

Some Day
we'll be a
Social
Enterprise

Briefing Paper

Social Enterprise—what is it and who is it for?

A social enterprise is a business with social objectives and ownership, whose profits are reinvested in the business or the community for social and/or environmental benefit.

Or, to put it with more simply - a social enterprise is **social**: it exists for a social purpose and it is an **enterprise**: it runs like a business to make a profit (which is then put towards the social purpose – but that's the social bit again.)

A business? Why should a voluntary organisation be interested in that?

It's all to do with this thing called sustainability. All of us are doing things we know are worthwhile and valuable, and we want those services to continue for as long as possible, but how are we to get the money to do it?

The most common answer for voluntary organisations is – “through grants” - and many organisations function very successfully that way. As you will know, however, its often less simple than it seems: More and more funders present their money in the form of “contracts” for a “service” to be delivered. An organisation may want greater financial independence – money that is not tied to a particular funder's agenda, but which they have made themselves and could be used for the purpose they were set up to address.

Going down the route of social enterprise, could give you more freedom, and help you develop essential skills for your organisation.

Can we be sure that we would continue to be driven by the needs of our community rather than just financial considerations?

You'll hear people involved in social enterprises talk about something called the “triple bottom line.” In a normal business there is only a single bottom line – a single thing the business exists for – making money. Social enterprises have a “triple bottom line” built into their business plan – financial gain, social benefit and environmental benefit are all to be considered equal in the priorities of the organisation.

Is it possible? Wouldn't a private company be doing it if it was?

Social Enterprises can receive government support – many still use grant income, or other incentives like cheap training and business support that are available. The other advantage they often have is “social capital”, a network of resources in the community created by trust and shared values. Often this means that a social enterprise can make a success of something where a normal company could not – because of its' reputation in the community, and ability to use its influence to gain all sorts of benefits from government and private sector bodies.

In saying that, social enterprises often have to be even more enterprising than private sector companies.

So what's the difference between social enterprise what I am doing now – what are the issues I will face?

Hopefully this briefing paper will give you an idea of what the main things are that voluntary organisations need to think about before making a move in this direction. For more information, contact the Social Enterprise Network (SEN)

Ben McCall is the Social Enterprise Sector Champion, and can be contacted on ben.mccall@sen.org.uk

Alan Johnson manages the MSEI Money with Management Fund, and so he spends his time looking at social enterprise business plans to see if they will make a good investment. He gives us his top tips of what to include for a bona fide social enterprise plan

A Social Enterprise Plan—what should be in it?

Before you start, a business plan is not just a meaningless piece of paper that you wheel out for people like me. At least it shouldn't be. It's an opportunity for you to properly map out what it is you are going to do, the actions that you will take to achieve it, and how you're going to pay for it all. A good business plan shouldn't live on a shelf covered with dust, but should be a working document that actually guides what you do each day.

- **Make it snappy** - Always start with your organisation contact details, a list of the contents and an executive summary – a quick description of what your organisation intends to do. Make it easy for the reader to understand.
- **Where have you come from?** Then give some background to the organisation – how did it emerge? Have you had any major successes to date? What is your legal status? Has it got a board, or management committee or trustees? Who are your staff and volunteer team? It should be clear to the reader at this point what the strengths of the organisation are, and the key skills available to the organisation and different levels.
- **What are you here for?** This is a crucial part for any social enterprise – telling us what you do, and why you do it, and the underlying principles that guide your organisation. So put in your Mission Statement if you have one: Then tell the reader your
 - **Values:** Key attitudes that underpin your organisation – e.g. a commitment to equal opportunities, a determination to combat poverty in “X” area
 - **Objectives:** The things your organisation plans to achieve e.g. to increase availability of affordable childcare in St Helen's
 - **Activities:** what are the actual activities that you want to do to achieve your objectives
- **Where are you up to?** If you already exist as an organisation, then explain about what you do at the moment, where you are based, and how you currently function – where does your money come from?
- **What is your business proposal?** What will your trading activity be, and how do you know it is needed? Do you have unique selling point? Also include any marketing strategy – how you plan to publicise your business.
- **What are the key actions you need to take?** An action plan of key activities, with timescales for delivery.
- **Have you considered other options?** And why is the one you have chose the best one?
- **What are the risks that may prevent you achieving your aims?** And how will you address them?
- **What will the social return on the investment be?** What will the positive benefits of your proposal be - to the community and/or the environment? It's important to make these as measurable as you can, and explain how you will monitor progress towards the social return.

