

DreamStart, Belgium (Brussels)

This case study presents a scheme that supports unemployed youth in business creation with training, coaching and mentoring. The case study indicates the scheme's objectives and rationale, and describes the key activities undertaken. It also describes the key challenges faced in designing and implementing the scheme, the impact that it has achieved and the conditions for transferring this practice to another context.

Objectives

DreamStart is an integrated business start-up scheme that aims to support unemployed youth (under 30 years old) in business creation in the Brussels region. It is designed to meet the needs and expectations of youth and was launched in 2013. It continues to operate.

Based on the *CréaJeunes* scheme that was developed by Adie in France, DreamStart addresses the challenges that youth face related to acquiring entrepreneurship skills and accessing finance. It facilitates the acquisition of entrepreneurship skills through formal pre-start-up entrepreneurship training as well as informal methods such as coaching and mentoring. Volunteers, experienced business professionals from public and private sector organisations, play a key role in delivering these services. Access to finance is facilitated through microfinance institutions, most frequently MicroStart which is one of the fastest growing microfinance institutions in Belgium.

Rationale

The Brussels region faces a high youth unemployment challenge. In January 2013, nearly 1 out of every 3 unemployed people in the Brussels region was under 30 years old. This high youth unemployment rate presents a challenge for public employment services which have an increasingly difficult time finding employment for these youth. Self-employment is viewed as one potential (partial) solution to this unemployment challenge.

There is an urgency to address the youth unemployment challenge because there are long-term consequences for youth who have long spells of unemployment (so-called “scarring” effects). For example, they are more likely to be unemployed as an adult and face reduced earnings over their lifetime.

Activities

DreamStart provides 2-months of support, including pre-start-up training and coaching and mentoring to assist unemployed youth in developing a business idea and preparing a business plan.

Outreach and information provisions

DreamStart is promoted through each of the main project stakeholders. This includes the organisation that implements the project, MicroStart, and the local enterprise agency in the Brussels Region. Promotion is done verbally through presentations and meetings, and with printed material on display in offices of the enterprise agency. Outreach efforts are increased in advance of each new cycle.

Participant selection

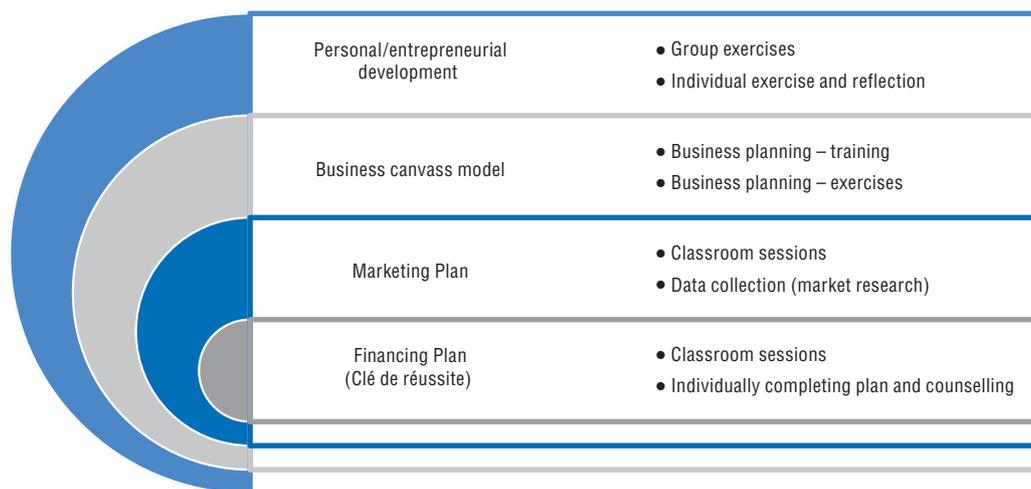
The primary intake mechanism for DreamStart is individual interviews that project managers have with potential clients. Three key criteria are used by project managers to select participants:

- their attitude towards becoming self-employed and their desire to start a business;
- the viability of the business idea and the anticipated results of the proposed product or service;
- the match between the business idea and the participant's professional and technical expertise and experience in that area.

Training and coaching

The training provided by DreamStart covers four elements: entrepreneurship development (36 hours); marketing and market plan development (24 hours); business planning (18 hours); and financial planning (48 hours) (see Figure 4.1). This approach builds on the Business Canvas model that combines all elements of a business and marketing plan into one plan and the Clé de Réussite model which focusses on financial planning. The total duration of support is 2 months with approximately 126 hours of training. It is delivered as a mixture of classroom sessions, group work and individual assignments.

