

The logo for ForthSector, featuring the word "ForthSector" in a bold, blue, sans-serif font. The letter "S" is stylized with a white, brush-stroke-like texture.

BUSINESS ■ EMPLOYMENT ■ DEVELOPMENT

A large circular graphic with a blue background composed of a grid of small triangles. A large green triangle is superimposed on the circle, pointing to the right. The text "A BUSINESS PLANNING GUIDE TO DEVELOPING A SOCIAL ENTERPRISE" is centered within the green triangle.

A BUSINESS
PLANNING GUIDE TO
DEVELOPING A SOCIAL
ENTERPRISE



Foreword

Social enterprises are difficult. They challenge the accepted ways of doing things. It's not that they set out to be awkward, but having discovered better, more sustainable ways to tackle some of the most pressing social, economic and environmental issues facing us today, it's hard to accept the status quo. As the chief executive of one of the UK's fastest growing social enterprises said, 'There is more to us than we know and once you have seen it and experienced it you will never settle for anything less.'

However this characteristic makes social enterprises problematic for those agencies and organisations that are expected to provide appropriate advice, support and finance to help them succeed in meeting their objectives. Conventional business – those trading to make money for their owners and investors – broadly get what they need, but social enterprises – those in the business of regenerating a community blighted by poverty, or providing employment for those who would normally be considered unable to work, or delivering a local public service – don't.

This situation needs to change.

The Royal Bank of Scotland and NatWest have been working pragmatically with policy-makers and the sector to encourage a more favourable environment for social enterprises to 'do business'. We have also been working in a number of practical ways to ensure social enterprises have the appropriate tools to develop, grow and improve their performance. This collaboration with Forth Sector is one such initiative.

This planning guide is very much about helping the sector to help itself. But it is also a tool the bank will be able to use to learn more about the sector. It should also go some way to fostering improved communications between the bank and the sector, which will inevitably lead to a better, more attentive service.

Tracy Betts
Head of Social Economy Banking
The Royal Bank of Scotland & NatWest

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Introduction

WHO IS THE GUIDE FOR?

This guide will help your organisation to develop a new social enterprise.

Although the guide is focused on helping **voluntary organisations to develop new social enterprises** it will also be useful for:

- Voluntary organisations that want to transform into social businesses
- Geographic or thematic community groups that want to explore whether social enterprise is an appropriate way to regenerate or create employment for their community
- Groups of people seeking to establish co-operative social enterprises
- Individual social entrepreneurs who are aiming to set up a business for a social purpose

The guide outlines a step-by-step approach to starting up your social enterprise and focuses on the **key issues** surrounding business development. The guide assumes a fundamental knowledge of business planning. It recognises that there is a wealth of existing good material to support business planning. It focuses on the specific issues around social enterprise development.

The guide may also be a good management tool for any community group, voluntary organisation or project based social entrepreneur in terms of business planning where the aim is to generate significant income from trading or commercial activity.

Catalyst Social Entrepreneur/s

Although the guide focuses on how organisations should develop social enterprises we recognise that an individual (or occasionally a small group) drives this development process. These social entrepreneurs are catalysts for change within organisations. They drive forward social enterprise development.

The guide has been developed to support these catalyst social entrepreneurs. If you fall within this category you will find that some of the information in the guide is directed at you as an individual, whereas other aspects outline areas that need to be considered by your whole organisation.

We also recognise that we can offer no more than general information or guidance. In seeking to develop your social enterprise **you** will be bringing to the equation a whole series of personal experiences, skills and attributes. The culture, aspiration, resources, size, capacity and previous experience of your organisation will also influence how you develop your social enterprise.

WHAT IS A SOCIAL ENTERPRISE?

A social enterprise is a business that trades for a social purpose. The social aims of the business are of **equal** importance to its commercial activities and this combination is often referred to as the 'double bottom line'. A social enterprise **focuses** on generating income through the sale of goods and services to a market or through commercial contracts.

Social enterprise is a different way of doing business. It is at the heart of the social economy. The added value of social enterprises comes from the way in which they use profit to maximise social, community or environmental benefits. The social enterprise sector is both vibrant and developing.

If you are unfamiliar with social enterprise, the Resource section within the guide provides details on where to find out more information.

HOW TO USE THIS GUIDE

Developing a social enterprise, like starting any new business, is an exciting and active process. It involves a lot of hard work but equally it should be a rewarding and enjoyable experience.

This guide is designed to help you move through the process of developing your social enterprise. It will help you create a business plan that describes what you intend to do. Our aim for the guide is that it is a **self-help tool** for you and your organisation.

The guide is designed as a reference for you. **It should be referred to as you are developing your social enterprise rather than being read from cover to cover in one go.** It may be that as you move through the process of developing your social enterprise you identify that you need additional support or training. We have signposted (*) this in the Resource Section and Contacts List at the back of the guide.

Having a business plan is important if you are looking for either development/investment finance and/or support to start your social enterprise. Having a business plan is also important to act as a route map and reference to ensure that your social enterprise is growing and developing, as you want it to.

To help you develop a social enterprise the guide will:

- Introduce the step-by-step approach to social enterprise development.
- Urge you to **think about** issues as you are planning.
- Provide you with prompts ➤ for things you need to do.
- Signpost you ✳ to additional sources of help and advice in the Resource Section and Contacts Lists.
- Provide you with some top tips where you see this sign ✓
- Summarise and identify the key questions ? you should ask yourself at the end of each chapter. You can use this as a checklist of things you need to do before moving to the next step.

There is a model **business planning template** at the end of the step-by-step guide. This business planning template is one approach to writing your business plan. As you use the step-by-step guide it might be useful to cross-reference with the template and complete the relevant sections.

Both social enterprise and business planning come with their own jargon and terminology. Where practical we have attempted to explain the jargon throughout the guide. Within the resource and contacts sections of the guide we also signpost (*) you to 'jargon-busting' information offered on websites.

WHO HAS DEVELOPED THE GUIDE?

Forth Sector (Social Enterprise Development Initiative) and the Royal Bank of Scotland have developed and produced the guide. The guide has also been part-funded through the ESF Objective 3 Programme.

Although the focus of the guide is to assist organisations in Scotland to develop social enterprises, it is our hope that the guide will be utilised by social enterprises throughout the UK as a tool for business planning and development.

THE BUSINESS DEVELOPMENT PROCESS FOR SOCIAL ENTERPRISE

Introduction

Forth Sector and Social Firms Scotland started mapping whether there was a business development process for social enterprise in 2001. The 'arrow diagram' below outlines a seven-step approach towards developing your social enterprise. This approach has been tested and refined with over 200 organisations.

As part of the process, Forth Sector also reviewed the business planning guides that existed for mainstream business development. This led to a partnership with the RBS/NatWest Group to develop a guide for social enterprise development based on one of their existing business development templates.

The Social Enterprise Development Process

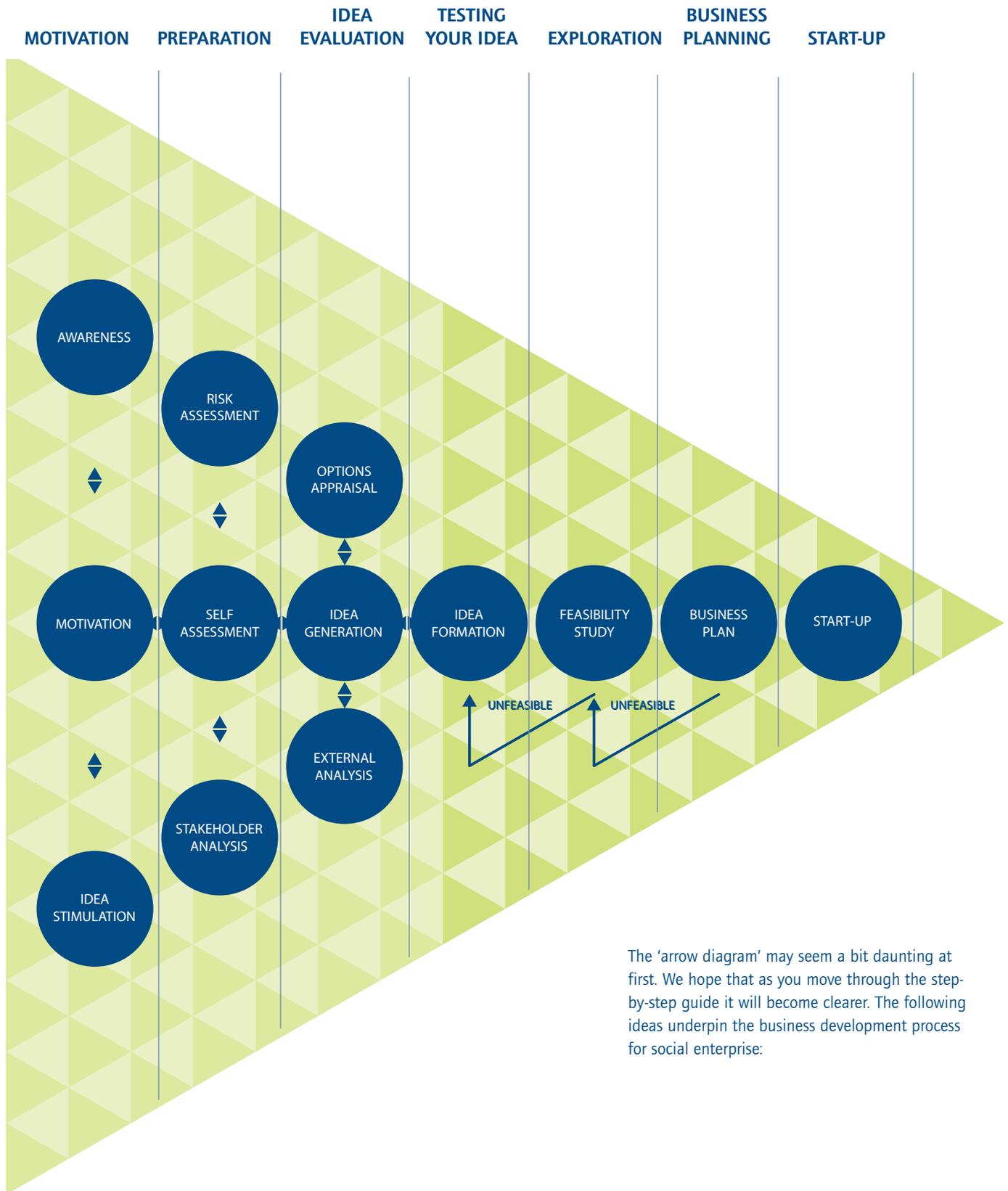
The decision to represent the business development process for social enterprise in an 'arrow diagram' was influenced by the idea of representing moving forward. Developing a social enterprise will require you to drive forward towards your destination.

The 'arrow diagram' on the next page outlines the seven steps that an organisation has to move through to develop a social enterprise. These steps are:

- 1. motivation** ➔
- 2. preparation** ➔
- 3. idea evaluation** ➔
- 4. testing your idea** ➔
- 5. exploration** ➔
- 6. business planning** ➔
- 7. start-up**

Each step has discrete elements but each step is inter-related. We have taken the key headings from the arrow diagram as the format for the guide. Each of these steps will be explored in more detail in the following chapters. The information from one step should therefore influence the questions you ask in another part of the process. All of these steps taken together should inform the decisions you eventually make.

BUSINESS DEVELOPMENT PROCESS FOR SOCIAL ENTERPRISE



The 'arrow diagram' may seem a bit daunting at first. We hope that as you move through the step-by-step guide it will become clearer. The following ideas underpin the business development process for social enterprise:

- **Dynamic process** - Social enterprise development is an **active** process where you will be gathering/analysing information as you move towards your goal of setting up your new social enterprise.
- **Market reality** - You have to focus on the **market**. Although your drive might be to meet a social need, you have to find a market to meet that need. You will be producing goods or providing services that someone will buy from you. Focus on **who** will buy from you and **why** they will buy from you instead of your competitors.
- **Review process** - As you move forward through the seven steps of business development you will come across barriers or problems. This may mean that you will have to **review** what you have done and perhaps take a step back to re-assess how you should proceed. This should **not** be seen as failure but as a necessary step in developing your social enterprise.
- **Business development support** - You may need support to reach your goal. There is a wide range of support available. Where possible try to use people that understand what it means to develop a social enterprise. Remember that, although consultants may be able to help you, it is equally important to build up your own capacity to develop and run your social enterprise. Try to use consultants for specialist activities not core requirements.
 - ✳ The SENScot Exchange is a useful source of advice or organisations, agencies and consultants. You can find details in the Contacts List.
- **Financial support** - You may need development funding at different stages of the process. This will depend on a variety of factors such as your resources, capacity, reserves, idea or experience. There is a range of development funding available from grant support through to loan finance or patient capital.
 - ✳ For more detailed information on investment or development finance for social enterprise refer to '**Unlocking the Potential - a guide to finance for social enterprises**'. You can find the details in the Resource Section.
- **Energy** - Developing a social enterprise is not easy. It takes energy, drive, passion, commitment and resourcefulness to bring about your vision. Although the guide provides a step-by-step process and information to help you move in the right direction you will need the drive and determination to get there.
 - ✓ Remember you are not alone in this. Others have tried and succeeded. They have developed strong social enterprises that provide valuable support to others, deliver public services, regenerate communities, improve health, tackle disadvantage, provide employment, alleviate poverty or foster co-operative working. There is a wealth of experience, support, advice and assistance to help you.



STEP 1 MOTIVATION

Overview

This is the first step on your journey to develop a social enterprise.

Although you may have a business idea, you need to understand your **motivation** for developing a social enterprise before you go any further with it.

This chapter covers the first stage of the 'arrow diagram' introduced earlier. The chapter will help you to think about:

- Why do you want to start a social enterprise?
- Whether you know enough about social enterprise?
- The key differences between social enterprise and private enterprise
- How to take your potential idea forward

MOTIVATION

In the 'arrow diagram' you will see that the first step in developing a social enterprise is terms '**motivation**'. This is because you need to be very clear about why our organisation wants to develop a social enterprise. Ask yourself what is driving you to do it before you set off down this route.

Within the 'arrow diagram' there are two other areas that you need to consider alongside understanding your motivation. These areas are:

- Idea stimulation and how much this is driving your motivation
- Awareness or what you know about social enterprise

Both these areas influence your motivation.

WHAT IS YOUR MOTIVATION?

