

**Great Doing Business With You!**

**The Social Enterprise Youth Work Methodology Handbook**

## Overview

This handbook explores Social Enterprise and considers how young people and youth work organisations might go about setting one up. It is one of a library of Good Practice Methodology Handbooks commissioned by the Welsh Government to support the role of the many thousands of employed and volunteer youth work practitioners across Wales. The process of research and writing the documents has been undertaken by CWVYS, who has endeavoured to create significant partnerships between the voluntary and maintained youth work sectors for the Handbook development in order to provide the users with a broad range of material that can meet varied needs and situations. Examples of good practice have been gathered from across Wales and beyond and are provided to act as a catalyst for new and innovative ideas, and to encourage youth work groups and organisations to consider new ways of working and/or enhance their current practice.

The Handbooks that make up this library are designed to complement each other and references are made to other parts of the library rather than being repetitive. They are not exhaustive or prescriptive, and you are encouraged to continue to submit new examples of good practice to encourage and support the work with young people in Wales.

We hope you find this and all the Handbooks challenging, useful and stimulating.

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## Acknowledgements

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- **Children in Need training**. Training for self-evaluations which provided the training materials on Aims and Objectives and Objective setting [www.bbc.co.uk/pudsey](http://www.bbc.co.uk/pudsey)

# Introduction

The handbook is intended to give some ideas, advice, guidance and practical tools to help an organisation wishing to develop a social enterprise. Social enterprise is about running as a Business with the aim of generating a profit as well as having social aims. As a result it is important to use business tools and planning. None of the methods outlined in this handbook will be new to people and a number are using existing youth work models but they are ones that are applicable or can be adapted to good business practice.

It is not intended to be an expert's guide or give a detailed theoretical background or go into complex legal structures. These are all available from other sources and references and links are made to where this information can be obtained within the handbook.

The handbook has been put together by organisations that have developed social enterprises and found a range of activities helpful which are included in this handbook. Identification of need has come from questionnaires to organisations and young people and the responses are illustrated at the appropriate point within the handbook.

A variety of case studies are also included; again these are not detailed in any great depth but are just intended to give a picture of the type of enterprises that have already been established and might be applicable to your need. Links are given to case studies for those who wish to find out more.

From the start we felt it important to highlight two important misconceptions attracted to social enterprises;

**“Become a Social Enterprise and you will become sustainable”**

**And**

**“Social Enterprises only have to be concerned with the environment and green issues”**

**These are myths!**

## 1. About Social Enterprises

Social enterprises are businesses driven by a social or environmental purpose. It is said there are 62,000 of them in the UK, contributing over £24bn to the economy, employing approximately 800,000 people (2005-2007 Data from the Annual Survey of Small Business UK). A YouGov poll released in 2007 found that over 60% of the British public would prefer their local services to be run by a social enterprise – instead of the government, private profit businesses or traditional charity.

That same survey polled 2,000 people and asked them what kind of company they would like to work for. A clear majority, 30% picked social enterprise, with only 16% of respondents saying they would like to work for a traditional business, 13% choosing a government institution and 13% a traditional charity.”

(Information from frequently asked questions: what is a social enterprise? Social Enterprise UK <http://socialenterprise.org.uk/about/about-social-enterprise/faqs>)

As with all businesses Social Enterprises compete to deliver goods and service. The main difference is that social purpose is at the very heart of social enterprise and any profits generated from a social enterprise are re-invested into the project and not for personal gain. In a recent survey into social enterprises 45% of respondents said that putting something back into the community was their reason for setting up a social enterprise.

Social enterprises operate in almost every industry in the UK from health and social care to renewable energy, from retail to re-cycling, from employment to sport, from housing to education; some practical examples are given later in this handbook.

Social enterprises will vary from organisation to organisation and although it is useful to get ideas from other social enterprises it is what best fits each organisation and their aims and values. Because a social enterprise works for one organisation it does not necessarily mean it will work for another and vice versa.

## 2. The History of Social Enterprises

“Social enterprise was created to provide an alternative approach to the private sectors’ narrow value of profit maximisation. Social enterprise provides fairness, democracy and social and environmental responsibility all in one method; it is the modern enterprise method for the 21<sup>st</sup> century, but one which basically maintains the good parts of market economics where anyone can freely trade based on supply and demand and open competition” (Social Enterprise Planning toolkit)

The pioneers of social enterprise can be traced as far back to the 1840s, for example, in Rochdale, where workers’ co-operative was set up to provide high quality affordable food in response to factory conditions that were considered to be exploitative.

In the UK, a resurgence of social enterprise started in the late 1900s with the coming together of different traditions, including co-operatives, community enterprises, enterprising voluntary organisations and other forms of social business.

### 3. Models of Social Enterprises

Typical types of Social Enterprise within a Youth Work setting which largely depend on the aims and needs of the project can be classified into four groups:

- a) **A youth project or activity** possibly with a short term focus to give young people the opportunity to develop youth work and business skills or provide a service for the youth club.

These could develop from an existing activity which could be a group or an individual i.e. tuck shop or a new venture gardening for the elderly, a pop group developing marketing skill and looking to perform at a concert or someone setting up a printing company. In a number of cases these are associated with a social or environmental element i.e. recycling, clearing canals, re-forestation, helping the elderly.

These are not always intended to be self-sustainable and in many cases it is difficult to see how the project could generate enough income to be fully sustainable unless it comes from grants or core funding.

- b) **A social enterprise within a youth setting where it is run as social enterprise with sustainability at its heart.** This probably would have its own constitution, management structure and bank account. This would most probably involve a greater level of participation in decision making. They can be a development of a Youth Project of Activity.
- c) **A fully blown social enterprise run as an independent business** with its own constitution, bank account, registered as a charity and company limited by guarantee, and most likely managed by staff with the involvement of young people or a combination of both. A major aim is sustainability and profit making with any profits being transferred to the main organisation usually at the end of each year.
- d) A further development of this would be to **form a consortium** with other groups working with similar aims. The benefits, negatives and conditions necessary for such collaboration are given in Appendix 1. This was from a document presented by the Wales Co-operative Centre link [www.walescooperative.org](http://www.walescooperative.org)



Before embarking upon developing a Social Enterprise it is important to understand what is meant by sustainability and what a social enterprise would look like. These are well illustrated in the next section.

## 4. What is a Social Enterprise?

### **UK/Welsh Definition:**

“A Social Enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for shareholders and owners.”

(Social Futures Ltd)

### **Practical Definition**

#### **A Social Enterprise:**

1. 'Trades' i.e. sells good and/or services.
2. Has a Social and/or Environmental Mission which is its primary focus.
3. Income/Profit is reinvested to further Social or Environmental Mission.

### **What is the Relevance of the Definition?**

On the one hand the definition is meaningless, it has no legal effect

But....

It is very relevant to Sustainability because it facilitates Economic, Social & Environmental Sustainability.

At this point it is worth re-enforcing the following as it is very important

### **The Relationship between Social Enterprise And Sustainability**

*“Become a Social Enterprise and you will become Sustainable....”*

***Another Myth!***

## **What is Sustainability?**

**“CAPACITY OF AN ORGANISATION TO ENDURE”**

Economically, Socially & Environmentally over time.....

Social Enterprise is simply a way of doing business....

## **What does a Sustainable Organisation look like?**

(for greater details of characteristics of sustainable and unsustainable social enterprises see Appendix 2)

- Organisationally/Structurally Sustainable.....
- Economically Sustainable....
- Socially Sustainable....
- Environmentally Sustainable...

## **The Social Entrepreneur Mind-set**

Clue is in the name!

