

*Translator's note: having worked through this manual as part of a group using it to learn and organize, I have found a number of errors and weaknesses in the translation. In the interests of keeping the text available, we have left the current version online, errors and all, pending preparation of a revised version. - Matt Noyes*

*In this Unit the solidarity group is asked to deepen their understanding and commitment by identifying and prioritizing their objectives as individuals and as a group. The process of creating a solidarity enterprise advances as group members brainstorm ideas for the enterprise they wish to create, and identify the group's comparative advantages with respect to each idea. Unit II includes field research of existing enterprises/businesses and the community in which the solidarity group wishes to establish its enterprise. The Unit culminates in a day-long meeting (jornada) in which members discuss, evaluate, and make decisions about their objectives and business idea, leading to an important Go/No Go decision for the group and individual members. - Matt Noyes*

## **UNIT II**

### **THE IDEA AND OBJECTIVE OF THE ENTERPRISE**

#### **Session 3**

##### **Plan**

1. Gather, welcome, ice-breaker, form a circle, choose a moderator for the meeting.
2. Evaluation of the first session.
  - a) Each participant reads aloud their answers to the individual evaluation form from Unit 1.
  - b) The group carries out the group evaluation as described in the group evaluation form from Unit 1.
3. Break, snack.
4. “Reading Two” (One or two people read out loud as others follow along in the text.)
5. Questions for review and discussion. (Participants volunteer to answer one question each, raising their hands to speak. Other participants can add to their answers but it is best if nobody speaks twice before others have had a chance to speak.)
6. Questions for the facilitator, exchange of ideas and free conversation on the theme.
7. Suggestions for the Individual Task. (The facilitator will explain the content and purpose of the individual task, clarifying any issues and answering questions that come up.)

## **[BOX]** READING TWO

To create an associative or solidarity enterprise it is not enough to have a subject – the solidarity group – that plans to do it. The solidarity group needs to have a clear understanding of *what it is they want to do*. If you are thinking of creating a solidarity enterprise you need, as a point of departure, two complementary elements: the C Factor and a good *idea* of what you want to do. The two fundamental pillars of a solidarity enterprise are a group of people united in solidarity, the *subject* of the initiative, and the business idea to be expressed and developed in the project.

### **A solidarity group that has a good idea is well on the way to success.**

In reality, one can begin the creation of an enterprise from either the **idea** or the **group**. If you start with the group the question is, “what is your idea?” If you start with the idea, the question is, “who are the people, where is the group that will make it happen?”

In the design of this manual we chose to start from the solidarity group, supposing that there already is a group, or one in formation, that wants to create a solidarity enterprise. But we could just as well have started from the idea, supposing that someone has an idea and that the task is to find and organize the solidarity group that can make it a reality.

In either case, what matters is that a group of people and an idea come together so they can start off with *a solidarity group with a good idea*.

But what do we mean by “an idea” in this context?

In reality the idea is a combination of ideas, carefully considered and coherent, about the enterprise you plan to create. It is the idea that motivates the solidarity group to go beyond good relations, friendship, and comradeship and pursue the collective creation of an enterprise.

The idea is the basis and focus of the plan. In any economic project there must be *a key idea*: the original and creative element around which the enterprise is to be built. The key idea is the premise and basic requirement for the formulation and elaboration of the project. It is the idea, combined with the will and power of the solidarity group, that makes the initiative being undertaken seem possible and potentially successful. A group without a clear, precise, original, and convincing idea of their projected enterprise can not create it. Without the idea there is nothing to which the group can apply its solidarity and no way to convert that solidarity into a productive and efficient C Factor.

This Unit is dedicated to *working on the idea*. The first point to make clear is:

**It is not easy to have a good idea because a good idea has to meet various conditions.**

There are two basic preconditions for a good idea.

#### **1. The idea is good if it is original and innovative.**

The market is full of businesses producing innumerable goods and services that satisfy consumers’ needs and desires. It is practically impossible to enter the market doing what others do, in the same way, and under similar conditions. Those who are already there have many advantages over anyone who wants to copy what they do. They have learned how to produce, covered the initial costs,

overcome the inherent difficulties in creating any type of enterprise, and they know the market and their competition. *Thinking in terms of doing the same thing that others are already doing is a straight path to failure.*

On the other hand, if your intent is to copy an existing business in order to displace it, appropriating “its ideas,” then your project is off to a bad start, because it begins with a decision that is petty, lacking in solidarity.

This is not to say that one can not create an enterprise in order to produce goods and services that already exist in the market. The fact that there are already bakeries doesn’t mean you can’t make bread. The point is that *this is not the idea you need* in order to create an enterprise. The idea has to be, for example, producing bread in a different way, or creating a bakery in collaboration with existing bakeries so that all can benefit. The idea is always something specific that implies some kind of *innovation*, something new that means your enterprise will be original, creative, and therefore capable of finding a space in the market and providing you the benefits for which you hope without harming others.

**The idea is what distinguishes what you propose to do from what already exists.  
As Goethe said: “One has to differentiate oneself in order to appear.”<sup>1</sup>**

For example, the idea could be:

- a new or innovative product or service that satisfies needs and demands not already met by that which exists in the market;
- an existing good or service done in a new or special way, simpler and at lower cost, that permits one to offer it at prices lower than those currently charged;
- an innovative technical process that enables the group to produce products of higher quality that they can offer at reasonable prices;
- an achievable “*captive*” market in which the group faces little serious competition;
- securing raw materials and inputs that are better and cheaper;
- a new, more efficient way of organizing production and/or marketing.

