



CabinetOffice

Business Support for Social Enterprises

National Evaluation of the Office for Civil Society Social
Enterprise Business Support Improvement Programme:
Final Report

**Final Report for
The Cabinet Office**

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EXECUTIVE SUMMARY

The Social Enterprise Business Support Improvement Programme

The Office for Civil Society Social Enterprise Business Support Improvement Programme ran from 2007/08-2010/11. It aimed to achieve sustainable improvements in the quality of business support for social enterprises and to increase the take up of that support by social enterprises, addressing the following market failures:

- A lack of social enterprises accessing publicly funded business support
- A lack of understanding and expertise in supporting social enterprises amongst publicly-funded business support staff
- The inability of social enterprises to purchase high quality business support; and
- A lack of advisor and organisational capacity/standards among the social enterprise support agencies¹.

This report is the final output from the evaluation of the programme. It aimed to:

- Assess the impacts of the Programme on the environment for supporting social enterprises nationally and within each region, both qualitatively and quantitatively;
- Help facilitate sharing of experiences, challenges and successes across the regions; and
- Identify examples of good practice that could be incorporated into the development of approaches to support social enterprise across the country in the future.

The previous Government saw Business Link as the main route through which all businesses would access publicly-funded business support. There was, therefore, a central aim to improve how the Business Link service identified and responded to the needs of social enterprises.

The Office for Civil Society £5.9m funding was distributed equally to each of the English regions. Decisions about how best to allocate the resources were made by Regional Development Agencies, in consultation with Business Link providers and Regional Social Enterprise Network (RSEN) representatives. The flexibility of the programme meant that activities were designed to reflect local conditions, complement existing projects, and could be adapted to respond to the changing economic environment, within the context of the programme's broad objectives. This was particularly important, given that it was designed in a different economic context to that within which it was delivered.

A new Government was elected in May 2010. It has set out plans to change the infrastructure for delivering business support; and sees charities, social enterprises and mutuals as having a strong role in delivering its vision of a locally-driven, 'Big Society' in the future.

New business-led Local Enterprise Partnerships (LEPs), based on functional economic areas are being established across the country. The LEPs will assume some of the Regional Development

¹ Social Enterprise Business Support, Guidance for Regional Development Agencies, Office of the Third Sector.

Agencies' responsibilities for determining strategic local economic development priorities, so that they reflect locally identified needs.

On 5 January 2011 in *Bigger, Better Business: Helping Small Firms Start, Grow and Prosper* the Government announced that it would be reforming the way it provided information, advice and guidance to business. The aim of these reforms will be to enable the private sector to play a bigger role in providing help and assistance to business-people, and to focus Government resources where it is best placed to act. As part of these changes the www.businesslink.gov.uk website will be revamped and underpinned by a contact centre, Business Coaching for Growth will be set up to back high-growth small firms, a single, cohesive network of mentoring providers will be established, bringing together at least 40,000 mentors, and in addition the New Enterprise Allowance Scheme will help unemployed people set up their own business. As part of these changes the Business Link regional advisory service will close on 25 November 2011.

It is important that social enterprises' business support needs are incorporated into the design of future business support services, both at national and sub-national levels.

Lesson for the Future 1: Designing Decentralised, Flexible Programmes

The Programme provides a useful model for designing programmes where methods of pursuing broad national objectives are designed in Local Enterprise Partnership areas, reflecting agreed local needs and changing economic conditions. The flexibility of the programme and the requirement for organisations to collaborate improved mutual understanding and co-operation between Business Link providers and Regional Social Enterprise Networks, enabled new activities to be developed, based on learning during the initial stages of the programme. However, resources and activities could have been better shared across regions. Programmes that are designed within smaller LEP areas need to be done so in a way that also supports knowledge and resource-sharing across wider areas.

Further lessons for how future business support can be provided at national and Local Enterprise Partnership area level have been drawn from experiences from the programme and from specific questions asked to stakeholders and service users during the final phase of the evaluation.

Improving Supply

Rationale

The OCS programme aimed to address what was considered to be a lack of understanding of the social enterprise business model amongst Business Link Business Advisers and a lack of quality assured social enterprise specialist suppliers.

Social enterprise was already a strongly established feature of business support in some regions, but featured less strongly in others. In many parts of the country Regional Social Enterprise Networks were already well-established and there were good links between them and regional Business Link providers. In some areas European funding was used to fund social enterprise specific support activities and OCS funding was used to extend these or to provide additional support. In other regions, social enterprise had a lower profile within Business Link organisations

and the social enterprise infrastructure was not well established. In these regions more time had to be spent at the outset in developing trusting relationships that enabled partnerships to work more effectively

Improving Capacity of Publicly-Funded Business Support Providers

Lesson for the Future 2: There should be some element of social enterprise specialist knowledge and expertise within a mainstream service. Social enterprise champions should be fully engaged in the design of future business support provision.

The programme is generally seen to have demonstrated that social enterprise business support can be delivered within a mainstream service², but it needs to include sufficient specialism to be credible to the sector and responsive to social enterprises' needs. It is not just the technical elements of support that social enterprises are seeking, however. Those consulted as part of this evaluation commonly suggested that advisers should be able to demonstrate empathy with their social and environmental aims, communicate in an accessible language; and have the ability to inspire, motivate and enthuse their customers. Ensuring credibility amongst advocates within the sector is important and future training and development programmes for business advisers and contact centre staff should, therefore, be designed and delivered in conjunction with social enterprise champions, acting as the voice of the sector and advocating on its behalf during a period of change.

There was no comparative analysis of Business Link satisfaction levels between social enterprises and mainstream businesses prior to the start of the programme. However, since September 2008, the views of social enterprise Business Link customers have been tracked using the Business Link Customer Satisfaction Survey. This involved interviews with more than 2,500 social enterprise customers. This deals with the Information, Diagnostic and Brokerage (IDB) elements of business support. Since then customer satisfaction levels amongst social enterprises have been high and largely similar to those of mainstream businesses and the priorities that they identify for improvement (managing expectations effectively, improving follow-up and ensuring that information and advice is as relevant and practical as possible) are also no different.

On this basis, there may have been no significant 'satisfaction gap' between social enterprise and mainstream businesses before the programme started and it has resulted in no discernible increase in levels of satisfaction. This is not to suggest that Business Link has always provided a service that meets the needs of social enterprises. Indeed, several Business Link representatives acknowledged a need to improve understanding of the social enterprise model within their organisations.

There is widespread, though not universal, agreement that most social enterprise support needs are similar to those of mainstream businesses, but that this support needs to be delivered within a social enterprise context. Furthermore, where there are differences (legal structures; understanding social and environmental objectives; appointing trustees and volunteers; and gaining access to finance, for example), these need to be addressed effectively. Regions took a number of approaches to this. Most tried to strike the right balance between employing specialists who acted as credible links to the sector and acted as social enterprise ambassadors within their

² Note: The National Evaluation of the Capacitybuilders programme, undertaken by Rocket Science (February 2011) expressed scepticism that mainstream business support will adequately respond to the needs of social enterprises and suggests that some form of intermediaries, such as the Regional Social Enterprise Networks have an important role to play.

organisations, and training generic staff. In one region (South West) the IDB service was sub-contracted to a social enterprise specialist support organisation.

It is not just business advisers who have contact with business support customers. There is, therefore, an argument for all customer-facing business support staff, including those working in contact centres, to undergo some form of social enterprise training, and for different levels of expertise to be developed within business support organisations.

Increasing Quality of Specialist Suppliers

Lesson for the Future 3: There should be a feedback mechanism for customers receiving support from specialist suppliers to drive up quality and to inform customer choice.

Making some form of compulsory accreditation for specialist suppliers may be difficult, given that social enterprises and mainstream businesses often seem to seek similar support. However, customers still need support to improve how they choose suppliers. It may, therefore, be possible to develop some form of feedback mechanism, such as a customer rating database, that enables customers to rate the service they receive as a way of driving up quality/standards.

Specialist business support for social enterprises is often considered to be “patchy” and customers who receive a poor quality service from suppliers can have a negative view of their whole business support experience.

This quality of specialist suppliers was mainly addressed by providing bursaries to enable them to achieve business support accreditation, mainly through the Small Firms Enterprise Development Initiative (SFEDI) or the Institute of Leadership and Management (ILM).

Several regions found it difficult to engage suppliers in the accreditation process, however. In some, targets were reduced to reflect the lower than expected level of demand. It is difficult to be sure of the reasons for this. Whilst stakeholders may recognise such accreditations, they are often not known to customers purchasing support, or they may have little bearing on how they choose their suppliers. If this is the case, it may make the business case for providers to become accredited less than compelling.

Nevertheless, there may still be an issue around how best to support customers to choose the right suppliers. The overall environment for business support does not stop with IDB, although this element of the service may soon be removed. Feedback on business support services has to also include the service provided by suppliers to whom customers are referred.

Stimulating Demand

Rationale

The Programme also aimed to increase the take up of business support by social enterprises, as evidence shows that businesses that access advice tend to perform better than those that don't³. Business skills within social enterprises were considered to need improvement and it was felt that the value of business support needed to be better recognised within the sector.

³ Source: p. 38 of social enterprise action plan

Social enterprises are not homogenous, however. Business skills within them may be dependent on a number of factors, including: how they came to market; their business model; their sector; and their stage of development. Many social enterprises come to market as spin-outs from charities or voluntary sector organisations that have previously relied on grants and donations. Others, however, are led by people with strong commercial backgrounds who have highly developed business skills. Indeed, the support needs of social enterprises may be as diverse as the needs of mainstream businesses.

Activities to stimulate demand included grants and voucher schemes, introductory workshops, master classes, support for peer to peer networks, mentoring schemes and the development of on-line specialist business support materials.

Analysis of the Business Link Customer Satisfaction Survey at the Baseline Stage of the Programme suggests that around 6% of customers were social enterprises. This is broadly equivalent to previous estimates of the size of the social enterprise population in the BIS Annual Business Survey. Analysis at the Interim Stage showed no proportionate increase in social enterprise Business Link customers. Due to the need to reduce RDA expenditure ahead of their closure in March 2012 there has been a discontinuation of the surveys in some regions meaning that it is not possible to determine whether or not there had been an increase by the end of the programme (See Annex I).

Social enterprises are more likely than mainstream businesses to access more intensive support from a business adviser and to attend events and workshops. However, they are less likely to access 'light touch' services. This may suggest that many social enterprises do not yet regard mainstream business support as their first port of call, but they may be more receptive to more focused activities.

Grants and Vouchers

Lesson for the Future 4: Grants should support transformational changes and loans could encourage a more commercial approach to business support amongst social enterprises.

Given the tighter public spending environment, there are likely to be fewer such grant programmes in the foreseeable future. If they continue to exist, they need to be better targeted so that they can help social enterprises with high growth potential to make transformational changes that will have demonstrable blended economic, social and environmental impacts. Some form of loan scheme could also be introduced to enable smaller social enterprises to overcome initial financial challenges. Such an approach would help to continue the commercialisation of social enterprises and could encourage them to take a more business-focused approach to appraising the value of support.

Most, but not all, regions operated a business support voucher/grant scheme that enabled eligible social enterprises to claim back funds for support that they had purchased. These proved to be popular. Indeed, take up was such that in many regions grants could only be offered during part of each year. Most grant schemes seemed to be administered effectively with processes being proportionate to the grant value. Although 'claim back' caused difficulties for some social enterprises, it was a reasonable approach to help ensure that resources were targeted effectively and to protect against fraud. Grants were generally valued at between £1,000 and £4,000 and

were used to purchase a range of services including legal advice, business planning, marketing and website development.

It may not be easy to reconcile the aim of promoting business skills within social enterprises with grant schemes, particularly if an aim is for them to become less grant-dependent. Most social enterprise owners who were interviewed for this evaluation were very positive about the grant they received and there are clear examples of how the support it purchased made a significant difference to social enterprises. However, grants also seemed to be used quite extensively for website development and other marketing activities, for example, and did not always seem to be 'transformational'. These may have benefited individual social enterprises, but it is not clear whether they will always have improved their business skills, or encouraged them to recognise the value of and consider investing in business advice in the future.

Lesson for the Future 5: Improve understanding and application of social and environmental impact measures

Few social enterprises that were interviewed for this evaluation identified increasing their understanding of social and environmental impact measures as priorities for their businesses. However, it was an issue that was raised by sector representatives and other stakeholders, particularly as social enterprises are expected to have a stronger role in delivering public services. Procurers and commissioners need to be better informed about social and environmental impact measures, so that they can better understand wider returns on investment when they make their purchasing decisions, whilst greater awareness amongst social enterprises can help them to improve their impact.

The role of grants in increasing the take up of business support amongst social enterprises is not a straight forward one. Some believe that there should be on-going support of this kind for social enterprises to compensate for additional costs that are associated with pursuing environmental and social objectives, and because it can be more difficult to attract financial support from other mainstream sources. The Government is looking to address this through its strategy to grow the social investment market. This includes establishing a *Big Society Bank* to improve access to finance for social ventures, improving the volume of social ventures that bid for and win public service contracts; and encouraging greater *pro bono* support from the public and private sectors, all of which are likely to require a greater awareness of social and environmental impact measurements.

Workshops and Master classes

Lesson for the Future 6: Start up support needs to be local and criteria for support through growth services should include environmental and social contributions

Current public policy is expected to encourage the creation of more social enterprises. This may result in an increase in demand for pre-start and start up support, particularly at local level. Many consultees still consider this to be a weakness in the business support environment and there is a general view that some form of locally delivered social enterprise start up support will need to be provided to meet expected increase in demand. There is also a demand for support for social enterprises with more complicated business models, but it may be less of a requirement for this to be delivered locally. Criteria for supporting businesses through Business Coaching for Growth

should include social enterprises that can demonstrate high growth in terms of social and environmental, as well as economic contributions.

Most regions developed workshop programmes that included an introduction to social enterprise and other workshops that focused on specific themes. These included access to finance, legal structures and sector specific workshops. A smaller number of regions developed a more intensive master class programme that tended to be pitched at a higher level.

Workshops seem to have had mixed success. In rural areas it was difficult to attract people to attend and it was not always easy to pitch them at a level that met the different needs of attendees. The success of workshops depended heavily on the credibility of facilitators. There was a strong preference for learning from people who were experienced in running similar enterprises and it was seen to be good practice to host workshops on social enterprises' premises, where this was possible. Workshops benefited from being supplemented with workbooks that enabled participants to continue their learning subsequently.

Master classes seem to have been well-received by participants, perhaps because they were more specialist in their approach and because they managed to bring together groups of like-minded social entrepreneurs into action learning sets, where they could establish on-going relationships and mutual support.

Mentoring and Peer to Peer Networks

Lesson for the Future 7: Social enterprises value on-going support, particularly from peers. The national network of mentors should include a clear social enterprise element.

Mentoring and peer to peer networks are valued by social enterprises. They enable people to learn from others who run social enterprises and provide bespoke, on-going personal support that is often sought. Mentoring schemes need to be delivered on a scale that enables there to be a good supply of mentors, and they need to be effectively managed and maintained. Many LEP areas will be too small for them to be viable. Personalised support is expensive, so public funds should be appropriately targeted and social enterprises should be expected to contribute towards the cost of mentoring and peer to peer networks so they can become more self-sustaining. Social enterprise should be a clear element of the national network of mentors for example by including established social entrepreneurs as mentors and ensuring that social enterprises can become mentees.