Focused on ‘Business Development/Social & Environmental Impact’ – not the ‘Management of a Project’

Deliberately designs the business to be sustainable **On Every Level**

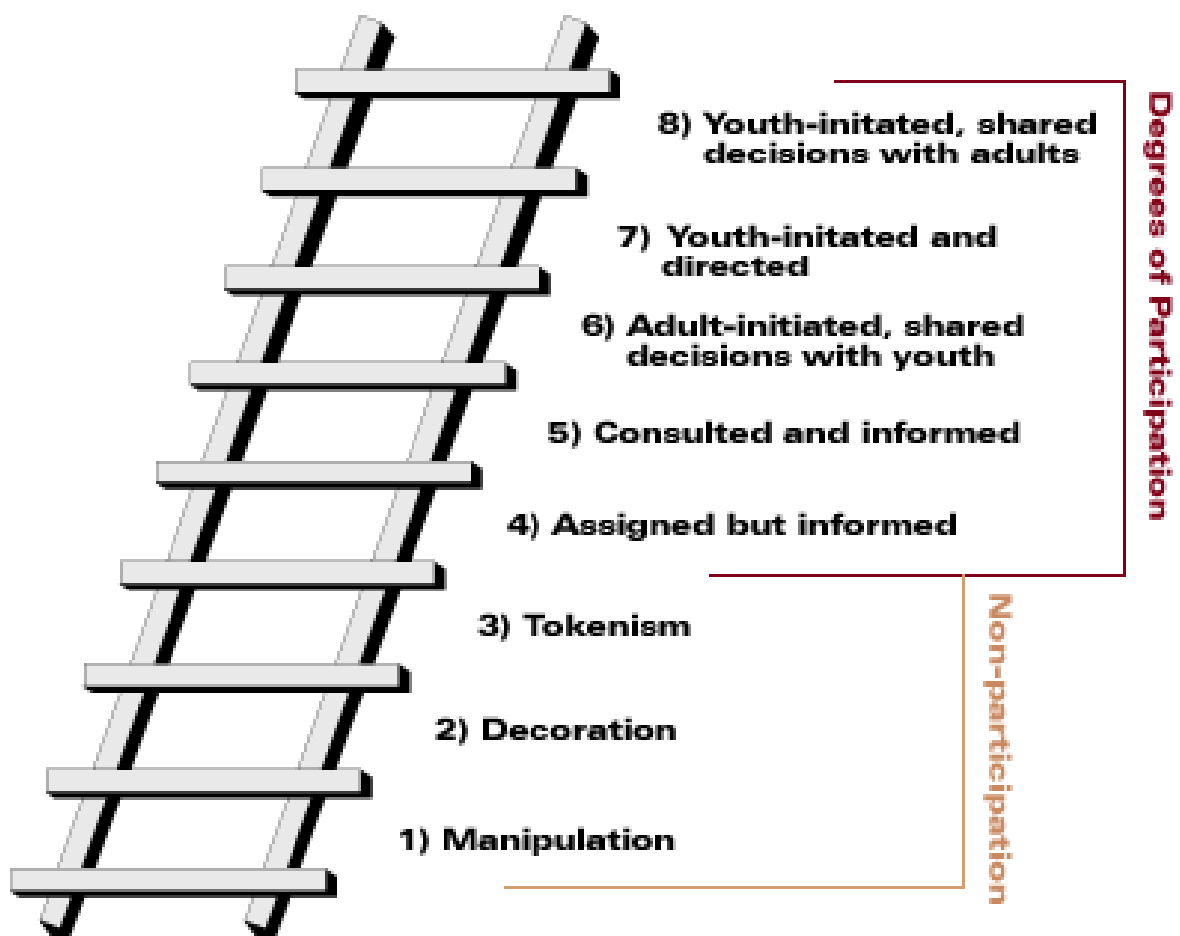
## 5. Social Enterprise: Compliment Youth Work Participation Principles

A number of social enterprise practices are well embedded in good youth work practice. One of the links to youth work practice is the principles of participation as outlined in much greater detail in the handbook *Working in Partnership with Young People*. This details the participation models including the Benefits of Participation however it is worth referring to the Participation ladder as it can be applied to all examples of Social Enterprise and the participation principles is certainly at the heart of good social enterprise.

(See also the Participation Youth Work Methodology Handbook)

### LADDER OF PARTICIPATION

The Ladder of Participation is a model for thinking about youth participation developed by Roger Hart (1997). The bottom three rungs describe youth involvement that is not true participation whereas the top five rungs describe true participation.



## 6. Legal Structure

“Social enterprises often break with conventional business modules to find new and more sustainable ways of improving the world around them.”

It is also important to be aware of the legal structures of the business especially when moving from levels B to D in the Model of Social Enterprises model outlined in Section 3. These are varied and many of which are illustrated in detail in the Wales Co-operative Centre legal structure Matrix (see appendix 2) but the main ones for a youth setting are likely to be;

**Community interest company (CIC)** a CIC is a legal form created specifically for social enterprises. It has a social objective that is “regulated” ensuring that the organisation cannot deviate from its social mission and that its assets are protected. For more information on CICs, contact the CIC regulator – <http://www.cicregulator.gov.uk/>

**Industrial and provident society (IPS)** This is the unusual form for co-operatives and community benefit societies, and is democratically controlled by their members in order to ensure their involvement in the decisions of the business.

**Companies limited by guarantee or shares** are the most common legal structure for businesses and often considered to be the most flexible, particularly companies limited by shares. While they can ensure they have a social mission written into their Memorandum and Articles of Association, this is not regulated.

**Group structures and charitable status** Tax is an important consideration for some organisations where the retention of surpluses is essential, particularly if they can't take on equity. In these cases the tax breaks associated with charitable status can be an important factor.

This can be a complex issue. The WCVA in their guide to third sector trading page 87 outlines these in much greater detail and where to get advice from.

## 7. Business Planning

An integral part of any social enterprise is developing business skills and project planning even at the lower end of the Social Enterprise model (section 3). At levels 2,3 and 4 it is an essential tool in planning and can also be used to attract funding in the journey towards sustainability as well as portraying a professional and business approach. A number of funding bodies for example 'The Big Lotteries' and the South East Wales Community Economic Development Grant require a Business Plan as part of the submission. There are numerous structures to a Business Plan but a practical layout illustrated below;

- Executive Summary
- Aims and Objectives
- Staffing and Management
- Services Offered
- Operations
- Market
- Marketing Strategy
- Risks
- Case Studies
- Finances

## 8. Aims & Objectives

### Aims

Describe the difference you want to make

They are your desired and end results

**WHY**, are we doing this project?

### Objectives

Describe the planned activities that your project will offer your users in order to achieve your aims.

**What** does this project do?

Most Youth Organisations are expert at setting aims and objectives. An example of one that can easily be adapted provides a good visual impression and easy to use and interpret is provided by the Children in Need Training Team and examples shown below.

## Language

### Aims

To describe aims these are some of the words to use:

To enable

To broaden

To strengthen

To improve

To extend

To build

To increase

To adapt

To stop

To reduce

To enhance

To prevent

To empower

To add

To maintain

To create

To renew

To change

To Generate

## Objectives

To describe objectives these are some of the words to use:

