

MATCH WINNERS

A guide to commercial collaborations between social enterprise and private sector business



“

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 profits for shareholders and owners.”

Government strategy for social enterprise, Social Enterprise: A Strategy for Success (2002)

“

At least 15,000 businesses in the UK are social enterprises, generating some £18 billion per year for the economy, and employing more than 475,000 people.”

A Survey of Social Enterprises across the UK:
Small Business Service, 2005



Commissioned by the
Social Enterprise Unit in
the DTI Small Business
Service, in collaboration with
Community Action Network.

4	FOREWORDS: ALUN MICHAEL AND INDRA MORRIS
7	VENTURING INTO UNEXPLORED TERRITORY: An introduction from CAN
8	EXECUTIVE SUMMARY
10	UNDERSTANDING SOCIAL ENTERPRISE
14	HSBC AND GREEN-WORKS: Solving a major business headache in environmental recycling
16	WESTERN MAIL & ECHO AND PACK-IT: A social enterprise that really delivers
18	ACCENTURE AND CAN: A strategic alliance to bid for public sector work
20	DRIVERS AND CHALLENGES FOR THE PRIVATE SECTOR
22	AYLESFORD NEWSPRINT AND ECT RECYCLING: Contracts in community recycling
24	BEN & JERRY'S, FRC GROUP AND THE CRESCO TRUST: Using a franchise model to create revenue
26	CHARLTON ATHLETIC FOOTBALL CLUB AND GREENWICH LEISURE LIMITED: Scoring high on community access
28	DRIVERS AND CHALLENGES FOR SOCIAL ENTERPRISES
30	SHELL AND COIN STREET: A successful partnership for urban development
32	E.ON UK AND THE ARTS FACTORY: Creating a spark for renewable energy
34	NEXT STEPS
35	THE RESEARCH PROJECT; METHODOLOGY; BIBLIOGRAPHY

Cover photo: Charlton Athletic players applaud their fans as they run out at The Valley on the first day of the Premiership season.
Picture by: Nick Potts/EMPICS Sports Photo Agency. See case study, page 26.

FOREWORD



A KEY PRIORITY FOR THE Department of Trade and Industry is to foster enterprise and innovation. Enterprise is vital to the future of the UK economy and social enterprise makes an increasingly important contribution to business activity.

That is why I am pleased to introduce this guide, produced by the DTI in collaboration with Community Action Network (CAN). It highlights the opportunities for collaboration between the traditional business sector and social enterprises. By giving real-life examples it shows that social enterprise is serious business.

I am surprised to find that there is still misunderstanding about what we mean by “social enterprise”. The examples given in this guide make it clear that a social enterprise is first and foremost a business, with the same need to be efficient, innovative and profitable as any company or business partnership. The difference lies in its wider objectives. A social enterprise does its business for a social purpose, and uses its surpluses

to promote those social aims. So social enterprises bring together the two goals of strengthening our economy and improving our society in a unique way. Its importance was demonstrated this summer by groundbreaking research on the social enterprise sector which revealed that there are at least 15,000 social enterprises, contributing £18bn to the economy, employing 450,000 people. That research was produced by the Social Enterprise Unit which is part of the DTI’s Small Business Service.

The commercial partners featured in this guide have discovered that business partnerships with social enterprises can offer a new dimension to their activities. At their best, such relationships can help them gain access to new markets and create fresh revenue streams while delivering social change.

This is good for business and we know from our work with a variety of business sectors that companies large and small are devoting an increasing amount of energy to

aligning their own business goals with socially and environmentally responsible values.

This guide provides a glimpse of the enormous potential that exists when the two types of business join forces. There are risks and challenges for both sides as with any partnership but overwhelmingly this is a story of real innovation, where the businesses involved have seized the opportunity to achieve something special.

When the right partners match up, with a good idea and a well-managed strategy for delivery, it’s a story of real match winners. I hope it will open up a better understanding of social enterprise and encourage more businesses to “go for it”!

The Rt. Hon Alun Michael MP
Minister of State for Industry
and the Regions,
Responsible for Supporting
Successful Enterprise,
Department of Trade and Industry

SOCIAL ENTERPRISE – A MAJOR NEW BUSINESS OPPORTUNITY



THE ENTREPRENEURIAL SPIRIT has long been an important engine for economic growth and social progress. And that spirit is one thing that good businesses and social enterprises have in common. This guide gives us a taste of how, by coming together, we can build on that and open up new and stimulating opportunities. Opportunities to grow our business, opportunities to learn from each other, and opportunities to make a difference.

The richness and diversity of what can be achieved is inspiring. In this guide we can read about Coin

Street Community Builders and Shell working together to lift a once neglected part of London, as well as our own experience working with CAN to support Healthy Living Centres make a sustainable contribution to reducing health inequalities in some of our poorest communities.

We can also use it to learn from others who have gone before us – of the challenges and the risks, as well as the rewards which flow from these collaborative relationships. At Accenture we are passionate about building mutually beneficial relationships with our clients, our people, our

alliance partners and communities. By collaborating we can create high performing partnership teams well placed to both make a difference and make sound business sense.

I would urge colleagues in the business community to use this guide to both generate new ideas and help existing relationships be even more effective. Yes, the risks are there but the rewards are worth it.

Indra Morris

Consulting Partner
Accenture UK Government Practice



VENTURING INTO UNEXPLORED TERRITORY

WELCOME TO CAN'S DTI-SPONSORED guide on working collaborations between social enterprise and private sector business.

The case studies in this guide reveal something very different from what you might initially expect, which is that these relationships are not just about philanthropy or corporate social responsibility (CSR), they are about delivering real commercial benefits to both parties.

At CAN, we were delighted to be given the chance and the time to look at this subject in some depth and we were very excited by what we found. The stories speak for themselves. These are genuinely two-way relationships which work for both parties.

But this is still relatively new and unexplored territory. These stories are only the beginning and we hope they inspire others, both in social enterprise and in private sector business, to explore potential collaborations and add to the growing list of such stories in the future.

We hope these case studies spur on our friends in the business community to work with the social enterprise sector not just because it will make them feel good, but also because it's good business.

Likewise, we hope we have shown our colleagues in social enterprise that working collaborations can open up new revenue streams, provide real growth opportunities, and make their organisations more self-sustainable.

Furthermore, as these stories show, it will allow them to tap into an almost bottomless well of people, resources and management expertise.

The opportunities for both parties are immense, let's explore them.



Adele Blakebrough

Co-founder and chief executive
Community Action Network (CAN)



EXECUTIVE SUMMARY

“

**The key message...
is that collaborations
are about real
business opportunity**

”

THIS GUIDE AIMS TO:

- showcase existing collaborations between private sector and social enterprise partners
- draw out the key benefits which both sides of the collaboration say they received as a result of working together
- illustrate the lessons learnt from such experiences, to present a realistic picture of the challenges faced as well as successes achieved
- encourage more social enterprises and conventional businesses to think seriously about seeking out collaboration to do real business together.

THE EVIDENCE SUGGESTS THAT THIS guide is addressing an area of business collaboration that is currently under-developed. Our literature review, carried out by London South Bank University, showed that there is only a limited amount of material published to date on collaborations between business and social enterprise.

However, our research has also revealed that there is evidence of a new economic dynamic taking place - and that collaborations have been forged which are delivering real commercial advantages to both parties.

The key message from this guide and the recurring theme which echoed throughout virtually all our research interviews is that collaborations are about real business opportunity.

Most of the collaborations we have looked into involve established business partners from the top end of the corporate sector, although there is some anecdotal evidence of social enterprises working with small to medium-sized business (the SME sector) or at a micro level working locally with a small business.

