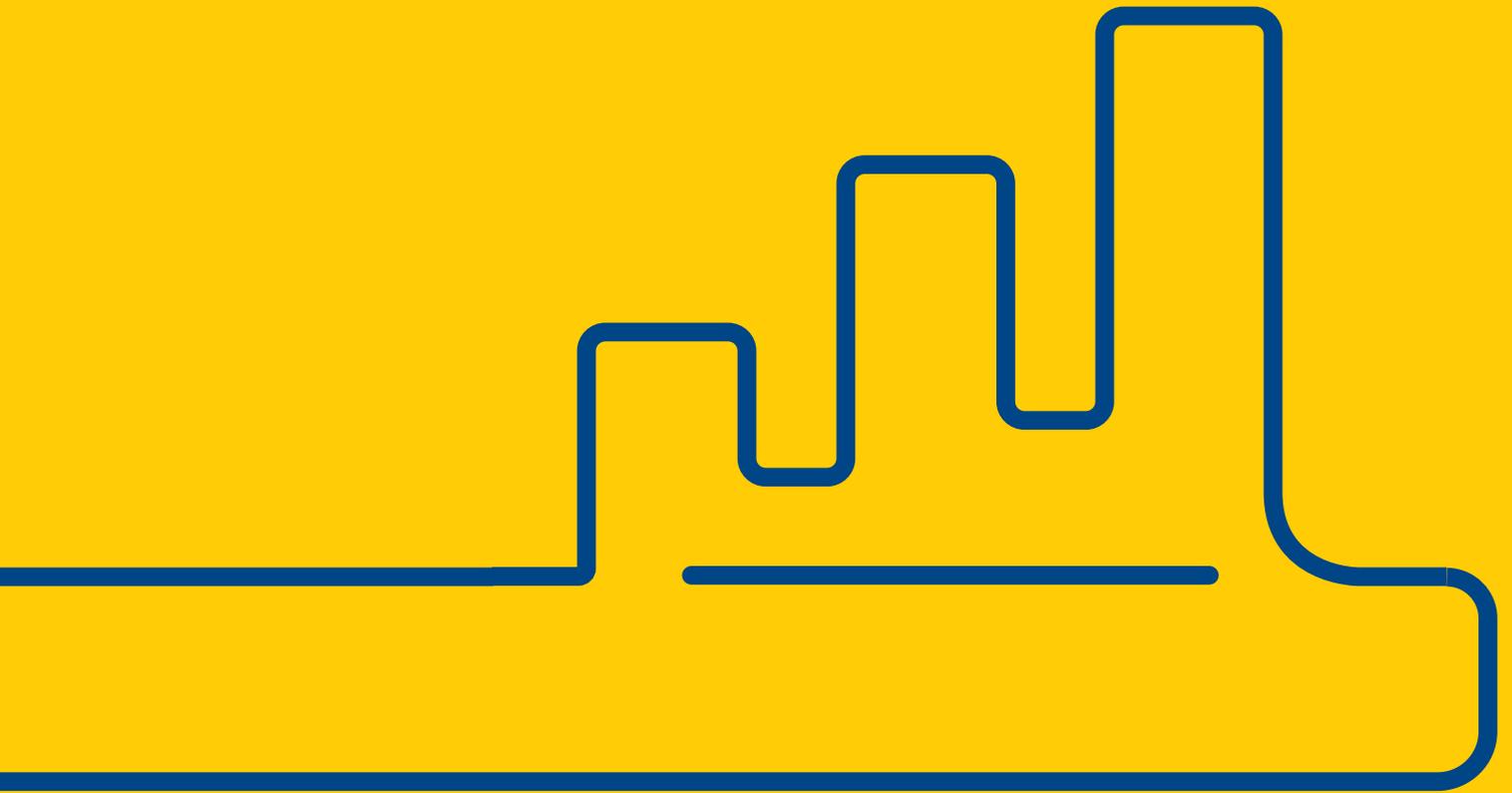


Social
Business
Trust



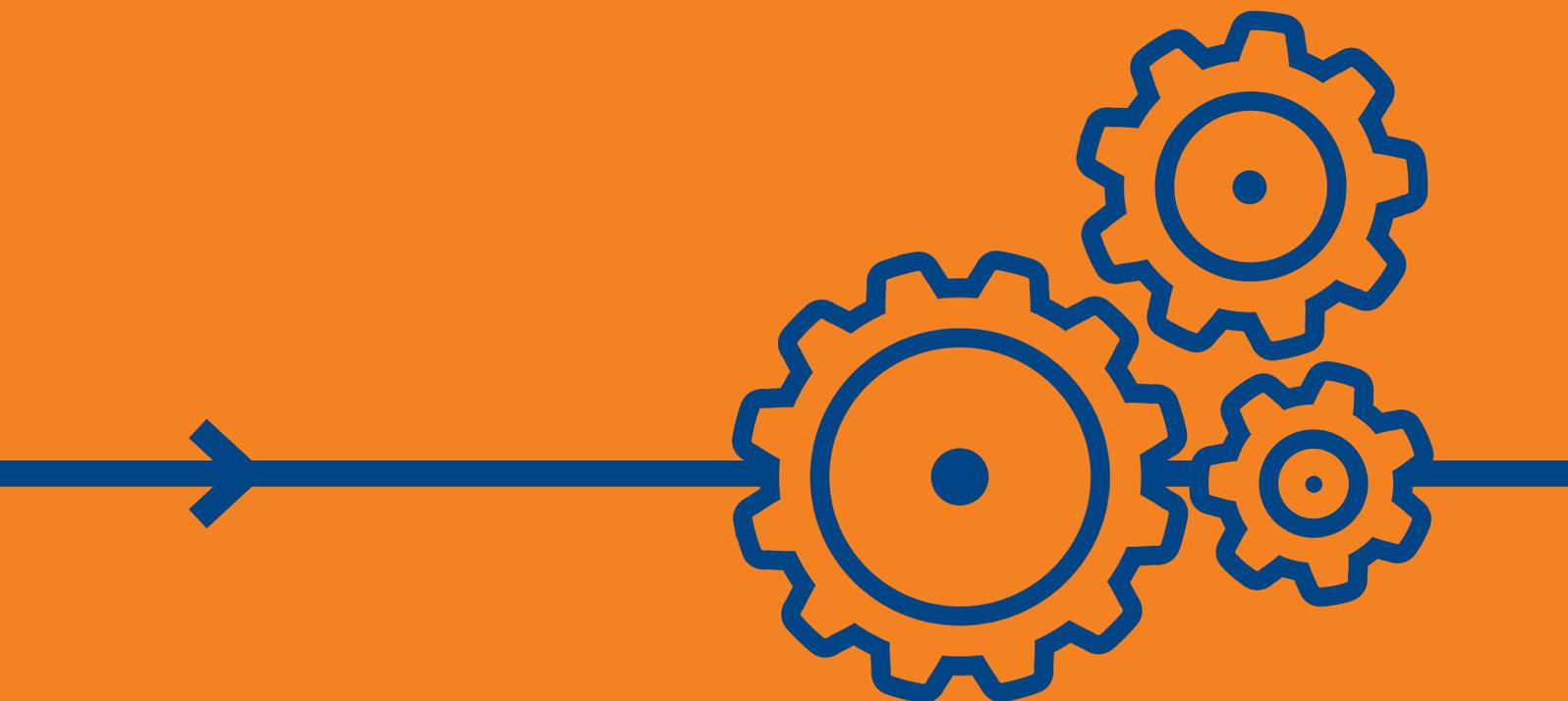
Unlocking Growth

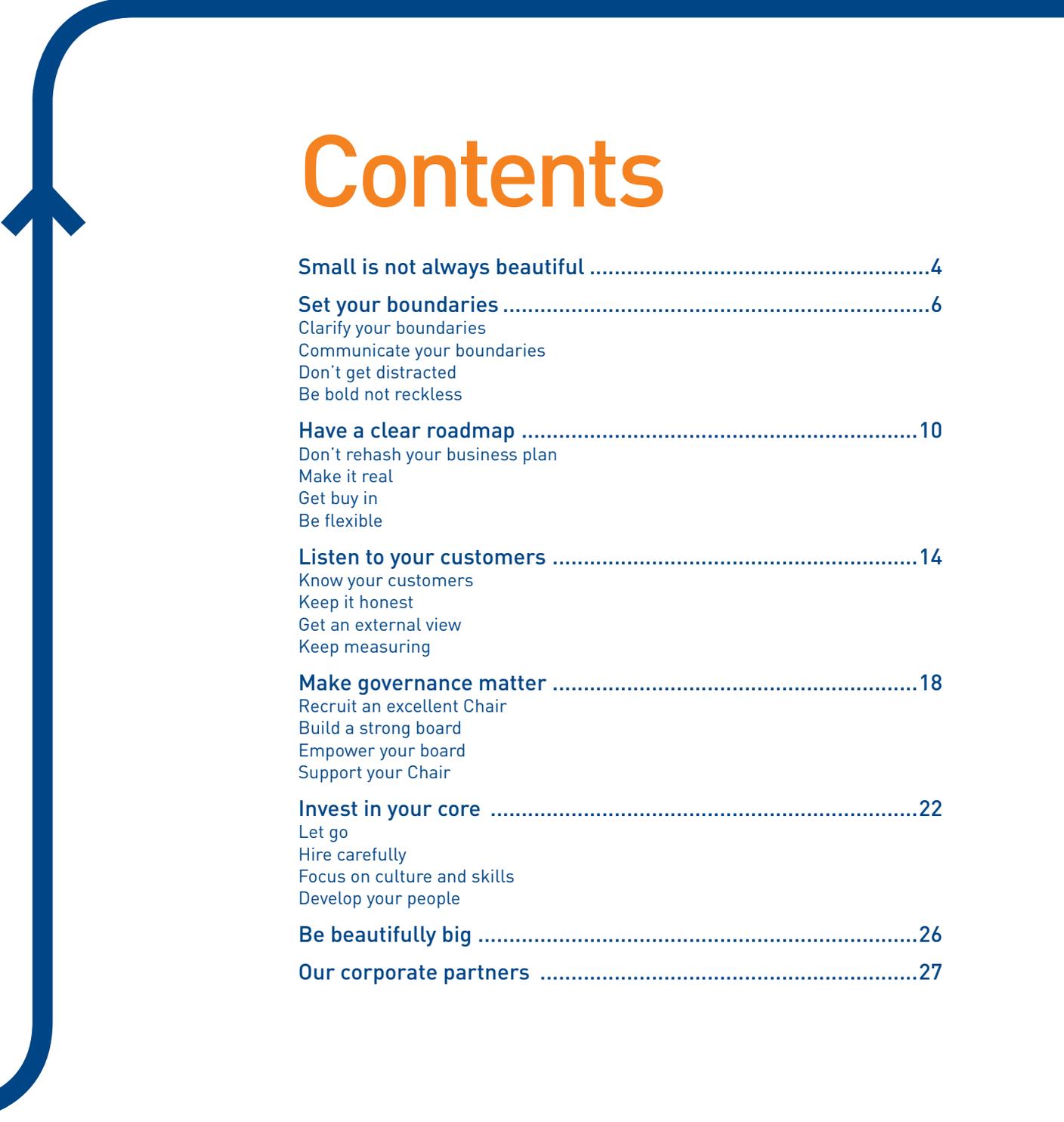
The Insider's Guide to Scaling
Your Social Enterprise



SEEING HOW THE BUSINESS SKILLS I USE IN MY DAY JOB CAN HELP AMBITIOUS SOCIAL ENTERPRISES HAVE AN EVEN GREATER IMPACT: IT DOESN'T GET MORE REWARDING THAN THAT!

Paul Armstrong,
Permira





Contents

Small is not always beautiful	4
Set your boundaries	6
Clarify your boundaries	
Communicate your boundaries	
Don't get distracted	
Be bold not reckless	
Have a clear roadmap	10
Don't rehash your business plan	
Make it real	
Get buy in	
Be flexible	
Listen to your customers	14
Know your customers	
Keep it honest	
Get an external view	
Keep measuring	
Make governance matter	18
Recruit an excellent Chair	
Build a strong board	
Empower your board	
Support your Chair	
Invest in your core	22
Let go	
Hire carefully	
Focus on culture and skills	
Develop your people	
Be beautifully big	26
Our corporate partners	27

Small is not always beautiful

Unlocking the potential for social enterprises to grow: that's what excites me. We started Social Business Trust to help outstanding social enterprises expand their impact by giving them access to world-class business expertise.

And it works: on average, the social enterprises we support have more than doubled their beneficiary numbers in their first two years working with us. The most dramatic example, The Challenge has, in five years, gone from helping 3,400 young people a year to 49,000: an average growth rate of 70% a year.

All too often social enterprises stay small: 84% in the UK turn over less than £1 million. Of course, not every initiative should be seeking to scale but, equally, small is not always beautiful.