In sum:

**The idea is always something that permits the enterprise to have a comparative advantage.**

## **2. The idea is good if it is realistic.**

Nothing comes of a “beautiful” idea that is unrealistic. Ideas are good when they are realistic, when it is realistic to think one can carry them out, that one can convert the idea into fact.

The idea is not just a flight of fancy. It is a flight of fancy with a foreseeable return to earth.

What makes an idea realistic and capable of being realized in practice?

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1 “Was in die Erscheinung tritt, muß sich trennen, um nur zu erscheinen.” Goethe, Sammlische Werke, Band XVI, Naturwissenschaftliche Schriften Band I. Pp. 96. – MN

**The idea is realistic when all the elements and means needed to make it real in practice have been obtained and are in place.**

This does not mean that the solidarity group needs to have the means and resources already in place from the moment it thinks up and defines an idea, just that you believe that it will be possible to secure them.

Some people are more optimistic, some more pessimistic. For this reason, groups have a better chance of being realistic than isolated individuals; the pessimists are balanced by the optimists, such that the group tends to arrive at a realistic position. *Neither pessimism nor optimism alone is realistic*: one is lacking, the other excessive. But when it comes to enterprises, which are creative initiatives, we have to keep the following in mind:

Entrepreneurial realism is closer to optimism, but takes the pessimists' points seriously and carefully analyzes them, not in order to surrender to them, but to see how they can be overcome.

So, how do we determine if an idea is reasonable? This is one of the first and most important functions of a business plan. Designing and drafting the business plan, which starts with the initial idea, is a fundamental step in the creation of any type of associative or solidarity enterprise. In this process the idea is subjected to a rigorous feasibility study, an evaluation of its realism.

### **The Plan**

Before being converted into a concrete reality, **the initial idea needs to take the form of a plan**. The basic sequence of steps to be followed in the process of creation of an enterprise is as follows:

**Solidarity Group → Idea → Plan → Solidarity Enterprise**

In essence, the plan consists of making an anticipatory depiction, an image, – mentally and on paper – of the idea you are going to organize and execute as an enterprise. Exactly how the solidarity group is going to design and create the enterprise is specified and detailed in the plan, which implies *analysis and calculation* as well as careful study of *sequences of activities* and estimates of the time required by each.

Further on we dedicate an entire Unit to the theme of the business plan and will learn how best to prepare so as to create a successful plan. We can not move to the plan until we understand several other aspects that we have not yet considered. But, for the moment, at the level of the idea which has not yet taken shape as a project, it is necessary to draw out a few initial elements which anticipate the first elements of a plan. These initial elements have to do with the analysis of the idea in terms of its realism, or, better, they help the group make the idea more realistic and concrete, in its embryonic stage and first formulation.

**The idea should be related to and compatible with:**

- **Your objectives;**
- **The market, that is, the place or context in which you will make it happen;**
- **The community in which your activity takes place.**

The first step is to examine the idea in relation to the objectives of the solidarity enterprise to be created. *The idea is good if it helps you meet your objectives.*

When you compare the idea to the objectives of the solidarity group, if it turns out that carrying it out would not lead directly and clearly to meeting those objectives, you have to reject the idea and find another one.

### **The Objective of the Plan**

An enterprise is something that you create, organize, and develop *in order to achieve an objective*. The objective should foremost in your minds all through the process of imagining the enterprise and making it real.

The objective is *that which the solidarity group aims to accomplish*, that which you came together to do, that which leads to the creation of an enterprise. Your objective is the first criterion for evaluating the idea. Said another way, the idea is nothing other than a statement of the means, mode, and path to be taken to achieve a predetermined objective.

All rational activity – and economic activities have to be rational – has an objective and implies searching for the best possible way of achieving it. The solidarity group, then, needs a clear objective.

*The objective of the solidarity group becomes the objective of the enterprise they create.* The objective of the enterprise should match the objective of the solidarity group. If not, the actions of the group and the enterprise will be schizophrenic, irrational.

Thinking of the objective of the solidarity enterprise in this way is crucial. It is not a matter of having a predefined objective, as it is in other types of business. In a capitalist business the predefined objective is the maximization of profit. Those who participate in the business may or may not share and be aligned with the objective. Surely it is the objective of the capitalist, the one who invests the capital, but probably it is not shared by others who participate in the business. For this reason capitalist businesses are often the scene of clashes of irreconcilable interests. This can not occur in a solidarity enterprise, in which the enterprise is the means chosen by the group in order to realize its objectives, and the objectives of the enterprise correspond to the objectives of the group and all its members.

### **Determining the objective of the solidarity group and its enterprise.**

What does the solidarity group propose to do? Why does the group exist? This is the question that the members of the group must ask themselves explicitly and clearly, and answer with total sincerity.

The objective of the solidarity group and its members may be to make money, the same as that of the people who create a capitalist business. There is nothing wrong with that. Still, the solidarity group should define the objective more clearly: *why* do the group and its members want to make money?

We ask “why?” because making money for the sake of making money is not a rational objective. Making money is a rational objective for people and the solidarity group they form only if they have clearly defined *why* they want to do it, for what purposes. For reasonable human beings and groups, money is not an end, an objective in itself.

If the only thought is to make money, and if the reason for making money is not clear, then creating a solidarity enterprise is probably an inappropriate and inefficient choice. If all you are after is making money, other forms of enterprise are better suited and will allow you to get there more quickly. If you are concerned about *how* you make money, respecting certain values, for example,

or having a certain identity and other ends beyond money making, and see money as a means, a resource needed to reach objectives that transcend it, you have to define the “why.”