To provide

To challenge

To support

To assist

To offer

To help

To run

To promote

To set up

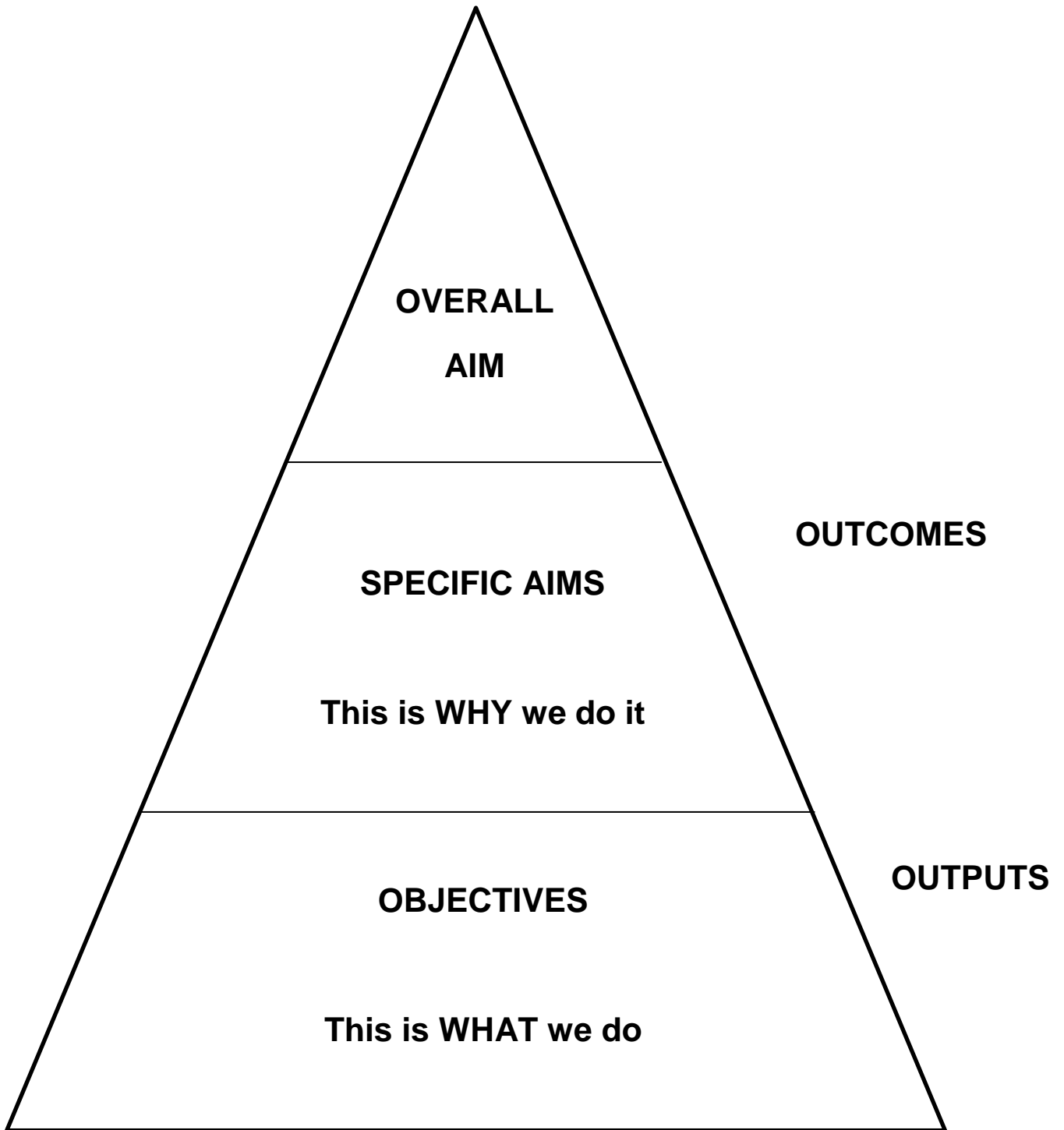
To write

To develop

To visit

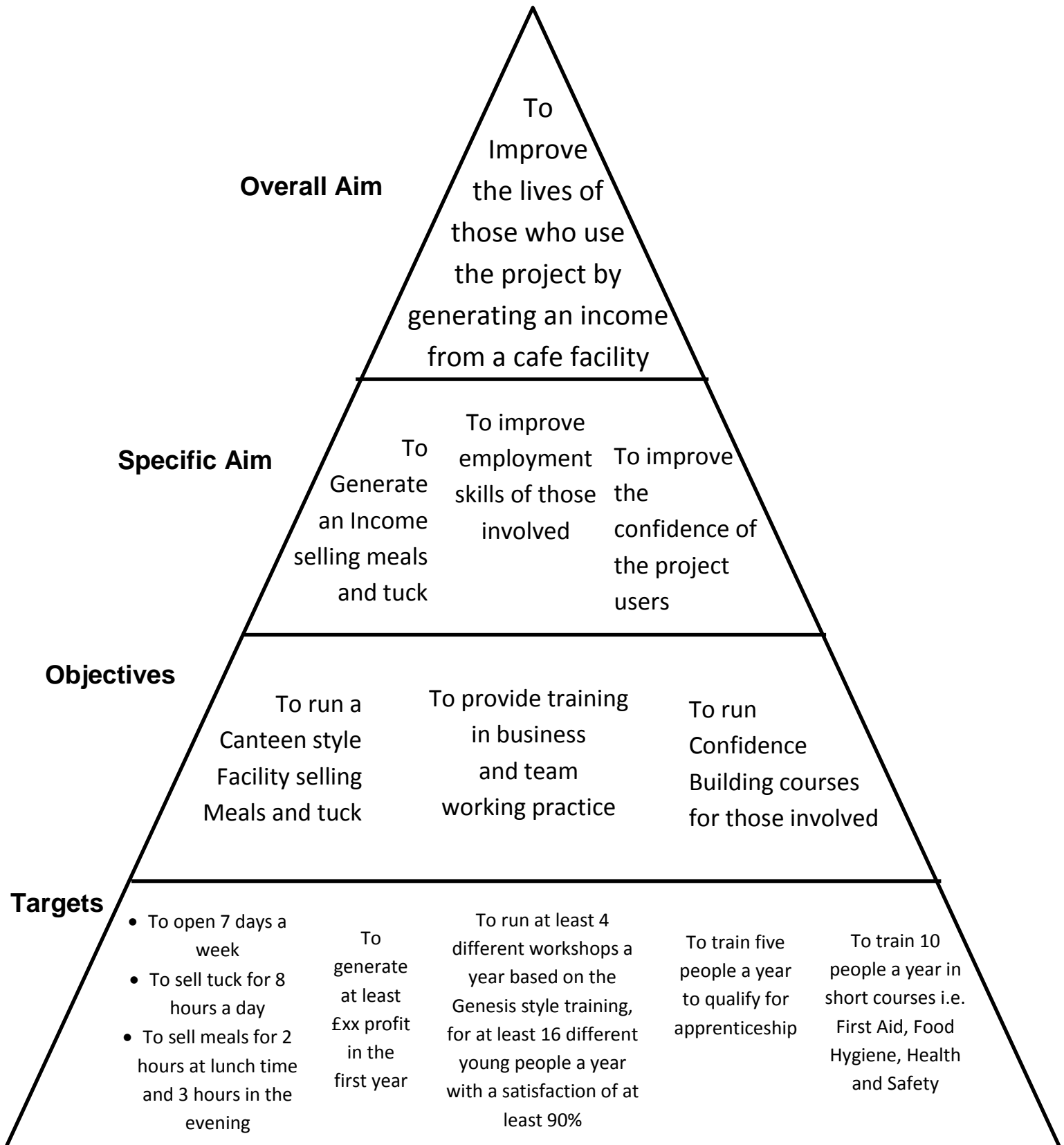


**A simple Planning model to help identify aims & objectives**



**An example of a simple planning model to identify aims, objectives and targets in running a café as a social enterprise**

(Objective based)



## Setting Marketing Objectives

Once you are clear about the services your organisation is delivering, and you understand why, you need to set some Marketing Objectives.

Basically, these are a set of descriptions of things you are going to do that will deliver your organisation's goals.

It is best to try to be as SPECIFIC as you can be when you are describing these.

You should ensure that your objectives are **SMART**:

**Specific** – what exactly are you trying to achieve? Be precise

**Measurable** – how will you tell that you have arrived at your target? What will success look like? The target must be something that can be defined.

**Actionable and Agreed** – is it really possible to reach this goal, given the resources (time, people, money) that your organisation has. Does EVERYONE share this goal.

