

Social What?

**Defining and Mapping the
Characteristics of
Social Enterprise in Bedfordshire**

September 2007

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Published on behalf of Voluntary and Community Action South Bedfordshire and CVS Mid and North Bedfordshire by
Voluntary and Community Action South Bedfordshire
Bossard House
West Street
Leighton Buzzard
Bedfordshire LU7 1DA.

Acknowledgements

This report has been prepared with the assistance of funding from Bedfordshire County Council. The report has drawn from the excellent resources published by Social Enterprise London and other sources. The authors are also grateful for the advice and guidance received from Jim Brown, Social Enterprise Consultant and Trainer, of Baker Brown Associates.

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Voluntary and Community Action South Bedfordshire

DEFINING AND MAPPING THE CHARACTERISTICS OF SOCIAL ENTERPRISE

This report has been prepared for Bedfordshire County Council Enterprise and Regeneration Directorate on behalf of the Countywide Partnership for Bedfordshire by Voluntary and Community Action South Bedfordshire, in association with CVS Mid and North Bedfordshire. It supports work being undertaken as part of the Bedfordshire Local Area Agreement to baseline and increase the *number of identified social enterprises created and other organisations growing social enterprise activity*, focussing, in particular, on the scope for increasing *social enterprise activity* from within the voluntary and community sector. This work complements that being undertaken by the Bedfordshire & Luton Social Enterprise Network (BSEN) to map *identified social enterprises*.

Within the voluntary and community sector there are a number of organisations looking to develop more sustainable methods of funding. Within the public sector the provision of grants to VCS organisations has largely been replaced with service level agreements and contracts. There is greater interest in procurement and commissioning. Some VCS organisations see procurement and commissioning, and an increased ability to develop and market their products and services, as a means of developing more sustainable methods of funding. They are *organisations growing social enterprise activity*. They have embarked on a journey (or transformation) and could be regarded as an emerging social enterprise.

The terms social enterprise and social entrepreneurship are often misunderstood; everyone, it seems, has a different definition. This report attempts to bring some clarity to the discussion, drawing on key texts from experts in the field, so that social enterprise organisations in Bedfordshire can be mapped and supported. It identifies the key characteristics of an emerging social enterprise, and those of an operating social enterprise, drawing some distinctions between the two and identifying the development needs of social enterprises.

Definitions

The Government's Social Enterprise Action Plan continues to use the definition accepted by most in the field and it is this definition that social enterprise practitioners in Bedfordshire should adopt:

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 Enterprise Action Plan: Scaling New Heights*
Office of the Third Sector, November 2006

Social economy is seen as existing between the private, market sector on the one hand and the public sector on the other and is separate from both. It includes not only social enterprises but also voluntary organisations, foundations, trade unions, religious and faith groups, and housing associations. [Source: adapted from Social Enterprise London, March 2001.]

Third Sector is defined by government as non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary organisations, community groups, charities, social enterprises, cooperatives and mutuals. [Source: Office of the Third Sector website, July 2007.]

Social entrepreneur – an entrepreneur has imagination to identify new opportunities and determination to bring them to fruition. A Social entrepreneur does so for public good rather than private profit. [Source: Jerr Boschee and Jim McClurg, 2003.]

There is much debate as to whether the term *social enterprise* is a name (noun) given to a business or organisation, or whether it is the undertaking of an activity (verb) by an organisation or someone. In truth is that it can be both; but the reality is that people and organisations are more concerned with *doing things* rather than *naming* them! **We therefore see social enterprise as predominantly an activity**, where some organisations may also wish to name themselves as such. Others prefer to describe the term *social enterprise* as a **business model** rather than an activity.

What is Social Enterprise?

The economy can broadly be divided into five parts: private businesses, socially responsible business, social enterprise, the voluntary and community sector, and government. Social enterprise shares some characteristics with the other forms of organisations. With other businesses, social enterprises share dependency on the market and sales for income. With the voluntary and community sector, social enterprises share both social ownership structures and a sense of social mission.

Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy, including health and social care, arts and design, childcare, sport and leisure, finance and transport. By using business solutions to achieve public good, the Government believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy.

A social enterprise is, first and foremost, a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose. Like any business, it aims to generate surpluses, but it seeks to reinvest those surpluses principally in the business or in the community to enable it to deliver on its social objectives. It is, therefore, not simply a business driven by the need to maximise profit to shareholders or owners.

What social enterprises have in common is a commitment to meeting both their social aims and their business objectives in order to achieve financial stability (sometimes referred to as the *double bottom line*). Some add environmental aims (and refer to it as the *triple bottom line*).

While some social enterprises start off as businesses, many are in transition from their beginnings as voluntary and community sector organisations, dependent largely on grants and volunteers, and working to increase traded income.

Social enterprises are a special type of business, and just like any business they need to be well managed. On the practical level they share many problems and factors for success with business in general, especially as regards market and financial conditions. But there is more to them than that. Their distinctiveness comes from their values: the reasons they are set up, the needs they meet, and the principles by which they work.

Types of Social Enterprise

Employee-Owned Businesses create and preserve jobs as part of economic development strategies.

Co-Operatives are associations of persons united to meet common economic and social needs through jointly owned enterprises.

Social Firms are small businesses created to provide integrated employment and training for people with disabilities and disadvantages.

Intermediate Labour Market Companies provide training and work experience for the long term unemployed.

Community Businesses are social enterprises that have a strong geographical definition and focus on local markets and services.

Charity Trading Arms enable charities to meet their objectives in innovative ways.

Social Businesses are non-profit businesses, often set up to support the work of a charity or non-governmental organisation.

Credit Unions and community finance initiatives provide access to finance.

Development Trusts focus on community based regeneration.

Housing Associations focus on providing social or low cost housing to people in need.

Social enterprises are mission driven, and are often established in reaction to a social or economic problem such as the closure of a factory, social exclusion, the decline or absence of an important service, or the lack of employment opportunities. Some social enterprise leaders may have a wider perspective, but community members sign up to support social enterprises out of a desire to meet a real need.

Social enterprises are value-led organisations. The values and how they are understood will vary between social enterprises. In its statement of identity, the co-operative movement sets out its common values as follows: Co-operatives are based on the values of self-help self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others. Other social enterprises speak of values related to social justice, fair trade, concern for the environment, social inclusion, gender and community.

In common with other organisations, a social enterprise's values and assumptions shape the organisation's culture, which ultimately is a key determinant in the enterprises success or failure. Shared beliefs, assumptions and values function as the glue that holds any organisation together. They are the major sources of an organisations sense of identity, and the major way of defining its distinctive competence. An effective culture is the organisations primary asset.

Social enterprises are more likely to articulate and debate their values than other types of businesses. Social enterprises are also more likely to be accountable for incorporating their values into their practice. When a social enterprise stops being concerned about its values, it goes into decline.

Routes to Social Enterprise

A strong and dynamic voluntary and community sector, which gears up and channels people's energy and commitment to tackle problems in innovative ways and provide services to those in need, is a vital part of society. It fully justifies the support it receives by way of donations and grants. Voluntary organisations are skilled at achieving results and avoiding a standardised bureaucratic approach. An entrepreneurial approach to meeting need can also involve the provision of a service to a market. But it is a mistake to assume that all voluntary sector activities can be transformed into social enterprises. While some of these activities can become social enterprises, in many cases social enterprises represent an additional tool for addressing social and economic needs.

The concept of the voluntary and community sector becoming more entrepreneurial is widely discussed and promoted. These discussions involve two distinct concepts: improved management and the launching of new social ventures.

The first approach, improved management, involves importing business management tools to improve charities and voluntary organisations. Here the organisation remains a voluntary organisation, dependent on volunteers, donations and grants. But this is not to say that this dependency is a bad thing; some social needs are best addressed by voluntary organisations.

