



# GOOD PRACTICE INVENTORY

Exploiting Potentials of

Social Enterprises through Standardized

European Evaluation

and Development System

# SOCIAL SEEDS

Interreg Europe



SME competitiveness



European Union  
European Regional  
Development Fund

## I. GOOD PRACTICE COLLECTION

### 1. Name of the good practice (100 characters)

From Friend to a Friend

### 2. Overview (2000 characters)

From Friend to a Friend is a social enterprise that cares about people and links the joy of the giver and the joy of the recipient. The NGO accepts donations in the form of things brought to its shops for selling and forwards the proceeds to those in need, who are often families, but can also be individuals or social institutions, whose needs become known through the mediation of social workers, churches or NGOs.

Amount of business	2013	2012	Growth
Funds directed to charity (€)	33,203	11,805	64%

The chain of shops is registered as a private limited company, but various social projects are performed through the foundation. From Friend to a Friend stores started operation in 1998. The NGO has expanded greatly, and now it has 15 shops all over Estonia. In addition to ensuring cheap and environmentally friendly consumption options, it believes the creation of jobs to be one of its values. At the moment the organisation's shops employ over 100 people. Due to the increase in the quantity of goods donated in Estonia, more and more support is provided to various parties in need: individuals, families and social institutions.

The primary activity of From Friend to a Friend is creating a friendly and inexpensive shopping environment for people who value environmental sustainability and appreciate unconventional things. The organisation receives a major share of the goods it sells from its Swedish partners, who also forward the proceeds from selling goods for "the second life" to those in need in their own country.

Starting with 2011, the organization has been accepting second-hand goods in Estonia as well within the "Let's care together!" project. While the income from selling the goods received from Sweden is mainly spent on the stable operation of the company (sales assistants' salaries, transportation of goods to Estonia and paying rent for the shop facilities), the profit from selling the things donated in the country can be directly forwarded to those in need and for supporting various charity projects.

For example, DIY tools and materials have been brought to families in the countryside so that they could improve their living conditions; families in need have also received furniture, school supplies, a washing machine or a refrigerator. In 2014, the organisation supported children in Latvia who had lost their parents when a Maxima store building collapsed in Riga. The "Let's care together" children's camp invites children from needy families each summer. In Tartu, the organisation has helped to furnish homes for refugees.

### 3. Abstract (500 characters)

NGO Söbralt Söbrale (From friend to a friend) is a social enterprise that connects the joy of the giver and recipient. They take in to their stores things (clothes, furniture, toys, books, home decorations etc.) which have been given as donation and then sell them. The profit received from the sales is given to the people in need of help such as families with low income, children, individuals in need and social institutions. The information about people in need is received from social workers, congregations or other NGO's.

The main activity for the NGO is to provide affordable and friendly shopping environment, who appreciate the environment and who appreciate unique products. The majority of the thing sold in their shops have been provided from their Swedish partners who use the same sale model- selling second hand products and giving the profit for people in need.

### 4. Coherence with the Dimension of the Social Enterprise Inventory

- Social innovation (including services)
- Social impact and measurement opportunities
- Cooperation atmosphere (PPPs)
- Regulatory frameworks and bottom-up grassroots
- Social entrepreneurship skills and competencies
- Access to finance (including external funding)
- Access to market (including the internationalization approach)
- New(ly) established social enterprise model
- Other (specify): \_\_\_\_\_

*You can tick more than one dimension, but emphasize which one is the most significant!*

### 5. Policy Instrument connected with the good practice

Name: the framework for implementation of EU cohesion policy and for the utilization of the EU cohesion and structural funds in Estonia for 2014-2020

Focus on priority axes: 2.1. "Qualifications and skills meeting the needs of society and the labour markets" 2.2 « Increasing social inclusion »and 2.3." Improvement of access to, and prevention of dropping out of, the labour market" – all co-funded by ESF

Managing Authority in charge: Foundation Innove

Unfortunately, current Estonian policy does not support the organisation's operation or express any appreciation of it work on the business or national level.

### 6. Location

At the moment, the organisation operates 15 shops in Estonia, Järva County and Central Estonia being the only regions not covered with the chain. The newest shop was opened in Rakvere, and it is also the largest store of this type in Estonia. The stores are located in Tallinn (2 shops), Tartu (4 shops), Narva (1 shop), Viljandi (1 shop), Keila (1 shop), Kärđla (1 shop), Põlva (1 shop), Tõrva (1 shop), Kohtla-Järve (1 shop), Valga (1 shop), Kuresaare (1 shop) and Rakvere (1 shop). The NGO aims to have opened 20 stores all over Estonia by

2020, covering the whole country with its chain as the result. The organisation's head office is located in Tartu.

### 7. Start date (tentative)

The current NGO was registered in the Commercial Register in December 1998.

### 8. Total revenue / income created / personnel employed by the good practice (EUR)

Business indicators	2013	2012	2011	Growth
Sales revenue (euros)	1,099,128	850,334	594,674	46%
Number of employees	59	53	38	36%

In 2015, net turnover was 1.5, and the forecast for 2016 is 1,6. In the first years of operation this amount was below 100,000 euros; there were 5 employees with only one of them working full time and the other 4 doing part-time work while now the organisation employs over 100 people.

All the goods collected as donations in Estonia are regarded as a separate sales article and are stated separately in accounting. The enterprise has publicly stated that funds in at least this amount are meant for social projects.

