

Making sure more is better

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Helen Seymour and John Goodman from the Co-ordination Unit at the Co-operatives UK consider the options for providing consistent support for developing social enterprises throughout the UK.

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Providing advice to democratically owned and managed businesses

Social enterprise development is complex. It ranges from nurturing new-start enterprises to helping well-established businesses to grow. It covers all aspects of business operations and sometimes community development as well. It may also include specialist areas such as property management, business succession or complex employee-ownership structures. Social enterprise development workers may need to have knowledge of particular trade sectors or of particular client groups.

Providing advice to democratically owned and managed businesses often requires a radically different approach, in both style and content, from providing it to investor-owned businesses. Getting the entire workforce to sign up to a financial strategy requires a different approach than in a *conventional business* where what the owner says goes. Setting up procedures to deal with incompetent workers or management structures that involve community representatives is also different.

“Social enterprises are on the government’s radar screen,” said Secretary of State Patricia Hewitt at a conference at the end of February. The recently created Social Enterprise Unit at the Department of Trade and Industry has been looking at the business support needs of social enterprises, and the Small Business Service in England has charged its franchisees (Business Links) to take social enterprises seriously. Invest Northern Ireland, Business Connect in Wales and Scottish Enterprise are making similar moves. But have they all really thought about how social enterprises are made and grow?

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Existing models

There are several existing models for the delivery of social enterprise development services, including specialist bodies, such as co-operative development agencies (CDAs), social enterprise consultancies (some themselves structured as co-operatives), specialist services within agencies with a broader remit (such as councils for voluntary services and rural community councils) and specialist services within mainstream bodies such as Business Links and local authorities.

Some consumer co-operatives are entering into partnership arrangements to ensure that social enterprise support is provided on the ground. Oxford, Swindon and Gloucester Co-operative puts 2 percent of its annual surplus towards the funding of the development organisation Co-operative Futures. Southern Co-ops has set up South West Hants and Wight Co-operative Development Agency, while Lincoln Co-op is joint funding a social enterprise worker in its own patch. Other social enterprises are also looking to grow the sector: in Liverpool the Furniture Resources Centre runs the Cat's Pyjamas programme to help share expertise.

But is the mainstream business development model good enough? Should Business Links, Business Connect, Scottish Enterprise and Invest Northern Ireland be the providers of all services? Are they up to giving support to businesses whose structures offer a direct challenge to the capitalist market-driven business norm.

Practical reasons

Some might say that creating social enterprises is too important to be left just to the mainstream business providers and for all sorts of highly practical reasons specialist organisations are the most effective approach. Specialist support organisations:

- Are familiar with the range of specialist business options that might be available and the necessity of working with what the would-be entrepreneurs want.
- Understand the legal structures and governance needs of the various types of social enterprises.
- Have experience of the management structures and processes of social enterprises and the need to be accountable to the key stakeholders in the enterprise.
- Understand the community within which the group of would-be entrepreneurs or the existing enterprise operates and has the trust of that community.
- Can provide a link to other social enterprises for mutual support, inter-trading and joint business development and shared services.

But they need to work closely with the rest of the business support and regeneration infrastructure. Mainstream bodies need to:

- Be fully aware of the role, significance and range of social enterprises.
- Refer social enterprise clients to local specialist support bodies where possible.
- Contribute to the funding of those specialist bodies' support for social enterprise clients out of core budgets, which should have a ring-fenced allocation for this purpose.

Partnerships

Collaborative working relationships between mainstream and specialist support organisations should be established in all areas. Ideally these should be enshrined in partnership agreements or even, as has happened in some places, formal partnership structures. For example, Co-operative Futures has developed a partnership with Community First (the rural community council) to provide social enterprise support across Wiltshire as part of the Business Links service. Co-active Ltd (formerly Devon Co-operative Development Agency) has a contract to provide social enterprise support in Devon and Cornwall.

Getting the partnership agreement right is crucial. It should cover issues such as the definition of social enterprises, referral procedures, data sharing, quality standards and the basis for payments.

Where suitable specialist support organisations do not exist, the public authority should help by encouraging existing organisations to broaden their remit, or as a last resort, by setting up new organisations. There may also be need for national task forces to address particular developments (*e.g.* large employee-buyouts). The agenda is starting to be ours:

We must make sure it's done in our way.