

# oikos Case Writing Competition 2014

## Social Entrepreneurship Track

**3<sup>rd</sup> Prize**

### **Wellcome – Growth of a Social Enterprise**

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*Wellcome offers support to families in the first weeks after a baby is born. Surprisingly, previously there was no service available to families in this new and often overwhelming situation of beginning parenthood. Statistics show that especially in those weeks mothers are endangered of showing symptoms of burn-out or postpartum depression due to exhaustion. wellcome sends volunteers to help mothers in their homes and fulfill tasks such as taking care of the baby or siblings and help in the household. wellcome has realized an impressive growth since its foundation in 2006 and their teams are now present in almost every city in Germany. That was possible thanks to the social franchising strategy wellcome had developed, where existing social service providers serve as franchisees who locally coordinate and supervise the volunteers' work.*

## **Founding a Social Enterprise**

Rose had planned her pregnancy in detail. As the director of a family service centre she felt well prepared for everything that was ahead of her. Since she was a professional expert and considered herself as “well-organized” she was looking very much forward to her little baby daughter. However, after a long and difficult birth Rose felt like she had “landed on a different planet”. Still exhausted from birth, she found herself confronted with sleepless nights, a baby crying for hours, tons of dirty laundry, an empty fridge and she felt her last shower was days ago. Her husband had to go back to work very soon and her family lived far away. Only years later, she realized that she might have shown symptoms of a postpartum depression – a disease that hits up to 20% of mothers (and, more rarely, also fathers). Research suggests that postpartum depressions are caused by genetic disposition and changes in women’s hormones after giving birth, but that sleep deprivation and missing social support play an important role as well.

“Why is nobody here to help me?” Rose asked herself. As a professional in the area of family services, she contacted local family help organizations, but only to find out that she was “too normal” to qualify for support, as she did not have any real financial or psychological problems, or extraordinary circumstances such as twins or triplets. She learned that there was no official service offered by any of the numerous social organizations directed to mothers in a situation such as her own.

Back to work, Rose decided to break the silence and speak openly about the feelings of isolation and despair she had experienced after birth - a time she had expected to be the most happy in her life. That was not easy; she was ashamed of her situation particularly because she had always regarded herself as a strong and hands-on woman. “But then”, she recalls, “something special happened: other mothers also shared their stories which resembled mine”. Hearing so many stories of isolation, exhaustion, and despair disturbed her, not only personally but also professionally. As an expert in the area of family services, she could not believe that there was no systematic support offer for families in the first weeks after a baby is born. That was a turning point in her life and the idea of wellcome was born.

The *leitmotiv* for starting wellcome was to create a system of support for all families irrespective of their income situation, their educational background, and their health situation. She wanted to offer support to those in need of help – anyone with a newborn child without help from the family or neighbors.

Rose has always been a leader personality with a lot of energy and spirit. She pursued a career along with a family, something unusual in her generation in which most mothers worked part-time, if at all. Holding a university degree in social work, she soon achieved a leading position in a family service centre which she decided to carry on also after the birth of her daughter and, later, her twins.

In 2000, she started a first child-bed service in the two protestant family centers in Hamburg she was managing by then. The idea felt right, but something was going wrong. She did not reach enough families, but the ones she could offer support to were all excited about the program. Then she decided to apply to the competition "StartSocial" by McKinsey in 2002.

Out of 4,000 applications in the competition, her idea was selected amongst the winners and she received pro bono consulting. At that time, the common mindset was that business and social arenas were antagonistic worlds. As a trained social worker, the approach of the consultants was new to her and she felt she learned a lot from the questions they were asking. For example, the traditional logic in the social sector was that first you need funding and then you can start your project. However, the consultants told her to first think about aspects like the team, public relations, quality management, and a scaling-up strategy. The name and brand of 'wellcome' was born, and important modifications to the concept put the project on a promising path. After the StartSocial consulting phase, Rose convinced McKinsey to continue to mentor her with monthly feedback meetings and individual coaching for about three years.