A message for social enterprises is that to realise these opportunities for partnership, the sector needs to raise its profile within the business community and understand the range of opportunities the private sector can offer.

The key benefits cited by social enterprises entering into such partnerships are that they can:

- **generate new, sustainable income streams**
- **reduce grant dependency**
- **offer access to finance and capital for specific projects/developments**
- **provide access to management expertise from the private sector**
- **sharpen up their business and commercial skills**
- **bring business involvement and finance into the community.**

For the private sector, the message is that companies could be denying themselves business opportunities through making rather narrow assumptions about what social enterprise is and what it can do. Contrary to what one might suppose, the evidence here shows that the drivers for private sector partners are largely commercial. The private sector firms in these case studies enter into partnerships because they:

- **present new business opportunities they could not realise without the social enterprise partner**
- **provide access to new markets, and supply lines, expertise or services they cannot find elsewhere**
- **allow the business to pursue both**

contracts and major project funding that would not otherwise be available to them

- **offer access to and knowledge of a particular community**
- **have a unique skill or expertise in specialist areas**
- **provide solutions to specific business problems**
- **help to enhance staff morale though involvement in the partnership**
- **enable them to form a strategic alliance with a social enterprise partner who can 'speak the language' of the market or communities they are trying to reach**
- **offer potential CSR spin-offs.**

The case studies in this guide highlight the benefits gained by both sides through a range of business collaborations and also the challenges they faced in forming these partnerships.

Punctuating the case studies, readers will find a section explaining what social enterprises are, as well as sections showing the key drivers for these partnerships to take place, as well as the issues to be overcome along the route to successful partnership.

UNDERSTANDING SOCIAL ENTERPRISE

Social enterprises are businesses that trade with a social purpose, using business tools and techniques to achieve social aims.

They operate under a range of labels and legal structures, including development trusts, community enterprises, housing associations, social firms, leisure trusts and co-operatives, as well as the new legal form called the Community Interest Company (CIC).

Social enterprises use their profits to further their social goals. As businesses, they do need to make a profit. But as social businesses, they are not focused on maximising profits for shareholders, but on delivering a better quality of product or service for customers in pursuit of their social goals.

There are numerous examples of social enterprise at work in the UK today. Some are household names – such as the Big Issue newspaper or the Eden Project in Cornwall. Some are multi-million pound organisations that have become hugely successful at marketing and delivering their products or services – such as the Fairtrade beverages company Cafédirect (see picture); ECT Group, a £40m-turnover business delivering recycling and community transport services (see page 20-21); or the £200m-a-year turnover Eaga Partnership (www.eaga.co.uk), which manages schemes such as energy efficiency and central heating programmes on behalf of central government, the devolved administrations, utilities and social housing providers as well as private customers. Many others are community-based businesses, often owner-managed, working on a smaller scale but with the same level of passion and dynamism to serve the needs of their local community.

Jamie Oliver's Fifteen restaurant trains disadvantaged young people to be great chefs. Young men and women, often from very challenging backgrounds, are trained up as the next generation of top cooks. The restaurant's profits are ploughed back into the training programme. www.fifteenrestaurant.co.uk



Cafédirect is the UK's largest Fairtrade hot drinks company, turning over more than £16 million, and with its tea, coffee and hot chocolate on the shelves of every major supermarket in the UK. It buys coffee and tea from over 33 producer organisations in 11 countries, ensuring that over a quarter of a million growers receive a decent income from this trade and guaranteeing a fair price for the growers' crops. www.cafedirect.co.uk



Forth Sector is one of Scotland's best known social enterprises. It employs people with mental health problems who would otherwise be excluded from work because of their disability. One of its businesses, stylish Six Mary's Place guesthouse, in Edinburgh, recently won one of Scotland's top hospitality awards. Forth Sector also runs a laundry, a catering firm, an embroidery business and a soap company with a shop on the prestigious Royal Mile. www.forthsector.org.uk

The Big Issue provides opportunities for people facing homelessness to help themselves. At the centre of this work is The Big Issue Magazine - a news and current affairs magazine written by professional journalists and sold on the streets by homeless vendors. www.bigissue.com



Leicester-based **Newlife**, the regeneration and construction group, markets itself as a company 'with a different vision'. It reinvests profit in community causes and is a key partner in some of the UK's most innovative renewal projects. For Newlife, being a social enterprise means bringing excluded groups into the labour market, raising skill levels, increasing employment prospects... and much more besides. www.newlife-build.co.uk

To find out more about social enterprise, you can speak to the Social Enterprise Coalition – the umbrella body for social enterprises in the UK. Visit their website at: www.socialenterprise.org.uk or call them on **020 7968 4921**



“

For some, they (businesses) are the ideological enemy, capitalists driven only by the blind pursuit of profit with no regard for people or the environment. For others, the private sector is a foreign country rarely visited or thought about. And for a very small, pragmatic and opportunistic minority of social enterprises, private companies are potential and actual business partners. From the other side of the border, private sector business reactions to the citizens of “not for profit land” include disinterest, misunderstanding and condescension. There are a few which identify a business opportunity and become quite passionate about social enterprise, enabling them to do good and do well.”

From *There's No Business Like Social Business*, co-written by Liam Black, former chief executive of FRC Group, co-founder of Cat's Pyjamas and now at the Fifteen Foundation, and Jeremy Nicholls, consultant and co-founder of Cat's Pyjamas.

HSBC <> GREEN-WORKS

A WORKING PARTNERSHIP SOLVING A MAJOR BUSINESS HEADACHE

Green-Works is a social enterprise that removes surplus or unwanted office furniture for big companies and government departments, and redistributes it at a reasonable cost to schools, charities, community groups and start-up businesses. It was itself a relatively new business when it entered into a working collaboration with HSBC to handle the furniture recycling requirements for the bank's move to Canary Wharf.

For Green-Works, the deal proved to be hugely significant in terms of developing a track record and for its ability to grow and gain future business.

For the bank, the chance to marry a practical, value-for-money solution with one that was also environmentally sustainable turned a major corporate headache into a triumph for socially responsible business.



BENEFITS:

For Green-Works

- ✓ a real growth opportunity
- ✓ a catalyst for change
- ✓ a template for similar corporate furniture recycling work.

For HSBC

- ✓ a single-source solution to a major logistical headache
- ✓ positive CSR spin offs
- ✓ staff and senior management buy-in.

CHALLENGES MET:

For Green-Works

- ✓ substantial legal costs
- ✓ lack of capital investment required for manpower and warehousing
- ✓ risk/liability.

For HSBC

- ✓ using an untried supplier for a major logistical exercise and the risk this implies
- ✓ the internal buy-in.

LESSONS LEARNT:

- Marketing really does pay off
 - Green-Works' mailing led to a defining moment in the organisation's development.
- Green-Works' professional approach and its ability to pitch its proposition in a business-like manner to HSBC was key to winning the contract.
- The case study demonstrates how a social enterprise can help even the largest corporation fulfil core values in environmental responsibility.

THE COLLABORATION BETWEEN HSBC and Green-Works came about after a 'cold-call' letter from Green-Works arrived at the bank just 18 months before its move to a new HQ at Canary Wharf. The relocation would consolidate 8,500 staff and 13 key City offices into one site, but the move would leave the bank with some 3,000 tonnes of office furniture comprising 7,000 desks and workstations surplus to requirement.

"The simplest and most cost-effective solution would have been to send the furniture, equivalent to 178 double-decker buses, to landfill," admits Peter Bull, an executive in HSBC's Community Group. "But our core values and, indeed, our own staff would not have accepted this wasteful and environmentally unfriendly option."