Both peer to peer networks and on-going support from people who have had experience of running social enterprises are valued. There is a premium put on developing on-going relationships within the social enterprise sector. Criticisms of business support that continue to exist often centre on a lack of follow-up, a lack of empathy and a lack of understanding of the aims of the business model.

Both peer to peer networks and mentoring schemes have the potential to overcome these issues, but they require on-going investment if they are to be effective. At best, peer-to-peer networks of the right scale provide social enterprises with the opportunity to meet, learn from and do business with other social enterprises. However, they need to be dynamic, actively managed and be sufficiently open so that members do not confine their horizons solely within the membership.

Successful mentoring schemes can develop into networks. They can provide mentees with access to support on a bespoke and flexible basis and they can give mentors the opportunity to reflect on how they manage their own business. But the lessons from Yorkshire and Humberside suggest that such schemes also need to be actively managed and sufficiently resourced. Schemes need to cover a large enough geographical area to ensure that there is an adequate supply of mentors to enable good matches. Mentors need to be vetted, matches made, and expectations of the mentoring relationship have to be established and monitored.

On-Line Toolkits and Resources

Lesson for the Future 8: There is scope to encourage greater use of on-line support, but this is not sufficient on its own.

There seems to be scope for more support to be delivered on-line, however the medium is widely considered to be insufficient on its own, even by active users, as many social enterprises do not have internet access and value is placed on personal contact to test ideas and to apply information that has been accessed on-line. The proposed National Contact Centre aims to address this, but its staff will need sufficient training to understand and respond to the specific needs of social enterprises.

On-line materials that would provide a tangible and sustainable legacy were developed in some regions. The businesslink.gov website is widely acknowledged to be a rich source of information, but is still not always the main information access point for many social enterprises.

In London, Business Link in London led on the development of an on-line toolkit for social enterprises that included fifty guides and an interactive business planning toolkit. Central to the credibility of the toolkit was that it was developed by a partnership that included Business Link in London, the Office for Civil Society, Red Ochre, the Social Enterprise Coalition, the London Development Agency and Social Enterprise London.

A substantial amount of information is already accessed on-line and many new social entrepreneurs are active users of social networking sites and on-line materials. On-line networks, forums and workshops can make learning more accessible to busy people who find it difficult to find time away from their businesses to attend workshops and events.

Conclusion

The programme set out to improve the business support environment for social enterprises at sub-national level. Since the start of the programme, the profile of the social enterprise business model has increased and both social enterprise and business support representatives suggest that, in most regions, the programme contributed to a positive change in the business support environment for social enterprises. It is more difficult to conclude from Business Link Customer Satisfaction survey data that there has been a noticeable increase in take up, however. The decentralised and partnership approach to the design and delivery of activities helped to increase mutual understanding between Business Link providers and Regional Social Enterprise Networks and it will be important to ensure that the lessons learned from this programme are incorporated into future business support arrangements at both national and sub-national levels.

Summary of Key Messages for Government and Local Enterprise Partnerships:

- The programme provides a good model for decentralised programmes, where activities can be designed and delivered to reflect local conditions, within the context of pursuing national objectives. However, there remain some barriers to sharing resources, activities and intelligence across boundaries. Programmes that are designed in LEP areas should be done so in a way that facilitates better sharing across wider geographies;
- Although social enterprise support can be delivered through mainstream services, there needs to be some element of social enterprise specialist knowledge and expertise within it. Social enterprise representatives or advocates should be fully engaged in the design of future business support provision (which could include sector-led solutions), nationally and at Local Enterprise Partnership level;
- Quality assuring specialist suppliers remains a challenge and some form of customer rating/feedback mechanism could be introduced to help drive up quality and improve customer choice
- Where grants are provided, these should be targeted so that they make demonstrably transformational changes (including social and environmental impacts) and some form of loan scheme could encourage a more commercial approach to business support amongst social enterprises;
- There may be a growing demand for start up support that needs to be delivered at a local level. Social and environmental contributions should be included in criteria for assessing eligibility for support to high growth social enterprises through Business Coaching for Growth;
- There is a need to improve understanding of social and environmental impact measures amongst service commissioners, procurers and social investors to enable social enterprises to compete effectively for public service contracts;
- A high value is placed on peer to peer support and on-going, bespoke support that can be established through mentoring schemes. The national mentoring network should include a clear social enterprise element and both mentoring schemes and networks need to be actively managed to be successful;
- There is scope to expand on-line support services beyond providing information, but face to face support is still valued highly. Many social entrepreneurs are already active users of social media and evidence suggests that it can be difficult to attract people to attend workshops in person, particularly in rural areas

1.0 INTRODUCTION

1.1 The Programme

The Office for Civil Society (OCS) Social Enterprise Business Support Improvement Programme aimed to improve the performance of social enterprises by encouraging them to use the publicly-funded support that was available. The guidance for RDAs to develop projects to support the programme suggested that businesses that use advice and support improve their performance⁴.

The Programme stems from identified market failures in business support that could inhibit the growth of the social enterprise sector including:

- A lack of social enterprises accessing business support
- A lack of understanding and expertise in supporting social enterprises amongst publicly-funded business support staff
- The inability of social enterprises to purchase high quality business support; and
- A lack of advisor and organisational capacity/standards among the Social Enterprise support agencies⁵.

The ultimate intention is to contribute to a changed *environment* for business support for social enterprise by developing a greater level of mutual understanding and trust between the social enterprise sector and publicly-funded business support agencies; enhancing Business Advisers' knowledge of social enterprise; and raising awareness of the business skills that are required to run successful social enterprises.

OCS funding was devolved to Regional Development Agencies (RDAs) so that tailored activities could be developed that reflected local needs.

RDAs were asked to submit proposals to the OCS that set out their proposed activities to achieve the Programme's objectives. These were expected to address at least two of the market failures set out above. The programme was deliberately flexible so that fresh approaches could be adopted on the basis of changed circumstances as the programme developed.

In designing activities, RDAs and contracted business support organisations were expected to consult with social enterprise sector representatives to ensure that approaches were relevant to the needs of the sector.

The Programme started with an initial phase of exploratory activity in 2007/08, with full scale activities taking place in 2008-2011. A total of £665,000 was allocated to each region over the course of the Programme (see Figure 1.1).

⁴ Source: p. 38 social enterprise action plan

⁵ Source: *ibid.*

Figure 1.1: Annual funding allocation per region

	Funding Allocation per region*
2007/08	£55,000
2008/09	£200,000
2009/10	£200,000
2010/11	£200,000
Total	£655,000

Allocations for 2008/09 - 2010/11 include £5,000 annual contribution to national programme evaluation.

Activities that were funded included:

Identifying Needs

- **Research and mapping** into the scale of the social enterprise sector and its business support needs.

Improving Supply

- **Training for business support staff** to develop Business Advisers' capacity to identify and respond to social enterprises' business support needs;
- **Social enterprise visits**, that provide real-life examples of social enterprises in action to improve understanding of the model amongst Business Advisers and other interested partners;
- **Employment of Specialist Business Advisers** with an expertise in social enterprise to act as a credible link between business support providers and the social enterprise sector and to be social enterprise 'champions' within the providers themselves;
- **Accreditation for specialist suppliers** to improve the quality of specialist social enterprise business support suppliers.

Stimulating Demand

- **Grants and vouchers** schemes to help social enterprises to access specialist consultancy support;
- **Workshops, masterclasses and events** to provide information and transfer knowledge to and between potential and established social enterprises;
- **Mentoring schemes** that help to transfer knowledge and develop networks and partnerships between established and fledgling social enterprises;
- **Sector Network development** to improve the collective social enterprise voice; raise awareness of social enterprise and to provide better targeted support services;

- **Resource development**, including on-line toolkits and guides to improve understanding and knowledge of how to establish and maintain social enterprises;
- **Production of marketing and promotional materials** aimed at social enterprises.

The Programme was not the only source of funding for business support for social enterprises. They, like any other business, were able to access business support services that were available to mainstream businesses.

Several RDAs also provided social enterprise specific support through their Single Programme funding, whilst other sources of funding, such as the European Regional Development Fund (ERDF) were also used. In many cases, OCS funding was integrated with these other sources to maximise its impact and to ensure that activities were *complementary* to existing approaches that support social enterprises.

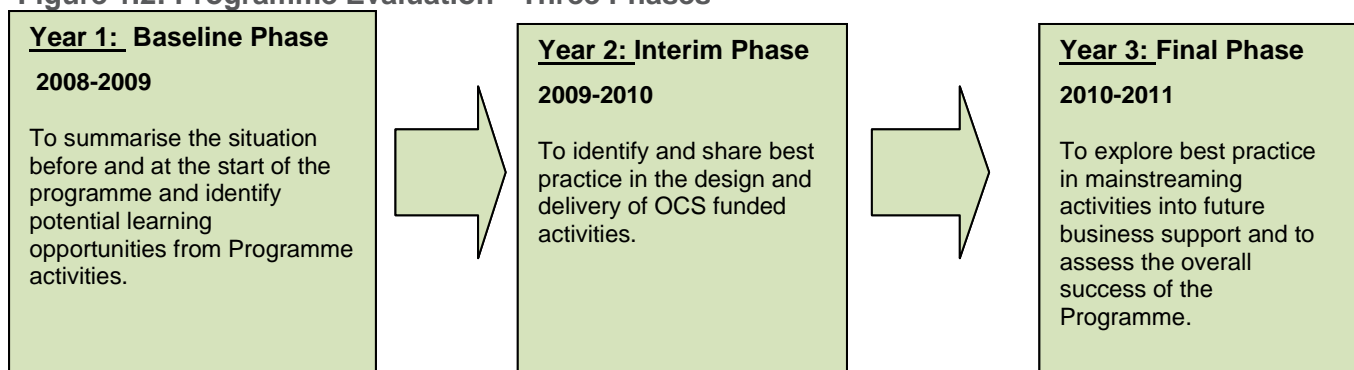
The flexibility of the programme enabled links to be made between OCS funded projects and those that already existed. In some regions this resulted in a much more holistic approach to supporting social enterprises to be adopted than had previously existed. The role of Regional Social Enterprise Networks was often central in developing links between participating agencies and ensuring that projects reflected local needs and complemented existing activities, such as those delivered under the *Capacitybuilders Social Enterprise Programme*.

The *Capacitybuilders Social Enterprise Programme* aimed to improve support for social enterprises through the nine Regional Social Enterprise Networks and 36 support organisations. Specifically, the programme aimed to help social enterprises increase their effectiveness; enhance their market opportunities; and influence delivery of policies and programmes.

1.2 The Evaluation

In October 2008, the OCS commissioned Step Ahead Research to undertake a National Evaluation of the Social Enterprise Business Support Improvement Programme. This was a three year project, divided into three phases as shown in Figure 1.2.

Figure 1.2: Programme Evaluation - Three Phases



The aims of this National Evaluation were to:

- Assess the impacts of the Programme on the environment for supporting social enterprises nationally and within each region, both qualitatively and quantitatively

through national Business Link Customer Satisfaction and management information data;

- Help facilitate sharing of experiences, challenges and successes across the regions; and
- Identify examples of good practice that could be incorporated into the development of approaches to support social enterprise across the country in the future.

The evaluation was chaired throughout by a steering group. This was led by the Office for Civil Society and included representatives from the National Business Link Network; the National Network of Regional Development Agencies, and the Department for Business, Innovation and Skills.

1.3 Evaluation Outputs

The following outputs have been produced during the National Evaluation.

The Baseline Report and Service User Perception Paper

The Baseline Report found that take up of and satisfaction with publicly-funded business support was at similar levels to that of mainstream businesses. There were some negative views of the service, but perceived past bad experiences could also be found amongst non-social enterprise service users.

In some regions there was evidence of a lack of mutual understanding between publicly-funded business support providers and social enterprise representatives. There were a number of factors that contributed to this. These included:

- A lack of awareness of the Information, Diagnostics and Brokerage (IDB) business support service;
- Different views about the extent to which the needs of social enterprises differ from non-social enterprise businesses; and
- A recognised need to improve understanding of the social enterprise model amongst business support staff.

The Baseline report suggested that, with exceptions, the support needs of social enterprises were largely the same as those of non-social enterprises, with finance and cash flow being amongst their most commonly cited challenges. However, the way services were delivered and the discourse to engage and support social enterprises were viewed as important. Social enterprises had a preference for personalised support, such as peer-to-peer support, networking and mentoring. Given this emphasis on personal relationships, individual advisers were seen to be central to how business support services, as a whole, were perceived.

The aim of the OCS funding was to create a sustainable legacy. The Baseline report, therefore, stressed the need for improvements at a strategic and organisational level, as well as ensuring that resources were provided to improve front-line support.

The Baseline report identified some challenges around the definition of social enterprise⁶ and the supporting **User Perception Paper** suggested that how social enterprises came to market may have a significant impact on their support needs. Social Entrepreneurs, it suggested, often had very well developed commercial skills, but could need support to better navigate the public policy and procurement environment. Conversely, social enterprises that were created as ‘spin outs’ from charities often understood this environment, but demonstrated a greater need to develop their commercial skills. A further dimension that could influence support needs related to the relationship that existed between social beneficiaries and paying customers.

The paper suggested that some social enterprises operated a commercial arm as a mainstream business with surpluses being directed towards a social or environmental goal. In others, however, there was a much closer relationship between the social enterprise and its intended beneficiaries, who could be employees or customers, for example. Business support providers need to be able to “understand that the philosophy of social enterprise as a business model can affect how (they) make decisions”⁷.

The Interim Report

The Interim Report acknowledged the changes in economic climate within which the programme was being delivered. *The State of Social Enterprise Survey (2009)*⁸ suggested that social enterprises were more confident about the future than Small and Medium-sized Enterprises (SMEs) and that, overall, their performance had been better. The Interim Evaluation report suggested that there were emerging challenges and opportunities as the Government sought new ways to deliver public services in a period of public spending constraint.

The report highlighted that relationships between business support providers, Regional Development Agencies and Regional Social Enterprise Networks had improved both the strategic and operational environment and it identified five areas where activities could make an impact:

1: Understanding social enterprises and their needs. The report emphasised the value of undertaking research into social enterprise support needs and fully engaging Regional Social Enterprise Networks in the design (and delivery) of services and supporting infrastructure.

2: Engaging Social Enterprises. Take up of grants was considered to be good, but it was important to ensure that enterprises valued the advice, rather than the grant. Introductory workshops attracted interest, but it could be difficult to engage people, particularly when this involved travel. For marketing materials to be effective, they needed to be adapted appropriately.

3: Improving Core Business Support Capacity. Specialist social enterprise advisers were seen to be credible external ambassadors and internal champions, but too much reliance on a small number of specialists could mean that social enterprise business

⁶ A Social Enterprise is “a business with primarily social objectives whose surpluses are principally re-invested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and other owners” (A Strategy for Success - Department of Trade and Industry).

⁷ Source: National Evaluation of the OTS Social Enterprise Business Improvement Programme Service User Perception Paper Step Ahead Research on behalf of The Cabinet Office (2009)

⁸ Source: The State of Social Enterprise Survey (2009) Social Enterprise Coalition 2009

support was not embedded throughout the organisation. It was not always easy to engage mainstream advisers in social enterprise training; and whilst toolkits and learning resources were being developed, it was not yet clear how effectively they were being shared across the regions.

4: Stimulating the Demand for Business Advice. Grants and vouchers had been effective in engaging social enterprises, but they needed to be of a reasonable value and be administered efficiently. However, it was less clear whether such schemes would lead to greater investment in business support by social enterprises over the longer term. Take up of accreditation by suppliers was reported as ‘patchy’ and it was not clear that accreditations were widely recognised by business support customers.