It is when you take these other objectives into account, the means by which you want to achieve them, and the values by which you want to live, that the great potential of a solidarity enterprise and its superior efficiency become clear.

The solidarity group should take time to consider these questions and its members should explicitly state before their fellow members what they want, that to which they aspire, and *why they want to make money*.

Those objectives might include, for example:

1. To survive, to meet the needs of individuals and their families.
2. To progress, to improve one’s situation, to extend one’s training and education.
3. To broaden and improve human and social relations.
4. To have fun, be entertained, to get access to certain goods and services.
5. To improve one’s quality of life.
6. To do something good for the community.
7. Maybe – why not? – to transform the world.

With one’s own objectives clearly defined and converted into the objectives of a solidarity enterprise it will be easy to see and understand why this form is more efficient than others, why organizing this way is more efficient than simply using and spending money to achieve the same objectives. The solidarity enterprise offers many ways to contribute directly to the accomplishment of our objectives while spending and employing less money. The need for money declines if the objectives for which money is needed can be accomplished without its use. Better yet, if in some way the objectives themselves can be accomplished within the enterprise, the money generated by the enterprise will remain available to serve other objectives and reach other goals that once seemed impossible.

To define your objectives and those of the enterprise you have to ask yourselves:

**What are our needs? What are our aspirations and desires?**

The next step is to find a way to relate the objectives of the enterprise you intend to create to reality, because the goal is to *make them real*. *To make an idea real and to achieve any objective one has to act in and with reality.*

Reality is the context in which we all act and live, the complex world of our relations, the various types of conditioning that limit us. Reality is made, fundamentally, by *others*, their activities, their realizations, and the things they have, desire, and offer.

More concretely, for an economic enterprise, acting in a world of economic reality and being conditioned by that world, the principal reality is **the market. The market is the principal and most immediate point of contact between an enterprise and reality.**

## What is the Market?

There are many wrong, incomplete, and distorted ideas about the market. We begin then by specifying what the market *is not* for an enterprise, so that we can arrive at a better understanding of what a market really is.

- The market is not an enemy nor an adversary; it does not constitute a threat to our initiatives. The market is the world in which we live. It can be favorable and always offers opportunities.
- The market is not the negation of solidarity; nor is it in contradiction with solidarity economy. The market is a social reality that exists because we need each other and work for each other.
- Money is not the market's principal reality. Human and social needs come first and labor and production are oriented to satisfy them.
- The market is not only the place where we go to sell our product; we do not enter the market with that goal alone. Before we enter the market to sell our goods or services, the market tells us what we should produce; it is the place where we identify the demands that we will try to satisfy through our production. We enter the market to make our labor and product useful.
- It is not necessary to be wary, egoistic, or cruel in order to win in the market; our goal is not to win at the expense of others. To win in the market we have to be generous, gaining the trust of others and making ourselves useful to them through the things we offer.

Understanding the market in this positive way, as the primary reality that both offers you opportunities and conditions your activity, you can choose the idea for your enterprise **with the market in mind, not just your own objectives**. You must see, understand, and study the market, to find the idea that you will convert into a plan.

**It is the market that tells you if your idea is creative and original, and if it is realistic and feasible.**

The third element to which the idea needs to be related and compared is the surrounding *community*. The solidarity group forms a part of the community which constitutes the immediate context of the activity of the future enterprise.

The effects produced by an enterprise on its environment are known as externalities. Externalities can be positive or negative.

Positive externalities are the positive effects that the enterprise has on its environment, the benefits it generates for the surrounding community. Negative externalities are the harm, the damage the enterprise causes to those around it.

When thinking about the idea and evaluating its realism, you need to take into account the positive and negative externalities it may generate. To some degree negative externalities may be inevitable but it is essential that the positive externalities be much more numerous, with more impact, than the negative ones.

If the negative effects of the creation and operation of an enterprise in a given place and social context are elevated and have high impact, the community will feel attacked and react by impeding



its development or simply preventing the enterprise from being established or continuing to operate. We need to recognize that they are right to act this way.

If, on the other hand, the externalities are positive and the surrounding community feels that the enterprise is a positive influence, the latter will be welcome and may benefit from the support that the social context can provide. One must take into account the fact that solidarity enterprises are typically established within human networks, often in communities with strong social organization. For this reason, solidarity enterprises must be especially careful about externalities, since their viability and possibilities of development depend to a large extent on the local environment in which they are situated and operate.

Summing up: the objectives of the group and its members, the market, and the surrounding community are the three aspects that must be taken into account when identifying the idea at the center of the business plan to be elaborated.

**What will this idea be?** What idea will permit the solidarity group to create a successful business? It is the task of the solidarity group to answer this and the best way to find the answer is to start looking. The Group Work, Exercises, and Practical Activity that we propose for this Unit are designed to help you do this.

**[END BOX]**

## **Questions for Review and Discussion #2**

The following questions should be answered individually, in writing. Each participant will share their answers during the group work, allowing members to compare answers, correct errors and discuss the implications.