If you're a social entrepreneur with a great model that's already proven to help 500 people, wouldn't it be incredible if that template could be used to make life better for 5,000 or even 50,000 more?

But if growing any business is challenging, then growing a social enterprise can be more so. Generating a profit, or at least breaking even, isn't the end game. It's merely the means to achieving the social goals which are your driving force.

It's rewarding, yes, exciting, sure but certainly not straightforward. It can feel like you're walking a tightrope, one precarious step at a time, without a safety net.



IT CAN FEEL LIKE YOU'RE WALKING A TIGHTROPE, ONE PRECARIOUS STEP AT A TIME, WITHOUT A SAFETY NET.



Your business plan may be fine in theory but doesn't always seem workable in practice. You don't have the customer insights that would help you attract more purchasers. You need better systems, a stronger team, excellent legal advice. But where do you begin?

Commercial companies in the same situation can often turn to a robust venture capital community that is focused on providing the management, financing and strategy needed by innovative businesses to grow successfully. Yet those resources scarcely exist in the social enterprise market, even though the need is essentially the same.

As a serial social entrepreneur, I know this first-hand. I also know the difference that expert business support can make. When leading CAN, the network for social entrepreneurs that I co-founded 20 years ago, I had a mentor who changed my business and, in effect, my working life.

Alan Hirzel, then at Bain & Company, opened my eyes to the growth possibilities for CAN. At the time, I had 23 projects on the go and a turnover of over £3 million but with a rising deficit: we were like a leaky bucket. He examined our business model and suggested slashing the total number of projects to focus on the winners.