During that phase, the first spin-off projects were started in other cities and a first legal entity for the innovative 'social franchise' was established in 2006 as a charitable, tax exempt limited liability company (gGmbH) under full ownership of the local Church District who also ran the family education centres managed by Rose. The decision for this legal form was based on the idea that wellcome should be run like a business, and not e.g. a self-help initiative which would have called for more participatory structures such as those of an association.

wellcome started to gain ground and spread further. However, the initial ownership arrangement proved to be holding back development. The church district was a local/regional institution; while some wellcome teams had started in other cities by then and there were nation-wide ambitions for the project already in 2006. Rose's responsibilities of running a growing number of family education centres collided more and more with her function as executive director of wellcome gGmbH. She was also traveling a lot for wellcome and therefore could often not participate in regular church meetings. Finally, in 2009, there was a sharp increase in media attention as Rose was awarded several prestigious recognitions, and all of a sudden she was well-known and, for instance, invited to high-level events where none of her direct superiors in the Church hierarchy would be present. So at some point, a decision had to be taken: Should she hire a new executive to run the gGmbH, potentially risking stagnant development of the project, or should she part from her long-time employer and take the scale-up of wellcome into her very own hands? Rose boldly decided to quit her former position and take over 100% ownership of wellcome, then moved the team to downtown Hamburg and finally started a period of very strong growth. "It was just great to have that entrepreneurial freedom at last", she recalls.

## Helping Young Families in Germany

The German welfare system is largely based on public social insurance funds covering pensions, health, unemployment and accident insurances. These insurance associations perform quasi-public functions and contributing to the funds is mandatory and usually directly deducted from an employee's payroll (and is sometimes additionally matched with employer and/or government contributions). A few large players offer the majority of social services: Workers Welfare Services (AWO), Caritas, Diakonie and The Red Cross. They operate hospitals, kindergartens, homes for the elderly, and disabled. With over 10.000 subsidiaries and local organizations, the welfare associations serve children, youth, elderly, disabled, families, migrants, and people facing situations of social distress. They receive 90% of their funding directly from the state or social insurances. This system has often been criticised for its large bureaucracy, inefficiency, and inflexibility.

As Rose's personal story shows, among the vast arrays of services by insurance and welfare associations, there are no services available to 'normal', middle-class mothers in the intense period after birth. However, the need for systematic help for families with small babies is there, and seems to be growing. Rose says, "Unlike two decades ago, much fewer young families live close to their parents and can rely on a tight local network of support". Until the beginning of the 20<sup>th</sup> century, women of the family and the neighbourhood took intensive care of a mother for the first six weeks after birth, e.g. cooking meals, looking after siblings and the household. Even today, in some indigenous communities mothers are supposed to lie in bed and be "pampered" by others for the first weeks. While knowledge about child care was traditionally transferred from generation to generation, today young mothers and fathers often do not have grandparents or other family members who live around the corner to offer advice and support. "It takes a village to raise a child" is an old African proverb, emphasizing that raising children is actually too big a task to be just performed in a single family (let alone by a single mother or father) but that the whole community should ideally contribute.

In Germany, around 660.000 babies are born every year. Out of those, 20-25% are considered as "excessive criers", which means the baby cries at least on three days a week for more than three hours. 25-80% of the mothers suffer from "babyblues" in child bed, 10-20% of the mothers and even 4% of the fathers suffer from symptoms of postpartum depression. Physical challenges in the first weeks after birth include after-pains, the healing of birth-related wounds, problems with breastfeeding, and symptoms related to the quick change of hormones after giving birth. Furthermore, the number of twins and triplets is rising.

To help any mother in the first weeks after a baby is born, Rose founded wellcome. The mission of the organization reads as follows: "We want to strengthen young families, to foster a healthy growing-up of children. We help families with small children in their everyday life through practical neighbourhood support if family and friends cannot provide this – that is our mission. Therefore, we build and support local teams of volunteers in cooperation with local welfare associations."