If you are clear about your motivation then this will act as an anchor or focal point for you and your organisation when/if you run into difficulties at a later stage. You need to think about your motivation on two levels:

- What is motivating your organisation?
- What motivates or drives you as an individual?

WHAT MOTIVATES YOUR ORGANISATION?

There could be a range of factors that have led your organisation to consider social enterprise. There is no right idea, no right motivation and no right starting point for an organisation considering going down this route.

It may be that your organisation has a mission statement that includes the intention to 'create employment for disadvantaged groups' or to 'regenerate a community' and you see social enterprise as a way to achieve this. These can be good starting points. The example below illustrates how one social enterprise approaches this area.

Forth Sector develops and runs social firms and transitional employment initiatives to provide supportive employment or training opportunities for people with mental health problems. Their motivation for doing this is to provide meaning and purpose for people who face employment exclusion and to improve mental health and well-being.

When they are examining the possibility of starting a **new** social firm they focus on the market for the business idea but the decisions on proceeding are traced back to what they describe as their 'anchor' (or set of criteria):

1. Can we create flexible and supportive employment or training opportunities within this business? Then
2. Does the business offer a real working environment in which people with mental health problems want to work? Then
3. Will working in this business promote health and well-being, develop employability or reduce social exclusion?

This set of criteria helps Forth Sector to make decisions that they have to make later in the business development process.

- **Think about** whether there is a set of criteria you have in terms of your motivation for developing a social enterprise.

From this example you can see that organisations can often have more than one driving factor. Within the social economy this is normal as many organisations aim to meet a variety of social needs. Not only does your organisation have to be clear about the factors that are driving it but as we have outlined above if there is more than one driving factor then try to arrange them into a hierarchy of importance. This will be important later in the process if you have to make difficult decisions or alter your plans.

- If your organisation has a 'mission statement' this can be a good starting point for identifying what is driving the development of social enterprise. Whatever you are doing should be traced back to this mission statement.
- You should try to develop a 'mission statement' for your social enterprise. Remember that it will probably have to be reviewed as your social enterprise develops.

Top Tip:

- ✔ If you have other people working on the social enterprise with you then it is useful to involve them in developing the mission statement so that they have some ownership of the process.

DO YOU HAVE THE PASSION?

For an organisation to develop into a social enterprise there will need to be a catalyst social entrepreneur. Successful social enterprises are started by people with a passion for what they do. Is that you?

Although catalyst social entrepreneurs recognise that they cannot realise their dream single-handedly they must have the drive, vision, charisma, determination, resourcefulness and motivation to inspire others to join them. Above all, they are in for the long haul, not a quick fix.

Before you go any further with your idea of starting a social enterprise, you need to be prepared for the impending roller coaster ride and be fully committed to overcoming the inevitable obstacles and challenges that undoubtedly lie along the way. Below is a quick questionnaire to help you think about **your motivation**, attributes and values.

Think about what motivates you. Below are a few questions to help you decide if you have the enterprising qualities required to run a social enterprise.

- Do I want to run a business?
- Do I have specific aims?
- Do I have the full support of my Board and colleagues?
- Am I realistic about my capabilities?
- Am I prepared for the long haul?
- Do I fully understand the risks?
- Can I motivate people and take the lead?
- Have I got the drive and self-belief to take this forward?
- Can I make decisions?
- Am I flexible enough to learn from mistakes?
- Do I listen to advice?
- Am I determined and prepared to keep going when things get tough?

You should also **think about** your values. How do your values influence what you want out of developing and running a social enterprise.

Do not be worried if you have not answered yes to every question. You will hopefully have identified some areas where you are strong and others where you are weak. Part of your personal development process will be to work on the weaknesses and to build a team that has complementary strengths to yours to help you develop the social enterprise.

- * The Scottish Social Enterprise Academy run training courses to help you develop your enterprising qualities and business development skills. Details of other organisations are included in the Resource Section of the guide.
- * You can also find training and business skills development support through your local Chamber of Commerce

We will now look at other factors that can influence **your organisation's motivation**.

DO YOU HAVE A POTENTIAL BUSINESS IDEA?

You may already have a business idea or see a market opportunity. This could be what is driving your organisation to consider social enterprise. Many social entrepreneurs start out with the business idea. Is that you? Or are you viewing social enterprise as a route to sustainability for your organisation? Are you thinking about moving from grant funding to commercial contracts?

As above there is no right starting point for developing a business idea but be cautious at this point about getting fixed to the business idea. Do not get carried away with the idea at this stage. Check if the potential idea fits with your motivation for setting up a social enterprise.

- Is there a fit? If yes, good. You may be ready to start to move forward.
- If not, or if there is any conflict of interest between what you want to do and running a business, then revisit your motivation to check you are clear about what you want to achieve.

✔ At this stage it is more important to be clear about your motivation than to have a good business idea.

A good business idea has to be rooted in market reality. There needs to be customers that will buy your goods or services. While you may be motivated down the route of developing a social enterprise by your potential idea, remember that later in the process you may have to alter it or abandon it completely if there is no market.

● **Think about** how altering or abandoning the business idea would impact on your motivation? We will return to look at the business idea repeatedly as you move through the process.

WHAT DO YOU KNOW ABOUT SOCIAL ENTERPRISE?

Social enterprise is a distinct way of doing business. It blends business acumen with social impact and it is at the heart of the social economy. Social enterprises provide an effective way of delivering public services, regenerating communities, creating employment or reinforcing co-operative principles. Social enterprise is increasingly being recognised as a business model in its own right. The development of social enterprise through commercial contracting in the public procurement market also offers many voluntary organisations a route towards sustainability. However, social enterprise is not the right option for every organisation.

What has drawn your organisation to consider developing a social enterprise? Developing a social enterprise might mean a significant culture change for your organisation. Is your organisation ready for this culture change? When you think about running a business - is your organisation ready for this?

Although social enterprise is a distinct business model it shares many of the characteristics of private sector business. Both approaches aim to earn income from commercial activities. Some private businesses also have ethical or environmental policies but there are some important differences. The following table outlines what is different about a social enterprise and a private business.

What is different?	
Explicit Social Aims	● Social enterprises have twin aims, which are equally important. As well as trading, social enterprises also have a social and/or environmental purpose.
Funding Composition	<ul style="list-style-type: none"> ● The mix of business and social aims leads to a different funding mix. Social enterprises often have a complex composition of sales income commercial contracts, service level agreements, and grant support. ● Social ownership may mean that social enterprises may have difficulty gaining access to traditional forms of development finance such as patient capital, equity or loan finance.
Risk Aversion	● Organisations that are governed by a voluntary board of trustees may be more risk averse in terms of business ventures.
Scale	● Most businesses start from small beginnings and are able to build scale as they develop. A social enterprise usually has to operate on a scale that is large enough to sustain its social commitment from the beginning, which can increase start up costs.
Social Entrepreneurship	● Individuals that develop social enterprises are often driven by the social potential of the venture.
Stakeholders	● There is usually a very broad range of stakeholders involved in social enterprise development, including the public sector, which can lead to political and bureaucratic influence on the development process.
Sweat Equity	● In private businesses the owners often invest 'sweat equity' to grow and build the venture, hoping to reap future rewards, particularly if the business is sold. This same endeavour is required to build a social enterprise but the managers/staff seldom reap the same rewards because the business is unlikely to be sold and the purpose is not financial gain but social impact.

The social enterprise sector is diverse. There are different models and approaches to developing social enterprise - co-operatives, development trusts, employee-owned business, social business and social firms are just a few. As the sector grows and develops, hybrids of these models will emerge.

If you are unclear about whether social enterprise is the right option for your organisation or if feel you do not know enough about what running a social enterprise entails there is a range of information and support available. There is a growing specialist social enterprise intermediary sector that can help you to raise your awareness. There are also conferences, networking events, training courses and publications to assist you.

- * The Resource Section and Contacts List signposts you to the range of information and support available.
- ✓ A study visit to an existing social enterprise is possibly the best way to get an understanding of what running this type of venture entails. Remember that you may have to pay to visit an existing social enterprise as they are a business and there will be an opportunity cost for them hosting the visit for you, as the visit will involve some of their key staff members' time. There is funding from public agencies such as Communities Scotland's Scottish Centre for Regeneration to support study visits.

Once you have found out more about what social enterprise is, you will be in a good position to check whether developing a social enterprise fits with your driving motivation. If it does, you are ready to move forward to the next stage. If not, you need to consider whether to revisit your motivation or think through whether social enterprise is the right option for you.

As you gain more understanding about what social enterprise is and what your organisation will need to do to develop one, you will be in a better position to assess how much the culture of your organisation will have to change. You should also begin to get an understanding of the gaps in your skills, experience and capacity. Do not worry if there are gaps. These are some of the issues that you will be working on as you move through the guide.

- > Remember to document this information. It will help with your business plan at a later stage.

Summary

Thinking about your **motivation** should hopefully have given you some food for thought on your priorities in developing a social enterprise. You may also have an idea of what you will have to do to start your social enterprise.

This is not a panacea and there may be other things that occur to you as you move through the process. This shows that you are really thinking about what you want to do. Let us recap on what this step is all about:

- ? What is your motivation? You need to be really clear about this because it is the key starting point for your whole venture
- ? If there is more than one starting point for your motivation, e.g., employment, regeneration, public service delivery, environmental, etc, have you prioritised?
- ? What does your organisation hope to achieve by starting a social enterprise?
- ? Do you have the drive and determination to succeed?
- ? Is there a potential conflict of objectives between your present mission/core purpose and developing a social enterprise?
- ? Do you know enough about developing a social enterprise to know if this is the right option for you?



STEP 2 PREPARATION

Overview

You are now at Step 2 of the business development process.

This step is all about **preparation**. The focus of this step is on the 'internal' capacity and culture of **your organisation**.

This chapter covers the second stage of the 'arrow diagram' introduced earlier and will help you to:

- Assess your skills and capacity to run a social enterprise
- Think about the possible changes to your organisation
- Assess your attitude to risk and your financial readiness for business development
- Identify and analyse your stakeholders

PREPARATION STAGE

By this stage you should have identified your organisation's motivation for developing this social enterprise. You should have some understanding of what social enterprise is and you may have a potential business idea that you want to explore.

A crucial principle in the business development process is to continually review what you have done or learned. If necessary, you may have to take a step backwards to re-assess how to develop your social enterprise.

The 'preparation' stage has three inter-linked aspects. These are:

- **Self Assessment** or looking at your organisation in terms of skills, capacity and culture
- **Stakeholder Analysis** or looking at the influence and impact of the people or agencies most closely involved with your organisation
- **Risk Assessment** or looking at your attitude to risk, particularly in terms of financial readiness for investment and business development

Remember that these three areas interact with each other in terms of how prepared you are for developing a social enterprise.

SELF ASSESSMENT

Self-assessment involves looking at the current skills, capacity, experience and culture of your organisation. Below are some examples of the types of questions you could start by asking. You will think of others:

Self Assessment

What are the core values of our organisation?

What is the purpose of our organisation?

What are our current activities and how successful are we at delivering on them?

Do we have the range of skills and experience within the organisation needed to run a business?

Do we have a development strategy and how does developing a social enterprise fit in with this?

How does our organisation respond to change?

How do we evaluate existing activity and plan for new developments?

Are the Board and key staff supportive of making the changes necessary to become a social enterprise?

What policies, procedures and systems will we need to develop or modify to support the transition to becoming a social enterprise?

Do not panic if you do not know all the answers at this stage. The important thing is to be aware that this is information you will need for your business plan.

- ✔ It may be worth carrying out a SWOT (strengths, weaknesses, opportunities and threats) Analysis on your organisation to help you get a broader understanding of the answers to these questions. Involve other staff in this process as it will help you to get more information.

Developing a new venture will inevitably mean some changes to your current organisation. Are you in a position to manage change in a positive and proactive way? It might be necessary to use external support or consultants to facilitate the change process. There is more information on using consultants later in the guide.

STAKEHOLDER ANALYSIS

'Stakeholder' is one of those jargon words. It simply means identifying all the people and organisations that have any connection with or influence over your organisation. For instance:

- Staff
- Community
- Funders/finance providers
- Customers
- Service users
- Partners
- Suppliers

A Stakeholder Analysis involves **thinking about** a series of questions such as:

- Who are our stakeholders?
- What is their involvement in the organisation?
- What interest do they have in us developing a social enterprise?
- How will change affect them?
- What influence do they have on our plans?
- Who else should we engage with?
- How does this information affect any decisions we have made?

- ✓ Compare your self-assessment and stakeholder analysis to identify the common elements and differences. This will help you to see how the new venture will affect your stakeholders.

RISK ASSESSMENT

Choosing a business model and a structure will depend, to some extent, on your attitude to risk. There is more detailed help on the analysis of risk for the business idea as you move through the guide. For now, the focus will be on your attitude to financial risk.

Developing a social enterprise will require investment finance. This could come in the form of grant aid, patient capital or loan finance. In some cases it might also be possible to access equity finance. Do not worry if some of these terms are unfamiliar at present. The critical thing is to look at your organisation's attitude to financial risk and financial management.

At this stage it is useful to look at how your organisation is funded and financed at present.

