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DESIGNING BUSINESS WITH IMPACT:

How early stage social ventures balance impact and profitability?

A case study of an impact accelerator

Karri Kilpeläinen
International Design Business Management

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Abstract

How can organizations create profitable business around meaningful societal impacts? Through a grounded theory approach, this study follows three early stage social ventures attending an impact accelerator program in Finland to examine how these hybrid organizations approach creating impacts and profits simultaneously. A review of existing literature highlights how social enterprises strive towards more sustainable value creation through the hybrid business model, while aiming to measure the organizations' impacts.

This study finds that social ventures integrate an impact model and a business model into a cohesive hybrid organization through a digital product innovation strategy. With this strategy the ventures aim to solve both customer and beneficiary jobs to be done within a social problem space through digital product features. When customers and beneficiaries use the digital product features, social outcomes and impacts are intended to be created, forming the impact model of the ventures. In parallel, ventures conduct organizational experiments within their target markets to discover a profitable business model. Moreover, this thesis discovers how ventures link impact measurement and product development activities together, finding synergies between the efforts to balance impact and profitability.

In addition, the ventures utilize their social mission, the impact model and the proof of outcomes and impacts to engage stakeholders into the hybrid business model and to achieve resource efficiencies. Therefore, this thesis highlights how a higher purpose beyond profits, based on the mission and impact model of the organization, can help the venture craft a motivating and meaningful value proposition to motivate and engage stakeholders. Finally, by studying the context of an impact accelerator program, this study also showcases mechanisms by which an accelerator program adds value to the venture development, and in turn, facilitates the hybrid organizational pursuit of balancing impact and profitable operations.

Keywords Social Enterprises, Hybrid Organizing, Impact, Profitability, Business Model, Impact Model, Accelerator Programs, Digital Product Innovation, Venture Development, Sustainability

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Työn nimi Vaikuttavan liiketoiminnan muotoilu: Miten aikaisen vaiheen yhteiskunnalliset yritykset tasapainottavat vaikuttavuuden ja kannattavuuden? Case-tutkimus vaikuttavuuskiihdyttämöstä

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Tiivistelmä

Miten organisaatiot voivat luoda kannattavaa liiketoimintaa yhteiskunnallisten vaikutusten ympärille? Tässä tutkimuksessa seurataan ankkuroidun teorian mukaisella lähestymisellä kolmea aikaisen vaiheen yhteiskunnallista yritystä, jotka osallistuvat vaikuttavuuskiihdyttämöön Suomessa, ja tarkastellaan miten yritykset lähestyivät vaikuttavuuden ja voiton luomista samanaikaisesti. Katsaus olemassaolevaan kirjallisuuteen nostaa esille miten yhteiskunnalliset yritykset yleisesti ottaen pyrkivät kestävämpään arvontuotantoon hybridiliiketoimintamallin kautta sekä mittaamaan organisaationsa vaikuttavuutta.

Tutkimuksessa löydettiin, että yhteiskunnalliset yritykset integroivat vaikuttavuusmallin ja liiketoimintamallin yhtenäiseksi hybridiorganisaatioksi digitaalisen tuoteinnovaatiostrategian kautta. Tässä strategiassa asiakkaiden ja hyötyjien hoidettavia tehtäviä sosiaalisella ongelmakentällä pyritään ratkomaan digitaalisten tuoteominaisuuksien avulla. Kun asiakkaat ja hyötyjät käyttävät yritysten kehittämiä digitaalisia tuotteita, sosiaalisia tuloksia ja vaikutuksia on tarkoitus syntyä tuotteen käytön myötä, minkä ympärille yritysten vaikuttavuusmalleja pyritään muotoilemaan. Samalla yritykset toteuttavat organisatorisia kokeiluja kohdemarkkinassaan kannattavan liiketoimintamallin löytämiseksi. Lisäksi tässä tutkielmassa havaittiin, kuinka yritykset linkittävät vaikuttavuuden mittaamisen tuotekehitystoimintojen kanssa ja pyrkivät löytämään synergioita toimintojen väliltä vaikuttavuuden ja kannattavuuden tasapainottamiseksi.

Yritykset myös hyödynsivät sosiaalista missiotaan, vaikuttavuusmalliaan ja sen todennettuja tuloksia sidosryhmien sitouttamiseen sekä resurssitehokkuuden saavuttamiseen liiketoiminnassaan. Pohjautuen näihin havaintoihin, tässä tutkimuksessa havainnollistetaan miten korkeampi tarkoitusperä, joka rakentuu yrityksen vaikuttavuusmallin ja mission ympärille, voi auttaa organisaatiota luomaan motivoivan ja merkityksellisen arvolupauksen sidosryhmien sitouttamiseen. Tässä tutkimuksessa lisäksi kuvataan mekanismeja, joilla kiihdyttämöohjelma tuottaa lisäarvoa osallistuville yrityksille ja auttaa yrityksiä pyrkimyksissään tasapainottaa vaikuttava ja kannattava liiketoiminta.

Avainsanat Yhteiskunnalliset yritykset, Vaikuttavuus, Kannattavuus, Liiketoimintamalli, Vaikuttavuusmalli, Kiihdyttämöohjelmat, Digitaalinen tuoteinnovaatio, Hybridiorganisaatiot, Yrityksen kehittäminen, Kestävä kehitys

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Acknowledgements

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I wish to express my gratitude for Kimmo Timonen, Laura Turkki and Maria Solovjew at Adventure Club for organizing the accelerator program with great professionalism and care, and in doing so, helping to make this thesis study a possibility. Specifically, I want to thank Laura Turkki for her guidance and support in the study and Adventure Club Helsinki Oy for providing transparent access to the accelerator program and its materials throughout the study. In addition, I want to thank the ventures participating in the accelerator program, who welcomed the study with their eager participation and collaboration.

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Espoo, 23rd of July 2021
Karri Kilpeläinen

[1] Adventure Club: Design and Innovation Studio – https://adventureclub.io/

[2] SITRA: Finnish Innovation Fund – https://www.sitra.fi/

1 Introduction

Today, businesses are increasingly looking to discover profitable opportunities by tackling pressing social, environmental and societal problems. Since the introduction of the United Nations' (UN) 17 sustainable development goals (SDGs) in 2016, investments in to 'impact tech' – startups that aim to tackle one or more of the UN's SDGs – have soared by 280% in the largest tech hubs in the world (Butcher, 2020). Meanwhile, a rich research stream on social enterprises, a type of hybrid organization that simultaneously pursues a social or environmental mission while running commercial operations, has pointed towards innovative business models and strategies for integrating profit generation with the creation of social and environmental impacts (Smith et al. 2010; Davies & Doherty, 2018; Davies & Chambers, 2018; Gerholm et al. 2020; Matzembacher et al. 2020; Tykkyläinen & Ritala, 2021). Yet, some recent studies also highlight that social enterprises might sacrifice their profitability in order to achieve their desired impacts (Giones et al. 2020; Lee, 2014).

How can organizations then balance the creation of impacts and profitability at the same time? On one hand, social enterprises have been documented to sacrifice profitability by e.g. charging prices below the market or by funneling revenues back into activities that advance the organization's mission, thus potentially hindering their attractiveness to investors (Ebrahim et al. 2014; Battilana et al. 2012). On the other hand, these hybrid organizations seek to avoid mission-drift; the process of diverging from the original purpose or mission into financially more lucrative opportunities that might not be aligned with the impact the organization is seeking to create (Cornforth, 2014). Through the simultaneous pursuits of impacts and profitability, there exists a balancing act within hybrid organizations (Alter, 2006; Battilana et al. 2012; Battilana & Lee, 2014; McMullen & Warnick, 2015), illustrated below:

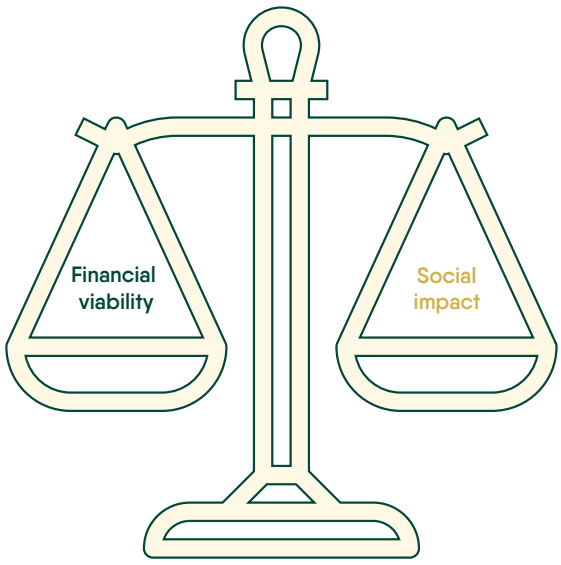

Figure 1 – Balancing act between social and economic objectives (adapted from Alter, 2006)

This balancing act between multidimensional organizational interests (Alter, 2006) has been previously studied in the context of non-profit organizations (Di Zhang & Swanson, 2013; Weerawardena & Sullivan Mort, 2006), from the perspective of skills required from organizational leaders (Smith et al. 2010), in broad quantitative terms over early stage

hybrid ventures (Giones et al. 2020), longitudinally in the specific context of two microfinance organizations in India (Sarma, 2020) and a global traveler café business (Dobson et al. 2017) among other case studies (Davies & Doherty, 2018; Ormiston & Seymour, 2011) and through the lens of business model innovation (Davies & Chambers, 2018; Matzembacher et al. 2020; Tykkyläinen & Ritala, 2021). Specifically, successful hybrid organizations are proposed to integrate different types of value creation through their strategy and by innovating business models that combine the pursuit of social, environmental and economic goals simultaneously (Alter, 2006; Battilana et al. 2012; Matzembacher et al. 2020; Ormiston & Seymour, 2011; Smith & Lewis, 2010).

Elsewhere, accelerator programs have emerged as a distinct intermediary organization which aims to support businesses and entrepreneurs in innovation, development and growth (Crișan et al. 2019; Cohen et al. 2019; Pauwels et al. 2016). By 2016, there were at least 3000 known accelerators around the world (Hochberg 2016). Specifically, Roberts & Lall (2018) conclude by examining a sample of 5614 impact ventures, that the ones who participated in accelerator programs signal stronger commercial and investment performance. In addition, Wallenius (2018) finds, by studying 116 acquisitions from 19 different accelerators in the US, that companies which graduated from accelerator programs get acquired significantly younger and can expect higher stock returns, compared to ventures who only received venture capital funding as support.

In the light of this data, as accelerators seem beneficial intermediaries helping ventures to achieve commercial goals, this study examines how hybrid ventures balance impact and profitability while being supported by an accelerator program. By following three early stage social enterprises attending an impact accelerator program in Finland, this thesis aims to investigate how early stage social enterprises can venture towards achieving impacts in a profitable manner. Thus, this study aims to illuminate potential pathways for organizations to balance the creation of impacts and profitability. In addition, this thesis explores how an accelerator programs support social enterprises in their development and the ventures' simultaneous pursuit of impact and profitability. The research question of this study is:

Figure 2 – The research question

By examining the interplay between the accelerator program and the participating ventures through a qualitative case study and grounded theory approach, this thesis provides a unique lens into the activities of an impact accelerator, the ways in which ventures aim to balance impact and profitability and to the mechanisms through which the accelerator

program supports the participating ventures. Through the accelerator case, this thesis also answers the calls of Cohen et al. (2019) and Roberts & Lall (2018) in generating further insights into the business models of accelerator programs and how accelerators influence their stakeholders.

The figure 3 below depicts the position of this study in contrast to existing research streams. Conceptually, this thesis investigates the realms of sustainable and social entrepreneurship as the means by which individuals innovate and build organizations for creating impacts profitably. In relation to creation of impacts, this thesis clarifies what impacts stand for by reviewing literature in the impact measurement and modeling stream and elaborates how social enterprises strive for balance by measuring and modeling their impacts. In addition, with the central focus on social enterprises, a type of hybrid organization, this study explores how early stage social ventures organize for a blended type of value creation through their business model within the context of venture acceleration:

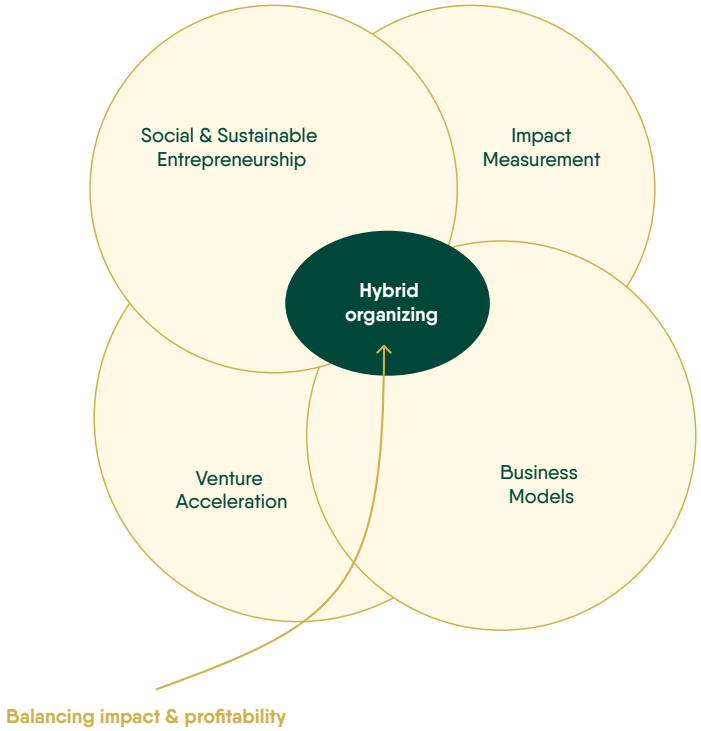

Figure 3 – The position of this study in existing literature

To illuminate how impact and profitability can be balanced, this thesis first showcases the ways in which organizations can embark on a journey to create measurable impact profitably by reviewing existing research and literature in chapter 2. Next, in chapter 3, the qualitative case study and grounded theory approach are described, elaborating on the sampling, data collection, data analysis and main limitations of this study. In chapter 4, this thesis presents findings from the case study and illuminates how early stage social ventures balance impact and profitability, and how the organizing process is supported by the accelerator program. Chapter 5 contrasts the findings from the impact accelerator program against the reviewed literature and discusses how organizations can strive towards more sustainable value creation through hybrid venturing and what is the role of the accelerator program in supporting this pursuit. Ultimately, in chapter 6, conclusions from the study are provided.

2 Literature review

2.1 Integrating impacts and profits

2.1.1 Social enterprises: Creating impact profitably through blended value creation

This study explores how early stage for-profit social enterprises aim to balance impact and profitability. Social enterprises are defined as organizations that seek to solve social or environmental problems through business ventures (Aiken, 2006; Alter, 2006; Gidron & Hasenfeld, 2012; Smith et al. 2013). For example, Santos et al. (2015, p. 37) define social enterprises as organizations that ”run commercial operations with the goal of addressing a societal problem, thus adopting a social or environmental mission.” With a desire to achieve a mission through commercial activities, social enterprises are characterized as typical hybrid organizations who combine two traditionally opposed institutions (Battilana, 2018; Battilana & Dorado, 2017; Battilana & Lee, 2014).

As a type of hybrid organization, social enterprises typically blend the values, mission and goodwill approach aimed at societal change typical to the non-profit sector with the commercial innovation approach and revenue generation of a for-profit company (Alter, 2006; Battilana et al. 2012; Nielsen et al., 2019). This hybrid organizational nature aims to combine social and economic value creation together, and thus yield a more sustainable organization, while keeping both shareholders and stakeholders happy with the results of the organization (Alter, 2006; Battilana et al. 2012; McMullen & Warnick, 2015). The figure below (figure 4, adapted from Alter 2006; Battilana et al. 2012) depicts the hybrid nature of social enterprises, as they aim to combine and balance the non-profit and for-profit orientations and merge them into one organizational reality that blends financial and social value creation through a coherent strategy (Alter, 2006; Battilana et al. 2012; Battilana & Dorado, 2017; Pache & Santos, 2013):

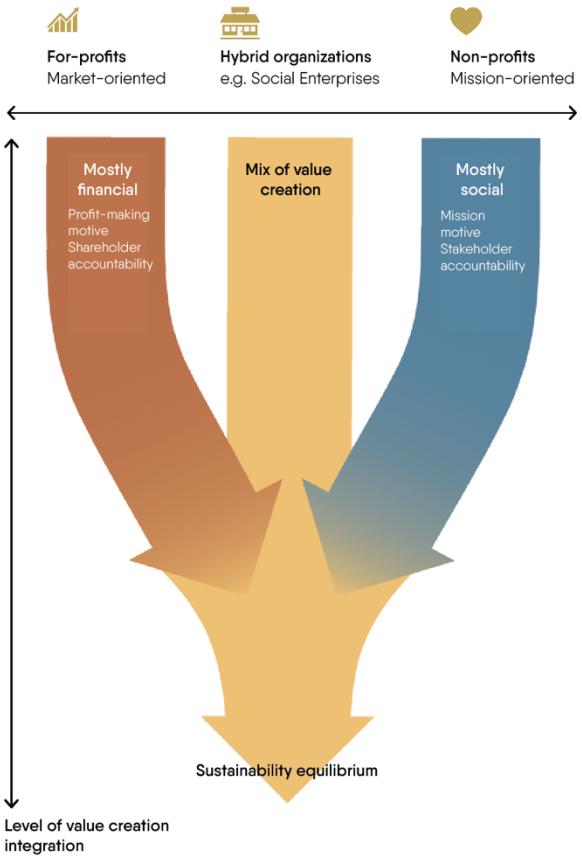

Figure 4 – Social enterprise: A type of hybrid organization (adapted from Alter, 2006; Battilana et al. 2012)

By simultaneously pursuing mission achievement and profit, multiple goals and values are embedded within the hybrid organization, which in turn can create contradicting prescriptions for action (Smith et al. 2013) and result in various tensions (Smith & Lewis, 2011) and challenges for the hybrid organization (Castellas et al. 2019). For example, Battilana (2018, p. 1286) explains how social enterprises are required to manage a complex reality of external stakeholder expectations: "commercial investors may be deterred by activities deemed unprofitable, at the same time that philanthropists may be skeptical about the social purpose of an organization that earns a profit."

On one end of the hybrid spectrum, social enterprises might potentially sacrifice shareholder returns and profits by prioritizing their mission over money. For example, social enterprises might charge prices below their competitors in order to reach target audiences who otherwise might not afford the given products or services (Ebrahim et al. 2014) and be thus reliant on grants and subsidies to maintain the profitability of their operations (Battilana et al. 2012). Specifically, Lee (2014) found that nascent hybrid social ventures that incorporate commercial business operations were less likely than pure charities to reach key organizational milestones, such as securing funding, registering legally or hiring employees. Social enterprises might also sacrifice profitability by funneling revenues back into activities that advance the organization's mission, thus potentially hindering their attractiveness to investors (Battilana et al. 2012; Battilana, 2018). Indeed, a recent quantitative study examining a 4125 early stage hybrid ventures found that social enterprises might sacrifice their profitability in order to achieve a higher social performance (Giones et al. 2020).

On the other end of the spectrum, social enterprises are balancing to avoid mission-drift: the possibility of diverging from their mission into financially more lucrative opportunities (Cornforth, 2014), as they aim to maintain their dualistic identity (Battilana, 2018). Mission-drift is defined as "a process of organizational change, where an organization diverges from its main purpose or mission." (Cornforth, p. 4). With a need to survive in the market, social enterprises can be disheartened from their mission in pursuit of profit maximization (Cornforth, 2014). For example, Weisbrod (2004) argues that commercialization might lead to mission-drift in the context of non-profit organizations, especially if changing incentives start to influence management behaviour. For social enterprises dependent on funders, an over-dependence on a dominant funder is also proposed as a typical pathway to mission-drift (Jones, 2007). In sum, mission-drift can occur when the external environment places demands, both economic and cultural, on the social enterprise (Cornforth, 2014).

A partial answer on how social enterprises can strike a balance between impact and profit can be found by examining the nature of value creation. For example, McMullen & Warnick (2015) describe that social enterprises aim to create blended value, which can be understood through the triple bottom line framework (Elkington, 2002). The triple bottom line framework which accounts business returns from value creating activities according to three perspectives of sustainability – people, planet and profit (Elkington, 2002). Building on the triple bottom line framework, McMullen & Warnick (2015) categorize hybrid ventures into three different types – social, environmental and sustainable ventures – depending on the type of blended value the organization aims to create. The figure 5 below by McMullen & Warnick (2015) describes a taxonomy of approaches to creating blended value, also highlighting corporate social responsibility programs and base of the pyramid investments as potential means for organizations to strive towards more sustainable value creation:

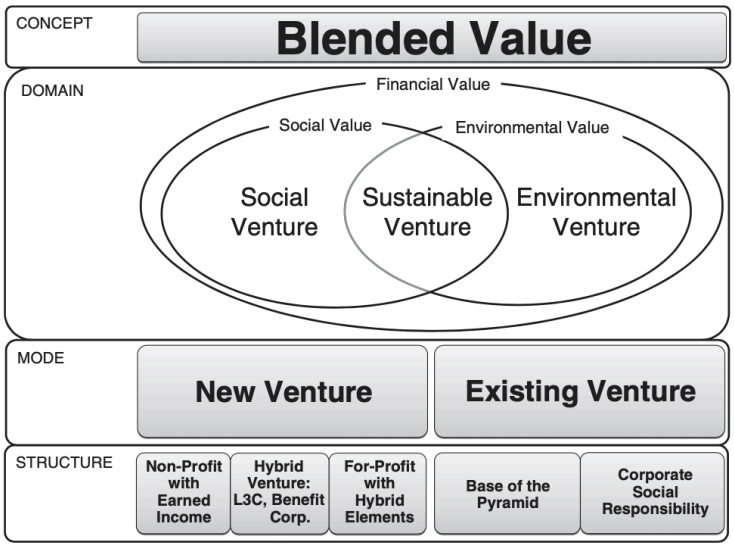

Figure 5 – A taxonomy of approaches to blended value (McMullen & Warnick, 2015)

Relatedly, value pluralism – the existence of multiple realms of valuing – also states that individuals and societies may deem more than one type of value to be worthwhile or important to pursue (Castellas et al. 2019). For example, people can hold happiness, friendship or liberty as values, which they then use to orient their pursuits (Mason, 2017). Moreover, the decisions that we make and the behaviors that we prioritize as consumers are shaped

e.g. by our context, our personality, the relationships we have, the values and beliefs that we hold and even our mood (Gentile et al. 2007; Mason, 2017; Sethi, 1986). These different variables at any given time create a complex interaction where, according to value pluralism, multiple values can be hold at the same time and they can interact with each other as an individual or an organization makes value judgments (Castellas et al. 2019; Sethi, 1986). This way, value is phenomenologically determined by the different parties engaging in an interaction through their experiences (Akaka et al. 2015; Sethi, 1986; Vargo & Lusch, 2008).

Thus, it can be argued that, what is found valuable will depend on the person receiving the value, the value beneficiary, and the judgments they make (Akaka et al. 2014; Gentile et al. 2007; Vargo & Lusch, 2008; Sandström et al., 2008), be it the customer, the user or the employee. As Almquist et al. (2016, p.1) put it: "the amount and nature of value in a particular product or service always lies in the eye of the beholder." In other words, people can find products and services valuable for a variety of reasons. Almquist et al. (2016) for example, identify 30 general elements of value including quality, simplification, time saving, reduced effort, increased wellness, hope and self-actualization, which organizations can combine in their products and services as they intend to propose and create value for customers.

Both blended value and value pluralism can be contrasted against monism, in which a single value is prioritized above others (Tetlock, 1986). For example, a monist might frame social and environmental issues such as crime, labor, mental health and natural resources as economic costs and benefits, which can be managed, developed and consumed (Castellas et al. 2019). Value pluralism in contrast proposes that multiple values hold meaning and worth in their own right (Anderson, 1993; Arnold et al. 2010; Buchholz & Rosenthal 1996; Skorupski 1996; Tetlock 1986; Thomson 1997). Value pluralism also highlights the possibility that one type of value might help create or reduce another type of value in an interdependent fashion (Castellas et al. 2019). Therefore, actions taken in pursuit of a type of value can have a wide array of social, practical and psychological consequences which may conflict or complement the creation of other types of value (Castellas et al. 2019; Hitlin & Piliavin, 2004). As a result, real world choices are not always grounded in either/or settings but can be interactional in nature (Smith et al. 2010; Sethi, 1986).

Castellas et al. (2019) propose value pluralism is not always easily embraced in organizational contexts, since it does not yield universal value judgments or facts and can lead to contradiction, confusion or conflict. In comparison, decision-making for a commercial venture focused on solely financial value creation can be more straightforward than for hybrids, since the commercial enterprise can focus on prioritizing actions that drive customer value. Castellas et al. (2019) label the mental or cognitive challenge hybrid ventures face when aiming to reconcile multiple types of value as cognitive dissonance. Castellas et al. (2019) further identify three other key challenges for hybrid organizations face in their pursuit of value pluralism: incommensurability, interdependence and aggregation.

Incommensurability refers to the challenge of being unable or having the trouble with comparing values along a similar set of scales or metrics. For example, social and/or environmental aims are not always easily transferable or comparable to financial metrics. Interdependence refers to the aforementioned challenge that one value may be dependent on another – e.g. a type of value might help create another type of value. Finally, aggregation relates to the challenges of aggregating values across time and space. For example, short-term value might be in conflict with long-term value or value created on one level may conflict with value created on another level. These challenges are summarized in the table below (Castellas et al. 2019):

Value pluralism challenge	Definition
Cognitive dissonance; monism	The mental or cognitive challenge of reconciling 'competing' plural values, resulting in the preference and tendency to defer to a singular value system, where one type of value is dominant (Anderson 1993; Tetlock 1986)
Incommensurability	The inability for different types of value to be compared or measured along similar scales or metrics (Tetlock 1986)
Interdependence	One type of value may be dependent on another type of value; or one type of value may help create another type of value (Sethi 1986)
Aggregation (across time and space)	Short-term value may conflict with long-term value; or value created at one level (for example at the individual level) may conflict with value created at another level (for example at the group level) (Aram 1989)

Table 1 – Value pluralism challenges (Castellas et al. 2019)

Yet hybridity, on top of posing specific challenges, can also be considered a source of innovation when leaders embrace the paradoxical, i.e. interrelated yet contradictory, combination of pursuing non-profit and for-profit goals simultaneously (Castellas et al. 2019; Battilana 2018; Matzembacher et al. 2019; Smith et al. 2010; van Bommel, 2019). To highlight how, Santos et al. (2015) present the concept of value spillovers and explain how transactions within a marketplace can result in outcomes and impacts beyond the customer buying a product. As an example, Santos et al. (2015) present the case example of a rural family not connected to the electrical grid who decide obtain a chargeable LED lamp instead of a kerosene lamp with the help of a social enterprise. By doing so, the family could potentially create positive value spillovers in terms of reduction of carbon emissions by replacing kerosene burning, lower societal healthcare costs from not inhaling kerosene fumes, and improved educational outcomes due to attaining a better reading light for children to study. Through this example, we can depict how hybrid organizations pursue a blended type of value where value might spill over from commercial transactions into beneficial societal outcomes and impacts.

Indeed, according to Emerson (2003) all investments in the capital space operate simultaneously in our economic, social and environmental realities and can potentially create effects in each dimension. Emerson (2003. p.3) highlight how "the parts operate together, in concert, at all times. They cannot be separated and considered as distinct propositions, but are one and the same." In fact, when considering a further example of a customer purchasing new running shoes, the benefits created for the customer can unfold in various dimensions. For example, a customer might buy an ecologically produced running shoe that decreases the customer's environmental footprint in comparison to another type of shoe purchase, while also gaining social benefits in the form of appreciation from peers and, in the long term as increased health-related benefits.

Battilana et al. (2012) describe that ideally, social enterprises and other hybrid organizations do not need to face the choice between mission and profitability, because they have integrated social and/or environmental with commercial value creation into a single, coherent strategy. According to Battilana et al. (2012), in an ideal hybrid format, the social and economic value creating activities mutually reinforce each other creating a virtuous cycle of profit, which then gets reinvested into the mission, enabling the organization to build and scale solutions to social and/or environmental problems. Similarly, Di Zhang & Swanson (2013) propose that maintaining a social objective and managing a viable business can be mutually beneficial and complementary activities in the context of non-profit organizations.

As a concrete example, Ebrahim & Rangan (2014) highlight the case of Aravind – a hybrid organization that commercializes high-quality laser eye surgeries to help improve the vision of its patients – a typical example of a social enterprise who is able to integrate social and societal outcomes and impacts into their commercial operations.

To showcase potential organizational configurations that combine a social mission and profitable operations, Ebrahim et al. (2014) describe two types of ideal hybrid organizations: the integrated hybrid and the differentiated hybrid. Whereas integrated hybrids achieve their mission by integrating beneficiaries as their customers, for differentiated hybrids social activities are separated from commercial activities e.g. through another organization. More specifically, to offer a systematic framework for understanding how hybrids integrate blended value creation, Alter (2006) describes three organizational configuration types through which business and social programs can be integrated. In the first configuration, an organization has an external enterprise that conducts the commercial operations, which then channels funds into the social program. In the second configuration, the enterprise's commercial business activities are integrated with the social program to some extent. In the third configuration, as was in the previous example of Aravind, the commercial business activities are completely embedded within the social program. These configurations are depicted in the figure 6 below:

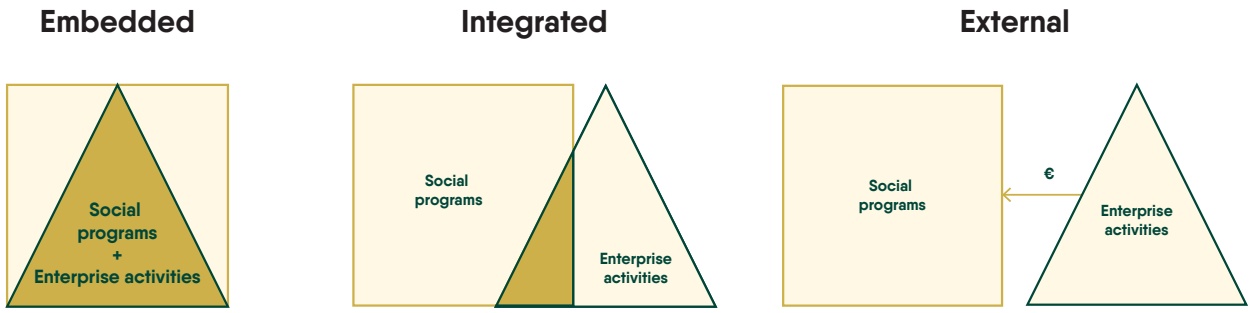

Figure 6 – Levels of integration between social programs and business activities (Alter, 2006)

Moreover, studying successful hybrid organizing, Sarma (2020) found that non-profit microfinance social enterprises who shifted to commercial business models retained their social goal and their hybrid nature by framing their organizational purpose around the social goal. Similarly, Matzembacher et al. (202) noted that the hybrid organizations were selling the idea of the customer being part of a community or a movement formed around social and environmental values. By educating customers about the issue the hybrid organization was tackling and by promoting their impact, Matzembacher et al. (2020) highlighted that hybrid organizations were utilizing their mission for communicative purposes. Further, studying consumer's attitudes towards social enterprises, Tsai et al. (2020) found that the ethical self-identity of consumers influenced their attitudes and purchase intention. Tsai et al. (2020) propose that social enterprises can forge deeper relationships with consumers by highlighting their goodwill-related nature. In conjunction, these studies highlight how communicating the social and environmental benefits through the organizational purpose and values can help hybrid ventures maintain stakeholder relationships.

Research has also pointed how the organization's mission can influence the employees' likelihood of finding their work meaningful by offering a lens to interpret a given work

context (Pratt & Ashforth, 2003; Rosso et al. 2010). It seems that people can experience their work as more meaningful when they perceive their work to be benefiting the society (Grant, 2007; Steger et al. 2012). For example, Sun et al. (2019) find that the mission and vision of a social enterprise influences employees' experienced meaningfulness of work, which, in turn, reduces the employees' intention to quit their job. This way, Sun et al. (2019) propose the social mission acts as one vehicle to increase the perceived meaningfulness of one's work. Further, Sun et al. (2019) also recommend social enterprises to personalize the vision and mission to individual career decisions in order to create a more meaningful work experience for the employee.

More broadly speaking, some researchers have proposed that 'purpose-led' companies can outperform their competitors financially, and, in general, perform better in the marketplace (Schwartz 2013; Sinar et al. 2018; Muñoz & Kimmitt, 2019). To showcase how, some studies have proposed that demonstrated purposeful investments aimed towards specific causes, such as alleviating social, environmental and societal problems, act as a communicative vehicles for companies to connect with employees, customers and stakeholders on issues and values they care about (Cone, 2018; Harvard Business Review, 2015; Schwartz & Porath, 2014; Sinar et al. 2018). For example, Achor et al. (2018), surveyed 2285 professionals across 26 industries, various ranges of pay, company sizes and demographics, and found that 90% of professionals were willing to earn less money to do more meaningful work. Achor et al. (2018) also found that employees who find their work meaningful, are 69% less likely to plan to quit their jobs within the next 6 months.

Taken together, these studies suggest that hybrid organizations who venture towards achieving a societal mission, alleviating a social or environmental problem, thus tackling a higher purpose beyond profit maximization, can potentially perform better than their commercial counterparts through stakeholder retention. By potentially offering more meaningful work opportunities through their purpose-driven activities, hybrid organizations might be able to retain stakeholders including employees and customers to engage with their organization, thus potentially influencing various other levers which affect the overall profitability of their organization, including salaries (see e.g. Achor et al. 2018) and profit margins (Gerholm et al., 2020; Matzembacher et al. 2020).

2.1.2 Modeling and measuring impact

Due to their hybrid nature, success for a social enterprise is defined through both contribution to their mission among typical commercial metrics (Ebrahim & Rangan, 2014; Ogutveren Gonul & Senyuva, 2020). Contribution to the social enterprise's mission is typically verified through impact measurement, which is also oftentimes depicted as the final phase of the social and sustainable entrepreneurship processes (Fowler et al. 2017; Matzembacher et al. 2019). Impact measurement includes organizational activities aimed at demonstrating the venture is contributing meaningful results in accordance with their mission (Ebrahim & Rangan, 2014; Heliskoski et al. 2018; McLoughlin et al. 2009; Molecke & Pinkse, 2017; Nicholls, 2009). By increasing transparency over the organization's operations and their effects, impact measurement is utilized to verify that meaningful changes are being achieved through the venture, to achieve legitimacy (Klemelä, 2016; Park & Bae, 2020) and to satisfy external accountability expectations (Ebrahim & Rangan, 2014; Propp, 2014).

The figure 7 below further clarifies how measuring impact relates to the mission and operations of a social enterprise (Figure 7, adapted based on Ebrahim & Rangan, 2014; Ormiston & Seymour, 2011; Propp, 2014). Through a strategy and an approach, social enterprises transform inputs into outputs with a goal to create outcomes and impacts for their beneficiaries. To get a sense of how well the organization is alleviating the social problem, and thus succeeding on their mission, impact measurement aims to quantify the outcomes and impacts produced by the organization (André et al. 2018; Ebrahim & Rangan, 2014; Propp, 2014). In addition, some researchers have also proposed that impact measurement can serve as a tool for adjusting the organization's strategy, objectives and mission (Ormiston & Seymour, 2011):

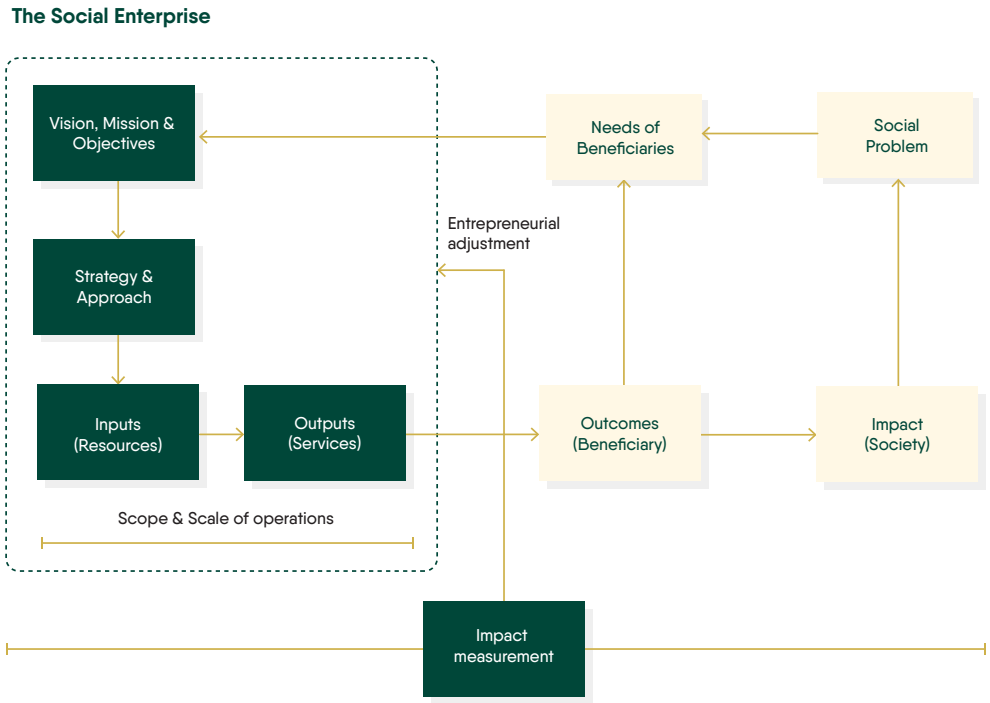

Figure 7 – Social enterprise impact logic (adapted from Ebrahim & Rangan, 2014; Ormiston & Seymour, 2011; Propp, 2014)

To clarify what impact means for an organization, 'results chains' or 'logic models' have emerged as the primary tool utilized to estimate and plan activities aimed at impacts (Ebrahim & Rangan, 2014; So & Staskevicius, 2015; Zappalá & Lyons, 2009). These models, such as the IAOOI-model, map and identify the cause-and-effect relationships from organization's efforts into its impacts (Ebrahim & Rangan, 2014; McLoughlin et al., 2009; Clark & Brennan, 2016). Sometimes referred synonymously as the 'theory of change' model or 'social impact theory', the IAOOI model maps inputs, activities, outputs, outcomes and impacts of a given system of interventions as a simple causal chain (Ebrahim & Rangan 2014; Clark & Brennan 2016).

In the IAOOI logic model, *inputs* refer to the resources and capital invested into a given enterprise or program. Inputs can, for example, take the form of contracts, money, ideas, knowhow, time, rights and physical resources (Clark & Brennan, 2016; Ebrahim & Rangan, 2014; Heliskoski et al. 2018; McLoughlin et al. 2009). *Activities* describe the actions conducted to transform the inputs into outputs and can include e.g. a specific work process. *Outputs*, then, signify the immediate and direct results of these activities and might include, as an example, the number of people trained or generally affected by an intervention. (Ebrahim & Rangan, 2014; Heliskoski et al. 2018; McLoughlin et al. 2009). *Outcomes* shift the focus towards the end beneficiary and the intended benefits, describing what target results stem from the organization's activity and outputs in the short and medium-term. *Impacts*, finally, stand for the long-term, lasting or significant changes resulted in the beneficiary's life or in the broader target system (Ebrahim & Rangan, 2014; Heliskoski et al. 2018; McLoughlin et al. 2009).