One of them, CAN Mezzanine, providing collaborative office spaces for social entrepreneurs to work together, was a loss-making outlier that I'd have axed. But he saw that it was key to our social mission and could be turned around to generate the lion's share of CAN's income.

Two years later, I had a healthy, sustainable £3.5 million turnover social business with just three projects and we were generating a surplus.



SOCIAL ENTERPRISE THE CHALLENGE HAS, IN FIVE YEARS, GONE FROM HELPING 3,400 YOUNG PEOPLE A YEAR TO 49,000: AN AVERAGE GROWTH RATE OF 70% A YEAR.



Alan was focused, strategic, analytical, questioning and business-like: the perfect foil to my more entrepreneurial, instinctive approach. We could have driven each other mad but somehow the combination worked. I'm proud to say that CAN Mezzanine is still thriving today.

It was that experience and other great business support I'd encountered that led me to co-found Social Business Trust with Sir Damon Buffini, then head of global investment firm Permira.

I wanted all great social enterprises with growth ambitions to benefit from the world-class business expertise that I'd experienced.

I particularly wanted to focus on those who have already achieved around £1 million in revenues, rather than start-ups, because that is where barriers to growth invariably seem to kick in.

They are giants in social enterprise terms but small by commercial standards. Could we bring together the best of business and the best of social enterprise to unlock strong, sustainable growth and significantly increase social impact?

Permira led the way, soon joined by Bain & Company, Clifford Chance, Credit Suisse, EY and Thomson Reuters. They were followed by British Gas and more recently, IBM.

Six years in, they have together given £12.3 million of cash and in-kind assistance, including over 25,000 hours of business expertise. And it's largely this business expertise that's making a remarkable difference: together, our social enterprises have grown to help more than one million people since SBT began.



WE HOPE IT WILL PROVIDE HONEST INSIGHTS, ENCOURAGEMENT AND INSPIRATION.



But we can't work with all the social businesses we meet: we've partnered with 21 incredible social enterprises so far but reviewed over 900 to select our portfolio.

That's why we've produced this report to share what we and our social enterprises have learnt together,

working with our corporate partners, about growth. It's work-in-progress: our social enterprises are still growing and learning. Many have multiplied their impact and are thriving; for others, it's a been a rockier road; and for some, the journey is just beginning.

This isn't intended to be a comprehensive blueprint: we don't cover everything and there is no 'one size fits all' growth solution. But we hope it will provide honest insights, encouragement and inspiration.

We also hope it will spark a dialogue about what it takes to grow. Please do share your experiences with us.

Adele Blakebrough MBE,
CEO and Co-Founder,
Social Business Trust



@SBT_UK #SocEntGrowth



www.linkedin.com/company/social-business-trust



info@socialbusinesstrust.org

1

Set your boundaries

As your social enterprise grows it can potentially expand in many different ways. Be clear on what your central purpose is and your chosen path for expansion. Otherwise you can get pulled in different directions, dilute your social impact and achieve far less.

Introduction

Having a great idea for a service or product that fulfils an unmet need excites any social entrepreneur. With an entrepreneurial mindset and the drive to solve social problems, you probably come up with innovative solutions every week. Your social enterprise is doing fantastic work but you could achieve even more.

What to do about all these buzzing ideas is a challenge. It's tempting to love your latest brainwave even more than what you're doing now. And it's flattering to get approaches from others about diversifying what you do or extending to a new market. If you're successfully delivering in Manchester, why not expand to Birmingham and London or overseas?

Perhaps you've already won awards for your social innovation. If you're getting that recognition, how hard can it be to make a success of other initiatives?

Be careful: strong, sustainable growth is usually achieved by steadfastly focusing on what you do best. You need boundaries. Take on too much and you may get distracted from your main strength. Try to head in different directions at once and you could end up going nowhere.

To grow your social enterprise, it's as important to decide what you're not going to do as it is to define what you will deliver.

We say, stay focused. You can't help everyone in need and tough choices have to be made.



You can't help everyone and tough choices have to be made

Why it matters

Starting a social enterprise is challenging; growing it sustainably to help thousands more people is tougher still. A new venture may attract 'early adopters' who see a real need for what it is offering. The harder bit is maintaining their engagement and getting others to follow suit.

Expertise is what's likely to attract those new customers. If you have a strong track record of delivering the product or service they need, within a particular market, and the price is right, why should they go elsewhere?

Examine what your potential penetration is in your current market. The chances are you've still got scope for growth there. But if you're really running out of steam, look first at expanding into a neighbouring geographic area, or providing one additional service for your existing customers.

It's hard to say 'no' when someone suggests that your successful south-east based enterprise opens a northern hub or vice versa, particularly if they offer help to get you started. But the challenge of running a business with two centres 300 miles apart is considerable. Get it wrong and you put your core business at risk.

And don't assume that franchising is the magic answer: ensuring that quality and consistency of service provision is maintained across multiple operations is a huge task.

Sustainable growth will most likely come from focusing on what you are really good at in the markets you know best.

What you can do

1. Clarify your boundaries

A clear vision is essential to build strong foundations for growth. Define what your social enterprise does too broadly and you can lose sight of what makes it unique. If your purpose is to 'trade for good' or 'help those in need' it's pretty meaningless. Clarify your boundaries and be unambiguous about the social change you want to achieve.

Start by identifying your core expertise: what is your organisation great at? Obvious as it may sound, it's worth revisiting. Be specific and find a way to articulate it precisely. For instance, just because you are experts at delivering food to people in their homes, doesn't mean you will be good at running a café.

Next, define who your beneficiaries are. In an educational social enterprise, are you targeting teenagers or younger children? Set out how you will help them and by doing what. Be clear who your customers are too: they may be the same as your beneficiaries but often, for a social enterprise, they are not. You may ultimately help children or the elderly but your purchasers are schools or local authorities.

Then define who your competitors are and what distinguishes you from them. Do they pose any challenge to your viability or growth? You may think your social mission makes you unique but service commissioners, with competing options for tight budgets, may disagree.

Now the UK's largest social enterprise nursery group, **London Early Years Foundation (LEYF)** is regularly approached about expanding to other cities or providing care for older children but resists. CEO June O'Sullivan MBE knows there's still plenty of scope for LEYF to grow nursery provision for pre-school children in London, a market it understands and where it has critical mass.

Catch Up

Director Julie Lawes is absolutely focused on sticking to the core service of Catch Up: training as many school staff as possible to work with learners between the ages of six and 14 who are struggling with literacy or numeracy.

With help from SBT, Catch Up is on track to grow from training 2,000 teachers and teaching assistants a year working with 40,000 pupils, to training 5,000 a year by 2020, helping 100,000 struggling learners annually.

But she admits it has been challenging turning down many opportunities to expand. For instance,

Catch Up has declined requests to expand into adult education, despite there being a clear need.

"It's about being bold enough to say no," says Julie, and then focusing the limited resources of her 10-strong team on their mission. She believes this approach has enabled Catch Up to "punch above its weight".

When it comes to grant funding, Catch Up applies the same principles. Julie says: "We will only apply for grants which will enhance our existing work" and they are careful to avoid "chasing the money" when it will not.

