



Exchange Education for Habitation: Venture Biography



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Disclaimer

The document presents a story of an existing startup prepared through desk research and a narrative interview with the founder. The biography has been approved for publication by the startup and can be used for further research by citing it accordingly (see below).

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1 ID Card

Startup name	Exchange Habitation for Education
Which ecosystem?	Ruhr
Founding date	Idea 2011, foundation 2014
Sector	Social Enterprise (NGO)
No of employees	18 employees + 24 volunteers
(Expected) Turnover 2023	1.500,000€
Male/female founder	Female (and male at the beginning)
Startup phases	
idea generation	2011
incubation/founding	2011-2014
consolidation/scaling	2018 non-systemic scaling; 2020 onwards – systemic scaling
Funding / financial support	70% foundations, 30% – donations from business and citizens, public money

2 Founder(s)' Background and Motivation

Christine, one of the two founders, has a versatile and turbulent life experience. In her teenage years, she unexpectedly became a mother and still managed to finish school with the third-highest score on the state exams in her school. She defeated the odds, even though the student council advised her to quit her education and focus on being a parent. *"In my mind, I always try to turn a weakness into strength because I don't want to be seen as a victim of circumstances!"* Passing forward, when Christine brought the first sentence about Exchange Education for Habitation to paper in 2011, she didn't even know what a social entrepreneur was. Now, 12 years later, she is the CEO of the initiative – an established social enterprise with five locations and one franchise.

Christine, freshly graduated from her philosophy studies, worked for an agency responsible for the campaign 'Cultural Capital of Europe' in 2008, which the Ruhr region won. There, she met Mustafa, a young man from a Turkish working family ('Gastarbeiter'). Mustafa grew up in Duisburg, one of the larger Ruhr cities, in a district characterised by heavy socioeconomic conditions and a high number of migrants. His parents speak just a little German; his mother was a housewife, and his father provided for the family. As a child, Mustafa befriended a German boy from his class, whose mother took him by the hand and showed him that there is more to the world than the "hood". She insisted that he learn proper German, took him to the theatre, and encouraged him to attend a student exchange programme in another country. Her mentoring proved valuable for Mustafa, and he understood how crucial cultural support is for children. He became very active in his community and, in 2008, was working with a collective of youngsters striving to enhance the neighbourhood's positive image. This is where he and Christine met.

Christine joined the collective's campaign as part of the 'Cultural Capital of Europe'. She and Mustafa bonded not only over their work but also over their shared ideas and passion for changing something

in districts such as the one Mustafa grew up in so that children can have an equal chance of a better life.

3 Business Modell

In its eight years of operation, Exchange Education for Habitation has established itself as an impactful non-governmental social enterprise within the field of education, providing services and support for economically disadvantaged children. Their services follow threefold goals – providing educational mentoring for children, offering free-of-charge living for the mentors (i.e. young adults), and networking within the neighbourhoods to enhance the general quality of life through cooperation. Essential for the business model is that they receive the habitation space at a very low fee or even rent-free and take care of it (e.g. renovate) at their own costs. *"We are a traditional NGO with a small operational business for a specific purpose. We don't have a substantial commercial enterprise and can only sustain ourselves to a limited extent through self-financing"*.

In 2023 they are operating in five locations within the Ruhr area and have helped establish a franchise organisation in another large city. At every location, there are 2 management positions – one person responsible for the educational and didactical activities and one running the project management and fundraising. These local fundraisers are responsible for mobilising the community to support the project – from the baker on the corner to larger companies. Christine and one main fundraiser are responsible for the overarching project management and financing. 30 mentors work directly with the 350 children.

To sustain their operation, Christine must put 1,5 Million euros on the table annually. Most of the budget (65-70%) comes from foundations, and the rest is divided between donations from businesses, civil society, or public funding. Christine, however, wants to switch the balance towards more equal proportions. In 2019, she took inspiration from the 17. SDG, specifically targeting partnerships among different actors. With this idea in mind, Christine strives to establish a public-private partnership financing model for Exchange Education for Habitation. The services they offer benefit society in general and municipalities specifically, but integration and increased quality of life aren't goals any actor can achieve alone. *"It cannot be that only the city takes action, it cannot be that only foundations are involved, and it cannot be that only companies or individuals contribute. We all have to do our part."* Now, post-COVID, with the rising inflation and energy prices, with the military conflicts in Ukraine and the Middle East, Christine admits that people are genuinely not that akin to donating money to charity.

