

Lanzadera: A new resource for simplifying self-employment

José Menéndez*

Abstract The "Company Launcher" Project was created by Trans-Formando, a non-profit cooperative founded in 1998 with the objective of furthering social and economic inclusion through the promotion of self-employment. This project allows entrepreneurs to test their business idea or undertake specific activities to augment their income in real-life conditions and in a simple, rapid and cheap fashion. It is an alternative to working in the underground economy, although the person concerned must at least have a work permit. Because of these characteristics, it is particularly suited to immigrants, although anyone can use it. During the two-and-a-half years that the project has been running, with a budget of €54,000, services have been provided to over 260 entrepreneurs and it has generated more than €200,000 in billing from 45 entrepreneurial initiatives. We present here some results that show the efficiency of the project.

Keywords launcher, self-employment, entrepreneurs, immigrants, Trans-Formando.

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Opportunities and difficulties in self-employment

Recourse to self-employment is very attractive for people who can find no-one to offer them employment that corresponds to their abilities. However, creating a business is not easy for anyone, and difficulties are intensified in the case of people in circumstances of exclusion, such as immigrants. Even if people have good ideas and professional knowledge, it is seen as the risk of a 'leap into the unknown', as clearly the entrepreneur cannot know in advance whether their business will be viable. On the other hand, there is an enormous lack of knowledge of procedures - of 'red tape'.

As the majority of people need to maintain some form of income, they cannot leave their employment with another company, and therefore a good option is to begin gradually, as a part-time entrepreneur. Nevertheless, even if people work part-time it is essential to have legal cover and to fulfil municipal, fiscal, security and other requirements. Establishing a company (limited company, cooperative, etc.) implies commitments in terms of costs and time, and indeed other procedures if it is to be closed down subsequently. Constituting oneself as a sole trader is much simpler, but it has the inconvenience of requiring the businessperson to pay social security for entire months.

In Spain, immigrants on their first work permit cannot create a business during the first year. As soon as they are in their second year, they must apply for a change in status to self-employed by presenting their business plan and fulfilling other requirements. It usually takes almost three months to receive a response. If the business does not go well then they will have to once again change their status.

In some economic sectors if you do not have a business tax number, no-one will trade with you – you cannot even present quotes or request offers from suppliers. For small businesses it is common to work within the clandestine economy, with the associated risks in terms of accidents and sanctions. This sphere is increasingly regulated and clients demand guarantees for work undertaken, and therefore, a legal invoice.

So what can be done?

In order to provide a response to these problems, the Social Initiative Cooperative, Trans-Formando, based on its experience of almost ten years in self-employment for people in situations of exclusion, has designed and developed a resource, with financing from the Un Sol Mon Foundation, which provides a response to these problems.

Lanzadera (Launcher) is a company that provides legal cover to entrepreneurs, permitting them to try out their services or products gradually, on occasion, or for entire months. Furthermore, it has the advantage of being a simple and immediate process:

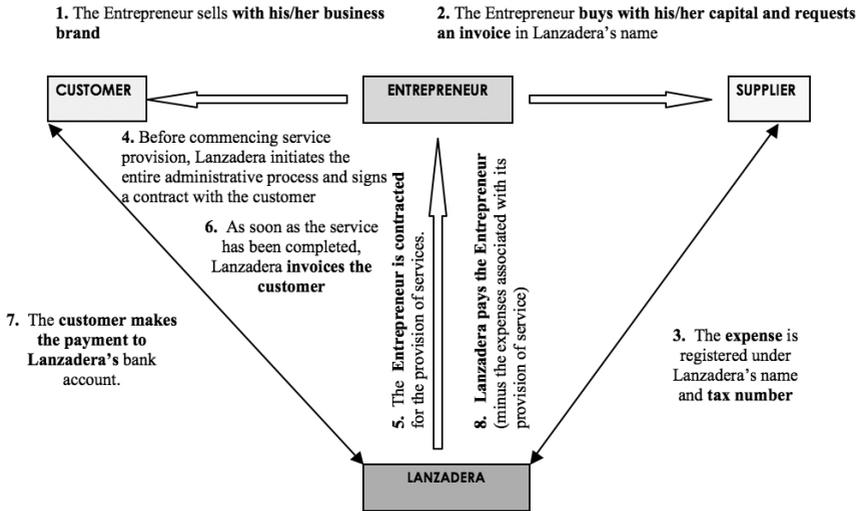
- without changing jobs,
- without dealing with any 'red tape' or procedures,
- without taking accounts,
- without changing work permit status.

The entrepreneur consultancy service and registration are free-of-charge and only when people begin to charge for services are there some small management costs (€40 per month) for social security and fiscal obligations. Cover can be provided for almost any activity, with the exception of those that involve a risk, such as some construction activities. It is even possible to provide cover for activities undertaken in one location, such as shops.

As well as the advice and legal cover, small loans are provided to finance the delay in payment by clients or small purchases to initiate the business. The approximate maximum time of use of this service is one year (renewable under special circumstances). The person can leave Lanzadera whenever they wish, because their business is already making a profit, or because it has become clear that their idea is not viable.

The mechanism is described in the diagram below. The entrepreneur seeks clients with his/her own commercial brand, but within a composite enterprise called 'multiservicios lanzadera S.L. (Launcher Multi-Services Ltd.)'. When a job is acquired, it is contracted and the work is undertaken. Lanzadera takes charge of all of the procedures, including contracts, taxes, insurance and billing.

Figure 1 - How does *Lanzadera* work in practice?



Results achieved

The project functioned between May 2005 and October 2007. The first months were dedicated to trials in order to explore all of the possibilities, legal requisites, risks and risk-management, because this was something completely innovative. The project worked with a €30,000 budget during the first year, and €24,000 during the second year of operation. This budget covered the salaries of a consultant and an administrative assistant, as well as part of the office expenses.

Over the total project period, Lanzadera provided advice to 260 individuals. Of these 260 interested individuals, 45 people actually decided to start up an enterprise. Together, these 45 starting entrepreneurs sent invoices to clients, using Lanzadera's services, for a total of €200,000. We managed to have more than 20 different productive activities, including shops.

The service-users were very pleased with the service because everything was very easy for them, and they received all kinds of help at almost any moment. Lanzadera was the only way to try out their services without the attendant risk. Unfortunately some few service-users abused the service, committing illegal acts (because of ignorance or necessity) and did not submit the clients' payments or did not repay loans. These risks are common among a population in a situation of exclusion.

Current situation and contact

Currently the project has been terminated because of a lack of funding. The payments by the entrepreneurs were insufficient to pay the consultancy service and the necessity for supervision. Furthermore, the responsibilities assumed by the promoter (Trans-Formando) were extensive, and there is no legal system within Spain that could reduce these responsibilities for projects with a social purpose. If there is any institution that wishes to replicate this idea, we offer to provide information and advice based on our experience. However, we would recommend that such an institution have a good administration and entrepreneurial consultancy team.

Trans-Formando is a non-profit cooperative that provides tutoring, consultancy, assessment, micro-credit and training to third-sector organisations and small entrepreneurs. Our contacts are:

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