Secondly, the concept of an entrepreneurial voluntary and community sector relates to adopting new business structures to address social aims. New governance structures may mean an organisation becomes incorporated. New organisational structures may mean the development of teams to deliver specific services and new funding structures may mean the organisation seeking to increase its level of trading through earned income and providing contracted services. Here again, the social entrepreneurship involves change management. It is sometimes known as Transformation.

Growth and Development Needs

Social enterprises, like voluntary and community organisations, go through stages of growth. During each stage the organisation evolves in an incremental fashion. After a period of time, each stage of growth ends with a new challenge, usually market failure or management problems. The situation is solved by a revolution, a major change, in how the organisation is run and this initiates a period of renewal. These changes are not easy to handle, and are often not planned for. Growth is dependent on building flexible organisations that are open to major change. Most social

enterprises aspire to grow; the social and economic problems they seek to address are not small; although some will choose to remain small with limited objectives.

With the growth of the social enterprise sector comes the need for increased development support. The successful development of social enterprises requires an understanding of how they differ from traditional small firms as well as their similarities. It also requires an understanding of social entrepreneurs and team enterprises, which are built by tapping members' skills and loyalty. In addition, social enterprises often reach out and include people bypassed by traditional business support programmes. Understanding the needs of these individuals is crucial in many social enterprises.

Social enterprises in their various forms have much to offer, providing value-led market-based solutions to a wide range of issues. As enterprises they share many of the same needs as any kind of business in terms of good marketing, financial control and other aspects of business management. Their successful development depends on many factors, most of all the people who work in them. What makes social enterprises different is their values and how these values are embedded in social ownership structures and working practices. As a result some of the management issues that go with combining social aims with trading in the market are quite specific to social enterprises.

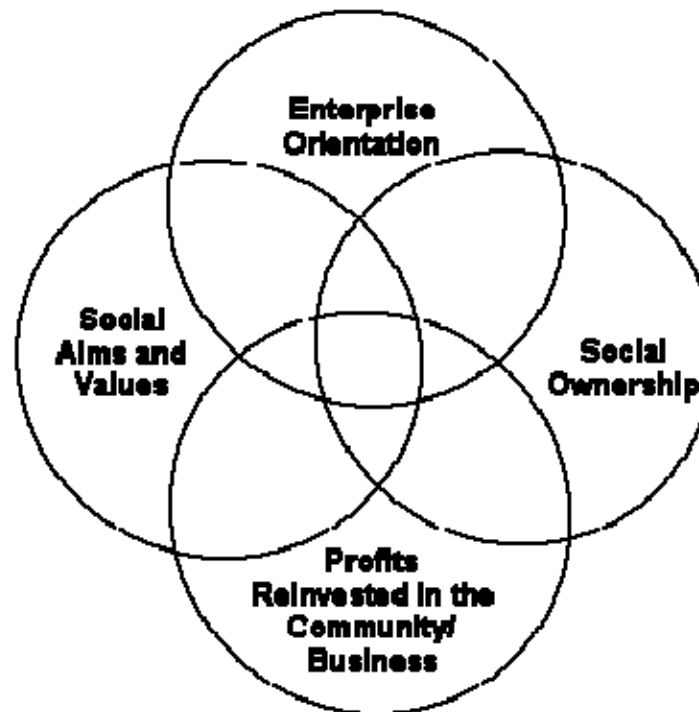
There are a number of issues identified as important in achieving successful organisational development of social enterprises. These include managing the tension between profitability and social goals, understanding the nature of social ownership, knowing the processes through which social enterprises develop and being clear about the roles of different players within social enterprises at different points in their development.

Common Characteristics

The literature reviewed sets out many characteristics for a social enterprise and we have distilled these to form four key characteristics:

- Enterprise orientation with a clearly defined market base
- Social aims and values
- Social ownership
- Profits are reinvested in the community/business.

Some social enterprise specialists include the fourth characteristic as part of either social aims or social ownership. Given the importance of, and the sometimes complex arrangements concerning, funding streams for social enterprise activity we have treated this separately. Each of the characteristics are defined in the table set out on the following pages, giving a characteristic descriptor in an emerging social enterprise and in an operating social enterprise.



