

BY

THE COMMUNITY™

FOR

Starting Your Own Social Enterprise May
Not Be As Daunting As You Think.

Is it for you?

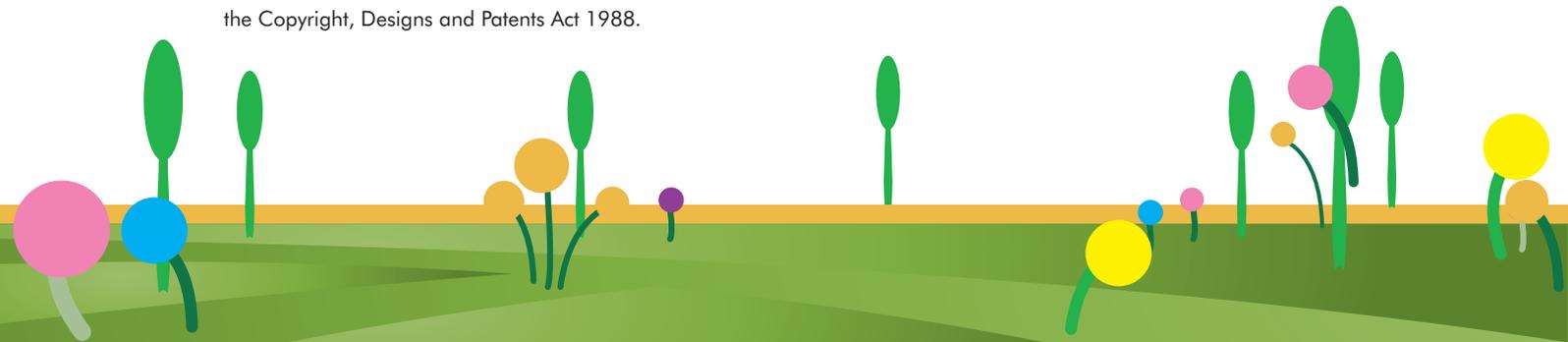


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INTRODUCTION

MAKING AN INFORMED CHOICE

The Social Enterprise Toolkit is for grass roots community organisations that are thinking about setting-up or taking over the running of their community hall, library or leisure activity. Our aim is to help you make a decision about whether this is something that you want to do for your community. If it is - we show you what you need to do to set-up a successful Social Enterprise.

Your Mentor will walk you through the Toolkit - providing you with extra information– once they have discussed what you need to move forward. Your Mentor will be able to direct you to advice on legal matters, financial support, business planning as well as advice on marketing and managing volunteers. Our aim here is to show you that starting your own Social Enterprise may not be as daunting as you think.



USING THE TOOLKIT

The Toolkit has 3 parts; **Social Enterprises** and your Community, **Building the Team** and **Getting Started**. We have used colour coded sections and diagrams to help you make informed decisions about what matters for your community group.

The most important part is “Time to take stock - Where will you go now?” Where we list the decisions that you need to take. There are many opportunities to go over and revisit your choices summarised in the questionnaire sections at the end of the document. If it is NOT for you, you can go over the questions again to ensure that you have made the right decision, with the support of your Mentor. If it is for you then, along with your Mentor, we can help get you to the next step.

The Toolkit has been devised by ‘Engage Renfrewshire’. It is part of a wider initiative to help build capacity within Scotland’s local communities.

We wish you every success with your venture and hope that we help you and your community feel able to take advantage of the opportunity of starting up a Social Enterprise or taking over and running a public asset by the community and for the community.

UNDERSTANDING THE COLOUR CODES



Each section is coloured either **Red**, **Orange** or **Green**. As you can see (above) it helps to simplify the sections. It is based on the traffic light system: Stop, get ready, go!

Red represents where you are now; starting to think about what you are about to do, Amber is preparing the way for you moving forward and Green is you, getting out there and cracking on with your project.

SUMMARY

If by the end of the meeting there are still questions unresolved, your Mentor will give you a sheet to take away with you with the unanswered questions highlighted. You can then go and find the answers required and in time, get back to your Mentor to proceed.

WHY SOCIAL ENTERPRISE - IS IT FOR YOU?

The Social Economy

With public sector funding under immense pressure, many people expect to see an increasingly important role for voluntary and not for profit organisations. The belief is that they will become even more important for the delivery of social, health, employment and care in our local communities.

There is a lot of interest in one type of social organisation – the “Social Enterprise”. A Social Enterprise is a hybrid – half way between a for-profit and a not-for-profit enterprise. They are not in the business of making profit at any expense - they try and create a surplus, to do so responsibly and to use this to invest in their community.

Social Enterprises are evolving in response to changes in the relationship between the government, the businesses and the community. A Social Enterprise is one of a number of not-for-profit formats that include voluntary, co-operative and publicly owned enterprises. Whilst all share the first two elements of a “triple bottom line”, in that they have social aims and social ownership, a Social Enterprise format also has the enterprise part. It is the enterprise element

that distinguishes the Social Enterprise format from the others.

This has come about because the public sector is expected to behave like and work alongside the private sector. They are seen as being in a “market economy” and Social Enterprises are seen as equal partners.