Green-Works could provide a simple, one-stop and environmentally responsible solution. At the time, it did not have the capital, manpower, logistics or warehousing to handle such a big project. But it was a huge opportunity. Green-Works' founder, Colin Crooks, explains: "It was clear that we would have to demonstrate to the bank that we could deliver on that scale. We had a five-hour meeting to discuss the implications of the HSBC job from the cash flow, health and safety, and risk assessment

perspectives. This made for a clear and rational business decision as to how we would progress."

Colin then presented his proposal for a contractual arrangement with the bank which would involve a large enough proportion of the fees payable in advance to give Green-Works the financial clout to make the project happen. Both described the arrangement as "a leap of faith" - but the bank was willing to go ahead.

Green-Works then had to tackle the legal complexity of the contract. Luckily, one of their partners on the project was another social enterprise called First Fruit, which already had some dealings with the City law firm, Lovells. The firm was enthusiastically supportive of the project and provided the legal advice required to put the contractual agreements in place.

Colin says that the result was "a real example of how a social enterprise can work with commerce". He explains: "Putting forward business proposals in a language that big business can understand, rather than approaching them with a begging bowl mentality, was key to our success.

"You have got to have the imagination to see the opportunity, to tell them what you want and package it up in a way that they can see is feasible. Make the decision-

making as easy as possible as corporations are naturally risk-averse. Give them the solution as well as the benefit."

What Green-Works was able to deliver for HSBC was efficient furniture clearance at the right cost – but the key is in the added value it brought as a social enterprise. "It was the best use of the furniture for the benefit of others, says Peter Bull. "It was not only an environmental success that delivered jobs and employment in a deprived area but the bank's chairman and CEO were right behind the project." HSBC also got some great PR from the deal – with newspaper articles and a slot on regional television news.

As for Green-Works, Colin credits the contract and its successful delivery as the "catalyst that transformed us into a real working business". Three years on, Green-Works has a turnover in excess of £1.5 million, three London warehouses, 41 employees, five franchise operations around the country and has indirectly generated a number of new jobs linked to these operations.

www.green-works.co.uk
www.hsbc.co.uk

HSBC's Peter Bull (left) with Colin Crooks of Green-Works, in front of the bank's new HQ in Canary Wharf. Picture by: Polly Braden.

WESTERN MAIL & ECHO <> PACK-IT A SOCIAL ENTERPRISE THAT REALLY DELIVERS FOR THE WESTERN MAIL

Pack-IT is a Cardiff-based social enterprise providing packing and despatch services to corporate clients. Winner of the DTI-sponsored Enterprising Solutions Award – the national social enterprise award – in 2003, the company has enjoyed a ten-year working relationship with the Western Mail & Echo.

For the Western Mail & Echo, Wales' major newspaper group, Pack-IT offers a local, reliable and cost-effective service. Price and efficiency are how it judges the Pack-IT offering – and for more than a decade, the social firm has shown it can consistently deliver.



BENEFITS:**For Pack-IT**

- ✓ regular contract work
- ✓ work suited to its employee base
- ✓ major local client
- ✓ longevity of client relationship.

For Western Mail & Echo

- ✓ reliable, cost-effective, local supplier
- ✓ the potential for possible community image and CSR spin offs.

CHALLENGES MET:**For Pack-IT**

- ✓ highly competitive tendering
- ✓ maintaining high standards of service delivery to retain business.

For Western Mail & Echo

- ✓ to ensure Pack-IT can meet tight deadlines on complicated and demanding jobs.

LESSONS LEARNT:

- Pack-IT's success is plainly attributable to its commitment to service delivery and its perpetual pursuit of new commercial contracts.
- Its social values and its employment policy offers the business a competitive edge in this sector as it attracts and keeps staff happy to do the job.

PACK-IT'S SOCIAL PURPOSE IS

embodied in its employment policy. Half of the firm's employees have a range of disabilities such as Down's syndrome, deafness or learning difficulties. Others have been ex-offenders or people who have overcome problems with drug dependency. These employees find that they are well suited to the kind of work Pack-IT offers and thrive in the social environment the workplace provides. As a result, they are all full-time, fully-salaried employees earning above market rates. Employee retention rates are very good in an industry plagued by high staff turnover.

After ten years' trading, Pack-IT's turnover is in excess of £1.4 million. Its profit margin is around 10 per cent each year, which is then ploughed back into the business.

John Bennett, the company's managing director, had a background in printing and marketing before he was asked to manage a project for Cardiff County Council in 1994. Initially, run out of day centres, the project offered fulfilment services to the AA and other local employers on a very ad hoc basis. Bennett decided that, if the project was to become a sustainable business in the long-term, it would need to win regular commercial contracts. He moved the operation out of the day centre and started to look for business.

The Western Mail gave Pack-IT its first contract work. Ten years later, it still handles work linked to the initial contract, which involves organising a monthly mailing of 8,000 to 9,000 pieces for a special readership promotion.

Pack-IT is now located in a sophisticated 26,000 square foot warehousing and distribution centre. It breaks its services down into four key areas: warehousing and stock management; fulfilment and handling; despatch and postage methods; and mailsort. It wins business from customers based all around the world, handling what it calls 'internet back end' work for online companies requiring a pick, pack and despatch operation in the UK.

Its success has been built up by delivering a fast, reliable and cost-effective service to a range of businesses like the Western Mail. Bennett is keen to point out that Pack-IT survives solely on commercial terms rather than by trading on the goodwill of its social purpose. "We are judged on the service we provide and not by the people we employ," Bennett explains. "With the Western Mail, we regularly tender for extra work, some of which we win, some of which we lose. As well as major contract work, we will also handle a lot of ad hoc work for them such as readership promotions. It's a competitive market and there are a lot of other providers they can turn to for this kind

of service," he adds.

Nick Evans, Reader Development Manager at the Western Mail & Echo, says he is pleased that his company is engaging with an organisation that gives job opportunities to disadvantaged people. However, he is candid about the fact that the collaboration between the two firms is first and foremost a business relationship. "Our reputation in the community is vital to us so there is no question of us 'doing the right thing' or providing favours in the way we give work to Pack-IT," he says. "With these jobs, if they go wrong and don't deliver then it is the reputation of my company that suffers, so our relationship is essentially a commercial one." He adds: "We have seen them grow from very small beginnings. But they have always been very competitive and easy to deal with – and they have gone that extra mile."

As is so often shown with such highly successful partnerships, however, the commercial imperative is all the better served by the social enterprise approach. As can be seen so clearly here, for example, staff who are committed, loyal, happy and efficient thanks to the ethos of their social enterprise, deliver the commercial edge that both Pack-IT and its corporate partners need to succeed.

www.pack-it.co.uk

www.icwales.icnetwork.co.uk



ACCENTURE <> CAN A JOINT BID FOR A PUBLIC SECTOR PROJECT

Accenture is a global consultancy, technology services and outsourcing company which has, amongst other specialisations, a dedicated public sector team. However, when the firm had the opportunity to pitch for a major new project linked to Healthy

Living Centres, it decided that it needed a strategic partner with specific market sector experience.

In bidding for the opportunity to shape and run the Development and Support programme for Big Lottery funded Healthy Living Centres, Accenture teamed up

with Community Action Network (CAN). As the UK's leading organisation for the development and promotion of social entrepreneurs, CAN offered specific sector experience to complement Accenture's government skills and experience.

BENEFITS:

For CAN

- ✓ a major new contract
- ✓ regular payment providing a positive cash flow
- ✓ learning from Accenture's management experience
- ✓ CAN were able to utilise Accenture's capacity and expertise to write the bid.

