

SOCIAL ENTERPRISE EXPLAINED

For beginners, wonderers and
people with ideas, big and small



In association with



About Unity Trust Bank

(who kindly sponsored this guide)

As a social enterprise itself, Unity Trust is perfectly placed to provide dedicated, full-service banking to social enterprises of all sizes.

From start-ups to fully fledged and thriving businesses like The Salmon Youth Centre (see page 14), we understand the needs of social enterprises. So we've been able to design products and systems that specifically meet your needs.

That's why, for example, our Internet Banking platform has been developed to enable secure, dual signatory sign-off on payments. It's also why we know you'll want to talk to a person and not a machine when you call us.

For start-ups, we offer free banking and money-saving packages on market-leading products such as Sage software, as well as access to superb insurance offerings from our partners who - like us - know and understand your sector. We can even offer savings on merchant services, so you can take card payments quickly and easily by post, by phone or over the web.

And as your business grows, you can access our wider range of products and services such as asset finance and our property development and Community Asset Transfer loans.

Whatever their size of business, all our customers can be sure that they will have access to our award-winning, Birmingham-based customer service team. And because our customers' time is precious, all calls to us come straight through to a real person - where 90% will be answered within just 20 seconds.

With no private shareholders, and all profits returned for the greater social good, Unity Trust offers a unique home for social enterprise banking. Why think about banking anywhere else?

www.unity.co.uk/social-enterprises

us@unity.co.uk

0845 155 3355



What is social enterprise?

Lots of people are asking about social enterprise. Visitors to Social Enterprise UK's website have doubled in the last six months alone. Some of our most popular pages and searches are ones that offer an introduction to the topic. So we produced this guide for people who are just getting interested in social enterprise. It's aimed at getting all the right info in one place for anyone who might want to start, buy from, invest in, commission from, or support social enterprises.

We are always interested in feedback so please let us know what you think by emailing

info@socialenterprise.org.uk



Have you ever bought the Big Issue? Read it over a bar of Divine chocolate? Watched Jamie Oliver's Fifteen on the television? Shopped at the Co-op? Visited the Eden Project?

Then you already know a bit about social enterprise: a growing, worldwide movement of businesses that exist to change the world for the better. A social enterprise is a business that trades to tackle social problems, improve communities, people's life chances, or the environment.

This might sound like charity work, but social enterprises are businesses. They make and do things that earn money and make profits like any business. It is how they work and what they do with their profits that is different: working to make a bigger difference, reinvesting the profits they make to do more good.

They do this in lots of different ways: creating jobs for people who would otherwise be left out; reinvesting profits in community projects; protecting the environment, providing vital services for people who might not get them otherwise.

It's this combination of doing business and doing good that makes social enterprise one of the most exciting and fast-growing movements in this country and across the world.

What sort of people are involved in social enterprise?

All kinds of people! Clothes recycling and redesign workshops, anti-gun crime merchandise, street dance classes on housing estates and a tap water bottle refill network: these are some of the ideas that young people in the UK today are turning into successful social enterprises.

But there are retired people who are just finding their socially enterprising selves, groups of public sector workers who are coming together to form social enterprises, (with encouragement from the Government!), school groups, community groups who want to tackle a local problem, and people in private businesses who want to do things a different way.

There are some very large social enterprises and ones that have been in existence for years—for example The Co-operative Group.



HCT provides low cost minibus hire for local community groups subsidised by its mainstream transport contracts across the UK

Opportunities for social enterprises

Social enterprise is gaining momentum and causing excitement right now for lots of reasons.

These are some of the reasons we've heard from people who have contacted us:

- The recent economic downturn – people are looking for different, more rewarding ways of doing business – making businesses work for people and the planet
- The economic success of social enterprises (which have continued to thrive and grow during the recession)
- A growing desire among charities to trade more and be more sustainable in the future
- Growing customer awareness and interest in how people's spending choices affect others. People want to know where the goods they buy come from – have they caused human suffering or environmental damage along the way? Are workers being treated well? Which product does the most good socially?
- More people want to know how they can use their spending and saving power to make the world a better place
- Businesses want to know how they can use their power to change the world – for many businesses, volunteering and fundraising programmes are no longer enough

Many people think that social enterprise is how business will be done in the future: working for people and the planet, not just profit.

How are social enterprises different from ethical businesses?

In many cases they're not. Lots of ethical businesses are social enterprises and vice versa.

But very simply, ethical businesses aim to minimize any harm done to people and the planet as a result of their work. Whereas social enterprises are businesses set up primarily to benefit people and the planet.



Growing Well, a farm-based social enterprise in Kendal, Cumbria

Get involved: what can you do?