**Realistic** – you must ensure that you are not being over-ambitious

**Timescale** – when will you finish the project and be expecting to see the result

## 9. Risk Assessment & Identification of Priorities

A model that is widely known in the Youth Work field as well as a business tool is the SWOT analysis (Strength, Weakness, Opportunities and Threats) for an organisation. This helps a business identify a number of important features and is a good starting point for a social enterprise.

### SWOT Analysis

**This form actively presents an opportunity to self-appraise through S.W.O.T. Analysis. Make a list of all your attributes in order to identify your personal strengths, weaknesses, opportunities and Threats in setting up your project as a social enterprise.**

<b>Strength</b>	<b>Weakness</b>
<b>Opportunity</b>	<b>Threat</b>

SWOT Profile

POSITIVE	NEGATIVE
Strengths <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto;"></div>	Weaknesses
Opportunities <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px auto;"></div>	Threats

SWOT Strategy

POSITIVE	NEGATIVE
Use Strengths	To overcome weaknesses
To exploit opportunities	In order to avoid threats

Example: SWOT PROFILE	
<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>Committee Members</li> <li>Experience of some volunteers</li> <li>Good Venue</li> <li>Good quality furniture</li> <li>Friendly members</li> <li>Able to teamwork</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>No full time staff</li> <li>Some skills not available</li> <li>Unclear tasks and roles</li> <li>No money for brochure</li> <li>No parking spaces</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Local resident's skills and potential</li> <li>Local Authority support</li> <li>Volunteers can get involved</li> <li>Neighbouring community centres</li> <li>Grants for equipment</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>Insecurity of revenue funding</li> <li>Too few volunteers</li> <li>Increasing competition from new hotel</li> <li>Talk of closing some community centres</li> </ul>

Another adaptable model that could be useful is a risk management structure which is one used in training by Bevan and Buckland (chartered accountant tax and financial planners, see acknowledgements).

This structure can be very helpful in identifying the priorities as well as risks.

It is carried out by constructing two columns, one identifying the risks and then the other estimating the likelihood of the risk occurring and giving a score out of 5. By

multiplying the two scores the total can identify a priority. This can be used not only for risk identification it can also be used to prioritise many areas including planning a project.

A list presented by Bevan and Buckland showing common risks in the Charity Sector which may be important if you are setting up your social enterprise as a charity can be seen in Appendix 3. These tables can be adapted or applied to other sections.

### **Setting Up a Young People's Café**

Risk or area to be addressed	Impact	Likelihood of happening	Overall Risk (impact x Likely hood)	Priority
Local Competition	4	4	16	2
Lack of Marketing	4	3	12	3
Lack of Customers	4	3	12	3
Health and Safety Issues	3	2	6	6
Training issues and costs	3	3	9	5
Initial Start-up costs	4	5	20	1
High cost of Replacement of Equipment	4	1	4	7

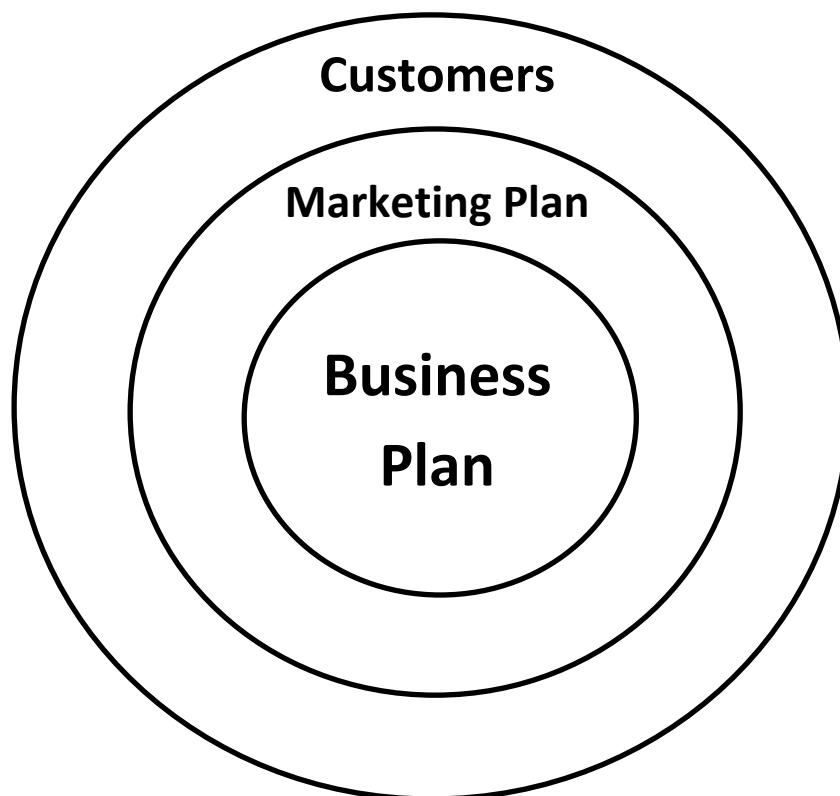
The example is fictitious but illustrates how priorities can be identified. In this example the business would first most likely have to tackle the initial start-up costs (existing capitals, loans or grants are possible areas of support) and consider how to negotiate the threat of local competition. It is assumed essential equipment is already in place so this can be put on the back burner for a while but in a few years time if the exercise is respected this might have a much higher priority.

## **10. The Marketing Planning Process**

A number of examples are taken from the WCVA Marketing training programme – see acknowledgements

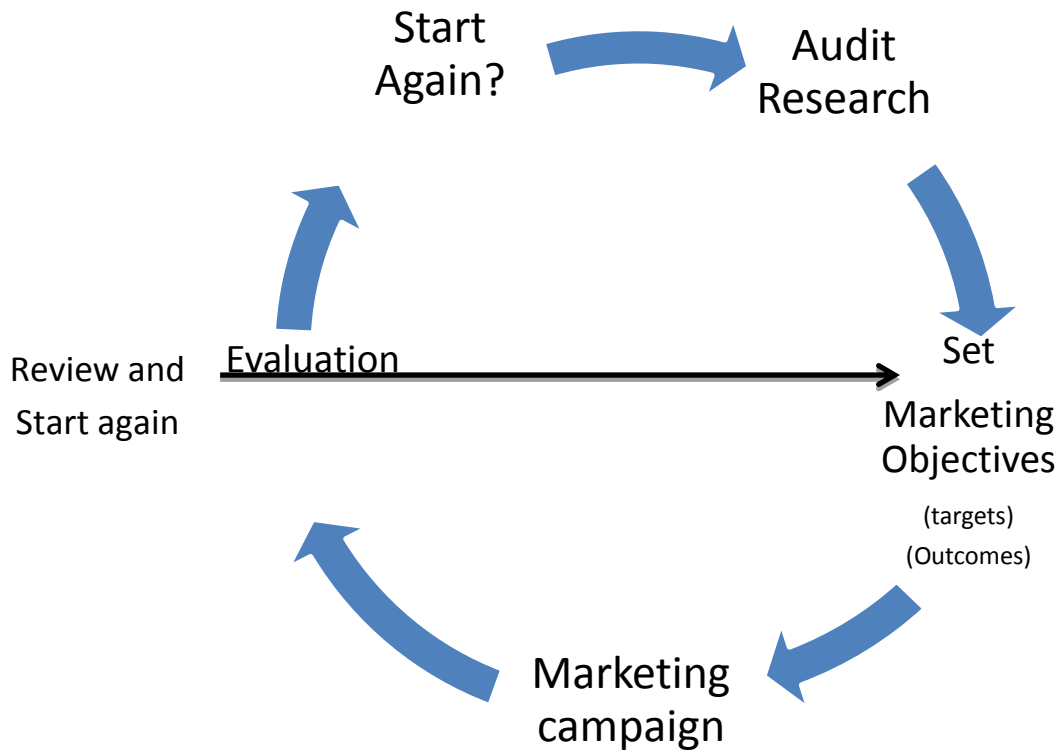
# **Marketing is a vital element of Social Enterprises**