For Accenture

- ✓ a new strategic partner for public sector tenders
- ✓ CAN's market sector experience
- ✓ CAN's ability to communicate with and speak the language of HLCs.

CHALLENGES MET:

For CAN

- ✓ complex legal agreement
- ✓ gearing up on personnel levels
- ✓ working to tight deadlines.

For Accenture

- ✓ finding a bid partner
- ✓ setting success criteria for the project.

LESSONS LEARNT:

- CAN's health team really benefited from its policy of deliberately employing a high percentage of its people from the private sector as well as the voluntary sector.
- This is because those with private sector experience were used to help review the complex legal framework for the partnership and put good account management principles in place for the working relationship with Accenture.
- Those with voluntary sector experience provided the team with the credibility needed in its dealings with the HLCs.

THE HEALTHY LIVING CENTRE (HLC) programme is managed by the Big Lottery Fund. It was launched by the Big Lottery's predecessor, the New Opportunities Fund, in 1999 to fund a diverse range of HLCs across the UK, and has a budget of £300 million. HLCs target areas and groups from the most disadvantaged sections of the population. They seek to address a number of health-related issues such as social exclusion, poor access to services, and the social and economic aspects of deprivation which contribute to inequalities in health.

Indra Morris, consulting partner at Accenture, explains how the firm first tied up with CAN: "In looking at what was needed to develop and deliver the Development and Support Programme we recognised the importance of enriching our skills with specific insight in and experience of social enterprise. A combination of research and personal contacts led us to CAN."

The job is to provide consultancy, support and training to the 257 HLCs throughout England. The maximum grant scheme length under this programme is five years. As the fund made its first award in 1999 and aims to finish supporting

schemes by 2008, Accenture has been briefed to help identify how the centres can become self-sustainable beyond that date.

The first phase of the project included holding a number of workshops for HLC managers which Accenture and CAN jointly set up and ran for Accenture.

Brian Burgess, CAN's project director for health and sport says of the partnership: "It wasn't a very long courtship. They have the brains, the resources and the experience in tendering for large pieces of work and they move very quickly." He says the benefits of the collaboration are clear. "It's profitable business for us and we get paid on time. It underpins our core team and helps with cash flow. We have to perform well on each service in order to win the next phase, which is quite motivating, but it also allows us to develop our team as we go along."

One of the key assets for CAN is that it has the right team members. Catherine Tollington, for example, works at both Bromley By Bow and CAN itself. "HLCs understand her because they know she is already at the coalface and she speaks their language," Burgess says. But he says there are challenges associated with working for

big firms: "Issues did have to be dealt with. Most noticeably, they had a big, weighty contract which I had to go through with a fine tooth comb." This reflected the contract that Accenture had with the client. Burgess also admits that CAN felt under pressure to perform, although this came from the heavy workload rather than Accenture.

Asked if CAN would do it again, Burgess replies: "Yes, it's the route for CAN to go. I call it piggybacking, by testing our ability to work with a much larger organisation. If we want to make a bigger impact, then partnering with larger organisations is the way forward."

Indra Morris's response is that although the partners are culturally very different, the relationship has worked well because "having clear criteria for success has helped both parties". For Accenture, the added value of the social enterprise partnership is evident in the way it has been able to use CAN to enhance its chances of winning a public sector contract, and make a difference in social terms, despite already being a major player in this sector.

www.can-online.org.uk
www.accenture.com

DRIVERS AND CHALLENGES FOR THE PRIVATE SECTOR

Collaborations are not about philanthropy – they are about **good business**.

The business leaders we interviewed as part of the research for this guide described their collaborations with social enterprises as genuine ‘win, win’ partnerships which delivered real commercial benefits. They said the key drivers and challenges for working with social enterprises were:

THE DRIVERS

- ➔ Social enterprises can help commercial business partners **develop their markets**, especially in doing business with the public sector and in gaining **access to local communities**.
- ➔ Business leaders can use their social enterprise partner to act like a ‘translator’ – allowing them to **communicate** effectively with hard-to-reach audiences, particularly at a local community level.
- ➔ Social enterprises can provide private sector business with a **quality of service** which they may not so readily find from others in the private sector.
- ➔ As well as giving businesses what they want at the price they want, the community benefits associated with social enterprise also provide additional **CSR and PR spin offs**.
- ➔ Working with a social enterprise provides an added dimension to the working experience of employees. It can **motivate staff**, deepen loyalty to the business and contribute to **improved performance, morale and productivity**.
- ➔ Social enterprises are often best placed to **solve business problems**. Good examples include removing surplus office furniture, recycling waste paper and improving office environments to provide employees with a safe and secure work space. The commercial sector’s own attempts at solving these problems had often proved time consuming and costly whereas contracting a social enterprise provided them with a **cost-effective and efficient solution**.
- ➔ Collaborations with social enterprises work, they deliver results and they energise the business and its management team. Doing good is not just good business, it can be **professionally and emotionally rewarding** as well.



THE CHALLENGES

➔ Forging new partnerships with untried suppliers and business partners can represent both a **commercial and 'reputational' risk**. True for any business, it is especially relevant to social enterprises as many are relatively small and growing businesses, which cannot easily demonstrate a track record.

➔ **Gaining acceptance** and support for the collaboration within the organisation is not easy for managers, although there is

tremendous internal kudos to be won from successful partnerships.

➔ Potential difficulties may arise from differences in **size and scale** between the partners, and from clashes of culture and approach. This can necessitate some careful and innovative thinking to overcome.

➔ Keeping the **cash flow** going for the social enterprise is often seen as very important to the success of the relationship. Most businesses recognise they will need to support their social enterprise partners by offering them prompt and accelerated payment terms in order to underpin their liquidity.

➔ As with any business project, **external factors** can lead to unexpected delays and frustrating shifts in the projected timeframe. For example, in the Ben & Jerry's and the Charlton Athletic Football Club stories, planning issues caused major headaches and delays for both parties.

➔ Speaking a **business language** is important – business leaders said the social enterprises most able to pitch a clear, concise and persuasive business case were the social enterprises with whom they would most readily partner.

AYLESFORD NEWSPRINT

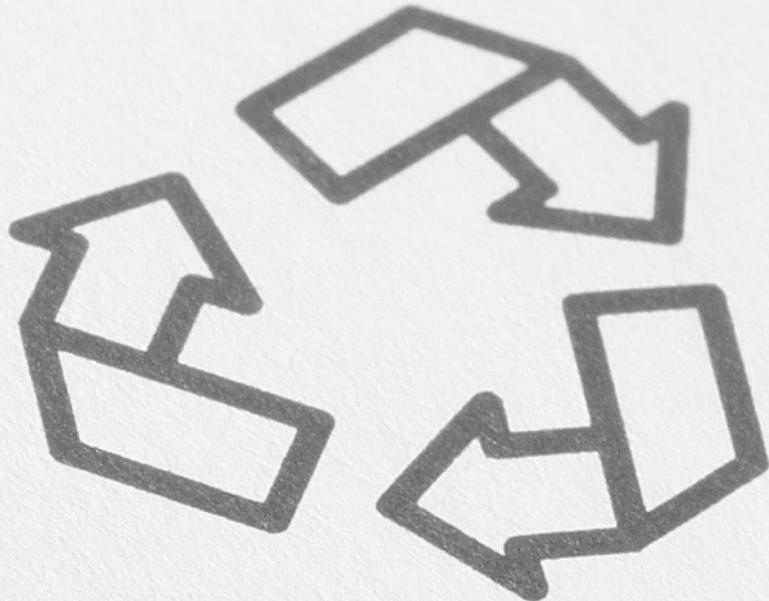
<> ECT RECYCLING

BUILDING THE RECYCLING BUSINESS THROUGH LONG-TERM SUPPLY COMMITMENTS

Each year, Aylesford Newsprint's massive paper mill turns half a million tonnes of used newspapers and magazines into over 400,000 tonnes of newsprint. As a multi-million pound business employing more than 380 people, it needs to know that its suppliers can deliver on time and in the quantities needed.