Examples of the types of questions you might need to **think about** are:

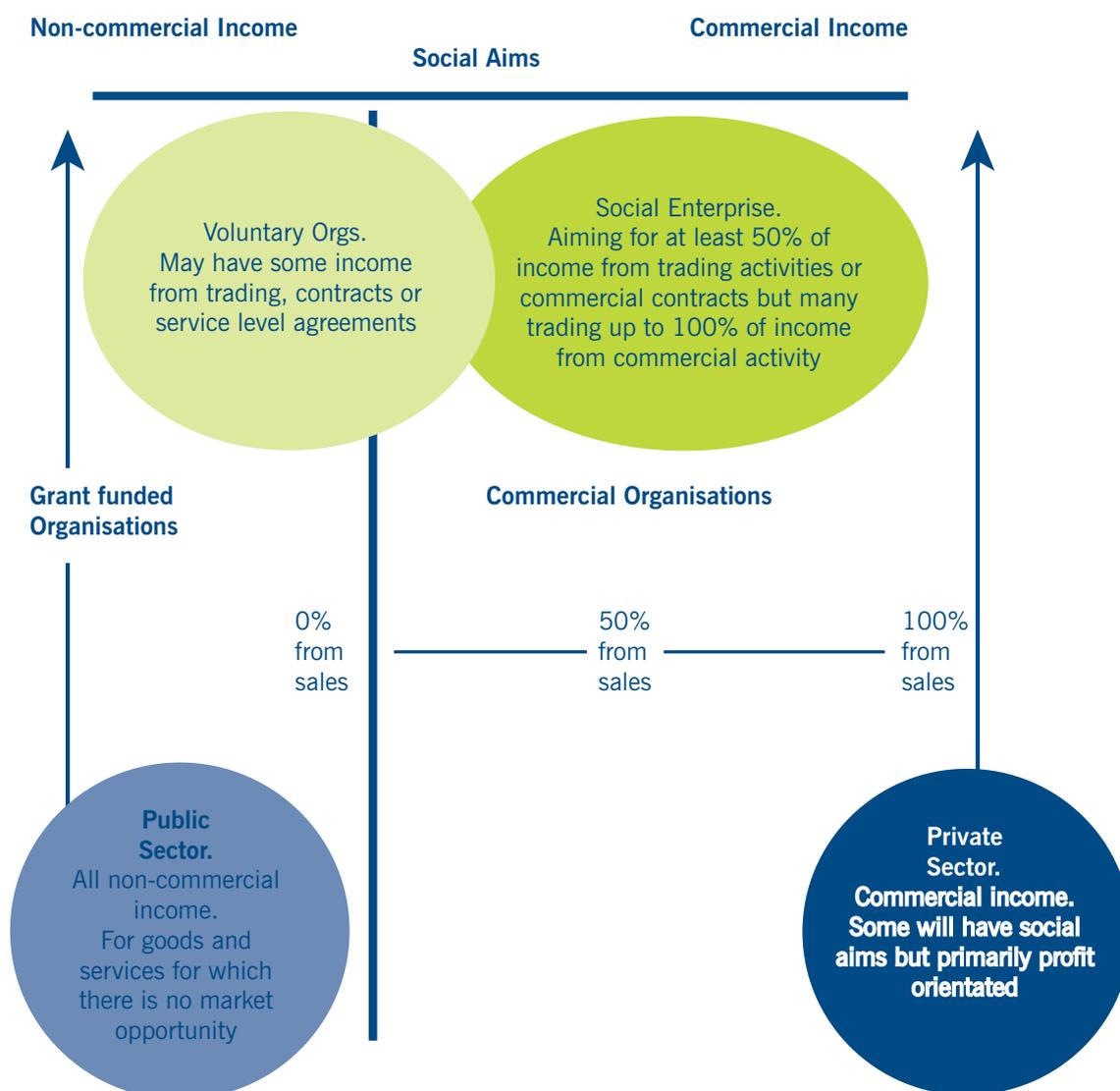
- How are we currently funded?
- What are the strengths/weaknesses of our funding composition?
- What financial management and reporting systems do we have in place? How will they need to change to run a social enterprise?
- How have we developed and funded new projects in the past?
- What investment do we require to start up a new social enterprise? What sources can we identify?
- What is our attitude towards loan finance? What is our experience of loan finance and repaying loans?
- Do we have the power to borrow?
- What do we currently do with surpluses?
- What policies do we have in terms of investing in business development?
- What type of relationship do we have with our bank?
- What are the cashflow implications of developing our business idea?
- How will we get access to any non-commercial income that we might require to run our enterprise?

- ✓ Do not worry if you do not know all the answers at this stage. You will be identifying information that you will need to gather and you will also be assessing how your organisation is financed and your 'readiness' for a different approach to finance.
- * Social Investment Scotland has published a useful guide to loan finance - '**Taking a Loan of Finance**'. This will explain some of the terminology around the issue and support you to think through the issues around investment finance. The guide is referenced in the Resource Section.
- * For additional information on investment or development finance for social enterprise refer to '**Unlocking the Potential - a guide to finance for social enterprises**'. You can find the details in the Resource Section.

THE BALANCE OF AIMS

The diagram below indicates a range of organisations from the non-commercial public sector on the left to the wholly commercial private sector on the right (some of which will also have social or ethical aspirations).

Some social enterprises (co-operatives, employee-owned business and social businesses) aim to generate 100% of their income from commercial activity. Other types of social enterprises (social firms and development trusts) might only be aiming for 50-75% of their income from commercial activity due to the social impact they are aiming for. This might require some non-commercial income. The types of organisations in the middle can vary enormously in terms of levels of grant funding and sales income generation.



If you are developing a social enterprise this may mean you will have to alter your current funding composition. You should be aiming to develop more commercial activity as you move towards the social enterprise becoming viable and sustainable. This may mean getting the balance of commercial and non-commercial income clear. The table below illustrates the key differences between commercial and non-commercial income.

Non-commercial Income	Commercial Income
Grant aid - grant funding from either public sector funders, charitable trusts or other funding bodies such as The Big Lottery	Sales - selling goods or services to individual customers
Service Level Agreements - outcome related grants where the public sector provides a 'fee' for a specified service	Contracts - legally binding contractual arrangements to supply goods and services to other organisations, businesses or public agencies
Donations - charitable giving by individuals or businesses (can be cash or 'in-kind')	Sponsorship - paying the cost of something in return for advertisement or publicity

The public sector procurement market will be discussed more fully later. If your organisation wants to transform its existing income from grants/ service level agreements to commercial contracts with the public sector there is information and support available. The Scottish Executive has committed itself to levelling the playing field for the social economy to enter the public procurement market. It has published a step-by-step guide to tendering to deliver public services.

- * **'Tendering for Public Sector Contracts: A practical guide for social economy organisations in Scotland'** is available from www.socialeconomyscotland.info

There is no right funding composition for a social enterprise. This will depend on what market you are operating in, what stage of development you are at and the social impact that you are aiming to achieve.

You may have identified that your organisation wants to make the transformation from grant funding towards sustainability through commercial activity. The process below describes the typical steps in transition from grant funding to commercial income that many aspiring social enterprises aim for.

- **Stage 1** - You identify that your income may come primarily from grant aid or service level agreements. You decide to increase the commercial activity of the organisation to help you generate a surplus and become more sustainable.
- **Stage 2** - Your organisation begins working towards a position where at least 50% of your income is derived from your commercial activities. For many organisations this may mean moving from a position where you receive grant support for your activities towards one where you are selling your services to the public sector.
- **Stage 3** - You are generating more than 50% of your income from commercial activity. Once you have reached this stage you should be producing a profit. You can then use this profit for either new business development, accruing reserves, furthering your social aims or for the repayment of loans. The balance of your commercial and non-commercial income will be influenced by the market you are in and the social impact you are aiming for.

BUSINESS FAILURE

You are aiming to run a successful social enterprise. This guide has been designed to help you move through the steps towards doing that. But you need to consider what will happen if your business venture fails.

For many voluntary organisations aspiring to develop social enterprises this is one of the largest barriers that exists in terms of development. Your organisation might have a very low risk threshold and for you failure is not an option, hence, anything that might fail is not considered. If your organisation has developed with an orientation towards grant funding then making the transition towards running a business venture will come with a higher level of risk. There are many factors that can cause business failure and they are equally valid in the social enterprise sector. Some of the major issues are listed below:

- Poor cashflow leading to loss of suppliers or inability to pay bills
- Significant changes in the market leading to customers buying from someone else
- Loss of crucial staff with no succession planning in place
- Poor financial management
- Increased competition in your market

As you develop your social enterprise you will aim to reduce these risks but they cannot be avoided altogether. That is why constantly reviewing 'how the business is developing' is crucial. But you also need to be aware of your organisation's attitude towards risk.

At this stage, now that you have gathered useful information, you need to **think about** your organisation's attitude to financial risk:

- Are we clear about the financial risk that running a business might entail and are we ready for that risk?
- What is the view of our Board of Directors or Management Committee towards financial risk?
- What is the view of our key stakeholders towards financial risk?
- Are we clear about the mix of commercial and non-commercial income that we might need to develop the business? Is our organisation comfortable with the level of risk?
- Have we identified potential sources of investment funding such as loans? Have we assessed our attitude to loan finance?
- Have we considered how we might need to change our financial reporting systems to run a social enterprise?

You might identify other questions that your organisation should consider. As stated earlier, do not worry if you do not have all the answers to these questions. Advice and support is available through banks, community development finance initiatives (CDFIs), specialist social enterprise support organisations and through mainstream business advice.

- * The Contacts List identifies a range of agencies that can provide advice and support. Also remember to use your networks and ask around about good sources of advice and support.
- ✓ The success of your social enterprise often depends upon accessing the most appropriate funding or finance package to meet your strategic objectives.
- ✓ It is useful to remember that you should not be aiming to put the entire surplus you generate straight into your social aims without investing in business development or accruing reserves for troughs in commercial income. If you do this you run the risk of making your social enterprise unsustainable
- ✓ One of the secrets of success for financial readiness is to make sure that you have the appropriate financial management systems and capability.

If you are moving towards a position where you are selling your goods or services to the public sector rather than receiving grant support, this will change your relationship with them. You may need to revisit your stakeholder analysis to check the impact of this.

Also, if you have decided that your organisation is ready to take the risk involved in developing a social enterprise then it may mean that you need to think through your management style or the experience of your trustees/directors. This could mean revisiting your self-assessment.

Once you have all the building blocks in place you are ready to move forward to the next stage where you will start to look at the external environment.

Summary

Step 2 is designed to raise your awareness about your own organisation so that you can prepare to develop a social enterprise.

- ? Do you know what are your organisation's strengths and weaknesses?
- ? Do you know whether you will have the capacity to develop a social enterprise?
- ? Do you know who all your stakeholders are or could be in the future?
- ? What culture changes do you need to undergo and are you prepared for them?
- ? What is your current attitude to finance/funding and what are your future needs?



STEP 3

IDEA EVALUATION

Overview

You are now at Step 3 of the business development process.

It comes after the preparation stage. It is easy to begin with a great idea but unless you cover the groundwork in the 'Preparation' step, you will only ever have a vague idea of how to put it into practice.

This chapter covers the third stage of the 'arrow diagram' introduced earlier. The chapter will help you to begin to look externally and:

- Identify how to find good business ideas
- Decide what is the best business model for your organisation
- Produce an 'Options Appraisal' to see which business approach would best suit your own organisation.
- Carry out a PEST (political, environmental, social and technological) Analysis in relation to your own organisation and the external market forces.

IDEA EVALUATION

In the previous stage you looked at the internal capacity and culture of your organisation. This has helped you to prepare for social enterprise development. You will now begin to look at the external environment within which your organisation operates. This step will help you to assess:

- **Idea Generation** or different approaches to developing a business
- **Options Appraisal** or which models of social enterprise might be the best for you
- **PEST Analysis** or which factors might influence the 'market' you are looking at

IDEA GENERATION

Where Do Ideas Come From?

It is a common misconception that business ideas either come in a 'eureka moment' or are pondered over for years. Much more common, however, is a business that adapts or develops an idea in a new or creative way. An example is extending the provision of a product or a service to a group or market that is not well provided for - seeing a gap in the market.

You may already have a business idea and some plans about what you want to do. There are a number of ways of getting into business. We will look at different approaches to idea generation to see which one might be best suited to your organisation or which one will fit best with your idea.

■ Starting from Scratch

The business that needs most careful thought is the one you start from scratch. No matter how thoroughly you research your market, you are never going to be sure how good the idea is until you are actually up and running.

If you are offering a service or product with a difference you will probably grow slowly at first while your market learns about you. By studying the market and knowing what is currently on offer you may find a niche that is not currently being exploited. An entirely new business may be the best way for you to take advantage of a gap in the market.

The Edinburgh Bicycle Co-operative is one of the largest retailers of bicycles in the UK. Five graduates who saw a gap in the market for a bicycle repair service set up the business in 1977. It now has 100 staff including 23 members with a turnover in excess of £4.5m and has won the Scottish Marketing Award and the Chartered Institute of Marketing Award. However, bicycles only account for 40% of sales. Clothing and accessories, which take up less space and offer higher profit margins, contribute 60% of turnover. The Edinburgh Bicycle Co-operative now has shops in Edinburgh, Newcastle and Aberdeen as well as Internet sales and a mail order service.

Advantages of 'Starting from Scratch'

- You have ownership of the idea and autonomy
- You are passionate about what you want to do
- You make the key decisions about future plans and growth
- You have the flexibility to react to a changing market
- A gap in the market can be exploited
- You may be able to attract funding and finance through the innovative nature of your venture

Disadvantages of 'Starting from Scratch'

- You will be unsure if it will work
- Niche may be difficult to find
- Higher risk of failure as problems may not be sorted out
- Often higher start-up costs in terms of marketing a new idea
- Do not have the support of a network of others who have done it
- Difficult to identify critical success factors

■ Replication

You could study a social enterprise or business that is already running successfully somewhere else, build on its knowledge and success, and repeat the idea.

Hotel Pana Cogito, Krakow, Poland was replicated from Six Mary's Place, in Edinburgh. The hotel is the first social firm in Poland. It is run by a voluntary association which formally ran occupational training units. Like Six Mary's Place, it offers training and employment to people recovering from mental health problems. Forth Sector, CEL, Edinburgh Chamber of Commerce and Edinburgh City Council Economic Development Department brokered the replication project jointly and offered business coaching, training and staff shadowing in Edinburgh. The hotel opened in May 2003 and is now planning to expand.

Advantages of a Replication

- Much of the market research has already been done
- Can see it works
- Can learn from others' experience and expertise
- Lower risk of failure as problems have already been sorted out

Disadvantages of Replication

- May be in competition with an established business in your area
- The unique selling point of the business you are replicating might not apply locally
- Might have to pay for the expertise to replicate

■ Public Sector Procurement

Social enterprises are becoming increasingly involved in providing services to public sector agencies as more opportunities arise. This is a growing market opportunity. If your organisation is interested in tendering for public sector procurement contracts you may have to consider how you would manage a transition from being a grant-funded organisation to one that can operate on a commercial basis and win contracts in a competitive market.

Alloa Community Enterprises Ltd (ACE) was set up in 1984 as a furniture project. ACE has grown since then to be one of the foremost recycling organisations in Scotland employing 27 full time staff with a fleet of 12 vehicles. It provides a range of collection services throughout central Scotland in partnership with public and private sector organisations such as Clackmannanshire Council and other neighbouring councils. These include a multi-material kerbside collection, public glass, cans, paper and textiles banks, a furniture re-use project, a repaint scheme, a commercial glass collection as well as commercial cardboard and office paper recycling services.