The brand "wellcome" stands for "wellness" and "welcome" for children and families; or shortly "well come" in the sense of arriving safely.

## Wellcome's Services

Young mothers (and fathers) in need of help can find out about wellcome from various sources, for example, through advice of their midwife, a poster at their childrens' physicians' or a flyer at the family service centre that had offered their birth preparation courses. Once they get in touch with the local wellcome coordinator at a family service institution, she will conduct a first interview with the mother or family to explore their needs including a standardized questionnaire, will then match them with one of the volunteers of the local team and arrange a first talk or meeting. She will then continue to be available for both parties, family and volunteer, for advice if problems occur. Over the next few months,, the volunteer will visit the family about once or twice a week for a few hours and offer support in childcare such as taking over the new-born so the mother can have a shower or some sleep, playing with the older kids, or even occasionally just doing some grocery shopping or helping in the household if she likes to, which is not core to the wellcome volunteer service. On average, the volunteer supports the family for 2-3 months within the first year after birth, as wellcome limits the service to the time before the child's first birthday. At the end of such a 'deployment' there will be a final meeting between the family and the coordinator, also supported by a standardized questionnaire to ensure appropriate documentation and support quality management.

If there is no other network that can offer this support, the volunteer creates invaluable breaks and relief for parents that newly arrived in a situation where the new-born needs their constant attention and frequently leaves them guessing what it might need, and frustrated over not being able to calm it down when crying or distressed – while at the same time, keeping them from a good night's sleep for weeks or months at a time. Without any help in such a situation, on-going exhaustion and frustration can even lead to anger and threaten or damage the relationship between the mother and her child.

*“When my wellcome angel comes, I go have a shower and then I sleep, sleep, sleep... This is so important. Sleep deprivation is like torture, all energy is totally gone and that's not good for the mother and the child”.*

Voice of a mother.

As the service is open for all and not a welfare offering only for those in financial need, the families pay a contribution to the cost of the programme. The standard fee of 5 EUR per hour of volunteer visit is however very affordable, and can easily be discounted without having to actually prove financial distress or to go through any inconvenient bureaucracy. The small payment ensures that also well-educated and middle-class families feel comfortable with wellcome's service instead of feeling 'stigmatized' as relying on 'welfare entitlements'. Furthermore, additional value is attached to the help received in the perception of the recipients, as it is not for free.

## Building a Social Franchise

Thinking about the appropriate legal form for wellcome and a promising scaling strategy, to Rose it was clear from the start that the idea would be spreading out via a growing number of local teams that work independently. However, she soon realized that there needed to be some form of control over how these partners implement the concept and use the corporate identity to build a common brand umbrella, and keep a common reputation for high-quality work. The idea of a social franchise was born: “Wow, what we need is a franchise, almost like McDonald’s” she realized, at a time when there were no other social franchises yet in the market.

As wellcome is filling a niche in the ‘market’ for family services, it is crucial that each and every local team is deeply embedded in the network of institutions offering other education, counselling, or support. Therefore, only family support service institutions that are well-connected with other local offerings can become a wellcome-Franchisee. This idea of partnering with the subsidiaries of the large established welfare associations in Germany enabled Rose to draw on their specific local expertise, their network and their infrastructure (e.g. office spaces etc.). This is also important, as the local franchisee organization must be able to direct families in need of other help or in severe situations to competent local partners or doctors.

However, the idea of “social franchising” and charging prices for social services was revolutionary and required a fundamental culture change in most franchisee institutions. Especially at the beginning, Rose very often had a hard time explaining her system which was perceived as a “business solution” to a social problem. Social workers in the family centres were worried that implementing Rose’s wellcome service would necessarily lead to increased “managerialism” and a marketization of social services. Her professional background as executive director of two family service centres run by the Protestant welfare association Diakonie helped her enormously in that period. At least, she knew how welfare organizations work and was perceived as an “insider who knows what she is talking about”.

