

The Challenge for the UK's Social Enterprises

The DTI defines a social enterprise as “..a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners”.

However, despite these unique features, these organizations are not immune to political, social economic, technological and legal changes that are affecting the rest of the business community. Most serious, from the point of view of the social enterprise sector, is the fact that “the grants are running out”. The refocusing of structural funds on Eastern Europe, tighter UK budgetary restraints and political uncertainty, mean that these organizations will have to cope with a much less favorable financial environment in the future.

Many of these social enterprises perform functions that are important in the quality of life of the communities in which they reside and therefore economic planners, economic regeneration officers and business support agencies should be developing strategies and interventions to ensure the long term sustainability of the social enterprises in their own areas.

This means encouraging social enterprises to develop additional income streams to replace grants as their main source of income. In other words social enterprises need to innovate by developing new products and services that people are prepared to buy.

However, as the phrase goes: “easier said than done!” There are three main obstacles or barriers to social enterprises developing an innovative business orientation:

First, many social enterprises stress the “social” rather than the “enterprise” part of their role and many have a risk averse and anti business culture.

Second, this cultural issue is often compounded by organizational issues- some social enterprises are “led from the rear” by conservative trustees, and Boards of Directors, that are often reluctant to delegate key business

decisions to front line staff and, as a consequence, they are bureaucratic and slow moving.

Finally, many social enterprise managers lack key business skills to assist them to innovate. In particular, they lack marketing and business innovation skills to move the organization forward.

So how can we assist them to move forward? Economic development managers can assist social enterprises to innovate by developing innovation programmes to encourage them to develop the necessary enterprise culture.

In this regard Excalibur (UK) Ltd have been working with Business Link South Yorkshire and with social enterprises in this sub region to develop such an intervention. This action-learning programme helps social enterprises to

- Develop a marketing orientation that focuses on the present and future needs of its target groups
- Assist them to assess their present skills base and identify transferable skills that can be used to develop additional products and services
- Train them in techniques for idea generation
- Train them to assess new business ideas for their commercial viability
- Train managers in creative problem solving and concurrent commercial development.

We are initially focusing on social enterprises who have already gone some of the way in developing an enterprise culture and whose managers are strongly motivated to succeed. On completion of the programme, case studies will be written that can act as examples of good practice in motivating other social enterprises in the area to innovate successfully

If the sustainability of social enterprises is an issue in your area please contact us for a discussion on the above