The term ‘Social Enterprise’ refers to any organisation that trades with a social purpose, using business principles and enterprising approaches to achieve socially explicit goals. A key element of that goal is to create a financially self-sustaining organisation – one that reduces its dependency on public sources of funding. By reducing dependency on public funding, the organisation can operate with little outside interference. Independent sources of income mean that a higher quality and a more local service can be delivered to a community. The community owns, runs and delivers services according to local needs.

Social Enterprises “sell” their services but they do so out of a sense of social purpose. Social Enterprises start from the idea that what provides a quality of life – health, a clean environment, opportunities to learn – depends on shared community spaces and access to

public assets. Social Enterprises are expected to behave commercially but you may feel that you do not have the resources to make the choices necessary to fulfil the expectations of your local community.

Blended Values

A new Social Enterprise needs to think about two things.

Sustainability is the ability of the enterprise to try growing income but ones that do not conflict with the organisation's social values delivering local services.

Capacity building refers to the ability of members and volunteers within a Social Enterprise to marry commercial and social objectives to create a surplus.

To succeed you need to be enterprising and opportunity seeking. This is why politicians want to encourage social entrepreneurs – individuals who can organise their communities to provide sustainable services, locally. These same individuals help change communities; empowering local people, improving access to services and creating a safer place to live and work.

It's difficult to set up a Social Enterprise model because you are combining the best bits of a

small business and a voluntary organisation. A small business creates a profit that is shared by its founding members and investors. Both Social Enterprise and small businesses aim to be profitable; it is the way in which this profit is reinvested back into the community that makes the difference.

On the other hand, a voluntary organisation has a social purpose just like a Social Enterprise. The difference is that a voluntary organisation does not seek to be self-sufficient by creating its own income. Voluntary organisations tend to rely more on funding and service agreements with public bodies than on income generation. Both will ideally seek to create a surplus. Some might argue that a voluntary organisation is in an enviable position since it does not have to compromise its social mission by using resources to generate trading income. But its disadvantage is that it relies on a reducing public finance. A Social Enterprise aims to be financially independent to serve its community and to do that it has to seek new opportunities – find new ways of doing things!

This toolkit shows you how you can set up your own Social Enterprise; how to put together your team, how to be opportunity seeking and how to plan for the future.

BUILDING THE TEAM

Outsiders and Insiders

A Social Enterprise is half way between a small business and a charity. It trades with a social purpose and has an entrepreneurial approach to achieving social goals. These are stakeholder organisations that have a responsibility to work with as many local people as possible. A stakeholder is anyone with an interest or stake in a community enterprise.

By understanding your internal and external stakeholders you will be able to find out about different expectations. This allows you to reduce conflicts between the different internal and external stakeholders – ensuring you keep most of the people happy most of the time!

Our Stakeholder Toolkit lets you work out how different stakeholders can be expected to influence what you do. Our Toolkit allows you to balance the level of interest that one group has and set this against their level of power. When you take over a social asset, your relationship with the original stakeholder (the local authority) changes! From having a high level of power over your use of the Halls, they become customers! They have less power

to influence who uses the Hall – that is your decision now.

The community that you represent has also changed. Before they had a strong interest in using an asset but did not have the power to influence that use. You can now give them back the power to be involved in decisions about the asset you hold on their behalf!

Your Mentor will help with your stakeholder Toolkit - to identify and rate those who directly and indirectly affect influence delivery.

Forming the Team

Social entrepreneurs see the big picture; they embrace change and have a can-do attitude. Their vision provides a sense of direction; it sets goals and objectives that focus members on what matters most. A vision gives the enterprise its social priorities and is the basis of leadership. As this vision evolves, stakeholders need to know what is about to happen next. Keeping your lines of communication open is the key to gaining the acceptance of the local community.

Having a vision of where you want to go and how you expect to get there will persuade stakeholders to support you. It helps recruit

and hold onto members and volunteers who will run your enterprise.

Delivering the vision is a team effort and the role of the social entrepreneur is to lead the team.

Roles and Responsibilities

Local accountability for the social entrepreneur's vision is the responsibility of the Board – a group of people with a commitment to the enterprise who look after its values and its future. The officers of the company, which includes any staff, volunteers or management enact Board decisions.

The Board of a Social Enterprise has the same responsibilities as the Board of a commercial organisation – to manage resources, to be accountable for the decisions and actions of the organisation, and to formulate the way forward. Compared with the Board of a commercial organisation a Social Enterprise has an extra challenge – to ensure its objectives have social as well as commercial goals. In many cases finding commercial skills will be more important because the enterprise needs income to secure its future within the community.

The Boards' role is demanding and quite often there is no financial remuneration or thanks for making difficult decisions. Make sure that Board members are aware of their changing responsibilities and that there is a way of communicating decisions between the Board, members, volunteers and community stakeholders.

Once you have put together your team you are ready to move onto the next stage. The reason why we put the team first is because this business is "owned" by the community and run for the community. Our Mentors will help you choose a team that can enact your vision.

GETTING STARTED

Being enterprising is about spotting opportunities and grasping them.