1. Why is it impossible to create a successful enterprise by simply copying another one with which we are familiar?
2. In what sense and in what ways can the business idea be innovative?
3. What does it mean to say that an enterprise has “comparative advantages”?
4. What comparative advantages do existing enterprises have in comparison with newly created ones?
5. How can enterprises come to have comparative advantages?
6. What makes an idea realistic and possible to carry out in practice?
7. What is a feasibility study for a business plan?
8. What are the three elements that an idea must have in order to be considered appropriate and realistic?
9. Why must the objective of the enterprise be aligned with the objective of the solidarity group?
10. How should the market be understood from the point of view of an enterprise?
11. Why is it necessary for a solidarity enterprise to have positive impacts on the surrounding community and not just for the solidarity group itself?
12. What is meant by “externalities”?
13. What are positive and negative externalities?

## INDIVIDUAL TASK #2

### **To be done after the second session.**

- Study the Glossary at the end of Unit 2.
- Answer the “Questions for Review and Discussion #2” in writing in your notebook.
- Think of the objectives that you have and wish to achieve in the solidarity enterprise in which you plan to participate. Choose five objectives and write each one on a separate white index card, 10 by 15cm.

## Session 4

### Plan

1. Gather, welcome, thematic game, form a circle, choose a moderator for the meeting.
4. Reading and commentary on the answers to Questions for Review and Discussion #2. (If the group is large, each participant will read only one or two responses.)
3. Exercise #3. Identifying the Objectives of the Solidarity Group.
5. Break, snack.
6. Exercise #4. Brainstorm.
7. Reading and Organization of *Jornada* #2: “The Idea.”

### Exercise #3

#### Identifying the Objectives of the Solidarity Group.

##### Explanation

When thinking about creating a solidarity enterprise the first step is for the members of the solidarity group to make clear exactly what it is they hope to accomplish. If the objectives of the enterprise are to coincide with those of the solidarity group, and be shared by its members, the identification of the objectives of the enterprise should begin with each member sharing their own objectives and seeing to what degree they are shared by the other members. Those objectives that are not shared can at least be balanced with other objectives, in a shared enterprise. This exercise should help the members identify with precision their objectives and those of the solidarity enterprise the group intends to create.

[box]

##### Go/no go?

Once the objectives of each member and of the group as a whole have been made clear, each person should be able to decide whether or not they wish to participate in the common project. So, what happens if, after each person's objectives have been heard, it becomes clear that there is insufficient harmony, or there are incompatibilities? This is the moment to think about whether it makes sense to divide the project into more than one initiative, so that the different objectives can be better achieved. This does not signify splitting up the solidarity group, in the sense that the group can continue to be united, searching for forms and modes in which the different projects support, complement, and reinforce each other.

Before making any decision with regard to this question, the group should complete the two exercises and the practical activity in this Unit, or, better yet, the third Unit as well, for reasons that will become apparent as we go on.

[box]

##### The Flow

1. Taking turns, each participant reads and briefly explains the items on the index cards they prepared in the Individual Task #2, posting them on the wall or canvas.
2. Once they have all been read, the cards are reorganized, grouping them by the similarity or affinity between the objectives proposed.<sup>2</sup> Cards that are substantially the same can be placed on top of one another. In this way the group can clearly see the objectives presented by each participant, the differences between them, and other patterns.
3. The group does a round of discussion about the proposed objectives, identifying shared objectives. The group reflects about the similarities and differences, noting any points of alignment as well as incompatibilities.

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2 A volunteer can do the first reorganization, asking the group to suggest changes, until the group is satisfied with the organization. It is important, especially at this early stage, to ensure equity in participation and consent in decision-making. - MN

4. When the round of discussion is finished, each participant records the objectives on the canvas in their notebook, ranking them, according to the importance they have for the individual, from highest to lowest.
5. Each participant then goes to the group canvas and writes a number on each objective, indicating the importance of the objective to them personally. When all have voted, the numbers are summed and the resulting list serves as a first approximation of the group's collective priorities.
6. A second round of discussion is opened concerning the priorities and the emphasis the solidarity group should give to the objectives the members have identified.
7. The cards and the organized, prioritized list of the objectives should be saved as they will be used in the Practical Activity (*Jornada*) at the end of this Unit.

## Exercise #4

### Brainstorm

#### Explanation

It is up to the group itself to identify the idea for their solidarity enterprise. Finding a good idea for an enterprise may be accomplished quickly or may require a prolonged process. There are several steps involved in finding a good idea. The first is to identify the “comparative advantages” that the solidarity group has with respect to other enterprises with which they hope to coexist or compete in the market. Comparative advantages are determined in relation to particular business ideas.

The objective of this exercise is to help the solidarity group begin to find and formulate their idea, to identify the group’s comparative advantages for creating an enterprise, and explore them in relation to various business ideas that members of the group consider feasible. If the group already has a clear idea of the project it wants to carry out, the exercise will focus on testing the idea to see if the group has comparative advantages. In any case, the exercise will help broaden the range of possibilities or enrich the basic idea with other complementary elements.