In its capacity as an educational service provider, Exchange Education for Habitation is allowed to settle educational vouchers with the municipalities within the German Package 'Education and Participation' ('Bildung und Teilhabe') at most locations they are operating. Nevertheless, Christine admits that the bureaucracy around the Package is so much that it is not working for them. *"If it was possible to settle everything we deliver to the children through the programme, it will make up to 40-50% of all expenses per location. Unfortunately, this is not the case, and I am forced to look for alternatives."* The association receives some money from the state for the mentors since they are participating as part of their Federal Voluntary Year (Bundesfreiwilligendienst). Furthermore, at Location 2, a small part of the city budget is dedicated to Exchange Education for Habitation. Christine aims to roll out such financial recognition at the other locations as well. She admits that finding the money to keep the services operating is her most challenging job. *"When I can plan six months ahead and have no concerns about my liquidity, I can sleep very well."* But to get there and keep the pace requires a lot of endurance.

4 Startup development

Exchange Education for Habitation addresses all the negative characteristics of Mustafa's neighbourhood: limited level of education, a lack of networking opportunities, and minimal access to (high-)quality education and other resources. Back in 2011, there was a 12% vacancy rate in the neighbourhood of Marxloh, and its reputation was extremely poor. It was often referred to as a money laundering district and a 'no-go area,' a place to avoid. "*We essentially realised that in a place where nobody lives, nobody wants to live*". As soon as the 'Cultural Capital of Europe' had finished, Christine and Mustafa decided to start their own agency to continue their work, namely, to push on projects on the interface between city development, economics, and arts and culture. The goal was to push the quality of life in left-behind districts such as Mustafa's home one, even if it meant 'only' dealing with the stigma of living there. Due to their personal life stories, they both knew how vital supporting infrastructures are, leading them to found Exchange Education for Habitation.

4.1 Idea-Generation

The idea for Exchange Education for Habitation arose during the joint work of the founders within the 'Cultural Capital of Europe' campaign. In 2011, when Christine and Mustafa agreed on what they wanted to pursue, Christine wrote the first concept of Exchange Education for Habitation. Coming from a philosophy study, she knew nothing about business model canvases or SRS¹ reports and just laid the idea on paper. She crafted a document nearly the size of a master's thesis. By coincidence, she stumbled upon a call for proposals published by the Vodafone Foundation and the recently established Social Entrepreneurship Academy in Munich. Together, the two organisations initiated an award competition, the most significant social entrepreneurship and education grant at the time. Through this application process, Christine first encountered the term 'social entrepreneurship'. Recognising the alignment with her work, she realised that their efforts were not in vain, and there was a clear vision driving their mission.

Christine and Mustafa submitted their application, were invited to pitch their idea, and ultimately secured the grant — 40,000 euros in funds and valuable business consulting. With this support, they could establish an association. Until then, they pushed the project with their own money in their free time. Suddenly, they could afford legal assistance to draft their bylaws and create a basic website. Travel expenses became reimbursable. This financial boost was particularly crucial for Christine, who, as a single parent working a modest job, had experienced periods of reliance on the social system. Finding financial stability was a significant challenge during that phase.

4.2 Incubation / Founding

The winning of the first award marks a pivotal point in the official founding of Exchange Education for Habitation. More than the money, the consulting became the catalyst for their initiative. Christine admits to maintaining a lasting and amicable connection with the consultant, who remains a valued association member. There was a strong interpersonal connection between them, and with her guidance, Christine shaped the project in its formative phase. Back then, the now widely recognised tools such as Business Model Canvases and agile management methodologies, some of which are nowadays even included in academic curricula, and the diverse array of hubs and labs were not yet

¹ SRS stands for Social Return on Investment, a framework used to measure and communicate the social impact of a social enterprise by assessing the social, environmental, and economic outcomes. Often the results are presented in the form of reports.

established. The available knowledge from the academy leaned more towards the theoretical and academic realm, lacking practical insights into organisational development and financial management. The challenges extended to finding the right tax advisory firm, with Christine and the team receiving inaccurate advice regarding their charitable status.

To overcome these hurdles, Christine sought feedback from experienced people in her network, particularly those familiar with the non-profit sector. Their guidance, though valuable, could only illuminate certain aspects, as the intricacies of the non-profit landscape remained somewhat elusive. Christine navigated this early phase with determination, recognising the need for a broader understanding of the legal and financial aspects of the non-profit sector.

Despite the difficulties, the team managed to establish the association in 2012. After winning the award and through generous donations, they purchased two fully renovated 80-square-meter apartments for €50,000. Here they set up the first shared living communities ('Wohngemeinschaften, WGs'). Additionally, they initiated discussions with the church and the local community, including the Diocese of Essen. To their delight, the diocese offered them a part of an old Villa that had been vacant for over 15 years, rent-free. In exchange, they committed to renovating the space, which became the nucleus of their work with the children, now referred to as the 'Exchange Bar'.