Advantages of procurement

- Public sector market offers substantial opportunities for suppliers
- Growing trend by the public sector to outsource from social enterprises
- Potential for expansion to other geographical areas, client groups, or to increase the scale of your organisation
- Reliable payment
- Getting paid from selling a service rather than relying on grant support

Disadvantages of procurement

- Usually short term contracts which has implications for recruiting/training staff and buying equipment to fulfil contracts
- Complicated, bureaucratic market to enter which needs research and resources to find appropriate opportunities
- No standardised approach to procurement across public sector
- Stiff competition for tendering
- Penalty clauses and small print
- Potential over-reliance on one customer. What happens if you lose the contract?

- ✓ There is considerable scope for social enterprises to work together and inter-trade. This may give you valuable experience in contracting and allow you to take advantage of the opportunities for outsourcing from the public sector
- ✓ See '**Tendering for Public Sector contracts: A practical guide for social economy organisations in Scotland**' for further details on public procurement. This publication is detailed in the Resource Section.
- ✓ '**Public Procurement: A toolkit for social enterprises**' has been produced by the Department of Trade and Industry (DTI) to support social enterprises to enter the public procurement market. Details are available in the Resource Section.

■ Franchise

When you buy a franchise you are buying the right to use a specific trademark or business concept which has been tested in practice. Thus, you are able to capitalise on the business format, trade name and support systems provided by the franchisor. Franchising can be a very good way of entering into business development as you are able to take advantage of the experience of the franchisor.

The Shetland Soap Company was established in 2002. It manufactures handmade soaps, bath products and creams using high quality ingredients and sells them in a High Street shop in Lerwick. In the first year its turnover rose to £100,000. The success of this model was quickly built upon and the first " Soap Co" franchise was opened in Edinburgh in 2004, facilitated by Social Firms UK and run by Forth Sector. There are now plans to open several other branches of the franchise in towns and cities around the UK employing people with a range of disabilities.

Advantages of a Franchise

- Franchises have a lower failure rate than other start-up businesses, since most of the teething problems have been solved
- You get a complete package including trademarks, easy access to an established product, proven marketing method, equipment, stock, etc.
- You have the buying power of the entire network that can help you against larger competitors
- Many franchisors provide financial and accounting systems, ongoing training and support, research and development, sales and marketing assistance, planning/forecasting and stock management
- Some franchisors help with site selection so your business is located in an area where it can thrive
- You benefit from national or regional advertising and promotional campaigns by the franchisor

- ✓ Although you own the business, its operation is governed by the terms of the franchise agreement. Therefore, you should have your solicitor and/or accountant check the franchise agreement before signing anything.
- ✓ Before you decide on a franchise **talk** to other franchisees. Ask about their experiences. Key questions are: 'Would they do it again?' and 'What would they do differently?' Listen carefully to their answers.

Disadvantage of a Franchise

- The essence of a franchise - buying and operating a proven concept - can make it seem like you are more of a manager than a boss
- It can be expensive to buy and operate a franchise. Upfront costs can be significant and ongoing royalty fees may impact on your cash flow
- Just as a franchisor's reputation can benefit you, the franchisor's problems are also your problems
- Your franchise agreement is a binding contract and can be quite restrictive. This can be problematic if the franchisor does not understand the local market or the social needs that you are aiming to meet
- Purchasing a franchise usually requires legal advice that can be costly

■ Buy an Existing Business

Buying an existing business is a sensible alternative to starting a business from scratch. It may seem like an easy option but buying an existing business needs a methodical approach. The key issues you need to consider are:

- Why are they selling the business?
- How much investment does the business need to develop and grow?
- Can you see both historical trading figures (preferably three years or more) and future projections and a business plan.
- What is included in the purchase price?
- Can you conduct a thorough risk assessment of the investment?
- How long will it take to recover your investment?

You should not jump into buying any business that is offered to you. This needs to be a strategic decision based on an analysis of the current business operation and the market the business is operating in.

Rolls on Wheels, a lunch delivery and outside catering service operating in Edinburgh city, was purchased as a 'going concern' in 1990. Having worked through a range of operational problems, the core business has remained the same, delivering sandwiches and snacks to many businesses in the city with commercial contracts to supply the Lothian Primary Care Trust and several language schools. This represents about 60% of a 7-fold increase in turnover between 1990 and 2003. Rolls on Wheels has developed its corporate buffet menu and now caters for meetings, functions and events for a range of city organisations. The primary aims of Rolls on Wheels are to be recognised as the most reliable delivery service that offers the best value for money as well as being committed to employing people with mental health problems in a real work environment that boosts self-confidence and self-esteem.

Advantages of buying an existing business

- Established track record
- Good will of existing customers and suppliers
- Ready made income and customers
- Take on existing staff, premises, stock and equipment

Disadvantages of buying an existing business

- May need to establish new identity
- May not fit with your social aims/ethos
- Why are they selling it?
- Employment rights of existing staff must be maintained

When buying an existing business it might be useful to carry out a SWOT Analysis of the business. Get feedback from clients, suppliers and competitors. A sample SWOT analysis is produced below.

Areas for research	Strengths	Weaknesses	Opportunities	Threats
Financial data				
Management and key personnel				
Recent investments (or lack of)				
Product development/ improvements (or lack of)				
Innovation (or lack of)				
Use of modern technology (or lack of)				
Hidden liabilities				
Staffing				
Equipment				

- ✓ Only buy when you are sure that the business is right for you. Above all, make sure that you take legal advice before signing to complete the purchase.
- ✓ Buying the business is only the beginning! You still need to work through the rest of this guide to develop a business plan for your 'new' business while you run it on a day-to-day basis.

■ Transforming your existing organisation

Many community or voluntary organisations are now considering transforming themselves into social enterprises. They see advantages in becoming less reliant on grant aid and moving towards generating the majority of their income from sales of goods and services or commercial contracting with the public, private or third sector. Some of the most well-known social enterprises in the UK, such as 'The ECT Group' and 'The FRC Group' have made this transformation. Housing Associations can also provide a good model of development in this area and have acted as catalysts for social enterprise development.

One of the drivers of this process is the increasing expectation within the public sector of a 'business-like' attitude from voluntary or community organisations. Another driver of this process is the potential decline in traditional forms of funding support for the community and voluntary sector. The gradual opening up of the public procurement market to the social economy is another significant factor. If your organisation is interested in transforming itself into a social enterprise there are challenges that lie ahead but there is a wealth of support and expertise to support you.

The Kibble Centre in Paisley is one of Scotland's largest social enterprises, with a strong social mission and best business practice. Kibble was founded in 1859 to work with young people with a range of behavioural problems by a charitable bequest and financed by grants from central and/or local government. Changes in local government in 1996 provided the catalyst for the transformation to social enterprise. Since 1996 Kibble has doubled the number of young people it works with, developed a robust infrastructure to support the organisation, increased local employment opportunities and is now a national resource. Fee income in 2003 represented around 93% of Kibble's £7m turnover. In February 2004 Kibble received the Upstarts **Social Enterprise of the Year Award**.

Advantages of transformation

- You already have the core business in place and will be focusing on how to move this from being based on grant aid to commercial contracting
- 'Development support' is available to help you make this step
- Other organisations have achieved this transformation - so models of development and support are available to you
- The public procurement market is opening up to the social economy
- Through selling goods/services you can start to generate a profit and become more viable or sustainable

- ✓ **'Tendering for Public Sector contracts: A practical guide for social economy organisations in Scotland'** provides useful information on assessing whether public sector business is for you as well as outlining the key issues you may need to think through in terms of the culture change for your organisation.
- * There is a range of specialist social enterprise development organisations that can support you through this transformation process. Details are provided in the Contacts List

Disadvantages of transformation

- Transformation requires a culture change within an organisation. This can be hard work within a well-established organisation
- Key stakeholders might be resistant to the changes required, particularly within your existing public sector grant funders
- You need to be clear what your motivation is for changing. Is it positive or negative forces that are driving you down this route?
- You need to be clear that there is a **'market'** for the goods/services that you now want to sell rather than be grant aided to provide

OPTIONS APPRAISAL

There are a wide range of approaches to social enterprise development. Co-operatives, development trusts, social firms or intermediate labour market companies are just some of the models. An Options Appraisal will help you to choose the right approach to match your motivation.

An 'Options Appraisal' is another one of the jargon terms. The table below illustrates some of the choices you might have to make:

Motivation	Business Structure Options
Your social aims involve helping disabled people to get into the open labour market	Could be a social firm or ILM (intermediate labour market) company.
You want to run a café venture that involves the community in regeneration	Could be a community business, ILM or part of a development trust.
You want to run a venture that is not part of your core purpose	Could be a separate trading arm wholly owned by the charity or a new social business.

An 'Options Appraisal' is not complicated. You may need to gather additional information from specialist social enterprise intermediaries to help you make the choice.

When carrying out an 'Options Appraisal' you need to **think about:**

- What is our motivation?
- What are our values?
- What do we want to achieve by running this social enterprise?
- Do we know what legal structure our social enterprise will have?
- Do we know enough about the different approaches to social enterprise development?
- Is there clearly an approach that fits our mission, vision and values?
- Are there any legal implications of proceeding with this potential approach?
- Does our attitude to risk or requirements for development finance affect our decision or the approach selected?
- You may identify other questions that you need to think about.

Carrying out an 'Options Appraisal' may raise legal issues that your organisation should consider. There is also a new company structure for social enterprises being developed called 'Community Interest Companies'.

- ✓ Before you decide what type of legal structure to adopt it would be advisable to take legal advice from a specialist in the field of social enterprise. Ask around your networks for lawyers that are specialists in this area.
- ✓ **Social Enterprise London (2003) Keeping It Legal: legal forms for social enterprises** is a useful guide to the various issues your organisation should consider in terms of legal structures.

There is a range of specialist social enterprise development organisations within Scotland operating locally or nationally. These organisations are listed in the Contacts List. They can provide information for the 'Options Appraisal' and development support to help you make the right choices.

Using a Specialist Development Organisation

Social enterprise development organisations can provide advice and support to you across a range of issues such as: sources of funding and finance, legal models, networking opportunities, training and skills development, business development advice, organisation development support, etc. They specialise in sector specific advice.

The approach adopted by most social enterprise development organisations is to work alongside your organisation. They act more as facilitators or coaches rather than as consultants.

It may be that there is a specialist social enterprise development organisation that provides services locally. Some local authority economic development departments and Local Enterprise Companies fund specialist organisations to provide this service within a local area. Usually, this is a free service. Alternatively you might need to use a national organisation that supports a specific sector (such as 'recycling'). Occasionally, the local and national organisations work together to provide the support.

There is a wide range of support out there and it can be confusing to identify the right option. It is useful to ask around different networks. Also, it might be worthwhile identifying who is best placed to help you and then approaching them. Some specialist support organisations charge for development support but it is worth considering that if they are the best placed to help you this could be a good investment

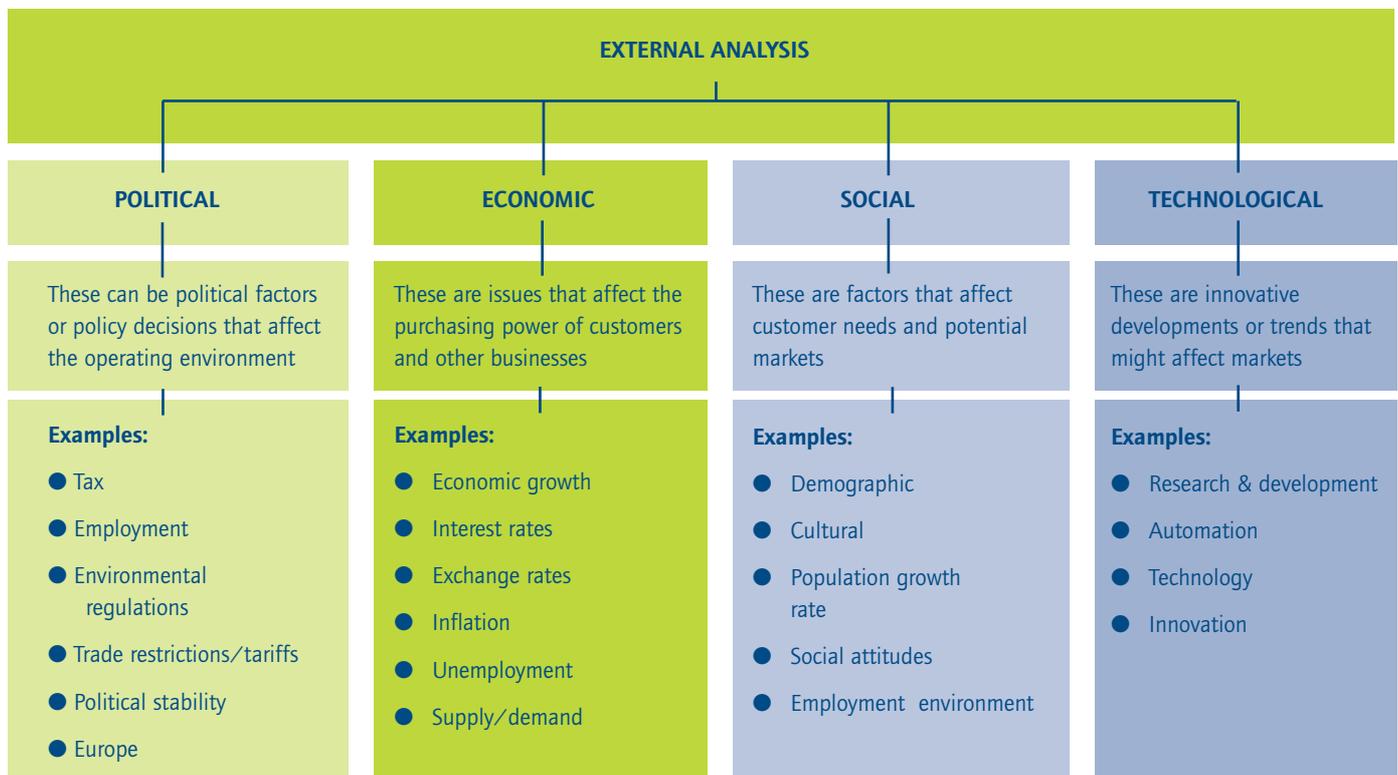
EXTERNAL MARKET FORCES

You should now be in a position to begin to look at the various options in terms of business ideas and business models in relation to the external market.