To start a wellcome-team, the franchisee institution has to fund a team coordinator with adequate professional experience who can dedicate a capacity of 5 hours per week to the programme in terms of managing and coaching the team of volunteers as well as matching and counselling the beneficiary families. They also have to pay an annual franchise fee. The franchise system was very different from common procedures in the social sector, where specific knowledge or programmes are typically spread by offering paid training courses, then allowing the newly-trained and licenced individuals to use their knowledge freely afterwards, not constrained by franchise agreements, but also without any on-going support.

During a standardized foundation process wellcome’s national coordinator visits a new institution several times and supports the launch of the programme. Wellcome provides each team with an array of standard operating procedures, guidelines, forms, and templates which serve as the basis of their work. The future volunteer coordinator (employed by the family support institution) receives intensive training organized by wellcome. The franchisee also benefits from a strong brand and public relations efforts by Rose and the gGmbH along with standardized marketing materials for the local site.

Continuous exchange is ensured by a national coordinator, who also visits each franchisee institution for an annual evaluation meeting; regular gatherings are mandatory for all team coordinators in the same German state, and there are nation-wide meetings of all state coordinators.

Asked about the difference between a conventional, commercial franchise operation and a social franchise, wellcome staff point out how the cooperation between the institutions are in fact not defined by the actual franchising contract that specifies the rights and duties of all parties, but by a shared mission and trusting partnership. wellcome does not make use of possibilities such as charging contract violation fees or even bringing contract partners to court if there are deviations or disagreements, but will by policy always interact in a cooperative way. As its franchisees are not in the network to generate profit but offer an additional service, they cannot simply be coerced into compliance to franchise rules by sanctions that would also quickly erode the basis of trust and shared goodwill of the cooperation. Therefore, Rose and her team emphasize how crucial the selection of appropriate partners is. She is convinced that “less is more” and carefully examines her franchisees before engaging into contractual relations. Only those institutions and individuals that convincingly share the mission and the idea behind wellcome will be included. wellcome seems very successful in selecting the “right” partners as hardly any franchising relationships had to be terminated so far. In addition to the selection process, wellcome puts particular emphasis on creating and maintaining relations of trust and information-sharing from the beginning on.

If there are changes or directions the team at the central gGmbH wants to roll out through the network, therefore, this can only be done by convincing and persistent communication, taking into account the perspective and concerns of the franchisees.

## **Human Resources and Leadership**

### Human resources

In 2009, wellcome gGmbH employs 10 women in the central office in Hamburg, most of them in part-time positions, and the franchise network comprises of 127 local team coordinators across 12 German states. The local coordinators are local employees of the welfare associations (franchisees) and work approximately 5 hours a week to run their wellcome team. They are typically paid female social workers with expertise in family work. Apart from being responsible for local public relations, their main tasks are to consult the families, assign volunteers, mediate between families and volunteers, and to recruit and supervise the local volunteers. Five regional coordinators work approximately 25 hours a week. They support the team leaders and help ensure a constant flow of information between local teams and the headquarters in Hamburg.

As wellcome’s support model heavily relies on the work of volunteers, successful recruiting, training, coordination and retention of volunteers is crucial. Each team coordinator is working with about 15 to 20 volunteers who mostly know each other personally and also support each other through peer-coaching in meetings. If a group grows larger, wellcome requires them to split into separate groups.

Most volunteers working for wellcome are women, 54% of them are older than 50 years. wellcome aims at offering a modern form of volunteering that is a flexible and temporary engagement in the volunteers' direct surroundings. The numbers proof that this concept works and taps into a completely new potential for community volunteering: over 50% of wellcome's volunteers volunteer for the first time and 75% are not engaged in any other volunteer activity. wellcome recruits its volunteers through articles in local newspapers and word-of-mouth. Most volunteers' motivation is to work with babies and small children. Almost all are mothers themselves and very well remember the challenges of a beginning motherhood.