#### The Flow

1. Each participant is given several white index cards and one of another color, as well as a marker with which to write words that can be seen by the group when posted on the canvas.
2. On the colored card, participants write an idea they think could be the basis for elaborating a business plan. On the white cards they write comparative advantages that they believe the solidarity group has in relation to that idea.
3. Participants form a semi-circle facing the canvas or wall where the cards can be posted. Taking turns, the participants read aloud their colored cards, briefly explaining their business idea to the group, then posting the card in the column on the left of the canvas. Cards that are substantially similar can be combined or posted on top of each other.
4. When all the ideas have been posted in the left column, they are labeled: A, B, C, etc. Participants then read and explain their (white) comparative advantage cards, posting them in a column on the right hand side of the canvas. Cards that are substantially similar can be combined or posted on top of each other.
5. Once all the comparative advantage cards have been presented and posted, the group takes several minutes for silent reflection on the ideas and the comparative advantages presented.
6. The next step is to determine if everyone in the group agrees that each comparative advantage is real and important. The moderator goes through the comparative advantage cards one by one asking the group, “*Does our group really have this comparative advantage?*” The participants raise their hands to signal “yes.” If there is not unanimous agreement, the moderator asks those in favor for their reasons, then those who disagree. After reflecting on the reasons given on each side, the question is asked again and decided by majority vote. If the majority vote, “no”, the card is removed from the canvas. If they vote “yes” the moderator posts the card in a row along the top of the canvas and goes on to the next card. When all the approved cards are posted, the moderator labels them 1, 2, 3, 4...

(The result is a matrix with the colored A, B, C cards in a column on the y (vertical) axis and the white, numbered cards, in a row at the top on the x axis.)

7. The next step is to see how each comparative advantage relates to each of the proposed ideas. The moderator again goes through the white cards one by one asking, “for which ideas could this comparative advantage be most useful?” If the comparative advantage applies, a check is written in the box formed by the appropriate row and column.
8. In this way, a certain sense of the realism of the proposed ideas can be obtained. The ideas with the most check marks would appear to be those with the greatest possibility of success.

	COMPARATIVE ADVANTAGE CARDS							
IDEA CARDS	1	2	3	4	5	6	7	...
A								
B								
C								
D								
E								
...								



### INDIVIDUAL TASK #3

#### To be done after the fourth session.

Do the following activities as part of the preparation for *Jornada #2*.

**Activity 1:** Exploring the supply market. Use your notebook to record the information about the enterprise that you were assigned to visit, following this template.

[Box]

#### Name of the Enterprise:

Address:

Phone:

Website:

Social Media:

Contact Person:

- How large is the enterprise?<sup>3</sup>
- What does it produce?
- In what amounts?
- How is production done?
- How is the product sold?
- What are the enterprise's comparative advantages and what enables them to be viable?
- Do they have plans for expansion?
- What is their evaluation of their own activities and business?
- How do they relate to their social environment?

[end box]

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3 There are various possible measures, for example the Bureau of Labor Statistics classifies firms by number of employees: 1-49 (small); 50-249 (medium); 250 and over (large). <https://www.bls.gov/> Turnover, assets, and market share are other possible measures. - MN

**Activity 2:** Exploring the social environment and community. Use your notebook to record the information about the social environment and community in which you hope to create your solidarity enterprise.

[Box]

**General description of the community or social environment in which the enterprise is to be located:**

- What are the problems and needs of the community?
- What are their forms of life, the relationships between neighbors, and the modes of social interaction?
- What are the conditions of safety and security?
- What cultural, religious, and political aspects characterize the community?
- What types of social organization exist?

[box]

## ***Jornada #2***

### **“The Idea”**

#### **What is this *Jornada* about?**

In this *jornada* participants carry out an exploratory study of a business idea: examining it in enough detail and depth to evaluate if it is really a “good idea.”

#### **Which aspects of the business idea should be examined in this *jornada*, in order to determine if the idea is good or if it should be rejected and a new idea explored?**

The business idea should be examined according to the three main aspects or criteria we have studied. The goal is to create an idea that is original or innovative, and at the same time realistic or feasible. The criteria:

- a) Carrying out this business idea will enable the solidarity group to meet their objectives.
- b) The group has comparative advantages with respect to the idea in the market in which the plan will be carried out.
- c) The idea is beneficial for the surrounding community, that is, it presents positive externalities for the community.

#### **How to choose the idea to be explored in this activity?**

The group should choose one idea for which the group had many comparative advantages from those presented by the participants in Exercise 3 (“Brainstorm”).

But it is not a question of mechanically going with the idea that had the most points. Other factors need to be considered. The group intuitively knows many things not considered in the exercise: whether or not the idea corresponds in its general line with what they want to do, if it seems realistic, if the group has or can develop the labor skills needed to do it, if they think it is possible to pull together the minimum resources needed to start it, etc.

You don’t have to have resolved all of these questions before doing this activity. The point is you should not waste time working on an idea that is clearly impossible for the group to carry out, or that members do not want to do, or that is bad for the environment, etc. The question of resources, including financing, will be examined in the next Unit.

Summing up: for this practical activity the group will choose the idea that seems best to them, taking into account all the information they have and what they have learned to this point.

#### **What are the activities to be done in this *jornada*?**

There are three steps for exploring the business idea:

- a) Preparation and planning (this is to be done in the fourth session, if the group can not complete it, an additional session should be held).
- b) Doing the assigned small group and individual tasks.
- c) A day-long *jornada* of group work.

## What needs to be done in the preparation and planning meeting?

a) **Choose the business idea to be explored.** The group should discuss this and come to a decision. In the event that the exercises about identifying objectives and brainstorming ideas ended up with the group proposing two or more enterprises, groups will be formed for each enterprise and each group will do the practical activity separately. However, as the *jornada* of group work is to be held with all members together, the subgroups will gather for the last part of the meeting in which the whole group will organize the *jornada*.

### b) **Plan for two tasks:**

- Exploring the supply market.
- Exploring the community and social environment.

**Exploring the supply market** consists of collecting information about enterprises that produce goods or services similar to those which the solidarity group proposes to produce. The objective is clear: to learn as much as possible from the experiences of others and simultaneously evaluate if the solidarity group really has the comparative advantages needed to realize their idea.