Christine faced significant opposition in the early days, particularly from local district politicians. Surprisingly for her, everyone she encountered from outside the city was enthusiastic and supportive of the project. However, the closer the project came to the home city, the stronger the headwind became. It was a valuable, albeit challenging, lesson for Christine, who, at the time, was inexperienced in navigating the intricacies of establishing an organisation in the social sector. Their endeavour occurred amid well-established political landscapes and life support systems, which had known each other for years, creating a complex network. Christine found herself venturing into the territory of the social-political party, surrounded by, at first, a non-supportive city development company. Her partner, Mustafa, was known in the neighbourhood for his engagement in political matters without holding back. It took some time until local politics took them seriously. Fortunately, Christine had support from key figures who believed fervently in the project. Notably, the former CEO of the Vodafone Foundation played a role akin to a guardian angel. He not only championed the cause but also suggested the formation of a board of trustees, offering to take on the role of chairperson. In addition, Christine enlisted the expertise of a media professional and other influential individuals, creating a protective shield for the project, as these supporters genuinely believed in the transformative potential of the idea.

The journey continued with a second recognition, another award with a background support system. Unfortunately, this time, the support did not prove to be very helpful. *"Two seemingly lost individuals—one from the banking sector and another from the legal context—sat at the helm without genuinely understanding the project's vision"*. Instead of contributing, this award added to the workload. Following that phase, awards continued to roll in, some with financial rewards that significantly boosted their funds, and others brought increased attention, creating a positive feedback loop. Recently, Christine was honoured to receive the 14th award, a notably generous sum of €140,000. While this undoubtedly benefits the organisation's financial health, Christine still recalls their first award and provided support as the most crucial. *"It is one of the best things that could have happened for us"*.

Despite the success, the hurdles were not completely overcome. Over the course of several years, Mustafa faced health challenges and relocated to Turkey. In 2015, after a successful launch, Christine found herself navigating the project's challenges alone. *"A time when you really see who your true friends are"*, she recalls. The city's administration, for example, rarely missed a press event; however, Christine's earnest calls for assistance went unanswered. In these trying times, the Vodafone

Foundation emerged as an unexpected but crucial ally, deviating from their typical funding priorities to provide essential support. At one point, the Social Entrepreneurship Academy and the Vodafone Foundation assigned a fundraiser to Christine's cause. Although engaging an external fundraiser didn't yield the anticipated results, it left Christine with a valuable lesson – fundraising is undeniably a matter for the CEO. Retrospectively, Christine recognises a vital need for a dedicated financial manager. Christine took on the responsibility of handling all administrative and financial matters on her own in the project's early stages. A job that became unbearable with its growth. This revelation underscored the importance of advising fellow founders, especially those without a commercial background like her, to prioritise hiring someone from the financial sector as soon as possible, even if not full-time.

4.3 Scaling-up / Consolidation

The successful launch led to the interest of other districts in having the same project implemented. In 2018, a second location was opened in Gelsenkirchen, another Ruhr area city; three other cities followed, and in 2023, an opportunity arose for the first franchise model in Hamburg. Franchising is seen as the most sensible scaling model for the future. "*A one-woman show at 5 locations in the Ruhr area is enough for me*", says Christine. The story behind every new location, however, is different.

Non-systemic scaling

While the first location, Duisburg, was directly connected with the personal story of one of the founders, Gelsenkirchen, as location 2 was found by chance. Since one of the main tasks of Christine as a manager in the association is to secure funding, she raised donations and wrote grant applications for funding at different institutions and companies nearby. One of these was the foundation of the water provision company at Gelsenkirchen. After reading the application, the foundation manager was so impressed by the project that she approached Christine personally with the proposal to launch the same project in a left-behind district there. The foundation, together with the urban renewal company, worked seamlessly to bring Christine and her team to Gelsenkirchen in 2018. "*They rolled out the red carpet for us and said, 'Here is the building', which they had truly and beautifully renovated for us*".

This scaling activity happened by chance. In the beginning, there was no plan or strategic thinking about scaling, but rather, "*Let's do it if we can*". However, the two locations quickly became too much for Christine. As a graduate in philosophy, numbers were a weakness for her, yet she managed to bring the association's budget up to €400.000. However, with all the fundraising and legal requirements that came with them, the job became so complex that Christine was on the brink of quitting everything in 2019. Luckily, soon after, through her personal network, she coincidentally met someone who temporarily assumed the role of financial management for the association. The new CFO brought nearly two decades of extensive experience in the non-profit sector to the table. He worked in a consultancy company in a smaller city nearby, which soon became location 3.