2. Communicate your boundaries

Once you know what your organisation's boundaries are, make sure your staff know too. Keep your communications clear and simple; find different ways to share the same messages with people; give them time to ask questions and discuss the implications. Include the same information in your induction materials too. Otherwise, as new joiners arrive and others leave, your focus can get diluted.

Social integration enterprise, **The Challenge**, is now the country's largest provider of the National Citizen Service for young people. It has grown dramatically from three to around 900 staff in just eight years. Such rapid expansion makes it particularly important for all employees to understand what it does and why. All new joiners attend Challenge 101, a one-day induction at which the CEO and senior staff speak. The goal is for everyone at The Challenge to be clear on its mission and excited about its value and purpose.

The Reader, which uses shared reading to help improve wellbeing and combat isolation, is smaller but still has over 100 staff. All new joiners go through a bespoke induction

and training programme, including visiting or participating in shared reading groups to experience for themselves what The Reader does.

Many staff go on to personally run such groups, something which is encouraged in work time, and shared reading groups are regularly held at head office too. Team meetings begin with shared reading and it has also been used to help create bridges between teams who need to work more closely together and to support staff development.



WE THOUGHT WE WERE ON A ROLL AND, BY BEING GOOD AT LOTS OF THINGS, IT WOULD BE BETTER THAN IT WAS. WITH HINDSIGHT, IT WAS THE WRONG THING TO DO.



3. Don't get distracted

Everyone likes success and thriving social enterprises are magnets for different growth propositions. While it's exciting and tempting to move on to something new, it can be a dangerous distraction.

If you're clear on your boundaries, you've got a framework for saying no to expansion propositions that fall outside them.

Bikeworks, which encourages cycling and trains unemployed young people as mechanics, learnt the importance of focusing on its core services when it tried expanding into retail. The complexities, particularly when employing beneficiaries, took them by surprise. The result almost brought the business to its knees.

Not always following the money is a challenge: it's extremely hard to turn down potential contracts. But if new business opportunities shift you away from your main focus, think carefully. A short term financial gain may reduce your ability to deliver and grow in your core area of operation, where ultimately the gains could be greater. Sometimes, you must just say no.

London Early Years Foundation

regularly hosts overseas visitors interested in replicating what they do. LEYF could look at expanding internationally: fact finding trips across Europe would be more exotic than growing occupancy in its London branches. But, sensibly, they resist and focus on their core: there's still strong opportunity there.

Hertfordshire Independent Living Service

How hard is it to turn down new opportunities? Sarah Wren MBE, CEO of Hertfordshire Independent Living Service (HILS) says it's difficult to lose out on additional revenues from potential new contracts. But it's even harder to walk away from offering new services when it's clear there's a real social need.

HILS recently decided against pursuing opportunities for community support services which Sarah and her team felt were not right for the business. "Our model could include dozens of other things such as transport, help in the home, gardening,

and shopping services that we know people need and would pay for. But we don't have the capacity at the moment. So you look at what resource you have as well as how is it going to stack up financially."

However, Sarah stresses, choosing to walk away from some opportunities doesn't mean that the business isn't adaptable. That, she believes, is critical in ensuring that HILS remains relevant as customer needs evolve.





TOP TIPS

Sarah Wren MBE – CEO, Hertfordshire Independent Living Service

1. Focus on both the social and the enterprise: they are equally important.
2. Accept you don't have every skill and area of expertise that you need. Be humble, share the burden, do this as a team.
3. As a social business, if you're going to change the world you should behave differently. We are different and proud of that.

4. Be bold not reckless

Being clear on your boundaries will help you determine which opportunities to pursue and when. Be too cautious and you will not maximise your social impact. The challenge is in assessing and balancing different risks, or as Anand Shukla, CEO of youth mentoring social enterprise **Brightside**, puts it: "You need to be bold but not reckless."

In its early days, **The Challenge** piloted what became the National Citizen Service in 20 schools and found they could get around 10 young people in each to sign up. The model worked and they had a big opportunity to grow. Three years later, The Challenge was contracted to deliver 10,000 places for young people, taking them into around 1,000 schools.

It was hugely ambitious but, as Craig Morley, Co-Founder and former CEO says, they had a clear choice to tender for contracts or not and "We knew if we didn't do it, others would." They were sticking to delivery of a proven product to the same type of customers but on a much larger scale.

Critical to that decision was the backing of the board and a Chair who was comfortable with exponential growth having overseen rapid expansion of a retail chain.

Alongside the task of scaling-up marketing and programme delivery, Craig says: "Some of the biggest areas of challenge were in maintaining organisational culture and ensuring back office systems and processes kept up with the pace of growth."

Bikeworks

Running a social enterprise gives you the freedom to try different things, says Jim Blakemore, Bikeworks' Director and Co-Founder. This can make you adaptable but also divert you from where you should be spending time.

Bikeworks decided to grow by opening retail outlets and took on four bike shops. But after two years they were forced to close two. They did not have the expertise to make them a success in competition with established high street chains and internet outlets. It put the business under big financial strain.

"It caused a lot of problems within our organisation and that was a huge shock," says Jim. "We thought we were on a roll and by being good at lots of things it would be better than it was. With hindsight, it was the wrong thing to do."

He's now re-focusing fully on what Bikeworks does best: "Playing to 10 years of skills and strengths repairing bikes."

The Challenge

The Challenge has grown rapidly from launch in 2009 to turnover of £70 million but has fully maintained its focus on achieving social integration. To do that, its leaders set three criteria for potential new programmes.

- **Mission** – New programmes must bring people from diverse backgrounds together.
- **Sustainability** – Any new programme must be financially sustainable, ultimately generating its own sources of revenue rather than be a drain on the existing business.
- **Scale** – Whatever they do must have potential for growth to reach at least 10,000 people a year.

This is the starting point for evaluating any new opportunity. If it doesn't tick all three boxes, it is ruled out. For example, CEO, Oliver Lee OBE, says The Challenge would not expect to run targeted programmes for specific groups of people, however worthy the needs of those people, unless they were of diverse backgrounds and therefore in line with The Challenge's mission.

2

Have a clear roadmap

So now you're scaling-up to achieve greater social impact. Make sure you keep everyone in your growing team pulling in the same direction. Refocus on what you want to achieve and how you're going to do it. Summarise it simply, communicate it clearly and stick to it.



Introduction

Adrenaline-filled days can mark the birth of a new social enterprise, with the organisation living from moment to moment. All the focus is on attracting the first customers and making sure that products or services get delivered.

It's exhilarating, nerve-wracking, fun and rewarding. But with all hands to the deck - and there are probably not many of them - planning ahead is overlooked.

If the business is growing then you can go a long way without a clear roadmap. But there comes a point when that simply doesn't work anymore. If you are not completely clear what you're aiming for and how to get there, then progress stalls.

What was new, exciting and energising can start to seem inefficient, chaotic and draining. You've given birth to something good and you can see it has the potential to grow but you've hit a ceiling and are unsure how to unlock further growth.