5: Plugging Gaps in Provision. Peer-to-peer specialist support, through networks, mentoring and masterclasses were seen to be popular ways of providing support to social enterprises. There was a strong emphasis on learning from people who have ‘done it’, but credible speakers/facilitators and good mentor/mentee matches are essential. On-line materials had started to be developed, and the report suggested that there was a need to “make the most” of these.

Satisfaction survey data suggested that there had been no increase in the proportion of Business Link customers who were social enterprises, but that their levels of satisfaction with the service were at least as high as those of mainstream businesses. They were particularly satisfied with the intensive support that they received.

The Interim report concluded that, at national level, market failures in accessing support, had, for the most part, “been resolved”. However, it recommended that further consideration should be given to profiling the sector, because there appeared to be a “lack of reliable benchmarks for the number of social enterprises or their growth patterns at a regional level”.

It also recommended a more formalised approach to sharing good practice and materials between the regions and suggested that consideration be given to activities that could be maintained beyond the end of the programme.

Good Practice Guides

Five ‘Good Practice Guides’ were produced, based on the areas identified above. They were developed on the basis of stakeholder workshops that were undertaken in Year 2 of the evaluation and the first round of interviews with social enterprise business support users. Key elements of these are contained within the body of this report and they have also been produced as stand alone documents.

Case Studies

Ten case studies were produced, that reflect the experiences that a range of social enterprises had in accessing publicly-funded business support. The case studies include social enterprises operating in a range of sectors and from different parts of the country. Again, elements of these are contained within the main body of the report, but they have also been produced as stand alone documents.

The Final Report

This report represents the final output of the evaluation. It has been informed by following activities have been undertaken during the course of the programme:

- More than eighty depth interviews with stakeholders and partners involved in the design and delivery of the programme in each of the nine English regions. These included representatives from Regional Development Agencies, publicly-funded business support providers; and Regional Social Enterprise Networks;
- Analysis of 8 waves of the Business Link Customer Satisfaction Survey, between October 2008 and September 2010, covering more than 2,500 social enterprises;
- More than 140 depth interviews with social enterprises that had accessed business support funded through the programme;
- Four stakeholder workshops with representatives of Regional Social Enterprise Networks, Regional Development Agencies and publicly-funded business support providers to facilitate knowledge exchange and to enable good practice examples to be shared; and
- Three meetings of a Delphi Group of social enterprise experts who have provided comments and feedback on the outputs and ensured that the evaluation has been conducted with reference to the changing operational environment for social enterprises.

The final phase of the evaluation focuses on the extent to which the programme achieved its objectives and the implications that the findings have for the delivery of business support in the future.

The remainder of this report is structured as follows:

Section 2 considers the changing context for providing business support for social enterprise.

Section 3: assesses the extent to which the programme has improved the quality of business support for social enterprises

Section 4 assesses the extent to which the programme has contributed to an increase in the take up of business support by social enterprises.

Section 5 provides overall conclusions about the impact of the programme on the business support environment for social enterprises.

Section 6 considers the implications of what has been learned from this programme for the design and delivery of business support for social enterprises in the future. .

2.0 CONTEXT REVIEW

The environment within which much of the Social Enterprise Business Support Improvement Programme has been delivered is fundamentally different to that within which it was conceived.

The banking crisis and the 2008/09 recession profoundly changed the economic environment leading to business closures and rises in unemployment across the country. Although the United Kingdom has emerged from recession, its impact will be felt for some time to come, with the 2010 Comprehensive Spending Review signalling sharp reductions in public spending across most departments over the next few years.

The election of a Conservative-Liberal Democrat Coalition Government has also changed the organisational context for providing business support. The Government aims to tackle the budget deficit over the lifetime of the Parliament by both cutting public spending and setting the conditions for private sector-led growth.

This includes identifying new, flexible ways of delivering efficient public services, as part of what the Government has described as the 'Big Society'. It aims to devolve power to individuals and communities so that they have the information and resources to address issues that impact on their lives. This includes strengthening community involvement, promoting charitable giving, devolving powers from central to local government by removing 'ring-fenced' budgets; and, crucially from a social enterprise perspective, supporting the creation and expansion of mutuals, co-operatives, charities and social enterprises so that they can have a greater role in running public services.

The Government has published a strategy for growing the social investment market⁹. This sets out its approach to providing finance to support social ventures, particularly so that they can deliver public service contracts. The strategy includes proposals to review tax incentives and regulatory frameworks to encourage social investment, and to establish an independent *Big Society Bank* that will lever new finance and create links between social ventures and sources of investment. The Government expects that such an approach could "dramatically alter the way we tackle social issues"¹⁰ and lead to better procurement of goods and services by public sector organisations.

The strategy makes specific reference to the need to support social entrepreneurs to become investment ready. It suggests that there is "already a range of different support services available"¹¹ outside the Business Link network, but that many social entrepreneurs "struggle to access the support they really need"¹².

The Department for Work and Pensions (DWP) has also outlined radical plans for welfare reform. It aims to simplify the benefits system, so that it provides clearer incentives for people to work. New welfare to work contracts are expected to be outcome based, with a small number of large

⁹ Source: Growing the Social Investment Market: A Vision and Strategy HM Government February 2011

¹⁰ Source: p 18 *ibid*

¹¹ Source: p.32 *ibid*

¹² Source: p.33 *ibid*

providers being expected to contract with smaller, specialist suppliers to ensure that delivery reflects local needs.

These all represent potential opportunities for social enterprises and there seems to be cautious optimism about the future within the sector. The Social Enterprise Business Barometer (2010) suggests that social enterprises have generally “fared better” than SME employers during the recession and future growth expectations are broadly similar.¹³

Consultation with social enterprises and their representatives for this evaluation suggest that finance continues to be their biggest challenge. Although the Government’s Big Society agenda could present new opportunities, there may be challenges for those that are most dependent on public sector funding.

Whilst social enterprise is one of a range of business models that is being encouraged, the climate for winning contracts has become more competitive and the support infrastructure is under-going a period of change. Around a third of social enterprises have contracts with public sector organisations¹⁴ and the Comprehensive Spending Review (CSR) sets out plans for an 8% real terms reduction in spending across Government departmental programmes and administrative budgets. Communities and Local Government (-27%) and the Department of Business Innovation & Skills (-25%) are amongst those most affected. Although there appears to be a growing recognition of the contribution that social enterprises make, the market may become more crowded at a time when resources to fund activities will be more limited.

As part of its aim to devolve decision-making and to deliver more efficient public services, the Government has announced plans to re-shape how business support and local economic development are delivered. In October 2010, the Coalition Government published *Local Growth: Realising Every Area’s Potential*. The White paper argues that the Government cannot itself create private sector growth, but it can create the conditions for this to happen. It sets out plans to replace Regional Development Agencies with Local Enterprise Partnerships (LEPs) based on functional economic areas.

There is no blueprint for the LEPs, reflecting the Government’s aim to devolve decision-making so that actions can be taken to address locally determined priorities. However, they will have a strategic role to “drive sustainable private sector-led growth and job creation in their area”¹⁵ and “could be best placed” to provide business information and advice, through existing local support networks.

The Government has also established a new £1.4bn Regional Growth Fund to encourage enterprise and sustainable employment in areas that are “currently reliant on the public sector”. Voluntary and community sector organisations and social enterprises are amongst those that are expected to bid into this fund, although the £1m minimum threshold for bids is likely to favour larger contractors and consortia.

*Bigger, Better Business – Helping Small Firms Start, Grow and Prosper*¹⁶ sets out the Government’s plans for publicly-funded business support. This emphasises the role of peer-to-

¹³ Source: Social Enterprise Business Barometer (2010) Department for Business, Innovation and Skills

¹⁴ Source: Social Enterprise Business Barometer (2010) Department for Business, Innovation and Skills

¹⁵ Source: Local Growth: Realising Every Place’s Potential. Department for Business, innovation and Skills (2010)

¹⁶ Source: Bigger, Better Business – Helping Small Firms Start, Grow and Prosper. Department for Business Innovation and Skills (2011)

peer support, enhanced on-line provision and better targeting to address “evident market failure”. Proposals include:

- Enhancing on-line business information;
- Establishing a National Call Centre;
- Setting up a New Enterprise Allowance scheme to encourage unemployed people to start up businesses;
- Recruiting a network of at least 40,000 experienced business mentors;
- Providing Business Coaching for Growth to support high growth SMEs; and
- Developing tailored support programmes to improve entrepreneurship amongst specific target communities.

The Government’s devolutionary aims and the establishment of Local Enterprise Partnerships may mean that the focus of business support differs across the country, reflecting locally identified priorities. It will be important to ensure that the lessons that have been learned from this programme are incorporated into the design of business support services at national and sub-national levels in the future.

3. IMPROVING THE SUPPLY

3.1 Background

This section considers the extent to which the Programme improved the quality of business support provision. It focuses on attempts to improve capacity and expertise within generic providers of business support and increase the availability of quality assured specialist business support suppliers.

The early stage of the programme was dedicated to establishing activities that would most effectively address its objectives, based on the environments that existed within each of the regions. Although the decision had been made to channel the resources through the mainstream business support service, both the Regional Development Agencies and the Business Link providers were expected to engage Regional Social Enterprise Networks in the design of activities and, possibly, in elements of its delivery.

The mainstreaming approach appeared to provide some distinct benefits. Firstly, the programme was often delivered as a partnership between organisations that had not always previously had a comfortable relationship. In many regions these partnerships delivered real added value to the programme, resulting in expertise being acknowledged and shared and relationships being improved. They facilitated a better mutual understanding of roles, restrictions and constituencies.

Secondly, it may have prevented social enterprise business support becoming silo-ed or “cocooned”. It may have helped to emphasise the similarities between social enterprise and mainstream business support needs, and to expose social enterprises and mainstream businesses to each other.

Thirdly, it helped to locate social enterprise more towards the ‘enterprise’ end of the spectrum, attracting commercial entrepreneurs into the social enterprise fold.

Fourthly, it benefited from the scale and reach of Business Link providers, which have large databases of businesses that they are able to access.

Indeed, there seems to be a view amongst both Business Link providers and many Regional Social Enterprise Networks that more social enterprises are now comfortable accessing mainstream business support services. However, this is difficult to evidence quantitatively.

The programme appeared to be most effective where a genuine partnership between Regional Social Enterprise Networks, Business Link providers and Regional Development Agencies either already existed prior to the programme, or was developed as a result of it.

“Compared with 2007/08 the relationship is completely different. We have been building up trust and this is now very embedded. The money from the OCS was instrumental in making changes for the better and it has left a legacy”

Social Enterprise Network Representative

Where this was not achieved, there seems to be some residual frustration that the programme may not have delivered as much as it could have done.

“There seemed to be a point at which the initial suspicions and the lack of interest in accessing mainstream business support by social enterprises was starting to be overcome, but now there is no longer any specialist support available”

Social Enterprise Network Representative

It is important that the changes to the way that business support is delivered do not mean that the gains that there have been are lost. Funding cuts have already begun to impact on the level of business support that is provided in some regions. In one, there is now no longer any specialist social enterprise business support delivered through Business Link, and in other areas elements of the support that had been provided outside the programme have been cut.

3.2 Improving the Capacity and Expertise Amongst Generic Providers of Business Support

3.2.1 Baseline Review and User Perceptions Paper

Part of the rationale for the programme was to address a perception that publicly-funded business support services were not effective at addressing the needs of social enterprises. This included a perceived lack of understanding of some specific technical issues, but also, and as importantly, a perceived lack of empathy with the social and or environmental dimensions of running a social enterprise.

The Business Link Customer Satisfaction Survey (BLCS) was not able to compare social enterprises' satisfaction with Business Link with that of mainstream businesses prior to the commencement of the programme. However, following changes to the survey, results for October 2008-December 2008 suggested that around 6% of Business Link users were social enterprises; that they were more likely to access more intensive forms of support; and that there was “no significant difference in satisfaction levels between social enterprise and non-social enterprise customers”¹⁷. Furthermore, these satisfaction levels were high, based on interviews with 2,500 social enterprise customers.

Despite this, some Business Link providers themselves and several Social Enterprise Network representatives had identified the lack of understanding of the social enterprise model amongst business advisers as an issue. In regions where there was already a strong tradition of supporting social enterprise, this may have been less acute.

Some perceptions of mainstream business support had been formed as a result of previous bad experiences, and these had become difficult to shift. Mainstream business support services were sometimes not seen as the natural place to seek advice by social enterprises, with the service sometimes being considered “too generic”.

¹⁷ Source: p.29: Nairne B; Pratt J; Norrington H & Underwood K: National Evaluation of the OTS Social Enterprise Business Support Programme Baseline Report. Cabinet Office (2009)

The lack of awareness of the social enterprise model meant that some mainstream business advisers were not seen to take social enterprises seriously, considering them to be non-commercial and grant dependent.

“There is a need to manage expectations. Many social enterprises believe that they should be able to get grants or funding”

Business Link Representative (Baseline Stage)

3.2.2: Addressing the Issue

Regions took different approaches to improving the capacity of business advisers, which largely revolved around the following activities:

- Undertaking or commissioning an analysis of the profile and needs of the social enterprise sector;
- Employing social enterprise specialists to act as links between Business Link and the social enterprise sector and as internal champions for the sector within their own organisations;
- Developing the skills and knowledge of generic business support providers and contact centre staff; and
- Sub-contracting the Information, Diagnostic and Brokerage (IDB) service to a specialist agency.

Several regions undertook or commissioned studies into the needs of social enterprises and developed activities in response to the findings from these. However, this was not the case in all regions. Reasons for not undertaking background research included definitional difficulties and a view that this work had often already been done, if not at a regional level, then within some of the sub-regional areas.

The extent to which studies were used to inform projects appears to be somewhat mixed. One region was quite clear that it had been very influential in determining the activities they funded.

“The research was helpful at the start of the project as it helped to shape the activities that were pursued”

Regional Development Agency Representative

However, in another region, a full agreement about the needs of the sector did not seem to have been achieved by the final year of the programme.

“The sector was not really adequately consulted on what it needed. Had this been done, there would have been a lot more focus on start up support”

Social Enterprise Network Representative

The IDB service was sub-contracted in only one region (South West), where a specialist social enterprise business support organisation delivered the service.

Most other regions took an approach that aimed to develop different levels of knowledge and expertise within their mainstream business support organisations. In some regions, training was central to the programme, and included differentiated training provision and on-line learning resources that enabled staff to develop the skills and knowledge that reflected their role within the organisation.

Social Enterprise (East Midlands) and Business Link (East Midlands) developed a training programme for business advisers which was delivered on the premises of a social enterprise. This is followed up by additional learning days that focus on specific social enterprise topics, such as legal structures, finance and investment.

The aim of the development programme was to incorporate social enterprise into an enhanced business diagnostic, so that all business advisers are able to provide the right support.

The initial two day programme is aimed at 'sensitising' business advisers and start up contractors to social enterprises, building their understanding of the business model and their needs/opportunities. Additional learning days and an on-line knowledge bank are provided to enable people who are interested to continue their learning afterwards. This approach allowed social enterprise to become part of everyone's work and meant that business advisers and support staff had the appropriate level of knowledge for their roles.

Furthermore, business advisers were nominated to become a "Social Enterprise Champion" for their sub-region. The Champions led on keeping their colleagues up to date on sector developments and supporting colleagues with more complex social enterprises.