This is why it was prepared to sign long-term agreements with the social

enterprise ECT Group. Delivering doorstep recycling services to a host of local authorities across the UK, ECT is a major volume supplier. And with the agreements with Aylesford in place, ECT has been able to gear up its recycling operations council by council in the knowledge that Aylesford will take all the paper it can supply.



BENEFITS:

For ECT

- ✓ fixed-term, fixed-price contracts
- ✓ the ability to forward plan
- ✓ economies of scale which allowed for competitive pricing in bidding for new contracts.

For Aylesford Newsprint

- ✓ the quality of the paper ECT could supply through roadside separation of waste
- ✓ a new guaranteed volume supplier
- ✓ price.

CHALLENGES MET:

For ECT

- ✓ convincing Aylesford that it could deliver to the scale required.

For Aylesford Newsprint

- ✓ to maintain trust in the social enterprise sector following its dealings with social enterprises that had either failed to deliver or gone broke along the way.

LESSONS LEARNT:

- Having the right people with the right management and finance skills doing the right job was key to ECT's ability to convince Aylesford that it could deliver.
- Entering into long-term, fixed-price contracts has given ECT the stability to forward plan and pitch for further recycling and waste collection contracts with other local councils.

ECT IS THE UK'S LARGEST COMMUNITY recycling organisation serving more than 2.75 million people in partnership with 16 local authorities. Recycling accounts for over £15.7 million of its revenue. It also provides a full waste collection and street cleaning service to one council, has a number of community and public transport contracts – including a London bus – and has recently started a business running a nurse-led health centre.

Chris White, commercial manager at Aylesford Newsprint, explains why the company first started working with ECT in 1995: "ECT's policy of separating materials at kerbside means that their quality is exceptional. This is why we signed five-year, fixed-price contracts to take what they collect from Hounslow, Ealing and Brent. The agreement gave them certainty so that they could plan their cash flows and scale up the recycling business accordingly. ECT is now producing about 12 per cent of our needs."

Kerbside separation produces clean paper, but it can be costly so some councils prefer a single 'orange bag' collection where bottles, paper, cans and other waste are all mixed together and

collected in one bag. Chris White says he is not a fan of this method: "We've spent 20 years perfecting the way to get ink off the paper, but we can't also remove baked beans and all the rest."

His confidence in the ECT management team – including chief executive Stephen Sears and managing director Andy Bond – was another influencing factor in the relationship. "Andy Bond and Stephen Sears have turned ECT into a company you can deal with," says White. "They've got the right people in the right jobs so they know what they are doing and where they are going. They have been very businesslike from a very early point."

Sears, holder of a Masters Degree in Business Administration, thinks a businesslike approach to commercial collaboration is fundamental. "You get more by concentrating on the delivery of services properly and by making an economic success of it," he says.

Chris White works with other social enterprises in the community recycling network. The key to successful social enterprise, he thinks, is to focus on getting on a sound financial footing from day one. He also says social enterprises should hire

specialists for areas like finance where the founding management team might not necessarily have the right experience to do the job effectively. "If they had an audit once a year, it would help them focus on whether what they were doing is viable or not."

It is clear is that the business case for the long-term commitment in the Aylesford/ECT partnership has provided both parties with the opportunity to plan for the future and expand their respective businesses.

Unlike many of its private sector competitors, thanks to its social enterprise structure, ECT does not have to maximise profits to produce dividends for shareholders. Unlike some social enterprises, which could learn from this example, ECT also treats good business management as a top priority.

The story here shows how social enterprise, managed effectively, and able to plough profits back into quality of service, can deliver both higher quality and better value for money for a commercial partner.

www.ectgroup.co.uk

www.aylesford-newsprint.co.uk

The symbol in the picture is called the Mobius loop. It is most commonly found on cardboard packaging and denotes that the item is recyclable. Picture sourced by: Glock-Design.

BEN & JERRY'S <> FRC GROUP

<> THE CRESCO TRUST

EXPLORING THE FRANCHISE MODEL

The FRC Group's core business is to supply furniture to councils and landlords needing to furnish accommodation. Its social purpose is to create jobs for people who really need them. Whilst attending a conference in San Francisco, FRC's management team came across the 'PartnerShop' model run by the ice cream manufacturer, Ben & Jerry's, and decided to bring it to the UK.

Ben & Jerry's PartnerShop programme helps social

enterprises leverage the power of business for community benefit. PartnerShops are franchise outlets selling Ben & Jerry's ice cream. The shops are independently owned and operated by community-based organisations. Ben & Jerry's waives the standard franchise fees and provides additional support to help social enterprises operate strong businesses. In turn, the shops offer employment and training to young people who may face barriers to employment.



BENEFITS:

For FRC

- ✓ extended employment offering
- ✓ experience of the franchise model.

For The Cresco Trust

- ✓ a sustainable revenue stream
- ✓ employment and training opportunities.

For Ben & Jerry's

- ✓ a market test of the PartnerShop model in the UK
- ✓ introduction to Cresco Trust and the subsequent opening of a successful franchise outlet with more outlets planned
- ✓ positive PR and community access through its Cresco Londonderry PartnerShop.

CHALLENGES MET:

For FRC

- ✓ planning issues
- ✓ location.

For Ben & Jerry's

- ✓ distance from head office
- ✓ financial risk.

LESSONS LEARNT:

- The FRC Chester shop was a learning experience for both FRC and Ben & Jerry's which demonstrated that, despite a good idea and good intentions, any business activity carries the risk of commercial failure.
- However, it also demonstrated to Cresco that a franchise outlet could provide a social enterprise with a sustainable revenue stream whilst also delivering employment and training opportunities to underpin its social purpose.

“WE SAW THE PARTNERSHOP AS A WAY of expanding our ethical values with regards to employment whilst also setting up a self-sustainable revenue stream,” says Shaun Doran, commercial manager at the Liverpool-based FRC Group, explaining why one of the UK’s most established social enterprises decided to open an ice cream shop.

“Our own report on the social makeup of our workforce identified we were not reaching out across the community. We didn’t have many young people working at FRC, but we are heavily involved in the logistics of collecting and delivering furniture, so the opportunities are not there to attract young kids, especially when you need expensive insurance cover for driving the vans.”

Despite FRC’s track record of success in entrepreneurial ventures, however, the ice cream idea did not have luck on its side. Delays in obtaining various planning consents for FRC’s Chester shop meant that it opened at the end of one of hottest summers on record. Then, the following year, the weather turned nasty for the ice cream market. “There is supposed to be a ‘100 day war’ in the ice cream market when sales go berserk. For us, it became the ‘90 day war’, then and ‘80 day war’ and eventually a ‘40 day skirmish,” Doran says.

Despite having to close the Chester shop, the FRC Group was still firmly convinced that the PartnerShop model could work in the UK. It hosted a joint seminar with Ben & Jerry’s to explain the idea to other UK social enterprises. One of those attending the seminar was Margaret Lee, managing director of The Cresco Trust, a social enterprise in Londonderry, Northern Ireland. “Before I even went to the seminar, I did a Google search on the internet

for ideas and found the Ben & Jerry’s website, so I was already partly converted,” Lee says.

Cresco has since taken up the idea and opened a shop in Londonderry. This has proved successful and plans are already in place to open two new shops in Belfast and Newry.