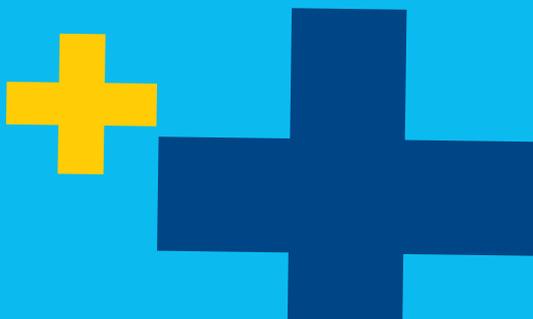
There's no magic formula for when that point is reached but we often see it when turnover reaches around a million pounds.

In a growing organisation, there's plenty of opportunity for inefficiency and misunderstanding. Just because all your team members are run off their feet, it doesn't mean that they're efficiently and effectively pulling together to achieve common goals.

We say, develop and share a simple roadmap to make clear what you are all working towards in the months and years ahead.



Use a simple guide to clarify what your team is working towards



Why it matters

A clear roadmap enables you and your social enterprise to be proactive instead of simply responding to events and propositions as they appear. It means you are in control of the business and where it goes instead of finding yourself fire-fighting in the face of unforeseen circumstances or trying to make last minute decisions on the virtues of certain options.

This can be a challenge if you get your drive and focus from fighting the latest battle. But a different approach and mindset is needed to grow sustainably. You might not yet be exhausted from the constant upheaval but your team may be.

You may not burn out from the repeated emergencies but it probably is not helping you to step back and think deeply and seriously about building your business's capacity for growth.

Having a clear direction of travel will help you do that. It will also make it easier to attract and retain great staff and trustees. Your customers, likewise, want to see that your operation is well run and may be less accepting of a more haphazard approach as time goes by.

Crises will still strike and all your well-honed disaster aversion skills will be required to guide your organisation to safety. But save those for when they're really needed, not for every day.



JUST BECAUSE ALL YOUR TEAM MEMBERS ARE RUN OFF THEIR FEET, IT DOESN'T MEAN THAT THEY'RE EFFICIENTLY AND EFFECTIVELY PULLING TOGETHER TO ACHIEVE COMMON GOALS.



What you can do

1. Don't rehash your business plan

Having a business plan is important but it's not what we're talking about here. A business plan is typically detailed and written for a third party. A roadmap is concise and for your internal use. But it's more than a short vision statement and needs actionable elements that you can track delivery of.

At SBT we work with our social enterprises to develop a strategy on a page summarising:

- **Ambition** – What do you want to achieve in the next three to five years?
- **Where to play** – What will you deliver to which priority customer groups?
- **How to win** – What will be key to your success?
- **Priority actions** – Top four things to do, with ownership and deadlines agreed.

Articulating this succinctly is challenging but it can really help to focus you and your team on what needs to get done, how and when.

Getting there does not need to be an extended exercise. You may personally know the answers already but do not assume that everyone in your team does.

Hertfordshire Independent Living Service, which supports elderly and disabled people to live independently in their homes, went through this process with SBT, assisted by a team of Bain & Company consultants. The approach was intensive: the outline was completed in half a day. But they found the output incredibly helpful and are now actively using it to guide their work.

London Early Years Foundation

Consolidating growth: that's what London Early Years Foundation's (LEYF) roadmap is now focused on. With support from SBT, LEYF grew rapidly and successfully from having 23 nurseries to running 38.

Initially, their goal was to grow to 50 nurseries and support 5,000 children annually. But in late 2015, CEO June O'Sullivan reassessed the situation with her senior team and trustees.

Government policy changes were having a big impact on their environment and increasing reliance on agency staff, resulting in a dramatic rise in LEYF's cost base.

LEYF's response was to stop acquiring more nurseries and focus instead on increasing occupancy within their existing portfolio. They still aim to achieve their goal of working with 5,000 children a year but by a different route.

June says establishing that focus is tough: it's easy to be attracted by what looks like added-value but may simply dilute what you do. But she is confident about the way forward and says her team is clear about where they are heading.



2. Make it real

This is not an academic exercise: your detailed business plan may be tucked away in a drawer and only occasionally dusted off. But what you're aiming for here is the summary that's stuck on the wall by everyone's desk, that you carry a copy of in your pocket, that's referenced in every management meeting, that you pretty much know off by heart.

Distilling what you're doing and how isn't always easy. It can be helpful to have a trustee or an external business person take you through the process.

At SBT, we use teams of strategy consultants from our partner Bain & Company to do just that. The social enterprises get real value from it and the consultants enjoy doing something with a social focus that delivers results so quickly.

One of them told us: "The benefit is not only to the social entrepreneurs but for us too. It's a great way to tap into your knowledge and skills and you feel good at the end of the day because you've made an impact on someone's business."

Senior leaders from **The Reader** said that the experience of working with a Bain team helped them get

to grips with issues that they had been grappling with for six months. As much as they wanted to deal with them and move on, these things kept coming back on the agenda. But having a finite amount of time to make some decisions, with guidance and input from strategy experts, helped them to make a plan.



WHAT YOU'RE AIMING FOR IS THE SUMMARY THAT'S STUCK ON THE WALL BY EVERYONE'S DESK.



3. Get buy in

Your plan will only work if it's backed by the board and the management team who can then engage the rest of your staff. Obvious as that sounds, we've seen cases where managers don't accept a plan, stymying implementation and opportunities for growth.

In other situations, we've seen that inadequate consultation or engagement with staff and management can make implementation more about

internal politics than building a social enterprise's future.

Ruth Brock at **Shakespeare Schools Foundation**, which uses the unique power of Shakespeare to transform lives, involved all her staff in a 'bottom up' exercise. Together, they looked at what their values and strengths mean, not just for customers in schools who buy their products but for them as a team. "So we thought about what does an experiential organisation look like? We know what it looks like in the festival [a key part of the product offer] but what does it look like here? We did that for all six of our values and people loved it across the board. It was a really valuable process."

Anand Shukla from **Brightside** says that, with a growing team, it's important to provide time and space for relationships to develop through team drinks and other informal gatherings: "I'm very clear that there's a business benefit from that. But it could be easy for that to be lost as you focus on delivery."

4. Be flexible

Settling on a plan is not the end of the story. Assess it regularly to check the direction of travel remains

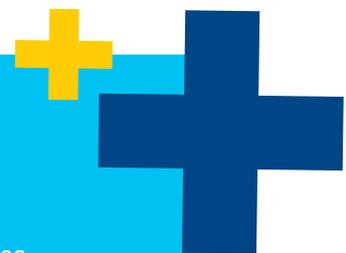
The Challenge

The Challenge is an extremely successful social enterprise with a clear roadmap developed and delivered with support from SBT and its corporate partners including Permira, Thomson Reuters and Bain & Company.

But it's a roadmap which has had the flexibility to enable The Challenge to expand from delivering the National Citizen Service programme to launching

two other social integration schemes, HeadStart and Step Forward.

The organisation has a five year plan which it reviews annually to ensure it's still effective. CEO Oliver Lee says focusing on the leadership, strategy and structure that is right for tomorrow, rather than today, is essential.





TOP TIPS

June O'Sullivan MBE – CEO, London Early Years Foundation

1. Be best in class at what you do whether you provide services or products: it's not just about social impact.
2. Understand how to run a business. Social impact is fine but, if you don't understand cash, you're in trouble.
3. You've got to be energetic, passionate and innovative because you are trying to crack a lot of double glazed ceilings.