The IAOOI logic model provides a graphical template with which an organization can map their impact model – the proposition how its activities create the changes it intends to achieve with its mission (McLoughlin et al. 2009; Nixon, 2012). With the help of an IAOOI-model, organizations can also design interventions as deliberate and targeted acts aimed towards creating specific changes in the system where change is being sought (Ebrahim & Rangan, 2014; Heliskoski et al. 2018; Propp, 2014). As an example, featured below in the figure 8 is an AOOI-model portraying activities, outputs, outcomes and impact of a hypothethical social enterprise that trains people with disabilities for plumbing jobs, from which for simplicity purposes the inputs have been excluded (McLoughlin et al. 2009):

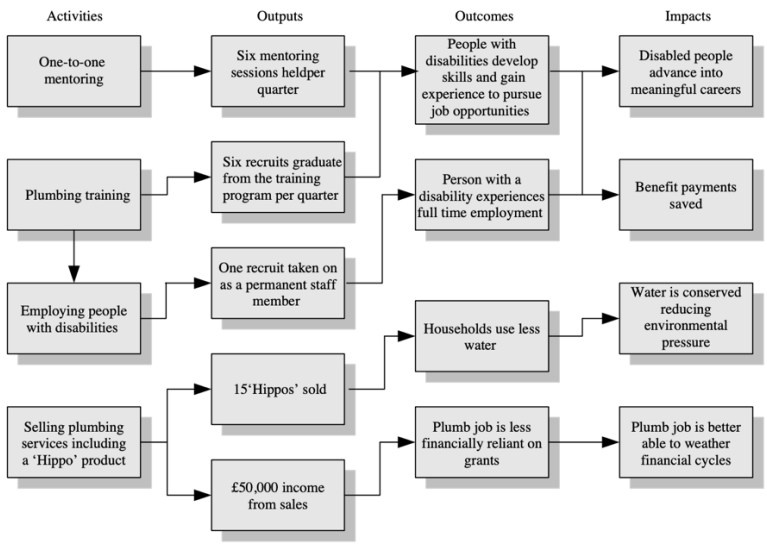

Figure 8 – A hypothethical AOOI impact model (McLoughlin et al. 2009)

From this outset, the IAOOI framework can also serve a practical basis for developing impact measurement protocols and processes (Zappala & Lyons, 2009). For example, McLoughlin et al. (2009) outline that organizations can approach measuring their impact by utilizing the logic model to determine the impacts and outcomes to measure, then design key impact indicators that allow the collection of data, and finally develop and implement a data collection strategy to gain insights into the outcomes and impacts the organization is creating. In this way, the IAOOI method can be extended with relevant key impact indicators and tools for measurement, to help the organization to start identifying the potential ways an organization can measure the logic of which by impacts get created (Mader, n.d.; McLoughlin et al. 2009)

Because ventures aiming for impacts look to verify that their activities and services result in the desired outcomes, causality is a central concept in impact measurement (Ebrahim & Rangan, 2014; Guclu et al. 2002). For example, Propp (2014, p.5) defines impact as "a planned change that can be traced back to a certain measure (intervention) taken", highlighting the central focus of causality in impact measurement. Roche (1999, p.21) similarly defines impact as "significant or lasting changes in people's lives, brought about by a given action or series of actions." Thus, opposedly, impacts can also include the unintended outcomes, negative consequences or the unwanted costs of organizational activities (Propp, 2014; Heliskoski et al. 2018).

Beyond, additionality is also central to impact measurement. Additionality describes whether the target outcomes and impacts would have occurred anyhow, even without the specific intervention taking place (So & Staskevicius, 2015). Thus, additionality describes the additional effect a given service or intervention had on a specific problem or challenge, determining the actual difference an impact investment is making in the system (So & Staskevicius, 2015). Without causality and additionality taken into account properly, it the measured beneficial outcomes could have happened otherwise, by the influence of some other factor and even without the organization providing the given intervention. The figure 9 below (adapted from Propp, 2014) describe how causality and additionality link to the ventures aim of verifying and demonstrating their intervention is positively impacting the identified challenge:

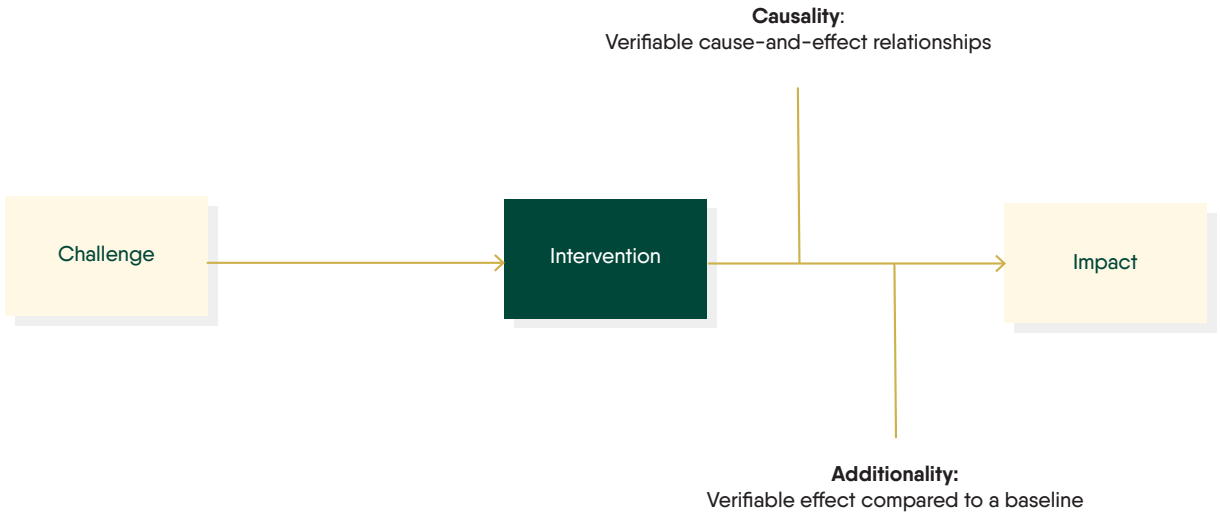

Figure 9 – Causality and additionality in impact measurement (adapted from Propp, 2014)

Due to this hardship of establishing valid cause-and-effect linkages and accounting for additionality between activities and impacts, embarking on impact measurement can be sometimes perceived cumbersome (Nixon, 2013; Nicholls, 2009). Compared to the straightforwardness of measuring standardized financial outcomes, measuring social outcomes and societal impacts can require the development of context-specific measurement vehicles (see e.g. André et al. 2018), the application of focus groups (Nixon, 2012) and/or randomized controlled trials or other more rigorous research settings (So & Staskevicius, 2015) to ensure causality and additionality are taken into account properly. Indeed, implementing an impact measurement practice and collecting the necessary data can be costly and time consuming (Clark & Brennan, 2016), especially in cases where it can take 3-6 years for meaningful societal change to occur (Heliskoski et al. 2018).

Moreover, hybrid organizations aiming to verify their impacts face the hardship of comparing social or environmental performance against financial performance and deciding on priorities based on those comparisons (André et al. 2018; Castellas et al. 2019; Ebrahim & Rangan, 2014). For early stage ventures who are still developing their offering with the constraints of limited resources, embarking on such rigorous activities can oftentimes may be out of the question (Ormiston & Seymour, 2011). Specifically, early stage social ventures who may be in pre-revenue stages and thus have access to limited resources, the implementation of such extensive methodologies may be counterproductive, since it simultaneously can divert precious resources away from the activities that directly create value and contribute to their mission (Ebrahim & Rangan, 2014; Barraket & Yousefpour, 2013).

Terming this phenomenon as "mission measurement paradox" – the absence and hardship of obtaining valid proof that the venture is in fact advancing towards their mission – Ormiston & Seymour (2011) found that social enterprises did not actually measure their outcomes nor impact but rather their activities. Ormiston & Seymour (2011) speculated that this might be due to convenience of measuring outputs or the lack of resources required for measuring outcomes and impacts. Relatedly, Ebrahim & Rangan (2014) argue that organizations should not always even strive to measure their impacts or outcomes, as the causality of these complex changes can be beyond their sphere of control, and thus efforts to measure them in vain. Ebrahim & Rangan (2014) argue that truly measuring outcomes or impacts is possible only when the causal link between outputs and outcomes is well established or when the whole range of interventions required to achieve outcomes is under the control of the organization. To circumvent these complications, Ebrahim & Rangan (2014) propose that organizations can instead focus on measuring their activities and outputs, arguing that organizations can more easily measure the scale (e.g. how many people they are reaching) and the scope (e.g. what assortment of activities are conducted) of their interventions.

To clarify, Ebrahim & Rangan (2014) propose that when the scope of the intervention the is narrow, for example when offering laser eye-surgery to visually impaired patients, the causal link to outcomes is more explicit, in this case an enhanced vision, and thus, outcomes and impacts can be more easily measured. In comparison, when offering a broader scope of interventions, for example when offering a variety of educational programs for low-income children, the causality between the interventions provided and the outcomes and impacts sought can become more blurred. According to Ebrahim & Rangan (2014) to factually determine whether a broad array of educational programs to low-income children would result in e.g. increased levels of social belonging, well-being, future employment or higher income, is not as clear when compared to a narrower intervention.

To help combat these challenges, other methodologies have been developed for impact measurement, including social return-on-investment (SROI) and tailor-made approaches suitable for the specific needs of a given organization (see e.g. André et al. 2018; Nielsen et al. 2019). To clarify the use cases of different impact modeling and measurement methods, So & Staskevicius (2015) review methods utilized by impact investors and map them against four general types of impact measurement objectives: estimating impact, planning impact, monitoring impact and evaluating impact. With the mapping, So & Staskevicius (2015) propose that some impact measurement methods suit better for serving specific impact measurement objectives.

The objective of estimating impact is generally sought before committing to an investment for due diligence purposes. For achieving this objective, logic models and SROI can, for example, be suitable methods to utilize. When planning impact, on the other hand, organizations aim to identify a strategy and the appropriate metrics and data collection methods prior to monitoring impact. Here, too, logic models alongside mission alignment methods can help organizations further. Monitoring impact, in contrast is conducted during an investment to ensure mission alignment and to analyze and understand performance. Finally, evaluating impact happens post-investment to understand the impact of a given investment. For monitoring or evaluating impact SROI, for example, can be a suitable method for organizations to utilize. (So & Staskevicius, 2015)

Linking these objectives together, So & Staskevicius (2015) propose that there is a continuous cycle between these four types of measurement objectives, as an investment evolves over time and, from the point of view of an investor, moves from one stage to the other, highlighted on the left side in the figure 10 below. The impact measurement method categories identified by So & Staskevicius (2015) include expected return, theory of change, mission alignment methods and experimental methods. Within these categories So & Staskevicius (2015) feature some specific methods for measuring impact, such as the utilization of logic models (see e.g. McLoughlin et al. 2009) and the SROI method (see e.g. Nichols et al., 2012), showcased on the right side in the figure 10 below:

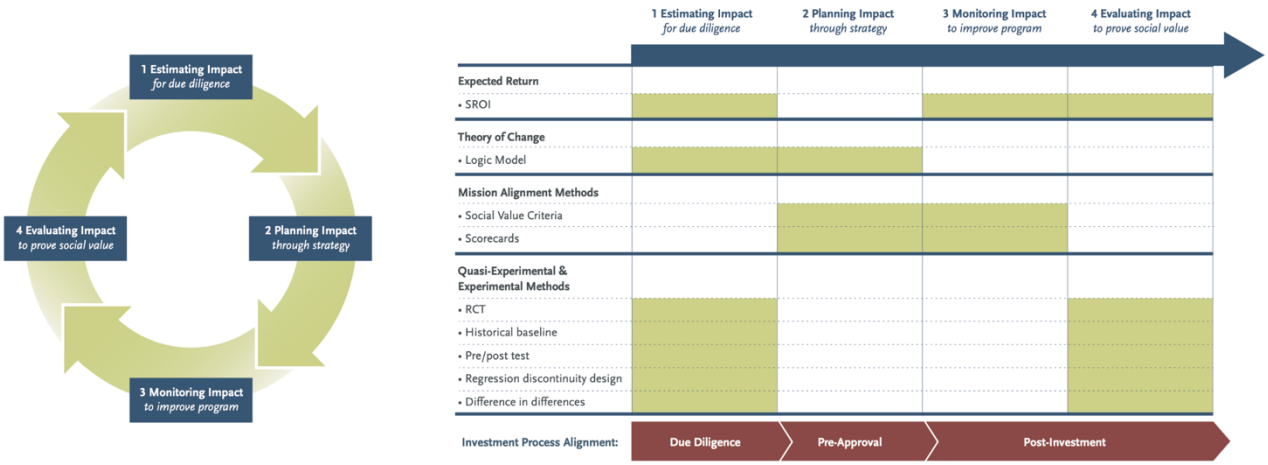

Figure 10 – Impact measurement objectives and methodologies (So & Staskevicius, 2015)

To build on these notions, Hernández & Visher (2001, p.2) propose that a given project's success has less to do with the implementation of a specific measurement system, and more with the ability to "create a culture that valued the process of self-evaluation." McLoughlin et al. (2009) suggest that creating such a culture requires organizations to scope their impact-inducing activities and identifying outcomes and impacts to be measured with help of e.g. the IAOOI logic model, and then developing the appropriate measurement vehicles and creating structures for reporting the measured results. McLoughlin et al. (2009) also stress the importance of embedding the results from impact measurement into managerial decision-making to create a culture that utilizes impact measurement for steering the organization.

To summarize, social enterprises and other organizations aiming to achieve an impact with their mission can embark on activities to model, measure and verify their interventions are producing the desired impacts and end results. With the help of e.g. IAOOI logic models, organizations can model their theory of change and identify the potential causal linkages between their operations and the desired outcomes and impacts. For achieving other purposes, such as evaluating impacts post-investment, additional methodologies such as the SROI exist. In addition to verifying mission achievement, hybrid organizations can utilize impact measurement for evaluating their effectiveness, to guide organizational decision-making and strategizing (Ebrahim & Rangan 2014; McLoughlin et al. 2009; Ormiston & Seymour, 2011). Existing literature further suggests that logic models and other impact measurement activities can be utilized for developing service offerings, identifying effective practices and discovering new market opportunities as well as forging potential collaborations (Propp, 2014; Ebrahim & Rangan, 2014; Heliskoski et al. 2018; So & Staskevicius, 2015)

2.2 Designing profitable operations with impact

2.2.1 Business models: innovating profitable operations

In addition to the proposition of how the organization intends to create impacts, Guclu et al. (2002) stress that an attractive social enterprise opportunity requires a business model which can support the organizations ambition for scale and the creation of long-term impacts. Indeed, to achieve impacts profitably, recent studies have pointed towards business models as the enablers of simultaneous financial, social and environmental value creation (Davies & Doherty, 2018; Davies & Chambers, 2018; Matzembacher et al. 2020; Gerholm et al. 2020; Tykkyläinen & Ritala, 2021). For example, studying 18 hybrid businesses, Hahn et al. (2018) found that all organizations in the sample regard commercial success as the prerequisite and the means to achieve social and/or environmental goals.

While there exists a wide range of definitions for the business model concept itself (Ovans, 2015; Zott et al. 2011), a business model generally describes how an organization creates and captures value by providing answers to questions such as who is the customer, what do they value and what is the underlying economic logic explaining how the business can deliver customer value at appropriate levels of cost (Fjeldstad & Snow, 2018; Magretta, 2002; Smith et al. 2010). Thus, like the name of the concept insinuates, the business model *models* how a given business works – what value is provided to the customer, how it gets created and with what kind of financial consequences (Fjeldstad & Snow, 2018; Osterwalder & Pigneur, 2010; Ovans, 2015). To elaborate the key dimensions that can be modeled and innovated upon, Johnson et al. (2008) present four common business model elements that, when combined together, enable businesses to create and deliver value.

Depicted below (figure 11, Johnson et al., 2008) the four elements include customer value proposition, profit formula, key resources and key processes. The customer value proposition element identifies the target customer who value is being created for. More specifically, the customer value proposition defines the problems and the needs of the customers and the appropriate offering that satisfies the customer job(s) to be done. Beyond the value being proposed, the profit formula, on the other hand, describes how the organization generates a profit. The profit formula consists of the revenue model, the cost structure, the margin model and the velocity of resources, which highlighting the mechanisms influencing the profitability of a given business. Key resources, on the other hand, include the assets and the people an organization assembles together including the brand, technology, materials, equipment, information and other resources utilized to deliver on the value proposition. Finally, key processes, which make for the profitable, scalable and repeatable delivery of the customer value proposition, bind the other components together, including also the rules, the metrics and the norms employed by an organization. (Johnson et al. 2008)

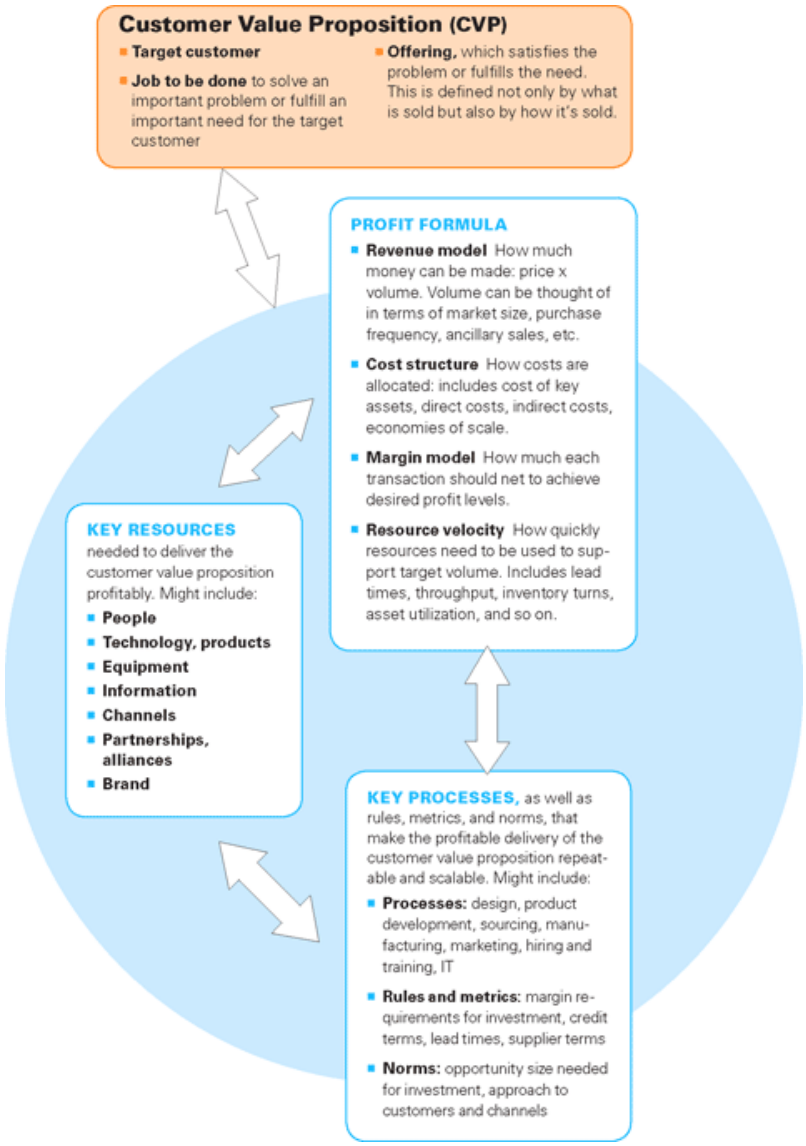

Figure 11 – Four dimensions of business models (Johnson et al., 2008).

Through these four elements, the business model describes the customers, what they value (Magretta, 2002), how the organization creates and delivers that value (Fjeldstad & Snow, 2018; Ovans, 2015) and the underlying economic logic that enables the company to make a profit (Johnson et al. 2018; Osterwalder et al. 2005). Ideally, these interrelated elements are aligned to work in complementary and consistent ways to create a competitive organization in the market (Johnson et al. 2008). Since the business model is not merely the four aforementioned elements separated, but rather the interrelated composition of these components in unison, the business model can also be understood as the system of interdependent activities an organization employs to achieve its overall objectives (Zott & Amit, 2010; Amit & Zott, 2012), and can thus be modeled through tools such as the business model canvas (Osterwalder & Pigneur, 2010).

Through the business model, an organization is proposed to lay out various assumptions and hypotheses about the market and the organization's operations (Osterwalder & Pigneur, 2010), which researchers propose managers test and iterate upon through trial and error in order to reach profitability (Guclu et al. 2002; Johnson et al. 2008). To further distinguish

the business model concept from the concept of strategy, which it is often confused with (Ovans, 2015), a business model will only describe how the organization is run, while a competitive strategy, on the other hand, explains how the organization aims to outrun their rivals (Magretta, 2002). Thus, an organization might employ a specific business model to a specific market as a competitive strategy.

In addition to describing how a given business serves the market and makes a profit, existing research on business models showcase how the business model can be a source of innovation for organizations and social entrepreneurs (Guclu et al. 2002; Johnson et al. 2008; Tykkyläinen & Ritala, 2019). Thus, to discover a profitable business model that simultaneously creates impacts, organizations can embark on business model innovation (Fjeldstad & Snow, 2018; Matzembacher et al. 2020; Tykkyläinen & Ritala, 2021). Business model innovation is defined as the "activity of making changes to the key elements of the business model and/or the architecture linking these elements" (Foss & Saebi, 2017, p. 201). For example, an organization might innovate a new type of key process that significantly lowers the cost of production to find cost-efficiencies in the business model, and thus increase its profitability.

To innovate on the business model, Johnson et al. (2008) propose that organizations start with their value proposition. Johnson et al. (2008) propose organiszations aim to understand first the customer jobs to be done, the fundamental problems in a given situation in need of a solution as thoroughly as possible, and then construct a blueprint which lays out how the organization will help get those jobs done in a profitable manner. Moreover, Johnson et al. (2008) propose that successful companies have found a way to help customers get an important job done as precisely as possible, since the most important attribute of a customer value proposition is precision – i.e. how perfectly it matches the customer jobs to be done. Johnson et al. (2008) propose that by helping the customers get a job done at a convenient price point, the business can satisfy the underlying customer needs and preferences while generating revenues. According to Johnson et al. (2008) opportunities for innovating a value proposition are most promising when alternative products and services have not been designed with the real job in mind and the organization is able to design an offering which gets only that particular job done as perfectly as possible.

Ulwick (2016) similarly proposes that successful innovation, which simultaneously reduces the risk and chance involved in the process of commercializing ideas and solutions, begins with the understanding of existing customer needs in the target market. Ulwick (2016) proposes organizations start by identifying which needs are unmet or underserved, and which segments could be served profitably with an offering. Further, Ulwick (2016) proposes that customer needs are multilayered and complex – they can be functional or emotional, and can relate to e.g. buying, using or owning products. Moreover, Ulwick (2016) proposes that customers rarely agree which of their needs are unmet. Because of this nuanced nature of customer needs, it can be hard to pinpoint what customers truly value (Almquist et al. 2016) when starting to devise a value proposition.

According to Ulwick (2016), a given market can easily consist of 100-200 customer needs a business should be able to serve, and businesses generally struggle with innovation because there is a general lack of conceptual clarity what a customer need is and how it should be described. To offer clarity on what a customer need constitutes from and how it should be communicated, documented and presented, Ulwick (2016) presents a framework for mapping jobs to be done. According to Ulwick (2016) the jobs to be done framework aims to clarify what customers are trying to achieve, what outcomes customers expect while aiming

to satisfy their needs and what parameters customers utilize to evaluate their satisfaction. Beyond, Ulwick's (2018) jobs to be done framework includes contextual factors within the description of customer needs, highlighting the situation the customer is embedded within.

In the framework, Ulwick (2016) defines the main need a business aims to serve as the core functional job, which can be described as a simple, static, unchanging statement such as 'pass on life lessons to children.' Thus, the core functional job mindfully does not specify how to achieve the job in order to leave room for ideation and innovation on potential solutions. According to Ulwick (2016) all the other needs the customer has – the emotional and social, the related and the consumption chain jobs can be then defined in relation to the core functional job, as they happen within its context. For example, when passing on life lessons to children, according to Ulwick (2016) a parent might have the need of feeling appreciated (emotional job) and being perceived as a caring parent (social job).

Beyond identification of customer needs, Ulwick (2016) proposes the framework can help organizations uncover how customers measure their success and the value an organization's offering creates for them. These measures are defined in Ulwick's (2016) framework as desired outcome statements, which describe the evaluative success metrics a customer utilizes when completing each step of the core functional job. Ulwick (2016) suggests it is common to find 50-150 outcome statements related to any core functional job a customer is aiming to get done. Ulwick (2016) proposes that these statements can be utilized as sources of innovation for ideating how to help customers get the job done more quickly, more precisely, more efficiently and without waste. For example, a customer aiming to listen to music (core functional job) might want to minimize the time it takes to find a song (desired outcome statement). In relation, Johnson et al. (2008) propose that one way to ideate a precise value proposition is to think about the common barriers that keep people from getting the particular job done including e.g. insufficient wealth, access, skill or time.

With the jobs to be done framework presented below in figure 12, Ulwick (2016) proposes businesses can analytically map customer needs and how they relate to each other, and subsequently make strategic decisions on which needs the business should serve. Similarly, Olsen (2018) argues that product teams should spend more time in the problem space, empathizing with customers to understand their needs, rather than jumping into the solution space to ideate ways to deliver solutions to people too soon. By systematically identifying the jobs customers are trying to get done and the desired outcome statements that relate to these jobs, Ulwick (2016) proposes organizations can discover which needs are unmet and design the appropriate innovation strategy and business model to win on the marketplace:

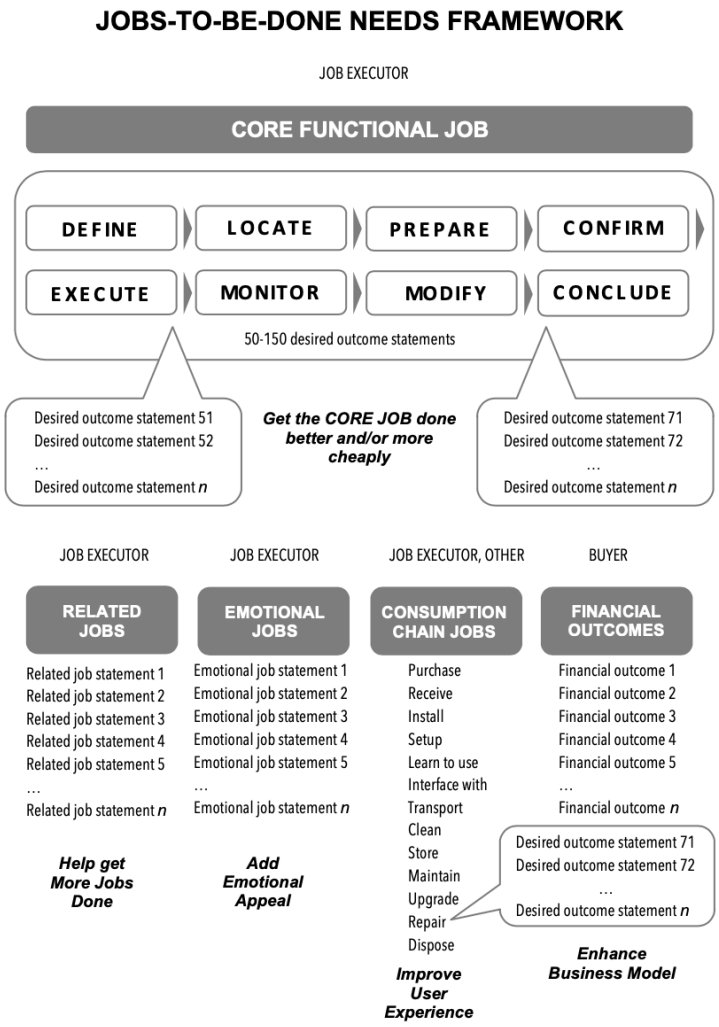

Figure 12 – Jobs to be done -framework: Defining the customer needs (Ulwick, 2016)

According to Ulwick (2016), the job is a more stable point of focus in comparison to the tools customers utilize and the context in which they operate, and thus easier to innovate upon, because it exists somewhat separately and independently from the person executing the job. To discover customer job statements and desired outcome statements Ulwick (2016) proposes that businesses utilize qualitative research methods such as interviews, customer visits, focus groups and ethnography. Once a thorough understanding of the problem space has been generated, it is proposed that an offering is less risky to design and implement (Johnson et al. 2008; Ulwick, 2016; Olsen, 2018).

In summary, as a system of activities (Johnson et al. 2008; Zott & Amit, 2010), the business model partly describes how hybrid organizations can balance impact with profit (Guclu et al. 2002). For example, Fjeldstad & Snow (2018) propose that the manner by which organizations configure their business model elements together into a coherent whole influences the organization's performance. As mentioned, for social enterprises, performance can unfold e.g. in financial, social or environmental dimensions (McMullen & Warnick, 2015; Nielsen et al. 2019). By designing a value proposition to that fits customer needs and simultaneously creates social or environmental outcomes, organizations can begin venturing towards impacts.

2.2.2 Hybrid business models: achieving impacts profitably

To showcase how opportunities that create an impact profitably can be capitalized on, Guclu et al. (2002) present an opportunity development framework that links the social impact theory (e.g. the IAOOI logic model) proposed by a given social enterprise and the business model concept together. According to Guclu et al. (2002) the social enterprise business model combines an operating model and a resource strategy, which together describe how the social impact theory of the social enterprise will be implemented in practice.

Similar to key processes (Johnson et al. 2008), the operating model of the social enterprise according to Guclu et al. (2002) determines how resources are converted into capabilities needed to create the desired outcomes and impacts. The operating model thus shapes the resourcing needs of the enterprise, which according to Guclu et al. (2002), will fundamentally consists of 'people' and 'things' to the very least. The framework by Guclu et al. (2002) also highlights the personal fit of the opportunity for the entrepreneur as a key driver shaping the scope of social innovation the organization embarks on. Finally, the social enterprise can be considered embedded within its operational environment, as showcased in the figure 13 below:

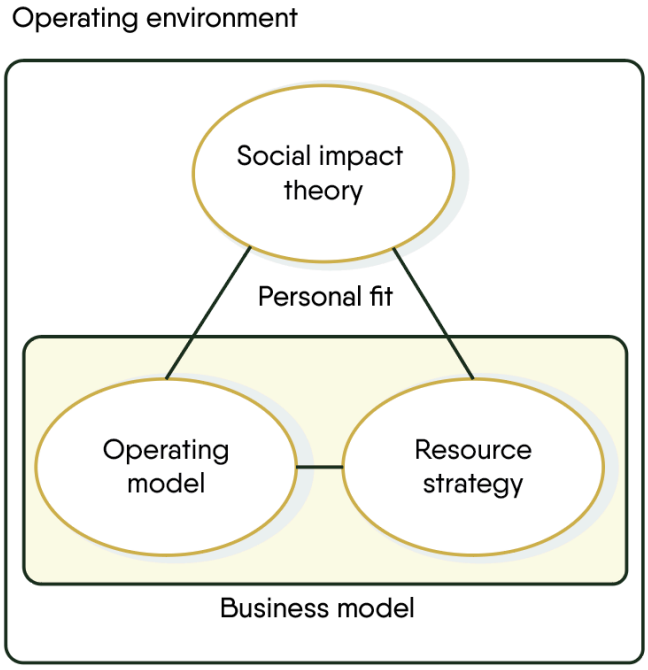

Figure 13 – Opportunity development framework for social enterprises (Guclu et al. 2002)

In addition to the elements above, Guclu et al. (2002) also urge social innovators to consider the support systems they may need to put in place to ensure effective social value creation, including intangible systems such as the organization's culture. Through these interrelated elements, existing research has documented how hybrid ventures have arrived at innovative business models that enable them to create and capture value on multiple fronts and balance economic, environmental and social goals simultaneously by "just doing business" (Matzembacher et al. 2020, p.1). For example, recent studies focused on sustainable business models have found that the entrepreneurs had innovated business models that

integrate impact into the product and service system in order to balance hybrid tensions (Davies & Chambers, 2018; Hahn et al. 2018).

For example, studying 17 social ventures, Spieth et al. (2019) identified that the integration of social value into a company's product and service offering, which created both direct and indirect social effects was a particular to the social business model in comparison purely commercial business models. Similarly to Castellas et al. (2019) concept of interdependence of value, Spieth et al. (2019) also found that for some organizations, economic profits acted as the enabler of social value creating activities, and for others the creation of social value and economic value naturally reinforced each other. In addition, to find a suitable business model configuration, hybrid organizations might also employ an operational model where business activities are separated from the social impact inducing operations through the organizational structure (Alter, 2006).

Specifically, a recent study identified that 98% of 1018 Nordic impact startups examined integrated impact into their business model in a manner that enhanced their profitability through top-line benefits, bottom-line benefits or through both (Gerholm et al., 2020). The study argues that organizations need not trade between a higher purpose and profit, but rather that organizations can be more (or less) profitable when compared to their typical market competitor depending on the approach utilized to balance profit and purpose (Gerholm et al., 2020).

To clarify, the figure 14 below highlights four proposed strategies through which Nordic impact ventures integrated impact into their business model. For the 66% of Nordic impact startups within the integral category, impact is inherent to the organization's value proposition and the product and helps them create a competitive advantage on the market by enabling the organization to meet customer needs otherwise not sufficiently met. In the premium category, creating impacts creates extra costs for the business but simultaneously enables the organization to gain additional market share or command premium prices. In the efficiency category, businesses invest into processes that reduce operating costs while simultaneously creating impacts. Finally, only in the conflict category, to which a mere 2% of established Nordic impact startups fall into, impact gets created through business practices that increase the costs of operations without direct top-line benefits. (Gerholm et al., 2020)

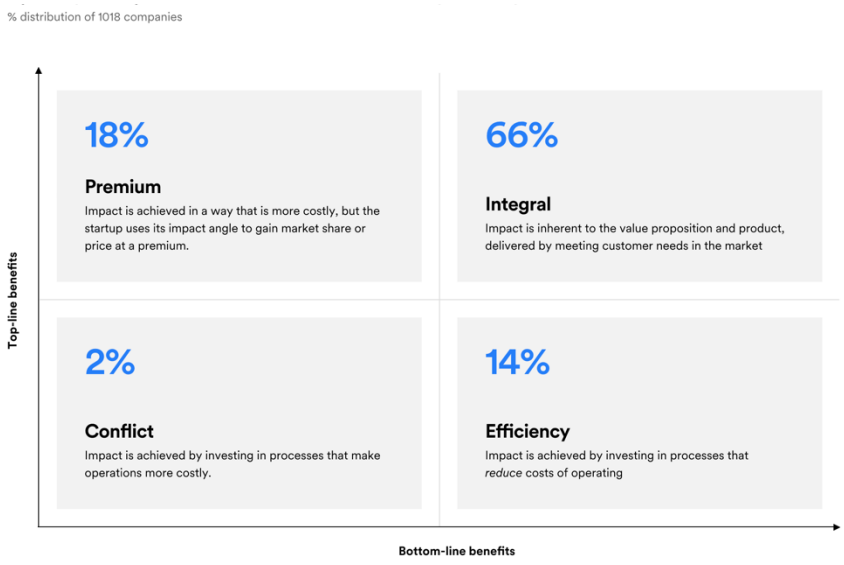

Figure 14 – Impact integration matrix (Gerholm et al., 2020)

Notably, because hybrid organizations aim for impacts through their mission, the value proposition of a hybrid organization's business model can potentially extend to other beneficiary groups beyond customers (Alter, 2006; Santos et al. 2015). By serving beneficiaries beyond customers, hybrids might require the inclusion of extra activities, resources and processes in their business model in order to create customer value and impacts simultaneously (Santos et al. 2015). These activities, in turn, can potentially incur additional costs, thus potentially hindering the profitability of a hybrid venture if the extra activities do not yield top-line nor bottom-line benefits (Santos et al. 2015; Gerholm et al. 2020; Giones et al. 2020).

To showcase how social enterprises can integrate impact and profitability through their operational model, Alter (2006) presents nine example operational configurations. These configurations highlight how social enterprises might serve a target population of beneficiaries to create impacts and a market of customers to create and capture economic value simultaneously. For example, in the market linkage model a social enterprise facilitates trade between the target population and the external market functioning as a broker connecting buyers to producers and vice versa, charging fees for the service.

As another example, social enterprises focused on work integration (Battilana et al. 2015) have emerged around the world by utilizing the employment operational model (Alter, 2006), where the social enterprise provides employment opportunities and job training to its target population. By employing people from the target population where impacts (e.g. social inclusion, increased standard of living) are sought, the organization operates an enterprise that sells products and services to a market (Alter, 2006; Battilana et al. 2015). In the simplest operational model, the fee-for-a-service model, the organization commercializes social services and then sells them directly to the target population, where impacts are being sought for (Alter, 2006). These three models are summarized in the figure 15 below (adapted from Alter 2006) to showcase how hybrid organizations can balance impacts and profitability through an operational model that involves both a target population of beneficiaries and a market of customers:

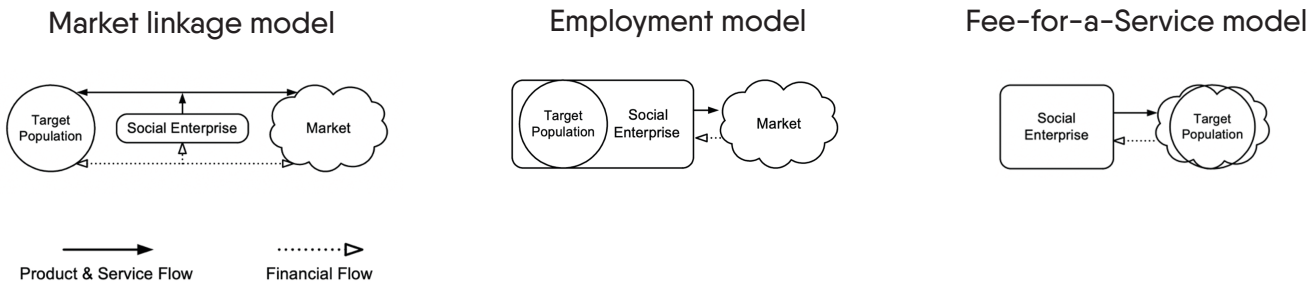

Figure 15 – Examples of operational models balancing impact and profitability (adapted from Alter, 2006)

To offer a more systematic framework for understanding how hybrid businesses can create blended value through their business model, Santos et al. (2015) categorize social hybrid business models based on two dimensions. The first dimension is the degree of overlap between customers and the end beneficiaries. The second dimension is the level of how much value spills over automatically from commercial transactions into benefits, societal welfare, outcomes and impact. By identifying these two dimensions, Santos et al. (2015) identify four types of hybrid business models social enterprises commonly employ: market hybrid, blending hybrid, bridging hybrid and coupling hybrid business models.

Santos et al. (2015) describe that for *market hybrids,* impact is created by selling the organization's offering to the customers, who at the same time, are the end beneficiaries defined in the organization's mission. These hybrids have designed an offering for a target audience who not only pays for access, but also gains specific social outcomes by purchasing the offering and might for example employ the fee-for-a-service operational model (Alter, 2006). According.to Santos et al. (2015) *blending hybrids*, similarly to market hybrids, have customers as their end beneficiaries, but unlike the market hybrid, employ an operational model that includes the blending of additional activities in their business model to create the outcomes and impact they seek. Santos et al. (2015) further propose that profitability tends to come easier for market hybrids, since blending hybrids incur additional costs for the extra activities they are required to offer for achieving the desired outcomes and impacts.