Defining the Characteristics AND Development Needs of Social Enterprises

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Enterprise orientation with a clearly defined market base.	<p>Organisation becomes more aware of the need to target its products and services at particular groups, communities or clients.</p> <p>Organisation increasingly supplies services under contract to local government and other public sector organisations.</p> <p>Organisation uses trading activities to partially achieve its goals and build a more sustainable funding base.</p> <p>Organisation becomes more innovative in trying to address the social aims it was set up to address.</p> <p>Organisation adopts and uses business planning processes, including review of performance and strategy, and develops a well focussed business plan.</p> <p>Organisation increasingly competes on its ability to develop, generate, deploy and exploit their distinctive know-how and competencies.</p> <p>Organisation may become more involved in partnerships between the community, voluntary, private and public sectors.</p>	<p>Organisation is directly involved in producing goods or providing services to a clearly defined and viable market.</p> <p>Organisation sells goods and services in the market place and develops niche markets.</p> <p>Organisation uses trading activities to achieve its goals and financial self-sufficiency.</p> <p>Organisation needs to balance its social and economic aims. It can use its unique features as a social enterprise to advance business development through increased productivity and building customer loyalty.</p> <p>Organisation uses business planning processes, including review of performance and strategy, and has a well focussed business plan in place.</p> <p>Organisation competes on its ability to develop, generate, deploy and exploit their distinctive know-how and competencies.</p> <p>Organisation may actively be involved in partnerships between the community, voluntary, private and public sectors.</p>	<p>Market research – identifying niche markets, assessing likely sales volumes, scoping strengths and weaknesses of competitors.</p> <p>Developing a brand, style and identity.</p> <p>Identifying and developing viable products, services and markets.</p> <p>Costing and pricing products and services.</p> <p>Marketing products and services.</p> <p>As the organisation grows it needs to adapt its solutions to the market and develop a stronger market orientation.</p> <p>Development of member/customer loyalty to gain regular and repeat sales.</p> <p>How to use a strong participatory culture to build community loyalty and maintain support or survive downturns in income at difficult times.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Enterprise orientation with a clearly defined market base (continued)	<p>Emphasis is on finding a market, developing products and services, and building an identity. This is characterised by creativity, flexibility and adaptation.</p> <p>To assist with change, the organisation will make greater use of functional experts. These may include new specialist staff (such as personnel or marketing staff) and external consultants. The consultant may assist with particular business problems or assist the change process.</p>		<p>Partnership working skills: being involved in developing and devising services; being able to pool expertise to provide the range of services public sector agencies are looking for.</p> <p>Building realistic relationships with commissioners and partners.</p> <p>Understanding and reconciling competition issues and when to work in partnership.</p> <p>Business planning skills, including preparing and monitoring delivery plans.</p> <p>Opportunities to network with other social enterprises, locally; they may also benefit from joining regional or national networks appropriate to their particular focus/service.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Social aims and values	<p>Organisation has explicit social objects (within its governing document), often aiming to resolve social, environmental or economic problems.</p> <p>Organisation is more interested in its social aims but recognises the benefits of delivering these in a more entrepreneurial way; there is a sense of mission. It attempts to balance these desires with the constraints of running a business.</p> <p>Organisational culture is changing to reflect the new circumstances (dealing with a market rather than, or as well as, grant bodies). Internal communication is increased to help people understand what is happening. Education and training programmes are stepped up to help people change, to adapt to new roles and participate in the change processes.</p>	<p>Organisation has explicit social aims, often aiming to resolve social, environmental or economic problems.</p> <p>Organisation has a strong underlying sense of common purpose; it is mission driven, and is experienced at getting people lined up behind it.</p> <p>Organisation has ethical values, which may include a commitment to capacity building skills in local communities.</p> <p>Organisation makes more use of teamwork and genuine participation structures. It values participation and incorporates it not only in their management systems but into their ownership structure and culture.</p> <p>Organisation's values shape its culture – its shared beliefs, assumptions and values function as the glue that hold the organisations together and ultimately determines its success or failure.</p> <p>The organisation's values become a strong driving force, are incorporated into its practice and are more likely to be articulated and debated than in other types of business.</p>	<p>Creating and developing values statements, mission statements social aims and purposes.</p> <p>How to foster and integrate values into a new organisation.</p> <p>Presentation skills – presenting the organisation, its values and its outputs.</p> <p>Developing and implementing a range of organisational policies and procedures, including equal opportunities, health and safety, and complaints etc.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Social ownership	<p>Could be an autonomous organisation whose governance and ownership structures are based on some participation by stakeholder groups (e.g. users, clients, local community groups etc.) or by trustees who control the organisation on behalf of a wider group of stakeholders.