Philippa Marshall, brand manager at Ben & Jerry’s, explains some of the factors that have made the Londonderry store a success: “It’s a dual aspect outlet, one side in the mall and the other on the street which helps the shop trade well in every weather. Also, the shopping mall is aimed at young people, which is a great fit with our brand. Another really important factor is the support from the community itself. As Cresco is based in Londonderry and visible in the community, from day one everybody wanted it to succeed. We had an incredible amount of interest from local media and a fantastic opening day with 200 people attending. There was so much goodwill which has continued,” she says.

The Cresco Trust is committed to providing disadvantaged people with opportunities to learn, engage, and progress. The shop provides a platform for training young people in a neutral working environment for all sectors of the community.

Commenting on the partnership with Ben & Jerry’s, Lee says: “We need to reconcile the need to earn revenue with the management of our social values. This is not easy so it was good to find that Ben & Jerry’s is a value-led organisation. This is not added on after, but it is genuinely what they are. There really has been no downside to the relationship.” She says there have been challenges for Cresco, but the overall experience has been ‘very positive’, so much so that

Cresco is doing research to capture the lessons it has learnt, so others may benefit.

Ben and Jerry’s PartnerShop programme is all about a company with an internationally recognised brand giving something back to the community. “By delving into delicious ice cream, milkshakes, waffles and coffee, you are also making a difference in people’s lives,” the company tells customers on its PartnerShop website.

Rather than simply choosing to donate some of its profits to charity, however, Ben & Jerry’s has taken the more proactive – and more challenging – approach of creating its own group of social enterprise franchises.

All business ideas carry some risk, as the FRC experience shows. In their own social and environmental assessment of 2004, Ben & Jerry’s points out that PartnerShops must tackle challenges traditional shops do not face. They often lack retail food service experience, and they have the added challenge of employing ‘at risk’ young people. The company realises that PartnerShops need more coaching than their other shops, and says the best ones are run by organisations with a strong track record of helping young people develop job-related skills.

When the right organisation comes along, it’s a winning combination. Through Cresco, and a network of PartnerShops in the US, Ben & Jerry’s has shown that social enterprise partnerships can be a remarkably effective way of making a difference.

www.crescotrust.com

www.frcgroup.co.uk

www.benjerry.co.uk/partnershoppogramme/

CHARLTON ATHLETIC FOOTBALL CLUB

<> GREENWICH LEISURE LIMITED

FOOTBALL'S NEW ROUTE TO COMMUNITY ACCESS

Charlton Athletic is a Premiership football club which has just celebrated its centenary season. However, twenty years ago it was outside the top-flight of English football and struggling to attract crowds of around 5,000. Worse still, it was forced to leave its spiritual home, The Valley, and for a while had to share grounds with other London clubs before returning home in 1992. Since then, the club has implemented an ambitious development programme for its ground,

which now regularly attracts capacity crowds of 27,000.

Charlton teamed up with Greenwich Leisure Limited and Greenwich Community College in a tripartite venture which bid for European funding to make the development of the ground a reality. The result is a rebuilt West Stand incorporating a fitness centre and gym boasting 1,300 members and a new North Stand which houses the London Leisure College.



BENEFITS:

For GLL

- ✓ 'iconic' location for its gym
- ✓ source of new recruits provided by London Leisure College
- ✓ access to new funding.

For Charlton Athletic

- ✓ community access
- ✓ access to new funding for its ground development
- ✓ new revenue streams
- ✓ improved club's image with local residents and helped in retaining and recruiting supporters.

CHALLENGES MET:

For GLL:

- ✓ to create the tripartite group which successfully bid for European funding for the project.

For Charlton Athletic

- ✓ a complicated and protracted planning application process.

LESSONS LEARNT:

- Partnering business and social enterprise offers both parties access to grants and public funding which may not otherwise be available to them.
- Having clear lines of communications and a good legal framework in place from the outset prevents problems arising in the relationship and helps resolve any differences.
- Likewise, having clear objectives and success criteria from the outset is key to success.

GREENWICH LEISURE LIMITED (GLL) is a staff-led leisure trust which manages nearly 50 public leisure centres within the M25 area. It employs around 3,000 people and has a turnover of £45m.

Its mission is to provide leisure and fitness facilities at affordable prices, ensuring financial viability, meeting charitable objectives, increasing employee participation, maintaining and expanding services, and exceeding customers' expectations.

And its track record speaks for itself: a review of its experience in Greenwich alone revealed that since 1993, the costs of running the service to the Council had been more than halved and turnover in its Greenwich centres had increased from £2.5 million in 1993 to over £9 million in 2004.

Mark Sesnan, GLL's managing director, says that the iconic nature of football has made the collaboration with Charlton Athletic a "win, win" situation for all parties. The project, which attracted European funding, enabled the club to build its new stands incorporating the facilities needed for the gym and college in the design. For GLL, the location has proved "a massive draw" for the gym membership.

Geoff Pine, Principal of Greenwich Community College (GCC), agrees that

the venue has also been "enormously successful in attracting students". GCC, which has over 20,000 students and 800 staff, runs the London Leisure College at Charlton as a joint venture with GLL. The college teaches a range of leisure and sports-related courses and the association with a Premiership football team has obvious advantages.

Peter Varney, group chief executive at Charlton Athletic, explains the club's thinking behind its community access strategy: "In 1991, we had 5,000 fans. Now we have 27,000. This is because we have been active in the community. By opening the college and the gymnasium, we are not only giving something back to the community from where we draw our support, but there are also real commercial benefits for the club."

Both GLL and GCC are effectively tenants within the club but, for Varney, it is not just the rental income that matters.

"If you are Manchester United, then you are in a particular place in the market. If you are a Charlton, then we have to develop our brand in a different way. In a very purposeful manner, we have gone about building a genuine community club. If Sky TV is covering a Manchester United

match, they are likely to do an interview with Wayne Rooney or Ryan Giggs. When they come to Charlton, they cover the community aspects of the club. We have a different story to tell."

Varney says that, bar an exhaustive local authority planning process, the partnership has been relatively problem-free. "If we have a match on a Tuesday night and the College have got lessons booked, it can create tensions but we've got to understand how they work. We have an active liaison committee so there is a vehicle for resolving these issues. We also have service level agreements, which I think are quite important, and a detailed lease."

When asked for his advice on what makes these partnerships work, Varney says: "Be clear about your objectives and what you want from it. When you enter into these types of partnerships, you have to have a wider perspective and understand that there is an element of CSR and there is an element of profit making. If you can do this, real benefits can accrue."

www.gll.org.uk
www.cafc.co.uk
www.gcc.ac.uk



DRIVERS AND CHALLENGES FOR SOCIAL ENTERPRISES

For social entrepreneurs, there were financial and managerial advantages to be gained from partnerships with the commercial sector. The challenges they faced were over issues such as commercial pressures for cutting costs and worries over diluting their social purpose. The key motivations to go ahead with collaborations and issues making social enterprises think twice were:

THE MOTIVATING FACTORS

- ➔ Social entrepreneurs cite **growth** as their main motivation for entering into a partnership with a private sector business. In some cases, these partnerships offer a pathway from dependency on grants as the main income source to financial security and sustainability as a business.
- ➔ **Improved cash flow** is an important plus. Regular contract work with the private sector provides social enterprises with greater flexibility to forward plan and underpin the sustainability of their businesses. This is because many of these collaborations involve either fixed-term or fixed-price contracts, or both.
- ➔ Collaborations are a means of strengthening social enterprises' market position and making them **more competitive** in the marketplace.
- ➔ **'Once is never enough'**. All social enterprises interviewed felt their collaborations had created **a template for future work**, and they were either already searching for, or planning, further partnerships to achieve improved economies of scale and create new revenue streams.
- ➔ Collaborations attract **senior-level management commitment** from the commercial partner, frequently at board level. So having a business partner allows social enterprises to tap into what is effectively **high-level free management advice**.
- ➔ Business partners can bring **extended employment and training opportunities** to a social enterprise.
- ➔ Collaboration enables some social enterprises to maximise their chances of **obtaining both public and private funding** by combining their social purpose with a private sector partner's business skills.
- ➔ Working with commercial partners encourages **greater business involvement with, and investment in, the local community**.
- ➔ Working collaborations with private sector partners can be a **catalyst for change**, providing the means for social enterprises to grow, restructure or reshape themselves going forward.