One key insight Rose had gained during the intensive consulting and coaching through McKinsey at the very beginning was about how to deal with volunteers. Different from her first concept in piloting the service, wellcome volunteers do not get any official training before they start. wellcome's philosophy is to let volunteers support the families just like a family member or neighbour would do – naturally. A local wellcome coordinator offers supervision and coaching to the volunteers whenever needed along the process. The approach to volunteer coordination that wellcome has chosen is also very efficient, as they combine the engagement of volunteers with limited, but effective coordination and coaching by qualified professionals, which are paid for their work. As a result, they can ensure high quality services with a limited requirement of paid hours. The "package" they offer to potential volunteers (temporary engagement with children which is professionally supervised) seems to be so attractive that they are currently not facing any recruitment problems.

### Leadership

Rose always considered herself a 'leadership personality' and after founding the first wellcome teams in 2002, she very soon realized that she had nation-wide ambitions for this. Founding, leading and growing wellcome posed particular challenges for her. With a background in social work, a lot of the business thinking and business talk of the consultants she was working with such as McKinsey and Bain was new to her. However, she found the idea of combining business strategies to achieve social impact intuitively appealing. Bridging the gap between the worlds of business and social work was one of her core goals, but also among her core challenges having to bring together actors from those still sometimes quite different arenas and more than 1,500 volunteers. For Rose, successful leadership is mainly about uniting her growing decentralized franchise organization, bridging such different types of actors and forging a common spirit of mutual trust and belonging. With increased growth and less personal interaction with all actors involved, systems and procedures need to take over some of the functions of personal leadership in this regard, and Rose increasingly relied on her team for taking over day-to-day coordination of the programmes. Still, she herself and her Deputy Director Regine, in charge of public relations and fundraising, are often torn between daily responsibilities of running wellcome and strategically more important tasks.

Another challenge coming with growth is to lead a growing team of staff while preserving the culture that all team members had come to cherish. Rose had always lived an open-door policy and established a participative leadership style in interacting with her mainly female colleagues, most of whom work on part-time basis and whose needs in balancing work and child-care are taken into account by flexible working hours and a working culture taking individual allocation of working time and optional home-office hours as a given. At meetings

and in discussions, every voice is heard and every idea is welcome, and Rose is not the type of leader who has a hard time admitting own mistakes or has a need to show off 'super-human' performance or self-sacrifice for the organization. While she emphasizes that people at wellcome do not mix private and professional life and relations to a great extent, a friendly and collegial atmosphere has been established and all staff are dedicated to the common mission of supporting young families. With a team that is used to steady growth, to fast-paced change and/or steep increases in work requirements could challenge or overstrain the stable and familial culture.

Early on, Rose had realized that political support was crucial for making her endeavour work. Therefore, she and Regine are highly engaged with constant lobby work with politicians to ensure the daily needs of young families get the public visibility and support they deserve and that is needed to successfully run and grow wellcome. In 2007, German Chancellor Angela Merkel took on patronage of wellcome nationwide, and the team has been able to secure regional patronage by the respective State Minister of Social Affairs in all states where wellcome is active. Prestigious awards supported the increasing national profile of Rose as a well-known player with a proven approach: In 2007, Rose was selected as a 'Social Entrepreneur of the Year' by the Schwab Foundation, in 2008, she was chosen as an Ashoka Fellow by Ashoka Germany – both among the most important global support networks for Social Entrepreneurs. In 2009, she received the German National Cross of Merit for her achievements.

## Financing Wellcome

In 2009, the financing of wellcome is still a challenge. In terms of earned revenues, every franchisee organisation pays an annual fee of 250 EUR for the brand, network, operations manual, coaching and other services by the wellcome gGmbH. One main corporate partner supports with funding and also facilitating access to children's doctors via their distribution network, and a Childhood Foundation also contributes a significant amount – however, both commitments are not long-term. In 5 German states, regional wellcome coordinators have been established who are funded by the respective state Ministry of Social Affairs, who also pay a kind of 'franchise fee' of 5,000 EUR per year for each coordinating office.