Mark Goodchild – Managing Director, Challenge Partners

1. Hire good people - people you can trust, with a mix of experience, who are better than you. Accept your limitations. And trust them to make good decisions.
2. Your customers are part of the team too - involve them as much as possible. Get them to feel ownership and use them for feedback, sales and more.
3. Keep it real: spend time on the front line. Always keep in mind the big vision and keep a close connection with beneficiaries.
- 4 Listen and stay humble - make a plan but be prepared to change it. Keep asking questions and be prepared to say no, even to your own ideas.

appropriate. You should not be so locked into a roadmap that you are unwilling or unable to adapt your plans if circumstances require it.

Keeping an eye on what's happening in your marketplace and what your competitors are doing will help you work out whether you stand firm or make changes to embrace new opportunities or fend off potential threats.

In an evolving education landscape, **Challenge Partners**, which runs a knowledge-sharing network to improve schools, considered using that knowledge directly to run its own multi-academy trust. But after careful review, it concluded that this was not the right approach to achieve its mission. Instead Challenge Partners decided on a roadmap focused on its original aim to build a thriving membership network for schools.

The Challenge ensures it has built flexibility into its plans so that, while the overall target remains the same, the way of achieving it can adapt to changing circumstances.

London Early Years Foundation (LEYF) has also recently adapted its plan in response to changes in government policy around free nursery places. With continued uncertainty about funding for those places, LEYF needs to be prepared for different potential outcomes and ready, if necessary, to adjust its roadmap again.



IT'S EASY TO BE ATTRACTED BY WHAT LOOKS LIKE ADDED-VALUE BUT MAY SIMPLY DILUTE WHAT YOU DO.



Challenge Partners

Challenge Partners was set up to build a knowledge-sharing network to improve schools, including turning around struggling schools. That went well, so well in fact that it was suggested Challenge Partners should actually apply that knowledge directly by taking over and running under-performing academies in its own multi-academy trust.

The organisation gave this careful thought and analysis before eventually concluding that they would be competing with members of their network who were starting to do the same. Managing Director Mark Goodchild says they also saw that running schools would not make the best use of their expertise and other resources. Instead they were very well placed to help their members run trusts by sharing effective practice between them.

The idea was therefore dropped and Challenge Partners decided on a roadmap centred on its original aim to build a membership network, enabling schools to learn from each other about best practice.

It is thriving with over 400 schools in membership, supporting over 200,000 pupils a year, and growing recognition of its value and influence.



3

Listen to your customers

Your social impact focus is a great selling point but it's not an excuse to fall short on quality. You need to deliver excellence. Listen to your customers – funders and beneficiaries – and make sure you do that consistently to remain relevant, appreciated and competitive.

Introduction

You're achieving great things for vulnerable people. Surely people will want to buy your products and services because of that? You can be on the side of the angels but if what you deliver isn't high quality, meeting a need and priced competitively, your business will not grow.

You may measure success in terms of social impact rather than profit but if your customers don't love what you're selling, you're in trouble. Some may cut you slack because your purpose is charitable but most won't be so forgiving and you will soon run out of steam.... and cash.

Unless you talk to your customers, regularly, to seek out their honest feedback, it's hard to know what they're thinking. Hopefully they

love you but don't take that as a given. Loyalties may change as new competitors emerge or key personnel move on.

You may be missing a trick by not letting the purchaser of one of your services know about your full range. Or you may lose out on an opportunity to provide an additional service they need.

If their views are positive, it's great to get the upbeat reinforcement. If they have doubts about what you're doing, don't be the last to know.

We say listen to your customers and deliver what they want. Then listen again to make sure you stay relevant as their needs, and your business, evolve.



Regularly seek out honest feedback from your customers



Why it matters

It's all so simple at the start: you have a small, eager team, a short delivery chain and a handful of clients. Everyone's involved in delivering your product, so you can see first-hand what the quality is like and hear directly what customers think.

But as your social enterprise grows, your team expands and responsibilities change. You may end up far removed from direct delivery, managing the broader business. At the same time, you are hopefully growing your customer base, so whilst you may begin by knowing them all, that's soon no longer so.

At that point it's easy for those leading the enterprise to lose touch with both customers and with the quality of service. That's a dangerous place to be, so don't let it happen. You need to let others get on with delivering your products and services but have systems and processes for ensuring that delivery is up to scratch by your standards and those of your customers too.

Make time to regularly see your service delivery in action and keep

listening keenly to your customers and those who you are trusting to deliver to them. That way you can confidently keep providing excellent products and services as your business grows.



ALWAYS TURN TO CUSTOMERS WHO YOU'VE HAD PROBLEMS WITH AS WELL AS THOSE WHO YOU KNOW WILL BE POSITIVE.



What you can do

1. Know your customers

Clear feedback is essential to grow your social enterprise and keep your products and services relevant and competitive. It's vital to know what your customers want and what they think about your outputs and outcomes.

Often, for a social enterprise, the person paying for your service is not the actual beneficiary. So you have two sets of customers to consider and to keep happy. For instance, for youth mentoring enterprise **Brightside**,

its customers are the universities that commission the service as well as the ultimate beneficiaries, the students receiving the mentoring.

For **The Challenge**, which has a major contract to deliver the National Citizen Service, the ultimate customer is the government which awarded that contract, as well as the teenagers who undertake the social integration programme.

Getting quantitative survey-style data is important for an aggregate view of what customers think: create a standard survey and get it filled in systematically. You may need to incentivise customers to complete it with a prize draw. Qualitative, interview data is also invaluable, so have a systematic process to collect that too.

But as well as collecting data, make sure that you and your senior team regularly speak directly to commissioners and beneficiaries too. It's important to get that direct feedback and they may share views with you that would not be disclosed to a third party or your frontline service delivery staff.

Brightside

Understanding your customers can be more challenging for a social enterprise than a conventional business says Anand Shukla, CEO of Brightside. You have those who are paying for your services and those you are supporting with them: the whole point of the social enterprise. Too often, he says, social enterprises focus on the funder and overlook important feedback from beneficiaries.

To get the balance right, Brightside has students complete project start and exit surveys to assess their progress. It also has a set of project quality measures that it monitors through the course of the programme. And Brightside is about to start tracking students' onward progress in

education and employment, to get the fullest possible understanding of its impact.

Feedback from paying customers is sought at the end of projects and at contract renewal points. Through SBT, Brightside had help from EY to calculate its Net Promoter Score: a tool used in business to gauge the loyalty of a firm's customers. Brightside's score was a very positive 75. By comparison, high street banks typically have a negative score. Anand will now run the exercise annually to monitor progress.

He says: "We're trying to bring about social change and help the disadvantaged by giving them confidence to aspire and achieve. Unless you have robust metrics, you are in the realm of anecdotes."



2. Keep it honest

It's one thing to get feedback, it's another to know it's representative and honest. Always turn to customers who you've had problems with as well as those who you know will be positive.

Get the silent ones to speak: don't assume that, if they renew a commission, they're happy with everything. Use their feedback to keep meeting their needs and avoid them turning to your competitors. If a customer doesn't repeat their purchase, find out why.

Don't just rely on your delivery team to get feedback for you without making sure they are equipped to do this effectively: they need the right skills and sufficient time to find out what customers really think.