Figure 4.1. The components of DreamStart's training



This multi-faceted approach to training allows the scheme to simultaneously address personal development as well as business start-up, which is important to build self-confidence and reduces the chances of social exclusion. Further, the delivery of training by professionals from the private and public sectors ensures that the training is practical and

relevant. In parallel to the training, each participant can benefit from individual coaching and mentoring from the trainers.

Support officially ends once participants have developed their business plan and have received feedback on it from an external evaluation panel. However, it is quite common for participants to form informal support groups in which they assist and advise each other. This informal networking is something that the DreamStart staff would like to embed more formally within the scheme in the future.

Microcredit

Microcredit is not directly part of DreamStart; participants are free to seek external financing from any financial institution or bank. However, in practice MicroStart frequently provides microcredit for those who have completed the scheme. On average, the total amount of credit provided per participant is between EUR 15 000 to EUR 25 000, which is more than the typical loan provided by MicroStart.

Project partners

MicroStart is the project manager. It designed the support and co-finances its operations with private sector donations through MicroStart Support vzw, which is a sister organisation that is registered as a not-for-profit organisation and is therefore legally permitted to receive such donations.

MicroStart was founded by Adie (France) and BNP Paribas Fortis. It consists of two entities that are each legally registered as independent social enterprises: MicroStart Support vzw, which manages the training and coaching, and MicroStart cvba, which handles microcredit. MicroStart receives financial support from the European Commission under the Progress Microfinance Facility.

MicroStart has two dedicated staff members who organise, develop and implement the scheme. These two experienced business advisers manage the scheme, function as trainers and supervise and manage the volunteers in the scheme.

A special feature of the DreamStart project is the engagement of volunteers as trainers and coaches. Most are experienced business professionals who work as business advisers or as professionals working in the financial sector (e.g. business analysts, credit advisers, accountants), while some are retired professionals. Volunteers actively approach MicroStart to get involved in their activities and some are referred to this scheme. All volunteers go through a special training course which consists of the following:

- an induction course where they receive general orientation and information about DreamStart;
- training on how to deliver the support and training modules; and
- mentoring and on-the-job counselling during one cycle.

After having attended one cycle the volunteers are expected to operate on their own in the scheme abiding to the set structure. Volunteers work with the DreamStart co-ordinators to ensure that the scheme is delivered as intended. Other partners involved in training are Group One (training organisation), BECI (chamber of commerce) and impulse.brussels (Brussels Enterprise Agency).

Project development

The only change made to the project since its launch was an adjustment to the intake process. Initially, DreamStart relied very heavily on referrals from partner organisations. While this reduced the need for extensive outreach, it resulted in a very uniform group of participants and limited the scheme's reach. This method has been abandoned and the scheme now promotes itself widely to better reach its target clients.

Project financing

The annual cost for DreamStart, including organisation, management, and training courses, is estimated to be approximately EUR 72 000. The expenses are wages for the project organisers and supervisors (EUR 60 000), cost of facilities for training (EUR 5 000) and promotion and other costs (EUR 5 000). The use of volunteer coaches and trainers generates a saving of approximately EUR 70 000 per year (estimated at a cost of EUR 1 000 per volunteer per day).

These costs cover 3 cycles of the scheme per year, at a cost of EUR 24 000 for each cycle. Each cycle has 12 participants; the cost per participant is EUR 2 000.

There are three main sources of financing for this scheme. Public funding accounts for approximately 42% of operating costs and this comes from the Federal Ministry of Social Integration and the Brussels Capital Region. Private sector funding is received through corporate social responsibility policies, accounting for approximately 7% of operating costs. Key contributions are received from the BNP Paribas Fortis Foundation and the Levis Strauss Foundation. The largest contribution is in-kind contributions from the volunteers, which is estimated to cover nearly 50% of operating costs.

Challenges encountered

DreamStart currently faces several challenges as it seeks to scale-up its activities. First, the scheme relies very heavily on the use of volunteers to deliver the training and coaching so that operating costs can be kept to a minimum. Any increase to the scale or scope of the scheme will increase the need for volunteers. This presents a challenge as it is increasingly difficult to secure the participation of volunteers.