This training programme was used by neighbouring Business Link service to train its own advisers.

In other regions, there was a 'lighter touch' to training generic staff and a greater reliance on "specialists". Generic staff training could involve short 1-2 hour awareness-raising sessions that were delivered as part of a team meeting or a programme of "social enterprise visits" that exposed advisers to how social enterprises operated.

Specialists often acted as a credible face of mainstream business support to external organisations and as a reliable source of knowledge and advice for social enterprise customers. They were also often able to promote the social enterprise model and influence service design within their organisations.

However, in some cases much of the reputation of the mainstream business support provider rested on the shoulders of a small number of individuals and the relationships that they established with external partners and social enterprise service users.

"Xxxx is really good as he has personal experience of running a social enterprise, so he really knows what it is like"

Social Enterprise, East of England

The relationship between the reputation of business support organisations and that of individuals may be stronger when specialist support is provided by a small number of recognisable staff.

Furthermore, this approach may have other organisational risks. In one area there were two specialists across the region. However, when one was promoted, it meant that there was a

significant loss in its social enterprise support capacity, because of the gap in expertise between specialists and generic staff. Other regions developed a graded approach to specialisms, spreading expertise more widely and providing a structure that enabled the loss of individual staff to be absorbed more smoothly.

Overall, most partners recognised the need for some form of social enterprise specialism to be developed within mainstream business support organisations, even where there was a requirement for all staff to undergo some form of “sensitising” training.

“Initially, training had been quite generic and for all staff, but this year it has been specifically around a social enterprise field team”

Business Link Representative

“This is very different from the “sheep dip” approach, which did not really work. There are more people who are engaged with social enterprise “behind the scenes”, but having a limited number of champions helps to maintain their quality”

Social Enterprise Network Representative

“I am much more inclined to spend the remaining training budget on developing an internal team of social enterprise advisers, which could operate as a team within the company or, if things change, operate as independent specialists”

Business Link Representative

“I strongly believe that all business advisers need social enterprise training – there is a need for an element of specialist support, rather than a bespoke service”

Regional Development Agency Representative

Engaging the social enterprise sector in the planning, design and delivery of learning activities appears to increase confidence within the sector. It adds credibility and relevance, and has the potential to help establish strong working relationships between mainstream business advisers and social enterprise representatives.

One-off training events may have only limited impact. A staged approach to developing different levels of expertise that allows those who are interested to undertake follow-up training, perhaps through on-line resources or workbooks, may yield the most lasting impacts.

The changes to how business support is delivered need not result in a loss of expertise if the need for specialist support becomes embedded in the design and delivery of business support in the future.

“Whatever happens in the future, the knowledge will carry on and some individuals from Business Link may even end up in the social enterprise sector”

Business Link Representative

3.2.3 Programme Impacts on Business Support Capacity

Partners involved with the programme generally believed that there was a high level of take up of mainstream business support amongst social enterprises by the end of the programme, although this is more difficult to evidence quantitatively. Furthermore, a number of stakeholders suggested that it had been successful demonstrating that mainstream business support providers are able to provide support to all different types of enterprises.

The profile of Business Link has increased significantly as a result of the programme and it is now much more accessible to social enterprises.

Social Enterprise Network Representative

“Business Link wasn’t used by social enterprises and was not really geared up to support the sector, but it is now a very different ball game”

Business Link Representative

Although not agreed by everyone, most partners continue to subscribe to the 80:20 rule, where the majority of social enterprise support needs are the same as, or similar to, those of mainstream businesses. Indeed, interviews with more than 70 social enterprises who were contacted as part of the final evaluation, tended to echo this.

On the face of it, this would suggest that publicly-funded services may now be better placed to support social enterprises than before the programme started. However, it is not clear how much this is attributable to improvements in the capacity of business advisers, and how much is due to the general mainstreaming of social enterprise as a business model that seems to have occurred.

“There is now more awareness of social enterprise amongst the general public, which has brought changes in terms of the sheer demand for support services”

Social Enterprise Network Representative

Furthermore, the landscape for business support for social enterprises still seems to be an uneven one, with social enterprise continuing to be a lower priority in some regions than in others. Given their different starting positions, this may have been inevitable. Whilst there may have been improvements across the country, this does not seem to have led to much equalisation. In one region, there is now no Business Link specialist social enterprise provision and in others, it does not yet seem to be fully embedded in business support delivery:

“Social enterprise has not been given the promotion it should have been among the senior management team and social enterprise was “hidden off” in the voluntary section of the RDA, not within the business support delivery arm”.

Business Link Representative

“There is will there on the Business Link side of the table, but there has just been a lack of understanding of the sector”

Social Enterprise Network Representative

The quality of the partnerships between the Business Link service provider, the Regional Social Enterprise Network and the Regional Development Agency seems to have been an important influence on the perceived success of the programme. In some regions Regional Social Enterprise Networks were well established and there were strong links between them and Business Link providers. This enabled joint approaches to projects to be developed without a need to go through a process of establishing parameters and mutual understanding that is a feature of most new partnerships. This is an important consideration when designing programmes that will run over a relatively short period of time.

In other regions the programme itself appears to have been successful in bringing partners together, enabling them to establish effective relationships; to design and deliver joint activities;

and to broaden mutual understanding of and respect for each others' specific expertise and experience.

However, there appear to be a small number of regions, where it has been more difficult to establish the strategic relationships that would have enabled the programme to have been delivered more effectively.

3.2.4 Service User Perceptions of Publicly Funded Business Support Capacity

It would be reasonable to conclude that, from a stakeholder perspective, the Programme has improved the capacity of mainstream providers to deliver business support to social enterprises. However, it is important to also consider the views of service users themselves.

Depth interviews with 72 social enterprises that were undertaken to inform the final stage of the evaluation suggest that there continue to be some concerns about the overall quality of publicly funded business support amongst some social enterprises.

However, the personal nature of support was often highly valued and individual advisers were sometimes seen as both knowledgeable and understanding. Interviewees often suggested that it was useful just to have someone to bounce ideas off and reflect with. The value attached to the 'external ear' suggests that whilst social enterprises may need technical "advice" that can be imparted in a short interaction; it is often empathy and understanding that motivates them and which may need to be provided over a number of interactions.

Mentoring Support for Self Direct Ltd

Don Derrett, the Chief Executive of **Self Direct Ltd** took part in the mentoring scheme in Yorkshire and Humberside because he wanted to "scale up" his social enterprise. He had a number of mentoring sessions with an experienced social entrepreneur that gave him the opportunity to "reflect with someone else". Since taking part in the mentoring scheme, Self Direct has taken on two new employees and practically doubled its turnover"

There were many examples of social enterprises that had received positive experiences from their engagement with Business Link. However, there continues to be a perception amongst some social enterprises that business advisers "*just don't have a good understanding of social enterprises*"; that there can be a lack of follow-up after initial engagement; and that the service finds it difficult to provide support for more complicated social enterprises.

It is possible that some of this may be due to a residual mismatch in expectations between what some people believe the service should provide and what it is designed to provide through IDB. However, these concerns are echoed in the national evaluation of the Capacitybuilders Social Enterprise Programme. This found that there had been "limited impact around adviser support", particularly in relation to training Business Link advisers. The report highlights difficulties that some Capacitybuilders projects had in "either engaging Business Link or adding value to services from Business Link"¹⁸. Furthermore, the report's authors are "sceptical that mainstream business support will adequately respond to the needs of social enterprise" in the future¹⁹.

¹⁸ Source: p.21: Capacitybuilders Social Enterprise Programme Evaluation National Report. Rocket Science February 2011

¹⁹ Source: p.38 *ibid*

3.3 Improving the Quality of Specialist Suppliers

3.3.1 Baseline Review and User Perception Paper

Business Link operates an Information, Diagnostic and Brokerage (IDB) service. This generally includes referring service users on to a range of providers who then provide specialist support based on the identified business need. To this extent, Business Link operates a 'gateway service' with the main advice and support often being provided by third parties.

This Programme aimed to improve the quality of social enterprise specialist suppliers. In some regions there was not a lack of specialist suppliers, but the quality of many of them was perceived to be questionable. The link between support provided by Business Link and that provided by specialist suppliers needs to be understood. A poor experience from the specialist supplier can create a negative opinion of the whole business support process.

"Xxxx, a Business Link business adviser, was very helpful and quickly understood the aims of the business. But the three specialists who we were recommended to speak to were about as useful as a chocolate teapot!"

Social Enterprise, East of England

The lack of a feedback loop and weakness in quality assuring suppliers who provide the end service is not particular to social enterprise support. The same challenge exists for Business Link providers when they are working with mainstream business customers.

3.3.2 Addressing the Issue

Most regions that tried to improve the quality of specialist suppliers did so by providing funding to support accreditation. This was mainly through Small Firms Enterprise Development Initiative (SFEDI) or Institute of Leadership and Management (ILM) accreditation. There were also some less formalised approaches to improving the quality of suppliers. These included developing and supporting professional forums to improve knowledge exchange and encourage Continual Professional Development (CPD), and opening up visits for business advisers to other support organisations.

The Interim Evaluation report suggested that it had not always been easy to encourage suppliers to become accredited, possibly because the incentives for doing so were not always clear. It was not always a requirement for approved suppliers to be accredited, and there was not always a high level of awareness or value attached to ILM and SFEDI standards by customers selecting suppliers.

3.3.3 Impact of the Programme on the Quality of Specialist Suppliers.

Stakeholders often suggested that the environment for providing business support for social enterprises had improved and 63 of the 72 social enterprise service users consulted for the final stage of the evaluation also reported largely positive experiences.

However, there were still perceived to be gaps and some social enterprises continue to have a negative view of business support for social enterprises. There are also concerns that the tighter funding environment will reduce the availability of support that is available.

“In the last two years there has been a big change in the environment for social enterprises, but the amount of support that is available has reduced in the last six months as programmes have come to an end”

Business Link Provider

“I don’t think the level of support is as good as it has been in the past as the finance is just not there anymore”

Social Enterprise, South West

Positive experiences of Business Link did not necessarily translate into a similar view of the overall business support environment for social enterprises, however.

“The service that I received was excellent, but overall support that is available for social enterprises is quite poor”

Social Enterprise, South West

“The Business Adviser was very helpful and quickly understood what I was trying to do...but support for social enterprises is extremely patchy”

Social Enterprise, North West

Perceptions of the lack of availability of support may sometimes be due to a low level of awareness of what is available, rather than a general lack of provision. A number of social enterprises suggested that, although support was available, it was not always easy to find. Social enterprises that were actively involved in Regional Social Enterprise Networks were much more likely to be aware of the support that was available.

“There is support out there especially if you network and link with the right people”

Social Enterprise South West

4. STIMULATING DEMAND

4.1 Background

The programme also aimed to encourage a greater level of take up of business support amongst social enterprises. Social enterprises consistently identify cash flow and finance as being amongst their most pressing challenges, so the programme aimed to remove these barriers. However, perhaps more importantly, it aimed to improve business skills within social enterprises and encourage them to recognise the value of using their own resources to seek business support in the future.

Approaches to encouraging the use of business support operated at different levels. It was important to establish effective relationships between Regional Social Enterprise Networks and business support providers at a strategic and operational level. This involved joint-branding and co-hosting events, developing Memoranda of Understanding; and improving referral arrangements between organisations. Producing appropriate marketing and promotional materials was another important dimension to encouraging the take up of support.

More directly, regions developed a range of products and services that were specifically aimed at improving business skills within social enterprises and supporting their development. These included developing grant and voucher schemes; organising workshop and events programmes, delivering masterclasses; setting up mentoring programmes; and developing peer-to-peer support networks

4.2 Baseline Review and Service User Perception Paper

The rationale for increasing the take up of business support by social enterprises was that this could improve their performance, given evidence that mainstream businesses that access advice tend to do better than those that do not.

The Baseline Report found that many social enterprises had particular weaknesses in “business planning and marketing and sales skills”. However, it suggested that they were not an homogenous group, but could be located at different points along a continuum between voluntary and community sector organisations and mainstream businesses.

Social enterprises that are closer to mainstream businesses may have greater commercial awareness than those that are closer to voluntary and community sector organisations. Understanding these differences in commercial awareness and experience is important so as to provide the right business support to the right organisations. The Service User Perception Paper took this further and suggested the business skills of social enterprises may also depend on:

- Their route to market; and
- The relationship between customers and beneficiaries.

The Service User Perception Paper also suggested that some social enterprises operated on a strictly commercial basis, selling directly to customers in the open market, and using surpluses to

fund their primary social or environmental objectives. For other social enterprises, there is a much closer relationship between beneficiaries and the activities of the social enterprise, either as customers or as employees. Revenue for this latter group was more likely to come from third parties, such as public sector funders. Again, these distinctions could have a bearing on the differences in commercial skills amongst people running different types of social enterprises.

The Baseline Report found that just under 6% of Business Link customers fitted the social enterprise description and that satisfaction levels were broadly the same as those of mainstream businesses. Stakeholders in many of the regions suggested that the programme had resulted in a greater propensity for social enterprises to access business support through Business Link. However, according to the Interim Evaluation report, there was “*no clear upward trend in the proportion of customers who are social enterprises*”, based on an analysis of Business Link Customer Satisfaction Survey data.

The report found that there were differences between the regions in the proportion of Business Link customers that were social enterprises. However, the lack of any reliable estimates of the number of social enterprises in each region made it difficult to know whether or not this was due to a higher propensity to take up business support in some regions than in others. There may still, therefore, be scope to better understand the profile of social enterprises, particularly at sub-national level.

4.3 Addressing the Issue

Regions undertook different approaches to encouraging the take up of business support by social enterprises, which can broadly be grouped as follows:

- Developing mentoring programmes and peer to peer networks
- Providing masterclasses and social enterprise workshops;
- Developing on-line toolkits and guides; and
- Providing grants and vouchers

4.3.1: Mentoring Programmes and Peer to Peer Networks

Mentoring was a particular feature of the programme in Yorkshire and Humberside, but was used less extensively in some other regions, where it was not necessarily funded through the OCS. In the East of England, the Social Enterprise East of England (SEEE) is looking to develop a network of social enterprise mentors across the region. In London, the London Development Agency (LDA) provided funds to increase membership of Social Enterprise London (SEL) and OCS funds were used to broaden the range of support activities that SEL provided. There are Regional Social Enterprise Networks in each region. These were often cited by social enterprises who were interviewed for this evaluation as an important resource.

Mentoring

Under the Yorkshire and Humberside mentoring scheme, experienced social entrepreneurs are “matched” with start-ups or less established social enterprises, over an agreed period and paid for the time that the mentor spends with the mentee. The main benefits of this approach are that it enables a flexible model of delivery to be developed and it helps to build relationships and

extend networks. It can have the added benefit of enabling the mentor to reflect on how they run their own enterprise.

An effective mentoring scheme needs resource to develop and maintain a sufficient supply of mentors; to ensure that there is a robust and effective vetting and matching system; and so that the terms of the mentoring relationship are clearly established and adhered to. Furthermore, the need for a sufficient supply of mentors means that such schemes need to be organised and delivered across reasonably large geographical areas.