</p> <p>Organisation sets its membership requirements, which are often voluntary, open and based on members having a concern for the values and social aims of the organisation.</p> <p>Organisation recognises it has a small membership base paying low cost membership fees as a sign of support for their objectives and seeks to develop its membership base, benefits and services.</p> <p>Organisation is accountable to its members, stakeholders and the wider community for its social, environmental or economic impact.</p> <p>Members approve the financial statements and the appointment of an auditor annually.</p>	<p>An autonomous organisation whose governance and ownership structures are based on greater participation by stakeholder groups (e.g. employees, users, clients, local community groups etc.) or by trustees/directors who control the organisation on behalf of a wider group of stakeholders.</p> <p>Organisation sets its membership requirements, which are often voluntary, open and based on members having a concern for the values and social aims of the organisation.</p> <p>Organisation looks to increase income through its membership and to develop the loyalty of their members.</p> <p>Organisation is accountable to its members, stakeholders and the wider community for its social, environmental or economic impact.</p> <p>Members approve the financial statements and the appointment of an auditor annually.</p>	<p>In establishing a new social enterprise the principle that structure follows strategy is important. Should first focus on developing viable business strategies, once these are clear then the organisation can adopt the appropriate structure.</p> <p>Developing effective membership recruitment programmes that attract members who are committed to the organisation's social objectives.</p> <p>Developing and managing membership database and administration, benefits and services.</p> <p>Developing effective membership training and development programmes to help members participate in decision making and contribute effectively to the development of the organisation.</p> <p>Developing the ability to tap the skills and loyalty of their members.</p> <p>Legal structures – choosing an appropriate legal form.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Social ownership (continued)	<p>Where the organisation is run by its management committee, a manager is recruited and put in charge. The management committee may not give up control for a period of time, in effect jointly running the business with the manager. Eventually the management committee gives up all management duties and is replaced by a board that focuses on policy and strategic issues.</p> <p>Organisation must be a legal entity, or be in the process of converting from an Unincorporated Association to an incorporated body.</p> <p>Organisation may also be a registered charity.</p> <p>Organisation structure may be informal, with little staff or middle-management hierarchy. Activities revolve around individuals or its management committee, which controls the organisation through direct supervision. Most communication among members and employees/volunteers is informal.</p>	<p>Board plays an important role in setting policy, strategy and overseeing management. Functions include ensuring:</p> <ul style="list-style-type: none"> • continued financial viability; • appropriate member participation and development; • that its social aims are incorporated in its activities; • the accountability of management. <p>Organisation is a legal entity, such as a charitable company with its structure set out in its rules or memorandum and articles of association. It is incorporated using one of four forms of incorporation:</p> <ul style="list-style-type: none"> • Industrial and Provident Society; • Community Interest Company; • Company limited by guarantee; • Company limited by shares (used by employee owned businesses). <p>Organisation may also be a registered charity.</p> <p>Organisation structure is based around business units/teams responsible for developing and delivering particular products and services.</p>	<p>Reviewing and amending governing documents.</p> <p>Incorporation – becoming an incorporated body.</p> <p>Role and responsibilities of Board members.</p> <p>Planning and running an Annual General Meeting.</p> <p>Developing and writing a Governance Policy.</p> <p>Chairing and running meetings.</p> <p>Managers need to be skilled in more than one management function, have the necessary knowledge and skills to introduce new business techniques, know the business and understand the community.</p> <p>Developing and implementing a range of human resource policies and procedures.</p> <p>Team building and development.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
Social ownership (continued)	<p>Organisation is adopting more businesslike management structures. It becomes more organic and makes greater use of teams. There is greater delegation. Lower levels of the organisation are given more responsibility. In larger organisations clear business units may emerge.</p> <p>Strategy ceases to be formed at the centre, but becomes a learning process involving the grassroots. New processes of consulting members and other stakeholders are introduced, including a mix of special events (surveys, consultation meetings etc.) and new procedures (new committees, away-days, feedback systems etc.).</p>	<p>Organisation manages a clearly defined relationship between five sets of actors:</p> <ul style="list-style-type: none"> • the Owners (members) – those who have the ultimate decision-making power within the organisation; • the Board – a small group who are selected by the owners and given the authority to direct the organisation; • the Managers – who are responsible for advising the Board and supervising the ongoing business of the company; • the Employees – who make things work; and • the Customers, the essential partners of any business. <p>Organisation has a strong sense of community/common purpose and a participatory culture that drives the business forward.</p>	<p>The different roles between the actors are understood and respected. Organisations are about relationships; the style and means of communications and decision-making are central issues for building working relationships between the different elements.</p>