## **Marketing Planning and Business Planning**



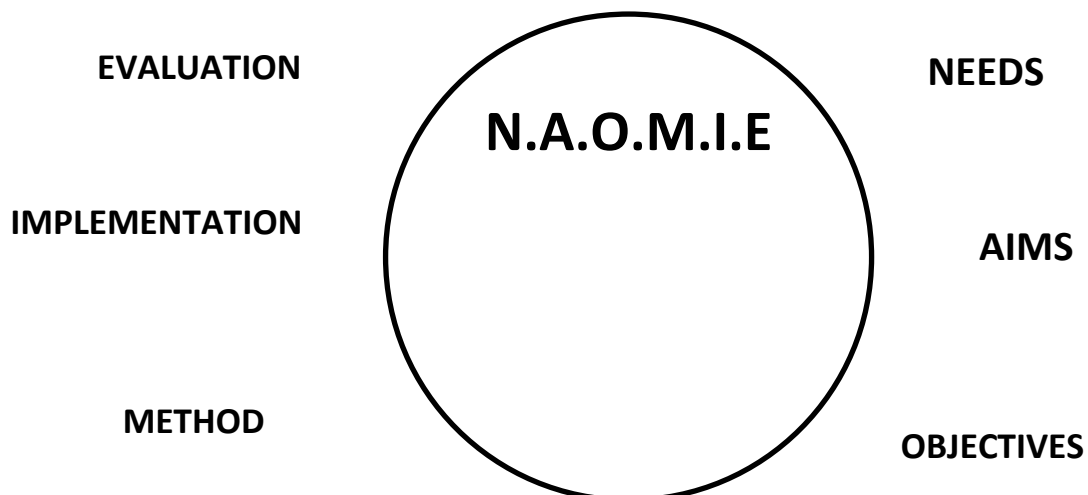
It is important to identify and plan each section from the above diagram before starting on any Social Enterprise. Apart from good planning techniques it develops Business Planning skills with the young people.

These marketing techniques also build in evaluation as a natural part of the process



This process is similar to the Naomie loop training model shown below which is used extensively within youth work training and described in other handbooks, it is sometimes referred to as decision making analysis in business management.

As with any training model it should be regarded as an aid to programming and not regarded as a constant to planning an activity





The following matrix helps you focus ideas into the type of enterprise you will look to be planning.

<b>Physical Goods</b>	<b>Services</b>
<b>Ideas</b>	<b>Unsure</b>

### **Portfolio Analysis (Boston Portfolio Matrix)**

Within your organisation you will be able to identify products or services which contribute in different ways to your success. These can be classified in four broad categories:

**Stars:** Strong products with real potential for growth, dynamic and generate large profits

**Question marks or problem children:** new or innovative products which still need to prove themselves

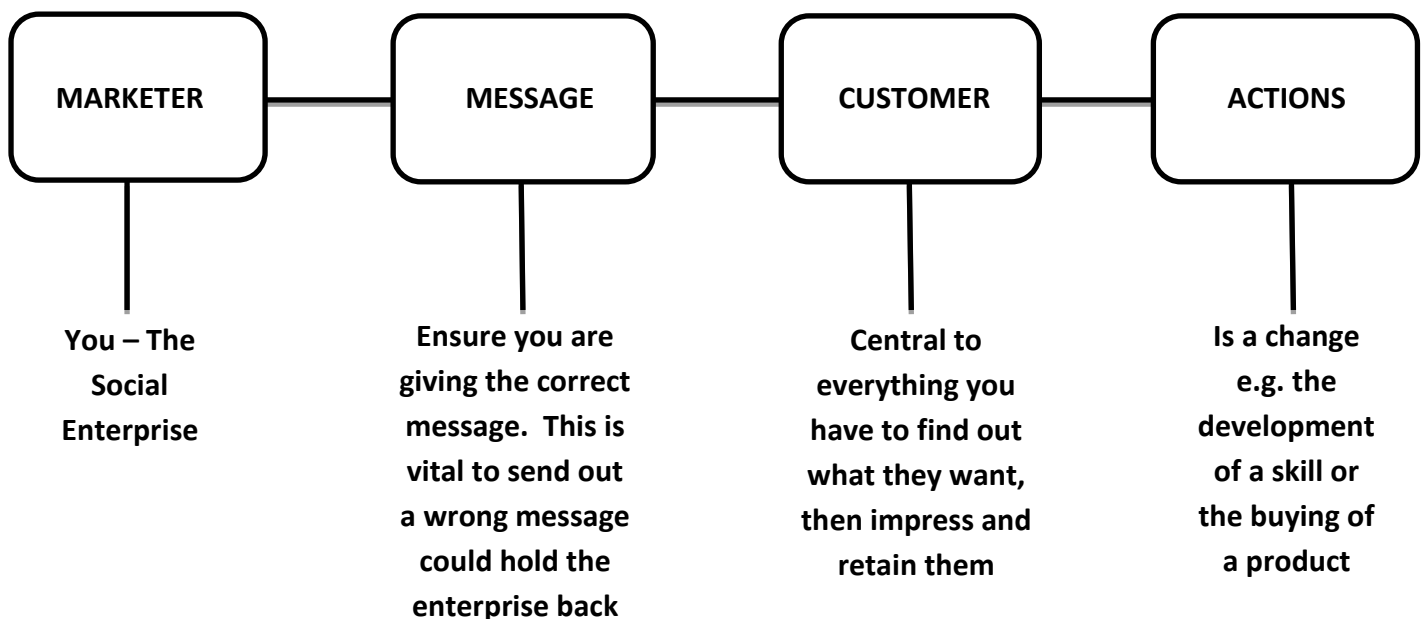
**Cash Cows:** reliable, safe products that provide the organisations with a degree of security

**Dogs and dead ducks:** products that take up management time and finances and provide little value for the effort involved

Place your organisation's products or services onto the matrix below by allocating them to the relevant squares?

<b>STARS</b>	<b>QUESTION MARKS or PROBLEM CHILDREN</b>
<b>CASH COWS</b>	<b>DOG &amp; DEAD DUCKS</b>

As with any business the customer, their needs and how you are going to identify, attract and retain the customer is fundamental to running a social enterprise.



## A GUIDE TO SOME POTENTIAL MARKETING TOOLS

<b>Marketing Activity</b>	<b>Ways of Monitoring Effectiveness</b>
Press Advertisement	
Direct Mail Letter	
E-mailer	
Poster	
Promotional Leaflet	
Press Release	
Freebies (key rings, pens, etc)	
Website	
Newsletter	
Radio Advertisement	
Exhibition	
Annual Report	
Open Day	

The WCVA Marketing Planning for managers goes into greater depth identifies a wider range of models especially if you are looking to expand your enterprise for example, It gives examples and details of a PESTLE analysis where it looks at Political, Economic, Social, Technological, Legal and Environmental factors and gives a comprehensive range of definitions. It also gives a range of activities looking at Segmentation, products and services and a range of consumer's behaviour and the Marketing Mix. These can also be found in any good Business Planning Textbook.

## **11. CASE STUDIES (for more details contact companies)**

### **A. vi-ability**

Kelly Davies is the founder and managing director of a newly formed, national award winning social enterprise called Vi-ability Educational Programme. Essentially, Vi-ability harnesses the motivational power of football to deliver an innovative educational programme to economically inactive individuals. The programme runs for a minimum of 15 weeks and participants are given an in depth insight into the role of a commercial director at a football club helping them to gain recognised qualifications, work experience and transferable marketing and business skills, all of which help to prepare, remain and process into future training, education or employment.