Individually or in small teams, group members will visit enterprises that they have identified as relevant and to which they are able to gain access.

They will collect as much information as possible. See the handout for Activity 1 for questions to be asked.

**Exploring the community and social environment** consists of gathering information about the reality surrounding the solidarity group, or the place where they plan to establish the enterprise. See the Activity 2 handout for topics to be explored.

The group will organize itself to carry out both tasks, assigning responsibilities to individuals, pairs, or groups of three or four, according to the size of the group and what seems most efficient. Having distributed the tasks, the group will make an effort to take advantage of the skills that each person brings.

In carrying out both tasks, people will take detailed notes that, once organized and synthesized, they will present to the whole group in the *jornada*.

### c) **Prepare and organize the *jornada* of group work.**

The group organizes and prepares the *jornada* in a participatory way, making sure that all the materials to be used are made ahead of time (tasks will be assigned to particular members), and that all the activities to be done have been planned in detail.

The *jornada* needs to be executed with precision, making the most of the time available and optimizing the results, this being part of learning how to create and operate an enterprise.

## What should be brought to the *jornada*?

- The group symbol and logo design created in Unit 1, Exercise 2.
- All the index cards from Exercises 3 and 4.

- A big canvas, 2 x 3 meters, on which you can write and post cards, a large pad of paper with several sheets, markers, and a packet of index cards of different colors of the type used in the Exercises.
- A drawing that represents the Idea of the enterprise on which the group will work in the *jornada*.
- The notes that each person and group wrote during the exploring the market and exploring the social environment exercises.
- Each member's personal notebook and the materials from Units 1 and 2 of the manual.

### What kinds of materials are needed?

The canvas, the drawings, the cards, the symbol, etc. should be made with great care, using high quality materials and seeking perfection in their design.

The group should be conscious of doing everything well. The means of production used are the enterprise's first "products" not to be neglected as they will be used in other exercises and activities in this manual.

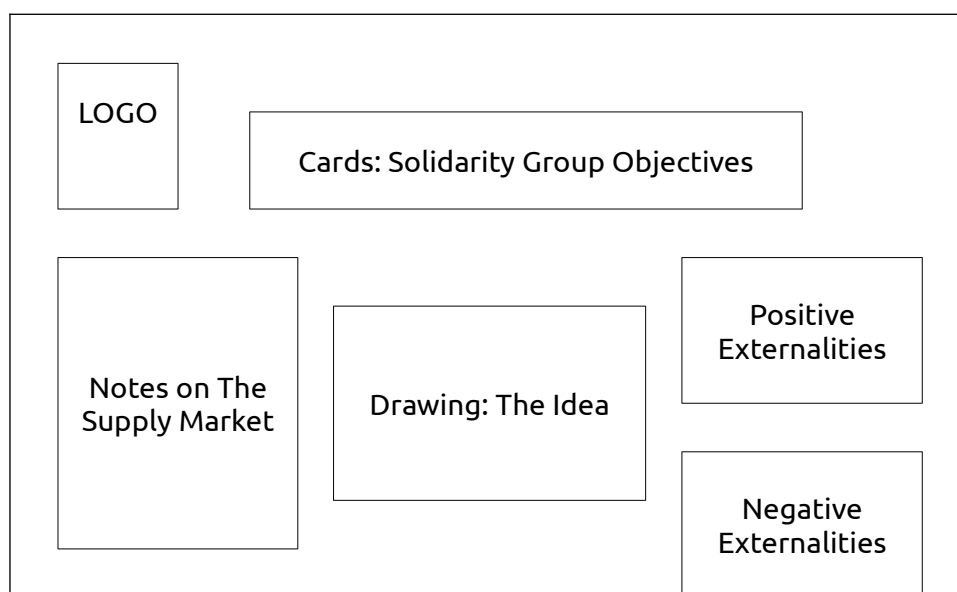
There should also be careful accounting of the resources used and costs incurred in the preparation and execution of the *jornada*, as was done in the *Mitote*.

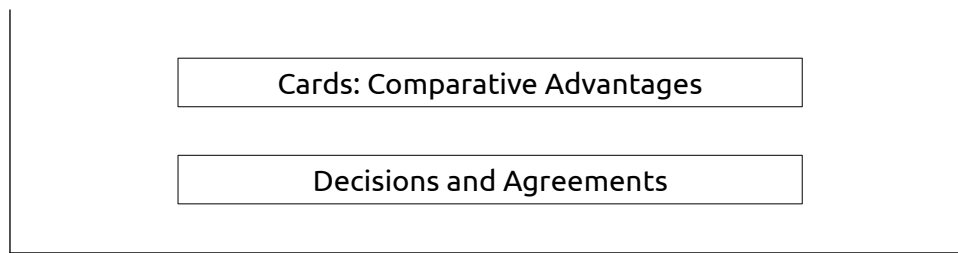
### How should the *jornada* be carried out, what is the plan for group work?

This *jornada* is, essentially, a work session and can be done in about four hours, though the group may decide to add other fun activities that they think would be good to include.