THE ISSUES TO CONSIDER

➔ **Stakeholder buy-in** is the key to ensuring a successful collaboration. Stakeholders need to be assured that collaboration with a private sector partner won't compromise the organisation's social purpose, and convinced that their business can only grow in the long term if it generates several sustainable revenue streams.

➔ **Pricing** is an important issue. Social entrepreneurs said how difficult it was to place a value on their offering to a business partner. They were concerned that they might under-price their product and regret it later. Some felt it was difficult to put a price on intangible assets like the community access they could provide or the knowledge they had of a particular niche market. Putting a financial value on what is often a qualitative offering has to be done early in the relationship.

➔ Having **measurement and evaluation** criteria in place from the outset greatly increases the likelihood of a successful partnership. Social accounting, placing a value on the community impact a social enterprise makes, can be used as part of this measurement.

➔ **Managing scale and risk** is another challenge. The contrast in scale and resources between a social enterprise and a large business can be difficult to manage, especially as the collaborations with large corporations often involve complex legal contracts or the structuring of joint venture agreements. These can incur significant and sometimes prohibitive professional costs, requiring the social enterprises to be resourceful when seeking legal or other professional advice and employing managers

with private sector experience to act in their best interest.

➔ Social entrepreneurs say that their ability to **speak a business language** and **present a professional image** is crucial to gaining business confidence. Demonstrating the organisation's ability to deliver on quality and price is key to earning a potential business partner's trust.

➔ **Marketing is key** to success – not only in raising awareness of individual organisations, but also in promoting the social enterprise sector as a whole.



SHELL <> COIN STREET WORKING TOGETHER ON THE SOUTH BANK TRANSFORMATION

Coin Street Community Builders has been responsible for transforming and regenerating one of London's more neglected areas into a vibrant and exciting place to live and work. It has done so in collaboration with major employers in the area – like Shell, which is committed to playing an active role in

the community.

Shell is a member of the South Bank Employers' Group. Along with 15 major organisations such as IBM, Ernst and Young and ITV, which make up the group, Shell commits staff and financial resources to support specific projects and initiatives in the area.



BENEFITS:**For Coin Street**

- ✓ active local business involvement
- ✓ access to management expertise
- ✓ business investment in the community.

For Shell

- ✓ improved local environment, helping attract and retain staff working in the South Bank area.

CHALLENGES MET:**For Coin Street**

- ✓ finding the right management people to talk to
- ✓ getting business and the local community together.

For Shell

- ✓ to commit money and management time to the project.

LESSONS LEARNT:

- A social enterprise can act as a catalyst in urban regeneration by bringing residents, politicians, developers and businesses to work together and to a common aim.

THE COIN STREET AREA OF LONDON sits between Waterloo Bridge and Blackfriars Bridge on the south bank of the River Thames. Until World War II, the area was used primarily for riverside warehousing, and industrial and residential use. After the war, much of the area was cleared and it was earmarked for comprehensive development, but by 1970 it was largely derelict.

In the decade after 1974, local community groups fought a campaign against plans for office developments. The fear was that big offices would deliver few jobs to the local community. They drew up alternative plans for a mixed development including housing, a park, managed workshops and leisure activities. In 1984, they achieved a significant victory when Coin Street Community Builders (CSCB), a development trust and social enterprise set up by local residents, bought the whole site.

Since then, CSCB has overseen the demolition of old buildings, the completion of the South Bank riverside walkway, the building of 220 co-operative homes for those in need, the creation of a new riverside park, the Gabriel's Wharf market, the refurbishment of Oxo Tower Wharf which includes shops, restaurants, retail design studios and flats, and the opening of a Family

and Children's Centre.

CSCB's director, Iain Tuckett, explains his philosophy towards bringing businesses into the process: "Like any entrepreneur, we use whatever tools we can lay our hands on to achieve our objectives. We do not have to maximise profit, but we do need to make money in order to survive.

"We wanted to get people back into an area that had been derelict for 40 years. The trouble was that the office buildings had their own canteens. Shell has a range of other facilities including a swimming pool. The challenge was to get their people and other employers' staff out to spend their money locally. This is partly why, in 1988, we developed the Gabriel's Wharf idea to get people eating and shopping locally."

In the early 1990s, CSCB, with a number of major employers, helped to form the South Bank Employers' Group, which has achieved major improvements on the South Bank and in Waterloo and is dedicated to creating the best possible experience for employees, residents and visitors to the area. Each member pays an annual £20,000 subscription and is represented on the Board of the social enterprise. Its members commit staff and financial resources towards, and assert their influence to support a range

of projects and initiatives in the area aimed at making the South Bank and Waterloo an even more desirable destination for culture, business and pleasure.

The South Bank Employers' Group also manages the business of the South Bank Partnership which brings local politicians, businesses and residents together. The partnership is co-chaired by the two local MPs, Kate Hoey and Simon Hughes, who hold a quarterly forum to which all local households are invited.

Andrew Eddy, Director, London Office for Shell and Chairman of the South Bank Employers' Group, says: "The drivers for Coin Street may be different from our own in that the interests of residents and employers may vary. What drives us is that so many of our staff and visitors pass through this area and, by improving the environment, we are better placed to keep and attract staff. However, we are finding that we can learn much from our work with Coin Street and other members of the Group and from our active role in the community, which is clearly delivering tangible and successful outcomes for everyone."

www.coinstreet.org
www.shell.com

E.ON UK <> THE ARTS FACTORY

WORKING ON THE WIND FARM

The Arts Factory is an independent development trust based in the Rhondda Valleys, South Wales. It works to build a stronger community by generating income through enterprise and then by using its revenues to provide community

facilities and services.

It is working with one of the country's largest utility companies, E.ON UK, the company which runs Powergen, on an ambitious, £10 million wind farm plan.



BENEFITS:

For the Arts Factory

- ✓ access to management expertise
- ✓ potential new sustainable revenue stream
- ✓ business investment in the community.

For E.ON UK

- ✓ the Arts Factory's local knowledge and lobbying ability within the local community
- ✓ the opportunity, via the Arts Factory, to develop community interest and involvement in the project.

CHALLENGES MET:

For the Arts Factory

- ✓ planning issues
- ✓ reconciling cost with risk
- ✓ to demonstrate to a business partner that this was a community-led project
- ✓ changes of personnel within, and ownership of, its business partner.

For E.ON UK

- ✓ to work with a much smaller business partner in developing the project.

LESSONS LEARNT:

- The calculated acceptance of risk by the Arts Factory in pursuit of a sustainable revenue stream has tested its management team and resources to the full.
- Whilst the likely rewards clearly justified the risk taken, the extended timeframe for the project has been longer than the Arts Factory had originally anticipated.
- What is clear, is that without the resources, technical know-how and management expertise of a business partner like E.ON UK, the Power Factory could not be realised.

“POWER FACTORY” IS THE WIND FARM project being developed by the Arts Factory and E.ON UK. It is the largest scale partnership between a community-owned organisation and the private sector ever seen in Wales.