Of course, you also need to have a clear idea of your financial requirements. Always remember, if you are putting a business plan together to submit to a funder, include the funding that you are asking them to contribute in the Business Plan.

Developing your board

Blackburne House Group recently completed a research activity entitled “Developing Boards of Social Enterprises”.

A key output from this activity has been the definition of the behaviours needed to deliver against the areas of accountability – The Competency Framework. The Competency Framework is provided, in effect, as a dictionary defining the 10 key competencies for board members.

Staying Ahead of the game

- Thinking Strategically

Definition: this competency is about scanning the environment, seeing the bigger picture and envisioning the longer-term future to enable added value contribution to consideration of strategic direction and innovation.

- Guiding Strategic Action

Definition: this competency is about translating understanding of the organisational environment into expectations and goals to enable strategic performance to be delivered and monitored.

Setting the framework for action

- Critical Information Seeking

Definition: this competency is about demonstrating appropriate curiosity to actively seek out facts, data and information necessary to ensure the focus on delivery of task and achievement of outcomes and goals in line with regulatory, legal and other key factors.

- Problem Solving and decision making

Definition: this competency is about analysing issues, breaking things down into their component parts to solve problems and identify risks and options that inform and influence strategic decisions.

Achieving things through others

- Sensitivity to Others

Definition: this competency is about having an awareness of the effect of your own behaviour and actions internally and externally and managing your own / the organisation's behaviour / actions to positively impact perceptions.

- Influencing

Definition: this competency is about influencing others by using a range of communication methods / approaches tailored to the audience. It is about consciously considering different forms and sources of communication and influence. It is also about choosing appropriate strategies to deliver messages effectively against a backdrop of diverse agendas, priorities and culture.

- Working with others

Definition: this competency is about fostering and sustaining effective relationships both in a team-working context and through networking. It is about working co-operatively and collaboratively to add value.

Managing the heart and the head

- Confidence and Self control

Definition: this competency is about demonstrating belief in own ability to take up both personal and organisational challenges / opportunities. It is also about the ability to maintain objectivity and exercise sound independent judgement when faced with potentially conflicting options

- **Corporate Citizenship**

Definition: this competency is about setting a personal example to others by demonstrating the highest standards of integrity and ethics and showing through own behaviour, alignment towards the goals and values of the enterprise and the wider 'community' objectives. It is not about taking the moral high ground – it is about genuinely recognising and respecting diversity, doing things for the right reason and driving forward the social responsibility agenda.

Being a learning board

- **Building Capacity and Capability**

Definition: this competency is about enabling the sustainability of the enterprise through the growth and renewal of the board over the longer-term. It is about the chair working closely with the chief executive to lead the creation and maintenance of a learning environment such that the individuals who make up the board develop themselves and support the development of others thus creating a 'learning board' which positively impacts the added value of the board to the enterprise.

For more information about developing the board of your social enterprise log on to www.boarddevelopment.co.uk

Useful Contacts

Social Enterprise Network-www.sen.org.uk

"One voice" to advocate for the Social Enterprise Sector on Merseyside, including the marketplace for trading between Social Enterprises

MSEI-www.msei.org.uk

Support for social Enterprises across Merseyside: finance, business support and training

Liverpool Plus-www.liverpool-plus.org.uk/

Support for Social Enterprises in Liverpool but lots of useful resources around social enterprise (especially check out their "toolkits" under Business Services, for step-by step guides to different areas)

Social Enterprise London –www.sel.org.uk

A key source of information and advocacy for the sector—check out their "knowledge" section for up to date information

UnLtd- www.unltd.org.uk

Support and funding for social entrepreneurs

Merseyside Expanding Horizons would love to continue helping your organisation in any way possible as you explore these areas more. If you have any questions contact our Project Support Worker who will try to help you or find someone else who can.

Merseyside Expanding Horizons
Suite 616—619
Cotton Exchange
Old Hall Street
Liverpool
L3 9LQ

Tel: 0151 330 0552
Fax: 0151 284 2674



www.expandinghorizons.co.uk