For *bridging* and *coupling* hybrid business models, on the other hand, customers and the end beneficiary are different groups of people and separate target audiences (Santos et al. 2015). *Bridging hybrid* business model aims to bridge the gap between these two groups of target audiences e.g. by enabling the other one to buy and the other one to benefit, thus reaching their target outcomes and impact while balancing profitability (Santos et al. 2015). *Coupling hybrids* also serve two separate target groups, but similar to the blending hybrid business model, require the inclusion of additional activities in addition to their core offering to create their desired impact (Santos et al. 2015). These four hybrid business models are summarized in the figure 16 below (Santos et al. 2015), which also describes typical examples of each type:

Dimensions	Clients = Beneficiaries	Clients ≠ Beneficiaries
Automatic Value Spillovers	***MARKET HYBRID*** *Examples: BOP initiatives for access to basic services (energy, health)* Ideal financing for scaling up: (venture capital type) Impact Investing	***BRIDGING HYBRID*** *Examples: Integrated business model with job matching for people with disabilities* Ideal financing for scaling up: Venture Philanthropy
Contingent Value Spillovers	***BLENDING HYBRID*** *Examples: Microfinance or other models which require regular support or change of behavior for value to be created* Ideal financing for scaling up is fixed-income credit products (loans and bonds) and re-invested surplus	***COUPLING HYBRID*** *Example: Work integration social enterprises* Ideal financing for scaling up is outcome-based contracts, such as social impact bonds

Figure 16 – A typology of social business hybrids (Santos et al. 2015)

To further highlight how hybrid organization can arrive at these hybrid business models that balance impact and profitability, Joyce & Paquin (2016), present an extension of the business model canvas tool (Osterwalder & Pigneur, 2010). In their framework, Joyce & Paquin (2016) enlarge the economic layer of the business model (Osterwalder & Pigneur, 2010) with an environmental layer based on a life-cycle perspective and a social layer based on a stakeholder perspective, following the triple bottom line approach (Elkington, 2002).

By doing so, Joyce & Paquin (2016) offer a tool for designing and mapping how a business might venture towards more sustainable value creation by innovating a business model that creates blended triple bottom line value.

Within the canvas (Joyce & Paquin, 2016), specific elements – the social value, social benefits and social impacts of the social layer and the functional value, environmental benefits and environmental impacts of the environmental layer – are synonymous to the outcomes and impacts an organization intends to create (Ebrahim & Rangan, 2014; Joyce & Paquin, 2016), making the canvas tool synergetic with the IAOOI logic model. Through the canvas the importance of coherently aligning business model activities within each layer horizontally as well as between the economic, social and environmental layers vertically is also stressed (figure 17, Joyce & Paquin, 2016). This notion of horizontal and vertical coherence between the economic, environmental and social layers of a given organization links well with the interdependent nature of value pluralism (Castellas et al. 2019) and seems to describe the manner by which social and economic value creation activities reinforced each other within social venture (Spieth et al. 2019). The horizontal and vertical coherence between the different layers of the triple bottom business model canvas is described below:

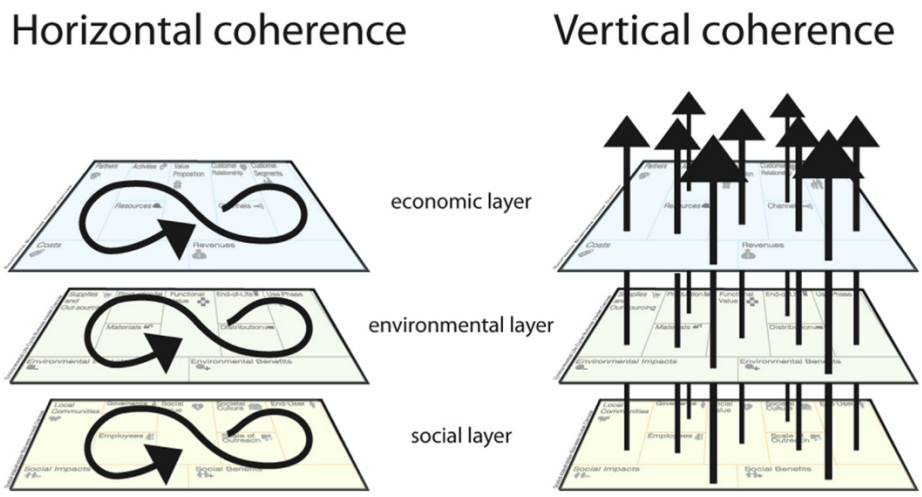

Figure 17 – Coherence in the triple layered business model (Joyce & Paquin, 2016)

To summarize, achieving impacts profitably can be achieved through the integration of specific social and/or environmental value creating activities within the business model (Joyce & Paquin, 2016; Santos et al. 2015; Tykkyläinen & Ritala, 2021). Thus, discovering a profitable business model that simultaneously creates impacts through the offering or additional interventions can enable hybrid businesses to balance profit and impact. To arrive at such a business model, organizations can begin their journey of business model innovation by researching the various customer needs and discovering the core functional jobs to be done customers have, and then identifying the appropriate business model that is able to serve those needs with the help of e.g. a triple-layered business model canvas (Joyce & Paquin, 2016) or the IAOOI logic model (see e.g. McLoughlin et al. 2009).

2.3 Accelerating for impact and profitability

2.3.1 Understanding how accelerators influence participating venture development

Accelerators are a type of intermediary service provider that helps ventures in their development and growth by offering a range of services such as mentoring, funding, access to investors, office space, workshops, events and networking (Cremades, 2020; Crișan et al. 2019). In essence, the accelerator's job is to mentor ventures forward in their development and to ensure that promising teams and ideas have the resources and support available to sustain and grow (Roberts & Lall, 2018). Beyond serving ventures, accelerators typically facilitate connections between different stakeholders and act as network builders within the innovation ecosystem they operate within, bridging different operators together (Crișan et al. 2019; Roberts & Lall, 2018; Pauwels et al. 2016)

Through a systematic analysis of existing accelerator research, Crișan et al. (2019) identify how accelerators operate by analyzing the interventions they offer, the outcomes they help create and the mechanisms through which these outcomes are created. According to Crișan et al. (2019), the most typical outcomes created by accelerators for participating ventures are funding, market validation, product development, networking, knowledge and market access. In addition, Crișan et al. (2019) highlight an extensive list of specific outcomes that accelerators around the world are helping participating ventures achieve, including benefits such as reputation, social capital, business development and legal support.

Moreover, according to Crișan et al. (2019), these outcomes can be further categorized as soft outcomes, including outcomes such as skills, knowledge and validation, and hard outcomes, which are directly measurable financially and include e.g. funding, exits and market access. Crișan et al. (2019) further differentiate between average hard outcomes and top hard outcomes, depending on the magnitude of the economic impact the accelerator generates. Some average hard outcomes listed by Crișan et al. (2019) include growth, venture survival rate and jobs created, while top hard outcomes include e.g. number of exits, increased valuation, product development, scalable business model, and increased speed of internationalization.

To yield these outcomes for participating ventures, accelerators offer a set of interventions as their service offering (Crișan et al. 2019). Specifically, impact-oriented accelerators have been identified to help ventures with crystallizing strategy, identifying opportunities in the market, strengthening the managerial teams, and to help participating ventures to be more investment-ready (Roberts & Lall, 2018). Commonly, accelerators organize time-bound programs that range from four weeks to one year, to which participating ventures apply to (Roberts & Lall, 2018; Cohen et al., 2019). Only a fraction of applicants are selected to participate in accelerator programs, with some statistics signaling a global average of 10,3% (Global Accelerator Learning Initiative, 2016).

This way, accelerators differentiate from programs that are open to anyone against a service fee including e.g. co-working spaces and training courses (Roberts & Lall, 2018). After sourcing and selecting the ventures to participate in the program, accelerators typically organize participating ventures into cohorts: groups of ventures that often share similar characteristics to each other. Finally, to accelerate the ventures in the cohort, accelerators typically offer interventions such as events and specialized help e.g. in the form of mentorship during the acceleration period, which culminates in a demo-day of pitching and networking. (Cremades, 2020; Crișan et al. 2019; Hochberg, 2016; Roberts & Lall, 2018)

To link the interventions provided by an accelerator into the outcomes created for the ventures Crișan et al. (2019) propose four main mechanisms through which accelerators serve ventures and the innovation ecosystem they operate within. Firstly, Crișan et al. (2019) propose accelerators help participating ventures validate their ideas and products, typically through structured workshops and bootcamps. This validation is proposed to complement the learning of the venture, the second mechanism Crișan et al. (2019) identified accelerator programs can help ventures through. By helping ventures learn, accelerators help participating ventures obtain relevant information, knowledge and skills required to build their venture.

The third mechanism proposed by Crișan et al. (2019) is providing ventures with access and growth. This mechanism is achieved through a variety of interventions, which can include product development support, mentorship, networking and preparation to pitch to investors in demo-days. As the fourth mechanism, Crișan et al. (2019) propose that while accelerators are focused on boosting innovation, some accelerators are more capable in doing so by e.g. offering interventions tailored to the participating ventures' needs and offering access to relevant research and technology development. Crișan et al. (2019) also suggests interplay between the mechanisms exists – for example, access and growth might help boost innovation and vice versa.

Beyond these general characteristics, accelerators differ from each other in various dimensions such as context, strategic focus and geographic location (Crișan et al. 2019; Roberts & Lall; Pauwels et al. 2016). For example, some accelerators can have a specific industry-focus, by e.g. helping ventures only in the energy or the biotech sector (Malek et al. 2014). Other accelerators differ through their organizational context, which according to Crișan et al. (2019) tends to be either corporate, governmental, startup, university or community based. Accelerators also differentiate from each other based on the range of services offered and the business model employed (Crișan et al. 2019; Cohen et al. 2019; Pauwels et al. 2016).

With differing compositions, accelerators seem to differ in the degree of effectiveness by which they stimulate funds into participating ventures (Roberts & Lall, 2018). Researchers propose this the effectiveness depends on the various choices an accelerator program makes when building application pipelines, selecting ventures and designing the accelerator program (Roberts & Lall, 2018; Pauwels et al. 2016). The best performing accelerators are proposed to have a rigorous process for sourcing and selecting applicants to ensure participating venture quality (Roberts & Lall, 2018). Beyond the selection process, accelerators can design a variety of help and support including different types of program packaging (i.e. interventions offered and program structure) for different strategic focus areas of acceleration. In addition, key design elements porposed accelerators should determine are the funding structure and how alumni relationships are fostered (Pauwels et al. 2016). These design elements are highlighted in the figure 18 below (Pauwels et al. 2016):

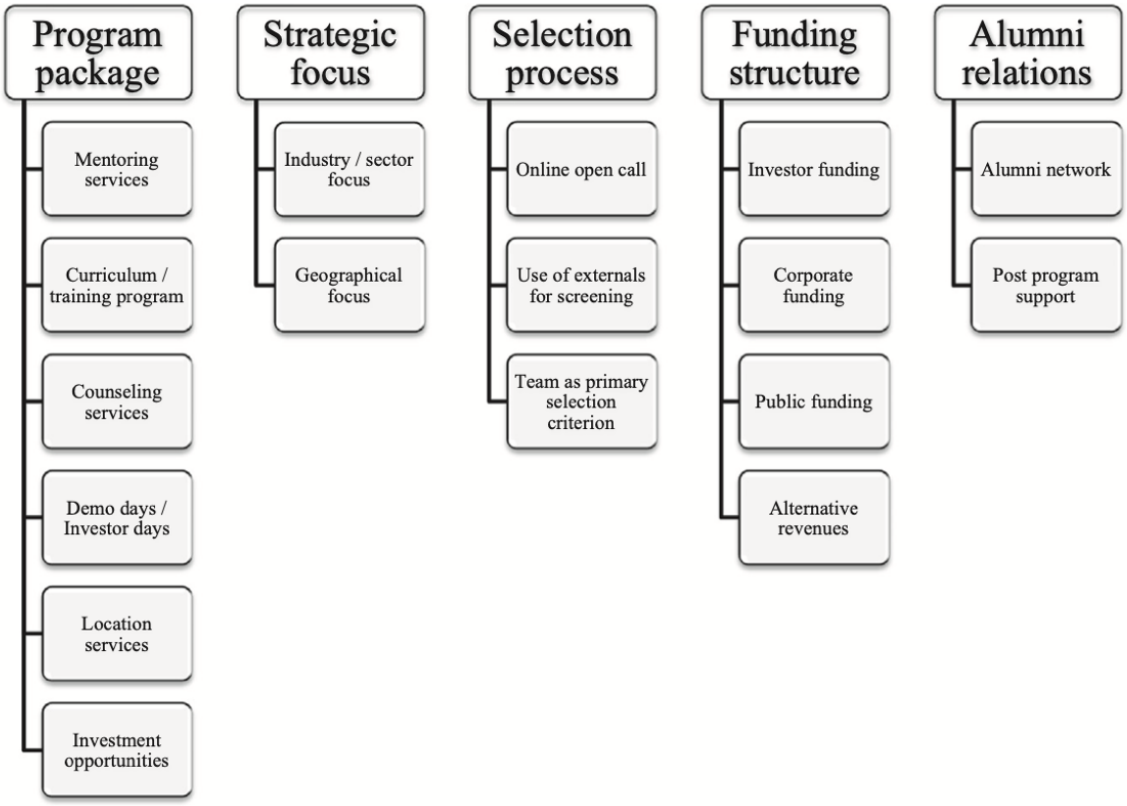

Figure 18 – Accelerator design elements and constructs (Pauwels et al. 2016)

Building on the above categorization of different accelerator design elements, Pauwels et al. (2016) identify three specific types of accelerator designs: the ecosystem builder, the deal-flow maker and the welfare stimulator, which each include their respective underlying funding structure, purpose and objective. According to Pauwels et al. (2016) the ecosystem builder is a type of accelerator that matches customers with start-ups and builds a corporate ecosystem and is typically funded by a corporation. The deal-flow maker is focused on identifying investment opportunities for investors and is typically funded by investors such as business angels. Finally, the welfare stimulator, typically having a government agency as the main stakeholder and funding partner, is focused on stimulating participating ventures activity and economic development.

To further clarify the elements that might influence how ventures are served by accelerators, Cohen et al. (2019) identify 12 design choices accelerators can make when designing the structure and composition of their service offering. The design choices identified by Cohen et al. (2019) are cohort size, cohort composition, program duration, funding provided, equity taken, mentorship, advisory and managing directors, educational programming, co-working space, graduation event, program location and external stakeholders. These design choices, summarized in the table 2 below describe the typical characteristics that make up for an accelerator program, while also offering a framework for starting to identify the business model architecture (Fjeldstad & Snow, 2018) of an accelerator program:

Accelerator design choice	Options
Cohort size	The number of startups in each cohort
Cohort composition	Generic or focused on industry or founder charasteristics including e.g. gender or ethnicity
Program duration	Between 4 weeks and one year
Funding provided	The amount provided, when it is provided, from whom it is provided
Equity taken	Between none and 15%
Mentorship	Who provides the mentorship, frequency and timing of mentor interactions
Advisory and managing directors	Backgrounds of accelerator and startup founders
Educational programming	Required structured educational programming or a-la-carte offerings
Co-working space	Accelerators provide open, flexible co-working space, silo-style office space or no space
Graduation event, such as Demo day	Demo days with investors, conferences or prize competitions
Program location	Geographic location
External stakeholders – Sponsors	Corporations, governments, academia or investors

Table 2 – Accelerator design choices (Cohen et al. 2019).

From the participating venture's perspective, an accelerator can be viewed as external resource which the participating ventures utilize developing further (Hochberg, 2016; Roberts & Lall, 2018). Since early stage ventures are still in nascent organizational form, requiring skills and resources to realize on their intended strategy and mission (Bacq & Eddleston 2015; Ormiston & Seymour, 2011), an accelerator poses one potential pathway to integrate value-adding resources to the development of a venture. Participating in an accelerator typically entails a promise of more rapid development during the set acceleration period than otherwise attainable for the venture, which can be seen as a key benefit of accelerator programs (Pauwels et al. 2016). The other benefits offered by accelerators that participating ventures rank highest are networks, direct funding, mentorship, business skills and access to investors (Roberts & Lall, 2018). In general, accelerators are proposed to provide entrepreneurs with the most needed means – money, talent and networks – to grow their business and positively impact the world (Roberts & Lall, 2018)

Pauwels et al. (2016) suggest that ventures should participate in accelerators that best meet their needs. Cohen et al. (2019) on the other hand find that the smaller the cohort size, i.e. the amount of participating startups, the better the likelihood that an accelerator attendee raises significant amounts of capital post-graduation. Meanwhile, Crișan et al. (2019) suggest that the accelerator's capability to adapt their interventions to suit participating ventures characteristics and needs can help ventures achieve top hard financial outcomes. Taken together, these studies suggest that the accelerator's ability to tailor and customize the accelerator program to the venture's needs can boost the effectiveness of the accelerator program altogether.

In this study, since the accelerator program is offered by a design consultancy, the nature of the accelerator's value-add can be understood through the value shop concept (Fjeldstad & Snow, 2018; Stabell & Fjeldstad, 1998). The value shop concept describes the configuration of activities and value creation within knowledge-intensive organizations. Typical value shops include professional services such as consultancies and other organizations that employ experts to solve client problematics through their knowhow. Value shops are organizations that offer custom problem specification and solution configuration for their clients' problems case-by-case, aiming to add value to the client's value chain through the

application of expert knowledge and problem-solve. Together, multiple value shops can form reciprocal value systems of collaboration, referral and sub-contracting that in co-operation harness the knowledge required to develop the desired solutions. (Fjeldstad & Snow, 2018; Stabell & Fjeldstad, 1998)

The flow of activities within a value shop, described as problem finding and acquisition, problem solving, execution and evaluation, is cyclical and moves iteratively between the aforementioned stages. The market for a value shop is based on the information asymmetry that exists between the shop and its clients, making knowledge and learning particularly important for the value creation of the value shop. Moreover, the overall performance of the value shop depends primarily on the individual professionals assigned to client problems and projects. Thus, the value shop concept, highlighted in the figure 22 (adapted from Stabel & Fjeldstad, 1998; Ward & Daniel, 2008) below, can be considered suitable framework for understanding and analyzing how an accelerator program offered by a design consultancy might influence the participating ventures' development. The management of the value shop revolves around managing the client relationships and the resources and knowhow available, as well as the support activities required to run such a business. (Fjeldstad & Snow, 2018; Stabel & Fjeldstad, 1998; Ward & Daniel, 2008)

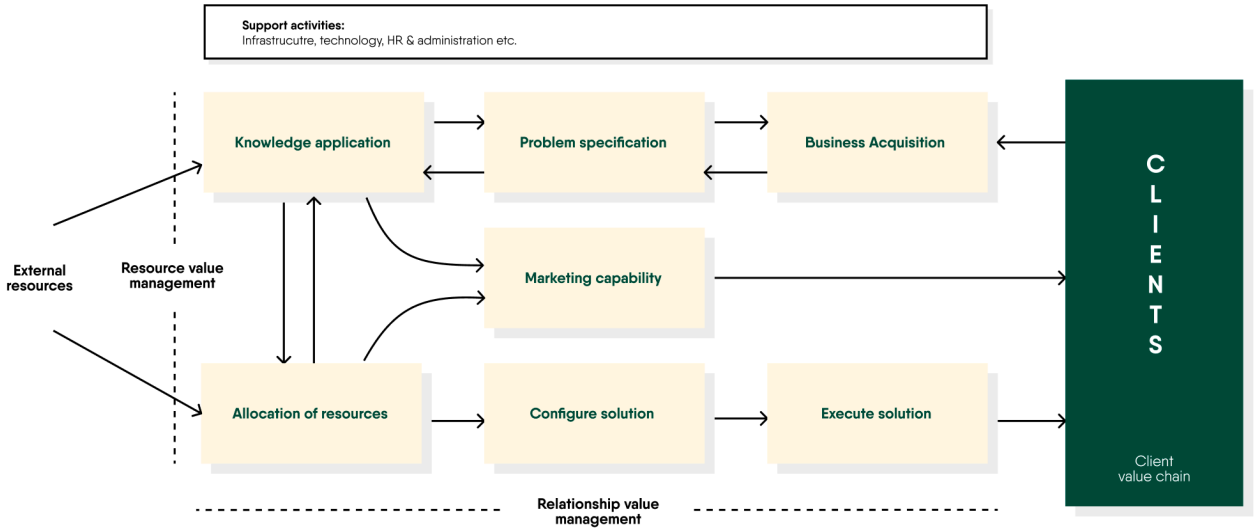

Figure 19 – The value shop (adapted from Stabel & Fjeldstad, 1998; Ward & Daniel, 2008)

Beyond the value shop, an accelerator program might also be perceived as a value network. Unlike value shops focused at specific problem-solve, value networks link nodes – customers, things, places, stakeholders – together and provide an array of services to allow exchanges to happen among them. Within value networks, customers might co-produce their own value and also the value for others by making themselves available for networking. Thus, when considering the accelerator as a mediator that facilitates ecosystem connections between participating ventures and investors, potential partners, customers and mentors, the accelerator could also be viewed to include activities within its business model more typical to the value network. In sum, these concepts seem suitable for understanding and analyzing how an accelerator program adds value and helps hybrid organizations balance impact and profit. (Fjeldstad & Snow, 2018; Stabel & Fjeldstad, 1998)

2.3.2 Accelerating early stage hybrid ventures

To understand and analyze the dynamics of how an accelerator program might influence the balancing of impact and profitability within hybrid ventures, it is necessary to understand how social enterprises evolve and how accelerator experts might help this development journey. The evolution of a social enterprise venturing towards impacts and profits is often depicted through social entrepreneurship process models, where the entrepreneur and the enterprise evolve over time, as they move from one stage to another (see e.g. Matzembacher et al. 2019; Perrini et al. 2010; Ramani et al. 2017).

To clarify how a social enterprise evolves, Fowler et al. (2017) present a process model which describes how good intentions can be transformed into a financially sustainable social enterprise, building on the work of Guclu et al. (2002). In the first phase, featured in the figure below (Figure 20), a promising idea is generated, based on the needs identified and the assets available to the entrepreneur. This phase, often termed as opportunity identification (Perrini et al. 2010), is suggested to be heavily shaped by the personal experiences of the entrepreneur, who recognizes an opportunity has presented itself by identifying unmet social needs and the necessary social assets and change (Guclu et al. 2002; Matzembacher et al. 2019).

In the second phase, the promising idea is further developed into an actual opportunity by identifying the business model, including the operations and the resource strategy, which shape the economic viability of the venture (Guclu et al. 2002; Perrini et al. 2010). Here, the expected social change – the social impact theory, which stands at the heart of the social enterprise's strategy – is oftentimes articulated through e.g. the formalization of the mission and values (Guclu et al. 2002; Perrini et al. 2010), as the social enterprise, having evaluated the opportunity, has started to take an organizational form (Fowler et al. 2017). Thus, this phase is proposed to be influenced heavily by the visioning ability of the entrepreneur and the entrepreneur's previous knowledge and general life trajectory (Matzembacher et al. 2019; Perrini et al. 2010).

In the third phase, visualized as a loop of building and sustaining the social enterprise, the organization starts to establish their presence in the marketplace as it implements the current business model and grows the relevant resource strategies required to evolve the social enterprise (Fowler et al. 2017). As part of this phase, a social enterprise would also establish activities to measure its social impact while aiming to sustain the social enterprise, depicted in the figure 20 below (Guclu et al. 2002; Fowler et al. 2017). Some researchers (see e.g. Perrini et al. 2010) define a further step in the social entrepreneurship process, viewing the activity related to scaling the organization as a fourth distinct organizational phase. These phases are suggested to be influenced by the networking ability of the social enterprise, and the contextual factors of resources and networks available (Perrini et al. 2010). Throughout this entrepreneurial process, the social mission is proposed to steer the social enterprise's strategy by e.g. shaping what businesses and services are initiated by the social enterprise, which ones are grown and how fast, and which networks and partnerships are pursued (Weerawardena & Sullivan Mort 2006).

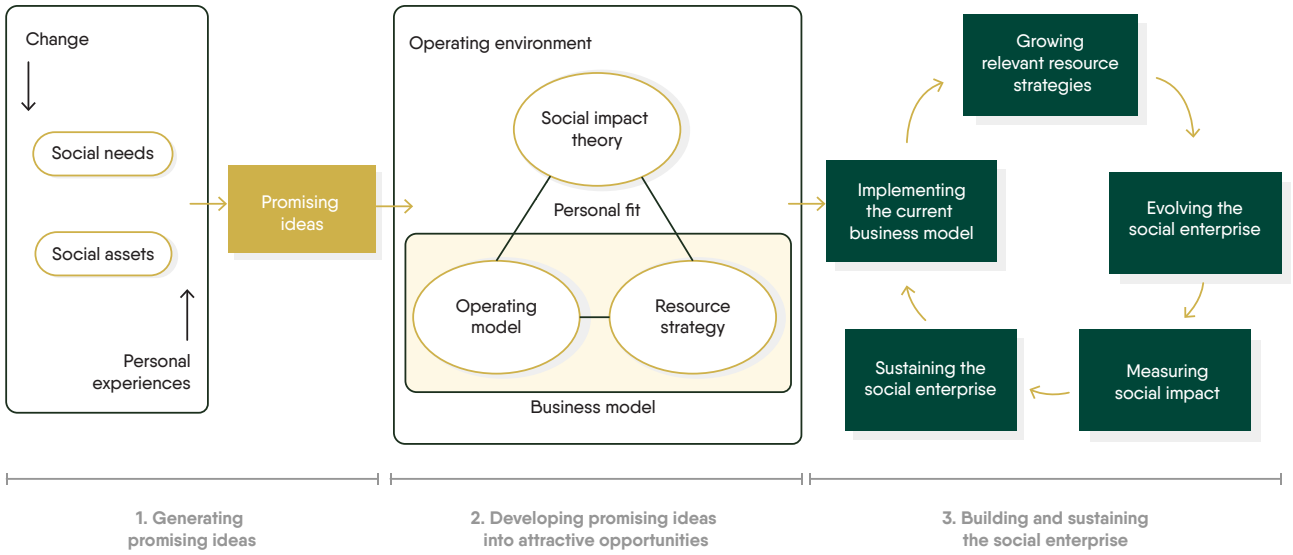

Figure 20 – Transforming good intentions into social impact (adapted from Fowler et al. 2017; Guclu et al. 2002).

According to Guclu et al. (2002), throughout this evolution, the social enterprise has effectively laid out a myriad of assumptions about its business, which should be tested through research and/or practice. This testing of assumptions (i.e. validation), according to Guclu et al. (2002) aims at verifying the organization is pursuing a worthwhile opportunity, operating effectively, and ensuring the opportunity exploitation simultaneously creates the intended impact. Guclu et al. (2002) further highlight the explorative nature of early stage social venturing, in which ventures are urged to design, test and refine their models through an experimentative approach to increase their chances of success. The end goal according to Guclu et al. (2002) is to reach an organizational setup, where each element described above is convincing at its own right and the combination fits comfortably together, ensuring personal fit for the entrepreneur and the external fit between the operational environment.

In response, to facilitate the idea that entrepreneurs are agents who test and experiment with ideas and ventures in dynamic and changing marketplaces, similar process models of social and sustainable entrepreneurship have been developed elsewhere (see e.g. Matzembacher et al. 2019). For example, in their models, Ramani et al. (2017) and Matzembacher et al. (2019) stress the non-linearity of the entrepreneurial process when building social enterprises, emphasizing the continuous feedback and iteration between stages. Matzembacher et al. (2019), for example, consider impact as the last stage of sustainable entrepreneurship. In their model, Matzembacher et al. (2019) describe how entrepreneurs begin with idea generation, moving onto opportunity recognition, opportunity development, venture launch and finally into the creation and measurement of positive impacts depicted below (figure 21, Matzembacher et al. 2019):

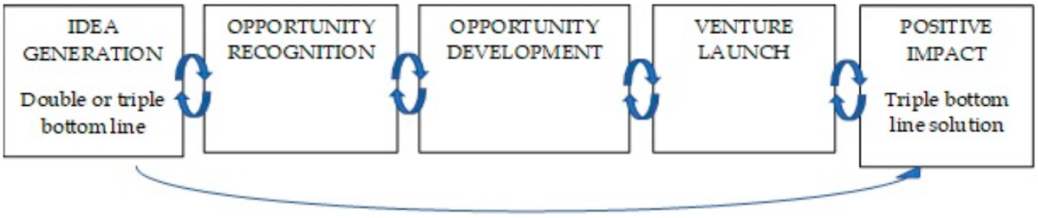

Figure 21 – Sustainable entrepreneurship process (Matzembacher et al. 2019)

Guclu et al. (2002), too, emphasize that even though the process model is described as a series of steps that follow one another, the managers of social enterprises should regularly go back and review the evolution of the enterprise and whether the assumptions made about the business hold true today. In a similar manner, focused on helping early stage ventures build sustainable businesses efficiently, the lean startup movement by Ries (2011) promotes principles and frameworks for building products iteratively with minimal waste. According to Ries (2011) the fundamental activity of a startup venture is to turn ideas into products. The lean startup by Ries (2011) promotes an ideology of continuously testing venture team's hypotheses about their product through an iterative build-measure-learn experimentation process.

In the context of social enterprises, Semcow & Morrison (2018) propose that the lean startup model is well suited for the social innovation, pointing out that the build-measure-learn process is well suited for developing and scaling products, services and processes which generate social and societal outcomes. Yet, at the same time, Semcow & Morrsion (2018) also call for the inclusion of impact measurement and the exploration of non-profit, public and mixed revenue models, typical for social innovation, as necessary adaptations in the lean startup model, when utilizing the methodology for venturing into social impact.

In relation to creating impacts profitably, Ries (2011) and Andreesseen (2007) highlight a specific milestone in the early stage venture development journey called the product-market -fit (PMF). In PMF, an organization has been able to build a solution which customers want to buy over competing solutions and have the evidence to support it as the product has started gaining traction in the market (Andreesseen, 2007; Amarsy, 2014; Blank, 2013a; Ferentinou, 2020; Ries, 2011). Without a PMF, it is proposed customers tend to opt for competing solutions within a market (Ferentinou, 2020).

Olsen (2018) further dissects the five layers of PMF to help organizations reach this milestone appropriately. Depicted as a layered pyramid, Olsen (2018) proposes that getting the organization's assumptions and hypotheses correct at the bottom layers are necessary for the pyramid to stand properly in the layers above. According to Maurya (2012) a hypothesis should be falsifiable – a statement that can be clearly proven wrong by an experiment setup – to ensure organizations learn effectively when aiming for PMF. Depicted in the figure 22 below, the bottom two layers of PMF describe the target customer and the underserved needs of these customers. These two layers, according to Olsen (2018) make up the problem space – the abstract, dynamic and ever-changing world of customer needs that businesses aim to satisfy with their solutions i.e. the market. Olsen (2018) further outlines the top three layers, which businesses themselves can influence directly – value proposition, feature set and user experience (UX). According to Olsen's (2018) division, these layers exist in the solution space. The PMF according to Olsen (2018) stand between these two spaces, describing how well the solution created matches the reality of the problem space, as highlighted below:

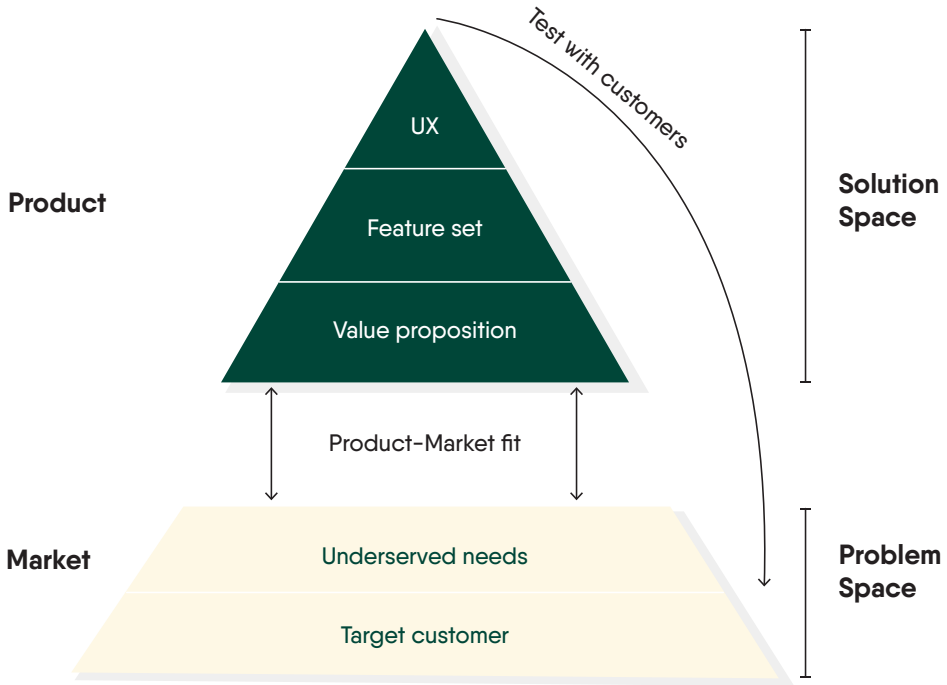

Figure 22 – Product-Market -fit: Match between the layers of the problem and solution space

Through this visualization, Olsen (2018) argues that organizations often spend too much time in the solution space, jumping too hastily into creating solutions before thoroughly understanding the problem space and the different customer needs the organization aims to serve. After accumulating the necessary understanding of the problem space, Olsen (2018) proposes that organizations are better equipped to design a value proposition that matches the target customer needs. Further, Olsen (2018) proposes organizations test with customers when they build solutions. This testing can address e.g. that the organization's value proposition, feature set and UX matches the problem space the solution is intended to be built for (Olsen, 2018) and can follow the experimental build-measure-learn process recommended by the lean startup methodology (Ries, 2011).

Already prior to PMF, ventures in their early stages can seek signals that they are innovating around the needs that can yield a profitable opportunity that creates an impact by collecting customer and stakeholder insights (Guclu et al. 2002; Maurya, 2012; Ries, 2011; Ulwick, 2016). These efforts can e.g. entail zeroing in on an opportunity that is desired by customers, feasible to build in terms of resources and yields a viable business model that can be scaled profitably (Tod, 2016). To arrive at such a design for an offering and an organization, early stage ventures are encouraged to discover and understand the problem space through e.g. qualitative customer interviews and prototyping (Amarsy, 2014; Blank & Dorf, 2012; Maurya, 2012; Ries, 2011; Ulwick, 2016).

By doing so, early stage ventures might find a problem worth solving. This state is commonly termed as problem-solution -fit (PSF). PSF is proposed to occur when a venture has found sufficient evidence that customers care about certain jobs, have certain pains and want to achieve certain gains, thus identifying the building blocks of the customer value proposition. In PSF, the venture has evidence that a problem worth solving exists, but unlike in the PMF, the organizations does not yet have sufficient evidence that customers care

enough about the value proposition that they would necessarily be willing to buy the proposed solution over competing ones. (Amarsy, 2014; Blank, 2013; Ries, 2011; Maurya, 2012)

After having a keen sense of PSF, Blank (2013a), Blank (2013b) and Ries (2011) describe the process of early stage venture building as a search for a business model, where a venture discovers customer needs by validating the answers to questions such as what are we selling and to whom. Both Blank (2013b) and Ries (2011) propose companies should move from PSF towards PMF through iterative fashion following an experimentative approach. This approach can include e.g. creating a minimum viable product (MVP) – a product that assumes the minimum feature set required to deliver the value proposition for the customer. It is proposed that through launching the MVP for customer use, organizations can test the hypotheses and assumptions (Blank, 2013b; Ries, 2011) in their value proposition, feature set and UX (Olsen, 2018).

After customers have been secured, engaged and their needs validated, a venture can aim for identifying scalable and repeatable elements in the sales and business model, and to scale towards becoming an established organization. According to Blank & Dorf (2012), this ideally happens by executing and scaling the business model in a co-creational process with the customers. This way, organizations begin to evolve and shift towards company building as they have started to find the next milestone, the business model -fit (BMF). In this stage, it is proposed a venture has designed a value proposition that creates value for the customers and a business model that delivers an optimal level of profitability (Amarsy, 2014), and can now proceed to scale the organization profitably. The four-step customer discovery process, which early stage ventures can utilize to build their organizations, within which a business opportunity is first sought through experimentation and then executed upon, is depicted below in figure 23 (Martínez, 2016; Blank, 2013a):

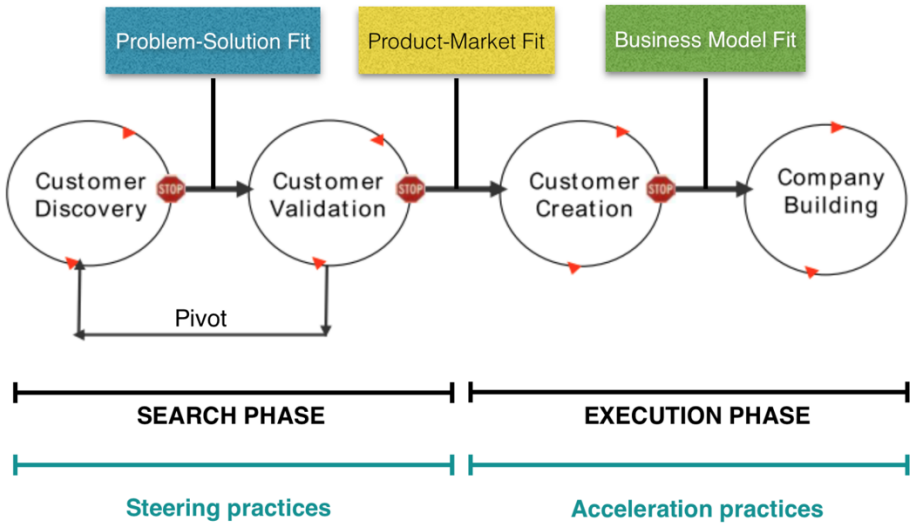

Figure 23 – Early stage venturing as customer discovery and development process (Martínez, 2016; Blank, 2013a)

Following this process of building a venture through iterative customer discovery, testing and experimentation, the archetypal startup venture's evolution is proposed to be a learning journey where assumptions made by the venture team are validated through testing their product on the market as the venture aims for scalable product that satisfies the market

needs (Blank, 2013b; Ries, 2011; Olsen, 2018). Beyond the PMF and BMF, typical depictions of the startup journey describe organizational scaling as the next step organizations can embark on, which can include e.g. rallying of external funding for internationalization or domestic scaling. An example of a typical startup development journey is highlighted in the figure 24 below (Tod, 2016):

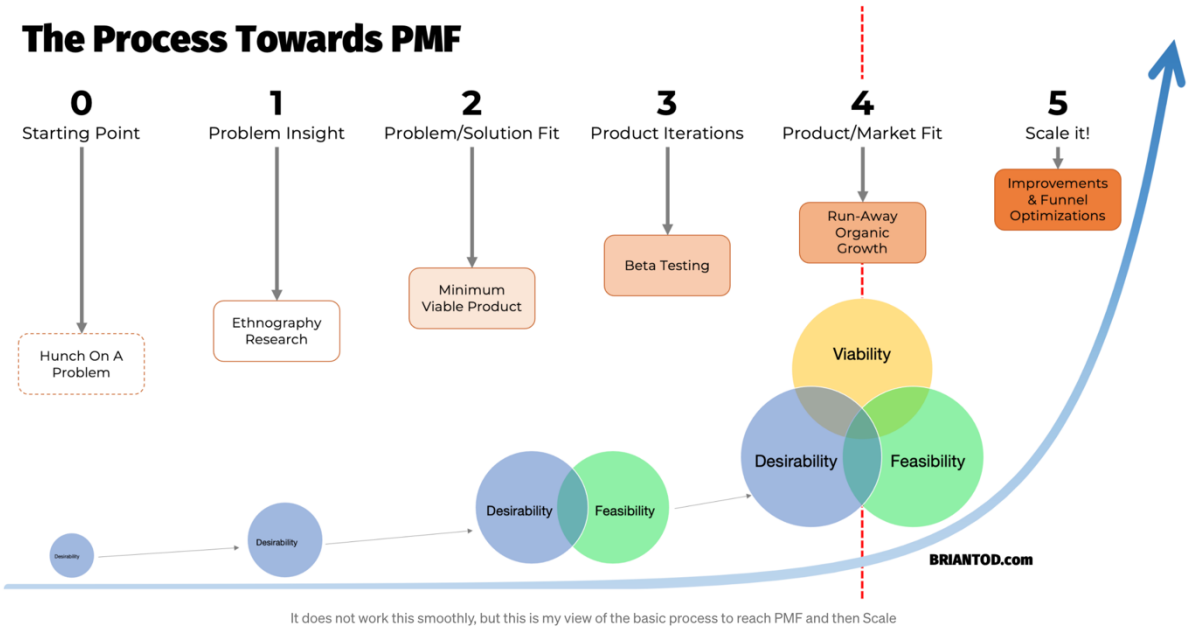

Figure 24 – The process towards Product-Market -fit (Tod, 2016)

Although not an exhaustive review of early stage hybrid venture development models, these frameworks open up the black boxes within the value shop concept presented previously (Stabel & Fjeldstad, 1998) on what kind of knowledge application and solution configuration the accelerator program can help participating ventures with. Since the fundamental purpose of an accelerator program is to speed up the development of participating ventures, these frameworks offer a glimpse into how an accelerator program might do so, helping, in part, to analyze and understand the findings of this study. In addition, these frameworks partly answer how social enterprises could embark on achieving impacts profitably.