The *jornada* follows this **plan**:

1. Gathering, welcome, thematic game. Installation of the group symbol, used in the *Mitote*, in an appropriate place. Selection of a moderator for the meeting, as well as a "canvas manager" (to manage the bulletin board or display used in the activities), and a note-taker.
2. Preparation of the canvas, using this layout:





3. Activity 1. **Specifying the objectives of the enterprise.**
4. Break and Snacks
5. Activity 2. **Evaluation of comparative advantages.**
6. Activity 3. **Evaluation of social externalities.**
7. Break
8. Activity 4. **Decision-Making.**

### Contents of Activity 1

The objective of this activity is to define more precisely the objectives of the solidarity group that is proposing to start a solidarity enterprise and determine if those objectives can be achieved through the business idea(s) that has been proposed.

In Exercise 3, members already took a first stab at this. The results are on the canvas.

The activity now unfolds in the form of a conversation in which everyone should give their opinions in response to the following questions:

Question 1. Are we in agreement about the objectives that were generated in Exercise 3? Do we all share these objectives?

Question 2. Are there any other objectives we would like to add?

Question 3. Should we change the ranking of the priorities we have set?

Question 4. Can we improve the wording of our objectives, to better express what we would like to achieve? (At this point proposals for edits are entertained until consensus is reached on the new wording and the old card is replaced with a new one.)

Question 5. Will our business idea enable us to achieve our objectives? In what way? (The objectives are analyzed one by one. For each objective that is clearly connected to an idea and is achievable, draw a solid line connecting the objective and the idea. For objectives that may or may not be achievable, draw a dotted line, and for objectives that seem unlikely to be achieved by this business idea, draw no line.)

### Contents of Activity 2

The objective of this activity, in which members evaluate their group's comparative advantages, is to assess the *originality* and *realism* of the group's proposed business idea. Originality and realism

are manifested in the group's comparative advantages with respect to its idea and the advantages the enterprise has with relation to existing enterprises and the market which it intends to enter.

Exercise 4 involved an initial effort to define the comparative advantages of the solidarity group, and how they are related to the different business ideas that the group suggested, an effort that helped define the business Idea that we are now studying.

But that first identification of the group's comparative advantages was still abstract and very subjective. They were identified by "looking inward" in the group, which is helpful for identifying the group's strengths. But the idea is to compare those strengths to other enterprises, which requires "looking outward" and putting the group's advantages in relation to other initiatives and experiences that resemble what the group intends to do.

As part of this activity and in preparation for the *jornada*, group members explored the "supply market" in which they too will operate, investigating other enterprises in the area that offer similar products or services to those of their proposed solidarity enterprise. It is on the basis of the knowledge and information gathered about these other enterprises that participants can make the comparisons called for in this activity. The activity follows these steps:

Step One: the people or teams that visited enterprises present a full and detailed report on the condition of those enterprises, sharing with the group all the information they obtained in regards to the research questions. After presenting, they respond to questions from the other participants.

Step Two: The comparative advantages of each enterprise that is presented, with respect to the group's own solidarity enterprise, are to be noted in the space on the canvas set aside for "supply market," under the name of each enterprise.

Step Three: Returning to the previously identified comparative advantages, written on index cards, the group will decide if they are still accurate, having compared them to the enterprises the teams researched.

Step Four: The originality and realism of the business idea for the proposed solidarity enterprise are evaluated by the whole group, based on the elements considered to this point.

### **Contents of Activity 3**

The goals for this activity, in which social externalities are evaluated, are

- a) to ensure that the enterprise that the group intends to create will be beneficial to the community and that the community will support its creation and development and be favorably disposed to buying its products and services, and
- b) to identify those elements of the surrounding reality (organizations, groups, etc.) on which the solidarity group can count in creating and operating the enterprise, as well as the obstacles and resistance that might be encountered. The steps are as follows:

Step One: The people or small groups that explored the social and community context report back in detail on what they learned, answering questions from the rest of the group.

Step Two: The proposed enterprise's positive externalities are identified (and written on the canvas). What will the enterprise bring to the social and community reality, what problems

can it help address, how can it become a part of that reality so as to deploy all the contributions it can make.

Step Three: The proposed enterprise's negative externalities are identified. Who might be harmed or affected, what problems might be created, etc.

Step Four: Open discussion of the impacts that the creation of the enterprise might have, with an effort to identify the elements of the environment that might motivate or stimulate support for its creation, as well as those that might pose obstacles or cause problems. The conversation is intended to explore how the group can broaden the positive externalities and eliminate or reduce the negative externalities.

#### **Contents of Activity 4**

The objective of "Decision-Making" is to extract from the preceding analyses and evaluations the appropriate conclusions regarding the business idea on which the group has worked. Such conclusions have to be translated into decisions adopted by the group and should lead the group to continue working on the business idea.

This activity is realized through an open conversation in which everyone should share their opinions and points of view so that the group can find where consensus and agreement are possible.

The decisions and agreements can be of various types, for example:

- dismiss and abandon the business idea developed to this point,
- approve it and continue improving it,
- explore other possibilities,
- correct initial conceptions, etc.

The decisions and agreements taken will be recorded on the canvas and in the notebooks of each participant.



## GLOSSARY

### **Feasibility Study**

A study that is conducted prior to submitting a business plan, in which you analyze the conditions of the market in which you intend to operate, the supply of factors and inputs, the fixed and variable costs of start up and operation, the quantities and prices of goods and services to be offered, the expected income and profit, the cash flow, and in general the elements that determine the possibility and economic suitability of the plan.