Characteristics	Characteristic descriptor in an emerging social enterprise	Characteristic descriptor in an operating social enterprise	Development needs
<p>Profits are reinvested in the community/ business</p>	<p>Organisation seeks to make a small operating surplus for its activities.</p> <p>Organisation prefers to talk of <i>making a surplus</i> rather than <i>making a profit</i>.</p> <p>Organisation's governance arrangements ensure assets and surpluses are permanently retained within the organisation and are used solely for community benefit (asset lock).</p> <p>Organisation relies on grants and donations with some income derived from the sale of products and services.</p> <p>Organisation has a mixture of income sources (operating subsidies, donations, grants, sales and service charges, sponsorship and management fees). It seeks to make a surplus from trading.</p> <p>Organisation seeks full cost recovery for its activities where grant or contract price permit.</p> <p>Organisation seeks over time to increase its financial sustainability by increasing its earned income. It adopts strategies to build its financial reserves in order to develop the organisation or manage future risk.</p>	<p>Profits or surpluses remain with the organisation and are principally reinvested in the business to achieve its social objectives, either distributed as profit sharing to stakeholders or used for the benefit of the community.</p> <p>Organisation's governance arrangements ensure assets and profits are permanently retained within the organisation and are used solely for community benefit (asset lock).</p> <p>Organisation relies on the market and sales for income, with little or no income derived from grants or donations.</p> <p>Organisation has more than 50% (and aspires to 75%) of its turnover from earned income, including the sale of products and services. It is a viable trading concern, making a surplus or profit from trading.</p> <p>Organisation applies full cost recovery to all (or most) of its activities, except those it might regard as a <i>loss leader</i> or where it wants to develop/access new markets.</p> <p>Organisation seeks over time to become financially self-sufficient by relying completely on earned income. It adopts strategies to build up a revenue earning asset base.</p>	<p>Developing strategies for increasing reserves and profits from trading.</p> <p>Developing and implementing full cost recovery.</p> <p>Costing and pricing products and services.</p> <p>Setting up and developing a proper accounting system and how to account for trading income.</p> <p>Developing and implementing strong financial management.</p> <p>Budgeting and cash flow.</p> <p>Capital depreciation and renewal.</p> <p>Payroll accounting.</p> <p>Procurement processes for contracts and commissioned public services.</p> <p>Preparing company accounts.</p>

Mapping Social Enterprise in Bedfordshire

Voluntary and Community Action South Bedfordshire and CVS Mid and North Bedfordshire both use the *Volbase* data management system, are able to share data and have some 3,000 records of voluntary, community and social enterprise organisations operating within (all or part of) Bedfordshire. Proposals for mapping the sector against the characteristics set out in this report are included in Appendix A.