Link: [www.vi-ability.org](http://www.vi-ability.org)

### **B. Butterflies crèche**

Based at the Cwmbran Centre for Young People and developed from the mother and toddler group. The crèche works mainly with disadvantaged young parents including single young parents, gives support to parents in the form of respite, training and develops social networks. It releases young parents to undertake training and also provides a training placement for young people wishing to follow a career in childcare. It has so far trained 2 NVQ assessors and level 1, 2 and 3 NVQ, providing other vocational qualifications and providing work experience. Generates income by charging for child care, attracting single young parents grants from the Welsh Assembly Government.

Link [ccyp.cwmbran@gmail.com](mailto:ccyp.cwmbran@gmail.com)

### **C. Hapus Training Project**

(more details can be seen in the youth work apprenticeship)

Bases in the Cwmbran Centre for Young People, is a team set up to deliver training. It has three strands on a work based training agency and is now a Welsh Assembly Government recognised sub-contractor and delivers work based training. Secondly it delivers a range of training to NEET young people especially the hard to reach including COPE, ASDAN, and Essential Skills. Thirdly it charges other organisations to use space in the centre to deliver their own training. It attracts funding by delivering youth work, playwork and business admin apprenticeships as a sub-contractor to Torfaen Training and charging other organisations for training.

Link [ccyp.cwmbran@gmail.com](mailto:ccyp.cwmbran@gmail.com)

#### **D. Ten Green Bottles Powys CIC**

A research and development company set up in the heart of New Radnor, Powys. Working with the local community they try and find new and interesting ways to recycle glass.

As well as working for the benefit of the environment they also aim to help those who have been excluded from the workplace, for example, people with mental health issues, learning difficulties, and the long term unemployed by providing work placements and volunteering opportunities and allowing them to get first-hand experience of work in a healthy, supportive environment.

Link [www.greenglassmountain.com](http://www.greenglassmountain.com)

#### **E. In the Beginning**

Set up in 2009 by Ferenc Cliszko to help people develop skills and improve their chances of finding work. Original idea was to establish a low cost gardening service for elderly and vulnerable tenants who were unable to look after their own garden. Over 200 young people came through the Future Jobs Fund with more than 41% finding full time work.

#### **F. Grow Enterprise Wales.**

Contact Ty Pennant Mill Street, Pontypridd CF37 2SW.

A training organisation providing real work experience in a real job, underpinned by a programme of education and training opportunities by negotiating contracts with other organisations across South Wales region. It also has a training basis at its Pontypridd offices including kitchen making facilities.

#### **G. Eco Dysgu – Eco Learn (Learning through heal – Healing to learn.**

Their plan is to renovate existing buildings to provide income streams for EcoDysgu. They have renovated an old dairy into a café, meeting room and 12 bed bunkhouse. They have plans to convert an old farm house and Pit Pony Hospital to convert into bed and Breakfast and Self Catering Accommodation and an old MOD building into studios for artists, profits go to their learning programmes to work with disadvantaged and disillusioned school children.

Link [www.ecodysgu.org.uk/about-us/future-plans](http://www.ecodysgu.org.uk/about-us/future-plans)

## **H. Mess up the Mess Theatre Company Ltd**

A not for profit organisation established to offer dynamic theatre making experiences to young people, to increase opportunities for newly graduated theatre practitioners and create an inclusive company for innovating theatre.

Link [www.messupthemers.co.uk](http://www.messupthemers.co.uk)

## **I. Caia Park Partnership**

Set about converting dependences on grants. They have developed a crèche into a day care nursery. Use a wood workshop to manufacture quality hand crafted wood products. A lifelong learning project was developed into Advanced Training and Consultancies. They have a shop selling babies and children's clothes and have recently established W Rex Recycling a textile recycling business.

## **J. Promo-Cymru**

The Youth Co-operative and Social Enterprise Agency which has over 200 years' experience in this field. An advanced stage organisation at level 4 on the Social Enterprise Model as it develops young people's Enterprise and Skills through Co-operative. This project has four central projects and has set up a trading arm DepCult (Department of Culture) a wide range of activities including Young People and Arts in the Valley.

## **K. Valley Kids**

In 1979 Penygraig Community Project was established, a community development initiative with 2 staff on job share and a small group of volunteers, working predominantly with disaffected teenagers in a whitewashed coal cellar of the local Probation office. The local community were keen to develop activities for younger children and approached the Project for support. Together they learned how to make bouncy castles and began to run Play and Afterschool sessions. This developed into a wide range of support services run by and for the local community.

The congregation of Soar Baptist Chapel which was suffering from dry rot and a leaky roof offered it as a gift to the Project in 1980. The hard work and commitment of local volunteer labour and 7 years of fundraising later, Prince Charles opened Soar as a community and arts resource. In 1999 the Project became Valleys Kids to

better reflect its geographic spread and its growth. Social Enterprise for example the Pop Factory is an important delivery mechanism of Valley Kids.

**L. Pack it**

A social firm employing young people disadvantaged in the work place.

[www.pack-it.com](http://www.pack-it.com)

**M. Your Pets Warehouse**

a relatively new example, the head of which has won awards this year.

[www.yourpetswarehouse.com](http://www.yourpetswarehouse.com)

**N. Cardiff YMCA whose trading subsidiary is Green Willow Funerals**

[www.cardiffmcaha.co.uk](http://www.cardiffmcaha.co.uk) and [www.greenwillowfunerals.com](http://www.greenwillowfunerals.com)

## 12. Getting advice:

This section is far from exhaustive, and you should get further information and advice elsewhere. However some useful sources include:

- **Charity Commission:** Useful information sheets are available to download from the Charity Commission web site. These can be quite detailed so persevere with the sections which seem relevant to your needs.  
<http://www.charity-commission.gov.uk/>
- **Social Enterprise Planning Toolkit** – a practical guide on how to prepare and write a feasibility study for setting up a social Enterprise. Lots of useful help.  
[http://www.uk.locallivelihoods.com/Moduls/WebSite/Page/Default.aspx?Page\\_ID=109](http://www.uk.locallivelihoods.com/Moduls/WebSite/Page/Default.aspx?Page_ID=109)
- **Social Futures Ltd** – managed by Dr Caryl Cresswell and Julie Traynor – a wealth of information and training and developing social enterprises. Contact [social-futures@hotmail.com](mailto:social-futures@hotmail.com)
- Umbrella bodies such as the Development Trusts Association.
- **Wales Co-operative Centre** offers free help and business advice to Welsh Co-operative and social enterprises. Link [www.walescoop.com](http://www.walescoop.com)
- **Local Authority** social enterprise networks– who should be able to find answers to you questions if they can't respond immediately.

- Community centre and village hall – marketing toolkit. A detailed handbook for those looking at developing a marketing plan in detail.  
[info@locallivelihoods.com](mailto:info@locallivelihoods.com)
- Your local **County Voluntary Council** will usually have someone with Social Enterprise experience or responsibilities.
- **Welsh Social Enterprise Coalition**: 07866 689108 [j.bennett@welshsec.org](mailto:j.bennett@welshsec.org)  
The voice of social enterprise, research, information and tools, knowledge sharing, networking and awareness raising.
- Your organisation’s accountant – who should be able to advise on corporations tax and VAT implications, though perhaps not on constitutional structures.
- **WCVA** document, “It’s An Idea But Is It A Business? A handbook (257 pages) to third sector trading – a detailed resource builds goes into great deal, would be especially useful if going to stages 3 and 4 in enterprise models.
- WCVA’s web site is an important source of information and signposting for charities; WCVA also publishes regular e newsletters for trustees and other guidance on issues such as governance, management and employment in charities. Staff can also provide general information on constitutions and legal matters. For more information visit the web site at [www.wcva.org.uk](http://www.wcva.org.uk) or contact [help@wcva.org.uk](mailto:help@wcva.org.uk)