### **Quality of Life**

Quality of life is determined by a wide range of conditions, factors, and elements that influence the way people and social groups live. The satisfaction of needs, the development of skills, the achievement of objectives, the fulfillment of desired and aspirations, are essential aspects of the quality of life as it is experienced by individuals and groups. In large part determined by participation in the economy and its fruits, quality of life is not just an economic outcome. It is also influenced substantially by the forms of coexistence and social relations, participation of residents, education and knowledge, access to and appreciation of culture and its works, and spiritual and moral development.

### **Externalities**

Externalities are the combined impacts and effects that the establishment and operation of enterprises and economic activities in general have on the local environment, community, and social context in which they take place.

### **Positive Externalities**

Those beneficial and useful impacts and effects that the enterprise has on its environment which contribute in some way to the quality of life of those who, at different levels, are related actively or passively to the enterprise or economic activity.

### **Negative Externalities**

The harmful impacts and effects that the enterprise has on its environment which corrode in some way the quality of life of those who are affected by the enterprise or economic activity.

### **Business Idea**

We understand “business idea” to mean the precise identification of one or more innovative or original elements that make it possible to create an enterprise or unit of economic activity that is viable and optimal. The business idea implies a creative act that leads to the conception of something new, different in some way from what already exists.

### **Captive Market**

A “captive” market is one in which the aggregate demand for goods and services can only be satisfied by one particular enterprise.

### **Needs**

The concept of needs used in solidarity economy is very broad. Needs are not just “lacks” or overwhelming needs that must be met in order for the individual to survive. Rather, they include all

the motivations and impulses, forces and capacities, that lead to the performance of economic activities, be they in the form of consumption, production, or distribution. Needs are at once individual and collective, personal, communitarian, and social. Needs are not only of the body but also of the spirit. Some bodily needs are also cultural and concern coexistence. There are needs to have (things, goods), to do (work, know), to be (live, roam), and to exist (personal and social development). Manfred Max-Neef proposes a distinction between nine different human needs: subsistence, protection, affection, understanding, participation, leisure, creation, identity, and liberty.<sup>4</sup>

### **Business Plan**

A business plan is the mental prefiguration and written description of the enterprise one intends to create, including all the details and elements implied by its realization. To elaborate a business plan is to precisely identify: the economic objectives sought, who will organize them, who will produce what and in what quantities, the demand and the market to which production will be oriented, how production will be carried out (the factors, inputs, technologies used, etc.), where it will happen, when and with what planning, the results to be expected in specific time periods, how one expects the enterprise to grow and develop, etc. (See Unit 7)

### **Entrepreneurial Realism**

We use this term to describe the creative and constructive attitude needed by a subject (individual or group) who intends to create an enterprise, or grow or transform it. Entrepreneurial realism assumes that one is aware of the organization's capacities and potential as much as its limitation, that one appreciates the opportunities that reality offers as well as the obstacles and difficulties it can pose. Based on this appreciation of oneself and the real context, the most objective possible, it is crucial that one not be held back by fear or pessimism, but instead act constructively, be ready to take risks and take responsibility for the results, knowing that reality is modified positively through action itself. One learns by doing, developing relations with others establishing and cultivating bonds, overcoming difficulties by expanding one's own capacities and securing the support of others, etc. Hence, we see entrepreneurial realism as something that is not only sober but optimistic, hopeful, positive.

### **Comparative Advantage**

Comparative advantages are all the conditions, qualities, circumstances, and factors that an entrepreneurial subject or enterprise possesses that give it a better position than other similar enterprises operating in the same market. People sometimes speak of "competitive advantages" referring to the fact that the enterprise can offer products and services for a better price, quality, or convenience than those offered by "the competition."

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4 Max-Neef, Manfred. "Development and Human Needs."  
<http://3awwww.alastairmcintosh.com/general/resources/2007-Manfred-Max-Neef-Fundamental-Human-Needs.pdf> - MN

## EVALUATION OF UNIT TWO

This evaluation include both individual and group evaluations.

### Individual Evaluation

Each participant should answer the following questions in their notebook:

#### A. Circle the answer that best matches your experience.

1. My understanding of the contents covered in Unit 2 is:  
Weak – Good – Excellent
2. My performance of the individual assignments in this Unit was:  
Weak – Satisfactory – Very good
3. I consider my contributions to the group exercises to be:  
Poor – Adequate – Outstanding
4. My participation in the organization and execution of the practical activity (*jornada*) was:  
Passive – Relatively active – Very active
5. I think my overall contribution to the group was:  
Very little – Could have been better – Ample

#### B. Reflect on the following questions and summarize your answers in writing.

##### About the group's objectives:

1. Do I feel that the group has set the correct objectives? Do I share those objectives personally?
2. Do I believe our business idea will effectively help us achieve those objectives?
3. Am I ready to give my all to achieve these objectives? In what areas or ways can I do more?

##### About the business plan:

1. Did we develop the business idea with sufficient depth and seriousness? Do we have all the information we need in order to make a definitive decision? What else do we need to find out?
2. Am I convinced by the agreements we reached? Are they realistic? Can we really carry them out?

3. What are the comparative advantages of our group with respect to our business idea? What are the disadvantages? Can we develop additional comparative advantages? Can we overcome the obstacles we face?
4. Would the enterprise we are thinking of creating really be good and useful for our community and social environment?
5. Do I have another business idea that I think I should propose for the group to study together?

**Group Evaluation** (to be done in the next session)

Seated in a circle, the whole group discusses the following questions.

1. What happened to the C Factor during the exercise where we identified the objectives of our solidarity group?
2. Does our business idea inspire a unity of consciousness, will, and feeling in our shared objectives?
3. What do you think our group still needs in order to make our business idea real?