

Social Enterprise

What is Social Enterprise ?

A social enterprise is a business which trades in pursuit of a social purpose. It is a real business which provides goods and services to customers.

What makes a social enterprise different from a traditional business is that it is focused on delivering that social purpose – sometimes referred to as its “mission”. A social purpose will address environmental, social and/or economic issues. This mission can be delivered through the way the enterprise carries out its business on a day-to-day basis, the goods or services it provides, or what it does with its profits. In reality many social enterprises will use a combination of these ways to meet their mission.

Profits of a social enterprise are usually partly or wholly reinvested in the enterprise to achieve its mission, or distributed to support the mission, rather than distributed to investor shareholders. Some social enterprises use a portion of their profits to reward or incentivise participation. In a successful social enterprise we would normally expect to see:

- A clear social purpose and the means by which the enterprise aims to achieve it
- A clear product or range of goods or services
- A market for the goods or services demonstrating sufficient demand
- A business plan

To read more about Social Enterprise in general visit the [Social Enterprise UK website](#)

Is Social Enterprise right for us?

Developing a social enterprise is not a short-term undertaking and requires commitment for at least the first couple of years from founders.

Consider:

- Who will take ownership of the process of establishing the enterprise?
- Is there sufficient backing for it, including an allocation of time to work on it?
- Who will manage the enterprise?
- If the social enterprise will be run by stakeholders then that may provide the answer to these questions!

Social Enterprises aren't the only answer! Sometimes a social purpose can be achieved through a traditional charitable or voluntary sector approach or even a club - using grant funding, volunteer time and donations from supporters, members or users rather than adopting a sales-based business model to cover its costs. If there isn't a sustainable source of income from goods and services, then an enterprise approach will not work.

Examples

Your experiences during the Fruit Full Communities project may present potential ideas for social enterprise activity based on: the experiences of people participating in the project and their skills, future aspirations or interests; innovative solutions to needs or interests identified by participants; the way the project works with beneficiaries and the wider community, or the fruit produced from the trees. Examples:

- Growing, distribution and/or processing of produce. What starts small scale could provide a route to market for other growers or producers. Could also include a surplus fruit picking service.
- Fruit nurseries – providing rootstock for other people to plant and grow
- Fruit tree pruning services and/or training courses
- Garden maintenance services
- Use of orchards as community space, transferring orchards into community ownership, community gardening, or full blown Community Supported Agriculture
- A business that aims to create jobs for YMCA residents and/or other young homeless people, or support them into employment – it may have nothing to do with growing fruit!
- A business specifically providing opportunities for homeless people – again, may have nothing to do with growing fruit.
- Support to beneficiaries embarking as sole traders in fruit/wood- based careers which develop into an enterprise supporting other traders in the sector.



Some examples of relevant social enterprises

[Tamar Grow Local](#) – A Cornish social enterprise that provides a local food hub, supports local producers (including community orchards and private orchard owners) with access to markets and equipment (e.g. apple press hire), plus Farm Start support to new growers.

[OrganicLea](#) – A workers’ co-operative that grows food, providing local and organic produce via a box scheme, market stalls, plant sales and volunteering opportunities. Provide training courses and support to new farmers and garden growers. Provide a route to market for small producers through Cropshare and Farm Start initiatives – both fresh produce and preserved.

Cider co-ops: A great way of bringing together local people, but the enterprise activity is fairly limited so more of a club style activity. e.g. [Trunch Cider Co-op](#) – local community cider producers, ensuring apples aren’t wasted and providing community cohesion. Also operate in urban settings – see [Moss Cider project](#).



[Rubies in the Rubble](#) – create jams and pickles from food that would otherwise be discarded.

Demonstrates the social enterprise potential for fruit preserving.

[Leeds Coppice Workers Co-operative](#) – workers co-operative providing locally and ethically sourced firewood and charcoal and committed to restoring and managing neglected and underused woodlands in the Leeds area using the best sustainable forestry practices. Aim to create jobs in Leeds woodlands for their members.

[Coppice Association North West](#) – Cumbrian based organisation supporting individual coppicers with training, mutual support and marketing of goods and services

[Bridport Community Orchard.](#)

[London Green Wood](#) – Woodland based therapeutic activity.

[Aldermoor Community Farm](#) – volunteer-run farm and farm shop.

[YMCA DownsLink Group Social Enterprise Services](#) - A group of YMCAs providing painting and decorating, maintenance, handyman, and gardening services in Sussex that provides apprenticeship and work experience for young people.

[Social Bite](#) – sandwich shop chain in Scotland that ensures at least 25% of employees are people who were previously homeless. Profits also used to support homeless people.