Instead of traditional loan or equity-funded investments, wellcome's growth plans rest on a five-year scale-up grant by the German Auridis Foundation running from January 2009 until end of 2013. Reflecting on the particular situation of social enterprises as filling less-profitable market niches, Rose is sceptical of a growing trend of impact investing into social start-ups before they have been established on the market, and she is certain that 'If I had to repay such debt, I would need to sit at a supermarket cashier to do so'. She also cherishes the freedom of entrepreneurial decision-making in strict alignment with her mission of helping young families, which she does not have to compromise to serve debt repayments or cater to shareholder interests.

Overall, the share of earned revenues in terms of franchise fees in 2009 does not seem to really qualify the 'Social Enterprise' as a self-sustainable operation with its unstable mix of franchise fees, corporate partnership support, public funding and a dominating portion of

grants and private donations (Exh. 5). A pro-bono consulting project delivered by Bain at year's end of 2009 resulted in the following recommendations for financial sustainability of wellcome's core programme 'Practical Support':

1. Increasing the number of teams to approaching 500 by 2015
2. Significantly increasing the Franchise Fee from 2011

Further growth in team numbers seems necessary to increase reliable income, and a raise of the franchise fee has been discussed controversially in the team. While the support and value provided to the local teams seems to justify higher fees and the income structure almost requires this step, at the same time, it seems clear that it would be very difficult to communicate a raise to the franchisee partners, some of which might even exit the franchise.

## Designing a Long Term Growth Strategy

The first growth phase of wellcome had started around 2006 with the foundation of the gGmbH. From then to 2009, the number of wellcome teams rose from 33 in 4 states and about 320 active volunteers to 127 in 12 states with a total of about 1,550 volunteers. They served 2,444 families with an impressive 43,000 hours of volunteer work in 2009. And for Rose Volz-Schmidt, the future goal in early 2009 was clear but more modest than advised by her consultants later that year: "We *can* achieve 250 teams in Germany – it will be a lot of work, but the road is clear".

As the success of the innovative concept of the signature programme of practical support was proven and the effectiveness of its approach to combine volunteer work with a sound professional infrastructure became more and more well-known, serious strategic questions started to arise regarding the further development of Wellcome.

From the realization that some families really needed selective financial help, the 'Families in Distress'-Programme for small donations had been founded in 2009. In the years of working with young families, a lot of knowledge had been collected and there were many other ideas popping up in the team and filling up Rose's drawers on how families could be supported with the same empowering approach that was typical for wellcome. Meanwhile, wellcome had become known also internationally and stirred interest from family service initiatives abroad such as an Irish family service centre that was eager to found a wellcome team and spread the concept in their country to support young families there.

Rose most clearly realized the need for a fundamental strategic decision when the Secretary of State of Lower Saxony congratulated her on wellcome's success and asked her: 'Wouldn't that be a great solution to help senior citizens to get support at home? It would enable them to enjoy their independent live at home much longer before needing full professional home-care or move to a home for the elderly?' Rose knew immediately that it would be a perfect match to apply the wellcome system to this field. She could well build a second franchise with her experience from the first, and significantly broaden the basis of her franchise fees without too much investment. But, was this the right strategy for wellcome?

Rose had to face the question of whether wellcome should continue to focus on growing and spreading its signature program, or diversify further. And if so, what ways of diversification

would fit the company? Should wellcome continue to grow by developing new ways of family support, or rather seize the opportunity to replicate its proven system for senior citizens?