Mentoring in Yorkshire and Humberside

There are more than 50 mentors involved in the Yorkshire and Humberside Social Enterprise Mentoring Scheme. Each mentor goes through a strict vetting process before they are selected as a potential mentor. Mentees selected for the programme are then provided with a list of 'matches' for a six month period. Mentors are paid £2,000 to provide six half days of mentoring time to the mentee, in addition to an initial introductory session. In many cases the relationship between the mentor and the mentee has continued after the end of the six-month period. The mentoring scheme has helped over 200 social enterprises in the region and is provided at a similar cost to that of mainstream business mentoring schemes.

Consultation with social enterprises commonly highlighted the value of peer to peer support. Beneficiaries of the mentoring service suggested that it is the bespoke and personal nature of the mentoring relationship that provides much of its value. The mentee themselves is able to determine the nature of the discussions in a way that is not possible by attending a predetermined training session.

In addition to this, the on-going nature of the engagement appears to be valued, and there is evidence from 'follow-up' interviews that these relationships can be sustained beyond the official mentoring period. There is significant value attached to having an "external sounding board" that helps to improve motivation and self-confidence amongst mentees.

Evidence from the evaluation²⁰ of the *Thrive* programme in the North West also highlights the value of bespoke, sustained support. Sixteen organisations benefited from the programme that involved an initial diagnostic; a needs and aspiration assessment; up to six days of consultancy support, based on a Consultancy Agreement; and a formal evaluation. The evaluation suggested that clients valued the programme's flexibility; led to increased confidence within organisations; and that a £90,000 investment had led to at least £500,000 of additional contracts won by participating organisations.

Peer to Peer Networks

Peer to peer learning is commonly identified as a favoured learning method by social enterprises, so developing and facilitating networks has been an important part of the OCS programme in some regions²¹. Establishing such networks enables contacts to be made and knowledge shared between social enterprises; helps the sector to articulate a stronger and better co-

²⁰ Source: Thrive North West: A Capacity Building Programme Supporting the Growth of Social Enterprise Organisations in the North West. BCT Regeneris (2010)

²¹ Note: The Capacitybuilders Social Enterprise Programme National Evaluation, Rocket Science 2011, also found that networking was both at the heart of and an additional outcome of many projects

ordinated voice; and enables events to be more effectively targeted. Networks that are valued by their members have the potential to become self sustaining through subscriptions and by member contributions towards the cost of events and activities that are provided by network organisations. For networks to be effective, they need to be dynamic, managed actively, have clear aims, a range of members and be sufficiently flexible so that they do not become unduly inward-looking.

Peer to Peer Networks in London

The London Development Agency (LDA) provided funds were used to increase the membership of the Social Enterprise London (SEL) network to 2,000 and OCS funds were used to broaden the range of support activities that were provided to members. Members include both social enterprises and other interested organisations and the network provides members with a fortnightly newsletter and access to a range of events and activities. There are different levels of membership that entitle members that enable members to access the range of services that they need, including one-to-one advice and support, advertising space in the Social Enterprise Directory and access to SEL's legal service, professional training and mentoring partnership. The more challenging economic climate has meant that members are increasingly expected to make a contribution towards SEL activities, which enables them to take a more business-focused approach to engagement.

Interviews with social enterprise service users suggest that peer to peer networks are valued because they enable social entrepreneurs to connect with other people who understand and speak the same language and because they provide the context for longer term, sustainable relationships to develop. Although there seem to have been some improvements in the way that Business Link is perceived, considerable value continues to be attached to the learning that can be provided by people who have run or are still running social enterprises.

4.3.2: Grants and Voucher Schemes

Most regions chose to operate a grant or voucher scheme. These give Business Link providers a tangible offer to a sector that some had previously found difficult to penetrate. In addition, grants and vouchers are seen as a way of overcoming financial barriers to accessing business support that many social enterprises face. Regions that chose not to operate grants/voucher schemes had concerns that it could re-enforce a grant culture; yield insufficient benefits, given the overall value of the programme funding; and carried with it some reputational and fraud risks.

In the event, fraud or reputational problems were not major issues in regions where grants or voucher schemes operated, although there were a small number of challenges around eligibility, administration and grant value.

Most grants had a value of between £1,000 and £4,000 and were aimed at established social enterprises. The appropriate value of grants/vouchers depends on their intended purpose. In one region, a series of vouchers of nominal value were issued as a way of trying to engage social enterprises in business support. However, this did not prove successful, so it was changed into a grant scheme (with grants having a value of up to £1,500) aimed at established social enterprises. This resulted in a much higher level of take up. Grants that had a value of between £1,500 and £4,000 could be considered to be of 'medium value' and may enable social

enterprises to access support that can help them to address specific aspects of their enterprises. However, it may be unrealistic to always expect these to result in transformational changes..

There was no requirement to provide match-funding, but most operated a 'claim back' system, whereby initial investment had to be made by social enterprises themselves, with payment being made upon receipt of an invoice.

Grant schemes need to be organised so that they are issued for their intended purposes and so that the administrative processes are proportionate to the value of the grant. This means ensuring that applications are from organisations that have clear social and environmental purposes and that they are being used for support that will add value. Cumbersome administrative processes can result in reputational damage with costs incurred in applying for grants negating or reducing their impact and delays in approving applications causing resentment amongst grant recipients.

Grants for Business Support in the South East Region

Grants for up to £2,500 were provided to social enterprises. These were administered by the Social Enterprise Network, the SE² Partnership. At the start of the programme, applications were made after a diagnostic interview with a business adviser. These were then reviewed and approved by a panel. There was no requirement to provide match funding, but grant applicants could only claim grants for support that they had paid for upfront. SE² took steps to ensure that there was a reasonable distribution of grant approvals across the South East region.

Grant schemes were generally considered to be popular and successful, with most regions having little difficulty in distributing their intended allocation. They were used to purchase a wide range of support services, much of which was not social enterprise specific. This included marketing and sales support; website development and general business planning.

There were examples of where support that was purchased by the grants had made a significant impact on the direction of social enterprises:

Case Study: Specialist Tax Advice for All About You

Just About You, an enterprise arm of Age Concern (Isle of Wight) used an OCS grant to purchase specialist legal and tax advice about employing Personal Assistants. The advice that they received resulted in All About You taking on the role of employer, rather than employing them on a self-employed basis. This advice enabled Just About You to become established as a trading company, which would have been difficult without the specialist advice that the grant enabled them to purchase.

Case Study: Business Planning Support for Break Barriers

Break Barriers is a new social enterprise that provides people with disabilities with the support of a Personal Assistant. The Managing Director, Andrene Lewis, used an OCS grant to purchase business planning support, training and help with marketing and research. This support enabled Break Barriers to get established and, according to Andrene, it is 80% responsible for where her social enterprise is now. She plans to grow the business so that it employs four other Personal Assistants.

Case Study: HR support Soft Touch

Soft Touch is a social enterprise that specialises in using the creative arts to support young people in deprived communities. They used an OCS grant to purchase specialist HR support. This helped to put contracts with seasonal workers on a formal basis and to develop sickness and absence and volunteer policies. This would not have happened without the support that the grant purchased.

Grants were also effective in changing the views of the value of business support amongst some social enterprises:

“Business Link is fantastic, both in terms of publicising the funding and in terms of the support that they give directly. The grant has given me a clear picture of the business support landscape. It is re-assuring to know that there are people out there who specialise in providing support to social enterprises”

Social Enterprise, East Midlands

It was great that the Trust was able to apply for the grant. The application process was no problem and we used the grant to buy consultancy support so that the management team could review the business plan. This has resulted in us taking on someone in a marketing and PR role. The exercise has shown us the value of consultancy, which we had not used much in the past”

Social Enterprise, South East

Whilst, overall social enterprises were positive about the grants they received, this was not always the case. Views were often dependent on the quality of the supplier who provided the support and the efficiency of the processes involved in applying for and receiving grants. Some smaller social enterprises found the claim back element difficult and others felt that the value of the grant did not enable them to purchase much more than superficial support.

“The advisers were nice and helpful, but it’s the processes and procedures that are the issue. The time it takes to make the application is worth as much as the grant is actually worth”

Social Enterprise, North East

“The consultants did a good job, but £1,500 doesn’t really buy a lot of consultancy time, so they just had to “parachute in” and do what they could in the time that they had”

Social Enterprise, East

Although grants were used for a wide range of support, social enterprises did not always find it easy to attribute impacts. Furthermore, a number of social enterprises used grants to develop tangible products, such as websites, for example.

Such funding may have enabled social enterprises to overcome financial barriers to improve these aspects of their enterprise. However, it may be more difficult to see how using grants in this way helps to increase social enterprises’ business skills or encourages investment in business advice in the future. There may be a need to distinguish between funding for advisory/consultancy services and funding for more tangible products, such as marketing leaflets and websites. The former seems to be more closely related to developing business skills, whilst the latter may better reflect an aim to help social enterprises to purchase “support” that they may not otherwise be able to afford.

A way of trying to 'level the playing field' for social enterprises is to ensure that there is a greater focus on improving understanding (and application) of social and environmental impact measurement amongst investors and commissioners and procurers of goods and services. Although this did not feature strongly as an issue for individual social enterprises who were consulted for this evaluation, it was expressed by sector representatives and may well become more important for social enterprises that are looking to take over public services in the future.

4.3.3 Workshops and Masterclasses

Most regions developed a programme of workshops, often aimed at people who were thinking of starting a social enterprise and at those with a wider interest in the sector. These included introductory workshops that looked into different social enterprise models and workshops that were either based on specific sectors or themes that were particular to social enterprise.

Some regions, such as the North West, developed a programme of masterclasses. These were pitched at a higher level and were often, but not always, aimed at developing the skills of established social enterprises.

Workshops

It was not always easy to provide workshops that attracted sufficient delegates. This was particularly the case in rural areas and larger regions, where travel time is an issue and where the density of social enterprises can be low. Furthermore, there were challenges in pitching introductory sessions at the right level and deciding on themes that would attract sufficient volume to make workshops viable. The heterogeneous nature of social enterprises and differences in their route to market make it difficult to provide generic introductory workshops that meet all delegates' needs. Successful approaches to getting round this included providing differentiated sessions within workshops, aimed at different types of social enterprise.

Where it became difficult to attract people, themed workshops were sometimes combined in an attempt to improve take up. Key to a successful workshop programme is consulting with social enterprises on their development needs in the first place, but even when this was done, people who had signed up to attend did not always do so. Even if workshops had to be cancelled, costs incurred in their organisation mean that it is not always possible to re-run them at a later date.

Attending workshops takes people away from running their social enterprises and, where margins are tight, this may not always feel a good use of time. Regions have begun to look at alternatives, including developing workbooks and on-line toolkits and materials as a way of overcoming this. Furthermore, there are arguments for introducing a charge for attendance at workshops, as a way of increasing their perceived value and helping to ensure that attendees take a harder-headed business approach to their decision whether or not to attend.

There are some common factors that contribute to the success of workshops. The credibility of speakers and facilitators is important. There is a strong interest amongst social enterprises in learning and hearing from people who have run similar enterprises themselves. This is described as "Experts by Experience" in one region that has developed a much more specific series of workshops (such as "Running a Community Café") as the programme has developed. There may also be value in developing a workshop series that provides attendees with a sense of progression from generic to more specialist knowledge.

There is also value placed on “real life” locations for workshops that are held on social enterprise premises, where possible, enabling participants to “see” a social enterprise in operation.

First Steps In Social Enterprise in the East Midlands

The ‘First Steps’ workshops that were organised by Social Enterprise East Midlands (SEEM) were aimed at helping people to understand the social enterprise business model, find out about governance and legal structures and developing a business plan. The workshops introduced the support that was available via mainstream Business Link services and included a “guest speaker” from an established social enterprise. These workshops proved popular within the region and resulted in a waiting list of people wishing to attend them.

Consultation with workshop attendees suggests that their experience was “mixed”. Some social enterprises believed that as a “freebie” they demonstrated that you “get what you pay for” and that it was difficult to demonstrate business impacts on the basis of one-off interventions, such as this. This is not to suggest that workshops don’t have value and, indeed, a number of stakeholders felt that there continued to be a gap in start-up support that may could be filled by providing a one-to-many approach either through workshops or surgeries.

Masterclasses

Masterclasses were developed with the aim of addressing the specific needs of growth oriented start-ups and established social enterprises that are at key points in their development. Whilst support for social enterprises is considered by some to be adequate at the “first level”, some stakeholders think that there is a gap in provision for social enterprises that have more complicated support needs. There are challenges for all growth businesses because as they grow, they need to be run by people with a more diverse range of expertise.

Masterclasses are, in effect, more specialist workshops and can be provided in conjunction with a workshop programme. They can cover a range of topics at a high level, including impact measurement, finance and investment, asset management and human capital, for example.

Some of the value of masterclasses comes from the peer to peer learning and many of the features of what makes a good workshop apply equally to masterclasses. They need to be pitched at the right level, delivered in the right locations and be delivered by credible facilitators and speakers, who are likely to have run social enterprises themselves.

Masterclasses in the North West

A programme of masterclasses was developed in the North West region, following a consultation exercise with the sector on its specific support needs. The masterclasses covered topics, such as Strategic Business Planning, Human Capital Management, Workplace Learning, Impact Measurement and Skills Auditing. By the end of 2009/10, 40 masterclasses had been held with 280 participants. All participants are provided with learning materials and the option to join an Action Learning Set after the workshop so that they can continue their learning and maintain contacts that they made during the masterclass.

Consultation with social enterprises that took part in masterclasses tended to suggest that they were viewed favourably. There is some evidence that improved business planning helped participants to adopt new approaches to challenges and were often seen to be inspiring and motivational.

Case Study: Strategic Planning Masterclass for Brampton and Beyond

The Brampton and Beyond Development Trust is an umbrella organisation for Sustainable Brampton and its action groups. It wants its action groups to become sustainable businesses. Tim Coombe, Director at the Development Trust, attended a Masterclass on Strategic Planning. This involved being taken through an approach called “appreciative inquiry”, which takes a positive approach to business planning. Since attending the Masterclass, the organisation has changed its approach to business planning and this has resulted in initiating a series of projects that have begun to bring in new revenue.

Their high quality and the level of where they were pitched were valued, but it was not always possible for participants to attend the range of masterclasses that they would have liked.

Attending the marketing masterclass had a big impact on our organisation. It was very relevant to our needs and pitched at the right level. It changed the focus of marketing our enterprise.

Social Enterprise, North West

I attended two masterclasses, one on Strategic Business Planning and another on Training Needs Analysis. Both were excellent. They enabled me to bring a lot of new ideas back into the organisation and to network with a lot of people with different issues and concerns”

Social Enterprise, North West

Attending a series of masterclasses helped to develop links with other social enterprises and re-enforced the view that multiple engagements tended to be have greater value than one-off interventions.

4.3.4: Developing On-Line Toolkits and Self-Help Guides

Some regions developed materials to provide a legacy that could be used by social enterprises when the programme ended. Throughout the programme there were also concerns that materials that were developed should be shared across regions in order to reduce duplication.

“We have started to develop content on our website and, where possible, direct people to other sources, such as businesslink.gov. Since we have been doing this, we have seen a three-fold increase in the use of the website, as business is increasingly being channelled this way”

Social Enterprise Network

Toolkits, guides and on-line materials aimed to bring together many existing resources into a central and easily accessible location and to provide alternatives for people who had neither the time nor inclination to attend physical workshops.

Wider views on on-line materials are addressed later on in this report. However, on-line resources have the advantage of enabling users to ‘dip in and out’ of support and to access it at a time that suits them. There are wider questions as to what can be provided on-line, but there is certainly the potential to provide information, interactive diagnostic tools and even discussion

forums and workshop videos. However, all on-line materials need to be pitched correctly for the target audience, and need on-going resource so that they can remain up to date and current over a period of time.