Avoid asking leading questions so you get a true picture. Be prepared for tough answers as well as positive comments and don't get defensive: if you want your social enterprise to grow, you need to know. Use the feedback to improve your service and share the information with your team so they understand why changes are being made.

The Reader has an open and honest approach to customer feedback.

Impact and customer satisfaction data is collected at least every six months across projects to ensure learning and feedback is captured, using a mix of evaluation surveys, focus groups and face-to-face meetings with commissioners. Project reports are reviewed across departments and The Reader's Evaluation Team works closely with the Learning and Operation Departments to ensure learning from projects is built in to project design and delivery going forwards.



WE'RE TRYING TO BRING ABOUT SOCIAL CHANGE AND HELP THE DISADVANTAGED BY GIVING THEM CONFIDENCE TO ASPIRE AND ACHIEVE. UNLESS YOU HAVE ROBUST METRICS, YOU ARE IN THE REALM OF ANECDOTES.



Other social enterprises have devised approaches which not only get feedback but are also marketing tools. For example, **Catch Up** trialled lunchtime seminars for senior leaders in schools which proved to be a useful forum for all involved.

3. Get an external view

Getting outside experts to survey your customers periodically can be invaluable in showing where improvements are required or customer needs are changing. At SBT we run Voice of the Customer days with volunteer customer service experts from EY. The social enterprises involved work with us to set up a series of calls with those who buy their services.

The EY experts then phone them all within a few hours, collate their findings and feed recommendations back to the social enterprise leadership. It can be hard to hear but it is incredibly worthwhile. If you can't get that sort of help directly, then consider setting up a similar day using staff or volunteers. There's also the option of creating an advisory board made up of customers who give feedback in a structured way.

Children's communication's charity **I CAN** runs a growing social enterprise, selling services to schools to help children with communication difficulties. The venture has introduced a new customer base for I CAN, which it needs to understand and cater for. As a result, it's setting up an advisory board made up of school head teachers and other staff, to help shape its service provision.

The Reader

Feedback is an essential element of The Reader's processes. In addition to regular informal feedback via the reading groups run by The Reader staff and volunteers, the organisation also collects quantitative and qualitative evaluation data from all of its beneficiaries. Together, they provide a 360-degree picture of its service.

In addition, The Reader recently conducted in depth interviews with 50 people from reading groups across the country in different settings, including prisons, care homes and education. Whilst these case studies help the organisation

to understand the specific changes shared reading can support, they will also form the basis of an economic investigation into the cost-effectiveness of shared reading, strengthening the Social Return on Investment studies completed to date.

Responses to this and other evaluation exercises are discussed by the organisation's project design and learning group, attended by team members from finance, HR, operations and development departments. This ensures that The Reader constantly monitors its effectiveness in delivering its mission, yet also acts and adapts in response to learning.



TOP TIPS

Anand Shukla – CEO, Brightside

1. Be very clear what need you are addressing. What's the problem you are trying to solve?
2. Be obsessive about the quality of your offer and its impact.
3. Is what you're doing really viable as a business? If nobody will buy, it's not going to go very far.
4. Focus on the quality of people and their engagement. If your team are passionate and entrepreneurial you can achieve a lot more.

Jim Blakemore – Director and Founder, Bikeworks

1. Build resilience – you need it.
2. Financial planning is essential – do your homework, even if it's the boring stuff.
3. Don't forget why you do what you do. Hold on to the essence of your organisation as you grow, the little things that, when they add up, make you what you are.
4. You will make mistakes: try to learn from them.

From the outset, **Challenge Partners**, a practitioner-led education charity that enables collaboration between schools to enhance the life chances of all children, has been clear that customer referral is key to building a successful organisation. Consequently, it has established a series of regular working groups made up of its head teacher 'customers' and their feedback is continually used to refine the organisation's programmes, communications and member support systems.

4. Keep measuring

Feedback provides a snapshot at a particular moment in time. To get full insight into how your business is faring, feedback needs to be a regular process that is embedded in your operations.

We find that social enterprises are usually good at reporting outcomes for a particular project in order to fulfil a contract. But they may be less used to using broader metrics, to show whether their results are in line with the enterprise's overall business plan.

On-going measurement will help your social enterprise to know if it is delivering what customers want and keep ahead of rivals.

Brightside has focused recently on putting in place processes to systematically monitor customer satisfaction and other metrics as it grows.

Ruth Brock, CEO of **Shakespeare Schools Foundation** emphasises the need to think well ahead in scoping systematic measures: "It's about being clear – not only about what I want to know this year but what I think I'll want to know in three years' time."

Catch Up

Catch Up Director Julie Lawes recently introduced a new approach to getting feedback, and marketing its work at the same time. Senior Leadership Team lunchtime seminars, with free food, target those in senior roles in schools already working with Catch Up and those that are not.

The aim is to share best practice in implementing Catch Up training, to report the kind of impact schools have seen and to hear about any challenges the schools have faced, as well as providing an opportunity for questions. The seminars are also a way of showcasing the organisation's work to potential new customers.

The seminars were trialled in two areas and are being introduced in Catch Up training centres across England and Wales. Julie says the seminars have been well attended and bookings have risen as a result.

In addition, Catch Up also carries out regular evaluations, questionnaires and review sessions six months after training to find out how staff it has trained are faring.

4

Make governance matter

Effective governance is not a necessary evil or a boring tick box exercise: it's the foundation on which to grow your social enterprise. Take time to think about the support and expertise you need from your board and then invest your energies into finding it.

Introduction

Dealing with matters of governance can feel like a drain on a growing social enterprise's tight resources. Getting help to the beneficiaries the business is designed to support is usually the overwhelming priority, whether it's educationally disadvantaged children, isolated elderly people, those grappling with mental health issues, or others.

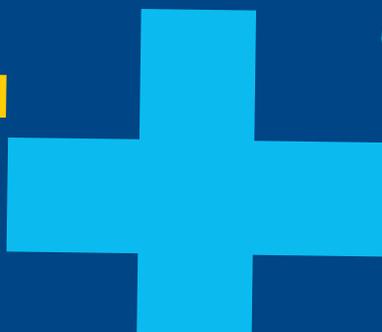
But our experience shows that good governance, with an effective, engaged Chair and board is essential for a social enterprise to thrive and grow.

Much of what we say here is about charity boards: most of the social enterprises we work with are limited companies with charitable status. Even so, it is still broadly relevant to Community Interest Companies and other legal forms.

We say, take governance seriously and find great trustees with the skills you need and the capacity and willingness to support your work. It's a way to get your 'dream team' of advisers for free and an essential part of preparing for, and implementing, growth.



Find great trustees to be your 'dream team' of advisers for free



Why it matters

Some social enterprises we meet do not have a board of trustees or directors. Others have the structures in place but do not view the board and Chair as a vital resource for the organisation. It's treated more like a hygiene exercise to set up a board and keep them happy. We think they are missing out.

A good board should add a huge amount to your social enterprise's knowledge, expertise and networks. Its role is not to get involved in the detail of day-to-day management but to provide an objective and informed perspective. It has ultimate responsibility for agreeing the organisation's strategy and acts as a sounding board for plans and ideas.

It should challenge decisions where necessary to ensure the business has the strongest foundations for growth. Boards should never be rubber stamps.