Sources

We acknowledge use of the following publications and articles in preparing this report:

Social Enterprise Action Plan – Scaling New Heights published by Office of the Third Sector, November 2006.

Introducing Social Enterprise published by Social Enterprise London, March 2001. ISBN 0-9540266-1-6

Social Enterprise: Organisational Development Issues published by Social Enterprise London, March 2001. ISBN 0-9540266-2-4

About Social Enterprise Fact sheet published by Social Enterprise London, on their website www.sel.org.uk

There's more to business than you think: A guide to Social Enterprise published by the Social Enterprise Coalition, September 2003, ISBN 0-9546076-0-0 and ***Social Enterprise Definitions*** published on their website www.socialenterprise.org.uk

Toward a better understanding of social entrepreneurship: Some important distinctions by Jerr Boschee and Jim McClurg, 2003.

Guidance on Mapping Social Enterprise published by ECOTEC Research and Consulting Limited, July 2003

Mapping the Social Economy in the East of England published by The Guild, July 2001.

The Social Enterprise Numbers Game by Jim Brown, published by ***Social Enterprise Magazine Issue 57***, May 2007.

MAPPING SOCIAL ENTERPRISE IN BEDFORDSHIRE

Voluntary and Community Action South Bedfordshire and CVS Mid and North Bedfordshire will (subject to funding) seek to map voluntary and community sector organisations across Bedfordshire that have social enterprise characteristics.

Purpose

In developing this study it is important to consider what the primary and secondary purposes of this research will be, which we have done using the *Guidance on Mapping Social Enterprise* published by ECOTEC Research and Consulting Limited. The primary purpose of this research will be:

Strategic Development – by collecting quantitative and qualitative data to provide a more accurate ‘baseline’ for the sector. It will include analysis of the wider social economy or third sector to identify those organisations that have the potential to be classified as emerging social enterprises and so provide the foundations for a growing social enterprise sector. It will also provide the mapping project with some depth by covering the development needs of the organisations that feature in the mapping.

The secondary purposes of this research will be:

Programme Delivery – the findings will include the development needs of organisations that feature in the mapping; these will be recorded on the *Volbase* database and can be used to identify the extent to which particular aspects of social enterprise need development advice and support, and thus future programme delivery by Local Infrastructure Organisations.

Assessing Economic Contribution – although not a key part of the mapping exercise the data collected will enable some assessment of the economic contribution in terms of number of employees and volunteers and the levels of earned income that is generated by the sector. On the latter of these, it is quite likely that some organisations may be reluctant to provide such data or that, in the case of potential or emerging social enterprises, the data does not currently distinguish between grants and donations or earned income. The data collected will help to build up a picture; it will not provide a full or reliable picture of the sector.

Social Enterprise Directories – the study will collect and/or verify systematically categorised information on the social enterprise sector in Bedfordshire, which will be added to an existing database of local voluntary organisations and community groups. Some of this data (such as contact details, key areas of interest and locality) will be available on line while other data (on earned income, governance structure etc.) will be available as part of our knowledge management systems.

Methodology

We will use what the *Guidance on Mapping Social Enterprise* calls the *Bottom-up Local Approach* where such studies *focus on a restricted area and tap into the existing knowledge of intermediary support agencies*. Our research will take four phases:

- 1. Scoping** – where we will compile a list of organisations that meet the qualifying criteria (see below). An initial scoping exercise has been done and the results reported on below. This data will be brought together and restructured to show organisations that meet the greatest to lowest number of qualifying criteria. From this we will be able to prioritise those organisations that should form part of the study.
- 2. Desk Research and Validation of Initial Data** – (using the Charity Commission and Companies House websites and (if it has one) the organisation’s website and latest available Annual Report) to ascertain the proportion of income received through trading activity, whether the organisation has a governing document that includes social objectives, an incorporated legal structure and some form of asset lock;
- 3. Collection of Data** – to design a questionnaire/check list, for use with organisations prioritised in phase one and verified in phase two, that ascertains whether they meet any, and if so which, of the characteristics of (an emerging or operating) social enterprise and what their development needs are. We anticipate that many of the characteristics will need explaining and that organisations will want to discuss these; this should provide more accurate data. We will contact the organisations directly (by mail, email and/or telephone) to invite them to a focus group discussion to discuss and complete the questionnaire. Those not able to attend will be contacted again by email or telephone.
- 4. Data Entry and Analysis** – findings from phase 2 and 3 will be included in the database, analysed and reported on.