There are lots of ways you can get involved with the social enterprise movement: buy from social enterprises, work for them, invest in them, commission their services in your workplace, learn more about the movement. You may be reading this guide because you are interested in setting one up – there's more on that later.

For people who work in private businesses

You can improve the 'social footprint' of your business and make a difference by including social enterprises in your suppliers. From catering, cleaning, floristry, mailing services, printers, designers, researchers, office supplies and furniture to manufacturers of all kinds of goods – you name it, there will be a social enterprise that supplies it. There are a number of directories to help you find a social enterprise including www.buyse.co.uk, www.shopforchange.info and www.justbuy.org.uk. A longer list can be found at www.socialenterprise.org.uk/policy-campaigns/campaigns/buy-social.

For people who work in the public sector

You can improve the 'social footprint' of the service you work for by buying from, commissioning or promoting social enterprises – especially in your local area. Read the section above – the bit for people who work in private businesses probably applies to you. But you might well be interested in setting up a social enterprise or finding out more about those who have already spun out of public services and set up a social enterprise. See Social Enterprise UK's Right To Run guide, which is just for public sector workers who want to start a social enterprise within their workplace or service.

For people who work in the voluntary or community sector

Even when your charity or group exists to do public good, you can probably do more by getting your goods and services from social enterprises rather than private businesses. But more and more charities are looking to social enterprise as a way of improving the impact of their work. Many charities are setting up trading arms in order to be able to trade, make profits and reinvest them. One well-known example is Age UK.

Public services + enterprises + charities : the future is hybrid!

More than ever before, the boundaries between charities, public services and businesses are getting blurred. The result is more social enterprises. According to Social Enterprise UK's Chief Executive, Peter Holbrook:

"The old ways of getting things done – public services versus charities, versus private enterprise – are starting to merge, and the future is hybrid. One of the ways we can see this is that Social Enterprise UK is getting a constant stream of delegations visiting from emerging economies like South Korea and India. They need public services and they have their social problems but they don't want to find themselves in ten or twenty years having to service a large bureaucratic public sector or unsustainable charitable sector. They're going straight for social enterprise. It's a bit like countries who don't have a landline infrastructure for phones leapfrogging straight to mobile technology."

Setting up a social enterprise

Social enterprises come in all sizes, from small community cafés to really big international organisations, but they're usually started by a person or group with a particular passion and sense of purpose. They can emerge as businesses from groups that didn't start out to create a business at all.

The passion often comes from trying to solve a problem that they understand personally; and the purpose comes from having a business idea that could solve that problem for others.

Setting up a social enterprise can not only give you the freedom and satisfaction of running your own business, but also the knowledge that you are changing the world for the better.

And although social enterprises have been around since co-operatives were started in 1844, there are good reasons why it's worth starting one up right now:

- You can get start-up funding and investment – lots of new providers are coming along, now that social enterprise is really taking off in the UK. Support is available from government, voluntary and private sources
- Get support from specialists and from other social enterprises – the social enterprise movement is growing and bursting at the seams with people who are passionate about social enterprise and want to help new social enterprises to succeed
- Provide customers with extra reasons to buy from you – there is a growing awareness of social enterprise in the UK and around the world
- Join a movement for sustainable change – we believe it's the way all business should be done in the future – social enterprises are blazing a trail, changing the economy, the environment, and the life of our communities.

What makes it a social enterprise?

There are many shapes and sizes and kinds of social enterprise, but there are some important things that make them different from both conventional businesses and charities.

A social enterprise does...

Make its money from selling goods and services

Cover its own costs in the long-term (though like any business, it may need help to get started)

Put at least half of any profits back into making a difference

Pay reasonable salaries to its staff

A social enterprise does not...

Exist to make profits for shareholders

Exist to make its owners very wealthy

Rely on volunteering, grants or donations to stay afloat in the long-term (though again, it may need this sort of help to get started)

A social enterprise will also have a clear sense of its 'social mission': which means it will know what difference it is trying to make, who it aims to help, and how it's going to go about it.

Whatever problem you can think of, there's probably a social enterprise out there trying to tackle it and create a lasting solution. And lots more are needed.

If you're interested in social enterprise, the best thing to do is go and visit one and find out more from the people involved. Here are some other tips to help you on your way. As with any business, you should think about the following first:

Research

Ask the basic questions. What is the need for what you are planning? Are there customers who will buy your product or service? Who are they? Are others providing the same goods or services already? How can you do it better?

Write a business plan

Write a simple plan detailing how the business will operate, who will be involved and what their roles will be. Do you have the skills you need? Do you have the people with the expertise you need? Do you need money?

Do you need money to get going?

Or a loan to buy something that will get you started? Secure some start-up finance: there are specialist funds to help with this.