3 Methodology: Research material and methods

3.1 The case, sampling and the research approach

The objective of this study is to explore how early stage social enterprises can venture towards achieving impacts in a profitable manner. As a secondary question of interest, this study aims to investigate how an accelerator program supports participating ventures in their development and hybrid pursuit of impact and profitability. To discover how, this study follows three early stage ventures participating in an impact accelerator program in Finland, generating insights grounded in the venture acceleration context. The research question of this study is: how do early stage for-profit social enterprises balance impact and profitability?

To collect detailed and rich data for analysis, this study utilizes a qualitative single case study approach. This approach is particularly suitable for discovering the how behind the hybrid pursuit of balancing impact (non-profit) and profitability (for-profit), rendering it suitable for studying the set research question (Eisenhardt, 1989; Yin, 2003). Following a theoretical sampling approach (Glaser & Strauss, 1999; Eisenhardt, 1989), this study begun by purposefully identifying a single case, an impact accelerator program in Finland, from which insights could be derived and contrasted against existing knowledge. As the research progressed through initial data collection, the embedded subunits of analysis within the case were identified by the accelerator experts during the acceleration selection process. To clarify, the single case study of the impact accelerator, within which the participating ventures and the accelerator organization are considered the main embedded subunits of analysis, is visually depicted in the below (figure 25):

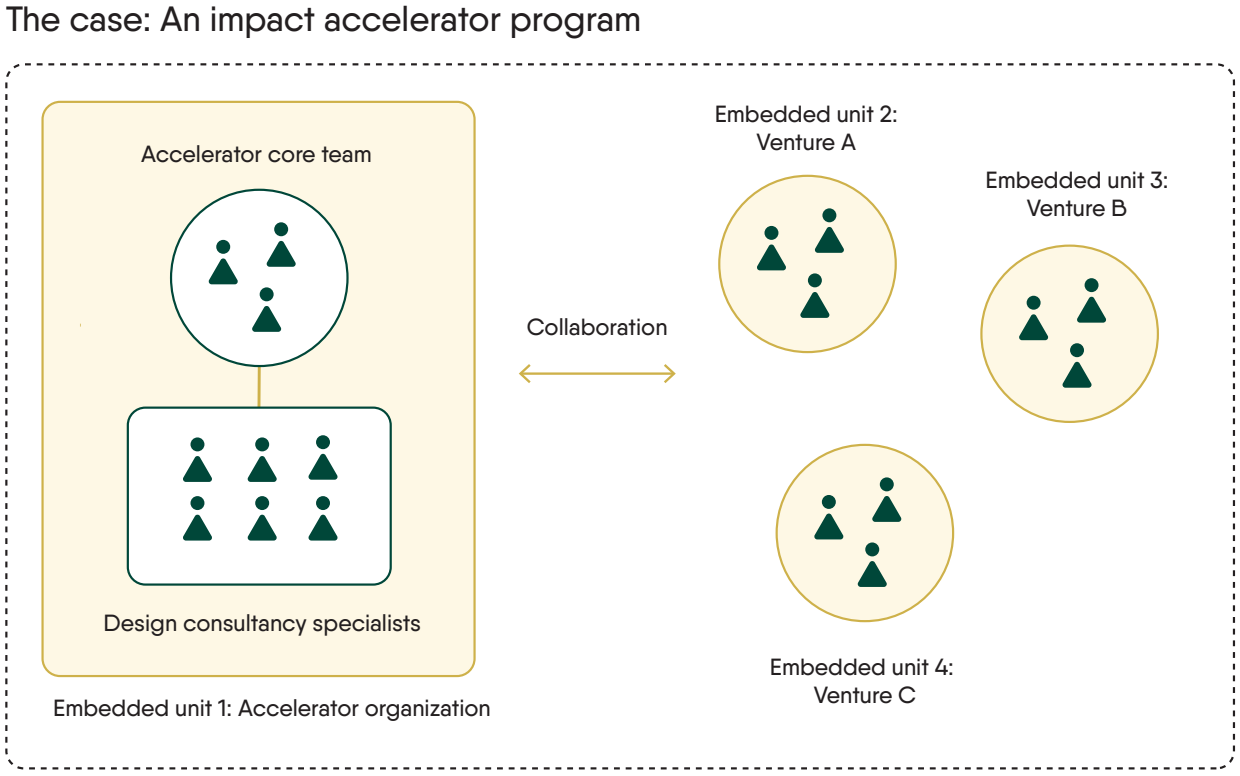

Figure 25 – Case study setting with embedded units of analysis

The impact accelerator program was organized by a design and innovation consultancy Adventure Club, with the studied accelerator program cohort funded by SITRA, the Finnish Innovation Fund (Adventure Club, 2019). The design-driven accelerator program can be viewed as a fruitful case to study the research topics and to draw relevant insights, because the nature of the design thinking process (The Interaction Design Foundation, n.d.b), inherent for the design consultancy's operations, involves opening the participating ventures up for detailed inspection and the exploration of a wide realm of possibilities. Moreover, throughout the research, there was full and transparent access to all the materials and documents generated during the accelerator program, since the researcher was employed by the case company. Thus, the case provided a unique opportunity for the researcher to immerse within the daily operations of the accelerator program, enabling micro-ethnographic data collection throughout the study (Wolcott, 1995).

To draw insights systematically from the case, this study utilizes a grounded theory approach, in which the concepts, themes and theoretical propositions presented are grounded in the data collected from the field (Charmaz, 2006; Glaser & Strauss, 1999; Gioia et al. 2013). Grounded theory approach is often utilized for exploring uncharted waters to systematically build theory from qualitative insights (Glaser & Strauss, 1999) and the approach can also be used "to gain a fresh perspective" (Stern, 1994, p. 116). Thus, a grounded theory approach was chosen as the suitable tool for structuring the research activities of this study, since this study involved both an exploration of uncharted waters (the context of the impact accelerator) and the potential for gaining fresh perspectives (the hybrid pursuit of impact and profitability within participating social ventures). Moreover, the grounded theory approach is well-positioned to illuminate the *how* of balancing impact and profitability, since, when properly implemented, can render the research particularly attentive to the various contextual factors within the case (Charmaz, 2006; Strauss & Corbin, 1998).

Beyond the case itself, Finland posed a promising cultural setting for the study, as the country ranks high in various social welfare rankings (Statistics Finland, n.d.), thus rendering the market for social impact highly competitive and culturally distinct. Yet, compared to neighboring Nordic countries who rank similarly in social welfare rankings, hybrid organizations in Finland seem to receive comparatively lower political support (Kostilainen & Pättiniemi, 2016; Kostilainen, 2019). This makes the setting particularly intriguing as hybrid ventures in Finland can potentially experience intensified hybrid tensions and challenges, which the literature proposes are key to understanding hybrid organizing (Battilana et al. 2012; Smith et al. 2013; Smith et al. 2010).

3.2 Data collection and analysis

3.2.1 Overview of the research process

Following the grounded theory research approach, data collection, theoretical review and data-analysis ran in parallel to each other in an iterative manner (Charmaz, 2006; Eisenhardt, 1989). First, an overview of existing knowledge relating to key topics (figure 3) was gathered by reviewing existing literature around the research question following a snowball method, in which found studies yielded further research to be reviewed. In parallel, the data collection commenced with ethnographic observations of the accelerator's operations and interviewing the relevant accelerator experts to get an overview of the case. Beside the ongoing data collection, interviews were transcribed and indexed with initial codes line-by-

line. From observations., extensive field notes were collected, which were also analyzed through initial line-by-line codes in parallel to ongoing data collection. These initial analyses, in turn, advised subsequent rounds of theoretical review and data collection to find linkages between emerging concepts and existing theories and to steer the study towards the most fruitful directions (Charmaz, 2006; Gioia et al. 2013).

All research stages were accompanied by memo writing, which enabled to find increasing focus on key topics emerging in the data. Memos are written preliminary analytic notes about the grounded theory codes, the comparisons between them and the ideas about the data that occurs during analysis (Charmaz, 2006). During the research, memos helped on reflecting the data gathered and the analysis made, which guided further data collection and research activities. Memos also guided the research by enabling the researcher to pinpoint most relevant concepts and themes emerging in the data during analysis. All data and codes were then collected in a visual affinity diagram within an online whiteboard tool called Miro[3], which enabled axial coding (Corbin & Strauss, 1990; Strauss & Corbin, 1998) and further analytic comparison of codes, data and concepts in relation to each other through concept mapping (Bradley, n.d.). The iterative nature of the research process is described in the figure 26 below. (Charmaz, 2006; Eisenhardt, 1989; Gioia et al. 2013; Glaser & Strauss, 1999).

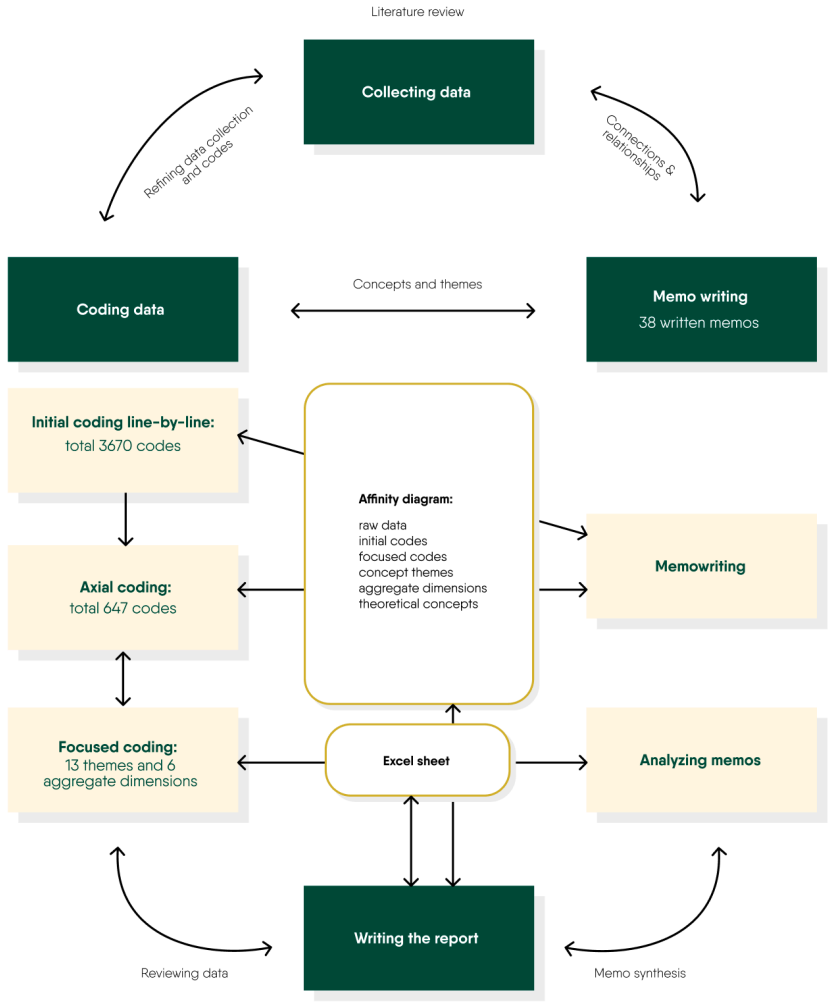

Figure 26 – Visualization of the iterative research process

[3] Miro: An online whiteboard and visual collaboration platform – https://www.miro.com

3.2.2 Data collection

The data collection was conducted during the impact accelerator program's first year of operations in 2020, during which the accelerator program organized two cohorts of ventures for acceleration. The data collection covered the entirety of the accelerator's first cohort, which ran from February until end of June 2020 and included the acceleration of three early stage social ventures. After this point the accelerator shifted into organizing the second cohort of four additional ventures and the data collected started to saturate itself as similar patterns started to emerge.

The data collection, illustrated as a timeline below in figure 27, begun with attending an internal accelerator selection meeting held between accelerator experts. Focused on selecting the potential ventures to be accelerated for the first cohort, this meeting, alongside the subsequent rounds of discussions with most promising potential ventures, determined the ventures being studied within the case. Shortly, as the selection process unfolded and a picture of the upcoming accelerator work and scope had started to emerge, relevant accelerator experts were recruited as interview participants, and interviews transcribed with an aim to gain a holistic overview of the case itself, before diving deeper into the sub-units for analysis.

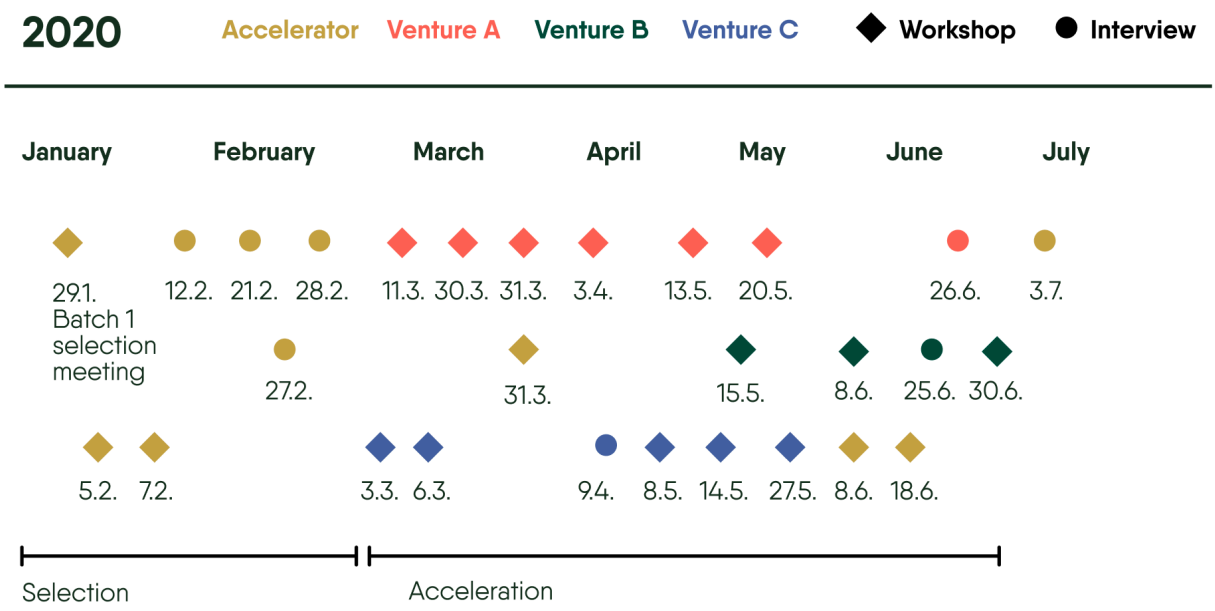

Figure 27 – Data collection timeline

Before collecting data, the ethics of the study, including anonymization and analysis practices, were described to the participants to enable confidential information to be shared with trust. All accelerator experts were interviewed in their work context, at their workplace, following the method of contextual interviewing (Interaction Design Foundation, n.d.a). The case thus also offered a particularly suitable setting for studying the participants in their natural work habitat – observing the accelerator and venture teams work on strategy, development and other business activities during various workshops and business development meetings that occurred during the accelerator program. In addition, the interviewed

accelerator employees are senior design and entrepreneurship professionals who have a wide array of previous experiences working with different types of early stage ventures that aim to create a positive impact. These interviews thus offered an opportunity to triangulate insights gathered from the ventures and the possibility to access broader perspectives on the studied phenomena beyond the scope of the accelerator program.

For participating ventures, the CEOs were deemed most suitable interview participants, because they possess the most extensive knowledge of the characteristics of the organizations approach, strategy and performance (Miller & Toulouse, 1986) including the vision and mission, the full rich history of the organization and the organizations' future outlook. Each recruited CEO was also the founding member of the venture. Prior to interviewing the ventures, relationships with all venture CEOs were established in observational settings during accelerator workshops. Thus, the interviews were conducted in a relaxed manner, which potentially rendered participants more open and honest. Due to the global COVID-19 pandemic, all venture CEO interviews happened via an online meeting tool, Google Meet[4]. On the other hand, this enabled participants to be interviewed from their home office, possibly rendering them more relaxed and open.

In some interviews, the semi-structured format lead to the interview subject to present a document they had created, with which they aimed to elaborate what was being said. Some interviews also included creating and drawing together with the participant. These generative sessions within the interviews brought about richer qualitative insights, as it deepened the understanding of how interview subjects dissected their world, what they knew, felt, and dreamt about (Sanders & Dandavate, 1992). By including the option for utilizing generative tools during the semi-structured interviews, and by observing workshops where highly generative work was taking place, the study aimed to draw rich insights on peoples' behavior, attitudes and knowhow, as illustrated in the figure 28 below (Sanders & Dandavate, 1992):

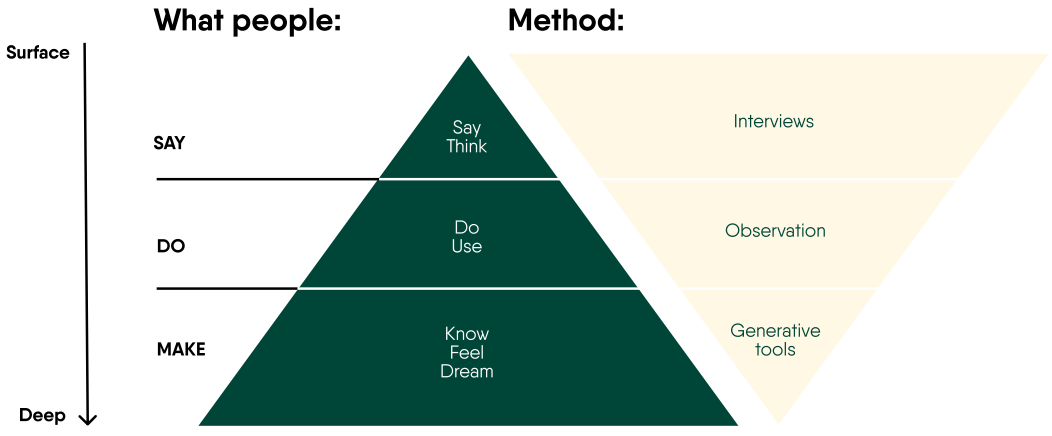

Figure 28 – A framework guiding the study's data collection methods (Sanders & Dandavate, 1999)

The observations followed a micro-ethnographic method (Wolcott, 1995) during which extensive field notes were collected. During observations pictures were also taken for documentation purposes and to highlight or illustrate some surprising or otherwise notable

[4] Google Meet: Video meeting software – https://meet.google.com

observations. For safety precautions during the COVID19 pandemic, some workshops were organized as online meetings. At times, workshops were held so that some participants would be interacting within the same room, while others could join the meeting via the online software. Throughout the study, when observing workshops, a participant-as-observer research configuration was utilized (Gold, 1958). In this configuration, the subjects were informed and aware of the ongoing research taking place, as the researcher aimed to stay on the background, out of the interactions taking place, as much as possible (Gold, 1958). Only on rare occasions the researcher participated by offering an opinion, when asked to do so.

In total, the research activities included attending 20 workshops and conducting eight interviews, including three with the participating venture CEOs and five with the accelerator experts. In addition, the documents generated during the acceleration co-operation between ventures and the accelerator were also reviewed and analyzed with an aim to triangulate the data gathered from observations and interviews. The nature of the documents varied highly depending on the participating venture, since the accelerator offered a tailored service for each venture suitable for their needs. Common documents found in all three embedded sub-units included for example clickable prototypes, presentations, strategy documents, benchmarking studies, and spreadsheets. Finally, digital communications between the participating venture team and accelerator experts inside a digital communications tool Slack[5] were reviewed to verify findings and observations. Summarized in the table 3 below is an overview of the data collected for this study:

Unit of analysis	Interviews	Hours of interview	# workshops observed	Hours of workshops	# of documents	# Slack screen-shots	Interview timing
Venture A	1 (CEO, Founder)	1,2	6	12,5	43	34	Post acceleration
Venture B	1 (CEO, Founder)	1,2	4	8	12	100	Mid acceleration
Venture C	1 (CEO, Founder)	1	4	7	21	14	Post acceleration
Accelerator	5 (1 Managing Director & 4 Designers)	6	6	7	61	151	Pre & post acceleration
TOTAL	*8*	*9,4*	*20*	*34,5*	*137*	*299*	

Table 3 – Summary of the data collected

3.2.3 Data-analysis

Following the grounded theory approach highlighted in figure 26, data analysis initiated with initial coding shortly after the theoretical review and data collection had commenced. First, the conducted interviews were listened to and fully transcribed. The transcribed interviews and the extensive field notes from observations were then all indexed with initial codes line-by-line with an aim to keep the codes as descriptive and as close to the data as possible following the ground theory approach. The analysis was completed with the online whiteboard tool Miro, which was utilized as the main analysis tool during initial and axial coding. (Charmaz, 2006)

The image below (figure 29) features an example of extensive field notes collected and initially coded from two workshops between a participating venture and the accelerator

[5] Slack: A chat-based communication tool for Teams – https://slack.com/

experts. The image showcases an example of the initial line-by-line coding of the workshop interactions. In the image, the purple sticky notes resemble the collected field notes, while the yellow sticky notes reflect the initial line-by-line codes. The image also features screenshots taken during the online workshop, highlighting key observations made during the workshop:

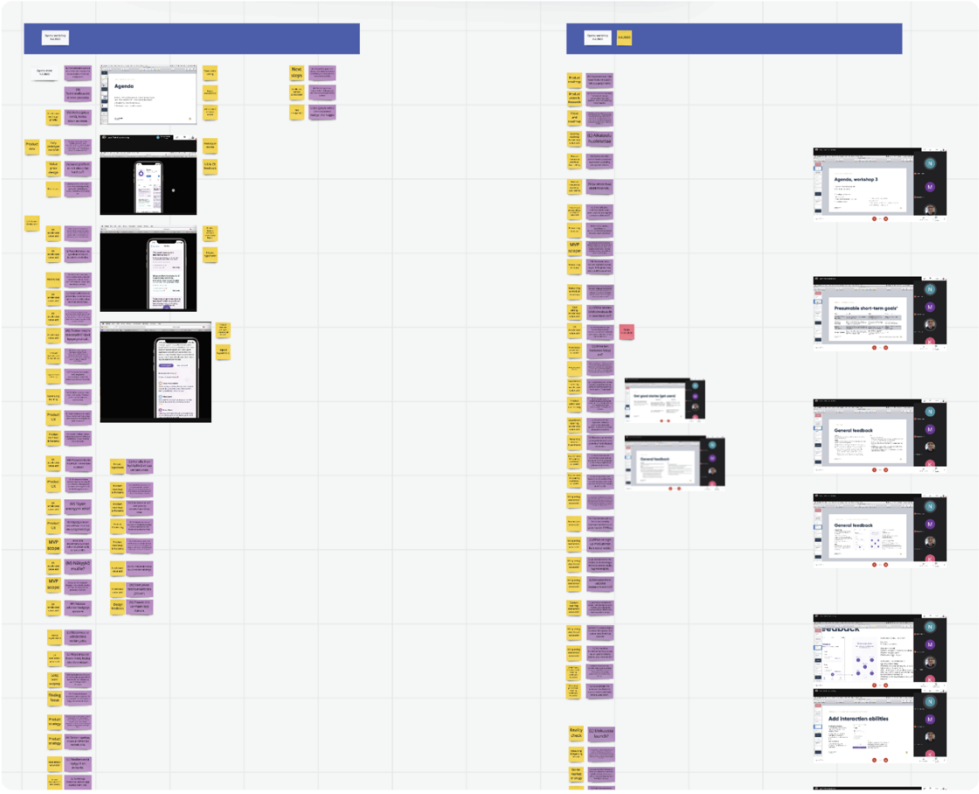

Figure 29 – Examples of line-by-line initial codes from two observed workshops

Once themes started to emerge during the initial coding showcased above, the analysis shifted to axial coding (Corbin & Strauss, 1990; Strauss & Corbin, 1998). During this analysis phase, initial codes and the data were assembled and grouped underneath emerging categories and compared with one another. To support the process of axial coding, affinity mapping (Thornton, 2020) and concept mapping (Bradley, n.d.) processes were utilized during which data and emerging concepts were grouped within categories in order to identify emerging themes, and the relationships between emerging concepts were mapped within the online whiteboard tool. During this stage of analysis, with the data, the initial codes and the axial codes clustered side-by-side in the whiteboard tool, relationships, similarities and differences between the data and emerging concepts were identified and analyzed (Gioia et al. 2013).

The figure 30 below showcases a glimpse into the axial coding analysis of a workshop. In the image, the green sticky notes are the extensive field notes from the workshop and the yellow sticky notes represent the initial line-by-line codes beside them. The white sticky notes represent the axial codes, grouping the data collected and the line-by-line codes into groups of themes and categories. The image further highlights how relationships between the axial codes and clusters of data have been drawn within the affinity diagram as black arrows as part of the analysis. (Charmaz, 2006; Corbin & Strauss, 1990)

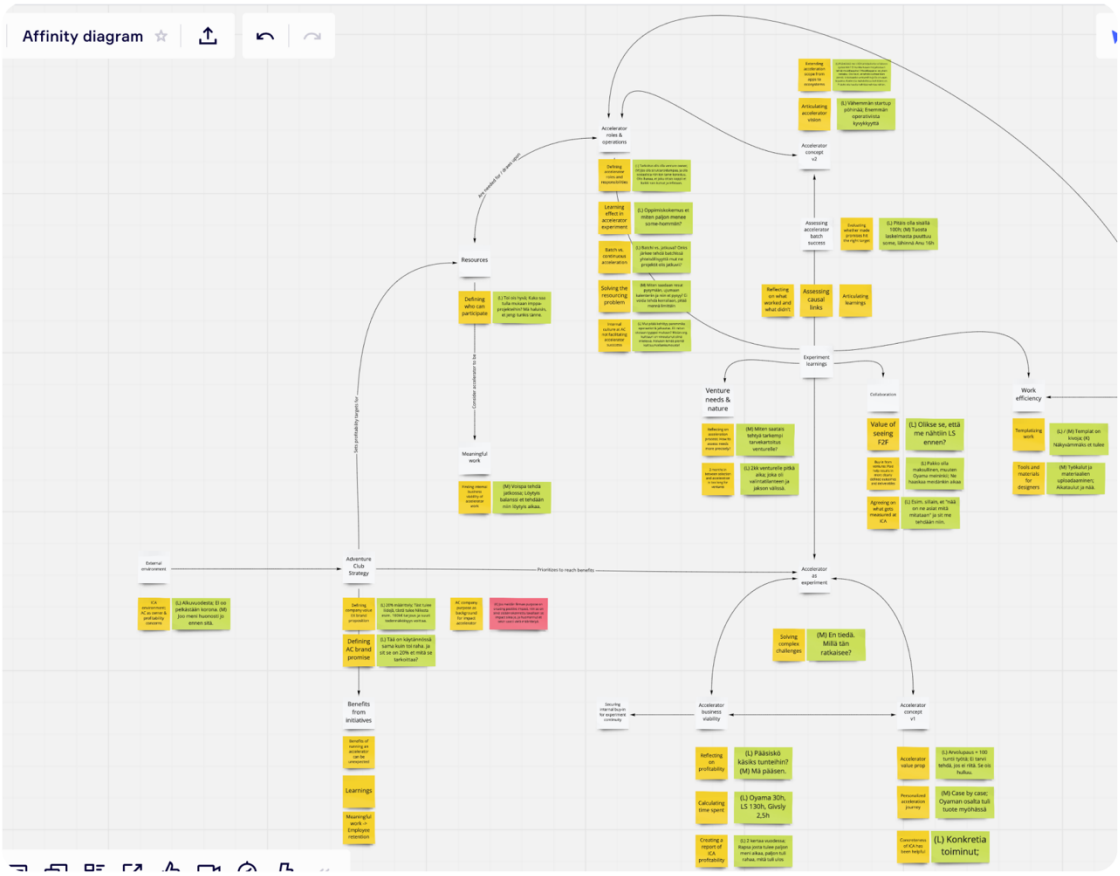

Figure 30 – Examples of the affinity diagram as an analysis tool during focused coding

Through this process of axial coding and concept mapping within the affinity diagram, the data collected was clustered and organized into potential categories until relevant insights, concepts and themes of grounded theory started to emerge from the data (Charmaz, 2006). Beside initial and axial coding, memos were written throughout the analysis process to synthesize thoughts about the data, codes and the emerging concepts (Charmaz, 2006). Within memos, data, codes, emerging concepts and their relationships were gathered side-by-side. Memos also included written analytic notes about what was being found and analyzed (Charmaz, 2006). Featured below is an example memo within which findings, initial codes and subsequent interpretation are organized side by side (Figure 31):

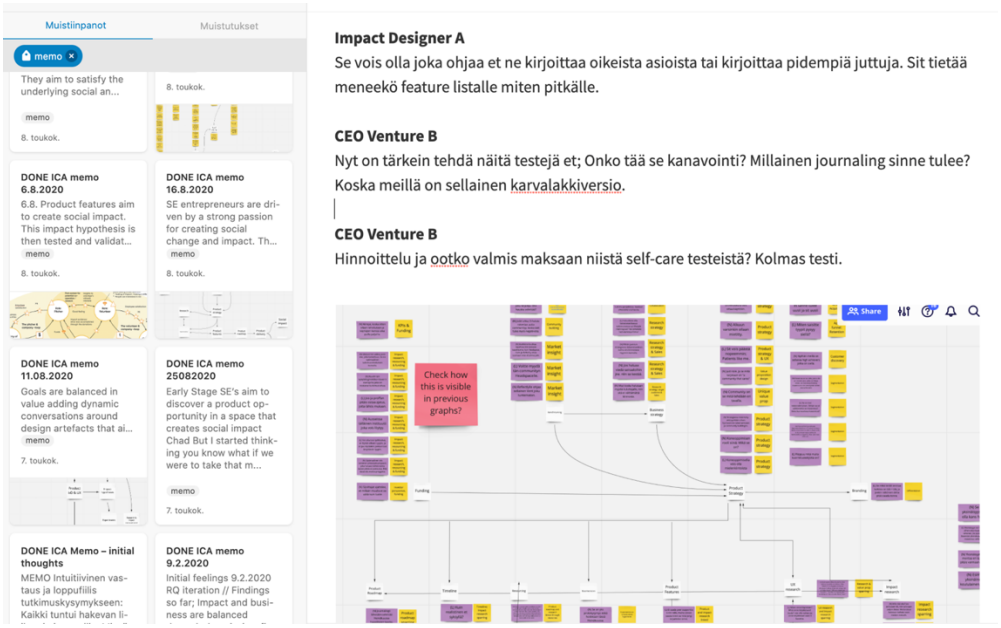

Figure 31 – Example memo featuring quotes from study participants and axial coding

In the final stage of analysis all written memos were first reviewed and synthesized to create a draft structure for this report. To support the writing process and challenge the initial structure, a final round of comparative analysis commended by exporting the initial and axial codes from the online whiteboard into an Excel-sheet. During this comparative analysis initial codes and the accompanying data were categorized and bundled with focused codes to assemble data beneath a manageable number of potential grounded theory categories (Charmaz, 2006; Gioia et al. 2013). The focused codes were based on the most promising and prominent axial codes (Charmaz, 2006) in the affinity diagram. The graph 33 below features examples of the initial codes (i.e. the first order concepts) and selected axial codes (Corbin & Strauss, 1990), which were utilized as focused codes (Charmaz, 2006) to categorize initial codes underneath the categories (i.e. the second order themes).

These second order themes and the data they portrayed, were then further compared, refined and categorized within the Excel-sheet, which finally yielded the aggregate dimensions featured in the figure 32 below (Gioia et al. 2013). The aggregate dimensions were then utilized to revise the structure of the written draft structure of this report. Through this final round of comparative analysis, the aggregate dimensions refined the findings subchapters featured in the next section, underneath which findings were then organized. Finally, through an iterative writing process during which the memos, the affinity diagram, the original transcripts, field notes and other data were returned to, and re-read, the findings and discussion of this thesis report were finalized. In the next chapter, each aggregate dimension is described in further detail with description of the dynamic in relation to the research question and the accompanying evidence.

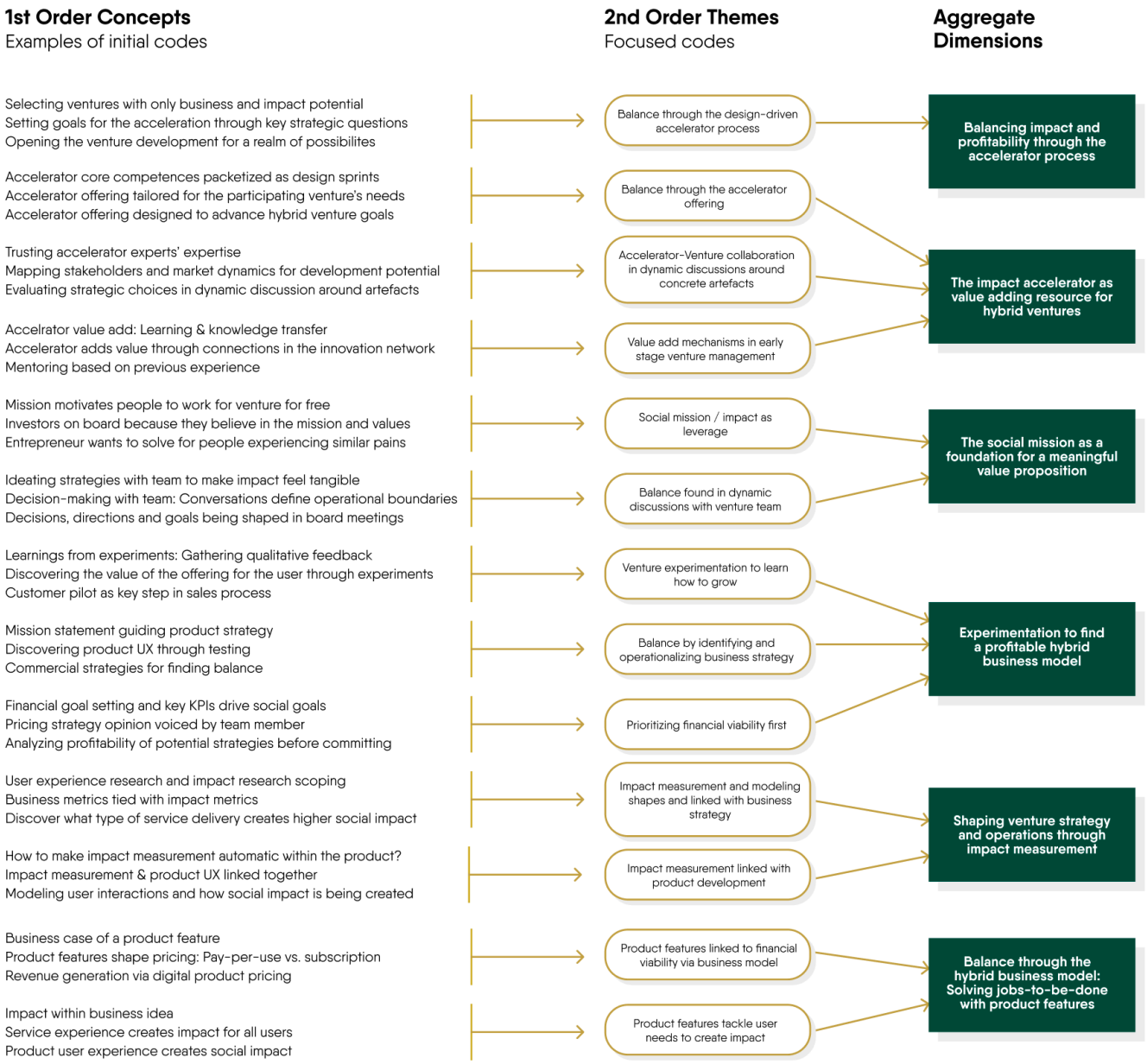

Figure 32 – Data structure of the findings during final stage of analysis

3.3 Limitations

Before diving into the findings, it is advisable to first foresee some of the potential limitations of this study. Mainly, this study can be considered limited by the qualitative single case being examined. As a qualitative case, this study is well positioned to explore how impact and profitability is balanced within the case and its context. While this approach can yield rich insights for informing theory based on the data (Strauss & Corbin, 1998), verifying the transferability of the findings into contexts beyond the case would demand further and more expansive research designs with broader surveys and examining a more heterogenous sample of ventures and accelerators. As Lincoln & Guba (2006, p. 316) put it, whether or not findings "hold in some other context, or even in the same context at some other time, is an empirical issue."

For example, the transferability of the findings may be limited towards accelerators that do not focus on impact ventures. Thus, the findings might be directly transferable to e.g. corporate accelerators focused on building corporate and startup alliances. Future research could uncover the extent of this limitation by, for example, examining the specific dynamics of impact accelerators and comparing those against accelerators focused on helping purely commercial ventures. Further research could also compare and contrast the findings against other impact accelerators, or other types of accelerators employing different types of business models, which might bring about richer insights.

Notably, this study was shaped by the accelerator program's selection process, which determined the ventures accepted for acceleration and thus the sample of ventures available within the case. Although being constrained by these decisions, the accelerator's selection criteria also simultaneously ensured ventures were suitable for examination through the research question of this study. In fact, the accelerator assessed the impact and business potential of the applied ventures as the main two criteria in the selection. These main two criteria made the sample particularly fruitful for examination as they are directly linked to the research question.

In addition to these two main criteria, the accelerator assessed the applied ventures based on the ventures' communications appeal. This secondary criterion, which was not held as important by the accelerator experts as business and impact potential, considered the ventures' potential for becoming interesting case studies after the acceleration. In part, this criterion was linked to the accelerator's goal in establishing its legitimacy in the market, as the program was in its first year of operations during this study. On the other hand, this secondary criterion can be considered related to the ventures' impact and business potential, since excellence in these two dimensions can make for a compelling hybrid venture story.

To initiate the selection process, the accelerator experts first graded ventures on these three dimensions based on the ventures' applications, which featured answers for a total of nine in-depth questions. The application required ventures to explain their idea, what the venture had done previous to the accelerator, what was the venture's impact model, whether they had measured their impacts yet, what was the venture's business model, what were their hopes for the acceleration and what were their general plans and goals for the future.

After the grading, a selection meeting was organized, during which a lengthy discussion ensued on each score that had been given and the business and impact potential of each venture. These discussions also included a consideration for the value-add potential the accelerator possessed towards the applied ventures. This consideration meant to ensure that the accelerator could help ventures with their challenges, given the resources at hand for the

accelerator program. Thus, the selection naturally skewed towards ventures that would benefit from the competences of the accelerator program. This is a natural nuance of the selection process though, since the core business of the accelerator is to help ventures progress further rapidly during the acceleration period. Thus, it is only advisable to accept ventures the accelerator is able to genuinely help, since other ventures might be better served elsewhere.

After the ventures were prioritized based on the discussion and the scores given, the most promising ventures were shortlisted with whom further discussions were organized in order to further assess the venture's fit for acceleration. In sum, the selection process of the accelerator determined the sample of the ventures being examined into a particular type – ventures who have the potential for balancing impact and business, who would be or could become interesting cases themselves, and who would benefit from the help of the accelerator. Although determining the sample size of the embedded subunits, in retrospect, these particular criteria and the selection process utilized made the sample very fitting for the purposes of this study. Besides, studying the design-driven accelerator, where venture development is opened up for a wide array of possibilities, seemed to enrich the findings on how impact and profitability might be balanced within early stage social enterprises.