Systemic scaling strategy

Before the third location was opened, Christine applied for another entrepreneurship scholarship at the Impact Factory, a local incubator. The programme distinguished three phases of development – ideation, foundation, and scaling – and each candidate could choose where to go. Even though some years had passed since Exchange Education for Habitation started, Christine joined the first phase to reflect on her business model. Additionally, a colleague from the association joined the Open Transfer Accelerator, which proved to be a valuable sparring partner for further developing scaling ideas. Furthermore, in 2020, the association secured a significant grant from another foundation with the specific aim of scaling up. This allowed Christine to bring on board a dedicated team member tasked with identifying potential locations for expansion and devising strategies for scalability. Scaling proved

a unique challenge, as Christine's initiative was a clear precedent. Unlike conventional startups, her organisation was interlaced with complex structures, making each expansion like founding a new company. During the application process for the Auridis Foundation, Christine was forced to develop an impact plan, which was very challenging but helped her and the team to focus. With the help of the accelerator and the foundation itself, they developed a scaling strategy. Internally, the team designed a comprehensive tool, a sort of Excel spreadsheet, where socioeconomic data can be put and a rating matrix can guide the decision-making process. The team invested substantial effort in thoroughly analysing the characteristics of various neighbourhoods. Some of the criteria include a well-connected network and proximity to multiple schools; finding a landlord who isn't a private entity; striking the right balance – not too much availability of other supporting infrastructures and not too close to an existing location to avoid internal competition and potential loss of supporters; ideally, being close to a university and the city centre. These criteria guided their expansion at locations 4 and 5, while location 3 was established more out of personal reasons, very bottom-up, without the active participation of the local municipality.

Location 3, Witten, is where Christine finished her school and university education, where her family lives, and she has a good social network. After moving there, she decided to open another Exchange Education for Habitation base. The hope was that since there are a couple of Waldorf schools (Waldorfschule²) nearby, a social mix of children could finally be achieved. This is the one component missing in most other locations since the disadvantaged children were mostly among themselves. IN Witten, however, there was a good chance that children from higher-earning families may also join Exchange Education for Habitation. These hopes, however, proved hard to achieve. *"The more affluent people here are indeed not as open as we thought and prefer not to mingle their children so much with the foreign children"*, admits Christine.

Location 3 was established around the time when COVID-19 hit. With the help of a friend, Exchange Education for Habitation managed to set up a secure online platform for the kids to meet very fast. Through some donations, they managed to secure mobile devices for all children as well and kept the services running. *"Since the pandemic – in 2020, we've more than doubled our team and actually opened three more locations over the past three years."*

At location 4, Dortmund, there has been a discussion about implementing Exchange Education for Habitation for many years. Christine can't recall who initially sparked the interest in the city. In the past years, however, the conversation would periodically surface – the city expressing a desire, inviting exploration of a particular economically deprived neighbourhood. Communication would ebb and flow rekindled through a contact Christine knew from Duisburg. During this time, Christine's team assessed the possibility of implementation in the suggested part of the city. However, they found themselves caught in a political manoeuvre. One councilwoman was adamant about having them in that particular location because it was her electoral district. However, after conducting a small analysis, it became clear that Exchange Education for Habitation was not essential there, given the abundance of existing support networks. The association always aspired to make a difference, not just be one of many, and identified another neighbourhood in the same city that would benefit more from their services. The implementation required the involvement of political and municipal networks and designated contacts at every step. This was a frustrating period for Christine. Since they went their own way rather than the suggested one, they were initially restricted from actively recruiting children, and the organisation received no financial support from the city. The situation prompted confusion and questions about the

² Waldorf schools are an alternative education system developed by the German philosopher Rudolf Steiner. The aim is to alter education to the personal needs of children by supporting their intellectual, artistic, and practical skills, with an emphasis on imagination and creativity.

path forward. Christine asserted her position, expressing that the current constraints were inhibiting their familiar approach, which proved successful at the other locations. Gradually, they gained permission to resume activities in a manner familiar to them. Currently, there is an ongoing process of reconciliation with the city, and Christine acknowledges a steep learning curve in navigating local politics, an area she considers her current focus. Similarly, at location 5, Essen, they overran the city and identified the neighbourhood in need themselves, implemented Exchange Education for Habitation and kept working.