This is really important because there are lots of options when it comes to social enterprise: options about finance, about company structures, about people, about opportunities, about sources of help, and more. Being clear about what you are trying to achieve (and why) helps you choose the right options at the right times.

Don't forget that many successful social entrepreneurs learn by doing; no amount of planning round the kitchen table can make up for getting out there and testing things out: selling, delivering, working in the real world. The best businesses are based on people, not paper, and social enterprises are no different.

Starting a social enterprise calls for hard work and commitment to make it work and achieve your mission; and the ability to inspire others to get involved. But the process can be hugely rewarding, and it can change your life as well as those you are working to help.

Where can you go for advice and information?

Start at the Social Enterprise UK website, which features case studies, answers to common questions, and links to many



Thinking Flowers provides floral installations for events, exhibitions, photo shoots and public spaces

useful organisations; including providers of start-up funding, investment and specialist providers for particular kinds of social enterprise such as co-operatives. Joining as a start-up member is low cost and brings you networks and benefits whilst you're starting up and when you're up and running.

www.socialenterprise.org.uk

Find inspiration from successful social enterprises from initiatives like the Social Enterprise Awards.

Seek out local and regional social enterprise networks that can help you meet people and organisations, and build up your contacts and know-how.

Check out general business information and advice from websites like Business Link, Smarta, HMRC, Companies House and BIS.

Check out UnLtd for start-up funding; UnLtd gives out money to individual social entrepreneurs at the very start of their journey.

www.unltd.org.uk

The Salmon Youth Centre, Bermondsey

The Salmon Youth Centre has been reaching out to young people in inner-city London for more than one hundred years, supported by funding from the government, local authority, trusts and individual donors. The Centre is one of many social enterprises of all sizes that bank with Unity Trust Bank.

Having banked with Unity for a number of years, the youth centre has used a £1.1m loan from Unity to part-fund its new £10m building. In addition, it has spent £4.5m on a second building to provide affordable homes for key workers.

"We support all young people, including those with disabilities," says Sam Adofo, the centre's Director. "For example, we work with autistic young people, to encourage their social and personal development. And we work with those moving on to college, helping them learn skills like travelling independently on trains and buses."

The work experience offered by the centre helps young people who are not in education, employment or training. "Our target is to engage 60 young people like this each year," explains Sam. "We get them involved in training, or help them find a job or volunteer work."

And for young people who have been in prison, the Salmon Centre is on hand to help too. "We support young people on probation or police remand, to try to stop them ending up back in the system. In prison you may have a mentor, but afterwards there's no-one to help you. We provide that missing support, helping them integrate back into the community."

As well as working with the 1,500 young people who come to the centre each month, the teams take their work onto the street, and into places like housing estates and tube stations.

"We want to inspire all young people to realise their potential and contribute positively to their community," says Sam. "So it's just as important to work with young people who prefer not to come to a youth centre. For those who don't, we keep talking to them on the street, giving them information, advice and guidance on things like education, drugs and health."

And at the moment, the work that the centre's staff and volunteers do is especially valuable. "As the riots of August 2011 show, we all need to work harder at bridging the gap between police, local authorities and young people," says Sam. "Our society must invest in its young people. That's why we're here."

Sam Adofo,
Director, The Salmon Youth Centre
www.salmoncentre.co.uk

Social enterprises are the innovators, the job creators and the value generators in a sector that genuinely puts people and planet before profit. Whether you need to find a printing company, HR consultant, website designer or caterer, do a great deal and buy social. Bring social enterprises into your supply chain and make a difference.

Need to find a social enterprise and want a quick recommendation? Put a shout out on Twitter using the [#buysocial](https://twitter.com/hashtag/buysocial) hashtag and [@SocialEnt_UK](https://twitter.com/SocialEnt_UK).



Social Enterprise UK

We are the national membership body for social enterprise. We offer business support, do research, develop policy, campaign, build networks, share knowledge and understanding and raise awareness of social enterprise and what it can achieve.

Joining Social Enterprise UK means you get access to our networks, heavily discounted products and services, free information and advice about your business. If you are interested in joining please visit www.socialenterprise.org.uk/membership.

We have a network of around 15,000 organisations and operate a very busy website with a growing social media presence.



@SocialEnt_UK



At Social Enterprise UK we believe that social enterprise is our best chance of creating a fairer world and protecting the planet.

Social Enterprise UK

info@socialenterprise.org.uk

Reprinted October 2012, first published by Social Enterprise UK October 2011

© 2011 Social Enterprise UK

www.socialenterprise.org.uk

You are welcome to copy this publication for internal use within your organisation. Otherwise, no part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, electrical, chemical, optical, photocopying, recording or otherwise, without prior written permission of the copyright owner.