Inspection Copy

## ANNEX

**Exh. 1: wellcome Timeline 2002 - 2009**

| <b>Year</b> | <b>Key Developments</b>  |
|-------------|--|
| <b>2002</b> | <ul style="list-style-type: none"> <li>• First pilot teams in Hamburg area</li> <li>• StartSocial award</li> <li>• Development of wellcome brand</li> </ul>  |
| <b>2004</b> | <ul style="list-style-type: none"> <li>• Expansion in Hamburg and State of Schleswig-Holstein</li> </ul>   |
| <b>2006</b> | <ul style="list-style-type: none"> <li>• Further awards</li> <li>• Start of Expansion into State of Lower Saxony</li> <li>• Founding of wellcome gGmbH</li> </ul>  |
| <b>2007</b> | <ul style="list-style-type: none"> <li>• Patronage of Chancellor Angela Merkel</li> <li>• Rose Volz-Schmidt awarded as a fellow of the Schwab Foundation</li> <li>• Launch of the wellcome fairy program in Hamburg</li> </ul> |
| <b>2008</b> | <ul style="list-style-type: none"> <li>• Patronage of 12 State ministers in their respective States</li> <li>• Rose Volz-Schmidt awarded Ashoka-Fellowship</li> </ul>  |
| <b>2009</b> | <ul style="list-style-type: none"> <li>• Rose Volz-Schmidt assumes 100% ownership of wellcome gGmbH</li> </ul>   |

**Exh. 2: Map of wellcome teams founded in Germany up to 2009**



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Source: Wellcome

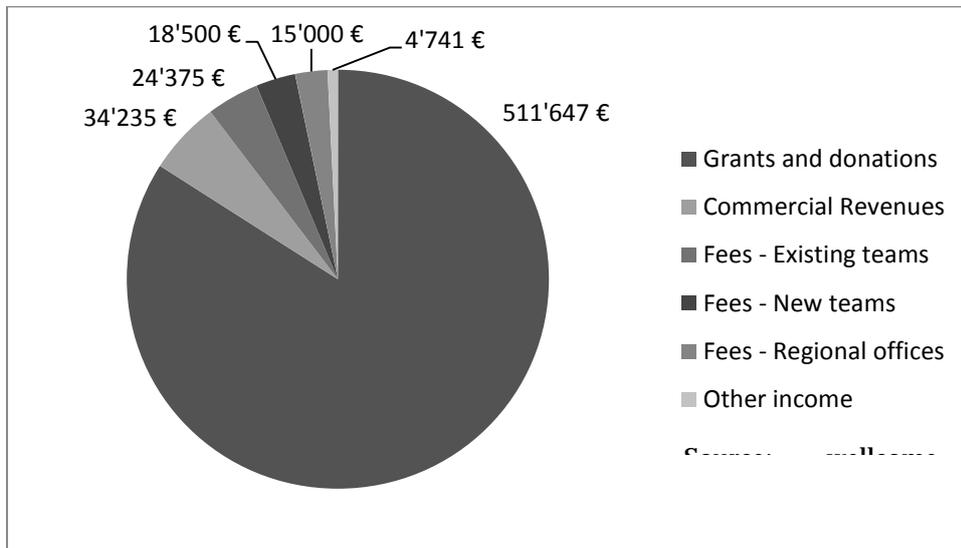
**Exh. 3: wellcome Growth Indicators 2004 - 2009**

| <b>Indicators / Year</b>    | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Budget (Total, EUR)  | 150,000     | 120,000     | 84,000      | 330,000     | 630,000     | 824,000     |
| Own Revenue (EUR) *         | 25,000      | 25,000      | 63,000      | 73,000      | 107,000     | 173,000     |
| Central Employees (FTE)     | 1 x 50%     | 2 x 50%     | 2 x 50%     | 2           | 2.5         | 6.3         |
| Local Coordinators          | 26          | 31          | 33          | 57          | 87          | 127         |
| Regional/State Coordinators | 2           | 2           | 2           | 3           | 3           | 5           |
| States w. Wellcome Teams    | 2           | 2           | 4           | 5           | 8           | 12          |
| Wellcome Teams              | 26          | 31          | 33          | 57          | 87          | 127         |
| Volunteers                  | 150         | 220         | 320         | 617         | 970         | 1,550       |
| Families served             | 240         | 375         | 560         | 936         | 1,430       | 2,444       |
| Volunteer hours in families | 3,500       | 6,950       | 10,500      | 15,000      | 23,300      | 43,000      |