### 9. Challenges

In its daily work, the organisation is guided by its calling and mission as well as bringing these to life within the limits of the law. It focuses on helping people, primarily children and their families. One of the challenges it faces is finding those children and families who need help the most. In addition, it is often difficult to decide on the best way to help them. At the same time, the organisation strives to define its mission so that it is long-term and sustainable. As the NGO "Söbralt Söbrale" (From Friend to a Friend) is engaged in commercial operation on the one hand and in social projects on the other hand, sometimes managing a business model with a social vision so that they would co-function efficiently is complicated. Another challenge is the personnel that consistently need to be provided with a good and supportive environment in order to be able to convey a sense of the enterprise's mission, thus helping those in need.

### 10. Would this programme work well in another European context?

The model would definitely function in other countries. the NGO "Söbralt Söbrale" (From Friend to a Friend) has taken this model over from Sweden. At the moment the organisation largely operates due to the assistance of its partners in Sweden and other countries. The goods sold in the organisation's shops today could not be collected as donations in Estonia alone in such quantities.

Unlike in Sweden, which also forwards the profit from sales abroad (for charity projects, for instance), the sales revenue in Estonia is kept in the country. The existence of partners in

other countries to provide input resources is considered important for starting operation in this field. If a company is interested in operating in such sphere only with business purposes, this is much more complicated to organise in any country because people who donate their things for charity want to be sure that these things go to those in need. It is important for business activity to have a social purpose in addition to earning profit.

#### 11. Activities (2000 characters)

The operational model of From Friend to a Friend is described below through its theory of change.

From the point of view of a good practice, it is interesting, among other things, that the business model and the operational model are not directly linked to each other, i.e., support for needy families and individuals could be financed in numerous other ways. At the same time, the business model of a chain of second-hand stores has several strengths that directly support the implementation of the mission. First, the contribution of donors from Estonia and other countries in the form of objects can be used. Second, the donated things can be directly donated further by the social enterprise for covering the material needs of the people in need without the necessity of buying new things.

**Desired impact: The elementary basic needs of people in need are satisfied temporarily and/or in the long term depending on the nature of the need**

##### TARGET GROUP

Families and individuals in need whose living standards we can improve on their own initiative.

##### PROBLEM

In present-day Estonia, the elementary needs of numerous people to ensure their dignified living are not covered.

According to Statistics Estonia, in 2012 one in five people in the country lived in relative poverty, and one in fourteen lived in absolute poverty.

##### ACTIVITIES

Mapping the people in need and their needs with the help of a reliable local partner (a social worker, a church, an NGO). Analysing each case separately and responding in the way that would improve the living standards of the person in need.

##### DIRECT IMPACT OF "SÕBRALT SÕBRALE" (FROM FRIEND TO A FRIEND)

In particular cases, individuals, families or social institutions have one of their basic needs satisfied temporarily and/or in the long term.

##### PREREQUISITES

A reliable local partner (local government, an NGO, a church) to provide us with information about the background and particular needs of the person in need.

An example of a best practice and what makes this social enterprise special is the people and partners the organisation cooperates with. Mutual trust within the team is important as well as a common vision of how we want to help people. In addition, our people must have an inner wish and even necessity to help others and change their lives. The organisation's current partners want to see what has been done to help people and what we are going to do in the future to change their trajectory of life and welfare. At the same time, the welfare and good relationships within the team based on mutual trust are important as well.

## **12. Achievements so far**

Our success stories are the people we cooperate with and the people we help. In addition, the process that has brought us to today's performance can also be regarded as a success story. The largest of the latest achievements is also the opening of our new shop in Rakvere, which is larger than any of our other stores and can be used for providing social jobs and involving volunteers.

In the broad picture, every child and family whose life could be changed or improved with the help of the organisation is a success story. The enterprise's dream is for those children who are brought up in poor conditions due to the parent's social and financial difficulties to grow up to be well-coping adults with higher living standards than their parents had.

## **13. Strengths, weaknesses, difficulties and lessons learned**

When the organisation started operation, it rather focused on commercial than social activities. However, in the process it decided that it wanted to contribute more to the social sector but was not sure which concept would be right for doing it. When it became clear in what way the organisation had to adjust its functioning in order for it to bring societal benefits, its members learned how to build up a social enterprise. The establishment of the above process and the accompanying social vision were considered one of the primary activities of the company. According to the organisation, every enterprise should think what kind of social value its operation results in.

What can be considered a weakness is the fact that the enterprise's activities are currently too thinly spread, and the main focus or who would form the company's main clientele has not been clearly defined. The organisation is looking for an output in which it could add value that others have yet not been able to provide or have not been consistent in doing it. At the same time, it does not rule out cooperation with some other social enterprise for helping those in need.

It is important for the organisation to maintain both order and flexibility, which is also the main challenge in its work. It wants to provide immediate help to those in need in such a way that it does not become too bureaucracy-ridden (filling out numerous forms and applications before receiving help).

## **14. Tips for success**

In the social sector, one has to love one's work and put one's heart into it. When a mission has been defined, it needs to be followed with passion. In addition, one needs to find the

right people who would help achieve one's goals and share the organisation's vision. This work must be done out of sincere desire to help others and not for profit.

#### **15. Dissemination and sustainability**

Today, the organisation has a very secure, stable and efficient economic model. Financing is produced by the enterprise itself, and financial input is not obtained elsewhere. The organisation gets donations in the form of things, which are material but not financial. As long as people keep bringing things, there should not be any problems with so-called financing. At the moment relationships with partners are very good and reliable.

In case the quantity of donated things decreases drastically compared to what it is now, more attention will be paid to social projects and another financing options will have to be found. One of our strengths is also the fact that the operation of our organisation does not depend on the financing of any particular project at the moment. There is one social project under way in cooperation with partners in Germany, but if the financing by the German partner stops after the project ends, the organisation is prepared to continue it on its own and allocate the necessary resources to this project.

#### **16. Source – URL or Facebook**

<http://sobraltsobrale.ee/>

#### **17. Contact person and details**

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