In relation, a potential limitation is the sample size of three embedded ventures being examined within this study. For example, by applying e.g. a comparative case study setting and examining other impact-oriented accelerators in different contexts in comparison to the one examined, the study could have gathered more transferable insights from a more extensive sample. On the other hand, by limiting the examination to the first cohort and only the three ventures that participated in the impact accelerator, this study was able to thoroughly examine the embedded cases and draw more in-depth findings and conclusions for discussion. Notably, the data analysis of this study ran in parallel with a second cohort of the accelerator, which included the acceleration of four additional early stage hybrid ventures. During the analysis, it quickly became apparent that the findings from the first cohort seemed transferable to the second cohort and the four additional ventures potential for examination.

Although the ventures accepted to the second cohort were different organizations, including different venture team compositions, histories, target markets and business models, initial observations along a quick review of the ventures offering and business models seemed to confirm the transferability of the findings as the data collected started to saturate itself. Thus, when the second cohort initiated and novel insights did not emerge, it was deemed that the data collected from the three ventures participating in the first cohort were sufficient to answer the set research question and reach the research objectives of this study. Since the second accelerator cohort was organized in a fairly similar manner than the first, with a governmental funding partner supporting the program and the same acceleration offering being tailored to each participating ventures' needs, data saturation was achieved rather quickly. Thus, the second cohort acceleration data excluded from this study altogether.

A worthy highlight in terms of limitations is the fact that in this study, all three of the analyzed hybrid ventures were early stage social enterprises with a social mission. The studied ventures all pursued social impact through their business model (Guclu et al. 2002; Santos et al. 2015). The applicability of results to other types of hybrid ventures, including sustainable and environmental hybrids (McMullen & Warnick, 2015) is a question of interest for future research. Because of the study's focus in ventures with a social mission, the findings of this study are potentially limited to discuss environmentally and sustainability-

oriented hybrid organizations and business models. A question of interest for further research would be to examine the models and propositions highlighted by this study, and in particular, to what extent can digital products feature use afford environmental benefits and outcomes similar to what this study found in the case of social enterprises.

As mentioned, the study was conducted during the accelerator's first year of operations. Although being the first year, the design consultancy had been working with impact ventures regularly through other collaboration formats since being founded in 2015. Throughout its history, the design consultancy has worked on a steady basis with different hybrid ventures aiming for impacts. In fact, the findings seemed relevant in the light and scope of the other projects that have circulated around the case company. The accelerator was thus a new way to organize, systematize and, potentially, scale up the impact work the design consultancy had been conducting throughout its existence. The accelerator initiative was seen as a business model experiment within the consultancy, in which a governmental funding partner supported the operations of accelerator.

As a limitation, although these unique features of the case provided a rich glimpse into how an accelerator program itself seeks a viable business and operational model, further dynamics might have emerged when studying a more prominent, long-established accelerator with a richer history of operations in the acceleration context. It is also worth highlighting that the researcher was employed by the accelerator while conducting the study. Mindfully being aware of this fact, the research was conducted with the aim of studying the accelerator project within the design consultancy from an outside-looking-in perspective, through the participant-as-observer configuration (Gold, 1958), in order to avoid skewing and distorting the findings based on this potential bias.

In addition, because the study is rooted in the accelerator program, the study is potentially limited in discussing how impact and profitability would be balanced beyond the acceleration context. Although the acceleration context provides a sufficient viewpoint for early stage venturing and the various managerial choices that go into balancing impact and profit, the research design provides a limited viewpoint into the long-term sustainability of a given social enterprise. An examination beyond the accelerator program could also spark further insights into the balancing act of impact and profitability within the venture team.

Moreover, although the mechanisms through which the impact accelerator influenced venture development during the acceleration are highlighted, the verification of the actual long-term effects of the acceleration to graduated ventures is beyond the scope of this study. Even though the accelerator was perceived a highly beneficial endeavor by the each of the participating ventures, the long-term effects of the accelerator program, including the influence on ventures capability to balance impact and profitability, will remain a potential question for future research.

Finally, a potential limitation to consider is the cultural reality of the case. On this end, it is worth noting that even though the findings are rooted in the Finnish impact accelerator, one of the ventures examined was based in the United States, and founded by a native US resident, which offered a balancing perspective to compare the findings with. Still, the generalizability of findings across different cultures and societies is a question of interest, as cultural nuances might blur the lines in how organizations approach impact and profitability. Beyond Finland, an intriguing further study opportunity would be to discover whether the findings of the study could be replicated, confirmed or disagreed within another context.

4 Findings

4.1 Balance through hybrid business models: Solving jobs to be done with product features

All three ventures seek to create impacts with their offering. The sought impacts are expressed in the ventures overall mission and vision, which broadly define the target audience and the social change the ventures aim to create. Contributing to the mission is ethically so important for the founders that each of them would not consider venturing into commercial value but want to strive for the creation of social value and outcomes through their business idea. As exemplified by the quotes below, all three venture founders describe how they exist to provide tools for their target audiences to reach particular social outcomes:

> "Our business idea is to produce digital tools that boost the efficiency of interactions during a caretaking relationship. At the same time, organizations get measurable data on the impact of their work, and the recovery of the one being taken care of is advanced."
> *CEO, Venture A, Interview*

> "The idea came originally from an advisor of mine, who wanted to basically commercialize this Cognitive Behaviour Therapy research that we had been looking into… So currently, our mission statement is actually that we exist to guide individuals to become balanced humans. So, that's basically what drives us that we want to give tools for individuals to become balanced."
> *CEO, Venture B, interview*

> "The mission is, again, it's to simplify impact, you know for, look, people, let me back up, people in business are really busy... But if you bring the social impact to them, and you start to commercialize a behavior that's already happening, then it becomes easier. So, the idea is to create a platform that makes social impact simple for professionals who are really busy at the end of the day, right."
> *CEO, Venture C, interview*

To balance impact and profitability, each venture develops a digital product offering. When a customer or beneficiary from the venture's target audiences uses the built product features, social outcomes are intended to be created through the digital product use. For example, Venture A builds a digital product for caretaking organizations to document their interactions with patients. Their value proposition is to simultaneously measure the impact of recovery interventions for the care organization, while providing a more efficient and patient friendly recovery process through a digital tool use.

> "We sell this to the organizations for their employees to use in the interactions with their customers i.e. patients and people recovering… But I think a very important part is the end user, the end customer, who's life we are in some way trying remedy."
> *CEO, Venture A, interview*

Through a patient-centric methodology that is embedded in the design of the digital product, beneficial social outcomes and impacts, such as more engaging care relationship and higher rate of patient recovery, are intended to be created through the product use. The venture's solution enables engaging the patient's family in the caretaking process more deeply, which decreases the costs on the customer side while generating a more meaningful recovery process for the end beneficiary, the patient. When users use the digital tools, the efficiency and impact of the caretaking relationship efforts are simultaneously measured. As explained by the Venture CEO, the venture has aimed to solve various stakeholder needs through their product:

> ”We have integrated into our tool benefits from all stakeholder perspectives, so that it covers to whole process, in addition to being a tool that you can use in the practical caregiver work, organizations also get measurable data about the impact of that work.“
> *CEO, Venture A, interview*

> “The people in the healthcare sector, they want first and foremost do the work with. the people. They want to do the customer work and hate when they have to for example use excessive amounts of time in bookkeeping or into these kinds of information technology. In our case, when this tool is being used in the interaction with the customers, that motivates the healthcare worker, when they feel that they are doing the actual work. And in a way, the impact measurement, which is an interest of the leadership of the organization, simultaneously happens there, without the nurse having to delve into it, because the software does it, as the nurse is doing the regular customer work, interviewing the customer, filling in together with the customer the questions in the software tool and making those plans, and from there automatically pops out the impact results to the desk of the managers.”
> *CEO, Venture A, interview*

To ensure social outcomes get created, Venture A, who employs a coupling hybrid model, has also packetized educational services on top of the digital tool to help its customers utilize the caretaking methodology behind the digital tool appropriately. These additional service interventions aim to ensure, in addition to customer retention, the achievement of social outcomes for the beneficiaries. Thus, Venture A aims to balance impact and profitability by utilizing the coupling hybrid model where additional interventions are provided to ensure social outcomes get generated, while selling a commercial software-as-a-service license for its B2B customers. To illustrate, the venture founder described key customer success enablers during a workshop:

> “Succeeding with our customers, getting them to say this was a great experience, based on my experience requires that we train the caretakers using the digital tool so they know how to utilize methodology properly. Following up regularly is important, and when we find a user within the organization who coordinates the project so it's not forgotten; The internal champion who takes care of implementing the process.”
> *CEO, Venture A, workshop*

Venture B, on the other hand, employs a market hybrid business model where social outcomes are intended to be created directly for the venture's customers. The venture has

designed a mobile application for users to share their challenges and stories in a journal format with an anonymous digital peer community. During the acceleration the venture was designing tools based on cognitive behavior therapy research within the journal to guide users in their self-awareness and self-care. The venture had also designed community and social interaction features including comments and reactions around the journaling, so that users can receive peer support from other people experiencing similar challenges in life. As explained by the venture CEO during one of the first scoping workshops of the accelerator:

> ”Through the journal, you get tools to cope with your daily challenges. The first one is an Australian [Cognitive Therapy] program, that we’ll start inserting there. We’ll integrate psychoeducation into the daily journal, when you do your daily exercises. In addition, you’ll get peer support.”
> CEO, Venture B, workshop

During the acceleration, Venture B was still identifying the best pathway to revenue generation. The venture had a clear vision for experimenting with a freemium subscription-based revenue model, where some content and features of the digital product are afforded to users who upgrade from a free-to-use into a premium version. With the business model, the venture strategizes to balance impact and profitability by offering some key product features as free-to-use, while some features and content would be gated behind a premium subscription. As explained by the venture CEO during a workshop and the interview:

> “The subscription model is based on the premium content – We think only a fraction of the users will see the service so valuable that they’d like to pay for it. That integrates with the stories and journaling features we have, so there are two paths for different types of users.”
> *CEO, Venture B, workshop*

> But the other thing that we more concretely, want to do is that we want to have the peer support free always, so we want to be able to offer the peer support. No matter, you know, what situation you are in. But then, what comes to perhaps like journaling, and especially like the guided also of course the journal will be for free but when it comes to like guided journaling and different programs journeys, with more scientific content with CBT programs and such that's where the subscriptions will come into play.”
> *CEO, Venture B, interview*

Venture C, who employs a bridging hybrid model, aims to serve three types of user groups, for whom they attempt to create social outcomes through a digital meeting platform. The platform enables professionals to rally donations to non-profit organizations by volunteering a business meeting, which a company or person pursuing the volunteers time can pay for when booking a meeting. Venture C founder describes how the initial business idea is to funnel the employee engagement budget of companies towards non-profit organizations by helping them more easily book business meetings through an automated platform:

> “So, the idea is to create a platform that makes social impact simple for professionals who are really busy at the end of the day, right. And that's at a very very high level there's obviously three different problems it really solves in business as well as in nonprofits… So I was like, if I can solve that problem, that process problem, then

> take that money, again on a more scalable way like I was with the events, but on a more scalable way to redirect that money, or that budget toward social impact, then that can become really powerful, but you have to do it in a way that's automated. And like a marketplace, right? You can't just, you know, be a scheduler, how do you.. how do you automate the scheduling of that?"
> *CEO Venture C, interview*

> "And this is the social impact that is sought for; The time used for business meetings, why couldn't it be commercialized and utilized for a good purpose?"
> *UX Designer, Accelerator, interview*

Building a solution for three separate user groups with different motivational factors for the product use, the venture is exploring how to create an efficient meeting platform that will serve the needs of each three user groups. During the accelerator program, the venture was observed in defining and designing and their product by discussing the various challenges they face in building the platform, as showcased by the quotes below from Venture C team members during an interview and a workshop with the accelerator:

> "The major challenge is getting the volunteers. They are kind of like our supply, right?"
> *CEO, Venture C, interview*

> "The non-profits quality should be top – I like it when our non-profit representative in the team challenges our CEO on the idea that we'll just bring hundreds of different non-profits to the platform that which non-profits are they? Should we only select non-profits that have a particular verified impact?"
> *Product Owner, Venture C, workshop*

The table 4 below summarizes the value propositions of the ventures. The table highlights how the ventures' hybrid business models are founded on top of a target social problem, encapsulated broadly in the venture's mission. Within this problem space, the ventures aim to create specific outcomes and impacts by helping both customers and beneficiaries get jobs done by aiming to satisfy their needs with digital product features. This way, each venture invests in digital product development to build features that intend to create social outcomes for their product users. Through these elements, the ventures are able to devise a value proposition in accordance with their social mission, and venture towards the creation of specific outcomes and impacts. Simultaneously, a hybrid business model with a profit formula deemed suitable for the customer context is employed with an aim to capture value. Thus, the ventures aim to strike a balance in creating a long-term impact, achieving their mission, and a short-term profitability by developing and commercializing a digital product offering:

	Target Social Problem & Venture's mission	Jobs to be done	Value proposition	Solutions for creating the value proposed	Outcomes and impact (based on IAOOI model)
Venture A	**Target social problem:** Make patient recovery more efficient and motivating Patients recovering from illness, or other social deficit such as drug addiction **Mission:** Help organizations produce more impactful and engaging caretaking services. (CEO, Interview)	**Customer:** Job Executor: i) Help patient to recover ii) Report activities within organization Purchase decision-maker: i) Manage caretaking relationship ii) Measure and understand the impacts of caretaking efforts **Beneficiary:** Recover from illness, deficit or social problem (Workshop discussion & Venture presentation)	**Value proposition:** Make patient recovery more efficient and measurable with digital tools and a patient-centric methodology designed for organizations managing patient care relationships. (Workshop discussion & Venture presentation)	**Digital product features:** - Map recovery goals together with end beneficiary - Document interactions during caretaking relationship - Automatically measure the outcomes of caretaking **Other service features:** - Educational packages on care methodology - Customization of digital tools for specific customer needs, - Consulting (Workshop discussion & Venture presentation)	**Venture has validated outcomes in customer pilots:** - More efficient patient recovery - Increased caregiver job satisfaction and quality of work - Increased efficiency of caregiving work: Lower costs of providing caregiving help for customer organization - Increased beneficiary motivation and engagement in recovery process - Increased transparency over measured outcomes of caregiving work of for the care organization (Venture's presentation)
Venture B	**Target social problem:** People suffering from depression, anxiety and loneliness **Mission:** We exist to guide individuals to become balanced humans. (CEO, interview)	**Customer = Beneficiary** i) Share what is troubling the mind ii) Gain new perspectives and support for life's challenges iii) Balance mental well-being iv) Process and reflect on daily thoughts and emotions v) Support peers (Workshop discussion & Venture presentation)	**Value proposition:** Balance your mental wellbeing with digital tools for reflection and journaling. Get peer support for life's tough challenges and access guided cognitive behaviour therapy programs inside a digital journal. (Workshop discussion & Venture presentation)	**Digital product features:** - Digital journaling features - Anonymous peer support community - Cognitive Behaviour Therapy programs inside a journaling experience (Venture's presentation)	**Venture currently defining and validating social outcomes generated by the product intervention.** Potential examples presented during accelerator: - User reported decreased level of anxiousness - Reduced healthcare, social welfare and employee health costs - Reduction in amount of people suffering from anxiety and depression (Venture's presentation)
Venture C	**Target social problem:** Contributing to meaningful causes **Mission:** Simplify impact for busy professionals (CEO, interview)	**Customer segment A:** i) Engage employees ii) Support non-profit organizations (NPOs) **Customer segment B:** i) Find sales opportunities ii) Build a network **Beneficiary:** Rally funding for the non-profit organization (Workshop discussion)	**Value proposition:** Turn business meetings into opportunities to support your favorite non-profit organizations. Book more impactful business meetings – join a community of professionals who want to connect for business while doing good. (Workshop discussion & Venture website)	**Digital product features:** - Create a profile to support and promote NPOs - Channel donations from meetings to NPOs - Book meetings during events to donate for social impact (Venture's presentation) **Other service features:** Turnkey events for corporate clients to raise awareness for NPOs and provide social impact and networking opportunities for employees (Workshop discussion & Venture website)	**Venture worked with accelerator experts to identify potential outcomes:** - New business connections in a responsible manner - Feeling more connected in business - Feeling of making a difference and a sense of purpose - New revenue stream for beneficiary - Beneficiaries raise money with less cost when compared to other means (Document generated based on workshop with venture)

Table 4 – Venture value proposition summary

The table 4 showcases how by helping both customers and beneficiaries get jobs done within a social problem space, impact has become an integral part of the business model for each venture through their value proposition. By developing solutions to customer and beneficiary jobs to be done, with an overall objective in creating social outcomes and impacts within their target problem space, participating ventures have naturally ended up creating a hybrid business model. To offer a clarifying perspective, when asked if hybrid ventures who aim to achieve a mission can also create solid business results, an accelerator expert explained that the fundamental basis of business potential is solving a real need, as highlighted by the quote below:

> "We don't accept any other ventures than the ones that have real business potential.. There needs to be a real user need. And if for that user need we can devise a solution, which creates value, then usually one can find that money can invested into it."
> *Impact Designer A, Accelerator, interview*

Relatedly, another accelerator designer elaborated that a clear mission statement is not just a matter reserved for impact ventures, but rather a keen understanding of the problem space is a key starting point for all organizations who intend to create profitable business:

> "I think [the clear purpose and mission statement] is an important thing. But it's not just about impact ventures, but actually a fundamental thing that every organization should have. So that the problem statement has been defined well."
> *Impact Designer B, Accelerator, interview*

For the participating ventures, balancing impact and profitability seems to be a key endeavor. As described by Venture B CEO, "the mission is what drives us", serving as the underlying motivation for their organization to exist, but as a business they will need to innovate ways in which to capture value to sustain their operations, as described by the Venture B founder and CEO during an interview:

> "Of course we would like to offer this free for everyone, but as a business that's going to be difficult. "
> *CEO, Venture B, interview*

Each of the participating ventures has made specific choices regarding the value proposition, value delivery and value capture of their hybrid business model aiming to balance profitability and social outcomes. For example, to balance impact and profitability, Venture C has preset pricing within their digital platform. Simultaneously, the preset pricing guides their users through the service experience, while ensuring costs are covered.

> "You pick from five different prices. We've kind of preset things, because we needed to make sure that we were covering our payment processing costs and all that, but also we want to just like guide people a little bit."
> *CEO, Venture C, interview*

To further balance impact and profitability, Venture C has created alternative revenue streams by selling additional services to their B2B customers. Similarly, Venture A has started to customize their digital solution to fit customers' needs and found commercial success in doing so. As explained by the venture founder:

> "I told [the customer] that they should investigate the motivation of the person and how that ties in with the amount you are exercising and moving. If you have a person who does not move that much you can start feeling guilty, and then you don't want to move even that small amount anymore. So I suggested we investigate what are the personal motivations and reasons for moving or not to move and we created a little bit different kind of tool for that customer than what we currently have. And, in the end, they were extremely satisfied with it."
> *CEO, Venture A, interview*

Ventures also encounter specific challenges arising from their hybrid pursuit of profitable impact and aim to overcome these hardships through further digital product development. For example, Venture B CEO elaborates how the venture aims to build additional product features and service elements for users who have benefited from the product and might not need the solution any longer in order to keep these users engaged with the service further:

> "For our users to recover, that actually is something that we are expecting, even hoping to happen. That is of course a bit controversial kind of. We, in a way, we want to engage the user as long as possible in the product and business model but at the same time, we of course want the users to feel better, you know at some point to not need our solution. Because then you know then we have probably achieved our mission, with the users. But how we then think of it is if somebody has gone through our whole journey and achieved something in terms of increased self-awareness and well-being, they are probably interested to help others in our community to do so as well, or at least something we are trying to build in and something we try to encourage is that once somebody has helped you or once you start feeling better, you can also give back."
> *CEO, Venture B, interview*

In a similar fashion, highlighting how digital product development aims to balance profitability and impact, Venture C Product Owner wraps up a product development workshop with developers and designers highlighting the need to present the potential social impact inducing features in their minimum viable product (MVP) for their CEO so they can be prioritized for development from the sales perspective:

> "I think this is enough in terms of MVP. If we can scope a bit between #1 and #4, and then say to our CEO: Prioritise these from the sales perspective."
> *Product Owner, Venture C, workshop*

Since Venture B and C are in the early phases of developing their digital product, the accelerator experts worked in close collaboration with the ventures on their product development, features and roadmap during the acceleration period. For example, during a workshop with Venture B, accelerator experts and venture team were discussing how the venture could advance towards their mission further through building product features:

> "For the guided journal, we will bring a few basic exercises to help users – Some relating to positive psychology and to identify negative thoughts. One that is for sure is the 5 minute journal where you have questions helping you to focus and enhance happiness. That one has been researched, so that could be one, but what else could we bring into the product?"
> *CEO, Venture B, workshop*

These findings in conjunction showcase how ventures design and develop digital products to balance impact and profitability. The table 5 below summarizes how impact is integrated into the hybrid business model types. Each venture employs a revenue model aimed to capture value from their digital product offering, summarized below. In addition, the table highlights the operational models and some notable key processes within the hybrid business models' employed to ensure impact and outcomes get created:

	Impact integration	Type of hybrid business model	Revenue model	Operational model & notable key processes	Key assets
Venture A	Integral to value proposition	**Coupling Hybrid:** Customers ≠ Beneficiaries **Impact logic:** Product use intended to create social outcomes when customers are competent in care methodology (Contingent value spillover)	Software-as-a-Service license for organizations €/month/user Additional revenue streams: i) €/project for tailored solutions ii) €/educational service package sold iii) €/h for consulting	**Complex fee-for-a-service:** Digital software tool commercialized for customers who use the software to interact with the target population. **Notable key processes:** Product Development Sales and Marketing Impact Measurement	**Venture team:** i) Caretaking industry expertise & knowhow ii) Digital product design and development knowhow (outsourced) iii) Business development knowhow (looking for new members) **Investors and Funding.**
Venture B	Integral to value proposition	**Market Hybrid:** Customers = Beneficiaries. **Impact logic:** Product use intended to create social outcomes for beneficiaries (Automatic value spillover)	Freemium subscription for individual users €/month/user	**Fee-for-a-service model:** Premium mobile app subscription offered to users. **Notable key processes:** Product Development, Marketing Partnership Management Research, Impact Measurement	**Venture team:** i) Cognitive Behavior Therapy expertise ii) Digital product design and development knowhow (outsourced) iii) Business development knowhow **Investors and Funding.**
Venture C	Commands premium prices by making impact integral to value proposition	**Bridging Hybrid:** Customers ≠ Beneficiaries. **Impact logic:** Product use intended to create social impact for beneficiaries. Every meeting exchanged through platform donates € to non-profit organizations. (Automatic value spillover)	Platform fee % of € exchanged within the digital platform Additional revenue streams: € / turnkey event	**Market linkage model:** Digital platform tool acts as a broker between the exchange of three different parties. **Notable key processes:** NPO management: Aims to ensure quality of non-profit organizations on the platform through a 3rd party research partner. Employs a full-time team member to focus on NPOs. Quality NPOs translates to higher impact. Product Development, Marketing Partnership Management Research, Impact Measurement	**Venture team:** i) Business development knowhow ii) Digital product design and development knowhow (outsourced) iii) NPO management **Investors and Funding.**

Table 5 – How impact is integrated into the business model of the hybrid venture

4.2 Shaping venture strategy and operations through impact measurement

Each venture aimed to gather evidence that their interventions are producing the intended outcomes and impacts stated by their mission to verify meaningful contributions are being achieved with the venture and to find actionable insights about their target markets. All three ventures measured the scale and scope of their operations and were building processes that enable them to move measure beneficiary outcomes and impacts. For example, Venture B explains the rationale behind measuring outcomes and impacts:

> "But if we can at least start seeing some users, feeling more well-being, for example, then.. I think that would be very satisfying to see that we are actually achieving our mission."
> *CEO, Venture B, interview*

In the case of Venture A, some of the outcomes and impacts in the proposed impact model had been verified through customer tests. As showcased by the interview quote below, Venture A gathers customer and user feedback to measure the effects on beneficiaries and to verify the intended social outcomes got created:

> "Whenever piloting the solution, we gather customer feedback from the end users and the clients [to measure the intended impacts of the product were realized]."
> *CEO, Venture A, interview*

In addition, Venture A had developed a product that automatically measures some social outcomes created through the product use. By having designed product features which automatically showcase outcomes, the venture had combined digital product development and impact measurement efforts together to find resource synergies. To showcase outcomes and impacts, the venture had utilized a practice of pre/post-testing the effects the digital tool achieves with their target beneficiaries and customers, as well as comparisons historical baselines when that data was available. In addition, the venture also conducted manual calculations to estimate impacts for its customers.

This way, with impact measurement, the ventures aim to back up their value proposition by verifying and showcasing the various outcomes gained with their solutions. For example, Venture A CEO described how the venture has set goals to achieve similar outcomes and impacts for their future customers as they had with existing customers. The quote from an accelerator workshop below showcases how the venture embarks on impact measurement in order to research and validate the outcomes the venture's solution creates:

> "Achieving those results that we have previously, for example with one of our municipality customers, where the recovery patients recovery times have clearly shortened, and. they've gained financial savings, about 5000€ for each patient. These are the kind of goals we have, that our customers would reach outcomes like these, for example recovering faster to independent living, out of the service facilities where they are being treated, or for example if in child protection we can avoid the need to take a child into custody, as an example.
> *CEO, Venture A, interview*

Both Venture C and Venture B, on the other hand, worked with accelerator experts in close collaboration during the acceleration period to identify their impact model and theory of change. By utilizing IAOOI logic models and stakeholder mapping, the accelerator experts helped ventures identify the causal linkages between product features, product use and potential social outcomes and impacts. With both ventures, accelerator experts mentored the ventures to setup experiments to verify whether their product interventions yielded the desired social outcomes. For example, discussion flowed during a workshop between the accelerator experts and Venture B on potential routes for the venture to measure impacts:

> "In our strategy, we have defined we strive for building individual well-being and a community. Then there's the question if we utilize a happiness metric, a wellbeing metric or do we want to measure the depression, and what is the role of the machine learning in that"
> *CEO, Venture B, workshop*

> "How is the feature being used? What is being written there? The impact study option 1 you have listed here could be a tough one, if users only write 3 sentences there."
> *Impact Designer B, Accelerator, workshop with Venture B*

To elaborate an example, the accelerator experts helped Venture C to plan their impact model by visualizing the causal mechanism behind their product that create outcomes and impact, highlighted in the figure 33 below. During acceleration, a causal map of user interactions and the social outcomes the venture's target audiences might derive from the product use was generated. With the help of the causal map, the accelerator experts also helped the venture identify hypotheses about their impact model and the potential questions to ask from users to discover feedback on the outcomes the venture's solution is having:

Figure 33 – Accelerator experts helping participating venture visualize their impact model

The accelerator experts also helped the venture to identify and design appropriate feedback loops with their customers and users where the intended outcomes would get measured. When mapping the venture's impact model, the potential operational processes and

the metrics for measuring social outcomes were discovered, as showcased by the workshop discussion between accelerator experts and Venture C team below:

> "We'd create the impact model, measure that feeling [pointing towards a sketch of the impact model], identify the points of measurement and what would be the metrics to measure. Perhaps the hypotheses about these points [of user interactions], which ought to be developed with some particular type of test settings"
> *Impact Designer A, Accelerator, workshop with Venture C*

> "And from that we get back to the Service Design model and thing, that we do need to loop this somehow into our operations."
> *Product Owner, Venture C, workshop*

> "Impact model, impact measurement points in continuous business operations and the hypotheses for testing."
> *Impact Designer A, Accelerator, workshop with Venture C*

> "And then that we get the automatic measurement working."
> *Product Owner, Venture C, workshop*

As showcased in the quotes above, the ventures actively sought ways to integrate the impact measurement activities into their operations. As an example, Venture C had partnered with a 3rd party research company to verify how much social impact is being created with the digital platform transactions. Venture C also employed a specific person in the venture team to manage the non-profit organizations which form the basis of the social impact the venture generates with its product, highlighting how managing the impact forms a key process for the ventures. Similarly, Venture B employed a researcher and was assessing the most appropriate impact measurement and research activities to be prioritized, as showcased below:

> "It will take time to introduce the self-care guidance into the journal. In the meantime, it would be beneficial to do the first impact study or the systematic review about the peer support, because with that we could secure research grants when publishing it with partners. And because the software development takes time, we should utilize the time somehow."
> *CEO, Venture B, workshop*

With impact measurement, ventures aimed to find insights on how their solution is being used, gain validation that their solution is valuable and verify that the intended outcomes get created through the product use. Simultaneously, ventures identified whether further product development would be required, as impact measurement yielded insights about the product use. As an example, Venture C Product Owner and accelerator experts discussed the purpose of measuring impact during a workshop, showcasing how impact measurement efforts could potentially bring forth further insights for product development:

> "We need to measure the experience anyhow"
> *Impact Designer A, Accelerator, Workshop with Venture C*

> "That should be designed.. That's a good question [pointing to a sketch drawing of a the impact model] – Do you feel better as opposed to simply writing a check?"
> *Product Owner, Venture C, workshop*

> "And if you don't, do we need to design some additional elements into the service [in order to make you feel better]?"
> *Impact Designer A, Accelerator, workshop with Venture C*

Much like Venture A already has been able to develop, Venture B and Venture C were seeking ways to measure their impact within their product as automatically as possible through users interacting with the digital product. Example quote from a workshop discussion with Venture C highlights how product development and impact measurement are intrinsically linked with each other within the venture's operational model:

> "Yes definitely, and from there we get right back to the feature list, that in fact we must have this type of thumbs up and thumbs down thing [to understand and measure the social outcomes]."
> *Product Owner, Venture C, workshop*

This way, while developing their products and operational processes, Ventures proactively sought synergies between product development and impact measurement to strike a balance in resource allocation while proceeding towards hybrid goals. The ventures were also able to establish causality between product use and specific outcomes because the social outcomes of each venture intends to be created by the digital product features, further highlight the synergetic nature of impact measurement and product development. For example, an accelerator expert was mentoring Venture B on integrating impact measurement and product development efforts synergistically together during a workshop:

> "What you want to show is these specific users who have used this benefited from the use this way. After that, we organize the software development so, that the features being built support that effect."
> *Impact Designer A, Accelerator, workshop with Venture B*

> "We have scheduled with the team this week to discuss how the application and research are combined. The biggest question mark for us is especially how we will implement the impact measurement into the product. I have not yet had the chance to brief our newly joined UX Designer on how the impact measurements relates to our product."
> *CEO, Venture B, workshop*

In addition to gaining validation and user insights, impact measurement was also utilized as a means to help the ventures to progress towards various other business goals, including achieving legitimacy and engaging customers, employees and investors. As an example, Venture B CEO explains how they prioritize resources for certain activities, including research, to seem legitimate and trustworthy in the eyes of various stakeholders:

> ”Some of our investors could ask like why we're putting so much effort into brand building or into science that we have and are doing in parallel with the product. And the reason why we do that is mainly to build legitimacy and trustworthiness around our brand so we both look professional, but we also sound professional, but, especially, we do research for example to show that we are trustworthy, and that we are evidence-based.”
> *CEO, Venture B, interview*

As another example, Venture C founder explains below how the venture was ideating ways to make the impact feel tangible to their product users in an attempt to engage the users further into the service experience:

> ”I think that the conversation we've specifically had [with the team] is how do you make the impact, how do you measure the impact outside of just the monetary value, and how do you make it feel tangible.”
> *CEO, Venture C, interview*

In relation, one of the accelerator experts highlighted during an interview how measured impacts can become key for hybrid organizations to secure funding:

> “Oftentimes, when in these impact cases you might not have the evidence, the hard numbers and hard metrics, that can show your impact, it can be harder to secure the funding.”
> *Impact Designer B, Accelerator, interview*

Further, impact measurement aimed to yield insights for venture management. To showcase how, an accelerator expert who had worked with Venture C explained during an interview how impact measurement serves the venture and the different stakeholders involved. In addition to helping the management of the venture to gain an increased understanding of the venture’s effects, impact measurement was utilized to showcase proofs and achieve user engagement:

> “First of all, measuring the impact means how can we get data for ourselves about the usage of the service, so that we know how much motion there is, how many transactions happen, how much money moves and into what direction. That’s one side – That the venture gets that data and sees the impact they are having. The other side is that we’d like to tell about that impact to the world, to the users themselves, so that they can see what effects they are achieving with the time and effort they are investing into the service… So I’d say the impact measurement goes three ways: We want to know ourselves where are we at, what we are doing, the non-profit organizations will see transparently that money is being transacted between the service and them, and the user will see for themselves that they are doing something meaningful.”
> *UX Designer, Accelerator, interview*

With these highlighted, multitude of benefits sought, impact measurement was considered strategic endeavor amongst all three ventures, core to the operations of the ventures. Because impact measurement brought the ventures in touch with their target beneficiaries, it forced them to think empathetically and allowed them to gain customer and user insights

that could be utilized to steer product and venture development. For example, Venture A CEO highlighted how the impact model defines the venture's overall goals by showcasing the IAOOI model that the venture had developed during an interview:

> "Here's the impact model we've done previously, what we are aspiring to is that we measure the individual level, the organizational level and community level [outcomes and impacts]. These are our objectives."
> *CEO, Venture A, interview*

Moreover, an illustrative conversation between accelerator experts and Venture C Product Owner highlights how Venture C seeks strategic insights through impact measurement activities:

> "Here it helps to have our impact strategy; To identify the points of interaction where the impact arises; To see if the end result is just business or good business."
> *Product Owner, Venture C, workshop*

> "Yes. Understanding what creates the impact, so it can be steered and designed."
> *Impact Designer A, Accelerator, workshop with Venture C*

Thus, impact measurement seems a key activity within the hybrid business model. To elaborate why, an accelerator expert fittingly described during an interview how both, verified impacts and revenues, enable impact ventures to thrive:

> "Both are important, in a particular way. If you want to achieve a particular impact, you need a certain volume and for that a cashflow is needed. So, they kind of support each other, or should support, in order to reach both goals. If we are looking to create good business, then there has to be a case for impact and the mechanism built – you must have proof. But in order to reach the grander scale of impact, one needs customers, and payers and business."
> *Impact Designer B, Accelerator, interview*

In sum, impact measurement seems a core activity for hybrid ventures. By designing product features and operations that enable impact measurement activities within the digital product, ventures seem to find synergies between impact measurement and product development effort. These synergies seem to help ventures developing digital products balance resource tensions. Ventures also strived for communicating the verified social outcomes and impact to achieve various business goals. To summarize, the table 6 below features the IAOOI logic model of the ventures from the perspective of digital product development. The table showcases the inputs and activities employed by the ventures for their digital product development. In the models featured in the table, ventures generate product features as outputs of their efforts. These features are developed with an aim to create specific outcomes and impacts for the customers and the end beneficiaries. Thus, the table illustrates how each venture invests in digital product development with the aim to create social benefits for their end users and reach the impacts aligned with the ventures' mission:

	Input: Venture team & Resources	**Activities:** Product development status	**Output:** Product features	**Outcomes:** Social benefits	**Impacts:** Sustained change
Venture A	CEO and a developer (Interview)	Regular pre/post-tests with customers and pilots. Core features validated for problem-solution fit. Currently seeking funding for next round of development. Tailoring core platform functionalities based on customer needs. Setting up platform for customers. (Workshops & interview)	i) Map recovery goals together with end beneficiary ii) Document interactions during caretaking relationship iiI) Automatically measure the outcomes of caretaking (Venture's presentation)	**End beneficiary:** - Increased skills, confidence and outlook on life - Better engagement in the recovery process **Customer organization:** - Better dialogue with patients - More meaningful work for caretakers - Savings on work time - Better results for patient care **Society:** - Efficiency of operations, focus on prevention, purchasing of impactful services (Venture's presentation)	**End beneficiary:** More independent lifestyle, coping with challenges and quality of life **Customer organization:** Verified results and impact, more attractive workplace and higher profits **Society:** Resource sufficiency, less need for care, fulfillment of legal demands, more balanced economy (Venture's presentation)
Venture B	CEO, designer and developer (Interview)	Identifying and prioritizing product roadmap items and social outcomes through user research and prototyping. Testing problem-solution fit with MVP. (Workshops & interview)	i) Digital journaling features ii) Anonymous peer support ii) Cognitive Behaviour Therapy programs inside journaling application (Venture's presentation)	Venture currently defining and validating outcomes users derive from product use. Potential identified outcomes: increased well-being, feeling of empowerment, experienced loneliness, level of experienced resilience (Workshops)	Venture currently identifying long-term impacts Potential identified impacts: Reduction in the. degree of depression, anxiety and loneliness within society, reduction in social welfare and healthcare costs (Workshops)
Venture C	CEO, Product Owner, NPO Manager and Marketing Manager Team supported by accelerator designers and developers (Workshops)	MVP functionality validated in closed beta experiment. Developing the MVP further for scaling user base and engagement. Prioritizing features based on perceived customer value. Launching new functionality for go-to-market purposes. (Workshops & interview)	i) Create a profile to support and promote NPOs ii) Channel donations from meetings to NPOs iii) Book meetings during events to donate for social impact (Venture's presentation)	Venture currently defining and validating outcomes users derive from product use. Potential identified outcomes: Generating new responsible business connections, feeling more connected in business, feeling of making a difference and a sense of purpose, new revenue stream for beneficiary. (Document generated during acceleration)	Venture currently identifying long-term impacts Potential identified impacts: Busy professionals feel they can "give back" in a novel & convenient way. Higher employee engagement and satisfaction with work. Stakeholders feel more connected to local community & causes. NPOs raise money with less cost than before. (Document generated during acceleration)

Table 6 – How ventures invest in digital product development to create outcomes and impact

In conjunction with the previous chapter, the following visualization in figure 34 summarizes how hybrid social ventures can balance impact and profitability through a digital product innovation strategy that integrates both an impact and a business model into a single cohesive hybrid organization. Depicted below, the figure depicts how ventures aim to solve both customer and beneficiary jobs to be done through digital product features. By simultaneously embarking on impact modeling and measurement activities, ventures aim to gain additional insights about their hypothesized impact and their digital product's commercial appeal, while verifying the venture's social ROI in addition to financial ROI.