A related challenge for DreamStart is to assign a price to the service for participants. Support is currently provided at no charge to participants, which ensures that it is accessible for unemployed youth. The scheme is always at risk of losing public and private funding, or facing a reduction in the number of volunteers. Further, increasing the scale and/or scope of the scheme would require more volunteers, which may not be feasible since it is difficult to attract and retain volunteers. Thus, the scheme is considering charging a small fee for participants so that they can cover a portion of the operating costs but this would likely discourage some from participating.

The scheme focuses its efforts on the pre-start-up phase of business creation. However, it is likely that many clients will continue to need support after their business is created. Therefore, the scheme is seeking a way to better integrate itself with the business development service network so that participants can access further support. Other considerations in terms of increasing the scope of the scheme include the provision of more intensive coaching and mentoring to guide participants through the start-up process and beyond.

Similarly, access to finance is a challenge for some participants. DreamStart can facilitate access to microcredit from MicroStart for some participants but it is an independent organisation that does not accept all of DreamStart's clients. DreamStart is therefore seeking to build partnerships with other financial organisations to provide more options to access finance for participants and to provide access to more specialised products, such as insurance for those who have difficulty accessing mainstream products and services.

Finally, DreamStart is seeking to become more active in policy dialogues to inform policy makers about the challenges faced by their clients. For example, some participants seek to combine their start-up with other activities (i.e. "hybrid entrepreneurs") but risk losing their social welfare benefits because they may not be considered available to work.

Impact

Since the beginning of 2013, DreamStart has run four cycles of the project. Each was successfully completed by between 10 and 12 participants. Approximately half of the youth who participate in the intake interview are accepted and the dropout rate is two per cycle.

Approximately 60% of youth who finish the scheme and present their business plan to the panel start a business within a year. Monitoring shows that one-third of participants who complete the cycle go on to start a business and work full-time in this activity and two-thirds work part-time and combine self-employment with paid employment. This allows them to finance their business start-up with the earnings from employment.

An unexpected result of the scheme was that it created networks of youth entrepreneurs. Participants typically stay in contact with each other following the training and provide peer-support.

Conditions for transfer

To adapt this scheme to another context, the implementing organisation will increase its chances of success if the following conditions are met:

1. *Ensure an adequate supply of volunteer business professionals.* Replicating this scheme in another location would require access to volunteer business professionals who are willing to share their knowledge and expertise. This likely requires a project manager who is known and respected in the business community with a large, developed network that can be used to seek volunteers.
2. *Provide training for volunteers.* The implementing organisation must have the capacity to train and guide the volunteers. This goes beyond an explanation of procedures and should include training in communication and coaching so that the volunteers can reach their potential as support providers.
3. *Secure sufficient financing.* Transferring the scheme would require financing. It is likely that multiple sources will need to be drawn on, as is done in DreamStart. Financing will be needed to develop and promote the training component, train and support volunteers, secure a physical location for the training and to cover the salary of the project manager.
4. *Offer a physical location.* The implementing organisation must have the facilities for training the youth entrepreneurs. While the training requires only a small room and a computer, careful consideration is needed about the location of the training centre. It is important that youth can access the training centre with public transportation and, if implemented on a larger scale (i.e. national), that training centres are set-up in all regions.

5. *Partner with supportive stakeholders.* Partnerships will be important for the successful transfer of the experience to another context. Working with other stakeholders will improve promotion and outreach, which is particularly important during the initial project cycles. The partnerships can also be valuable in securing the participation of volunteer professionals.
6. *Hire a knowledgeable project manager.* A strong project manager has been important for DreamStart, with expertise in entrepreneurship, as well as in fundraising and securing volunteer participation. It is also important to have a small staff with knowledge and experience in business planning and entrepreneurship training, who can assist in preparing the training.
7. *Ensure the credibility of the implementing organisation.* To successfully reach potential project participants, the implementing organisation should have a history of working with that client group so that it is seen as a credible support organisation by the clients and scheme supporters. It must have professional staff who are capable of running intake interviews and organising the training.
8. *Build a network of complementary organisations.* While it is important to have a strong implementing organisation, it is also important that it is surrounded by a network of other support providers who can address gaps in the scheme's offerings. For example, this would include microfinance institutions which can provide start-up financing for participants and other business development support services for post-start-up assistance.

Reference

MicroStart (2014), MicroStart website, microstart.be/fr.



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