sets the offering apart from the competition. A unique selling point can be thought of as "what you have that competitors don't".
- When developing a unique selling point, an organization should pay close attention to its market concentration and the competition, factoring in their strengths and weaknesses and identifying ways to set the brand or product apart from theirs.

Topic 3: Sponsorship prospecting

- It is important to know who your future customers are. When you know the potential key customer groups, you can use the value proposition table to define your services more precisely according to it:
- What does a typical day of our customer look like?
- What goals does he want to achieve?
- What problems does he encounter when achieving these goals?
- What benefits does he want to achieve in fulfilling those goals?
- How can my product or service help him alleviate those problems?
- How can my product or service help him achieve the desired benefits?

Topic 4: Pitching

- An elevator pitch is a persuasive speech that you can give in around 30 seconds to a minute.
- Tell your sponsors who you are, what your business is about, what makes you unique. Finish the pitch with a question or sentence that leads the conversation in the direction you want.
- You should also take care that your pitch is as natural as possible, that it flows into the conversation, and does not feel rehearsed.

Learning Activity 2: Title

Please provide here relevant practical tools and exercises for the specific section and elaborate a mini-toolkit (3-5 learning activities per module ideally –1 per unit). The following table provides a structure for the activities. Please describe each activity within the table. Provide additional materials for an activity as a list of links or as an annex (e.g. handouts, images, graphics, charts, presentations, games, mind-maps, videos etc.). The table is filled with one example.

Educational goal	Type of activity	Content	Additional materials
Knowledge and skills related to Sponsorship	Individual exercise	After revising the Unit 2, prepare a pitch for a sponsorship for your business and present it to others.	https://www.youtube.com/watch?v=p8jSi1WmwPM

Evaluation

Question 1:

To whom can the support for self-employment be given?

- a) It is given to every person who needs it
- b) It is given to unemployed persons to cover the costs for the establishment and start-up of a business entity
- c) It is given to everyone who applies for it

Correct answer: b) It is given to unemployed persons to cover the costs for the establishment and start-up of a business entity

Question 2:

What is the main objective of providing support for self-employment to unemployed individuals?

- a) To encourage them to start businesses in highly competitive industries
- b) To cover the costs of their existing businesses
- c) To offer financial support to cover the establishment and start-up costs of a new business entity
- d) To provide training programs for job seekers

Correct answer: c) To offer financial support to cover the establishment and start-up costs of a new business entity.

Question 3:

Select the positive sides of microloans.

- a) Very low-interest rate
- b) It gives you an incentive for adequate planning
- c) It is necessary to generate income in order to pay it back month after month

Correct answers: a), b).

Question 4:

What is an investment fund?

- a) A product that combines the savings of many people to invest in a single business venture
- b) A platform for individual investors to directly trade stocks and securities
- c) A product that pools the savings of many people and entrusts them to professional investment managers to grow the money
- d) A type of insurance policy that guarantees returns on investments

Correct answer: c) An investment fund is a product that pools the savings of many people and entrusts them to professional investment managers to grow the money.

Question 5:

What does CSR (Corporate Social Responsibility) mean in the context of businesses?

- a) A way for firms to focus solely on economic concerns to maximize profits
- b) Integrating social, environmental, and economic concerns into the firm's values, culture, decision-making, strategy, and operations in a transparent and accountable manner
- c) Establishing practices that only benefit the firm without considering the societal impact
- d) A process of generating wealth without considering the environmental impact

Correct answer: b) Integrating social, environmental, and economic concerns into the firm's values, culture, decision-making, strategy, and operations in a transparent and accountable manner.

Summary

- When writing a proposal for sponsorship - know your audience, mention common goals and include contact information.
- When you know the potential key customer groups, you can use the value proposition table to define your services more precisely.
- A unique selling point (USP) is a marketing statement that differentiates a product or a brand from its competitors.
- When pitching, tell your sponsors who you are, what your business is about, what makes you unique. Finish the pitch with a question or sentence that leads the conversation in the direction you want.

References

Examples of APA 7th edition referencing:

For articles:

Surname, A. A. (Year). Title of the work. *Title of the publication in italics, volume in italics*(issue), pages. doi or link

Oliver, K. L., & Lalik, R. (2004). Critical Inquiry on the Body in Girls' Physical Education Classes: A Critical Poststructural Perspective. *Journal of Teaching in Physical Education*, 23(1), 162 -195. <https://doi.org/10.1123/jtpe.23.2.162>

For books:

Surname, A. A. (Year). *Title in italics*. Publisher.

Spiegel, D. (1981). *Reading for pleasure: Guidelines*. International Reading Association.

For book chapters:

Surname, A. A., & Surname, A. A. (Year). Title of the chapter. In A. Surname & A. A. Surname (Eds.), *Title of the book in italics* (pp. xx-xx). Publisher.

Aron, L., Botella, M., & Lubart, T. (2019). Culinary arts: Talent and their development. In R. F. Subotnik, P. Olszewski-Kubilius, & F. C. Worrell (Eds.), *The psychology of high performance: Developing human potential into domain-specific talent* (pp. 345–359). American Psychological Association. <https://doi.org/10.1037/0000120-016>

In-text citations

Examples of APA 7th edition citations:

If there are **1 or 2 authors**, the first and successive times that they are cited, all the authors must be mentioned.

If there are **3 or more authors**, the surname of the first author and "et al." from the first time they are cited (in references ALL AUTHORS ARE CITED).

PARAPHRASING

While improvements in aerobic capacity have been shown after 8 to 12 weeks of training (Eather et al., 2016; Goins, 2014; Heinrich et al., 2014; Murawska-Cialowicz et al., 2015; Smith et al., 2013), only Goins (2014) obtained significant improvements in anaerobic capacity after 6 weeks of the CrossFit programme.

QUOTATIONS

Díaz and Hernández (2010), consider that cooperative learning is "the pedagogical use of a small community, in which students work together to increase their training and that of other members" (p. 87).