The plan is to develop a wind farm on the ridge between Rhondda Fach and Rhondda Fawr. Permission has been granted for eight turbines generating a total of up to 10.4 megawatts, which are expected to produce enough electricity in an average year to meet the needs of up to 6,500 homes. The Arts Factory's aim is to create a long-term income stream to fund the Arts Factory's work in the community, and to forge a business model which other community-based organisations can replicate. It is also expected to create new jobs for local people and deliver more free services to the community.

Arts Factory chief executive Elwyn James explains why the enterprise sought a joint venture partner: “The idea for the Power Factory came about when we asked ourselves how we could best use our own assets. When we struck on the notion of the wind farm, we realised very early on that we simply did not have the competencies to cope with a £10 million capital programme

on our own.” Sources of funding are being investigated; potentially, these include £4.5 million in Objective One funding from Europe. Objective One is a ‘catch all’ phrase for major project funding from the European Community. The priority behind it is to promote sustainable economic growth and the development and structural adjustment of regions whose economic development is lagging behind - usually those regions whose per capita GDP is less than or close to 75% of the European Community average.

“We then started to look for a utilities partner who could help us put together a feasibility study. We linked up with the networks for renewable energy and, through these connections, short-listed three companies we thought might be able to help us. Eventually, we narrowed it down to United Utilities as they had considerable expertise in renewables and wind farms. When they sold out to E.ON UK, however, it didn't cause us any problems because E.ON are one of the UK's largest green generators, with 20 wind farms across the country.”

What the Arts Factory did not foresee was the considerable timescale required for such a major project. Having had the original idea for the Power Factory in the mid 1990s,

planning consent was eventually granted in March 2005, after a public inquiry.

The project has also involved a lot of management time and risk for the Arts Factory, as Elwyn James explains: “We have struggled at times and our budget for legal costs has often been running on empty. That said, we have always believed in the project and the risk has been worth taking because, if it works, it will really underpin what we do financially for the foreseeable future.”

He says that the partnership has worked well, and believes that the other long-term benefits for the Arts Factory will include its enhanced reputation with the community; the generation of consultancy work linked to the project; a greater understanding of how to access finance; and a model for partnering with other businesses in the future.

Jason Scagell, director of E.ON UK Renewables, comments: “We are delighted to be working with the Arts Factory on this exciting project, and view this as an excellent opportunity to work with the local community in Ferndale.”

www.artsfactory.co.uk
www.eon-uk.com

NEXT STEPS

TO FIND OUT MORE ABOUT SOCIAL ENTERPRISE, CONTACT:

CAN

Community Action Network
1st Floor Downstream Building
1 London Bridge
London
SE1 9BG
Tel 0845 456 2537
Fax 0845 456 2538
email canhq@can-online.org.uk
www.can-online.org.uk

Social Enterprise Coalition

Tel 020 7968 4921
www.socialenterprise.org.uk

Social Enterprise Unit

The Social Enterprise Unit
Small Business Service
Department of Trade and Industry
www.sbs.gov.uk/socialenterprise

Communities Directorate, Wales

Community Enterprise and
Financial Inclusion Team
Communities Directorate
Welsh Assembly Government
Cathays Park
Cardiff
CF10 3NQ
Tel 029 2082 6750
Fax 029 2082 3847
email socialjusticepolicyunit@wales.gsi.gov.uk
www.wales.gov.uk/themessocialdeprivation/content/enterprise/index-e.htm

Social Economy Branch, Northern Ireland

Social Economy Branch
Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
Belfast BT4 2JP
Tel 028 9052 9900

Social Economy Network, Northern Ireland

Social Economy Network
C/O Social Economy Agency
Units 15-18 Rath Mor Centre
Blighs Lane
Londonderry BT48 0LZ
Tel 028 7137 1733

Social Economy Unit, Scotland

Communities Scotland
Thistle House
91 Haymarket Terrace
Edinburgh
EH12 5HE
Tel 0131 479 5379

Scottish Social Enterprise Coalition

c/oLINK Group
45-47 Albany Street
Edinburgh
EH1 3QY
Tel 0131 557 1516
www.ssec.org.uk

FOR HELP IN FINDING A POTENTIAL COLLABORATION PARTNER, CONTACT:

CAN

Information on regional contacts is available from the main office (see left for details).

Business in the Community

137 Shepherdess Walk,
London N1 7RQ
Tel 0870 600 2482
information@bitc.org.uk
Information on regional contacts is available from the main office.

DTA

Development Trusts Association
1st Floor, 3 Bondway, London SW8 1SJ
Tel 0845 458 8336
Fax 0845 458 8337
email info@dtc.org.uk
www.dta.org.uk

PrimeTimers

1st Floor Downstream Building
1 London Bridge
London
SE1 9BG
Tel 0845 456 2537
Fax 0845 456 2538
email mary@primetimers.org.uk
website www.primetimers.org.uk

The offices in Northern Ireland, Scotland and Wales (see left) can also offer contacts to help you find a commercial partner.

FOR NETWORKING OPPORTUNITIES CONTACT:

Regional Development Agencies

Regional Development Agencies were set up by Government to promote sustainable economic development in England. They are business led. Their main tasks are to help the English regions improve their relative economic performance and reduce social and economic disparities within and between regions.
www.englishrdas.com

Business Link

Business Link is an easy to use business support, advice and information service managed by the DTI. Local presence across England, managed by business people for business people, means Business Link is uniquely placed to identify business support services from across the government, voluntary and private sectors.
To find your nearest operator, search by your postcode via the website, or call 0845 600 9 006.
www.businesslink.gov.uk

Chambers of Commerce

The British Chambers of Commerce comprise a national network of quality-accredited Chambers of Commerce, representing more than 135,000 businesses of all sizes in all sectors of the economy - equivalent to five million jobs.
Further details can be found online.
www.chamberonline.co.uk

Nearbuyou

A national trading network for social enterprises and those that wish to trade with them.
Tel 01603 615200
email info@nearbuyou.co.uk
www.nearbuyou.co.uk

THE RESEARCH PROJECT

Community Action Network (CAN) was commissioned by the DTI's Small Business Service to investigate commercial collaborations between social enterprises and the private sector and to produce a guide to how these collaborations work.

This research set out to:

- examine examples of existing collaborations
- distinguish the types of collaboration already in place and identify the benefits which have been gained and the lessons learnt by those working in partnership.

METHODOLOGY

The research included:

- A literature review undertaken by London South Bank University which set out to identify material already published on this subject
- Desk and internet-based research to identify existing working collaborations between business and social enterprise
- A qualitative research study which included interviews with 50 managers in both business and social enterprises already engaged in commercial collaborations. In order to research the case studies, 20 in-depth interviews with leaders in both business and social enterprise were carried out, mostly face to face, by The Counsel House, a marketing and communications consultancy which has carried out a number of research projects in the voluntary sector.

The research was project managed for CAN by Dr Mary Chadwick of PrimeTimers, an organisation which provides business inspired solutions to the third sector. It is located in The Mezzanine 2 at 1 London Bridge where more than 60 social sector organisations currently share more than 30,000 square feet of office space across three floors. Mezzanine 2 is a social enterprise created by CAN.

What is CAN?

Founded in 1998, Community Action Network (CAN) is one of the UK's leading organisations for the development and promotion of social entrepreneurs. CAN's vision is to stimulate new, entrepreneurial ways to tackle social problems more effectively and more efficiently. This is achieved by connecting people in communities, bringing together those from voluntary and not-for-profit organisations with the public and private sectors. This enables the sharing of ideas and practical experience, and encourages 'thinking outside the box'.

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