A PEST Analysis is a tool to help you undertake this exercise. This may sound complicated but it does not have to be. You simply need to assess the trends that affect the market in which you will be operating and how, in turn, that might affect your own organisation. A PEST Analysis is a good way of organising all the external factors into one exercise. The types of issues you need to identify are:

- What particular external factors impact on your organisation/idea?
- How market trends are emerging that will affect your organisation/idea?
- What level of risk does this represent for your organisation?
- With these trends can you identify niche markets you might exploit?

The outline opposite might help you:



This type of exercise is best done with a group of people to get a broader perspective on the trends affecting your organisation. As above, there will be areas that you may not know the answers to. There will be inconsistencies in the way trends are impacting on you. Do not worry about this. The aim is to increase your understanding of the trends, not to sort out all the answers. You are looking for potential trends that will allow you to identify a niche market for your business idea.

- Once you have conducted your PEST Analysis then look at how the information affects your business idea and Options Appraisal. Is there anything you need to do differently or revisit?

Summary

Congratulations if you have completed Step 3 of the process. Do not worry if you have not worked everything out yet. There are many times when you may have to go back and re-think all or part of an idea.

Do not see this as failure. In the words of Thomas Edison, " I have not failed, I have merely found 10,000 ways in which it will not work".

So, what have you learned about your potential social enterprise from Step 3?

- ? What is the best approach for us to develop our business idea?
- ? Has the Options Appraisal helped us to identify the best business model and legal structure for our idea?
- ? What have we learned from the PEST Analysis about the external factors that may impact on our social enterprise



STEP 4

TESTING YOUR IDEA

Overview

You are now at Step 4 of the business development process. This step will serve as a reality check. So far you have been doing a lot of thinking about your idea, shaping and moulding it according to your experience, motivation, capacity and the external environment.

Now it is time to start putting some of that thinking into practice. **Testing Your Idea** is all about doing some initial calculations and some practical work to make sure you have a sound business proposition. After all you may have identified a need but it will only be a **market** if someone is willing to pay you for your product or service.

This chapter covers the fourth stage of the 'arrow diagram' introduced earlier. The chapter will help you to begin to look at your business idea. You need to think about:

- Who are your customers?
- Will they buy your goods or services? If so, why and how much will they be prepared to pay?

You also need to:

- Talk to as many experienced people as you can about your idea. Arrange a study visit to an existing business or social enterprise if you can.
- Do some initial, general market research in the area of the market you will be operating
- Be prepared to *listen* to devil's advocates who might help you to avoid getting caught up in the vision rather than the reality.

TESTING YOUR IDEA

You are at Step 4 of the business development process. This step is about **'testing your idea'**. If necessary, you should refer back to the arrow diagram on page 3 as you read through the information in this chapter.

You will find that the activities that you are carrying out become more focused. You are now at the stage where the focus is on the market for your business idea. The next few steps of the business development process are very similar to mainstream business development.

You may have already started this process with an existing business idea. Or you may be driven by seeing a social need that you hope developing a social enterprise will help you achieve. Or you want to transform your existing organisation to become a social enterprise. As stated previously, there is no right starting point for developing a social enterprise but now is the time to test whether there is a **'market'** for your potential social enterprise.

What this guide aims to help you do at this point is assess whether you should proceed with the idea that you have. As you move forward from this stage you might need to invest significant resources in staff time or development funding to start your social enterprise. There is no point going down that route if there is no market. We hope you will develop the skills to test the market and then move forward with confidence.

- A well thought out business idea must have considered the market for the product or service. It will also identify the critical sales level and break-even point for the survival of the business.
- A well thought out social enterprise must match these crucial criteria as well as meeting the social purpose that it is striving to achieve.

In order to achieve this your organisation has to plan. There is a business-planning template at the end of the guide to assist you with this. At this stage you should consider 'testing your idea'. You may have heard of this process referred to as 'back of envelope calculations'. It does not need to be an elaborate process. Often a 'quick and dirty' piece of scoping the potential market will help you decide whether to move forward and invest time, energy and resources into this idea.

You will have to **think about:**

The Market – Once you have decided on your business idea look at the potential customers for your goods or services. How will you reach them? How much are they willing to pay for your goods or services? How much will it cost to market to them?

- You will need to prove that a potential market exists for your business idea. Start with an estimate of the likely demand for your product or service. Do some quick, practical market research by looking around the area to see what other types of businesses there are. **Observe** current buying patterns for the product or service.

Sales / Turnover – Some initial calculations at this point will give you an idea of the sales turnover you will need to achieve to break even. List the projected income and then all the potential overheads. This is only a quick snapshot of the idea, so you can work on estimates at this stage before moving on to do some more in-depth market research. You will soon see if the figures add up or if there are glaring problems.

Business Idea – Talk to people about your business idea. Listen to what they say. A 'devil's advocate' might not tell you what you want to hear but they will make you confront the more uncomfortable questions that you may have been sweeping under the carpet.

Competitors – Who is the competition? Competition is a double-edged sword. It means that there is already a demand for your product or service but it also means you have to try harder and be better.

- Direct competitors are those who sell the same product or service as you.
- Indirect competition comes from all the other ways in which customers might choose to spend their money.
- Where you advertise and sell will depend upon the price of your product and your market position.

Operations – What resources do you require to run the business? You need to consider areas such as staffing, skills, training the workforce, marketing costs, equipment, etc.

Finance – How will you access development finance? How much do you need? How much will it cost to borrow? It might be useful to talk to a bank at this stage to see if they will provide loan finance for your new venture.

Funding Composition – Do you require non-commercial income to make the social enterprise sustainable? If so, where will you get the non-commercial funding?

By carrying out this type of exercise you should be able to see if the figures stack up and also get a better understanding of the gaps in your knowledge of the market. Do not be discouraged if you do not know all the answers. At this point you are looking to see if there is a general sense that the business will be profitable.

- If the figures do not stack up, i.e. you cannot see how you will make the sales to cover the costs or you cannot identify how customers will buy from you, then do not proceed. You may have to go backwards to re-assess how to move forward.
- If things look positive then you will hopefully have identified a series of questions that you will need to answer when carrying out a more detailed Feasibility Study.

RESEARCH

By carrying out the above exercise you might have identified that you need to carry out some basic market research to be able to think through the issues more fully. Market research can be broadly split into two categories, either primary or secondary.

Your resources will probably be limited. This is the case with most small business start-ups. Therefore your initial research needs to be low cost and quick. Go for depth rather than coverage but remember that this is only the start of the market research process. This will be ongoing even after you have started the social enterprise.

Primary Research

- Asking competitors or small groups of potential customers
- Watching what the competition is doing or what potential customers do
- Testing the product. This probably leads to the best data

Secondary Research

- Information from trade journals
- Information from government reports
- Information from competitors' promotional literature and price lists
- Publications and other media aimed at your target market. The internet can be a useful source
- Information from 'surveys' or questionnaires

Listening to others can be useful. It is very common for people developing businesses to get caught up in the idea. A 'devil's advocate' can raise awkward questions but this can be useful in highlighting potential problems with your idea.

Another possibility at this stage would be to consider a study visit to an existing social enterprise.

Study Visits

It can be very useful to visit a similar business or social enterprise. The advantage of a study visit is that you can see how the social enterprise works and hopefully learn from someone else's experience. When arranging study visits remember to prepare in advance. Some of the information may be commercially confidential and there may be a fee.

- * Ask around your networks for good examples of organisations to visit.

REALITY CHECK

You are probably finding that as you move through the process more questions are emerging. This is exactly what should be happening. It means you know what further information is needed before proceeding, rather than remaining in blissful ignorance or, side stepping the awkward questions and ploughing on regardless.

- ✓ Good market research at this stage will save your organisation a lot of time and money in the long run.
- ✓ You may now see how elements covered in each step of the planning process fit together.

Summary

Step 4 is a step closer to starting your social enterprise.

Hopefully **testing your idea** has meant that you have gained a lot of practical knowledge and you may be able to see your enterprise taking shape and emerging from an idea to reality. By this stage you should have:

- ? Identified your potential market
- ? Recognised who your customers will be
- ? Got a good idea what turnover your social enterprise needs to break even
- ? Carried out some practical market research

Remember to listen to 'devil's advocates'. They may say things that you do not want to hear but they can be useful in identifying potential problems and stopping you getting caught up in the idea.

Also you should consider a study visit to a social enterprise. This can be very useful in getting a clear idea of running a business.



STEP 5

EXPLORATION

Overview

You are now at Step 5 of the business development process. This step is **'exploration'**. You have identified a potential market and you are now focusing on exploring the scale of the market and whether it can help you to meet your social purpose.

This chapter covers the fifth stage of the 'arrow diagram' introduced earlier. Step 5 will guide you through how to do a 'Feasibility Study'. This will involve:

- Doing some in-depth market research including looking at your product/service, customer profile, competition, pricing policy, location and marketing strategy
- Identifying the resources you need to proceed with the business idea
- Identifying what, if any, barriers there are to proceeding with the idea
- Identifying if this business idea will help you meet your social aims

The chapter will also consider the role of consultants in helping you to develop a business idea.

EXPLORATION

You are at Step 5 of the business development process. This step is about **'exploration'**. If necessary you should refer back to the arrow diagram on page 3 as you read through the information in this chapter.

You will find that the pace of the activities you are carrying out increases and that you are getting closer to setting up your social enterprise. But just because the activity is more focused, do not speed through it. It is crucial that you complete the next steps of 'Feasibility Study' and 'Business Planning' as fully as possible. This will save you time and money in the long run.

Conducting a Feasibility Study means carrying out further market research to build a more comprehensive picture of the viability of your business idea. You are also trying to assess whether you can run this business, in this market, to meet your social purposes.

FEASIBILITY STUDY

At this stage you are mainly carrying out further market research to build a more comprehensive picture of your business idea. Remember to focus on the **market** for the business idea and not the social need.

IN-DEPTH MARKET RESEARCH

You should be aiming to find out as much information as you can about the goods or services that you want to sell. You will need to focus on finding out why and how your potential customers will buy from you.

Do not rely on 'secondary research' such as surveys or desk-based research into reports. These can provide background information but you will have to get out and about in your potential market place. You might need to be creative about the approach you should take, depending on what your business is. The important thing is to talk or interact with customers and look at their behaviour. Focus on why people buy products or services. Examples of the types of questions to ask are:

- What will we have to do to sell to these customers?
- Why will customers buy from us?
- How many potential customers are there for our goods or services? How will we reach them?
- At what price should we sell the goods or services for?

You will be trying to identify the critical success factors in running this business, and then trying to see if you have them.

COMPETITORS

When you set up your business you need to look at who your competitors are. If there is no competition then this is not necessarily a good thing. You may feel you have an original business concept. However, a lack of competitors often indicates the absence of a market rather than an untapped one.

You may need to test the market. When testing the market potential then endeavour to do so in a way that is low cost but has efficient resources to stand a chance of success. Also, ensure that you charge realistically to get evidence of what the market will pay.

You need to consider questions such as:

- Why are people buying goods and services from our potential competitors?
- What are our competitors' strengths and weaknesses?

Compare the products/services you intend to offer with those of your competitors to see what the similarities and differences are. This will show you where you might fit into the market:

Our Social Enterprise	Competitors
● Who might buy our products/services?	● How are they different from us?
● Who are our competitors?	● Who are their competitors?
● What is our market potential?	● Where in the market are the competitors and where do we fit in?
● What are our customers' needs and how can we meet them?	● How are our competitors meeting their customer needs?
● Are there any restrictions to us distributing to our customers?	● How have competitors overcome these restrictions?
● What are the future prospects for our business?	● How have our competitors evolved or expanded?

THE 'SO-WHAT?' QUESTION

So what is different about your business that would make customers buy from you and not your competitor? The **'so what?'** question refers to the Unique Selling Point (USP) of a product or service which makes it different from the competition. Identifying your USP will encourage people to buy from you. Identifying the USP of your competitors will help you to get a greater understanding of the market.

Do not confuse your unique selling point (USP) with your social aims. It may or may not be appropriate to use your social aims as part of your marketing strategy. First and foremost your customers will be buying your product or service, not your social aims. Some successful social enterprise businesses do not mention their social aims at the point of sale at all.

- ✔ If your unique selling point confines your business to a small 'niche' market, you need to make sure that you have enough sales to survive in that market. There is a danger of specialising too much.

THE 'WHY NOT?' QUESTION

You need to be realistic about potential barriers to the success of your business idea. If you have any niggling doubts at the back of your mind, now is the time to address them.

What are the barriers? Do they seem insurmountable? If they are, you need to decide whether or not to proceed. If not, you will still need to decide how to proceed. If necessary, go back a couple of steps and think again.

LOCATION, LOCATION, LOCATION

For many businesses location is a crucial factor of business success. Think about your business idea and the location that you will need. You may need to weigh up the pros and cons of the location and premises you intend to use for your business. Below is an example of some of the advantages and disadvantages of certain locations:

Location	Advantage	Disadvantage
Industrial Estate Unit	<ul style="list-style-type: none"> ● Lower Overheads ● Parking ● Easier access 	<ul style="list-style-type: none"> ● May be isolated from your market ● Unsuitable for business purpose ● Legal/planning restrictions ● Not suitable for staff
Town Centre Office	<ul style="list-style-type: none"> ● Visible to customers ● More professional image ● Better facilities for staff 	<ul style="list-style-type: none"> ● Higher business rates, rent and overheads ● Commuting ● Parking

PRICING THE PRODUCT OR SERVICE

As part of the Feasibility Study you will need to work out the price that you can charge for the goods or services that you are selling. This information will help you to work out the break-even point for the business.

Use your market research and competitors' prices as a guide to indicate the price/s you could charge for your goods or services. Your pricing policy will depend largely on your market and costs. Once you know what all your costs are you will be able to work out how many 'units' you need to sell to break even. You will then need to assess whether it is likely you can achieve this level of unit sales.

Often you will be left with the key question - 'How Much Can We Charge?' Below is a simplified example of how to work out a break-even price. This example is based on a sandwich shop, so the 'unit' is a sandwich.

Firstly you will need to calculate all your 'fixed costs'. These are things you have to pay whether you sell anything or not.

Business overheads - fixed costs - per year	£
Rent and rates	7,500
Heating and lighting	800
Salaries and wages	66,000
Advertising	4,500
Stationery	600
Interest on bank loan for equipment	1,800
Other expenses such as legal and accounting fees	1,000
Total	82,200

In this example the fixed costs are £82,200 per year.

Market research has indicated that potential customers will pay £1.50 for a sandwich.