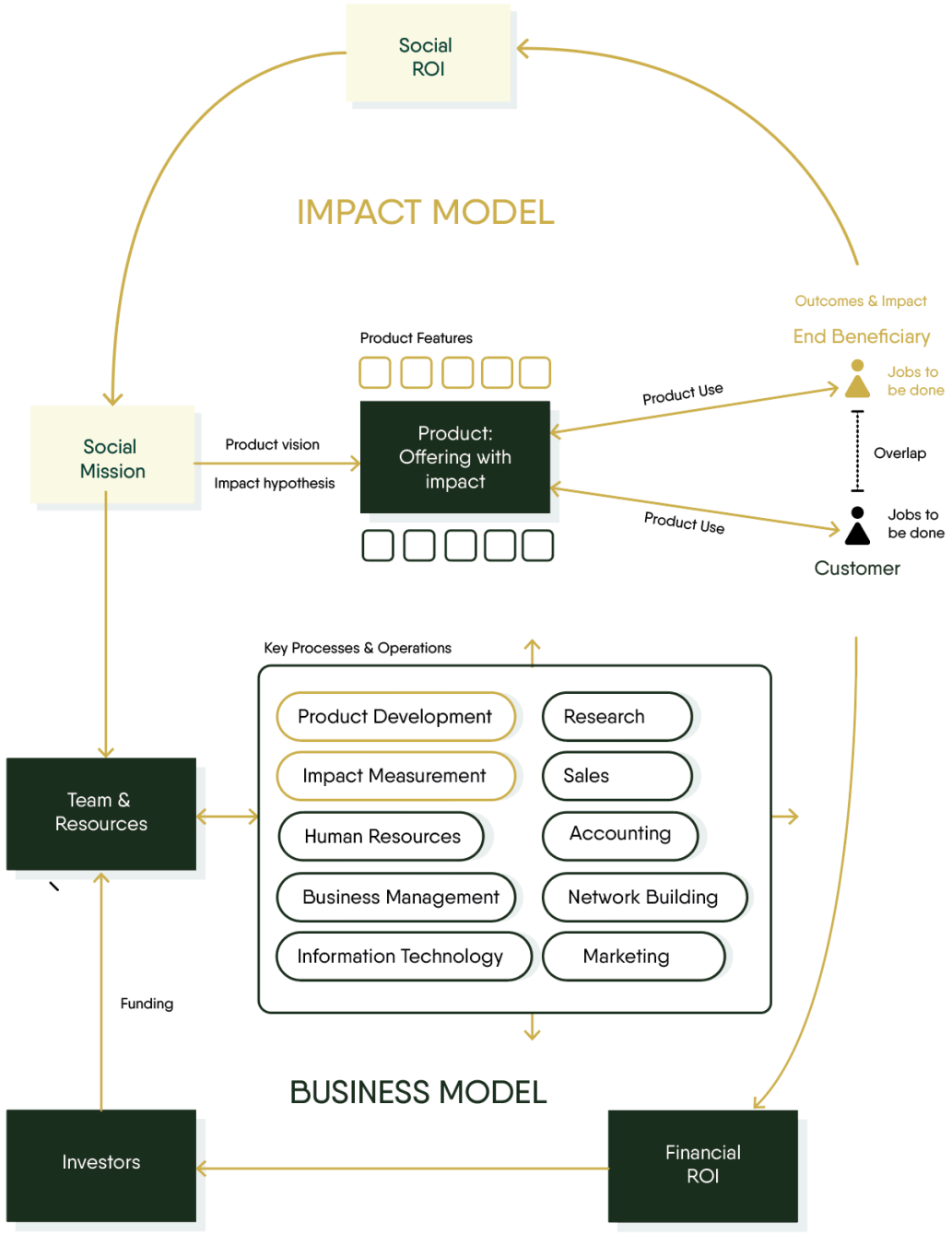

Figure 34 – Digital product innovation to balance impact and profitability

4.3 The mission as a foundation for a meaningful value proposition

This study observed ventures utilize their social mission and impact models as means to engage and retain stakeholders into collaborating with the hybrid venture. As the basis, when asked how their venture came to be, each founder described a deeply personal story of experiences within the social problem space, which culminated to the foundation of the venture. Correspondingly, the ventures' stated mission and vision were rooted within these personal experiences of the founders, which showcases how the founder's background and experiences shape the social mission and the scope of innovation the venture embarks on.

To highlight the passion and how the founder's background shapes the ventures mission and business idea, Venture B founder for example described during the interview the strong desire of devoting himself fully to the cause of the social enterprise through his career due to previous personal experiences. Relatedly, Venture C CEO described how his background shaped the idea for the venture during the interview:

> ”Then of course just my personal experience I think that that's totally key also in this equation. There's so many reasons for me personally to work with this. And, I have realized in the past few years, that I want to dedicate myself fully on building solutions for mental health. When I think about it, there's really nothing else that I could work with.”
> *CEO, Venture B, interview*

> **”**To your earlier question on my background you know I've always led sales teams and ran sales teams. And so, I understand that process. And when I was running a sales team at a previous company we started doing entertainment, that was a little bit more socially impactful rather than it always just being about taking people to lunch or taking people to dinner or a concert or whatever in order to spend time together and develop business relationships. And I saw what doing socially impactful entertainment did and how it formed deeper connections… And I started thinking you know what if we were to take that model and redirect that money into social impact rather than it being these frivolous things, right?”
> *CEO, Venture C, interview*

The experiences within the social problem space seemed to have instilled within the founders a sense of purpose for alleviating the social problem. After contemplating on how they could change the world in a meaningful way, eventually, entrepreneurship emerged as the gateway for pursuing the change they envision the society needs. Intriguingly, all three CEOs described how they aim to help other people who have experienced similar pains through their ventures. Highlighted below, Venture A and Venture C founders described their motivations for starting their ventures:

> “How do I remove those barriers for people like me that are maybe five years ago me, you know what I mean, to make that step, be so much easier?”
> *CEO, Venture C, interview*

> ”Originally [the business idea] was born, when I was myself working in expert role in the health and social sector and would have needed a tool that would have helped guide our services, made the impacts of the interventions visible and engaged the end clients more. I thought, well they've probably developed something like this, but

> when I didn't find one, thought I guess I'll have to create it myself, when others have not."
> *CEO, Venture A, interview*

Moreover, when elaborating the rationale behind founding their ventures, all founder described how their solution was something that the society seemed to be lacking. As an example, Ventures B and C founders respectively explained:

> "I feel like it's not a priority perhaps for the state or for governments, necessarily... So, there is a lot for entrepreneurs to try to come up with new solutions. But, even more importantly, I feel we have some responsibility towards society and also towards our fellow humans to find sustainable solutions in a changing world because we can't keep going on like this, that the majority of the people don't realize that they have a problem until it's a really a big problem."
> *CEO, Venture B, interview*

> "Okay, obviously there's a demand for people to spend time together in more meaningful ways. So where do we spend most of our time together and when in business? Right, like, we're always in a meeting, always at a meeting. And there's so many problems with that process of getting a meeting with someone you're trying to do business with. So I was like, if I can solve that problem, that process problem, then take that money, again on a more scalable way like I was with the events, but on a more scalable way to redirect that money, or that budget toward social impact, then that can become really powerful."
> *CEO, Venture C, interview*

The founders further each described being motivated to build a business that creates impacts while being viable and sustainable. For example, Venture A described how future profits would be utilized for firstly paying back investors, and then scaling the organization and its impacts. Similarly, Venture B founder envisioned that future profits would be utilized to scale the organization and provide opportunities for wellbeing for the employees:

> "Naturally, making profit is something that is so out there still. But I would say like, like, once we get to that stage, there's of course many ways also you can use your profit sustainably and responsibly. I think for us, making profits would probably mean being able to just fuel our own growth and grow our organization and especially I think also provide opportunities for our organization to be even more well-being and also perhaps empower them to help others."
> *CEO, Venture B, interview*

Most intriguingly, venturing into impact seemed to have communicative benefits the ventures utilize for their advantage. Ventures utilized their social mission and impact model as communicative tools to rally resources, to screen and engage partners to collaborate with, to motivate team members and to influence customer and investor decision-making and preference. For example, Venture A CEO mentions during an interview how the values the venture represents is what their investors have primarily invested in. Similarly, Venture B CEO describes during the interview how the mission steers the organization's operations:

> “First and foremost, it’s the value-base [we represent] where our investors have invested in”
> *CEO, Venture A, interview*

> ”I think it's definitely something that towards collaborators, we want to communicate our mission and use that sort of as, as a guiding statement. Also, to define and find people to collaborate with, because naturally, the mission is both larger than us and our collaborators, those who shared the mission will probably see also it interesting to collaborate, no matter what the situation – to find a way to collaborate. That's a big part on how we think about it: The mission is big, larger than us, so that's also what steers us.”
> *CEO, Venture B, interview*

To further illustrate how the mission is utilized to engage stakeholders, Venture B explained how their social mission has helped them motivate experts to work for them for free to create a website, thus effectively helping them combat early stage resource tensions. Similarly, Venture A explained how their approach to the problem space has motivated people to work with and invest into the venture:

> “But that's coming back to kind of the strength of the mission also – We don't really have resources to bring in anyone new in marketing, but because of a strong vision and mission there have been several people who have contributed. For example, we had one UX/UI designer who wanted to design the website for us, basically for free.”
> *CEO, Venture B, interview*

> “Somehow this resource-based way of working, this customer-oriented approach, has been what I think has been the most motivating factor for people to invest into our venture. That they, too, want to do things well, and better and in a more customer-oriented way.”
> *CEO, Venture A, interview*

Venture C, on the other hand, was ideating communications to make the social impact feel as tangible as possible for their product users in order to engage the users in the service experience. This in part showcases how impact measurement is utilized as a key business process to back up the venture’s social value proposition with proof. This proof is then utilized by the ventures to overcome entrepreneurial challenges, such as engaging users:

> “And so one of the things we talk about all the time is how do you create that feedback loop between supporter and cause, and how do you make it super tangible, not necessarily for an investor, but for the company, or for the person making the donation that it's like hey by the way thank you so much, you, you know, sent 20 bikes to kids in, you know, South Los Angeles that would have never had the chance because you donated $100 and that's what we were able to do with it and there's some sort of video or some sort of closing of the loop. So, that is where I feel like there's some good potential to figure out how we can do that within the platform.”
> *CEO, Venture C, interview*

Venture A, on the other hand, had found new efficiencies in the venture's sales process after developing an impact-based sales pitch during the acceleration period. This impact-based sales pitch was based on the IAOOI logic model and previously achieved customer outcomes and impacts, which the venture was utilizing in a creative format when presenting the potential impact of the solution to prospective customers. By utilizing these tactics in customer demos and outreach to potential customers, the venture was able to increase interest over the venture's product, get new sales leads and to grow the business by securing new customers:

> "And when we made the letter during the accelerator program, I landed one big client meeting just last week with that letter and not even sending any slides. Have you seen the letter, which I've been sending to clients? What we start out with is by selling impact-based.. It really hits a need and meanwhile, since municipalities are now struggling with this coronavirus, they are desperately trying to come up with savings. And when I send them a letter asking if they are interested in 40% savings on mental health service operation costs, well... It does kind of motivate them to read the letter. Nowadays I start by explaining this [the impact-based sales pitch], and if for example every tenth child custody case would be avoided how much savings you could achieve, so that has resonated pretty well."
> *CEO, Venture A, interview*

Moreover, when observing the various stakeholders engaging with the ventures during the accelerator, it became prevalent that the potential for creating social impact motivated people to interact and commit to working with the venture. For example, the experts working for the accelerator described how one of the key reasons they had joined the design consultancy was to get opportunities to work on meaningful projects that have the potential to create societal impacts and change:

> "Well it's the reason why in the first place I started to work at Adventure Club [the design consultancy organizing the accelerator] – The promise that we can do impact cases was the significant factor for me, why eventually I applied and chose the company as my employer. It has been a personal driver for me in previous projects and previous life and it's something that I've always wanted to go towards, so that has been a very clear number one priority for me."
> *Impact Designer B, Accelerator, interview*

> "I would like to be involved with the accelerator – These are the projects that made me join the company… It was one of the biggest criteria. In my age, with this experience you want to finally do something meaningful, even if its small scale, and for some others, it can be on a larger scale."
> *UX Designer, Accelerator, interview*

Through accelerator expert interviews it became apparent how working with impact ventures was perceived as meaningful, motivating and worthwhile work, enabling the professionals to commence in a sort of ethical self-fulfillment. It seemed that working on projects that create societal change can boost the individual's motivation to contribute, as it was considered a fulfilling line of work. This increased motivation towards working on responsible business opportunities, where the social mission and impact potential attracts skilled individuals to work on a higher cause, is further highlighted in the quotes from interview

participants below. Venture C founder, for example, describes how venturing into socially impact was a meaningful and exciting route in comparison to other high paying job opportunities. The quotes below also highlight how accelerator experts describe their positive experiences in working with impact ventures:

> "So if I was going to take that leap and take that step on my own. It was going to do something that was meaningful. It wasn't going to be just like you know me go I could go and work for another tech platform and make a great amount of money and be very comfortable that didn't seem exciting to me."
> *CEO, Venture C, interview*

> "It was nice that we can build a product and a business and at the same time generate something good. Overall that word 'impact', it feels that it has come to life in the last 2 years, meaning that in 2018 not one of us thought about it that way, but it was more like hey we have this nice bonus, that you have this 'make a meaning' and not only business."
> *Business Designer, Accelerator, interview*

> "It is pretty wonderful to work with people who have strong passion to do what they are doing. That's one of the big and important aspects of it. And the other part is that the mission and empathy have a strong presence there. At least personally it is a very important aspect, to have that higher mission, that particular empathic aspect and doing it with a big heart. You might not have that in all these other, more commercial projects."
> *Impact Designer B, Accelerator, interview*

Beyond achieving business benefits and retaining people through increased motivation, all three ventures aimed to differentiate from competing solutions with their approach to generating social outcomes. For example, Venture A CEO explained during the interview how the venture's ethical guiding principles, which "steer their work", are utilized in customer negotiations to influence preference and customer decision-making. The venture specifically noted how these ethical principles form a competitive edge for the venture when compared to alternative solutions:

> "And most importantly that we help the customer achieve objectives and goals that are important to them, is the way to strengthen the customer's participation. These [our guiding principles] are something that we incorporate regardless of what kind of tool we are delivering, whether it's about the lack of skills for an entrepreneur, the motivation or about the recovery from a mental health issue. These, in a way, form a competitive edge for us, because a lot of so-called measurements are very disease-specific, problem-specific, expert-specific, they are all things except. Typically, what people like about is that we have this new way of engaging [the end customer]."
> *CEO, Venture A, interview*

In sum, the ethically induced mission seems to help ventures navigate entrepreneurial and organizational challenges such as retaining employees, influencing customer preference and attracting partners and investors to collaborate with. This way, the aspirational purpose inherent in the mission-based impact venturing seems to have the potential of influencing

various other aspects in the hybrid business model, which, in turn, can affect the overall profitability and sustainability of the venture. Based on these findings, the following dynamic, inherent for impact venturing (figure 35) is visualized. The social mission, rooted in the entrepreneur's background, experiences and moral values, grounds the social enterprise in a pursuit to alleviate a social problem beyond profit maximization. Around this mission, the social enterprises aim to craft a meaningful value proposition that differentiates them from competing solutions and engages stakeholders to work towards the organization's mission. When successful, the higher mission and the meaningful social value proposition, in turn, seems to instill a sense of purpose and fulfillment within the individuals working with the venture. Finally, the newly found sense of purpose seems to result in higher creative output, commitment towards the venture and willingness to sacrifice (e.g. work for less compensation as a compromise for getting the opportunity to work on something meaningful).

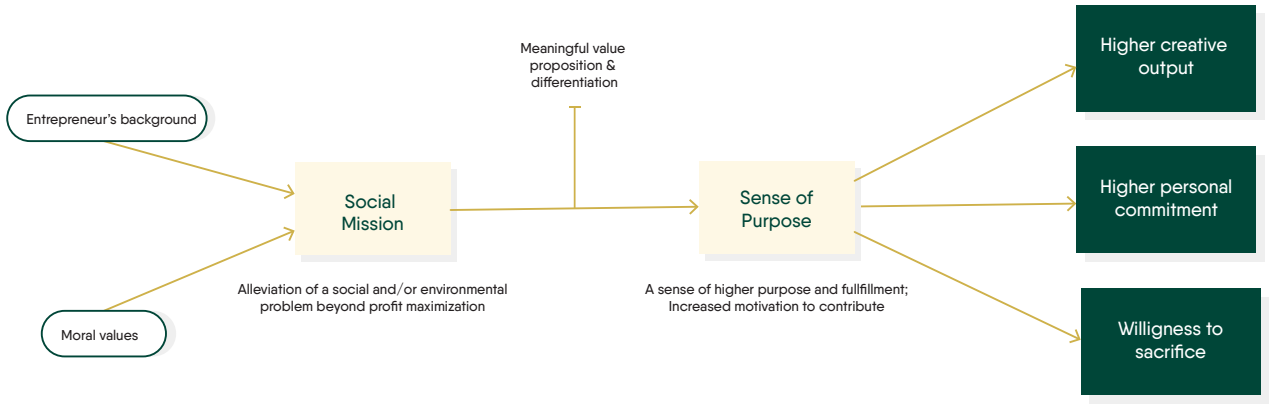

Figure 35 – Observed benefits of mission-based hybrid venturing

4.4 Experimentation to find a profitable hybrid business model

Although the ventures have different starting points, operate in different contexts and are in different stages of development, they were all observed to engage in a process of organizational experimentation, discovery and learning. Through this experimental approach the ventures ultimately aim to discover a profitable business model, which would enable them to contribute to their mission as a viable organization. Each venture conducted various experiments and described the tests they had conducted and learnings they had accumulated from tests during the acceleration period. For example, Venture A regularly agrees on pilot projects with prospective customers, so they can test the product before buying:

> "We ended up in an agreement with that client, that let's do a pilot anyways, test without a fee for a fixed period, because it's such a large organization, and if the tool works for them, they would continue with a paid subscription."
> *CEO, Venture A, workshop*

Moreover, all three ventures within the case were observed to actively explore potential new revenue models and target customer segments during the acceleration period. For example, Venture A had explored new customer segments for its digital product in discussions with potential new customers:

> "And nowadays, since our platform is a generic one in a way that the tools can be tailored through content to various different purposes, we have started to get very interesting new customers when offering to tailor the solution based on their needs… For example, we have started to create for one of our municipality customers physical education instructors this kind of exercise motivation tool, which they use in their advisory services. And for Finnish women entrepreneur's society we have created an entrepreneurship tool with which women entrepreneurs can self-evaluate their skills with."
> *CEO, Venture A, interview*

Venture A was also considering modifying its business model slightly, shifting from a coupling to a bridging hybrid model, by digitalizing the activities of customer education, which were offered to ensure social outcomes get created for the beneficiaries. In this potential business model adaptation, Venture A was considering offering recorded video trainings instead of running live trainings on customer premises. These videos would potentially reduce operational costs and be bundled as an additional service on top of the digital product offering. Furthermore, the accelerator experts helped Venture A to design experiments during the acceleration period in order to identify into which strategic direction the venture should invest in. The quick tests aimed to accumulate organizational learnings, as highlighted by the quote below from an accelerator expert facilitating the workshop. These learnings were gathered together with business case estimates to help the venture choose a strategic direction and make more educated future investment decisions:

> "So let's recap – What have we learnt from the tests we conducted?"
> *Impact Designer A, Accelerator, workshop with Venture A*

During the interview Venture A CEO also described how after several years of prototyping tests and product iterations the venture is finally ready to rally significant external funding. Having secured customers and verified the social impacts through pilot studies with customers, the venture has found potential with its hybrid business model. By having discovered a profitable business model, the venture aimed next to extend the team and find an angel investor in order to scale the solution internationally:

> "I think we are beginning to be investment-ready that if we really want to get scale and growth, we would need a bit broader shoulders onboard. So, for sure we will start searching for some investor."
> *CEO, Venture A, interview*

Venture B, on the other hand, had a clear vision for experimenting with a freemium subscription-based revenue model. In their hypothesized business model, some content and features of the digital product would be afforded for users who upgrade from a free-to-use version into a premium monthly subscription. To discover whether the business model resonates with the target market, Venture B first sought to discover which features users value the most through prototyping, user interviews and user acquisition campaign experiments. To illustrate, Venture B founder highlights during a workshop discussion with accelerator experts how they have a hypothesis on the value proposition, but need to validate it:

> "We have our hypothesis about the value proposition, but we do not know yet what the users particularly value, so we will go and test it."
> *CEO, Venture B, workshop*

> "That's how you should do it; What do you want out of the feature, what is the best format, what is the UX and UI? Couple of tests for each phase. And there you have your first hypothesis – Have you clarified a test around do people journal publicly or do they want to do it for themselves?"
> *Impact Designer A, Accelerator, workshop with Venture B*

The venture intended to gather these insights to build a coherent product roadmap aligned with the social mission of the venture, before attempting to secure the next round of funding for further experimentation. Later on in the acceleration period, the venture team also described prioritizing several prototyping tests with users to discover whether their product was responding to user needs appropriately, before investing into further product development:

> "The first question is: do you need channels [in the user interface]? Can we get better stories out [from the users] if we have channels? Your hypothesis could be that they ease the sharing for the users. It would also make it clearer what kind of things you can find here [in your product] at a glance."
> *Impact Designer B, Accelerator, workshop with Venture B*

> "That's one of the prototype questions that we will aim to answer during July. The pricing and willingness to pay for the self-care tests – That's a third test"
> *CEO, Venture B, interview*

In addition, Venture B CEO highlighted during the interview how they are looking into the possible partnerships and collaborations, which could help the venture make their solution more widely accessible across different target audiences in order to advance towards their mission. For example, the venture was looking into the possibility of offering the solution as free-to-use for beneficiaries by securing paid partnerships. In addition, the venture was exploring the opportunity of partnering with non-profit organizations to include social outcome-inducing activities into the venture's service experience. Through these potential partnerships, the venture was exploring different types of business model adaptations, while aiming to ensure viable operations and mission achievement:

> "I think public collaborations are very key to be able to at least offer it for free, to the users, or to anyone. Meanwhile, of course, we as businesses are able to support our operations."
> *CEO, Venture B, interview*

Venture C, on the other hand, had built a minimum viable product (MVP) and was conducting a so-called 'closed beta experiment' during the acceleration period. In this experiment a few hundred users were recruited to use the venture's solution in order to validate that the product works for its intended purpose before launching the product fully to the market. As explained by the accelerator expert working with the venture:

> "The assumption is being tested in practice, of course. In the closed beta, and afterwards in the public launch. Right now, Venture C has been in closed beta-experiment to see if any transactions are happening with their service offering."
> *UX Designer, Accelerator, interview*

A few weeks later, as Venture C found validation for the basic functionality of the product, the Venture embarked on data-driven digital campaigns to acquire users with an aim to discover their customer acquisition cost. The venture's goal was to compare the customer acquisition cost to customer lifetime value estimates in order to evaluate the future profitability of the business model. These estimates were then utilized to persuade investors that the business model shows a promise of financial ROI, in addition to creating social impact. In general, ventures were observed to utilize business key performance indicators (KPIs) during the acceleration period to steer work and ground discussion around potential future priorities and strategies. As an example, the quote below from Venture C founder describes how the venture team approaches prioritization of future activities based on the goal of maximizing the number of signups the digital platform product receives, since this helps drive the other interactions within the digital platform. Further, during the same interview, the CEO described how they conducted experiments to reach this important KPI:

> "I think that we need to sooner rather than later look at if there are unexpected hurdles that are hindering signups, and then adjust.
> *CEO, Venture C, interview*

> "We had signup days with the agencies where they were going to let us come in and sign people up that kind of has been thrown to the side. So, there were all these grassroot things we were going to try to do an affordable way"
> *CEO, Venture C, interview*

To offer contrasting perspective from beyond the accelerator, Business Designer B described during the interview his experiences of working as a Product Owner within an early stage social venture previous to the accelerator. The venture had initially identified that positive peer feedback from other children in elementary school situations could boost the self-esteem levels of children. By building a digital solution to enable peer feedback between children, the venture team quickly. realized that they can simultaneously measure the well-being and comfort levels of children, and thus, provide a data platform for the school personnel, which then became a core tenet in their value proposition and business model:

> "With that venture, it quickly emerged as a central idea that besides the feedback, we can measure the children's wellbeing and afterwards see the benefits of using the service through these measurements, and moreover that the data is a big part that way in practice the service, which we are selling."
> *Business Designer B, Accelerator, interview*

This experimental nature of early stage venturing was further characterized by the enlarging knowledge the ventures acquire during the acceleration. The enlarging market knowledge, highlighted e.g. in the quote above, was apparent throughout the workshop discussions between accelerator experts and venture team members. During the discussions, a continuous refinement of the ventures' operations, target segments, resource allocation and the determination of goals, priorities, tasks, responsibilities and strategies was taking place. Through organizational experimentation, the ventures seem to discover the necessary priorities in their business model that need to be developed to reach business KPIs. For example, Venture C founder described some of the operational challenges the team was facing and the learnings the venture had accumulated based on experiments they conducted:

> "So, there were some people who hadn't volunteer their time in the closed beta which I was like, you've got to volunteer your time or people can't transact. They gave us feedback on the nonprofit's that they cared about that we didn't currently have in our pool. The moment that we onboarded those nonprofits, one girl in particular volunteered a meeting a week where before she didn't have anything because she wanted to create every possible opportunity to support the nonprofit that she personally cared about. So I think inside of having that real personal connection of the right nonprofit and not one where people come in and go, okay, well here's my poll of 50, no it's not the one I really love, but this one's close enough. You still don't feel as connected to it, so that's been interesting."
> *CEO, Venture C, interview*

In a similar manner, to describe the enlarging knowledge, accelerator experts were helping Venture B to identify potential questions that could be used in upcoming experiments in order to gain a deeper understanding of the target market, their needs and use preferences:

> "It would be good to understand what type of people does the journaling help? It might not be the burned out people, for whom relaxing would be important."
> *Impact Designer B, Accelerator, workshop with Venture B*

> "Or if someone else tells them that 'it sounds like you have too much on your plate..', would the impact then come out of that and should the support be somehow measured?"
> *Impact Designer A, Accelerator, workshop with Venture B*

The process of organizational learning seems central to early stage venturing. For example, during an interview, one of the accelerator experts who has worked extensively with early stage ventures, summarized how the day-to-day seems to revolve around learning:

> "I think startups learn new things every day."
> *Impact Designer A, Accelerator, Interview*

Since the participating early stage hybrid ventures operate with limited resources, their ability to experiment seems somewhat limited. For example, Venture B CEO highlighted the problematic of balancing their budget between research and product development. Venture C founder similarly described the hurdles of managing the unexpected findings from experimentation when working with the constraints of a limited budget:

> "The biggest problem is that we do not have a separate research budget. In the limited funding that we have, we cannot take away from the product development into the research, because the product is not ready yet. That is why we are actively seeking research projects and enterprises, where we can participate. It turns out to be hard to get funding for research without previous publicized research, so that's why we are now publishing our first research paper."
> *CEO, Venture B, interview*

> "And, you know, people signed up and, but then half the people didn't publish their profiles. So why didn't that happen you know what I mean like, they filled half of it out and so how do you re-engage them? But then you got half the people the next day and then half the people the next day so it's like you're working on a limited budget."
> *CEO, Venture C, interview*

On the other hand, ventures actively ideated strategies for overcoming these resource tensions through ongoing discussions between the venture team members. Through these dynamic dialogues, ventures aimed to identify potential strategies and essential activities for venturing forward. The quote below illustrates how, for example, Venture B seeks out public funding instruments to fund their research activities in order to focus their private funding towards the product development:

> "But we are currently, both preparing for a private funding round, but also looking for an naturally for public research grants and for public funds… Especially, I would say funding grants, and this is kind of a strategy we've set that we want to fund our research for example, kind of independently with public research funds."
> *CEO, Venture B, interview*

It was observable how impact and profitability are continuously balanced in discussion through these dynamic and ongoing dialogues between the venture team members. Observed discussions typically revolved around topics such as goal setting, prioritization, task

management and risk assessment. As an example, Venture C founder described how they were ideating solutions to overcome some customer engagement questions in a dynamic discussion between the venture team members.

> "Literally in the Slack messages you we're hearing going back and forth [laptop notification sounds during the interview] it was our Product Owner and Marketing Manager going forth and back about how we engage with the customer – How often do we send them messaging if they've gotten a meeting that they haven't booked or accepted yet? Do we do we send them a message, once a week? Do we send them a message two days after they haven't accepted? Like that is my weekend was kind of thinking about that."
> *CEO, Venture C, interview*

A similar discussion between Venture A team members during an accelerator workshop below highlights the ongoing dialogue and the balancing act, as goals, priorities and experiments are agreed upon through discussion between team members:

> "Should we have that type of landing page where you get to choose 'I am a nurse' or 'I am a decision-maker' etc. and then direct them to the appropriate next step?"
> *CEO, Venture A, workshop*

> "This will eat up costs, so the question is how much effort will we put into it?"
> *Business Development Manager, Venture A, workshop*

> "Indeed, so we have some assumptions, which we should aim to test cheaply, before investing a lot of money. For example, spend 1 day enhancing the content and see through the data how it works."
> *Impact Designer A, Accelerator, workshop with venture A*

To summarize, with their experimental approach to innovation, the ventures explore business model adaptations to find a balance between impact and profitability. Through dynamic dialogues within the team, the ventures decide on priority and commit resources to given experiments. As ventures experiment, they accumulate organizational learnings about their target market with which their strategy and operations are shifted. Through this experimental approach, each venture aims to discover a model that shows potential for either domestic or international scalability.

4.5 Balancing impact and profitability through the acceleration process

The balancing act for impact and profitability was influenced by the accelerator experts throughout the acceleration process. To begin with, the potential ventures had filled out an application which included a total nine questions including inquiries e.g. on the business idea, the business model, the impact model and whether the applicant had yet measured their impacts. In the selection phase, applied ventures were assigned an impact potential and a business potential score by the accelerator experts based on the venture's application and perceived potential for creating profitable business and meaningful impacts simultaneously. To illustrate how the accelerator approached selecting ventures to be accelerated, an accelerator expert explained:

> "They need to have both impact and business potential"
> *Impact Designer B, Accelerator, interview*

After the applications were reviewed and graded, the accelerator core team held a selection meeting, during which the grades were reviewed and altered and the ventures' potential for acceleration were assessed. During this discussion, the ventures' communications appeal and the accelerator value-add potential for the ventures were also discussed. Having received more applications than it could accelerate with the resources available, the accelerator needed to prioritize which applied ventures to select for acceleration, as highlighted below. For example, during the discussion, some promising ventures with a solid business model were dropped because of the lack of belief in their impact model:

> "It's a tough choice: Which one do we drop?"
> *Impact Designer B, Accelerator, workshop*

> "The main question is – Can we help them? Can we make impacts happen?"
> *Impact Designer A, Accelerator, workshop*

In this manner, by utilizing a pre-determined selection framework and open discussion between the accelerator experts, the accelerator program vetted organizations that have the most potential for balancing impacts and profitable business. After the selection meeting, the most potential applicants were selected on a shortlist and the accelerator experts started to identify potential acceleration activities for the shortlisted candidates. Then, meetings were organized during which some of the potential acceleration activities were discussed with the ventures and the candidates were further assessed for acceleration fit. The quote below from an accelerator expert showcases how these discussions shaped eventual selection through the assessment of venture-accelerator -fit:

> "Let's try to discover what pleasant things could we do together. The goal of today: are we a good match?"
> *Impact Designer A, Accelerator, selection meeting with a shortlisted venture*

After a round of meetings with the shortlisted ventures, the most promising ventures were accepted for acceleration. Once ventures were accepted, final scoping discussions were held between the accelerator experts and each individual venture, with the aim to determine an area of development from which the venture would benefit the most from. Through these

scoping discussions, a focused scope of work and agreement emerged between the venture and accelerator. To highlight how the accelerator approached selection and scoping, the accelerator director elaborated:

> "In the selection situation we try a bit to select the ventures with potential for both impact and business. And the one that advances significantly, is what we need to define and I'm guessing we have to genuinely think that we help in a bit of both."
> *Accelerator Director, Accelerator, interview*

During this scoping phase, accelerator experts help ventures set clear and attainable goals, and then determine realistic plan on how to achieve those goals. When asked what the most critical success factors for the accelerator are, the director also highlighted the importance of selection and scoping:

> *"*That we can select the startups and then select the right things to be accelerated. When the time resource is constrained, and resources altogether are constrained, that we can somehow focus that."
> *Accelerator Director, Accelerator, interview*

To showcase further, the image A below in figure 36 highlights a glimpse of notes made by accelerator experts during a scoping discussion with a venture. Since the venture had expressed the accelerator could help the venture with impact modeling and measurement, the notes include an initial mapping around the IOOI logic model of the venture. In addition, the image B in the figure 36 below features an internal guidance documentation of the accelerator for mapping the impact and business potential of a venture, showcasing how the scoping phase too aims for balance in venture impact and profitability:

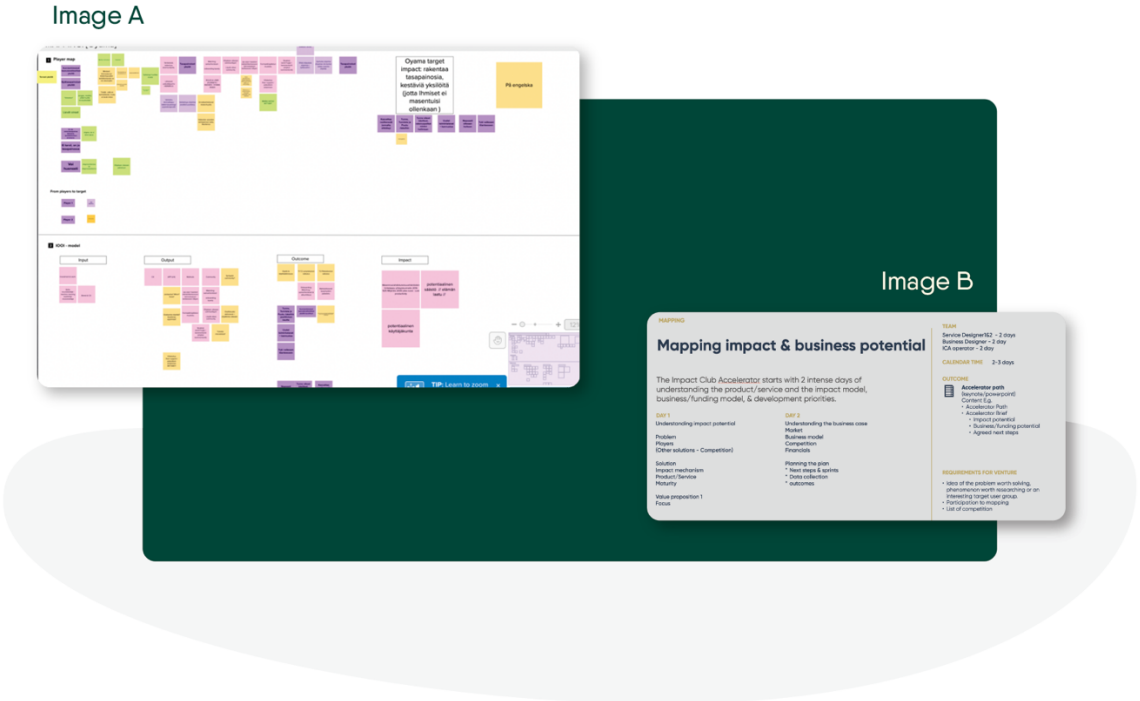

Figure 36 – Notes of a scoping discussion and an internal guidance documentation

During the scoping meetings, the ventures were also requested to assess their position on a business-impact matrix featured in the figure 37 below. The matrix featured five categories of business and impact maturity the participating ventures might fall into. In the vertical axis of the matrix, describing the venture's impact maturity, the first category is resembles ventures who have an idea of impact. The second category includes ventures that have an impact model with some positive outcomes. The third category ventures have proven impact and the venture has already conducted experiments to validate their impact model. In the fourth category, titled repeatable impact, the venture has found an element of scalability in their impact model. In the final and the most mature category the venture proceeds to holistically manage their impact.