Developing On-Line Materials in London

A considerable amount of OCS funding was used by London to develop on-line materials in 2009/10. The aim was to create a legacy from the programme that could be used once the funding had finished. The toolkit includes more than 50 practical social enterprise guides and an interactive business planning tool. It has been developed by a wide range of partners, including Red Ochre, UnLtd, Social Enterprise London, London Rebuilding Society; the School for Social Entrepreneurs; the London Development Agency and Business Link in London. It was launched in Spring 2010 and its impact on social enterprises in the capital will be evaluated in 2010/11.

Like most other businesses, social enterprises have become much more familiar with using on line materials to access information and support, but it seldom seems to be a catch all solution on its own. On-line resources are generally seen to be most useful for finding out information and there are examples of social enterprises that prefer this channel for more interactive support.

The flexibility of such tools is also valued, meaning that users do not need to spend unnecessary time away from their businesses and use of on-line materials is increasingly common amongst a limited number of social enterprises

Case Study: Using an On-line Business Planning Tool

Jeyanthi Kalairajah has plans to set up a fashion design social enterprise that involves trading with India. She accessed the Business Link in London business planning tool to help her to clarify her business objectives. Working through the interactive tool made her think more clearly about why she wanted to set up her social enterprise, Anjali, and gave her the confidence to speak to people about her plans more confidently. Jeyanthi particularly liked the fact that she was able to go back to the tool to review her progress at a time that suited her. She now has a clear business plan that sets out the steps that she intends to take to set up her enterprise.

However, it is important not to overstate the extent to which these are used. There are still large numbers of people who are not IT literate and most people still value personal contact, even if this is in addition to what is provided on-line. Social networking sites are increasingly used, but active engagement seems to remain modest, with people more inclined to view sites than contribute to them.

“We have a Facebook page and a Twitter site. Although we have plenty of members/followers, they don’t really tend to be used. People seem to like to read what has been written, but are less keen to contribute, so they don’t really work that well”

Social Enterprise Network Representative

4.4 Programme Impact on Stimulating Demand

Stakeholders and partners in most regions suggest that the programme has made a positive contribution to the take up of business support by social enterprises. Improvements in the operating environment at strategic level may have made some contribution to this by improving referral rates.

The partnership between the Social Enterprise Network and the Business Link provider has been a major change, but there has also been close involvement with a wider network of partners. There has been a lot of joint working.

Regional Development Agency Representative

In areas where partnerships were already well-established, partners were able to enhance the business support offer for social enterprises and to improve referrals between organisations. Only in a minority of regions does there seem to have been more modest progress. In these areas, there seems to have been a lower level of involvement of the social enterprise sector in the design of the programme.

However, it is difficult to conclude that there was an increase in the proportion of social enterprises accessing business support via Business Link, based on the quantitative evidence that was available. There was no noticeable upward trend in the proportion of Business Link customers that were social enterprises between the first year and the second year of the programme. Due to the need to reduce RDA expenditure ahead of their closure in March 2012 there has been a discontinuation of the surveys in some regions meaning that it is not possible to determine whether or not there had been an increase by the end of the programme (See Annex I). However, analysis of the Business Link Customer Satisfaction Survey (BLCS) has made it possible to provide direct comparisons of service take up of and satisfaction with the service between social enterprises and mainstream SMEs.

The question of whether the programme has resulted in an improvement in business skills amongst social enterprises is not possible to gauge quantitatively. It is also difficult to be clear about this qualitatively, given that impacts can be felt over a longer period and can be difficult to attribute to individual interactions.

There is certainly evidence that a number of social enterprises have been helped by the programme, some of which has resulted in improvements in business skills, but some of which had little to do with skill development.

Activities that involved more than a single interaction, such as mentoring programmes and peer to peer network support, for example, were particularly well-received. Social enterprises were not always able attribute tangible impacts to these, but their motivational and confidence-building benefits were commonly cited.

Most, but not all, regions used a considerable amount of their funding to provide grants or vouchers. These were generally well-received and appreciated by social enterprises and, in some cases, had a significant impact on their development. However, the extent to which they will encourage social enterprises to invest their own resources in support in the future is not clear. Grants were used for a range of support activities that included both specialist advice and more general contributions to business development.

Tangible outcomes from support, such as a newly designed website or marketing leaflets may have a positive impact, but it is not clear what contribution they make to increasing business skills within social enterprises. If the aim is merely to provide additional funds to support the development of a social enterprise, this may be a reasonable use of public funds, but if it is to improve business skills, such use of grant funding may be more difficult to justify.

5.0 CONCLUSIONS

5.1 Channelling Support through Mainstream Provision

The Office for Civil Society Social Enterprise Business Support Improvement Programme aimed to deliver sustained improvements in the business support environment for social enterprises. The £5.9m investment, over the period 2007/09-2010/11, was devolved to each of the English regions, via the Regional Development Agencies. The objectives were to improve the capacity within publicly-funded business support organisations; improve the quality of specialist support providers; increase the take up of business support by social enterprises; and increase the business skills of people running social enterprises.

The decision was made to channel funding through the Business Link network on the basis that most of the business support needs of social enterprises were similar to those of mainstream businesses and to link social enterprises to the full range of support available to businesses. Furthermore, the previous Government intended the Business Link network to be the first point of contact for the full range of publicly-funded business support.

The OCS programme was deliberately flexible, with Regional Development Agencies and Business Link providers expected to consult with the social enterprise sector on the range of activities that the funding should support. This devolved approach reflected the differences in approaches to supporting social enterprises across the regions. In several areas there were well-established Regional Social Enterprise Networks, with strong links with Business Link providers. In other areas, publicly funded business support had less engagement with social enterprises and Regional Social Enterprise Networks were at early stages of development.

The decision to channel the funding through Business Link had some benefits, but changes in the business support infrastructure may mean that some of these are lost. Whilst not universally accepted, the programme has largely re-enforced the view that most of the needs of social enterprises are similar to those of mainstream businesses and, with the right adaptations, can be delivered through the mainstream channel (although the Capacitybuilders social enterprise programme evaluation expresses doubts that this will happen).

The proportion of Business Link customers that are social enterprises seem to have remained around 6% for the duration of the programme and satisfaction levels are similar to those of mainstream businesses. This does not mean that all social enterprises are satisfied with the support that they receive. Rather, they are no less likely to be satisfied than mainstream businesses. This may suggest that questions around its fitness for purpose may relate to all businesses, rather than just social enterprises.

The infrastructure for providing business support is about to undergo substantial change. However, the people who are involved in supporting social enterprise and in providing business support appear to now have a better mutual understanding of each other in most regions. This, aligned with the growing profile of social enterprise in public discourse, should mean that the needs of social enterprises can be incorporated into future business support provision, however it is developed.

The flexibility of the programme was highly valued by partners involved in its delivery. This enabled services to be designed on the basis of identified needs at a regional level. It also meant that where problems emerged in delivering against original plans, or where changes in the economic climate warranted it, the focus of activities could be changed in consultation with the Office for Civil Society. This flexibility helped to overcome some initial challenges that existed between some of the partners during the early stages of the programme and improved links between OCS funded activities and other social enterprise support projects.

Interestingly, the sub-national approach was also valued by partners involved in the Capacitybuilders Social Enterprise programme. The national evaluation found that this approach enabled specific needs to be identified and meant that Regional Social Enterprise Networks could take an important co-ordinating role. In some regions this meant that synergies were developed between individual projects, although the report suggests that the extent to which this occurred appeared to “vary considerably” between regions.²²

5.2 Improving the Supply of Business Support

A number of different approaches were taken to improving the quality of business support for social enterprises. These mainly involved improving the capacity of Business Link business advisers and increasing the supply of quality assured specialist suppliers.

Some regions recruited social enterprise specialists and others focused on ensuring that all Business Link staff were at least “sensitised” to the social enterprise business model. In one region, the South West, IDB was sub-contracted to a specialist social enterprise organisation. The lessons from this programme seem to suggest that some form of specialism may be required, but that social enterprise business support can be delivered alongside mainstream provision.

Investing all support for social enterprises in a small number of specialists seems to be a risky strategy and may mean that differences are exaggerated and staff across business support organisations are not able to identify and respond to social enterprises effectively. Credible specialists or champions are important links between the sector and business support organisations and act as internal advocates. However, contact centre staff and other business support staff also need to have the right level of training to be able to respond to social enterprise needs.

There is some evidence that the programme has contributed to perceived improvements in business support for social enterprises, both amongst social enterprise representatives and amongst social enterprises themselves. However, much still depends on the quality of individual business advisers, who are a key determinant of the reputation of mainstream business support providers within the sector. Where Business Link providers managed to develop good relationships with Regional Social Enterprise Networks, referrals tended to be good and they had important allies in promoting the quality of the service that they provide to the sector.

Customer satisfaction data does not show any notable improvements in satisfaction with Business Link service amongst social enterprises during the course of the programme. However, it is important to recognise that satisfaction levels amongst social enterprises were as high as

²² Source: Capacitybuilders Social Enterprise Evaluation National Report Rocket Science February 2011

amongst mainstream businesses at the start of the programme and that these levels had been maintained into the second year. Robust, comparable analysis for the final stage is more difficult due to a lack of equivalent data. However, where it has been possible to undertake analysis, satisfaction levels show a high level of consistency with those of previous waves of the survey. Contrary to some perceptions, social enterprises may have been no less satisfied than mainstream businesses with the service they received from Business Link.

The second element of improving the supply of business support for social enterprises focused on improving the quality of specialist suppliers. In some regions, research had identified a plentiful supply of specialist support organisations, but no way of verifying their quality. In other regions, particularly those with large rural areas, there was a lack of availability of specialist support. Most regions aimed to increase the quality of supply by using funding to support suppliers towards accreditation often through the Small Firms Enterprise Development Initiative (SFEDI) or the Institute of Management (ILM), although less formal approaches to developing suppliers were also adopted.

This seemed to be a problematic area of the programme, as it proved difficult to engage suppliers in the accreditation process. The reasons for this seem to relate to the value that is attached to accreditation amongst customers when they choose providers. Accreditations are useful quality assurance indicators for referring organisations, but they may be unknown to customers, who often make their choices on the basis of other criteria.

It is difficult to separate the quality of publicly-funded business support from the quality of the advice and support that is provided by specialist providers. However, there is not a consistent feedback loop within the Business Link network to provide this link. This means that a customer may have a positive experience with a business adviser, but be unhappy with the service that they receive from the provider to whom they are referred. This may partly explain why there seems to be a mismatch between the high levels of satisfaction amongst Business Link customers, but an apparent lower opinion of business support overall.

Although many stakeholders suggest that there have been improvements in the supply of business support for social enterprises, there are concerns that the more challenging economic environment has begun to make it more difficult to refer people to specialist providers, at the same time as the public policy environment may lead to an increase in demand.

Furthermore, towards the end of the programme many stakeholders and social enterprises still suggested that support for social enterprise remained “patchy” and that it was difficult to find out what was available unless one was actively involved in networks.

5.3 Increasing Demand for Business Support

This programme objective was based on a view that businesses that use support perform better and a lack of appreciation in the social enterprise sector of the value of business support.

The User Perception Paper and the Baseline Evaluation suggested that this may not always be the case. Social enterprises that come to market from a commercial background and are developed with a clear business relationship with its customers could have highly developed business skills. Gaps in business skills may be more prevalent in social enterprises that have

developed out of non-commercial organisations or that had hitherto been dependent on grants. The important point here is that the support needs of social enterprises are not homogenous and may depend on how they have come to market, the relationship between their customers and beneficiaries, the sectors within which they operate, and their stage of development.

A range of activities were used to promote business support to social enterprises throughout the country. These included developing introductory and thematic workshops; organising master classes; establishing mentoring schemes; developing peer to peer networks; developing on-line learning tools; and operating grant and voucher schemes.

Despite this, stakeholder evidence is generally positive about the impact that the programme has had on developing business skills within social enterprises and there are clear examples of positive impacts from interviews with social enterprises themselves.

Most regions operated grants or vouchers schemes and these proved to be popular amongst social enterprises and may have helped many to overcome specific business development challenges that they faced. High take up of grants often meant that they were only available for a short period during any financial year, suggesting that there may have been significant unmet demand. Indeed, one region, London, deliberately chose not to operate a grant scheme precisely because the programme funding was not sufficient to enable such a scheme to operate effectively and equitably.

Most regions operated a 'claim back' system, which, although potentially disadvantageous to smaller social enterprises, was important in helping to prevent fraud and in ensuring that they were well targeted.

There were clear examples of how grants had helped social enterprises to overcome development issues and improve their business planning skills. However, there were also many examples of grants being used to fund marketing activities and website development. Whilst these may have helped recipients overcome financial challenges, it is less clear how they will have contributed to the development of business skills within social enterprises.

There is a legitimate view that there should be on-going funded support for social enterprises to compensate for the additional social and environmental benefits that they bring. However, such an approach may help to re-enforce grant dependency and dilute the aim to develop a more commercial approach within social enterprises. Business support should be seen as an investment and decisions that are made to access it be based on an assessment of the benefits that it will bring to an enterprise. Grants may have a role in overcoming a market failure amongst smaller organisations that lack the resource to make such an investment.

However, in a tighter public funding environment, consideration needs to be given as to how grant programmes should be targeted for maximum benefits to the public purse. This may mean limiting grant schemes to social enterprises that can demonstrate that investment would be transformational in their development and/or in terms of their wider social and environmental (as well as economic) impacts.

Introductory workshops were another activity that proved problematic in some regions. It could be difficult to attract attendees, particularly in rural areas where attendance can involve travelling long distances. More successful workshops were those that were well targeted; led by credible

facilitators, who had run similar enterprises to attendees; were held on the social enterprise premises; which had built-in flexibility so that they met the needs of different types of social enterprises that attended; and which had supporting workbooks and materials that enabled attendees to continue their learning.

Master classes were a continuation of workshops, aimed at a higher level and focused on quite specific subject areas. These seemed to be popular, perhaps because they were well targeted and pitched at a higher level, and perhaps also because they enabled delegates to establish on-going relationships with each other through action learning sets.

There is widely seen to be a need to continue with some form of workshop support for pre-start and start up social enterprises. However, it may be possible to use on-line materials more extensively. Although social enterprises evidently value personal contact, on-line information and interactive tools eliminate the need to travel and provide much greater flexibility in how and when people can receive business support. Use of social media and on-line discussion forums and support networks are still at an early stage of development, and need resources to develop, moderate and promote them. However, they may provide an effective way of overcoming many challenges faced in encouraging people to attend workshops.

There are clear indications from the programme that people who run social enterprises value support from other social enterprises. Furthermore, a high value is also placed on developing on-going relationships rather than attending one-off training or advice sessions. This seems to suggest that there is value in supporting activities such as mentoring programmes and peer to peer networks. Both of these enable people with common interests to be brought together, to share experiences and to develop business partnerships. There is evidence that mentoring relationships extend beyond the lifetime of mentoring programmes and can help to extend the networks of both mentors and mentees.

However, these both require resource to establish, manage and maintain and thought needs to be given to their geographical coverage. Closed networks can become inward-looking and lack dynamism, limiting trading opportunities and be closed to outside challenge. Mentoring programmes need to be developed on a sufficient scale so that the right matches can be made. The parameters of the mentoring relationship need to be agreed at the outset and, if they are to be supported through public-funding systems need to be put in place to ensure that they are not open to fraud.