The next stage of the process is to deduct the unit 'cost of sales' (in this case, the food for the sandwiches) from the unit price. This gives a unit 'gross profit' figure. You then need to know how many sandwiches you need to sell to cover the 'fixed costs' and break even. To do this you have to divide the total overheads figure by the unit gross profit figure. Once you have this figure you can factor in things like how many days a year you operate so that you can calculate how many units you have to sell per day to break even.

To work out your break even price		
Unit sale price is £1.50 minus	Cost of sales per unit of 50p	= Unit gross profit of £1.00
Total overheads of £82,200 divided by unit GP of £1.00	$\frac{£ 82,200}{£ 1.00} =$	= Unit sales required to break even is 82,200
Unit sales of 82,000 divided by	Sales days per year of 250	= Unit sales per day to break even is 329

This means that the break-even point of the business is 82,200 sales. To reach this break even point the shop needs to be selling 329 sandwiches per day.

From here you can start to work out if you can realistically sell that many sandwiches in a day. Perhaps you think you can but what if you have identified that the main market is lunchtime. Can you realistically reach that many customers in a lunchtime period? Once you start to analyse the information in depth you will be identifying whether the business idea is feasible.

MAKING SENSE OF THE MARKET

You will also have to try to understand who your customers are. The jargon around 'making sense of the market' can sound quite alarming. The main areas you need to consider are:

- **Demographics** - This is information about your potential customers and includes areas such as age, gender, location, profession, income bracket, etc
- **Psychographics** - This is information about attitudes and lifestyles

* Business advisers from specialist social enterprise support organisations or the Business Gateway will be able to help you to find sources of information on market information. These organisations are signposted in the Contacts List of the guide.

PROMOTING YOUR PRODUCT OR SERVICE

After identifying the potential customers for your goods or services you will need to think about how you are going to 'market' them. Your customers will need to know:

- Who you are
- What you are selling
- Where you are
- Why they should buy from you rather than anyone else

The type of advertising and promotion you employ will depend upon the kind of business you are running. Think about how much the marketing will cost and who will do it. Marketing takes time and resources. Marketing needs to be an ongoing effort. Do you have the expertise within your organisation? If not you will have to build it into your costs. Does this alter the break-even point of your business?

As you gather information you will be building up a picture of how feasible the business idea is. You may need to revisit some of the areas above.

SOCIAL AIMS

Once you have focused on the market and identified that the business may be feasible you will need to think about whether this meets your social aims. Think back to your motivation. Can you still achieve what you wanted to do through the business idea and the market that you have identified? You may need to think about the social impact that you want to have. Does the social enterprise allow you to achieve that impact?

- ✓ Linking all of these areas together can seem complicated but it is crucial that you engage in this exercise. Skipping over it may mean that you end up starting a business that is unviable.
- * The Social Enterprise Partnership has developed a range of tools to support organisations to assess the quality and impact of their venture. Details are provided in the Contacts List at the end of the guide.

We have touched on the key issues for a Feasibility Study but there are many more that have to be considered. The diagram below may help you to identify a range of issues you may need to **think about**. This may look daunting but try to think about how each area will be affected by the market you are in. Carry out a simple SWOT analysis. Assess your strengths, weaknesses, opportunities and threats in each of the subject areas below. Each business idea is different but there is a wide range of issues to consider.



- ✓ Remember to use your current staff as they may have expertise to help you with this process.
- ✓ If possible, test the market before committing yourself further. Set up a pilot scheme if possible. You will gain valuable feedback from talking to the type of customers you attract and some crucial hard evidence for your feasibility study.

BRIEFING A CONSULTANT

Consultants are not mind readers. Unless they know **exactly** what it is you want them to do they may well spend an inordinate amount of time working on something that is a) brilliant, but absolutely no use to you whatsoever, b) nothing like the work you thought they were going to do, or c) not worth the paper it is written on. This is not because consultants are useless. It is because they lacked clarity about what was expected. If you are going to use a consultant to complete a piece of work for you, you need to give them a 'brief' that precisely describes the work you want them to do and what you intend to use the resulting report for. Here are some tips to help you focus:

- Do you understand what it is you are asking the consultant to do, or are you employing a consultant because you do not understand what it is you need to do?
- Are you employing a consultant because you do not have time to do the work yourself? If you do not have the time or resources to do this work, how are you going to run a new social enterprise?
- **Ask around** and use a consultant that has a proven track record and specific expertise in their field such as a specialist social enterprise consultant rather than a general business advisor.
- A good consultant **will** take time to get to know your organisation and will be objective and honest with you. They may not tell you what you want to hear.
- If you put work out to tender, focus on the **experience** the consultant has in this area not on how they will approach the work. It is unlikely that you would ask a mechanic how they were going to fix your car. You would go to someone who you knew had experience of fixing cars. Hiring consultants is no different.
- **You should be clear** about what you are asking them to do (and not do). Whether it is a specific piece of research or some specialist advice, be clear at the outset what you want them to do.
- Write down your brief so that both parties are clear what the work entails. You can also get a more accurate estimate of costs if you have included everything in the brief.
 - ✔ Only use consultants to do specialist things with a strict brief. That way you will retain ownership of your idea.
 - ✔ Focus on building up your own capacity to run the business. Using consultants may help you to move through this stage quickly but in the long run is that the best option?
 - ✔ If you are using consultants get them to work with you or your staff so that you can build your understanding of how they approach social enterprise development. This will help to build the capacity of your organisation for the next time.

HOW FEASIBLE IS THE IDEA?

You need to draw all this information together.

By now you will have done most of the hard work and built up a considerable amount of information. The feasibility study should cover every aspect of the development work you have done so far. Once complete it will give a good insight into the internal readiness of your organisation and the external factors that will impact upon your social enterprise. This is the last step before moving on to your business plan.

If the feasibility study shows that there are still gaps or barriers to proceeding with your idea, you will still have an opportunity to go back and cover the outstanding issues. You may have to draft up the 'feasibility study' for an agency that has provided development funding. Below is a list of the key areas that should be reviewed.

- This list is a guide to ensure that you have covered all the relevant issues so far. There may be other areas you need to cover that are particular to your own business.

The Market

What is our business idea?
What market research have we done?
Who will our customers be?
Who do they buy from now and why?
Why should they swap their custom to us?
What is our route to market? (retail, etc)
What is our Marketing Strategy?

The organisation and the idea

What is our social purpose?
What is our motivation to start a social enterprise?
What do we want to achieve?
How will we measure the social impact we want to achieve?
Do we have the drive and determination?
Does it suit the skills, experience or ambitions of the organisation?
Are any other social enterprises doing this? If so what do they get out of it?
Are the key stakeholders (staff/board/beneficiaries) on board?
Do we have the capacity to deliver?

Costs

- Have we considered and added up all the costs?
- Have we got accurate cost information?
- Do we know the 'cost of sales'?

Profit

- When will the venture make a profit?
- When will it break even?
- Does it have targets?
- What will the margins be?
- Will that be enough to make a profit?
- What will we do with the profit?
- Is there a margin for contingency in the plan?

Capital and cash

- How much investment finance is needed?
- Have we considered the cashflow implications?
- Has enough background research been done to access funding/finance?

Premises and equipment

- Do we need premises to get started?
- Is the location right?
- What equipment or tools (including transport) will we need?

Staff

- Will we have to recruit staff?
- Can we find people with the right skills?
- What further training requirements are there?
- Do we have a health and safety policy?

Banking needs

- What financial support do we need? How much?
- Where will we get it?
- Have we explored all funding possibilities?
- Will the bank approve of the plans?

Legislation

- Has a legal structure been formed for the social enterprise?
- Have we taken all necessary legal advice?
- Do we need to register for VAT?
- Do we need planning permission?
- Has the Inland Revenue been informed about the business?
- Have we made arrangements to pay National Insurance?
- Are the right insurances in place? Do we have employers' liability insurance?
- Have we notified the Information Commissioner under the Data Protection Act 1998?

Critical Success Factors

- What are our critical success factors?
- Do we have alternative plans if we miss our targets?

Suppliers

- Who are our main suppliers?
- Are there other suppliers we could use?
- Have we set up accounts with our suppliers?
- Are we getting the best terms?

Business Systems

- Do we have a bookkeeping system in place?
- Are all security precautions in place and are they enough?
- Have we opened a business bank account?
- Is cash control tight enough?
- Do we have a system for credit control?
- How will we monitor business performance?

Another Top Tip:

- ✔ Although you may think this is a long, complicated process that you could get a consultant to do, it will be time well spent by you and your colleagues.

Summary

Step 5 is a step closer to starting your social enterprise. You will have gathered a vast amount of information by this point. You should be excited as the business idea is beginning to take shape. But you may also be apprehensive, as you will be working out how much you have to do to make this work. Do not worry, this is normal.

By this stage you should have:

- ❓ Carried out comprehensive market research. You should have an understanding of your market, the customers, your competitors and your marketing strategy. How are you going to sell your goods or services to the customers?
- ❓ Understood a whole lot more about your own organisation, its people, skills, external impact, financial readiness, facility for change and its capacity to deliver. How prepared are you?
- ❓ Developed an important piece of evidence – your Feasibility Study – to support your Business Planning. You should be ready to write your business plan now.



STEP 6

BUSINESS PLANNING

Overview

You are now at Step 6 of the business development process. This step is **'business planning'**. You have carried out a Feasibility Study and identified the market for your business. You are clear that this market can help you to meet the social purpose that is motivating you.

This chapter covers the sixth stage of the 'arrow diagram' introduced earlier. Step 6 will guide you through how to write a business plan.

Writing a good business plan is not that difficult, providing you have done all the preparatory work beforehand. By breaking down the stages into manageable steps, it helps to sort out what you need to include. If you have worked through the stages you will be almost ready to write the plan, so it should just be a matter of refining and writing up all the information you have gathered.

There are numerous ways of writing a business plan. The template we offer here is only one way of doing it. Use the model that best suits your own organisation. Most banks will have a template so have a look at a few before you make your decision.

This is what you should do for your business plan:

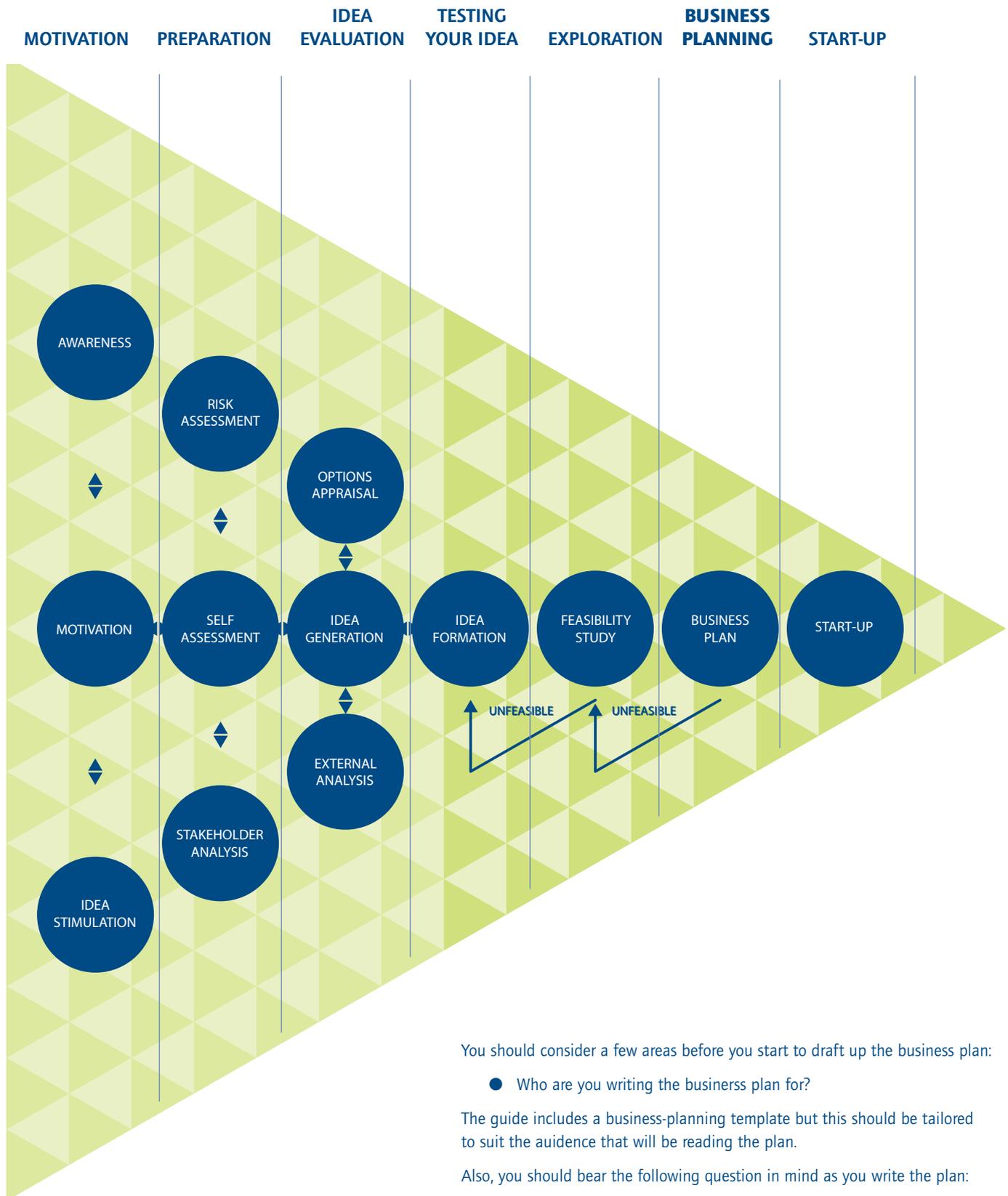
- Complete Steps 1 to 5 before you start writing your business plan.
- Write your plan for your target audience, for example, the stakeholders or funding/finance bodies.
- Remember to be clear and concise. Waffle wastes time.
- Build in your critical success factors.
- It is important to show that you have a 'Plan B' and expect to be challenged on your assumptions.

This is what your business plan should do for you:

- Give you a route map – not a destination. It should and will change.
- Give you credibility and confidence when you approach other organisations.

BUSINESS PLANNING

You are at Step 6 of the business development process. This step is about **'business planning'**. As you have worked through various stages of the 'arrow diagram' below you will have gathered information to complete your business plan.



You should consider a few areas before you start to draft up the business plan:

- Who are you writing the business plan for?