On the horizontal axis, describing the business maturity of the venture, the categories follow a similar trajectory. In the first category, ventures have an idea of business. In the second ventures have identified a business model, and in the third ventures have a proven business model. In the fourth category, titled scale up, the venture has found an element of scalability in their business model. In the final stage of the horizontal axis, titled international/impact investment, a venture has successfully scaled its business by internationalizing its operations and/or by starting to invest in other impact ventures. In the scoping meetings, the ventures also assessed the position they would like to be in in the matrix below:

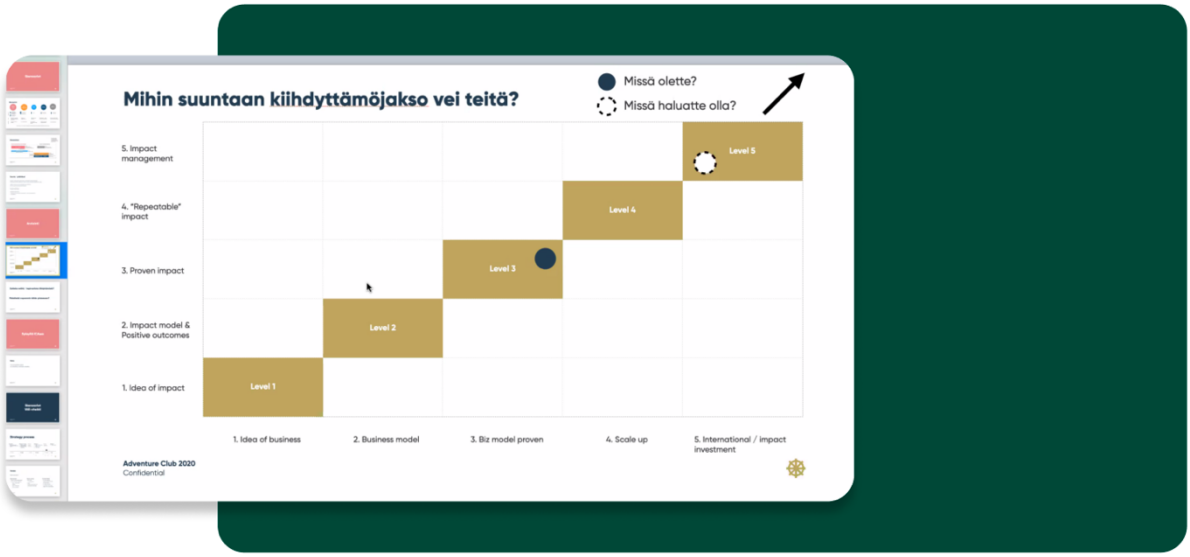

Figure 37 – Impact-Business matrix: Assessing hybrid venture maturity

The above matrix was also utilized in the post-acceleration feedback session, where ventures gave a similar subjective assessment on the progress made during the acceleration period and described their satisfaction with the acceleration services. The matrix showcases how hybrid ventures aim to develop in dual directions of impact and business, highlighted as the five levels depicted in golden color in figure 37 above. The matrix thus seems to strengthen the previous findings noting how hybrid ventures develop and validate both a business and an impact model. A discussion between Venture C and accelerator experts highlight how the accelerator helps ventures on this development:

> "The accelerator could help you go that way faster or that way."
> Impact Designer A, Accelerator, Workshop with Venture C

> "And because of your expertise and knowhow, you can advance the startup in to not just one direction, but towards both."
> Product Owner, Venture C, Workshop

During the final phase of the accelerator process, the accelerator and venture strive to achieve the set goals during the accelerator period in close collaboration. To push the ventures forward during the acceleration period, the acceleration journey is tailored to fit each venture's specific needs as the participating ventures strategize according to their context and market realities. Providing the tailor-made program aims to help the ventures proceed as fast as possible, while also ensuring the quality of the accelerator's interventions. As described by one of the accelerator experts:

> "In reality it's that we can help them get from point A to point B faster – or in the ladder model, from one level to the next. But it really depends on the venture, for some development on the impact side can be a lot important. For others it's their business and revenue."
> *Impact Designer B, Accelerator, interview*

As mentioned the accelerator program was an exploration and a business model experiment within the design consultancy, where the best operational model to help participating ventures reach their impact and business potential was sought. For balancing impact and profitability, one of the main challenges identified for accelerating hybrid ventures was the length of the acceleration period and its sufficiency to measure a given venture's impact. Accelerator experts proposed that for impact measurement to fully happen within the accelerator, a longer acceleration period than 3 months would be needed:

> "In order to get even the slightest idea of the impact done, a particular acceleration time is needed. That's quite important, but it's the tough part."
> *Impact Designer B, Accelerator, interview*

In addition, the traditional acceleration model where within a set time frame participating ventures go through the same program of events and interventions was found challenging to combine with successful acceleration of hybrid ventures. As explained by the accelerator experts, the accelerator was deemed to be better positioned to help a venture, when the acceleration and the interventions provided by the accelerator are tailored to suit each of the participating ventures' needs:

> "Well if they get an MVP done during the acceleration, that's an impact that we can have on them. But overall, this 3 month period is a bit silly, the idea that force everybody in between the same timeframe of acceleration, especially when we know that we cannot start working with all the ventures at the same time and suddenly we get them into some sort of 'impact measurement' and then we are all like wow, it's the demo day. In reality these advance more like [scribbling a timeline on the wall illustrating a parallel progress between the ventures], and this is one of the reasons why the traditional accelerator model does not work for accelerating impact or it would require the ventures to do themselves an awful lot during the acceleration period. If that's the case, then one can question what is the value add we bring if it's just like the other accelerator program, which was merely a meeting place where people

saw each other, chuckled around some coffee, then went home to do some work and came back to chuckle around some coffee again."
Impact Designer A, Accelerator, interview

In response, the accelerator experts were ideating an acceleration model for hybrid ventures, where a venture striving for verified impacts might participate in multiple rounds of acceleration. During multiple rounds of acceleration, or "seasons" as the accelerator experts labeled the idea, the accelerator would provide mentoring over a more extended periods of time in periodic fashion in order to guide the impact measurement activities appropriately:

"To accelerate impact, this idea of the seasons could be something – That in the first season we do sprints 1 and 2, like the impact model, in the next season we do sprints 3 and 4, to measure the impact, and on the third season they advance forward and graduate. We have this modular thinking behind the sprints, but then the question becomes how much can we organize and operate?"
Impact Designer A, Accelerator, interview

In summary, the venture's ability to balance impact and profitability was shaped and influenced throughout the accelerator process, which is highlighted in the figure 38 below. Through each stage of the accelerator process, selection, scoping and acceleration, the accelerator aims to guide and steer ventures towards pathways for blended value creation that balances impact and profitability. When selecting ventures, the needs, objectives, stage and the team are analyzed with the help of the accelerator's selection framework. Next, in scoping, goals, timelines, resourcing and deliverables are agreed between the venture and the accelerator, as the accelerator offering is tailored to suit participating venture's needs and to ensure the value add of the accelerator through a realistic and achievable plan. Finally, accelerator experts and the venture collaborate during the acceleration, described in further detail in the next chapter:

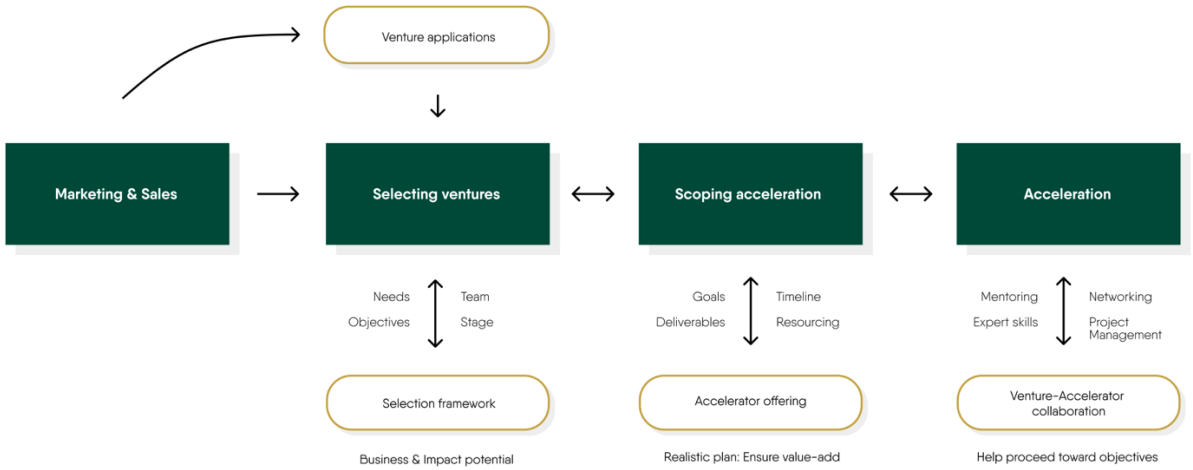

Figure 38 – Balancing impact and profitability during the acceleration process: Selection, Scoping and Acceleration

4.6 The accelerator as a value adding resource for ventures

During the acceleration, the accelerator experts work in a close collaboration with the participating ventures to help them develop further through distinct mechanisms. Most interactions between the ventures and the accelerator happened via the acceleration workshops, where entrepreneurial challenges were solved with the application of specialist skills. As an example, accelerator experts were helping Venture C to formalize their product idea into a testable minimum viable product (MVP), which would be utilized to experiment their impact model and product idea:

> "When I joined the first meeting, they maybe had the specs in an Excel sheet, that had some use cases opened up and what they want to achieve. We then went through those specs and started thinking, which features will we start with, where do we begin, what are the must haves for the experience to work and what can be left for later"
> *UX Designer, Accelerator, interview*

From the ventures' point of view, the accelerator is an external resource and ecosystem connector into which the applying ventures aim to tap into. To showcase, the figure 39 below highlights a workshop with Venture C during the acceleration period. During the workshop, accelerator experts worked with the venture to scope product features as user stories and as quick wireframes and user flows. After the product design workshop, the features were prioritized into the upcoming product development sprints by the development team. Here, the accelerator added value to venture team by helping them design and develop new product features:

Figure 39 – Observing accelerator experts working with a participating venture to scope product features

In practice, the collaboration between accelerator and venture was organized by first agreeing on an approximate of 100 hours of specialist work, packaged in the accelerator's offering as design sprints. These sprints, highlighted below in figure 40, included research, product, impact, business, go-to-market and branding sprints. In the scoping phase, these sprints were tailored to suit each venture's unique needs, creating the backbone for the venture's acceleration journey. When asked about what value the accelerator creates for the ventures, an accelerator expert elaborated, highlighting how the design sprints form an essential part of the impact accelerator:

> "It's these [pointing to the sprints]. We have skills. In practice, what they get is added strength to their team."
> *Impact Designer A, Accelerator, interview*

Within the accelerator offering of design sprints, the research sprint is a tailored service that focused on understanding the users, context and the market opportunity. The product sprint is focused on exploring and refining the concept, the product or service and potentially creating an MVP. The impact sprint is focused on modeling and measuring the impact for the participating ventures. The business sprint is focused on building a business case and testing the appropriate strategy forward. The go-to-market sprint/growth hacking sprint is focused on scaling the opportunity and improving the market share. Finally, the branding sprint is aimed at the crystallization and creation of a well-positioned brand identity for the participating ventures. By providing help in these focus areas for hybrid ventures, the accelerator offering itself is designed to help ventures balance impact and business. The sprint offering is highlighted in the figure 40 below, which summarizes the accelerator's core competences. The image also features an example internal documentation of the research sprint:

Figure 40 – The core of the accelerator offering: design sprints

Through the design sprints, the accelerator experts offered a focused scope of development that would be tackled during the acceleration period. Because the participating ventures aim to build new businesses that create impacts from the ground up with limited resources, the seasoned accelerator experts are well-positioned to help ventures solve a defined set of problematics faster than ventures could by themselves. For example, as featured in previous chapters, through the impact sprint, accelerator experts helped both Venture B and C to visualize the impact model in order to design the appropriate impact measurement activities and processes.

In parallel to the specialist support, the accelerator experts also mentored the ventures in a variety of topics related to digital service development, strategic decision-making and hybrid venturing during the acceleration period. The help provided by the accelerator ranged from strategic advisory to coaching ventures on achieving their next milestones to hands-on help with specific business tasks. As mentors, the accelerator experts helped the ventures set realistic expectations and future plans. To showcase, accelerator experts were sparring the planning and goal setting of Venture B early in their acceleration journey in the workshop discussion below. The discussion helped the venture to scope their future roadmap in a realistic manner, given the resources at hand for the venture:

> ”What are your short-term goals?”
> *Impact Designer B, Accelerator, workshop with Venture B*

> “It is pretty ambitious to say that depression will decrease globally. It would be wise to first assess what is your obtainable market.”
> *Impact Designer A, Accelerator, workshop with Venture B*

Accelerator experts specifically recognized helping impact ventures set realistic and achievable goals as one of the key facets of mentoring and coaching ventures forward, as highlighted in the quotes below:

> “Oftentimes startups have the passion that comes first, for example with the EdTech startup I am mentoring through their pedagogy expertise, but the reality is that you are not a platform business developer. And when you have someone who has done countless numbers of B2C and B2B services, just the fact that you can prioritize that day-to-day and the development of the web service; Let’s not waste any more time on that, that’s enough for that, let’s do that like this – it can be incredibly valuable.”
> *Business Designer B, Accelerator, interview*

> “Oftentimes these impact cases they might have quite unrealistic objectives, and they can be quite big and ambiguous topics as a whole. The fact that we can disentangle that into parts and make it more realistic and provide a systematic plan on how to achieve those goals, that is definitely one way we can help the ventures.”
> *Impact Designer B, Accelerator, interview*

This way, the accelerator experts guide ventures by managing their expectations on what is realistic to achieve with the resources they have available, based on expertise and previous experiences in similar settings. Throughout the acceleration period, a coaching approach where accelerator experts steer the thinking and discussion through key questions was utilized by the accelerator experts to mentor the ventures forward, as exemplified below:

> “How could you move forward with even tinier steps [than what is proposed in the plan of the venture]? You will face certain challenges as you move forward: where will you store the data? Who can process the data? Getting the research permissions from the municipalities and the schools. It would make sense to start off with something that’s a bit smaller in scope.”
> *Impact Designer A, Accelerator, workshop with Venture B*

By having faced similar challenges during previous projects, the accelerator experts are able to add value to venture development. With their previous experience and expertise, the accelerator experts are able to rapidly showcase potential strategies and pathways forward, outlining the benefits, pitfalls and the steps needed to be taken. Accelerator experts also served as an outside perspective for the venture, challenging their ideas, assumptions, plans and goals. Mentoring the participating hybrid ventures, the role of the accelerator was to offer a sort of business reality check – to challenge impacts the ventures aim to create into viable business plans and an organizational setup that has the means to grow. The quotes below highlight how accelerator experts mentored a venture forward based on previous experiences during a workshop discussion:

> "Our vision is that we want to educate users to remove their negative thought patterns; to remove those negative states of feeling.”
> *CEO, Venture B, workshop*

> ”You probably need to do a hypothesis, stating that this way you can get rid of that, and the see if it works with the product features you design”
> *Impact Designer A, accelerator, workshop with Venture B*

During the acceleration, the accelerator experts also facilitate a creative process that moves fluidly from understanding, ideation and prioritization to bring forth opportunities for venture development. Within this creative process, the accelerator experts jump between various topics related to hybrid venture development and might offer advice on product user interface in one time, and then proceed to discuss research activities or the sales process. To showcase, the image A in figure 41 below highlights a snapshot of the affinity diagram from an online workshop discussion between Venture A and accelerator experts. The image A highlights screenshots of the online workshop alongside examples of codes (white post-it notes) used to analyze the data and discussion. The topics featured in discussion in this particular workshop included e.g. market segmentation, value proposition design, website redesign, market segmentation and ROI calculations.

The figure 41 below also showcases in images B and C two similar but separate workshops between the accelerator and Venture B. During these discussions, the accelerator experts shared their feedback with the venture, offering advice on user interface and UX design, highlighted potential competitors and their strategies that the venture could benchmark, and sparred goal setting, impact measurement plans and the venture’s roadmap. The image C also highlights examples of codes (white post-it notes) of these dynamic workshop dialogues, during which discussion between accelerator experts and the participating venture moves from visioning to goal setting and prioritization to decision-making:

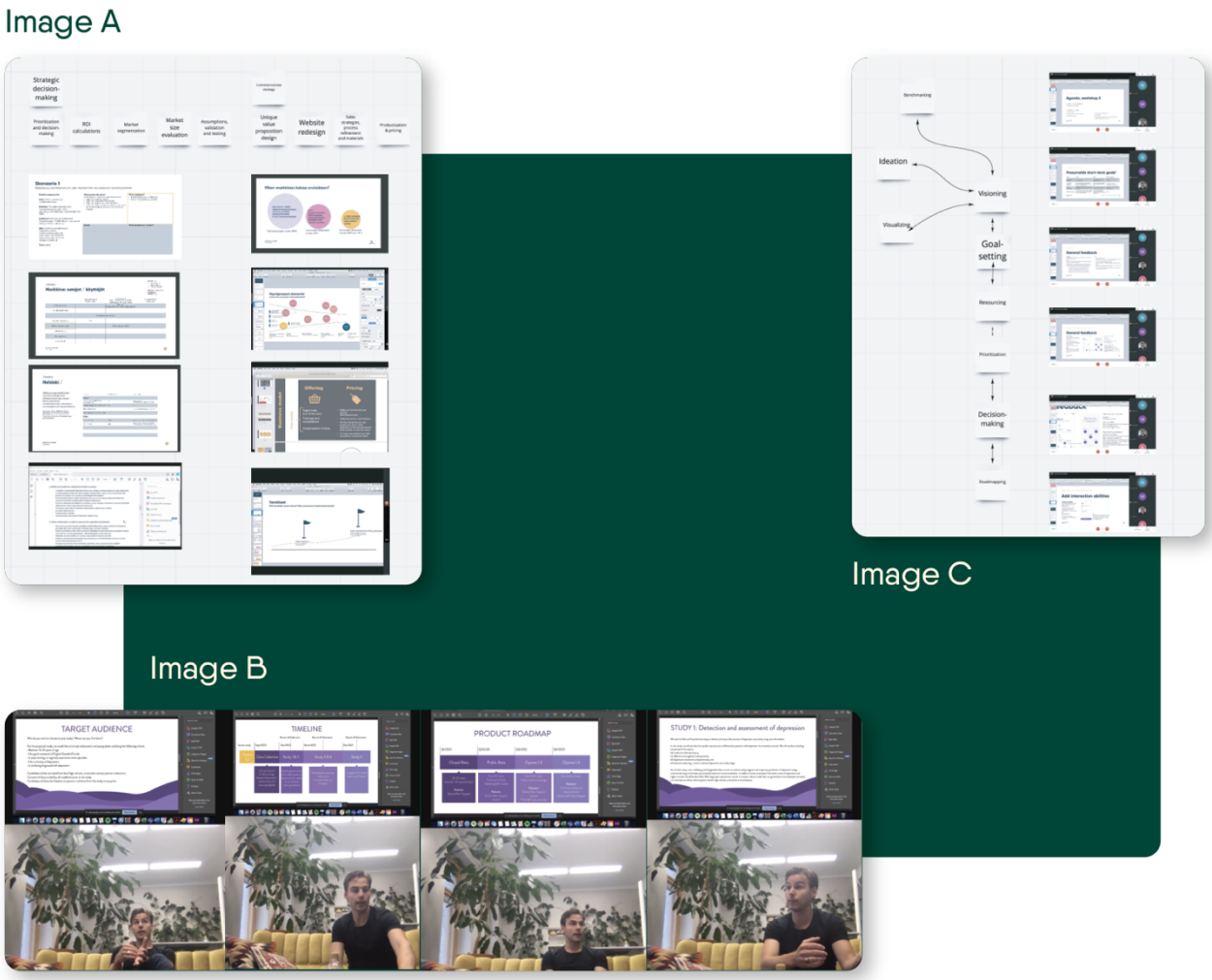

Figure 41 – Examples of dynamic workshop discussions

Throughout this collaboration, accelerator experts were observed to fluidly utilize a design and lean startup methodologies to steer and probe the conversation with key questions through the various levels of hybrid venture development. To highlight how these discussions aimed to add value to the venture development, featured below is a discussion during which accelerator experts were helping Venture B identify the potential hypotheses to be tested for upcoming user research and prototyping:

> "Your hypothesis [for the upcoming user research and prototyping] could be that channels in your product UI help sharing what's bothering the user. And simultaneously clarify the application for what you can find there."
> *Impact Designer B, accelerator, workshop with Venture B*

> "The first question is: do you need channels [in the user interface]? Can we get better stories out [from the users] if we have channels? Your hypothesis could be that they ease the sharing for the users. It would also make it clearer what kind of things you can find here at a glance."
> *Impact Designer B, accelerator, workshop with Venture B*

To help steer the collaboration, the accelerator helped ventures craft concrete design artefacts and documents. Some workshops were organized around these artefacts, and at times, the artefacts were shared through digital communications tools for comments and revision. The artefacts were designed as tools to help participating ventures develop further and were sometimes co-created in collaboration between the accelerator experts and venture team members. The materials produced ranged e.g. from sales material to a website wireframe, from a prototype to an impact study plan and from a go-to-market plan to a specifications document for an MVP, depending on the participating venture's needs. At times, when suitable, the artefacts were utilized in discussion with the broader group of venture stakeholders such as users, customers or partners to conduct quick qualitative tests and gain insights into the hypotheses behind the artefacts. Thus, this study observed the accelerator to help ventures balance impact and profitability in ongoing dialogues and conversations around design artefacts, which were aimed at addressing the early stage social venture development pain points. This dynamic is summarized in the figure 42 below:

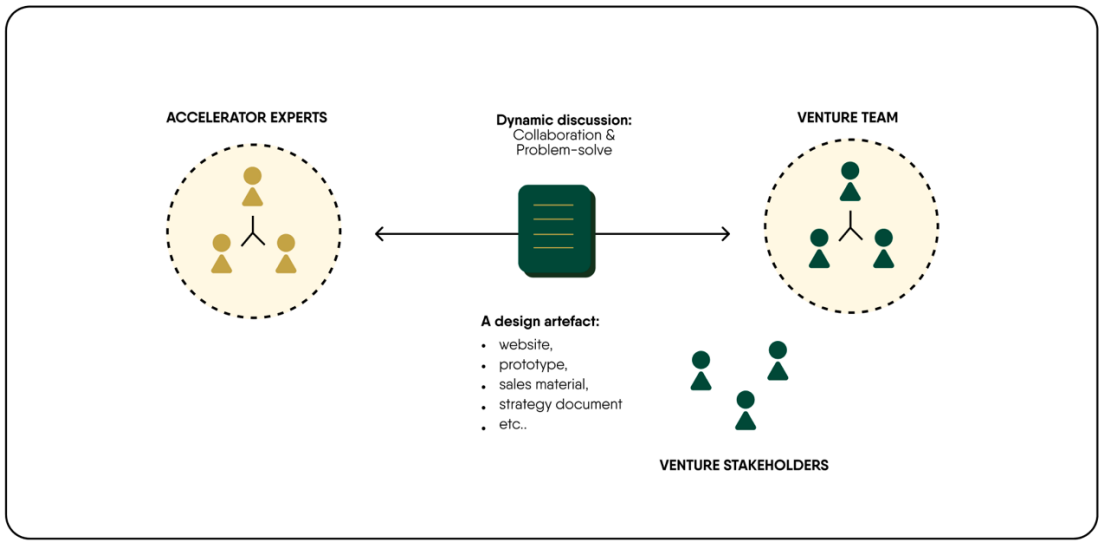

Figure 42 – Accelerator value add in dynamic discussions through design artefacts

In addition, it seemed that the accelerator added value to the venture team through knowledge transfer to some extent, as ventures seemed to learn from working with the accelerator experts. This value-add mechanism was not an intended to the extent of transferring skills and expertise, as accelerator experts specifically mentioned during interviews that "we don't exist to teach the ventures our skills." Nevertheless, knowledge transfer was observable in the gathered data. For example, the following quote by Venture C founder and CEO illustrates how, even though he had not learnt the specific skills, he had grown a deeper appreciation for platform experience and UX design after working with accelerator designers to identify, sketch and design the user experience of their digital product:

> "I would say the, the platform design and experience and thinking through why people stop, I have a much deeper appreciation for, now, not that I didn't appreciate it, but I just have a deeper appreciation for it how complex it is and it seems simple. So that's been amazing."
> *CEO, Venture C, interview*

The accelerator also facilitated connections between the ventures and ecosystem stakeholders with overlapping interests to the ventures, and sought to match participating ventures with potential investors, partners, mentors, and customers. The accelerator provided introductions to these contacts and facilitated networking during separate events. For example, the accelerator matched each venture with a corresponding, additional mentor or partner from outside the accelerator. By facilitating these networking opportunities and connections, the accelerator aimed to open up avenues for long-term value creation potential to help ventures balance their impact and profitability.

Through these mechanisms, the added value of the accelerator program seemed apparent for all three participating ventures. For example, Venture A was struggling with choosing the focus customer segments, scaling of the solution, their product strategy and a lack of sales. The venture achieved significantly better results in post-acceleration sales activities after the accelerator worked to define strategic focus areas and improve the sales process and materials. Another illustrative example featured below is the spontaneous feedback from Venture B CEO during a workshop where accelerator experts helped the venture define how the product user experience and impact measurement link together:

> "Our sales pitches are way better than before and for that, I am very, very pleased."
> *CEO, Venture A, interview*

> "That's really good, really well encapsulated, brings the focus we need [referring to a UI mockup created by the accelerator experts]. I will need to send this forward to our UX Designer."
> *CEO, Venture B, workshop*

Ideally, the accelerator was seen as the venture team's extension in a coherent way, once a good venture-accelerator fit had been ensured with the venture team and accelerator experts. This key aspect of a fruitful venture-acceleration collaboration is highlighted by the quote below, where Venture C reflects on the experience of working with the accelerator. From the accelerator's point of view, ventures needed to possess the potential for committing to the acceleration activities, in order to develop further faster, as emphasized by the accelerator director during a retrospective meeting after the acceleration:

> "It's been reeally good [working with the accelerator experts]. I think the team, caring about social impact as much as we care about it has been really nice that you feel like it's a real team, it doesn't even feel like, oh, we're working with this other company to me."
> CEO Venture C Interview

> "And there we need to pay attention to the coachability – If we do not feel it's possible to work with the venture, that things are not moving forward adequately from their side, we can blow the whistle earlier and cut the collaboration."
> Accelerator director Accelerator Workshop

In sum, the accelerator serves as an external resource aiming to help participating ventures develop further faster. In the short term, the accelerator seemed to augment the participating venture teams' capabilities by providing access to valuable expertise and talent as a cohesive extension of the venture team. By also providing the appropriate structure,

planning and granting access to previous experiences, the accelerator mentored the venture to develop further during the acceleration period. In the longer term, the accelerator seems to add value through increased networks, connections and knowledge transfer.

These value-add mechanisms are illustrated in the figure 43 below, which showcases how the accelerator influences venture development following an IAOOI logic model. By turning inputs (knowhow, skills, previous experiences and networks) into outputs (mentorship, business relationships, transferred knowledge and concrete artefacts) through activities (collaboration, workshops, digital communications and networking events) the accelerator aimed to help participating ventures achieve various business outcomes. These business outcomes include a more capable venture team and more efficient problem-solve, new business opportunities and the attainment of specific business outcomes such as increased sales process efficiency. In the longer term, the accelerator potentially helps ventures become more commercially viable and socially impactful through e.g. increased venture product quality. More broadly, the accelerator potentially benefits the innovation ecosystem, boosting welfare in the society indirectly through increased competitiveness of graduated ventures:

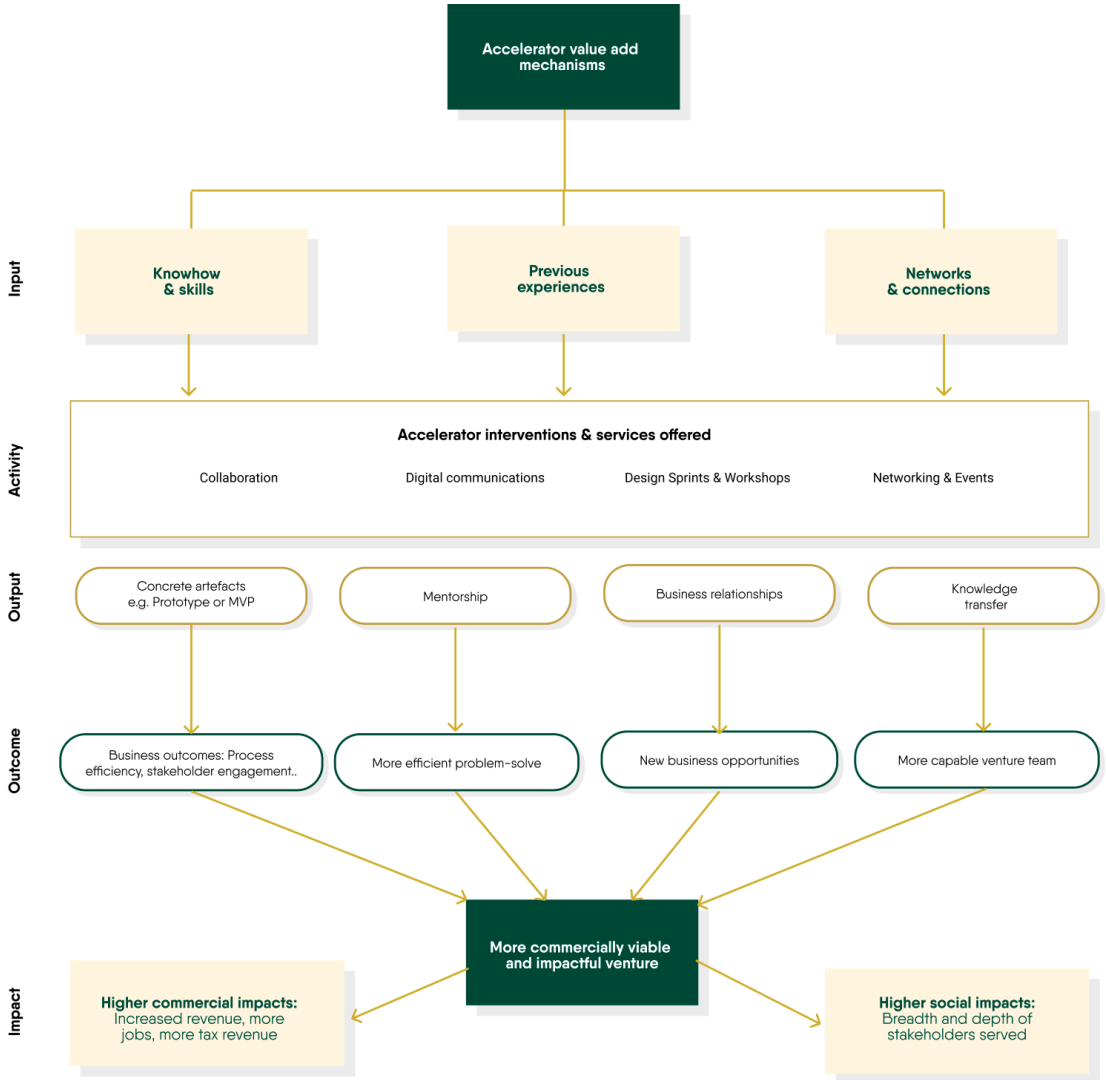

Figure 43 – Identified accelerator value add mechanisms: an IAOOI logic model

4.7 Summary of findings

In this study, early stage ventures balanced impact and profitability by innovating a digital product that links an impact and a business model coherently together (figure 34). Chapter 4.1. elaborated how the ventures innovated a digital product within a social problem space by aiming to solve both customer and beneficiary jobs to be done with digital product features. Through product use, social outcomes and impacts were intended to be created for the customers and beneficiaries. Chapter 4.2. built on these insights and demonstrated how impact modeling and measurement form a particular key process in the hybrid business model in order to verify social ROI of the venture. Impact measurement activities also offered ventures opportunities for customer and beneficiary insights, as ventures aimed to find synergies between product development and impact measurement activities.

Chapter 4.3. showcased how the entrepreneur's background and moral values shape the social mission of the venture. Moreover, the social mission together with the impact model was utilized to differentiate from competitors and to engage stakeholders such as employees, investors and customers in the hybrid business model to balance impact and profitability. Chapter 4.4. further showcased the experimentative approach of the ventures, as they seek to establish and validate their impact and business models while generating organizational learnings. These chapters also highlighted how the ongoing dynamic dialogues between the venture stakeholders shape goal setting, prioritization and risk assessment as a plan forward to balance impact and profitability was determined within the venture teams.

Finally, chapters 4.5. and 4.6. highlighted how the accelerator program supports the ventures as a catalyzing outside influence and seems to add value to the hybrid venture management through specific mechanisms (figure 43). The value-add of the accelerator became concrete through design artefacts, which were co-created in dynamic discussions between the accelerator and the ventures. The accelerator supported ventures in the balancing act of impact and profitability throughout the acceleration process (figure 38). Further, the accelerator offering was designed to help hybrid ventures balance impact and profitability and tailored to suit each participating venture's needs. Through the tailored acceleration journey, participating ventures seemed to develop further within a scoped area of development, while accessing coaching, mentoring, new knowledge and increased networks.

To draw a visual summary of these findings, the figure 44 paints a birds-eye view of the main themes found in this study and highlights how the concepts relate to each other. Overall, the figure depicts hybrid venture management and how early stage social ventures innovate a digital product to balance impact and profitability. This found strategy of innovating a digital product within a social problem space helps ventures combine an impact and business model together and enables the ventures to simultaneously integrate economic and social value creating activities into a cohesive hybrid organization. The figure also elaborates potential activities managers of hybrid business can face on when innovating more sustainable business models. By doing so, the visualization (figure 44) can potentially help those interested in venturing towards more sustainable business models to start exploring resourcing strategies and operational models that need to be designed in place for a given hybrid venture to thrive:

Hybrid Venture Management

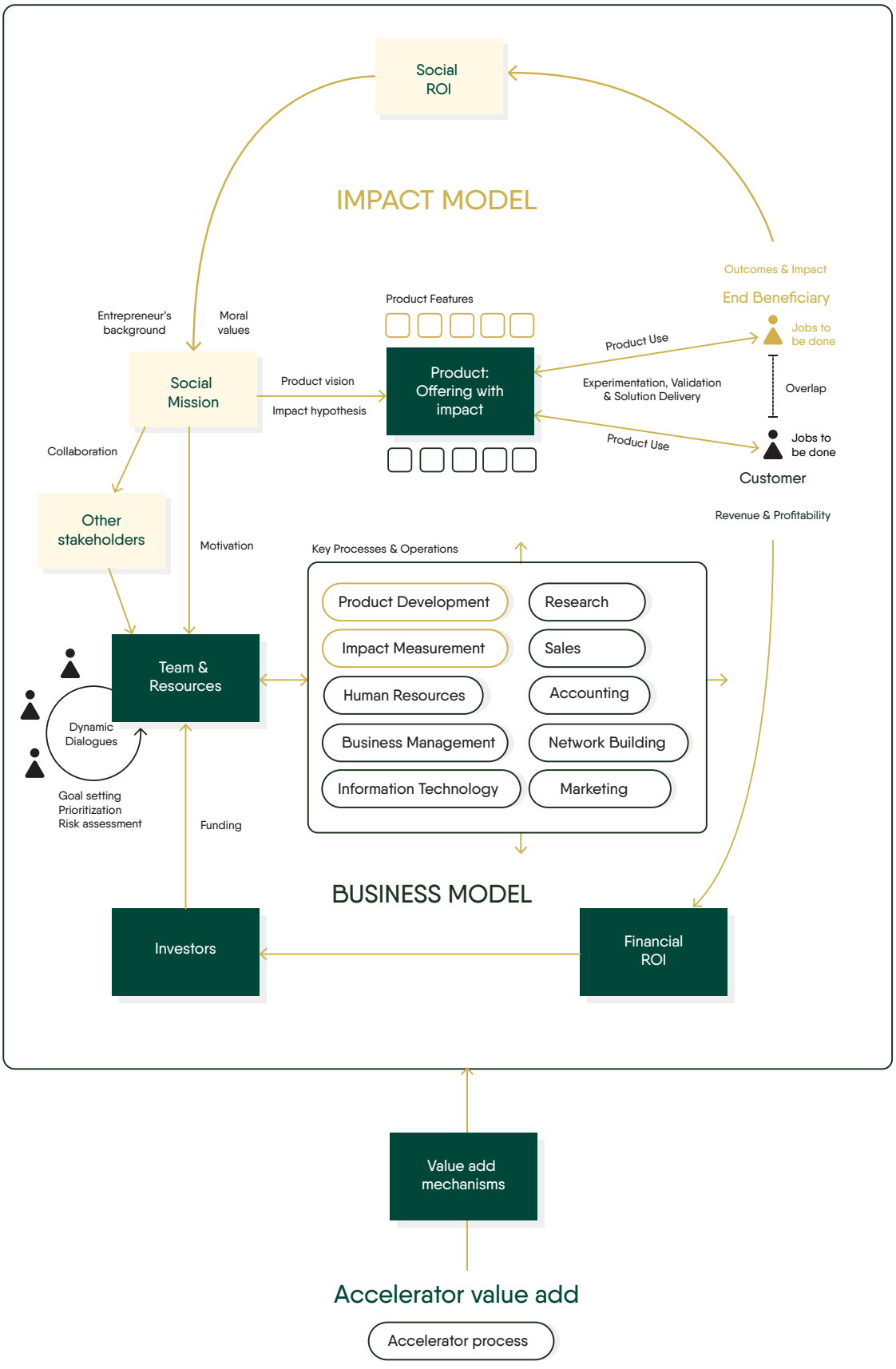

Figure 44 – Summary of findings

5 Discussion

The objective of this study was to explore how early stage social enterprises can venture towards achieving impacts profitably. By following three early stage social ventures attending an impact accelerator in Finland, this thesis also examined how an accelerator program supports these hybrid organizations. Existing research highlighted how social enterprises balance profitability and impact through the hybrid business model (Alter, 2006; Guclu et al. 2002; Santos et al. 2015; Matzembacher et al. 2020; Spieth et al. 2019) and how impact measurement is utilized to verify the impacts the venture is creating (Ebrahim & Rangan, 2014; Matzembacher et al. 2019). In addition, existing research highlighted some of the mechanisms through which an accelerator program influences participating venture development (Crișan et al., 2019; Guclu et al. 2002; Roberts & Lall, 2018).

This study found that the ventures utilized a digital product innovation strategy to establish a hybrid business model with an aim to simultaneously balance impact and profitability. Each venture aimed to solve both customer and beneficiary jobs to be done (Santos et al. 2015; Ulwick, 2016) with a digital product, while experimenting to discover a profitable hybrid business model. Ventures designed key product features were specifically to create social outcomes for their customers and beneficiaries, making impact an integral (Gerholm et al. 2020) part of each ventures' value proposition. Through this strategy, the ventures aimed to integrate social programs and business venturing together into a cohesive hybrid organization (Alter, 2006; Battilana et al. 2012; Ebrahim et al. 2014).

This study also highlighted the synergy between measuring impact and developing a digital product. Venture product teams seemed to utilize impact modeling and measurement to find customer insights and to prioritize future venture development, in addition to verifying their product intervention is helping the venture to contribute towards the venture's mission (Ebrahim & Rangan, 2014). Further, the impact model and the proof of impact were also utilized by the ventures to motivate stakeholders such as customers, investors, employees and partners to engage with the hybrid organization. The ethically induced mission seemed to help ventures overcome entrepreneurial and organizational challenges such as retaining employees, attracting partners to collaborate with and securing customers. These benefits of venturing towards impact, in turn, can potentially influence various other levers in the hybrid business model, affecting the profitability and sustainability of the venture indirectly.

These findings support the recent propositions that impact venture profitability depends on the business model and strategy employed (Battilana. et al. 2012; Gerholm et al., 2020). The findings of this study suggest that a social enterprise might not need to sacrifice profitability for achieving impacts as proposed by Giones et al. (2020), should the organization design a product and implement a business model that enables them to create outcomes and capture revenues simultaneously. Aligned, this study painted a nuanced and complex picture of the balance between impact and profitability (Guclu et al. 2002; Smith et al. 2011) within the participating ventures and the studied case. This balance seems to be managed through the impact model, the business model employed and their specific configurations within the hybrid organizations (Guclu et al. 2002; Fjeldstad & Snow, 2016).

The hybrid venture management model in figure 44 summarizes these notions. In addition to painting an overview of the findings, the model builds on existing hybrid organizing research (Alter, 2006; Battilana et al. 2012; Ebrahim et al. 2014) by specifically highlighting how a hybrid organization's impact model and impact measurement activities link into the hybrid business model (Santos et al. 2015; Ebrahim & Rangan, 2014). The visualization can

also potentially serve venture managers, accelerators and policymakers a tool to assess a given hybrid venture from a holistic business management perspective.

Furthermore, this study also highlighted how an accelerator program adds value to the participating venture development, illuminating the accelerator process (figure 38) and the potential mechanisms of value-add (figure 43). By showcasing the value-add mechanisms, this study illuminated how an accelerator program supports hybrid ventures in their simultaneous pursuit of impact and profitability (Battilana et al. 2012). These notions also answer the calls of recent research (Cohen et al. 2019; Roberts & Lall, 2018) in generating insights from within the accelerator context and can hopefully bring further clarity for investors and other stakeholders working with accelerator programs. The frameworks can also help evaluate the impacts of an accelerator program, and thus serve managers of accelerators in developing more impactful service offerings (Crișan et al. 2019; Roberts & Lall, 2018).

Overall, the findings suggest that an analysis of profitability, sustainability and impact are intertwined with the particularities (Spieth et al. 2019) of a given organization's business model. These particularities can include contextual business model configurations (Fjeldstad & Snow, 2016) of a given venture and answers to fundamental business model questions such as who are the customers and the main beneficiaries being served, what are their jobs to be done, what is the value being proposed, the outcomes intended to be created and how impact are verified and measured. For these reasons, the findings suggest that an analysis of profit and impact alignment can be made at the business model architecture level (see e.g. Fjeldstad & Snow, 2016; Joyce & Paquin, 2016; Osterwalder et al. 2010) of a given venture. Next, this chapter will discuss each of these highlighted discussion topics separately, in contrast to the literature reviewed.

5.1 How hybrid organizations balance impact and profitability

5.1.1 Helping both customers and beneficiaries get jobs done

In their article Battilana et al. (2012) describe the hybrid ideal: an organization that that is able to pursue a social mission and commercial viability at the same time, without managers having to face a choice between profit and mission. Battilana et al. (2012) propose that ideal hybrid organizations are able to combine these aims through an integrated strategy. Similarly, Matzembacher et al. (2020, p.1) described how hybrid organizations had innovated business models, which enabled them to create impacts by "just doing business." As a related proposition, Santos et al. (2015) proposed hybrids have designed and implemented distinct business models that can create value spillovers for beneficiaries beyond customers.

This thesis found a common digital product innovation strategy utilized by each of the three impact ventures that participated in the accelerator program. Each venture developed a digital product offering with features that aimed to solve both customers' and beneficiaries' jobs to be done (Santos et al. 2015; Ulwick, 2016) within a social problem space to strike a balance between long-term impacts and short-term profitability. Ventures designed key product features to create social outcomes for their customers and beneficiaries, while commercializing the offering to capture revenues simultaneously. Thus, the ventures utilized a digital product innovation strategy to arrive at an integrated form hybrid value creation (Alter, 2006; Ebrahim, 2014), which aimed to simultaneously balance impacts and profitability. It seems solving both customer and beneficiary jobs to be done within a social problem space can enable organizations to innovate a product that balances impact and profitability

at the same time, and help organizations create impacts by simply doing business. Thus, this thesis builds on studies in the hybrid organizing streams by highlighting the digital product innovation strategy (figure 34) as a potential means of balancing impact and profitability for organizations striving for the hybrid ideal (Battilana et al. 2012; Matzembacher et al. 2020).

Since the social outcomes and impacts were intended to be created for the beneficiaries through the product use, impact became naturally an integral (Gerholm et al., 2020) part of the participating ventures' business models through the value proposition. This way, the findings also showcase how social value can be integrated into organization's product and service offering (Spieth et al. 2019) through the attempts of solving customer and beneficiary jobs to be done (Ulwick, 2016), highlighting a potential pathway for organizations striving for more sustainable value creation, and providing further insight into how organizations might innovate hybrid business models to overcome hybrid challenges and tensions (Matzembacher et al. 2020). On a more nuanced level, this study also observed a venture to command premium prices while also having impact as an integral part of the value proposition. This finding suggests that the impact integration matrix featured in literature review (Gerholm et al. 2020) does not necessarily divide impact ventures into mutually exclusive categories of how impact and business might be integrated but posits that rather an organization can occupy several locations on the matrix, depending on the perspective.