Data Collection

Voluntary and Community Action South Bedfordshire and CVS Mid and North Bedfordshire both use the *Volbase* data management system, are able to share data and have some 3,000 records of voluntary, community and social enterprise organisations operating within (all or part of) Bedfordshire. An initial scoping study of the database (using the fields/indicators shown in the table below) has revealed there are **347 organisations across Bedfordshire that could be, or have the potential to become, a social enterprise**. This can further be broken down to 167 organisations in Mid and North Bedfordshire, 98 organisations in South Bedfordshire and 82 county-wide organisations.

The research will focus on collecting **core data** in relation to five criteria:

- key area(s) of work [i.e. core trading activity(ies)];
- the proportion of income derived from earned income;
- the number of full-time employees, part-time employees and volunteers
- an incorporated legal structure;
- a commitment to social objectives in their governing document.

Criteria No	Characteristic	Criteria	Volbase field description used in scoping study	Number of organisations in scoping study that meet Volbase Field Description
1	Enterprise orientation with a clearly defined market base	Key area(s) of work [i.e. core trading activity(ies)]	Key areas of work with specific category for <i>social economy/enterprise</i> indicated. Other key areas will also be indicated.	10
2	Profits are reinvested in the community/ business	Proportion of income derived from earned income	Funding – Annual Income with any of the two higher bands indicated (i.e. income of over £25,000) AND funding from any of the following sources indicated: Borough/District, Business and Commercial Companies, Central Government, County Council, European Programmes, Health Authority/Primary Care Trust, Learning and Skills Council, Subscriptions/ Fees/Charges, all of which may indicate earned income.	141
3	Social ownership	Number of full-time employees, part-time employees and volunteers	People Count – where the number of full-time staff is one or more AND/OR where the number of part-time staff employed is greater than one.	265
4	Social ownership	Organisation has an incorporated legal structure	Structure – where a company OR where any other governing structure e.g. Community Interest Company, Industrial Provident Society etc. indicated AND if their registration number has been indicated.	112
5	Social aims and values	Organisation has a commitment to social objectives in their governing document	[not currently recorded]	0
6	-	Number of active and emerging social enterprises	Organisation Type – where Social Enterprise has been indicated (usually for active social enterprises).	13

NOTE: some organisations meet more than one criteria.

For record purposes, in relation to all organisations meeting the above criteria, we will also collect and/or verify **desirable data** that provides:

- Organisation name
- Main contact details: address, telephone and email
- Description of organisation and services provided
- Key areas of work
- Client groups
- Area of service by local authority and Town/Parish
- Structure – whether a Charity, and if so their charity registration number
- Organisation needs

Sample Size

An initial scoping study has revealed there are 347 organisations across Bedfordshire that could be, or have the potential to become, a social enterprise. Subject to funding the proposal is to identify a sample group of at least 115 organisations (33%) by selecting those that meet the greatest number of qualifying criteria.

Data Records

For organisations that respond positively to these discussions and indicate they are interested in undertaking more social enterprise activity (e.g. through greater trading and/or procurement) we will update our *Volbase* records accordingly, to ensure the Key Areas of Work fields include the specific category for *social economy/enterprise* and that their Organisational Needs have been updated where appropriate. All other core and desirable data fields will also be completed.

The *Volbase* data sets will also be amended to ensure that they can record:

- the proportion of income derived from earned income
- separately identified funding sources for grants and donations AND earned income
- organisational needs that include needs specific to social enterprises.