Spotting Opportunities

Finding an opportunity is easy— it's putting it into practice that matters. The aim of a Social Enterprise should be to reduce and then eliminate need for public grants. This is where the enterprise bit comes in. Community activists know how to get things done - finding their way around the system! Those same skills can be adapted. No-one is telling you what you cannot do because you are responsible for your own community asset. But you still have to be willing to grasp opportunities.

An opportunity is an idea that, if turned into a product or service, will give a profit. Think of the different ways you can create income. The obvious one is club fees. That is one option. You could run a community café, organise social activities, run special events, offer crèche facilities, youth clubs and organise courses. You could hire out the Hall for functions, have talks, support pressure groups, have plant sales, organise healthy eating activities, and support young mums.

You could use the Hall as a hub to support vulnerable groups such as the elderly. The list

depends on what your community wants the most.

Sorting out the best Opportunities

Many people think that all you need is one good idea. This is a mistake. Sorting out opportunities means finding out what your community expect of you - rather than what you will give them! Speak to as many people as you can. Ask them who will use your facilities, when they will use it, what they like and dislike about the existing facility, whether they can go elsewhere and how much they will contribute. These are your customers and the customer is (usually) king!

Being Commercial

Look at the opportunities available to you and consider whether these give you a commercial gain or offer more of a social impact for your community. Try to mix as many of these as possible. Your Mentor will guide you through our "Opportunities Audit". This will allow you to measure the different opportunities and to choose sources of income.

Profit

Perhaps you feel uncomfortable with the idea of “profit”? This is not about starting a small business. A Social Enterprise generates income that is socially and economically sound. Any income raised helps the community. Income gives you the independence to run your facilities for local people.

The best way to turn a profit is to be different and special. Every business is built around a “model” - and this is what attracts funders and external stakeholders. The important thing about a business model is that it looks to the future.

The product or service (income opportunities) is the WHAT. Customers and stakeholders are the WHO. The link between products (or services) and the customers represent the WHY – the reason a stakeholder wants to belong to your enterprise. The final element of the model is HOW, the way your team makes its decisions and how activities are carried out.

Combined they will give you an enterprise that is special for **your local community.**

Your Business Plan

Once you have your business model you are ready to write your Business Plan. A Business Plan is a statement of what you want to achieve and why you think you can achieve it. It also shows where your financial resources will come from.

Preparing a Plan will help you: Find out what resources you need, what they are needed for and for how long. See what return you will get from the business and when.

Give yourself and others confidence that your business will be viable.

Act as an operating plan for the 1st year or so of trading.

Your Mentor will take you through our Business Plan format to refine your ideas. The hard work is done– it’s a matter of putting it together.

TIME TO TAKE STOCK

Now that you've been through the process of looking at the decisions that have to be made this will give you a chance to go over everything we have discussed. There may be many questions that remain unanswered. Please take your time to write down any thoughts you have on the blank questionnaires supplied by your mentor.



SOCIAL ENTERPRISE QUESTIONNAIRE

Question 1

Are you an active member of your "local" community with lots of local contacts?

Yes

No

Unsure

Question 2

Do you think that you can create a business that is sustainable in terms of independent income?

Yes

No

Unsure

Question 3

Do you believe that enough local people are capable of contributing to their own Social Enterprises?

Yes

No

Unsure

Question 4

Would you describe yourself as enterprising?

Yes

No

Unsure

Question 5

Do you have clear social goals that you want to achieve locally?

Yes

No

Unsure

BUILDING THE TEAM QUESTIONNAIRE

Question 6

Do you know who your internal stakeholders are?

Yes

No

Unsure

Question 7

Do you know who your external stakeholders are?

Yes

No

Unsure

Question 8

Have you assessed their level of interests?

Yes

No

Unsure

Question 9

Have you assessed their power on your decision-making?

Yes

No

Unsure

Question 10

Have you set a vision for the next two years?

Yes

No

Unsure

Question 11

Have you found your Board members?

Yes

No

Unsure

Question 12

Do they have a mix of social and commercial backgrounds?

Yes

No

Unsure

Question 13

Do you know who will act as your chair?

Yes

No

Unsure

GETTING STARTED QUESTIONNAIRE

Question 14

Can you list different opportunities?

Yes

No

Unsure

Question 15

Have you spoken to stakeholders about what they want and need?

Yes

No

Unsure

Question 16

Are you able to deliver something special?

Yes

No

Unsure

Question 17

Do you know what you need to do to make customers come back for more?

Yes

No

Unsure

Question 18

Can you find those opportunities that create income?

Yes

No

Unsure

Question 19

Can you balance these with opportunities that have social impact?

Yes

No

Unsure

Question 20

Are you ready to sit down with your mentor and use the opportunities audit?

Yes

No

Unsure

Question 21

Are you ready to sit with your mentor and put together your business plan?

Yes

No

Unsure

CONTACT AND FURTHER INFORMATION

The Toolkit has been devised by Engage Renfrewshire and produced by SKS Scotland CIC in association with 21nine Advertising & Design. It is part of a wider initiative to help build capacity within Scotland's local communities.



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