With these insights in mind, future studies could expand on the highlighted strategy (figure 44) to expand on how hybrid ventures strategize and build their digital products beyond the acceleration context. Future studies could also explore and visualize the different operational models (see e.g. Alter, 2006) hybrid ventures utilize to satisfy both customer and beneficiary needs. In contrast to hybrids with a social mission, future studies could also assess whether hybrid organizations with a mainly environmental mission (McMullen & Warnick, 2015) similarly solve jobs to be done (Ulwick, 2016) or do these types of organizations arrive at the hybrid ideal (Battilana et al. 2012) via different strategies. Similarly, future research could also explore how the models presented might differ for organizations that do not serve a particular end beneficiary but rather an overall goal or societal objective. Future research could also analyze whether the division between customers and beneficiaries (Santos et al. 2015) is useful for dissecting the business models of the environmental hybrid organizations and, in general, expand our knowledge on the different revenue and profit models utilized by hybrid ventures. These research opportunities could also test, verify and expand the proposed hybrid venture management model outlined in figure 44, and thus help illuminate potential pathways for organizations to strive for more sustainable value creation.

5.1.2 Synergies between product development & impact measurement

As a key activity within the hybrid business model, the ventures were observed to commence in impact modeling and measurement during the acceleration period. As proposed by the literature, impact modeling and measurement activities were aimed to identify the causal mechanisms in the ventures' social impact theory, to verify the ventures are progressing towards their mission and to achieve legitimacy in the eyes of various stakeholders (Ebrahim & Rangan, 2014; McLoughlin et al. 2009; Ormiston & Seymour, 2011; Propp, 2014).

To build on these propositions, this study found that impact ventures aim to link impact measurement and product development efforts synchronously with each other, seeking resource synergies between the efforts. As proposed by literature, ventures in this study aimed to integrate impact modeling and measurement activities into the culture and operations of

the venture (Guclu et al. 2002; Hernández & Visher, 2001) striving for impact measurement to happen as automatically as possible within their product experience by linking these efforts synchronously together.

By linking impact measurement and digital product development together, ventures potentially found a resolution to the mission measurement paradox proposed by Ormiston & Seymour (2011) by strengthening the causality (Ebrahim & Rangan, 2014) and clarifying the additionality (So & Staskevicius, 2015) between the venture's interventions and the achieved social outcomes and impacts. As suggested by Ormiston & Seymour (2011) impact measurement was considered a strategic endeavor central to the venture development by the study participants, and it was utilized to shape the venture's strategy and operations. Thus, in contrast to being depicted as the final stage of social or sustainable entrepreneurship process (see e.g. Matzembacher et al. 2019), the findings of this study suggest a more of a continuous approach to impact measurement (see e.g. So & Staskevicius, 2015, Ormiston & Seymour, 2011) is sought by impact ventures.

Impact modeling and measurement was also utilized as a means to an end to achieve various business purposes. For example, ventures aimed to discover insights on how their solution was being used and to identify if further product development was required to achieve the desired social ROI. Simultaneously, ventures aimed to gain validation that their solution is valuable, validating the venture's business hypotheses and aiming to find evidence of product-market -fit (Olsen 2018; Ries, 2011; Blank & Dorf, 2012). Beyond, ventures aimed to move from measuring their interventions towards measurement of outcomes by building new product features and business processes during the acceleration period. Thus, this study builds on existing research (Ebrahim & Rangan, 2014; Klemelä, 2016; Ormiston & Seymour, 2011; Park & Bae, 2020) and highlights the various purposes impact measurement is utilized for within hybrid organizations.

Beyond measuring and modeling impact, this study showcased how mapping outcomes and impacts can potentially help organizations identify elements central to their value proposition, as highlighted in table 4. Each venture, when working with the accelerator experts to map their impact model, clarified their product offering and positioning by defining what outcomes and impacts are created by their offering and how. As ventures refined their value proposition, the IAOOI logic model worked as basis for identifying the potential outcomes and benefits created. Thus, the IAOOI model and its variants could be utilized to map how an organization's value proposition could be delivered through specific interventions. This way, the IAOOI modeling activity can potentially help organizations uncover new opportunities for social innovation as suggested by the literature (Heliskoski et al. 2012; Propp, 2014; Semcow & Morrison, 2018).

Through future research, it would be intriguing to study the different strategies through which hybrid ventures link impact measurement with their digital product development. For example, future studies could explore the processes for automatic outcome and impact measurement. Future studies could also assess whether hybrid ventures with an environmental mission (McMullen & Warnick, 2015) conduct impact measurement and modeling similarly, and whether a similar environmental ROI measurement loop is identified in sustainable or environmental hybrid organizations, and if the approach differs from social hybrids. Future research could also explore the extent to which the product teams assess the impacts of features in order to help them in decision-making and in organizing future development.

5.1.3 Impact as the foundation for a meaningful value proposition

In this study, participating ventures had all begun their journey from the personal experiences of the founder, which instilled within the founders a sense of purpose for solving societal problems through entrepreneurship. In each case, the entrepreneurs perceived market imperfections as attractive opportunities for entrepreneurship. These findings strengthen Guclu et al. (2002) propositions that the early stages of social entrepreneurship are heavily influenced by the personal experiences of the founder by showcasing the drive and motivation to create societal change, which was rooted in the personal experiences of the social entrepreneurs. These findings also link well with the proposition that the social mission creates boundary conditions for business model innovation within social enterprises, either restricting or guiding what opportunities the organization pursues (Tykkyläinen & Ritala, 2021).

Venturing towards social impact was considered a meaningful, worthwhile and motivating pursuit also by the other stakeholders engaged with the ventures beyond the founders. The pursuit of the social mission seemed to enable stakeholders working with the venture commence in ethical self-fulfillment, working towards the achievement of a higher purpose aligned with the values of the individual. Interestingly, as proposed by Achor et al. (2018), stakeholders working with hybrid ventures in this study were willing to sacrifice pay and other conditions to get the opportunity to work on the meaningful mission of the ventures. It seemed that the higher mission instills a sense of purpose within individuals to help the cause, resulting in increased motivation to work with the venture. This study also pointed towards how the higher purpose beyond profit can potentially motivate employee commitment and yield higher creative output in individuals. These findings seem to strengthen the proposition made by Sun et al. (2019) that the social mission can boost perceived meaningfulness at work.

Based on these findings, this study highlighted in figure 35 the potential mechanisms by which the framing of a higher organizational purpose beyond profit can influence the other dimensions of the business model. Because the hybrid venture's mission frames a higher purpose beyond profits for the organization, it provided an opportunity for the ventures in this study to retain employees (Grant, 2007; Rosso et al. 2010) and potentially lower the costs of organizing (Achor et al. 2018). Thus, by having the capability of retaining human capital with lower costs while inducing a higher creative output from workforce (Achor et al. 2018; Schwartz & Porath, 2014; Sinar et al. 2018), the social mission can potentially influence profitability by enabling higher resource velocity and by shaping key assets and processes in the business model (Johnson et al. 2008).

In addition to workforce retention through increased perceived meaningfulness, this study found that the impact model and results gained from impact measurement were utilized to craft impact-based communications in creative formats towards other stakeholders, too. All three ventures aimed to engage e.g. investors, customers and product users with their impact-based communications. The proof of outcomes and impacts were considered essential for convincing stakeholders such as investors and employees that the venture is worthwhile. In addition, each venture aimed to create competitive advantages through their approach to the social problem space. These notions build on Tsai et al. (2020) proposition that social enterprises can forge deeper connections and relationships with consumers by highlighting their goodwill-related nature, suggesting that impact-based communications

can potentially be utilized to engage a variety of stakeholders to commit into the hybrid organization.

These findings also build on Sarma et al. (2020) proposition on how the framing of the mission can help a growing social enterprise balance the hybrid pursuit of impact and profitability. By integrating social outcomes and impact which stakeholders find personally meaningful, into their business model, it seems that hybrid ventures can potentially forge deeper connections (Cone, 2018; Harvard Business Review, 2015; Schwartz & Porath, 2014; Sinar et al. 2018; Tsai et al. 2020) with people and get access to necessary resources that contribute to their hybrid business model. Thus, communicating the venture's purpose and proof of outcomes and impacts generated helped the ventures overcome resource tensions (Battilana, 2018).

It is worth noting that a perception of meaningfulness differs for individuals across contexts and time, since the meaning of a given activity can be a subjective individual judgement rooted in one's personal values or even something that is constructed socially (Almquist et al. 2016; Pratt & Ashforth, 2003; Rosso et al. 2010; Steger et al. 2012). Nevertheless, according to some research, people seem to rank some purposes and causes more important than others (Cone, 2018), which entrepreneurs seeking ethical value creation opportunities can venture towards. Thus, within societies and cultures where the consensus of good (Thomson, 1997) is the alleviation of pressing social or environmental problems, such as the UN's SDG's, impact ventures striving to alleviate these problems might potentially be perceived as attractive employers providing meaningful work opportunities through their inspirational mission beyond profit.

Further studies could expand on these notions by e.g. testing the proposed model in figure 35 with an aim to expand knowledge on the motivational nature of the higher mission beyond profits. Future studies could assess, for example, what other benefits or dimensions exist when leveraging an organizational purpose rooted in impacts to motivate stakeholders. Future research could also uncover how valid are the proposed linkages between the different elements – for example, by testing if the hypotheses in the figure 35 are supported by larger quantitative datasets. Finally, since impact modeling and measurement was utilized as basis for impact-based communications, further research could also uncover more specifically what kind of benefits ventures gain from communicating impact, beyond legitimacy and user or customer retention. Moreover, future research could also identify what kind of communications results in the most significant benefits for impact ventures.

5.1.4 Validating both the business model and the impact models

This study observed participating ventures conduct organizational experiments to discover a profitable business model that creates impacts. To balance impact and profitability, ventures integrated an impact and a business model to a cohesive hybrid organization as highlighted in figure 34. Correspondingly, ventures were observed to experiment on both of these fronts. Thus, the following propositions are offered to build on Battilana et al. (2012) visualization on how hybrid organizations venture to reach a balanced mix of value creation in their pursuit of the sustainability equilibrium (Alter, 2006). This study observed how early stage social ventures conduct experiments in an iterative fashion to discover an integrated organizational model that balances impacts and profitability, depicted in the figure 45 below:

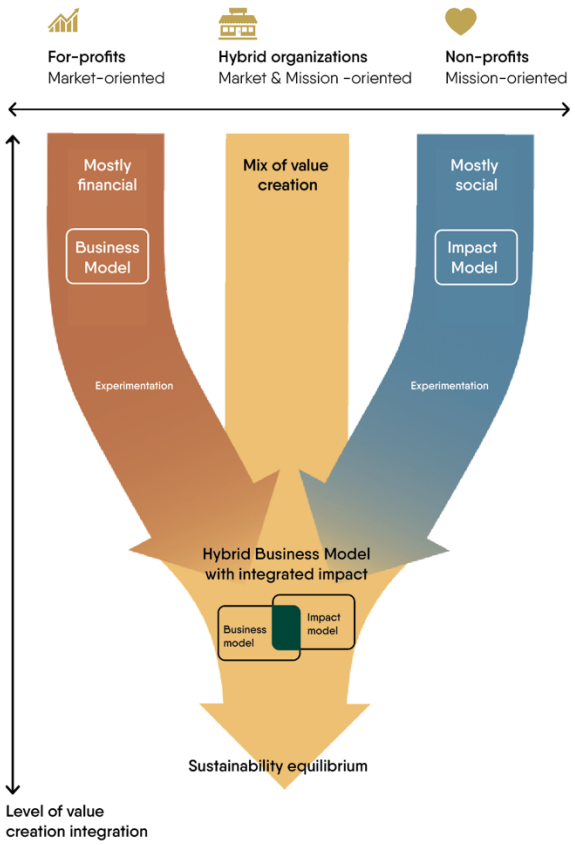

Figure 45 – Hybrid organizations experiment to validate their business and impact models (adapted from Alter 2006; Battilana et al. 2012).

Moreover, through the experimentation, ventures aimed to validate their assumptions on the impact and business models. The validation of the impact model, seeking proof that the venture's activities alleviate the social problem and produce the intended impacts (Ebrahim & Rangan, 2014; Propp, 2014), seems an additional dimension of hybrid venture development in comparison to purely commercial ventures. Whereas for purely commercial ventures securing a steady stream of customers is considered enough to signal product-market fit (Andreesseen, 2007; Amarsy, 2014; Ferentinou, 2020; Olsen, 2018; Ries, 2011), hybrid ventures seem to require further evidence of their impact model to achieve PMF. To reach PMF, hybrid ventures might need to showcase they are in fact creating the intended outcomes and impacts in order to seem trustworthy and legitimate in the eyes of various stakeholders (Park & Bae, 2020) including employees, partners and investors (Klemelä, 2016; Nicholls et al. 2012). To exemplify the difference, the business-impact (figure 37) demonstrated some of the potential milestones hybrid organizations might venture through, in contrast to commercial organizations, as hybrids aim to their validate assumptions on both impact and business models.

In addition, the findings seemed to strengthen Ramani et al. (2017) and Matzembacher et al. (2019) proposition of how social enterprises evolve iteratively between the various stages of social or sustainable entrepreneurship. In contrast to some other process models (see e.g. Perrini et al. 2010) the ventures participating in the accelerator could not be viewed to belong to any definitive or bounded stage or phase such as opportunity identification. Rather, during the accelerator, ventures moved back and forth fluidly between the stages of

social entrepreneurship (Fowler et al. 2017), identifying, testing and validating opportunities, as accelerator experts coached and challenged the various assumptions made or to be made by the ventures, much like Guclu et al. (2002) suggested.

Beyond, this study also observed the continuous and ongoing discussions between the venture team members on various opportunities and courses of action. Eventually priority got decided, actions were agreed upon, and resources committed to a given strategy or experiment. Through experimentation, the participating ventures' knowledge on their target market was observed to expand. For example, ventures learnt about topics such as user preferences, potential customer segments, effectiveness of messaging and sales strategies as well as what type of interventions would enable them to fulfill their mission and produce desired outcomes and impact. Interestingly, the organizational learnings generated within the ventures in this study in a similar manner in which Dobson et al. (2017) documented that a mature social enterprise learnt and evolved when aiming to scale the organization's operations internationally. Thus, it seems hybrid venture development, regardless of the maturity or stage of the venture, can be understood as an evolving organization embarking on a process of learning, experimentation, validation, discovery and pivoting as promoted by the lean startup movement (Blank 2013a; Blank, 2013b; Ries, 2011; Semcow & Morrison 2018).

In relation, this study briefly showcased how ventures explore adaptations their business models by assessing and making changes on the business model configuration (Fjeldstad & Snow, 2016) and the various business model elements including e.g. who are the target customers and beneficiaries (Santos et al. 2015) and how they are served (Johnson et al. 2008). Aligned with Tykkyläinen & Ritala (2021) notion, this study also found that hybrid ventures design and develop parallel or sequential hybrid business model innovations through their experimentative approach in order to balance impact and profitability. To this end, this thesis advocates for a continuous approach to validating key assumptions in the business and impact models to help organizations stay more competitive as proposed by the literature (Guclu et al. 2002; Ormiston & Seymour, 2011), since social enterprises operate within dynamic environments with everchanging competitive forces and customer needs transforming the marketplace in an ongoing basis. In this dynamic and everchanging world, a winning organization might never have a product that is someday somehow finally "ready", but instead continually develops its offering to better satisfy the continuously changing market needs and requirements.

Thus, for managers of social enterprises, this thesis recommends a rigorous focus on the problem space (see e.g. Olsen, 2018) – the customers, beneficiaries and their jobs to-be-done (Ulwick, 2016). For example, by developing a continuous approach to impact measurement that utilizes the appropriate research methods social enterprise can strategize to stay in insightful dialogues with the stakeholders they aim to create value for. By doing so, managers would hopefully be better positioned to innovate commercial opportunities, and to test and validate the key assumptions in their impact and business models to ensure profit and impact stay aligned in a manner that ensures the venture's sustainable success.

For policymakers, on the other hand, who design initiatives to support entrepreneurial ecosystems, it might be a worthy consideration to examine separate support mechanisms for hybrid ventures. These mechanisms could e.g. be distinct from the support mechanisms that help purely commercial organizations, in response to the particularities within the hybrid business model. For example, aligned with previous research, this study also noted how resource tensions seem to limit the early stage hybrid ventures ability to experiment (Battilana, 2012; Bacq & Eddleston, 2015; Ormiston & Seymour, 2011). Since hybrid ventures

need to validate their impact models in addition to their business model, policymakers might consider creating specific support mechanisms to help them do so.

A variety of different types of support instruments could be designed to help hybrid ventures in their specific challenges. For example, policymakers could design mechanisms to provide help in measuring the venture impact, in validating the venture impact and business models, in accelerating social innovation, and scaling up social enterprises to eventually reach more beneficiaries with impactful solutions. These support instruments could include e.g. impact modeling and measurement advice or grants to impact accelerator programs. The offering of the accelerator program itself serves as one example and inspiration towards potential support mechanisms for hybrid ventures. Future research could expand this perspective by looking into what kind of support mechanisms exist for social enterprises and other types of hybrid organizations across different cultures and contexts, and whether they have proven beneficial and to what extent. Future studies could also assess whether the distinction to purely commercial organizations is helpful from the perspective of helping the innovation ecosystem thrive.

5.2 Accelerator's role in balancing impact and profitability

5.2.1 Accelerator's value add and impact

Previous studies have showcased how accelerators add value to the participating venture team and what are some of the overall impacts that accelerators have on the innovation ecosystem (Crișan et al. 2019; Roberts & Lall, 2018; Wallenius, 2018). By studying how an accelerator program helps hybrid organizations balance impact and profitability, this thesis builds on existing research by discovering specific mechanisms on how an accelerator program adds value to the participating venture development. Since the accelerator is organized by a design consultancy, it could be viewed to add value to the participating venture development as a value shop (Fjeldstad & Snow, 2016; Stabel & Fjeldstad, 1998).

The findings of this study point out that the accelerator program acted as a multi-sided value shop (adapted from Stabel & Fjeldstad, 1998; Ward & Daniel, 2008), with value network like characteristics also integrated into the business model configuration (Fjeldstad & Snow, 2016). As a multi-sided value shop, the accelerator program aimed to add value to the participating ventures' value chains while also aiming to satisfy the funding partner's objectives. Thus, on one side of the value shop, the participating ventures are helped by solving their challenges faster. On the other side, the funding partner aims to benefit through the accelerator investment in order to achieve the organization's objectives. In this case, since the accelerator was organized as a welfare stimulator (Pauwels et al. 2016), the objectives included long-term increased welfare in society, the continuation of the previous accelerator program while also gaining new ecosystem connections and increased brand awareness from visibility.

By strengthening the venture team during the acceleration period and helping the ventures solve various business challenges, the accelerator aimed to add value to the venture development during the acceleration period. Beyond the expertise and knowledge offered by the accelerator, a key service offered to participating ventures was forging relevant connections in the innovation ecosystem to potential partners, customers, mentors and investors. Based on these findings, the multi-sided value shop concept, specific to the venture acceleration context, is visualized below in figure 46 (adapted from Stabel & Fjeldstad, 1998; Ward

& Daniel, 2018). The figure adds a dimension to the value shop concept where networks and connections are facilitated between stakeholders beyond the accelerator, clarifying how the elements typical value network were integrated in the two-sided value-shop. A key process for this enabling configuration was the community management, which is a central competence for a value shop operating in the accelerator context, also included in the revised multi-sided value shop concept:

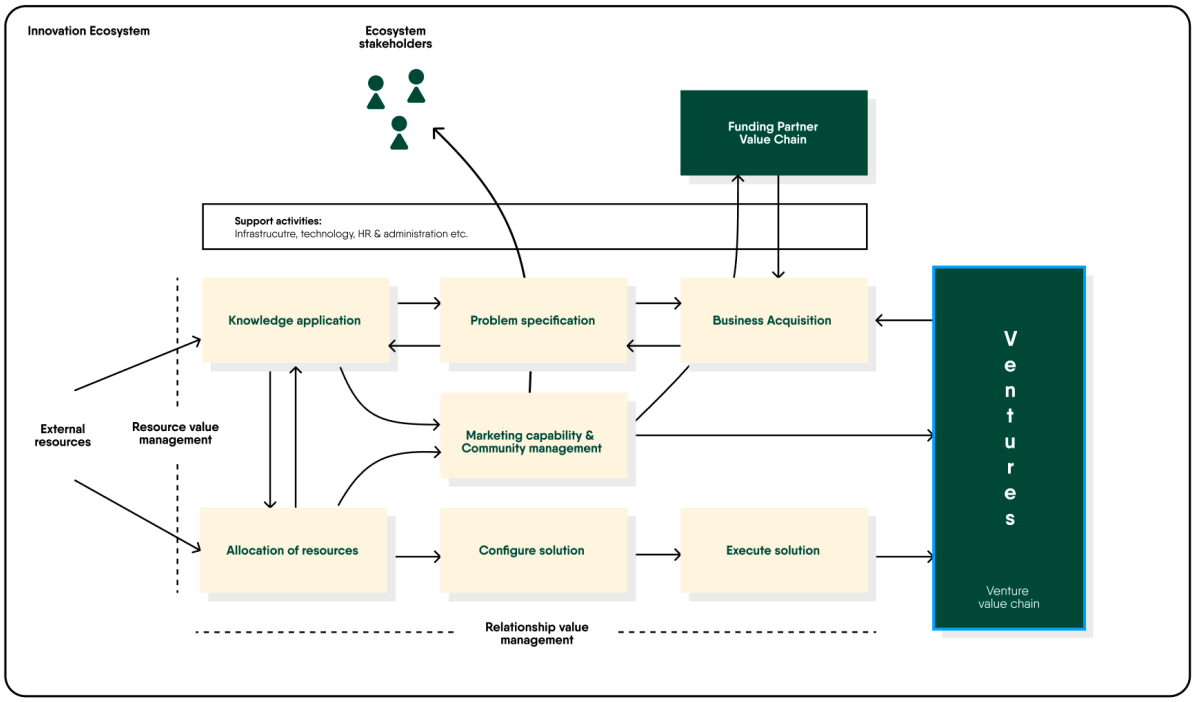

Figure 46 – Accelerator as a multi-sided value shop (adapted from Stabel & Fjeldstad, 1998; Ward & Daniel, 2008)

As showcased above, the accelerator in this study had configurated its business model to include elements from both the value shop and value network concepts (Fjeldstad & Snow, 2016; Stabel & Fjeldstad, 1998). This notion highlights that the categorization between value shops, value chains and value networks presented by Stabel & Fjeldstad (1998) seems not all-encompassing nor mutually exclusive in terms of business model configurations. Rather organizations seem to also mix between the three configurations, yielding variants suitable for their operational context. For example, the accelerator program embedded the ventures within the acceleration process, enabling the ventures to fully participate and co-operate in problem specification, solution configuration and solution execution. This type of co-creational inclusion of customers within the production of goods and services is traditionally deemed more typical to the value network configuration (Fjeldstad & Snow, 2016; Stabel & Fjeldstad, 1998).

In some cases, ventures themselves executed solutions being guided by the accelerator experts, e.g. commencing in testing a potential solution with existing customers. This seemed to result in knowledge transfer between the accelerator and the ventures, which was further intensified by the creation of specific design artefacts. These artefacts included strategy documents, prototypes, impact model visualizations and fully developed product features, which could be regarded as the configured and executed solutions for the participating

ventures. By linking the value shop concept (Fjeldstad & Snow, 2016; Stabel & Fjeldstad, 1998) into the context of an accelerator program and elaborating on its specific configuration, this thesis offered a perspective on how a tailored knowledge-intensive accelerator program offered by a design consultancy added value to participating venture development. With the revisions showcased above the value shop concept seems a suitable model for assessing knowledge-intensive accelerators, who offer a tailored service to participating ventures in which mentorship and skills are packetized as interventions to help the ventures develop further.

Beyond the multi-sided value shop, this study also highlighted through the IAOOI analysis (figure 43) how the accelerator added value to the participating venture development. The IAOOI model showcased how outputs received by participating ventures, including the design artefacts, mentorship, business relationships and knowledge transfer, can be potentially be linked to a broader set of beneficial outcomes and impacts. By doing so, this thesis builds on the work of Crișan et al. (2019) to offer a more nuanced perspective on how accelerators influence participating venture development by highlighting the specific value-add mechanisms involved within the accelerator program.

Overall, the findings align well with the broad mechanisms of validation, learning, access and growth and innovation proposed by Crișan et al. (2019). For example, ventures were observed to conduct experiments to validate their hypotheses and generate organizational learnings while attending the accelerator. In contrast to the CIMO-analysis conducted by Crișan et al. (2019), the IAOOI model can highlight with clearer causality how specific accelerator activities might result in outcomes and impacts for the participating ventures. Thus, this study offered an alternative to and deepened the CIMO-analysis by identifying more in-depth information on the mechanisms by which an accelerator might influence participating venture development through the IAOOI model.

Although providing a glimpse of potential depth, it is worth noting that in this case there was inherent fuzziness when assessing the causality (Ebrahim & Rangan, 2014; Propp, 2014) within the IAOOI model of the accelerator. This fuzziness results from the fact that the different accelerator inputs, including the skills, previous experiences and connections are transformed into the outputs and outcomes through a mix of different activities throughout the acceleration process. For example, during workshops, discussion and collaboration shaped the artefacts being produced, as knowledge also transferred between accelerator and the ventures. Similarly, a participating venture might get mentorship through a digital communications tool by asking a question from the accelerator experts, accessing simultaneously the skills, the previous experiences and the network of the accelerator experts.

In retrospect, a more intricate research design focused on the accelerator's impact could have aimed to clarify these causal links. As a result, a key challenge for future research is to overcome the inherent overlap between some interventions offered by the accelerator, thus clarifying the blurred cause-and-effect mechanisms underlying the social interactions within the accelerator. Nevertheless, the clarification provided by the IAOOI framework opens up future qualitative and quantitative research opportunities to analyze and assess the different mechanisms through which accelerator programs add value to participating ventures development. For example, comparisons between the different interventions and their ability to induce specific outcomes could be assessed to determine the best composition and design for a given accelerator program.

The IAOOI model also provided a suitable template for planning accelerator programs and evaluating their performance. The tool could thus potentially serve managers, funding

partners or researchers planning or evaluating the effectiveness of accelerator programs. The IAOOI analysis could further provide a solid foundation for planning future outcome and impact measurement for the accelerator program. In relation, as a notable limitation, the verification of the proposed impacts of the model presented in figure 43 are outside of the scope of this study, for which a more longitudinal study setting would have been required. Further, although it seemed ventures attained value from the interactions from the accelerator program the ventures would not have otherwise attained, this study is limited to assess the additionality of the accelerator program. Further, although the verification of the impacts of the accelerator are outside of the scope of this study, it seems logic models can help managers of accelerator programs make more enlightened design decisions on the design and composition of their accelerator programs, when aiming for specific impacts.

Future research could also clarify the specific causal relationships between different interventions and outcomes more thoroughly and whether some interventions are more effective at delivering specific outcomes for the participating ventures. Comparisons could be made, for example, whether facilitating business networks for participating ventures is a more beneficial intervention to offer when compared to, for example, offering mentorship. By understanding the effectiveness of different types interventions, and their mixes, accelerators could design and develop more impactful offerings potentially targeted towards achieving specific outcomes instead of focusing on a broader set of services offered. Further studies could expand on the notion of the multi-sided value shop, by e.g. comparing whether different accelerator programs are configured similarly in terms of their business models. To assess the additionality of accelerator programs, future studies focusing on the impacts of accelerator programs could zoom in more specifically into whether the participating ventures would have achieved similar beneficial outcomes without the intervention of the accelerator, following similar research designs as e.g. Roberts & Lall (2018).

5.2.2 Accelerator design: Helping hybrid organizations strive

By examining the case of an impact accelerator program, this thesis answered the calls Cohen et al. (2019) and Roberts & Lall (2018) in generating insights from within the accelerator and illuminated some of the operations and business model configurations of the case accelerator. As a notable design choice, instead of organizing educational packages as a series of workshops and events for a cohort of ventures, as proposed by the literature (Pauwels et al. 2016), the studied accelerator program was designed as a tailored program. In the tailored program, the interventions offered for each participating venture were customized for the organization's specific needs. Packetized as design sprints in the accelerations offering, ventures accessed an approximate of 100 hours of specialist help from the accelerator program experts.

In previous research, Cohen et al. (2019) proposed accelerators could offer a-la-carte offerings that are more tailored to participating ventures as part of the accelerator programs design. The tailored approach in this case was perceived useful by the participating ventures, and it seemed that the tailored nature of the acceleration program boosted the participating ventures overall satisfaction with the program. These findings seem to strengthen the propositions of existing literature that tailored programs can lead to beneficial outcomes for the participating ventures (Crişan et al., 2019).

Overall, the vision behind the impact accelerator program was to combine talented design and entrepreneurship professionals, a funding partner and the selection of the most

promising hybrid ventures for acceleration. By doing so, the accelerator program aimed to supply ventures who possess a potential for blending social and financial value creation into a cohesive organization with the skills they need to achieve their goals faster. To achieve this vision, the table 7 below summarizes the accelerator program's design choices (adapted from Cohen et al. 2019), regarding cohort size, composition, program duration, funding provided, equity taken, mentorship provided, the backgrounds of the advisory and managing directors, the educational programming, the co-working space and the graduation event:

Accelerator design choice	Options
Cohort size	3 – 4
Cohort composition	Impact ventures aiming to tackle United Nations Sustainable Development Goals SDGs
Program duration	3 months acceleration + lifetime access to community support and events
Funding provided	Networking connections facilitated with external investors
Equity taken	None
Mentorship	Design consultancy designers, developers and entrepreneurs from accelerator's external network
Advisory and managing directors	Entrepreneurship, design and venture building
Educational programming	Design Sprints, digital communications and networking events with selected keynotes
Co-working space	Access to office space during accelerator-venture collaboration
Graduation event, such as Demo day	Online demo day with investors (due to COVID-19 pandemic)
Program location	Helsinki
External stakeholders – Sponsors	Finnish Innovation Fund, SITRA

Table 7 – The case accelerator's design choices (dimensions from Cohen et al. 2019).

Through the design featured above, the accelerator experts, having background in digital product development, entrepreneurship and design, mentored the participating ventures forward with a coaching approach. In addition, concrete artefacts, such as prototypes, product features, impact model visualizations, business case calculations and strategy documents were created during the acceleration period. This design seemed to help ventures develop further intensely during the short acceleration period. Beyond, the accelerator offered access to office space during the collaborative design sprints and workshops and a lifetime access to the digital communications channels as well as the networking events organized by the accelerator. Besides the specific accelerator design elements, this study also showcased the acceleration process (figure 38), through which the accelerator influenced ventures balancing act between impacts and profitability. This process model illuminates how an accelerator program is organized as sequential, interlinked steps, and can potentially help managers of accelerator programs plan more effective operations.

During the acceleration, accelerator experts helped ventures with the identification of social needs, with the formulation of theory of change and resource strategy, but also growing the relevant resource strategies and measuring the social impact. Thus, accelerator experts helped ventures to review assumptions made on the various stages of social entrepreneurship (Guclu et al. 2002; Fowler et al. 2017) jumping fluidly during the workshop discussions and artefact creation between different focus areas and covering the broad spectrum of potential priorities when building and sustaining a social enterprise. In addition, the accelerator mentoring and specialist help seemed to help ventures combat value pluralism challenges including incommensurability, aggregation and cognitive dissonance (Castellas et al.

2019). These notions in conjunction imply that the array of expertise required from impact accelerator experts who mentor the ventures forward seems to be quite broad.

Another key question in terms of impact accelerator design is whether the typical average 3–6-month long program duration (Global Accelerator Learning Initiative, 2016; Cohen et al. 2019) would be sufficient for accelerating hybrid ventures. As highlighted by accelerator experts, measuring impact, for example, is not always feasible during a short acceleration period and could potentially require the ventures themselves to spend vast resources. As a response, the accelerator experts suggested a model where multiple short acceleration periods over a longer period of time would create the impact acceleration journey of a given venture. In this model, a given venture could participate in multiple rounds of accelerations (or 'seasons' as the accelerator experts described them). Through multiple rounds a hypothetical hybrid venture could e.g. first identify their impact model, then design tests and experiments to validate it, and finally setting organizational processes for continuous measurement and validation of their outcomes and impacts.

At the time of the study, the accelerator program was funded by a governmental agency, the Finnish Innovation Fund SITRA, to continue the legacy of its former impact accelerator program. Thus, the accelerator was setup as a welfare stimulator type of accelerator (Pauwels et al. 2016), focused on increasing the participating ventures economic activities. Overall, the welfare stimulator model seems to suit an impact-oriented accelerator program particularly well, since the accelerator aims for creation of indirect impacts through the participating ventures as showcased by the IAOOI model (figure 43). Because the accelerator grants access to expert knowhow, a continuous support from a funding partner is an essential component of the accelerator's business model in order to maintain and scale the accelerator operations. Without the support, early stage ventures would not get direct access to the accelerator expertise, knowhow and networks, since the accelerator would not be able to sustain its operations. As a business model experiment within the design consultancy, the accelerator program was exploring best operational models to help participating ventures reach their impact and business potential through the accelerator initiative. One example being considered, was the possibility to create a fund that invests in the ventures that go through the acceleration as a potential long-term value capture model.

Further, since the accelerator's core business operation is to select and develop ventures with high potential for hybrid value creation, it seems the accelerator can offer increased efficiency and convenience for investors and partners with an interest in the creating of viable business and social impacts through early stage venturing. By evaluating and selecting most potential ventures for acceleration and by helping selected ventures move faster towards their goals, the accelerator seems to outsource evaluative work of vetting and assessing early stage ventures from investors and partners. Those partnering with the accelerator can focus their evaluative efforts on only those ventures that have qualified for and graduated from the accelerator, potentially saving time and resources. Since early stage ventures carry significant risks from the point of view of the investors, accelerators can potentially help reduce these risks by enabling the investors to focus their evaluative efforts on pre-vetted candidates. The illustration below in figure 47 highlights how the accelerator program acts as a funnel of innovation within the ecosystem – providing the most promising ventures selected to the acceleration program further access to networks and knowhow needed to achieve the venture's objectives:

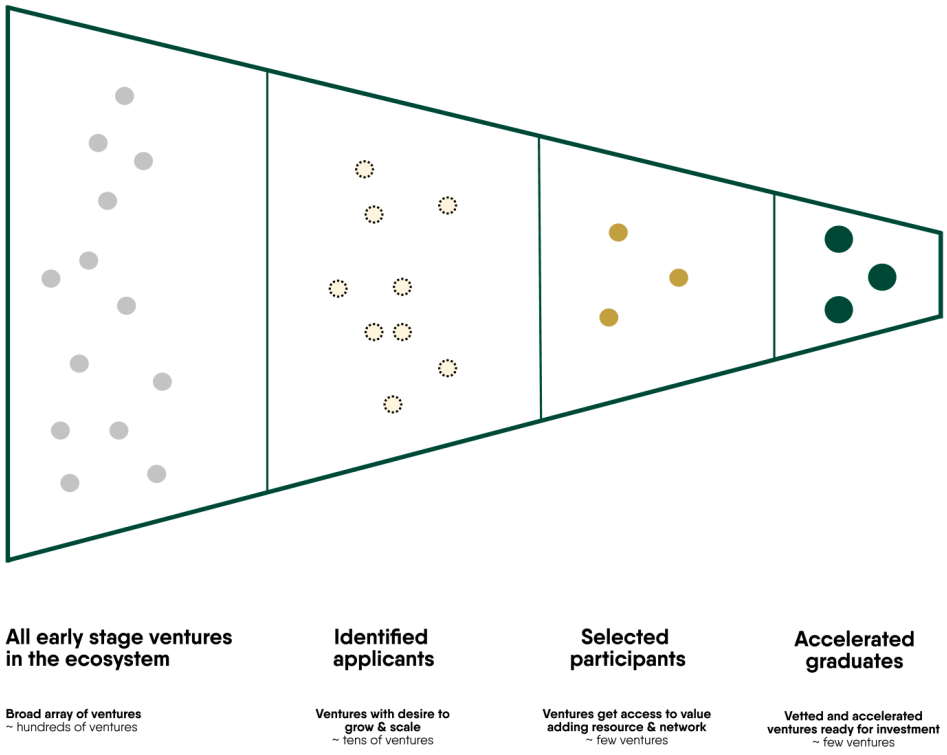

Figure 47 – Accelerator as an innovation funnel

Notably, this logic only applies to accelerators who get a sufficient amount of applications, and then utilize a rigorous selection process to select ventures for acceleration. Thus, this study recommends investors and partners to evaluate accelerators to collaborate with based on the amount and quality of applications received by an accelerator, the acceptances rates and the selection process in addition to the other relevant dimensions such as possible industry-focus or accelerator legitimacy. In addition, this study advises investors and partners to mind to the services and the program offered by accelerators, since the quality and impact of accelerator interventions seems to vary (Roberts & Lall, 2018). For more rigorous approaches, investors could request and require impact accelerators to showcase their own impact model and achieved results.

Since the funding and revenue models are key considerations for designing viable accelerator programs, future studies could unravel more in-depth perspectives on the different funding mechanisms, and which have proved most fruitful for accelerators historically. Future research could also assess the value of tailoring accelerator programs. For example, by comparing the outcomes, impacts, performance and satisfaction levels between different degrees of tailoring, future studies could identify the specific dimension involved in successful and impactful acceleration in the long-term. To further assess the effectiveness of different accelerator designs, comparisons could be made with completely tailored acceleration program versus pre-determined programs with a focused on one-size-fits-all educational program. For example, it would be intriguing to understand whether there are significant differences between the performance levels of ventures who participated in tailored accelerator programs versus generic ones. In addition, future studies could expand on the idea of multiple rounds of acceleration and, in overall, illuminate suitable designs for accelerating hybrid ventures. Future research could also investigate the accelerator process model (figure 38) further, and identify if other relevant stages in other contexts exist.

6 Conclusion

This thesis aimed to discover how early stage social enterprises can venture towards achieving impacts in a profitable manner. In addition, this study to aimed to uncover how an accelerator program supports participating ventures in their hybrid pursuit of impact and profitability. A review of existing literature highlighted how social enterprises strive for blended value creation through a hybrid business model while measuring the impacts of the venture. To uncover further insights, this study investigated the case of an impact accelerator program in Finland and discovered how three early stage social ventures attending the program aimed to integrate impact and profitability into a cohesive hybrid business model through a digital product innovation strategy.

By designing and developing digital product features to help customers and beneficiaries get jobs done within a social problem space, ventures aimed for the creation of social outcomes and impacts through their digital product intervention and product use. Thus, impact became an integral part of the venture's value proposition. In parallel, the ventures aimed to establish a profitable hybrid business model, embarking on a process of organizational experimentation. As suggested by literature, the participating ventures aimed to back their social value proposition with proof through impact measurement. This study showcased how impact measurement and modeling form a key activity within the hybrid business model the synergies impact measurement has with digital product development. Based on these insights, this thesis visualized a model (figure 34) that showcases how hybrid organizations integrate an impact and a business model into a cohesive digital product innovation strategy as they aim to balance impact and profitability.

Relatedly, this study discovered that ventures utilized their mission, impact model and impact measurement results as communicative tools to motivate various stakeholders to engage with their hybrid business model. By persuading stakeholders including employees, customers and investors with impact-based communications, ventures were able to engage them into the hybrid business model, potentially influencing the overall profitability of the venture. To inspire future research around organizational purpose, this thesis offered a proposition on how a venture's mission and purpose rooted in the creation of outcomes and impacts could help the an organization craft a meaningful value proposition in order to forge deeper connections and retain stakeholders to commit to the hybrid business model, and to potentially overcome resource tensions.

This thesis also shed light into the mechanisms through which an accelerator adds value to the early stage venturing process, answering the call of Cohen et al. 2019 and Roberts & Lall (2018) to amplify knowledge with findings rooted in the context of an impact accelerator program. The accelerator added value to the participating venture's development through distinct mechanisms and helped them lay the foundations for balancing impact and profitability. By offering expert skills and knowhow, previous experiences and networks to participating ventures in packaged interventions and services, the accelerator program aimed to render participating ventures more competitive in their marketplace. The value-add of the accelerator actualized throughout the acceleration process and was apparent in each case, which suggest the accelerator program is a good collaboration fit for governmental agencies and other bodies interested in boosting economic growth and achieving specific social and societal impacts simultaneously.

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