6.0 LESSONS FOR THE FUTURE

6.1 Context

In October 2010, the Government produced its economic development White Paper, *Local Growth, Realising Every Place's Potential*. This set out plans to change the business support infrastructure. The replacement of Regional Development Agencies with Local Enterprise Partnerships means that certain business support priorities will be determined at much lower geographical levels. The White Paper suggests that the costs of the Business Link regional advisory service have been “high” and that its “generalist” nature has meant that the service has been “poorly targeted”.

The Government therefore proposes to revamp the www.businesslink.gov.uk website, underpin it with a contact centre, set up Business Coaching for Growth to provide high-growth businesses with the backing they need, develop a single national network of at least 40,000 experienced mentors, and to create a New Enterprise Allowance to enable unemployed people to access funds and mentoring support so that they can start and grow a new business.

The OCS Social Enterprise Business Support Improvement programme provided funding to support a range of activities aimed at both supporting social enterprise on the front line and at improving the business support infrastructure, particularly through Business Link. The devolved nature of the programme meant that activities were designed locally to reflect local conditions and needs and its flexibility meant that it was possible to make changes to respond to changed economic conditions. This could provide a useful decentralised model for delivering national programmes in the future.

Given that this infrastructure is now subject to significant change, it is important that the lessons that have been learned from this programme are incorporated into newly designed services at national and Local Enterprise Partnership level. There is some evidence to suggest that some of the gains from the programme could be lost as a result of the changes in the organisation and funding environment. In some regions social enterprise support programme have already been cut back and there are risks that in some places, the business support environment for social enterprises could revert to its pre-programme levels.

However, business advisers, who have acquired knowledge and understanding of social enterprises, may continue to provide support outside the Business Link network. Business skills within social enterprises will still need developing, if they are to achieve their social and environmental objectives, whilst flourishing as viable businesses.

This section considers how business support can best reflect the needs of social enterprises in the future, based on an analysis of the views of both social enterprise business support users and of stakeholders involved in the design and delivery of OCS Business Support for Social Enterprise Improvement Programme Activities

6.2 Segmenting the Market

The needs of pre-start and start up social enterprises are different from the needs of more established ones. Cash flow and finance continue to be the most pressing issues for new and pre-start social enterprises, and it continues to be difficult to attract investment from traditional means. This limits their access to support. There is expected to be a growing demand for support from pre-start and start up social enterprises, not least because they have been identified as key contributors to the new model of public service delivery.

Most partners, therefore, believe that there is a need to provide some form of specialist social enterprise support, whether this was delivered as a workshop programme or through social enterprise surgeries, for example. On-line resources are likely to be able to deliver an element of what is needed but may not always help customers to use the information that they have found effectively. Social enterprises themselves generally felt that such a service needs to be delivered locally, because at start up stage, in particular, local context can be particularly important. Interestingly a recent report by SQW on behalf of BIS, suggests that it is start ups and new businesses that will be particularly affected by the loss of the face-to-face diagnostic and brokerage services.²³

Given the more challenging economic climate, it remains less clear how such a service should be funded. Despite the stated additional financial and cash flow pressures that social enterprises are reported to have, there is a general view that social enterprises need to get used to investing in their own development. By the end of the OCS Business Support for Social Enterprise Improvement Programme, a greater emphasis on paid-for services seemed to have been adopted in many regions.

Established social enterprises have different and, more complex needs. Arguably, the need for locally delivered services is less strong. Masterclasses, supporting peer to peer networks and developing mentoring schemes may have particular value and it may be that more complicated social enterprises will have some of their needs met from networking with mainstream businesses and business organisations.

Established social enterprises are not a homogeneous group and it may be important to ensure that the needs of high growth social enterprises are included in businesses that are eligible for support through Business Coaching for Growth. This may mean that there is a need to develop a better understanding of social and environmental impact measurements, particularly amongst commissioners, procurers and policy makers, so that these can be incorporated into “growth” definitions.

6.3 Preferred Delivery Models

Social enterprises value peer to peer learning and there is a strong preference for on-going, personalised support. Mentoring schemes and targeted masterclasses that were set at an advanced level and where participants could learn from each other as well as from the facilitators were highly valued. Services and support provided by Regional Social Enterprise Networks continue to be highly valued and where the relationship between the SEN and Business Link is strong, the business support environment also seems to be relatively good.

²³ Source: Research into Business Support's Online and Offline Channels of Delivery: Report to the Department for Business, Innovation and Skills and Businesslink.gov.uk

Part of the role of business support is about sharing specific knowledge. This is the 20% that is considered to be different from the support needs of mainstream businesses. However, feedback from social enterprises often cited the motivational role of advisers, mentors and facilitators, rather than the technical expertise that they impart. The time out with an “external” enabled social entrepreneurs to reflect and test issues that needed resolving within their enterprise with someone else.

Speakers, advisers and mentors need to be credible, which broadly means that they probably need to have gone through a similar process to the social entrepreneurs seeking advice and support. However, they also need to empathise with the aims of the social enterprise and establish good quality relationships. Amongst most social enterprises, “the personal” seems to matter.

Mentoring seems to have been well-received, but it may be difficult to establish a quality mentoring service in geographical areas that are smaller than existing regions. There needs to be sufficient mentors to enable good matches between mentors and mentees, and schemes that are developed at a local level may also run into situations where social enterprises are in competition with each other.

There appears to be some logic to support Social Enterprise Networks or similar organisations to co-ordinate and advocate on behalf of the sector at sub-national level. This would fit with the stated preference for peer to peer support and would enable groups of social enterprises to develop a stronger, co-ordinated voice in influencing service design and delivery. It will be important to ensure that networks do not become closed – lessons from the OCS programme suggest that there may be more similarities between the needs of social enterprises and those of mainstream businesses than some might have previously thought. Closed networks can limit learning and trading opportunities and it is quite conceivable that some social enterprises will have more in common with mainstream businesses operating in their sector than with other social enterprises.

Changes to the business support environment may result in demand for a more specialist face to face service that complements the more generic, national, on-line and telephone service, whether or not this is paid for by service users.

6.4 On-Line Support

There is widespread acceptance of the significant role that on-line channels can have in supporting social enterprises. Developing on-line materials, such as toolkits and guides have been a major feature of the OCS Business Support for Social Enterprise Improvement Programme in a number of regions. They provide a legacy that can be used by social enterprises once the programme funding has ended.

The businesslink.gov website is generally recognised to be a rich source of information for businesses and there are a range of other websites that are used by social enterprises to access information and advice.

On-line resources are used widely by social enterprises for information and access to on-line support is likely to increase as new generations of social entrepreneurs who come to market are increasingly familiar with conducting business and networking virtually.

There is a new breed of social entrepreneur that accesses on-line resources, uses sites like Twitter to catch up on news and Youtube for support materials etc. The development of on-line support is good for computer literate social entrepreneurs. It is also good for people who do not live in high density areas, who can also use Skype to network and stay in touch.

Social Enterprise Network Representative

However, there remains a question as how much of social enterprises' support can be met through on-line channels. A recent study²⁴ by SQW into the use of different business support channels amongst all businesses found that the on-line channel complemented, but did not substitute telephone and face-to-face support. There is a consistent message that social enterprises tend to value personal interaction. To some extent, this is no different from mainstream businesses: The SQW report noted "significant concerns...about the loss of Business Link's face-to-face role with businesses".²⁵

Evidence from this programme suggests that social enterprises are more likely to access depth support than light touch support through Business Link; and that they consistently value one-to-one, preferably on-going, contact, perhaps even more so than mainstream businesses.

At best, on-line resources enable social entrepreneurs to access support at a time that suits them. There may be significant advantages of using virtual approaches to overcome challenges faced in attracting people to workshops, which mean they spend valuable time away from their enterprises. This could include developing discussion forums, posting workshops on Youtube; developing interactive diagnostic tools; making better use of social media to improve networking opportunities and providing some form of personalised on-line content, as recommended in the SQW report.²⁶

However, on-line channels are not suitable for everyone and are widely seen to be insufficient on their own to meet the needs of most social enterprises. Many start ups still don't have internet access, businesslink.gov is still not seen to be accessible for many social enterprises and, there seem to be limitations in providing support that extends beyond meeting information requirements.

Social enterprises and partners involved in the OCS programme consistently emphasised the value of personal, one to one support, although this is recognised to be an expensive option by many people.

"Face to face support is very expensive, so the starting point for any business support should be on-line and there should be a small number of good schemes that focus on businesses that want to go places"

Social Enterprise, West Midlands

²⁴ Source: Research into Business Support's Online and Offline Channels of Delivery: Report to the Department for Business Innovation and Skills and Businesslink.gov.uk SQW November 2010

²⁵ Source: p 81 ibid

²⁶ Source p.79 ibid

Where they exist, on-line resources need to be developed in a language that engages social enterprises. Currently, businesslink.gov is not always felt to do this. If the on-line channel is to become a more significant vehicle through which business support is delivered, social enterprise representative organisations need to be partners in that development. Although a full evaluation is still to be undertaken the experience of developing the toolkits and guides on the Business Link in London website was seen to be a positive one by those involved. This is because it appears to have been developed by a partnership of organisations, each bringing their own expertise to the table.

6.5 Grants, Vouchers and Loans

The prevailing economic climate and a growing emphasis on self-directed support is likely to mean that the scope for providing grant support for social enterprises is limited in the foreseeable future. Some schools of thought believe that there should be on-going grant/voucher support specifically for social enterprises because of the additional costs that they seem to incur to come to market; the added non-financial value that they add; and the reported difficulties that they have in accessing investment from mainstream sources.

However, others believe that non-repayable grants continue to foster a grant dependency culture amongst social enterprises and are ineffective in encouraging them to see business support as an investment. Furthermore, grants/vouchers seem to have been used quite commonly to support marketing activities, website development or other activities that may have helped to improve the social enterprise, but which may not have enhanced business skills within it. There certainly seemed to be demand for grants/vouchers, with many schemes only being operational at certain points during the year as a result of budget limitations. It may be appropriate to consider developing loan schemes, instead of grant schemes in the future. Depending on how these are structured, loan schemes could address the cash flow at the same time as encouraging a more commercially-focused approach to business support from social enterprises themselves.

6.6 Social Enterprise Champions

Social enterprise specialists, networks and representatives have had a central role in helping to mainstream the social enterprise business model. There is now a better understanding of the term and social enterprises have been identified as being an important contributor to the Government's Big Society aim.

Given this, and the fact that business support delivery is currently in a state of transition, it seems important that there is a strong sector voice in the design of business support services in the future. Some stakeholders have expressed concerns that the new model of delivery, through the Local Enterprise Partnerships, will end up being a patchwork of support that will differ from area to area, resulting in unnecessary duplication and will be difficult for potential service users to understand and navigate.

Social Enterprises Networks may continue to have an important role in ensuring that the gains that have been made in improving the environment for supporting social enterprises are built upon in the new business support era. This may mean developing sector-led solutions; helping to ensure that mainstream services are "social enterprise proofed"; ensuring that social enterprises are not excluded from targeted support through LEPs and growth hubs; that on-line

resources are more clearly accessible to social enterprises; that the national call centre includes social enterprise specialist advisers; and that the national mentoring network includes a social enterprise element, with inclusion of social enterprise mentors and mentees.

6.7 Improving the Quality of Specialist Suppliers

According to some social enterprises, specialist support continues to be “patchy” and there are still examples where customers do not receive the quality of service from suppliers that they might have expected. Attempts to overcome this by encouraging suppliers to work towards accreditation have had mixed results. It seems difficult to see how compulsory accreditation can be achieved in a more devolved business support environment and when much of the support that is needed by social enterprises is similar to that of mainstream businesses.

However, there still appears to be a need to provide greater assistance to customers to help them choose the right supplier. This could include producing guides to choosing suppliers or could involve setting up easily accessible customer-rating style databases that enable customers to indicate their own satisfaction with suppliers, as a way of driving up quality.

6.8 Improving Understanding of Social and Environmental Impact Measures

The Government has expressed clear intentions to develop a new model of public service delivery. Social enterprises are expected to have a significant role in this, either through taking over the running of services or in delivering goods and services to public sector organisations. This is acknowledged in the Government’s strategy for growing the social investment market.

However, in order for social enterprises to compete effectively, there needs to be a better understanding of social and environmental impact measures amongst social enterprises themselves (so that they can demonstrate value for money), and also amongst social investors and procurers and commissioners of goods and services, so that a wider approach to assessing returns on investment can be taken.

ANNEX I BUSINESS LINK CUSTOMER SATISFACTION SURVEY – SUMMARY

Since the inclusion of questions to identify potential social enterprises in the national Business Link Customer Satisfaction (BLCS) survey template in September 2008, Step Ahead Research has been tracking the perceptions and satisfaction levels of social enterprises with the Business Link service. The survey is conducted on a more or less continuous basis with results reported quarterly. To date, data has been collated for 8 quarters (October 2008 – September 2010), representing interviews with over 2,500 social enterprise customers.

Social enterprise customers have also consistently represented 5-6% of the Business Link customers in the survey. Whilst the survey is weighted in favour of more intensive interventions and continues to rely on self-identification to a degree²⁷, this proportion is broadly equivalent to previous estimates of the size of the social enterprise population in the BIS Annual Business Survey.

Throughout the period, customer satisfaction levels for social enterprises have also been high and on a par with other Business Link customers. There has, however, been no clearly discernible improvement in social enterprise customer satisfaction over the period. Unfortunately it is not possible to gauge social enterprise customer numbers (or proportions) or satisfaction levels prior to the OCS funded programme, as the BLCS survey was not adapted to enable their identification in a more robust way until the programme was well into its first year.

The interim evaluation report included analysis of an annualised dataset covering the period from January to December of 2009. This enabled more detailed analysis of social enterprise customers, distinguishing between those that accessed the service in different ways (e.g. enquiries to customer service teams, Intensive Assistance from a business adviser, attendance at workshops or events, or light touch interactions such as registering for e-newsletters). It also enabled analysis of priorities for improvement in the way the service was delivered.

The main conclusions of the analysis were

- Social enterprises were slightly over-represented amongst intensive assistance and workshop and events customers compared with the enquiry and light touch service routes. *This could suggest that there remains a proportion of social enterprises that do not instinctively turn to business-orientated support services but are willing to engage where events or workshops are more obviously relevant.*
- Customer satisfaction amongst social enterprises was high across the service, although slightly lower than for other customers for events & workshops and light touch interactions.

²⁷ Customers are asked; whether their organisation has a social or environmental purpose; whether it reinvests profits or surpluses in support of that purpose and what proportion of their income comes from trading commercially.

- The priorities for further improvement of the service were broadly the same as for other customers and included things like managing expectations effectively, improving follow-up and ensuring that information and advice is as relevant and practical as possible.

Customer Satisfaction in 2010/11

Analysis of the Business Link customer satisfaction survey in the final year of the OCS programme evaluation has proved more difficult than during the previous stages, reflecting the degree of change and uncertainty in the RDA and Business Link network. In one of the regions (the North East) the survey was discontinued in 2010/11. Given competing workload pressures two other regions (West Midlands and Yorkshire & Humber) were also only able to provide Quarter 1 2010/11 data in time for analysis.

It has therefore been impossible to replicate the detailed level analysis of customer satisfaction provided in the benchmark and interim phases of the project. We have concentrated instead on tracking top line satisfaction to check that the restructuring of business support services is not affecting social enterprises disproportionately.