Franchising – the model for the future

During the application process for the last substantial funding from the Auridis Foundation in 2020, Christine was forced to develop a very ambitious scaling plan, requiring her to open multiple Exchange Education for Habitation bases across Germany till 2027. Even while writing the document, Christine knew that this was not achievable. *"People often didn't appreciate how complex and labour-intensive managing even a single location could be."* Through their research for the scaling strategy, Christine encountered the option of social franchising, which appealed to her as the only sensible alternative. Her main wish for fast and successful expansion is the implementation of Exchange Education for Habitation within existing social structures; however, they didn't show any interest. *"They're seen as conventional, and we are perceived as innovative"*, concludes Christine. The franchise model requires a founding person with enthusiasm to overcome the hurdles of establishing a social enterprise.

Fortunately, the first franchise model was successfully launched in August 2023 in Hamburg, away from the Ruhr. A former employee from Duisburg moved to the city for personal reasons, had a child, and realised, searching for a new perspective, that she wanted to continue her Exchange Education for Habitation job. This aligned with the development of the idea of a franchise. She took the initiative and, together with Christine, founded a new association. Christine is also on the board but more as a figurehead. The new founder is essentially Christine's copy and handles everything as a licensee, successfully establishing a new location. By learning how to navigate the franchise together, both can train the next person to become a franchisee. *"The fortunate circumstance is that we both had a lot of tolerance for each other's mistakes. She knew that I didn't have this transfer structure yet, and I had to adjust my expectations for her. And now, I plan to search for additional franchisees within the next two years."*

5 Reflection and Conclusion

Today, Christine is active in the entrepreneurship scene. She was a private lecturer at an entrepreneurship academy for three years and occasionally holds seminars at a local university. With her 8 years of social entrepreneurship experience and successful scaling strategy, she is also invited as an expert at the Open Transfer Accelerator.

Christine's journey envelopes together with the development of entrepreneurship-supporting structures in Germany over the years. At the time when she started with Exchange Education for Habitation, the systematic supporting structures available now, were just starting. *"If I was to start today with a new idea, I could choose my programmes, apply, and essentially select the entire three-phase support model. That option didn't exist back then"*. Christine simply started doing things, a couple of times being among the first to try a new programme. For instance, Exchange Education for Habitation was the first winner of the Social Entrepreneurship Academy back in 2011. Similarly, she was in the first batch to undergo the Impact Factory's programme in 2019. Though there are many supporting options nowadays, she recently underwent a somewhat disappointing certified training this year in the field of

Non-Profit leadership. Although the content didn't match the promising title, her main motivation for entering the programme was to gain a deeper understanding of what she had been doing over the last ten years and to retrospectively bring structure to her experiences. This retrospective approach has characterised her life and entrepreneurship all along. *"I cannot learn on standby, go through a programme, and then thoroughly establish a company. Instead, I must find it first and then see or at least have it running concurrently"*.

Furthermore, Christine reflects on the Ruhr region's potential for supporting startups. *"Unfortunately, founding something always has to hurt a bit."* In her opinion, the cliché of necessity being the mother of invention has quite a bit of truth to it. She honestly admits that the best ideas have come during the darkest and most difficult hours because creativity is required. She sees herself as uncomfortable for the team because everyone seeks security, routine, and minimal change, while she likes to come in and shake things up. Yet, a degree of discomfort is needed because thinking stops when it gets too comfortable. *"That's the death of an educational project, probably for any company that isn't a government agency"*.

Christine points out the unique challenges in the Ruhr area, where housing issues differ from Berlin, Munich, or Hamburg. There are vacant spaces that need conscious recognition by municipalities and cities to facilitate entrepreneurship. Empty spaces and affordable rents for commercial areas are crucial for realising new ideas. Walking through Witten, Christine recognises numerous great places that could be utilised with the right ideas. However, local leaders need to comprehend that money doesn't only come from traditional industries. There are existing infrastructures waiting to be used. For example, her last award in the autumn of 2023 came from a gathering of 1000 lawyers in Germany. During this event, she emphasised the power lawyers have and how they could make a significant impact if every law firm committed to working pro bono for such organisations. Access to legal advice, things not immediately visible or considered, is as important as learning how to fill out a business model canvas or write a business plan. *"Utilising and activating existing structures is an area with considerable potential for improvement"*.

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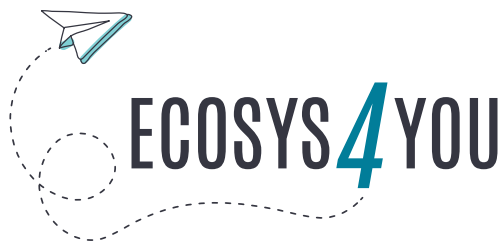
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