The guide includes a business-planning template but this should be tailored to suit the audience that will be reading the plan.

Also, you should bear the following question in mind as you write the plan:

- ***Would you fund or support your social enterprise based on the information you have provided?***

THE BUSINESS PLAN

You need to have a plan. Trying to run your social enterprise without planning is a recipe for disaster. Outlined below are some of the key factors to review as you are writing up the business plan.

CRITICAL SUCCESS FACTORS

By now you will have considerable insight into the market, your own organisation and its capacity, and the external factors affecting the proposed social enterprise. What are the critical success factors for the venture?

For example one of the critical success factors for the guesthouse market in Edinburgh is 'location'. Six Mary's Place Guesthouse, which is a social firm, is in the Stockbridge area of Edinburgh, close to the city centre. This allows it to meet one of the critical success factors for the market.

Can you think of three or four critical success factors for your market? Does your business idea have them?

MARKETING

Marketing is everything a business has to do to find, to win and to keep customers satisfied.....profitably. There are a number of areas to consider:

- **Price** - Should reflect the value placed on the product or service by the customer.
- **Product** - Can mean a service as well as a physical product. It encompasses tangible and intangible characteristics. It also includes people and the values associated with the brand.
- **Place** - The product or service, where the customer wants it, when they want it.
- **Promotion** - The 'mix' can include advertising, direct mail, PR, cold calling, trade fairs, networking events, 'word of mouth', etc.
- **People** - Do you have particular skills or experience to offer?
- **Process** - Do you have quality standards to promote, such as Investors in People, Equal Opportunities or Environmental Standards?
- **Purpose** - Does your social purpose provide you with a unique place in the market? If you want to market your social enterprise on its 'social purpose' can you prove the impact that you make?

* There are a series of quality and impact tools developed for the social enterprise sector. Details on the range of tools can be found on the website www.sepgb.co.uk.

PROMOTIONAL MIX

Your marketing strategy will involve thinking about how you will promote and advertise:

- The most appropriate promotional 'mix' will be dictated by the nature of the business and the target market(s). For example, if you are operating a retail business you may have to budget for regular advertising to attract prospective customers
- 'Above the line' advertising (where you pay for space in printed or broadcast media) can be expensive so it is important to be as realistic as possible regarding the projected costs of promotion and the resources required.
- Take note of how other businesses promote themselves and consider the most cost effective means of reaching your target market(s).
- If you are developing a website be clear about what you want your website to do for you. Do you want people to buy direct from the website or is it an opportunity for people to find out about you and develop a trading relationship from there?

Above all, human resources are the key issue. You will need someone in your team with a marketing background who will be dedicated to full time marketing support. Marketing does not just take place when the business is launched. It must be proactive and at the heart of a successful business.

- * Social enterprise support organisations and the Business Gateway can help you with information on developing a marketing strategy for your social enterprise. Details are contained within the Contacts List.
- ✓ Word of mouth is the best form of advertising. Money cannot buy you good word of mouth, good service does. Remember that research shows that on average a satisfied customer tells 3 people - a dissatisfied customer tells 11 people!
- ✓ Build up a profile of the type of customer who might buy your products and services. Focus on their existing buying habits, not what they say they will do.
- ✓ Make adjustments to your idea based on what you have learned from experience.

FINANCIAL PLANNING

Financial Planning is a crucial part of the process. The more you know about the rest of your venture the more accurate you can be in your financial forecasting. It will show you whether you need more finance. If you do it will be easier for your bank or funding body to help you if you produce a Business Plan that shows that you have done your homework and covers all the relevant information in a logical way.

It may well be helpful to have a second opinion on your financial predictions from a bank or business adviser. A 'devil's advocate' may challenge your assumptions but this will help you to think through different scenarios *before* you make approaches for investment finance.

OPERATING BUDGETS AND CASHFLOW FORECAST

The most successful businesses are usually those who have planned ahead. They have enough cash at the time they need it because they budget wisely.

This is one of the most important areas of the business planning process. If you do not understand how to develop operating budgets or cashflow forecasts you may need some training in this area. Your local chamber of commerce might be a useful source of training support in this area.

- ✓ Poor cash flow management is one of the most common reasons for business failure. Efficient cash flow management will enable you to plan for times when you may need extra cash available for increased or unexpected expenses. It will also help you to plan purchases of capital items and make the best use of your resources and reduce costs.
- ✓ All forecasts are estimates. You should try to be as realistic as possible and build in some contingencies for unforeseen costs or emergencies. Show this either as a separate item or build it into the overall figures, but above all, show that you have thought about the 'worst case scenario'.
- ✓ Budgeting is a planning tool that will help you to compare actual performance with the expectations you laid out in your cash flow forecast.

SCENARIO PLANNING

We have mentioned 'scenario planning' at several points. Anyone that you approach for investment finance will want to see that you have considered the risks of setting up the business. They will also want to see that you have considered different scenarios that might arise in terms of the business sales and operations.

At this point, **think about** scenario planning. What if your business really takes off and you do not have enough resources, staff, etc., to cope with demand? Equally, what if it does not take off immediately and you have to support all your costs while the business takes time to build? What is your "plan B" to cover such eventualities?

Detail the potential scenarios in your business plan.

- ✓ A key element of 'scenario planning' is succession planning. Have you considered what will happen if key staff leave their posts? How will the business cope?

INVESTMENT FINANCE

To start-up your business you will usually need investment finance. As you have worked through the business development process you should have looked at your attitude to risk. This was to prepare you for some of the decisions that you will have to make concerning investment finance for business development.

There are a wide variety of factors that impact on the type of investment finance that you might need, such as: market, social aims, experience of running social enterprise, reserves, internal resources, capacity, business idea, etc.

There is a complex array of investment finance available from grant support to patient capital through to loan finance. Accessing the right type of investment finance for your social enterprise might be difficult.

- * For more detailed information on investment for social enterprise refer to '**Unlocking the Potential - a guide to finance for social enterprises**'. You can find the details in the Resource Section.
- * Social Investment Scotland, Banks, Community Development Finance Initiatives (CDFIs) or specialist social enterprise development organisations will be able to point you to sources of investment finance. These organisations will also be able to help you with the development of business plans to secure appropriate investment finance. Details of these organisations are in the Contacts List.

GETTING THE BEST ADVICE

As you are developing the business plan you may identify areas where you have a lack of information. There is plenty of advice and support out there to help with business planning. Depending upon the size of your organisation, you may have internal resources that can be called upon to help with issues such as legal and financial matters. But, assuming you do not, the following table will give you an idea of where to look for appropriate help. The Contacts List provides names and addresses of specific organisations.

Key Area	Issues Involved	Assistance
Start-up finance	Business development costs Financial planning	Specialist social enterprise development agencies
Budgeting and financial planning	This will help you to keep control of your costs and plan ahead	Business adviser at your bank Local Chamber of Commerce Small Business Adviser
VAT Registration	Whether you are VAT registered or not will have an impact on your budgeting	Customs and Excise
Company/Charity law	What is the best legal structure for your social enterprise idea	Lawyer – seek legal advice before you adopt a legal structure
General legal matters such as property/equipment purchase or lease	Do you understand the lease arrangement?	Lawyer – consult before signing leases or contracts
Insurance	Health and safety Public liability Property	A good insurance broker will tell you what type and level of cover you will need
PAYE, National Insurance	Legal responsibilities of employing staff	Inland Revenue
Pensions	Providing a pension for employees	Registered Independent Financial Adviser (IFA)

WRITING THE PLAN

There are numerous formats and models available to show you how to write a business plan but there are some key features that you must include so here is a list, just to jog your memory.



Executive Summary

- This is your best opportunity to make a good first impression. But keep it brief
- A snapshot of what the social enterprise does
- A snapshot of what the organisation does, if appropriate
- Where you are now. Where you want to go. How you will get there.



The Business

- Basic details, name, address, etc
- Business idea
- Social purpose
- Legal status
- Structure



Organisation

- Background of the organisation
- The mission statement/aims of the organisation
- The legal structure
- Management structure
- Basic details as above



Key Staff

- A brief summary of the skills, experience and knowledge of all the people involved in the organisation
- Roles and responsibilities
- Training requirements



External Relations

- Relationships with professional and legal representatives, funding organisations
- Relationships with monitoring organisations, trade associations, networks, etc



Product or Service

- Description of products, services or activities

- ☐ **The Market**
 - Who will buy your goods/services?
 - Why will customers buy from you? What is your USP?
 - Market research including trends such as change in age group, people moving in, features such as the seasonal effects of tourism
 - Competition
 - Market testing
 - Similar social enterprises

- ☐ **Social Purpose**
 - Who will benefit?
 - Why is there a need for a social enterprise?
 - How will running a social enterprise meet the need?
 - What type of social enterprise is it? (e.g., social firm)
 - What are your external stakeholders' views?

- ☐ **Social Impact**
 - How will you measure your social impact?
 - What tools can support you to do this?
 - What evidence of impact do funders and financiers require?
 - How much will impact measurement cost?
 - What support is there to help you to measure your social impact?

- ☐ **Business Environment**
 - Key issues in the external business environment that may affect your business

- ☐ **Industry Analysis**
 - Key issues affecting the industry in which you intend to operate

- ☐ **Critical Success Factors**
 - The main critical success factors for your business

- ☐ **Business Development**
 - Your strategy to ensure you meet your critical success factors

- ☐ **Turnover and Sustainability**
 - Expected turnover
 - Expected non-commercial income
 - Expected profit
 - How long it will take to achieve sustainability
 - How will you achieve your expected turnover, non-commercial income and sustainability?
 - Scenario planning

- ☐ **Marketing and Sales**
 - What is your marketing strategy?
 - What is your pricing strategy?
 - What is your promotional mix?
 - What is your customer care policy?
 - How do you get customer feedback?
 - Who will be involved in marketing?
 - What is your marketing budget?
 - What is your distribution strategy/process?
 - What is your e-commerce strategy?

- ☐ **Premises**
 - Location and property details
 - Cost and proposed method of financing (buy/rent/lease)
 - Planning, health and safety issues, building, renovation or adaptation costs
 - Insurance

- ☐ **Suppliers**
 - Who are your main suppliers?
 - Who is in the supply chain?
 - Are there any alternatives?
 - The advantages of using these suppliers

- ☐ **Production and/or Operation**
 - Quality standards
 - Production methods and supervision
 - Health and safety

- ☐ **Equipment**
 - Description and proposed costs of equipment/vehicles to be purchased
 - Finance arrangements
 - Depreciation policy

☐ Action Plan

- Key milestones/timelines and associated activities
- Costs and personnel requirements

☐ Finance

- Budget assumptions (projected income and expenditure)
- Realistic cash flow forecast
- Balance sheet/profit and loss
- Finance required and methods of raising finance
- Funding secured, previous funding or large scale funding
- Assets you have as security
- Alternative methods of finance
- Financial management systems and resources
- Previous experience of loan finance

☐ Appendices

- CVs of all those involved
- Professional advisers' reports if used
- Quotations for equipment
- Details of premises
- References/letters of support (details of trade association, network memberships)
- Any other supporting material (including details of bank, lawyer, accountant, monitoring agencies)
- Copies of previous years' accounts if you have them

- ✓ Check that you have written your business plan with your target audience in mind.
- ✓ Cover all the options to minimise risk and have alternative plans in a worse case scenario.
- ✓ Remember that your business will change and your business plan should adapt to accommodate those changes over time.
- ✓ The template within the guide helps you to collate all the information for your business plan into a coherent plan.

Summary

So there you have it - your step-by-step guide to starting a social enterprise. You should be able to complete your business plan now.

There will undoubtedly be other things that you think of along the way that are not included in this guide but it has hopefully been the starting point for your social enterprise.

A quick check before you go down this route:

- ? Is all the necessary information in place?
- ? Do the numbers add up and are they realistic?
- ? What are the critical success factors?
- ? Do you have a Plan B?
- ? Are there any barriers to proceeding?



STEP 7 START-UP

Overview

Now that the business planning is complete you are at Stage 7 of the process. This is where the *hard work* starts!

You can use the following tips to make sure that you are on the right track.

It is vitally important to review and check back periodically to ensure that you do not lose that all important focus once the realities of running your social enterprise on a day to day basis start to kick in.

This chapter gives you top tips for running a successful social enterprise.

START-UP

It is impossible to be prescriptive about everything that you will have to do to run your social enterprise successfully. Here are a few top tips from those that have worked at the front line:

TOP TIPS FOR SUCCESSFUL START-UP

1. Make sure you have the right person at the helm with enough commercial experience and business skills combined with the right attitude and values for the social purpose you want to achieve.
2. Build the right team. No single person can be expected to possess all of the skills needed so make sure you have a strong team who can focus on their own area of expertise. Build a team with marketing, business development, financial management, product development, operational and human resources experience. Build a team with shared vision and values.
3. You will probably be running a business with limited resources so you need to be resourceful in your attitude to problem solving.
4. Things change so you need to have regular reviews. Be prepared to think on your feet and alter plans accordingly. This will sometimes mean responding very quickly to situations that you could not have envisaged.
5. Bureaucracy needs to be kept to the minimum and good team communication is essential. Start with good practice and this will pay dividends as the organisation grows.
6. Build trust with all members of staff not just management. Be prepared to trust your staff and delegate responsibility for day-to-day tasks.
7. Do not take your eye off the ball as far as the market is concerned. You need to focus on sales and your customers will soon let you know if you are not giving them what they want.
8. Marketing never stops. Do not think that just because you have put all this effort and resources into marketing at the beginning you can sit back, relax and wait for the money to roll in.
9. Patience. It usually takes three to four years for a new business to move towards viability.
10. Do not forget the passion! When you are having a bad day, remember why you wanted to start a social enterprise and the difference you are making in your field.

Summary

This is the end of the guide but only the beginning of your adventure. There are lots of enthusiastic people out there developing or supporting social enterprises who are keen to help you.

You do not have to struggle along on your own. Remember if you have hit a snag, someone else is bound to have already found a way round it.

You are about to embark upon possibly the most rewarding experience of your career so far. So enjoy it.