In Quarter 1 of 2010/11 (April-June), 383 social enterprises were identified in the survey (6% of Business Link's customers). Satisfaction with Business Link amongst social enterprises at the time remained high.

- 90% were satisfied with the service they had received (50% very satisfied) compared with 90% for non-social enterprises (53% very satisfied)
- 91% of Intensive Assistance customers felt the service would benefit their business (4% felt it was too early to tell). The corresponding figures for non-social enterprise customers were 86% and 5% respectively.
- 69% of social enterprise customers said they were very likely to use Business Link again (giving scores of 9 or 10 out of 10 in terms of likelihood of reuse). The corresponding figure for other Business Link customers was 68%.
- The Net Recommend score for social enterprises was 60.²⁸ The score for other Business Link customers was 62.

None of these top line figures are significantly below those for other Business Link customers in the quarter. They are also not significantly different from previous waves of the survey.

In the second Quarter (July-September 2010), some 310 social enterprises were identified in the survey. With three regions data missing, comparisons with previous quarters should be viewed with caution.²⁹ Nevertheless, the data available suggests that 91% of social enterprise

²⁸ This measure is similar to the Net Promoter score used in commercial customer satisfaction surveys and recognises that customers with poor perceptions can be much more vocal than those who found the service reasonable. On a scale of 1 to 10, those giving scores of 6 or below (detractors) are subtracted from those giving scores of 9 or above (promoters). Scores of around 60 would place Business Link amongst some of the leading brands in the country (although there are few available benchmarks for other services that are free at the point of delivery).

²⁹ The data has also necessarily been analysed 'unweighted'.

customers across the six regions were satisfied or very satisfied with the service they received over the period.

The figures for both quarters therefore suggest that there has been no significant fall in customer satisfaction amongst social enterprises or wider business customers since the announcement of significant changes in the structure of business support provision.

ANNEX II: SUMMARY OF ACTIVITY BY REGION

Region	Key OCS funded activities
East of England	<ul style="list-style-type: none"> • Grants for social enterprises to purchase consultancy support (value up to £1,500) • Workshops on "introduction to social enterprise" and specialist topics • SFEDI accreditation bursary for independent business support providers • Small amount of training for Business Link Advisors
East Midlands	<ul style="list-style-type: none"> • Intensive training for "generalist" Business Link Advisors and frontline "gateway" staff • Introductory and "masterclass" level workshops for social enterprises • Business Transformation Grant for social enterprises
London	<ul style="list-style-type: none"> • Specialist social enterprise advisors within Business Link • Training for generic Business Link Advisors and client services team • Development of "self help" toolkit for social enterprises to access online • Trials of online workshop delivery • Networking events/ conferences • Corporate Social Responsibility programme linking big businesses with social enterprises
North East	<ul style="list-style-type: none"> • Specialist social enterprise executive within Business Link • Training for Business Link Advisors and gateway staff • "Built to achieve" workshops • Social enterprise forum • OCS ring-fenced money into the North East of England Investment Centre to invest in social enterprise business development projects
North West	<ul style="list-style-type: none"> • Masterclasses on specialist topics with online Action Learning follow up materials • Business Link "Listening sessions" with social enterprises • Specialist social enterprise "champions" within Business Link • Training day for generalist advisors and client services team with social

	<p>enterprise champions</p> <ul style="list-style-type: none"> • Business Link representation on SENW Board • Pilot social enterprise growth programme • SE mapping for Social Enterprise Growth programme • Business Link development of SE Engagement Action Plan • Business Link representation at Partner operational meetings as well as SENW Board • Masterclasses new for 2009-10 • Extended range of Masterclasses
South East	<ul style="list-style-type: none"> • Programme of social enterprise visits for Business Link Advisors and partner organisations • Vouchers for social enterprises to purchase consultancy support • Workshops on introduction to social enterprise and specialist topics • Support towards accreditation for independent suppliers • Reduced focus on accreditation with re-allocation of funding to vouchers
South West	<ul style="list-style-type: none"> • Specialist IDB sub-contracted to a specialist provider • Vouchers to help social enterprises purchase consultancy support • Advice surgeries for small groups of participants
West Midlands	<ul style="list-style-type: none"> • Grants for social enterprises to purchase consultancy support • Work with specialist providers to deliver start up and pre-start services • Post investment mentoring

ANNEX III: CONTRIBUTORS TO THE EVALUATION

Depth interview participants who took part in the evaluation in at least one of the stages of the evaluation

Richard Barton	Advantage West Midlands
Rhiannon Bearne	Business & Enterprise North East (Business Link Provider)
Jo Bowen-Jones	NWDA
Karen Byrne	South East Development Trust Association
Eric Carveth	EMB (East Midlands Business Link)
Sue Cox	SEEDA
Rachel Crossey	SE2 Partnership
Margaret Doherty	London Development Agency
Enda Dowd	EEDA
Donna Edwards	Business Link North West
Richard Faulkner	Business & Enterprise North East (Business Link Provider)
Lucy Findlay	RISE South West
Hannah Garrad	North East Social Enterprise Partnership
Andrew Ghibhan	Business Link London
Claire Gillon	SEEDA
Laurence Green	Social Enterprise West Midlands
Abigail Hall	Business Link West Midlands
Gill Hamer	Business Link West Midlands
Paul Henry	Business Link (East)
Oliver Hindle	Advantage West Midlands
Jim Johnstone	North West Development Agency
Val Jones	Social Enterprise North West
David Kelly	Social Enterprise East Midlands
Mike Kilroy	Business Link (Yorkshire)
John King	One North East
Alison Lawson	Advantage West Midlands
Chris Lee	Social Enterprise East of England
Kevin Maton	Social Enterprise West Midlands
Wendy Matthews	SWRDA
Chris Maunder	Yorkshire Forward
Kirsty McBriar	London Development Agency
Melanie Mills	Social Enterprise West Midlands
Sue Morrish	Co-Active (South West)
Victoria Murphy	Business Link West Midlands
Tamara Pekelman	Business Link in London
Sue Potter	Social Enterprise London
Amanda Ratsey	Business Link South West
Chris Raynor	Business Link in London
Judith Reynolds	Co-Active
Michelle Rigby	Social Enterprise East of England
Kathryn Rowe	East of England Development Agency

Cherie Semper	Business Link North West
Paul Shambrook	Business Link North West
Rupert Shires	Business Link Yorkshire and Humberside
Alex Sobel	Social Enterprise Yorkshire & Humber
Zee Sunsoay	EMDA & RDA Network Social Enterprise Policy Manager
Jenny Taylor	ONE North East
Jo Walker	Business Link North West
Judith Walker	Business Link North West
Sarah Watson	SEEDA
Nick Weaver	Business Link South West
Karen Wood	North East Social Enterprise Partnership
Deborah Wyatt	Business Link (South East)
Mei Yee Hui	Social Enterprise London
Victoria Zastava	SWRDA

Attendees at Best Practice & Mainstreaming Workshops

Richard Barton	Advantage West Midlands
Rhiannon Beane	Business & Enterprise North West
Janette Beetham	South East OTS Project Manager
Bally Bhogal	Business Link West Midlands
Jo Bowen-Jones	NWDA
Tiziana Boyland	SEEDA
Craig Carey	Social Enterprise Coalition
Eric Carveth	Business Link East Midlands
Andrew Couch	Business Link - Cornwall & Isles of Scilly, Devon & Somerset
Rachel Crossey	SE2 Partnership
Paula Dennison	Social Enterprise Support Centre
Margaret Doherty	London Development Agency
Enda Dowd	EEDA
Rebecca Dye	Yorkshire Forward
Lucy Findlay	RISE
Andrew Ghijben	Business Link London
Claire Gillon	SEEDA
John Goodman	Co-operatives UK
Laurence Green	Social Enterprise West Midlands
Christina Hartshorn	SEEDA
Katherine Harvey	Social Enterprise Coalition
Paul Henry	Business Link East
Mei Yee Hui	Social Enterprise London
Veronica Johnson	OCS
Jim Johnstone	North West Development Agency
Val Jones	Social Enterprise North West
David Kelly	SEEM
John King	ONE North East
Chris Maunder	Yorkshire Forward
Melanie Mills	Social Enterprise West Midlands
Anne Mountjoy	RISE
Victoria Murphy	Business Link East Midlands

Justin Olosunde	Rezolve Kernow
Tamara Pekelman	Business Link in London
Mark Pullen	Department for Business Innovation and Skills
Antony Radley	Business Link Yorkshire and Humberside
Michelle Rigby	Social Enterprise East of England
Lynda Scorer	SWRDA
Cherie Semper	Business Link North West
Daniel Shah	Social Enterprise Coalition
Gary Skelley	North West Development Agency
Zee Sunsoay	EMDA & RDA Network Social Enterprise Lead
Steven Thain	SEEDA
Steve Wallace	OCS
Deborah Wyatt	Business Link South East
Karen Wood	North East Social Enterprise Partnership
Lynne Wood	Business Link North West

Social Entrepreneurs Expert Panel

Attendees at Panel Discussions

Saeeda Ahmed	Trescom
David Brazier	STRIDE
Colin Crooks	Greenworks
Clive Darnell	Goodwin Development Trust
Laurence Green	Social Enterprise West Midlands
Peter Holbrook	Sunlight Development Trust/SEC
Julie Harris	COSMIC/RISE
Anne Moyle	Capitalise North East
Justin Olosunde	Rezolve
Claudine Reid MBE	PJ's Community Service
Sally Reynolds	Social Firms UK
Kate Welch OBE	Acumen Community Enterprise
Heather Wilkinson	Striding Out.

Social Enterprise Contributors

(Note: * denotes contributors who were interviewed at two stages of the evaluation; contributors shown in bold are the focus of case studies)

Matthew Allbones	Derby CVS
Andrew Alonzi	Capacity Care CIC
Penny Arnold	Gosling Sports Park
Mary Barbour	Walton Lea Project
Gerry Beldon	Mind Sports World
Pat Bend	Textiles by St Anne's
Pam Bennett	Going for Independence CIC
Anne Bentley*	Wolfhunt Enterprise
Rebecca Bradley	Millmead Children's Centre
Samantha Bright	Eastern Synergy
Julia Brown	Green Office Consulting

John Buckle*	Ask Big Dave CIC
Cheryl Buggy	Express FM Ltd
Lind Burden	Lincoln Credit Union
Graham Bushill	Oak Challenge
Alan Carter-Davies	Plexus Media
Jacky Charman	Xcellence 4 u
Barrie Cheetham	Community First New Forest
Sarah Clubb	SELNET
Mike Coleman	Aid to Hospitals Worldwide
Charlt Conquest	Engage TV Ltd
Tim Coombe	Brampton community Association
Gareth Crocket	Bank Street Arts
Doug Cowx*	Shontal 1705 CIC Ltd
Anne Davies	The Macclesfield Community Garden Centre
Joanna Davies*	1 st Success
Allen Davis*	Sava Comp
Paul Davis*	Clowne Enterprise
Garry Dawson	Dinamic Ceramics
Don Derritt*	Self Direct Ltd
Christine Dolan	Wheels Project
Captain Kevin Drinkall	Anchor Cruiseability UK CIC
Susan Eardley	Artworks Creative Communities
Janet Elsy	Connect (South Tyneside)
Jim Farrell	East Liverpool Economic and Community Trust
Ellen Foxton	East Durham Partnership
Steven Foyster	Norwich Christian Resource Centre
Amanda Franklin	NIA Yorkshire
David Gibson	
Mark Gibson	Imagematch Social Enterprise CIC
Richard Gomme	Proper Jobs Ltd
Victoria Griffin	Leeway Women's Aid
Michael Hagiioannu	Leicester Community Projects Trust
Michael Hall	DAC Drug Awareness Campaign
Steven Hays*	Fareshare South Yorkshire Training
Loona Hazarika	Silverback Works Ltd
Terrie Hemsley	North East Lincolnshire Credit Union
Cath Hockney	Bridgend Centre
Alan Hulme	Urban Organic
Jean Jarvis*	Shropshire Furniture Scheme
Steven Hays	Fair Share South Yorkshire
Jane Hurst	Care Network
Ravin Jayasuriya	One Voice Music Ltd
Neil Jennings	Accounting for International Development
Ashley John	Ashley John Associates
Derek Jones	Warrington Disability Partnership
Liz Jones	Eastern Community Centre
Jeyanthi Kalairajah	Anjali
Sue Keane	Springboard Consultancy
Bridget Kelly	SHIFT

Chris Kemp	ReBuild North East CIC
John Kingham	Thames Valley and Chiltern Air Ambulance Trust
Miriam Kniveton	Stoneham Social Housing
Debbie La Haye*	Horses Helping People
Robert Large	Large Productions (Darlington) CIC
Steve Lawless	Brighton & Hove Impetus
Mike Leithrow	Northern Pine Tree Trust
Andrene Lewis	Break Barriers
Teresa Lewis	Lewis Psychology CIC
William Lilly	My Time CIC
Eleanor Linsey	Connect Culture
Iain Lucas	Rise Computers
Tracey Lynn	Playtots Childcare
Jerry Marshall*	TBN Business Growth Services
Debbie McHugh	UK Care Staff Association
Jerry Marshall	TBN Business Growth Services
Helen Mason	Open Mind Counselling Service
Helen Mason	Animation in Therapy
Heather Mattuozzo	Clouds End CIC
Chris Milner	The Hextol Foundatio
Jane Mitchell	Space2Talk
Servane Mouazan	Ogunte Ltd
Anne Moyle	Capitalise North East
Sally Munday	Age Concern (Isle of Wight)
Irene Naylor*	Alpha House, Calderdale
Sue Njuguna	Destiny Support CIC
Merle Ochota	L & M Holistics
June O'Sullivan	Westminster Childrens' Society
Sue Pattison	Disability Information Bureau
Helen Pearson	Soft Touch
Angela Phipps	Canterbury Oast Trust and Rare Breeds Centre
Evan Rees	Regeneration West Midlands
Sue Relf	Community Wise
Sarah Restall	2Care
Jonathan Rochford*	Groundwork UK
Sukhjinder Sandhul	A Clean Sweep
Rosemay Scarborough*	Re:Create
David Scott	Vision Support Training
Andrew Shadrake	Dartmoor Circle Ltd
Ken Shelton*	
Nikki Sharpe	Youth Can Achieve
Oliver Shirley	North Bristol Advice Centre and Consultancy for Social
Enterprise	
Cath Simkins	Wood N Gardens
Wendy Simpson	Havengrove
Aroona Smith*	Silai for Skills
Betty Smith	
Enid Smith	IMPACT Alcohol and Addictions Services
Rob Smith	The Art Organisation

Ben Stokes
Charlotte Stow
Colin Trend
Simon Trundle
Geoff Tunstall
Karen Watson
Rachel Watson
Chris Watts
Ross Weddle
Maureen Weekes*
Kate Welch
Victoria Whelan
Carline Wherritt*
Naomi Whitman
Garry Whittaker
Alistair Will
Ros Williams
John Wratten

The Vassell Centre Trust
The Enterprise Agency for Wear Valley and Teesdale
Money Advice South West
The Hope Project
Borders Social Enterprise Ltd
East Street Arts
Busy Big Hands CIC
Community Action Hertsmere
Community Renewable Energy (CORE)
Life in Practice
Acumen Community Development Trust
Energy for Everyone
Re-Work Leeds CIC
Proper Job Training
Active Regen
Outdoor Culture
Cornwall Arts Centre Trust
Kickstart Norfolk