Fruit trees make fantastic homes for lots of wildlife, although not all of it will be welcome! Keep your eyes open and check your trees regularly for signs of any problems. This is particularly important when the trees are young since an early infestation of pests and diseases can cripple the trees, and they

Top tips and guidance

Social purpose

Consider the main social purpose you aim to achieve with the social enterprise. Is it primarily concerned with the people in the business, the product or the profit?

People

The main purpose of some social enterprises is to provide employment, training or preparation for work. Others provide an activity which benefits volunteers or employees who participate e.g. the therapeutic value of growing crops as part of a group. For some enterprises, this also extends to involvement in management and ownership of the enterprise.

- If you aim to create employment, consider how many jobs the enterprise could realistically sustain and how many you want to create. Would you need to scale up to meet your aims, and is that possible with the existing business model? What extra resources would you need?
- If you aim to provide preparation for work, what routes into work exist? What activities and training will your enterprise provide that increases people's employability? How will you recruit beneficiaries and how many do you aim to support?
- If the main purpose is providing group based work for volunteers, what is the "offer" for participants? Is it social interaction? Is it skills development? Is it health and wellbeing benefits of volunteering? Do they receive a share of the crop? Is it the opportunity to be involved in planning of growing activities or management of the enterprise? Is may be a combination of many or all of these different benefits.





Product

Examples of the product being the primary purpose include: provision of affordable goods or services (e.g. affordable fresh or organic produce); taking produce that would otherwise be wasted and creating a product from it; waste provision of community space or resources; community supported agriculture where the members receive a share of crops or produce.

Profit

Examples of profit based social enterprises include charity shops and other charity trading arms. If the primary purpose of the enterprise is to generate profits for the benefit of the community or for your YMCA site, then you will need a trade that generates high profits. Like other businesses, social enterprises need to reinvest in reserves for cashflow, investment in new equipment, maintenance etc before profits can be distributed.

Business

Where did your business idea come from? Is it based on a gap in the market you have identified, an attempt to generate income from an existing activity (or resource), or a combination? Is there a sustainable business in the idea? Test your idea:

- Would you need to scale up to meet your aims, and is that possible with the existing business model? What extra resources would you need?
- How will you generate income?

- How much can you produce and how much can you sell?
- Is it seasonal or year round?
- Is there demand for these goods or services? How do you know? What market research have you carried out?
- What competition exists?
- How does this all fit with your social purpose?

Governance and ownership

It is good practice to decide who will be involved in making key decisions about the organisation (such as what happens to the profits or who gets to be a Director or Board member) at an early stage. Will the enterprise be owned and controlled by some of the stakeholders e.g. workers, volunteers or users? Will it be a wholly owned subsidiary of the YMCA or another charity? Who do you want to be responsible for it in the future?

Feasibility and business planning

When the business idea and social purpose is clear, it is advisable to carry out some feasibility or business planning. This will help you answer key questions such as:

- What is your current productive capacity and capability? Do you require new people, assets, equipment, skills, knowledge etc to make it work?
- How much money is needed to get the enterprise off the ground and what sort of money is needed? Do you need money for assets or for working capital? Will you be eligible for grants?
- Will the proposed idea generate the desired outcomes you identified in your mission?



Legal structures

Social enterprises can adopt a variety of legal forms, depending on which best suits their social purpose, trading environment, how they aim to raise finance, and the way they want to organise.

Legal forms range from standard companies with bespoke Articles of Association to legal forms specifically created for social enterprises such as Co-operative Societies, Community Benefit Societies and Community Interest Companies. It can also include Charitable Companies, Charitable Incorporated Organisations, Charitable Community Benefit Societies. Some social enterprises operate as unincorporated associations but this is uncommon as the participants in the enterprise do not receive limited liability protection. It is only appropriate if the levels of risk are very low.



Understanding the full range of legal forms available and which will best meet the various needs of your social enterprise can be a complex balancing act, so many start-ups get advice from a specialist social enterprise advisor to select the most appropriate form. (See Support and Resources below)

Support and resources

There may be social enterprise support available in your local area so it is worth carrying out some research. There are also several national organisations and programmes that provide a range of resources, support and grants to social enterprises.

At the time of writing (February 2017), these programmes currently provide relevant support, grants and/or resources to social enterprises:

- [Power To Change](#) – support and funding for community businesses. A range of programmes including the [Bright Ideas](#) that provides tailored support and grants to develop community business ideas.
- [The Hive](#) – support and training for co-operatives plus excellent online resources which groups can use to build a co-operative business.
- [Making Local Woods Work](#) – support for woodland social enterprises plus a range of tools and resources.
- [Growing Together](#) – business support, events and resources for community growing groups from community gardens and city farms to community orchards, wildlife gardens and kitchen gardens.
- [Community Shares Unit](#) – best practice and guidance for community owned enterprises wanting to purchase assets using money raised from the local community.