USEFUL CONTACTS LIST

Name	Address	Telephone	Website
Association of British Credit Unions Limited (ABCUL)	Holyoak House, Hannover Street, Manchester M60 0AS	0161 832 3694	www.abcul.org
Business Enterprise Scotland	18 Forth Street, Edinburgh EH1 3LH	0131 550 3839	www.bes.org.uk
Business Gateway		0845 6096611	www.bgateway.com
CBS Network	45 Albany Street, Edinburgh, EH1 3QY	0131 558 3040	www.cbs-network.org.uk
Co-operation and Mutuality Scotland (CMS)	Robert Owen House, 87 Bath Street, Glasgow G2 2EE	0141 353 1302	www.scotland.coop
Companies House	37 Castle Terrace, Edinburgh EH1 2EB	0870 33 33 636	www.companies-house.gov.uk
Communities Scotland Social Economy Unit	Thistle House, 91 Haymarket Terrace, Edinburgh EH12 5HE	0131 479 5379	www.communitiesscotland.gov.uk
Community Enterprise Limited (CEL) and (SEED)	Inspire Business Centre, Oatridge College, Ecclesmachan EH52 6NH	01506 862227	www.communityenterprise.co.uk
Community Enterprise in Strathclyde (CEiS)	Legal House, 101 Gorbals Street, Glasgow G5 9DW	0141 429 8089	www.ceis.org.uk
Community Recycling Network Scotland (CRNS)	Suite 27 Stirling Business Centre, Wellgreen Place, Stirling FK8 2DZ	01786 469002	www.crns.org.uk
Developing Strathclyde Ltd (DSL)	Unit 37, Ladywell Business Centre, Glasgow G4 0VW	0141 572 5551	www.dsl-businessfinance.co.uk
Development Trusts Association (Scotland)	54 Manor Place, Edinburgh EH3 7EH	0131 220 2456	www.dtascot.org.uk
Disability Discrimination Act Helpline	DRC Helpline Freepost MID02164 Stratford upon Avon CV37 9BR	08457 622 633	www.drc-gb.org/
EQUAL 'Social Economy Scotland' DP	C/O SCVO, 3rd Floor, Centrum Building, 38 Queen Street, Glasgow G1 3DX	0141 225 8007	www.socialeconomyscotland.info
FEAT Enterprises (SEDP)	Newhouse Business Park, Newhouse Road, Grangemouth, FK3 8LL	01324 665500	www.feat.org.uk
Forth Sector (Social Enterprise Development Initiative - SEDI)	Unit 1 Block 3 Peffermill Industrial Estate, 12 King's Haugh, Edinburgh EH16 5UY	0131 539 7374	www.forthsector.org.uk
Health and Safety Executive	Belford House, 59 Belford Road, Edinburgh EH4 3UE	0131 247 2000	www.hse.gov.uk
Highlands and Islands Enterprise	Cowan House, Inverness Retail and Business Park, Inverness IV2 7GF	01463 234171	www.hie.co.uk
Highlands and Islands Social Enterprise Zone (HISEZ)	1 Connel Court, Ardconnell Street, Inverness, IV2 3EY	01463 715533	www.hisez.co.uk
Princes Youth Business Trust	6th Floor, Mercantile Chambers, 53 Bothwell Street, Glasgow G2 6TS	0141 248 4999	www.psybt.org.uk
Royal Bank of Scotland Small Business Helpline		0800 521607	www.rbs.co.uk

Name	Address	Telephone	Website
Scottish Federation of Small Businesses	74 Berkeley Street, Glasgow, G2 6TS	0141 221 0775	www.fsb.org.uk
Scottish Enterprise	5 Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU	0141 248 2700	www.scottish-enteprise.com
Scotland Unlimited	54 Manor Place, Edinburgh EH3 7EH	0131 226 7333	www.scotlandunltd.com
Scottish Social Enterprise Coalition	45-47 Albany Street, Edinburgh, EH1 3QY	0131 557 1516	www.ssec.org.uk
SENScot	54 Manor Place, Edinburgh EH3 7EH	0131 220 4104	www.senscot.net
Social Enterprise Academy	54 Manor Place, Edinburgh EH3 7EH	0131 220 5333	www.theacademy-ssea.org/
Social Enterprise Coalition	54 Haymarket, London, SW1Y 4RP	020 7968 4921	www.socialenterprise.org.uk
Social Enterprise Development Initiative (SEDI) c/o Forth Sector,	Unit 1 Block 3 Peffermill Industrial Estate, 12 King's Haugh, Edinburgh EH16 5UY	0131 539 7374	www.sedi.info
Social Enterprise Partnership SEP GB Ltd,	9 Red Lion Court, London, EC4A 3EF	020 7583 9444	www.sepgb.co.uk
Social Firms Scotland	54 Manor Place, Edinburgh EH3 7EH	0131 225 4178	www.socialfirms.org.uk
Social Investment Scotland	2nd Floor, 1-2 St Andrew Street, Edinburgh EH2 2DB	0131 558 7706	www.socialinvestmentscotland.com
The Department of Trade and Industry	1 Victoria Street, London SW1H 0ET	020 7215 5000	www.dti.gov.uk
The Inland Revenue New Employers' Helpline		845 607 0143	www.inlandrevenue.gov.uk
The Inland Revenue Newly Self-employed Helpline		0845 915 4515	www.inlandrevenue.gov.uk
The Trademarks Registry	Concept House, Cardiff Road, Newport NP10 8QQ	01633 814000	www.patent.gov.uk

Resource Section

Title	Subject	Author	Published by/ Available from	Pub.Date	Contact Details
Competitive Advantage in SMEs: Organising for Innovation & Change	Leadership and change management	Edited by Oswald Jones and Fiona Tilley	John Wiley & Sons Ltd Chichester	2003	www.business.mmu.ac.uk
Equity Report Executive Summary	Patient capital for the social economy	CEiS	CEiS	2002	www.ceis.org.uk
Introducing Social Enterprise	Social Enterprise Development	Social Enterprise London	SEL		www.sel.org.uk
Keeping It Legal: Legal Forms for Social Enterprises	Advice on legal structures for social economy organisations	Social Enterprise London	SEL ISBN 0-9543611-0-5	2003	www.bateswells.co.uk
Legal Structures For Social Enterprises	A toolkit on legal structures for social enterprises	Forth Sector	Forth Sector	2004	www.forthsector.org.uk
Managing and Measuring Social Enterprise	Social enterprise development	Rob Paton	The Open University/ Sage Publications	2003	www.sagepub.com
Public Procurement: A Toolkit for Social Enterprise	Procurement advice	DTI	DTI	2003	www.dti.gov.uk
Social Enterprise in Anytown	The effects of social enterprise on communities	John Pearce	Victoria Morris, CBS Network	2003	www.socialfirms.co.uk 0131 558 3040
Social Enterprise Development Initiative (SEDI)	Sources of funding	Legal structure toolkit	Forth Sector (SEDI)	2004	www.sedi.info
Social Enterprise:					
Organisational Development Issues	Social enterprise development	Social Enterprise London	SEL		www.sel.org.uk
Taking a Loan of Finance	Loan finance	SCVO/Social Investment Scotland	Social Investment Scotland	2003	www.socialinvestmentscotland.com
Tendering for Public Sector Contracts: A Practical Guide for Social Economy Organisations in Scotland	Procurement advice	The Scottish Executive	The Stationery Office Bookshop Edinburgh	2004	www.socialeconomy.scotland.info 0870 6065566

Resource Section

Title	Subject	Author	Published by/ Available from	Pub.Date	Contact Details
There's More To Business Than You Think: A Guide to Social Enterprise	Advice on setting up a social enterprise	Social Enterprise Coalition	SEC	2003	www.socialenterprise.org.uk
There's No Business Like Social Business	Advice on setting up a social enterprise	Liam Black and Jeremy Nicholls	FRC Group	2004	www.the-cats-pyjamas.com
Tolley's Charity Trading	Guide to trading, tax, legals	Andrew Burgess	Butterworths Tolley Scotland 4 Hill St, Edinburgh EH2 3JZ ISBN 0-406-96655-9	2003	0131 225 7828
Understanding Social Enterprise	Social enterprise development	Social Enterprise London	SEL		www.sel.org.uk
Unlocking the Potential, a guide to finance for social enterprises	Financial advice for social economy	Social Enterprise Coalition	SEC ISBN 0-9546076-1-9	2004	www.socialenterprise.org.uk

EXECUTIVE SUMMARY

THE BUSINESS	
Name	
Address	
Key Contact	Name
	Telephone
	Email
Legal Status	
What does or will your business do?	
Date business was/ will be set up	
Social Aims (include mission statement):	
Background Information:	
THE ORGANISATION (if applicable)	
Name	
Address <i>(if different from above)</i>	
Key Contact <i>(if different from above)</i>	Name
	Telephone
	Email
Chief Executive or Manager <i>(if different from above)</i>	
Legal Status	

Management structure/ relationship between organisation and venture	
Directors Social purpose (include mission statement if different from above)	Attach CVs or brief details as appendix
Background Information	This should be a short summary of the organisation. This should focus on range of activities and current funding and finance. Attach relevant information such as audited accounts, M&As, structure, etc., as an appendix.
KEY STAFF	
Name, age and qualifications	Job Title
Date Joined	
<i>Please also attach CV details of Key Staff as an appendix - this should include past experience and current job responsibilities.</i>	
Number of employees (in new business):	

Details of staffing of business (include details of succession planning)

Details of any Key Staff to be recruited:

(Attach job descriptions of new key posts as an appendix)

Training requirements of staff:

EXTERNAL RELATIONS

Attach as appendix details of following (if applicable)

- * Bank
- * Lawyer
- * Accountants
- * Monitoring Officers (LA departments, etc)

Provide details of trade associations or networks that you are members of:

(Detail the organisation/association and what involvement you have)

PRODUCT OR SERVICE

Your products or services, including prices (if available):

THE MARKET

Customers - who will buy your goods/ services?

Why will customers buy from you?

Market Research - detail the market research carried out, what trends were identified etc?

Competitors - detail major competitors, their strengths/weaknesses and pricing strategies:

Market Testing (if applicable) - detail any results from this:

Similar Examples (if applicable) - details of similar types of social enterprises and what can be learned from them

SOCIAL PURPOSE

Give brief details of the social purpose you will meet through running your social enterprise.

Who will benefit?

Why is there a need for this social enterprise?

How will running the social enterprise meet the need?

How will you measure the social impact that you are aiming for?

What is the type of social enterprise that will be run? (if applicable - for example social firm, development trust, etc.)

Briefly detail key external stakeholders views on the social enterprise.

BUSINESS ENVIRONMENT

EXTERNAL ENVIRONMENT - Briefly detail key issues in external environment for your business (include information from any PEST Analysis):

INDUSTRY ANALYSIS

Briefly detail key issues for your industry (include information from any SWOT analysis):

CRITICAL SUCCESS FACTORS

Briefly detail the main critical success factors for your industry:

BUSINESS DEVELOPMENT STRATEGY

Briefly detail your strategy to meet the critical success factors?

TURNOVER AND SUSTAINABILITY

	Year 1	Year 2	Year 3
What sales turnover is expected?	£	£	£
What non-commercial income do you have?	£	£	£
What profit do you expect to achieve?	£	£	£

How long will it take you to achieve sustainability?

Give reasons why you will achieve your expected turnover?

Give reasons why you will obtain non-commercial income?

Give reasons why you will achieve sustainability?

Scenario Planning (best/ worst case scenarios and what you will do to achieve sustainability)

MARKETING AND SALES

What is your marketing strategy? (include any e-commerce strategy)

What is your pricing strategy?

What is your promotion and advertising strategy? (Please attach any relevant material)

What is your customer care and customer feedback strategy/ policy?

Details of the people involved in marketing:

What is your budget for marketing?

PREMISES

Insurance - please give details:

Location:

Buy Rent Lease

Buy

Rent/ Lease

Owner of property:

Rent/ Lease (per year):

Valuation of property:

Rent/ Lease agreement:

Mortgage details (if applicable):

How often do you pay?

* Amount of mortgage:

Rent/ Lease term:

* Offer/ conditions:

Will you be able to renew the rent agreement/ lease?

* Equity:

Yes No

Length of mortgage (if applicable):

When is the next rent/ lease review?

Additional information:

* Other loans/ borrowings secured against property:

How often are reviews?

* Other occupants renting etc:

Who is responsible for repairs?

- inside the building:

- outside the building:

Rates per year: £

Dates Rates paid per year:

Premises Issues - are there any planning, health and safety, renovation or adaptation costs?

SUPPLIERS

Who are your major suppliers?

Are there alternatives?

What are the advantages of buying from the suppliers shown above?

PRODUCTION OR OPERATION

Include relevant details on production/ operation including business review, quality standards, supervision, production methods etc:

EQUIPMENT AND VEHICLES

Equipment/Vehicles - current: Description	Age	Condition	Spare capacity	Value/ Cost £
Equipment/Vehicles - required: Description	Date of purchase	Condition (new/ used)	Spare capacity	Value/ Cost £

Please detail finance arrangements of any equipment/ vehicles required.

Depreciation policy - please give details:

ACTION PLAN (for new ventures)

Please give brief details of key milestones and activity required to set up social enterprise including information on who will carry out activities and associated costs.

FINANCE

Profit & Loss: Please provide projected profit and loss figures for first three years as an appendix

Brief details of budget assumptions:

Realistic cashflow forecast Please provide realistic cashflow forecast for first three years as an appendix.

Brief details of cashflow forecast:

Balance sheet If required please provide as an appendix.

Amount of development finance required - what you need it for and for how long (give details of each item if necessary):

Please provide details of any security provided:

Please provide any details of finance of funding secured - what you have it for and for how long:

Details of any previous borrowing (if applicable):

Details of any large scale funding (that may affect this social enterprise):

Scenario planning if funding/finance not secured from preferred suppliers:

REFERENCES

- Royal Bank of Scotland Business Planning Guide
- NatWest Business Planning Guide
- Burgess A. (2003) Tolley's Charity Trading
- Department of Trade and Industry (DTI) (2002) Social Enterprise, A Strategy For Success
- Department of Trade and Industry (DTI) (2003) Public Procurement: A toolkit for social enterprises
- Social Enterprise Coalition (2004) Unlocking the Potential: a guide to finance for social enterprises
- Social Enterprise London (2003) Keeping It Legal: legal forms for social enterprises
- Social Firms UK Legal/Financial Structures for Social Firms; Geoff Cox Economic Partnerships
- Scottish Executive (2004) Tendering for Public Sector contracts: A Practical Guide for social economy organisations in Scotland
- Black L. and Nicholls, J. FRC Group (2004) There's No Business Like Social Business

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The information within the guide is for general guidance only. Measures have been taken to ensure that the information is accurate and up-to-date at the time of publication but we cannot be held responsible for any errors resulting from use of this information.