\* excluding grants and donations; including public contracts

**Exh. 4: Overview of the Social Franchise Levels**

|  |
|--|
| <b>Wellcome National Head Office (gGmbH)</b>   |
| <ul style="list-style-type: none"> <li>▪ Brand-Management and quality control</li> <li>▪ Centralized PR and fundraising</li> <li>▪ Screening of potential franchisees, supporting foundation of new teams</li> <li>▪ Development and testing of new products and services</li> </ul> |
| <b>Regional Offices at partnering welfare institutions</b>   |
| (mostly responsible for a state and funded by the State Ministry of Social Affairs)  |
| <ul style="list-style-type: none"> <li>▪ Coaching of wellcome-teams within their region</li> <li>▪ Building regional networks of expertise and political support</li> <li>▪ Regional PR and fundraising</li> </ul>   |
| <b>Local Wellcome-Teams at partnering welfare institutions</b>   |
| <ul style="list-style-type: none"> <li>▪ Team-Coordinator works with volunteers to support young families</li> <li>▪ Consults families and introduces them to other services/institutions where needed</li> <li>▪ Local PR and fundraising</li> </ul>                                |

**Exh. 5: wellcome Income Composition 2009**

**Exh. 6: Income Statement wellcome 2009**

|  | Revenues              | Expenses             |
|--|-----------------------|----------------------|
| Grants and donations                                 | +511.647 Euro         |                      |
| Operating revenues                                   | +96.851 Euro          |                      |
| Labour costs (salaries, wages plus social insurance) |                       | -251.622Euro         |
| Depreciation   |                       | -6.110 Euro          |
| General and administrative expenses                  |                       | -269.100 Euro        |
| Merchandise purchase                                 |                       | -33.632 Euro         |
| Finance costs  |                       | -288 Euro            |
| Interest earnings                                    | +2.406 Euro           |                      |
| Income tax expenses                                  |                       | -3.600 Euro          |
| <b>TOTAL</b>   | <b>+ 610.904 Euro</b> | <b>-564.352 Euro</b> |
| <b>Annual Net Income</b>                             | <b>+ 56.552 Euro</b>  |                      |

**Exh. 7: Revenue Matrix of Franchise Fees / Number of Teams**

| Franchise Fee   |     | €250    | €300    | €350    | €400    | €450    | €500    | €550    | €600    |
|-----------------|-----|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Teams | 250 | 62.500  | 75.000  | 87.500  | 100.000 | 112.500 | 125.000 | 137.500 | 150.000 |
|                 | 300 | 75.000  | 90.000  | 105.000 | 120.000 | 135.000 | 150.000 | 165.000 | 180.000 |
|                 | 350 | 87.500  | 105.000 | 122.500 | 140.000 | 157.500 | 175.000 | 192.500 | 210.000 |
|                 | 400 | 100.000 | 120.000 | 140.000 | 160.000 | 180.000 | 200.000 | 220.000 | 240.000 |
|                 | 450 | 112.500 | 135.000 | 157.500 | 180.000 | 202.500 | 225.000 | 247.500 | 270.000 |
|                 | 500 | 125.000 | 150.000 | 175.000 | 200.000 | 225.000 | 250.000 | 275.000 | 300.000 |
|                 | 550 | 137.500 | 165.000 | 192.500 | 220.000 | 247.500 | 275.000 | 302.500 | 330.000 |
|                 | 600 | 150.000 | 180.000 | 210.000 | 240.000 | 270.000 | 300.000 | 330.000 | 360.000 |

Source: wellcome 2009