### 13. Accreditation

1. ASDAN awards provide and accredited Enterprise award and Personal Finances.
2. Green Dragon Environmental Standard  
This is a Stepped Standard (five levels) recognising effective environmental management. The standard offers an environmental management system relevant to the specific needs of companies and organisation and rewards actions taken to achieve environmental improvements.  
Link [www.wales.groundwork.org.uk/what-we-do/greendragon-ems.aspx](http://www.wales.groundwork.org.uk/what-we-do/greendragon-ems.aspx)

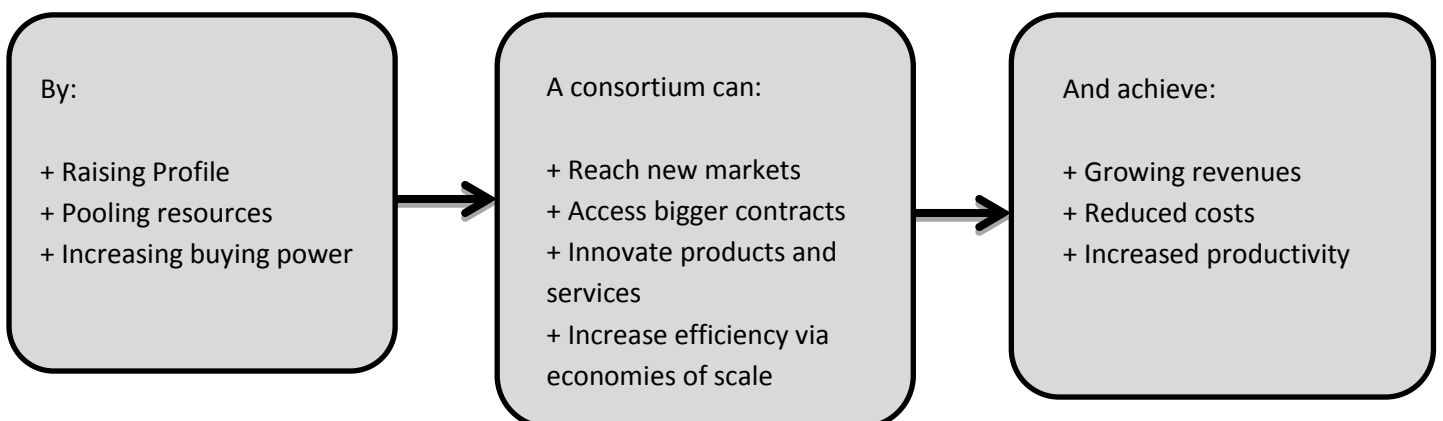


3. Youth Work Apprenticeship  
Developing a Social Enterprise would cover many of reaching the standards required in achieving the QCF level 2 or 3 – certificate or diploma.
  
4. OCN's – units could be developed depending upon the nature of the project.

## Co-operative Consortia – The benefits

- Shared costs
- Bulk purchasing
- Increased brand recognition
- Enhanced business efficiency and professionalism
- Continuity and volume of supply
- Shared skills and knowledge
- Opportunities to share good practice and ideas
- Greater presence in the market place and access to new markets
- Ability to tender for large contracts
- Peer support and creative exchange
- Shared responsibilities and risks
- Inter-trading
- Add value to a procurement bid and help increase the chances of winning a bid
- Provides and infrastructure to explore other areas of joint activity

### Summary



## **SUSTAINABLE SOCIAL ENTERPRISE CHARACTERISTICS**

A 'Sustainable Social Enterprise' has certain key characteristics that set it apart from an Unsustainable Social Enterprise. The following identifies the 'key elements' seen in a sustainable Social Enterprise, and are also very useful when 'designing' a new Social Enterprise.

### **Organisational/Structural Characteristics:**

1. 'Strategically' driven – economically, socially and environmentally.
2. Strong and inspiring 'Leadership' (individually and/or collectively).
3. Organisational structure is clear and very responsive to business/impact.
4. Legal Structure/Governing Documents facilitates trading and sustainability.
5. Has 'Systems' that operate effectively and ensure operational excellence.
6. Values 'Humans' – everyone matters, is supported and developed.
7. Operates throughout via the 'Social Entrepreneurial' Mindset.
8. Innovative, transparent and harmonious 'Culture' throughout.
9. Consciously designed specifically to be sustainable in every aspect.
10. Works 'Collaboratively' in all parts of Society and at all levels.

### **Economic Characteristics:**

1. Understands moment by moment its financial position and true expenditure.
2. Board/Staff have good business acumen.
3. Balanced approach to making money via Grants/SLA's/Income Streams.
4. Earns Income from Products, Services and Social Programmes.
5. Knows how to operate entrepreneurially i.e. how to make money.
6. Competes collaboratively in the market place.
7. Monitors all of its resources closely to avoid 'waste'
8. Rewards performance – at all levels and in all ways.

### **Social Characteristics:**

1. Designs and implements effective Social Programmes.
2. Has impact.
3. Follows authentically its own social agenda.
4. Is a learning tool for others and shares what it learns.

### **Environmental Characteristics:**

1. Designs and implements effective Environmental Programmes.
2. Is a learning tool for others and shares what it learns?

## **Perceived Negatives of Forming Consortia**

- Organisations simply don't think about collaborating to bid for a contract.
- Limited evidence of successful consortia.
- Perceived increased workload in creating a coherent and comprehensive consortia bid.
- Establishing and maintaining effective communications.
- Concern about the resource implications for working in partnership.
- Imbalanced collaborative partnerships – potential inequality in bid effort.
- Lack of clarity over the contractual relationship between the partners.
- Difference in the interpretation of collaboration between members.
- Loss of control – perception of giving part of the business to others.
- Lose or dilute identity.
- Lose client contact.
- Potential disagreements – legal issues.

## **Conditions Necessary for Successful Consortia**

- Recognition of the need to collaborate.
- Need to identify the right partners.
- Understanding of partners' capabilities and strengths – complementary skills.
- Trust.
- Similar values, ethos, style and quality standards.
- Non-competitive environment.
- Commitment to sharing.
- Excellent communication between members.
- Simple processes & clearly set boundaries.
- Clarity on role in the delivery of work and putting the bid together.
- Shared workloads – fairness in the sharing of work.
- Keeping momentum.
- Keeping promises.

## **UNSUSTAINABLE SOCIAL ENTERPRISE CHARACTERISTICS**

An 'Unsustainable Social Enterprise' has certain key characteristics that set it apart from a Sustainable Social Enterprise. The following identifies the 'key elements' seen in an unsustainable Social Enterprise.

### **Organisational/Structural Characteristics:**

1. Has it 'purposefully lost its way'?
2. Repeatedly chases funding pots to maintain staff positions.
3. Lacks effective, inspiring 'Leadership'
4. Lacks 'strategic' direction economically/socially and environmentally.
5. Has an incestuous, passive board and/or a squatting founder.
6. Doesn't want change.
7. Legal structure/governing documents inhibits trading and sustainability.
8. 'Systems' are lacking/unprofessional and hinder progress and development.
9. Operates with a 'Project Management' mindset.
10. Staff 'personal development' ignored.
11. Relies heavily on volunteers or staff operating with little or no pay.
12. Sustainability is a dream not a planned reality.

### **Economic Characteristics:**

1. Has little or no appreciation of its financial aims, objectives or position.
2. Lacks business acumen.
3. Doesn't see the opportunities for growth – economic/social or environmental.
4. Doesn't know how to trade or make money.
5. Focused on saving money not making it – can have a spendthrift nature.
6. Funding is consistently its objective; it feels it has no other choice.
7. Financial Reward is not part of its repertoire.

### **Social Characteristics:**

1. Designs 'Projects' not 'Social Programmes'.
2. Has no social agenda or strategic plan?
3. Has little impact.
4. Follows others social agendas – typically the Funders.
5. Wants to do more but doesn't know how and is trapped in the funding cycle.

### **Environmental Characteristics:**

1. Makes its environmental agenda, i.e. recycling, a key focal point?

	Unincorporated Organisation	Company Limited by Guarantee	Community Interest Company	Charitable Company	Charitable Incorporated Organisation (CIO) Post 2007	Company Limited by Share	Industrial & provident Society	
							Community Benefit Society	Bona Fide Co-operative
<b>Incorporated</b>	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Limited Liability</b>	No	Yes usually limited to £1	Yes	Yes usually limited to £1	Yes	Yes usually limited to the value of the shares that you have purchased.	Yes	Yes
<b>Regulator</b>	None	Companies House	CIC Regulator at Companies House.	Companies House & Charities Commission	Charity Commission Only	Companies House	Financial Services Authority	
<b>Can Register as Charity</b>	Yes	Yes	No	Yes	Yes	Not usually	No – but can be deemed as being charitable by HMRC	No
<b>Set Up/Costs</b>	Easy to set up would usually have a very basic constitution and a bank account with 2 signatories. No set up costs or annual registration costs.	Relatively easy to set up, Memorandum and Articles of Association are needed to be registered with Companies House. Relatively cheap registration fee and annual filing fee.	Relatively easy to set up, Memorandum and Articles of Association are needed to be registered with Companies House, along with a Community Interest Statement. Relatively cheap registration fee and annual filing fee. Slightly more expensive than a company limited by guarantee.	Relatively easy and to set up, Memorandum and Articles of Association are needed to be registered with Companies House. Relatively cheap registration fee and annual filing fee.	Memorandum and Articles of Association will be submitted to the Charity Commission. Registration should be relatively easy and costs should be similar to existing charitable registration.	Relatively easy to set up, Memorandum and Articles of Association are needed to be registered with Companies House. Relatively cheap registration fee and annual filing fee.	You need to register a set of specialist rules with the Financial Services Authority. Can be expensive to set up, up to £1k depending on the rules that you choose.	
<b>Public sector Funding</b>	Should be able to access small scale funding.	With the right clauses in the M&A's should be able to access funding	Cic's are still relatively new it will take some funding bodies a while to understand the model and how it works. Cic's were initially devised to allow public and private sector investment in a company that was set up for the benefit of a community.	Generally yes! As long as your project fits the criteria of the grant scheme.	Generally yes! As long as your project fits the criteria of the grant scheme.	Less Likely apart from normal commercial business grants.	Generally yes! As long as your project fits the criteria of the grant scheme. Although funding bodies are less likely to understand this structure as opposed to a company.	Less Likely apart from normal commercial business grants.
<b>Charitable Trust Funding</b>	Should be able to access small scale funding.	Depending on clauses in the M&A's. Some Trust Funds will only fund registered Charities.	Generally less likely as Cic's allow the option of having paid directors.	Generally yes! As long as your project fits the criteria of the grant scheme.	Generally yes! As long as your project fits the criteria of the grant scheme.	Less likely		No
<b>Notes</b>	Most suitable for small community organisations with little or no financial risk. Also a good model to use as a steering group or task and finish group set up to investigate developing a larger project. If the project is deemed feasible an incorporated organisation could then be set up.	Provides limited liability for organisations that face larger financial risks, for example when they employ people or own property. Has the freedom to trade. Will be liable to Corporation Tax.	Less regulated than a charity with the freedom to trade. Has its assets locked for the benefit of the community. Is liable for corporation tax. Generally profits are reinvested into the business or used for social purpose but can provide a limited return on private sector investment – policed by the regulator.	May not have to pay corporation tax and can access at least 80% rate relief. However you will not be able to trade freely and employees will not be able to sit on the Board as Trustee Directors.	Identical to the existing Charitable Company with the advantage of only having to deal with the Charity Commission, as opposed to both the commission and Companies House.	This is usually used as a more commercial model where members put money into the business and are able to get a return on their capital. Usually for companies that want to sustain themselves through trading only.	Must benefit the community, can raise finance from that community by selling shares. Must follow co-operative principles. Can trade freely. Shareholders less likely to get a return on their investment and if they sell their shares they will usually only get what they paid for them,	Traditional worker co-operative model, finance raised from members through share issue. Will follow co-operative principles. Able to trade freely. Shareholders will usually get a return on their investment.

(If setting up around enterprises this could be a list of priorities)

**RISK ASSESSMENT TEMPLATE**

**Impact** (These will vary depending upon the situation but an impact score can be given to most situations)

Descriptor	Score	Impact on service reputation
Insignificant	1	No impact on service No impact on reputation Complaint unlikely Litigation risk remote
Minor	2	Slight impact on service Slight impact on reputation Complaint possible Litigation possible
Moderate	3	Some service disruption Potential for adverse publicity – avoidable with careful handling Complaint probable Litigation probable
Major	4	Service disrupted Adverse publicity not avoidable (local media) Complaint probable Litigation probable
Extreme/Catastrophic	5	Service interrupted for significant time Major adverse publicity not avoidable (national media) Major litigation expected Resignation of senior management and board Loss of beneficiary confidence





**SOME EXAMPLES OF TYPICAL RISKS FACED BY ORGANISATIONS  
WORKING WITH YOUNG PEOPLE, SOME APPLICABLE OF VOLUNTARY AND  
MAINTAINED SECTOR**

Security of assets	Loss or damage	Review security arrangements
	Theft of assets	Create asset register and inspection programme
	Infringements of intellectual property rights	Agree facility management arrangements
		Have safe custody arrangements for title documents and land registration
		Manage use of patent and intellectual property
		Review insurance cover
Fund-raising	Unsatisfactory returns	Implement appraisal, budgeting and authorisation procedures
	Reputational risks of campaign or methods used	Review regulatory compliance
	Actions of agents and commercial fund-raisers	Monitor the adequacy of financial returns achieved (benchmarking comparisons)
	Compliance with law and regulation	Stewardship reporting in annual report
Employment issues	Employment disputes	Review recruitment process
	Health and safety issues	Agree reference and qualification
	Claims for injury, stress, harassment, unfair dismissal	Checking procedures, job descriptions, contracts of employment, appraisals and feedback procedures
	Equal opportunity and diversity issues	Implement job training and development
	Adequacy of staff training	Implement health and safety training and monitoring
	Child protection issues	
	Low morale	Be aware of employment law requirements
	Abuse of vulnerable beneficiaries	Implement staff vetting and legal requirements (eg CRB checks)
		Agree a whistle-blowing policy

Appendix 5

High staff turnover	Loss of experience or key technical skills	Review interview and assessment processes
	Recruitment costs and lead time	Agree fair and open competition
	Training costs	Appointment for key posts
	Operational impact on staff morale and service delivery	Agree job descriptions and performance
		Appraisal and feedback systems
	Conduct 'exit' interviews	
	Review rates of pay, training, working conditions, job satisfaction	
Volunteers	Lack of competences, training and support	Review and agree role, competencies
	Poor service for beneficiaries	Review and agree vetting procedures
	Inadequate vetting and reference procedures	Review and agree training procedures
	Recruitment and dependency	Review and agree training and supervision procedures
		Agree development and motivation initiatives
Health, safety and environment	Staff injury	Comply with law and regulation
	Product or service liability	Training staff and compliance officer
	Ability to operate (see <u>compliance risks</u> )	Put in place monitoring and reporting procedures
	Injury to beneficiaries and the public	
Disaster recovery and planning	Computer system failures or loss of data	Agree IT recovery plan
	Destruction of property, equipment, records through fire, flood or similar damage.	Implement data back up procedures and security measures
		Review insurance cover
		Create disaster recovery plan including alternative accommodation
Procedural and systems documentation	Lack of awareness of procedures and policies	Property document policies and procedures
	Actions taken without proper authority	Audit and review of systems
Information	Systems fail to meet operational need	Appraise needs and options