Ultimately, the board is legally responsible for your social enterprise and for ensuring it is fulfilling its mission so it is important to have the right individuals and mix of expertise on it.

Should your organisation face problems – financial, legal, operational – a strong board will help you deal with the issue and move on. Or when new opportunities open up to you, a good board will be on hand to help you evaluate the situation and decide whether and how to embrace them. Like your employees, the more you value your board, the more they will do for you.



A BOARD SHOULD KNOW WHEN TO STEP BACK, WHEN TO STEP UP AND WHEN THEIR INPUT IS NEEDED.



If you're starting a new social enterprise it's also vital to get the right legal structure for your social business: the form you decide on will have a big bearing on how the organisation runs, grows and delivers its mission for years to come.



What you can do

1. Recruit an excellent Chair

Approach recruiting a Chair as you would a staff vacancy: create a job description, advertise the role and make it known through your networks. Establish an interview process with more than one round and use a panel to conduct interviews so that several people can give their views on candidates.

Test their motivations for wanting the role: Chair is not an honorary title. The holder needs to be properly engaged with the organisation and be an ambassador for it. That means being willing and able to devote time and not just turn up for board meetings.

It may seem risky allowing someone new into the heart of your organisation but the contribution of a strong Chair is important for a social enterprise to grow. Make sure you recruit someone the CEO and senior team can work with; the goal is healthy, productive discussion and resolution.

Mike Garstka, Chair of **London Early Years Foundation (LEYF)** has a weighty day job, running the UK operations of the international

London Early Years Foundation

It wasn't just Mike Garstka's business credentials with strategy consultants Bain & Company that secured him the Chair role at London Early Years Foundation (LEYF). CEO June O'Sullivan says what stood out about him as a candidate was his passion for the social impact at the heart of LEYF's mission.

Whilst she was pleased to discover that Mike, the leader of Bain's UK business, was interested in chairing LEYF, he was still required to go through a formal competitive process, alongside other strong candidates, to secure the role.

June describes the relationship with him as one of mutual respect. "We have robust conversations but we understand that we both have the interests of the business at heart." She says she is always frank and honest with him and never withholds information, good or bad, which can be a temptation for any CEO.

A good board, she says, balances governance and management. Its role is to support and lead but not "get obsessed with micromanaging". June, herself Chair of another organisation, says: "A board should know when to step back, when to step up and when their input is needed."

management consultants Bain & Company. Nevertheless, he had to go through a competitive recruitment process to secure his unpaid role at LEYF.

2. Build a strong board

Select your trustees strategically rather than just drawing on your personal network. Think carefully about the skills and expertise that will be useful to your organisation now and in the future and recruit specifically for those.

Areas the social enterprises in SBT's portfolio have focused on for board recruitment include finance, business development, marketing and communications and law.

Hertfordshire Independent Living Service (HILS) put strong emphasis on cultural fit and finding people with a personal connection to their mission and market as well as outstanding professional skills.

Consider the mix of public and commercial sector experience that is right for your social enterprise. Do not stack the board with 'big names' unless they can add distinct value to the organisation.

However, if you have an element of fundraising (as some of our social enterprises do) a board member with extensive contacts may be useful.

Advertising roles with a job description and structured recruitment process will help you find good candidates.



TO FIND PEOPLE WHO SHARE OUR VALUES AND PASSION TO CHANGE THE WORLD IS JUST AS IMPORTANT AS THE SKILL SET THEY BRING.



The Challenge has a well-balanced board with a highly experienced Chair, Colin Smith OBE, former CEO of Safeway plc, the supermarket retailer, and a good mix of public and private sector trustees. They include financial and accounting experts, marketing, human resources and public relations specialists and professionals from the children's services and education sectors.

3. Empower your board

Once you have a strong board in place, support and empower them to do the best possible job. Plan regular sessions for them to spend time with your beneficiaries and experience what you do first-hand.

Make sure they meet collectively and individually with you and your senior team and also get to know each other. At every board meeting, **HILS** serves the same meals it delivers to clients. It's a chance for trustees to socialise over supper and regularly sample the products that are being served every day.

HILS has set up finance and governance committees and other working groups to deal with critical aspects of the business. These are attended by relevant members of the board as well as HILS management. Setting up these subgroups allows HILS' executive team direct access to the expertise of the board, which helps in making important decisions. It also enables the board to be actively engaged with the organisation and to support the executive.

We do come across boards with members who are unclear about what their organisation wants from them. They may have

Hertfordshire Independent Living Service

An engaged and active board is central to the successful running of Hertfordshire Independent Living Service (HILS). CEO Sarah Wren has established strategy days to brainstorm big ideas, supported by regular working groups and sub-committees. Chaired by trustees with relevant skills and expertise, these groups scrutinise new projects or particular aspects of the business leaving the 'big picture stuff' to full board gatherings.

It's a fairly new way of working for the organisation and has raised issues about 'servicing' the board members on the committees without distracting staff from actually running the business: a challenge with a small team.

While it's important for the board to be engaged, Sarah believes strongly that there must be a clear divide between executive and non-executive teams. "When the non-executive tries to manage the business, we don't get the best out of them, or us!"

Getting the right board make-up has also been extremely important. The organisation carried out a skills audit to see what it needed. But, says Sarah: "To find people who share our values and passion to change the world is just as important as the skill set they bring."





TOP TIPS

Ruth Brock – CEO, Shakespeare Schools Foundation

1. Be bold and be aspirational but make sure you've considered every angle. You need to do all the back office work to scale-up successfully.
2. Build in the headroom to make mistakes. You can rectify them if you've got bandwidth.
3. Celebrate your great moments. Recently we achieved the landmark of having reached a quarter of a million young people and I wanted all our team to know and be very proud of that.

Julie Lawes – Director, Catch Up

1. Have a clear mission backed up with good planning, prioritising and pacing.
2. You need a positive team ethos so everyone understands your mission and is pulling in the same direction.
3. Develop a strong infrastructure, good processes and effective use of IT, so you do not waste energy and time on things you don't need to. 80% of things can be automated and / or process-based, which lets you concentrate on the 20% that needs to be bespoke and flexible.

professional expertise but do not get called on to use it or find that their comments and suggestions are interpreted as criticism by a defensive management team.

Encourage your trustees to use their expertise to ask tough questions and help you reach the right answers. Social enterprise board members do not always challenge as rigorously as they would in the commercial sector but holding back is not doing you or your organisation any favours.

4. Support your Chair

So you have found a Chair with excellent business experience, empathy for your cause, a constructive, collaborative approach and a willingness to work extensively and voluntarily to further your mission? Then do everything you can to support that person to deliver.

Encourage them to spend regular time in your office to get closer to what is going on. They may need some administrative support to manage their diary and emails: by providing that you will enable them to do more for you. Colin Smith, Chair of **The Challenge**, can often be found in their offices.

As a CEO, it is particularly important to build a good relationship with your Chair. Tough as it may be, the Chair needs to have a true picture of what's going on to enable honest discussion. If you cannot be straight with your Chair, it is likely to be harder to get board support and overcome challenges.

Give your Chair positive news as well as updates on threats and challenges. At a gathering for Chairs of our portfolio enterprises, several mentioned that they always hear about the latest urgent problem but less about the positive social impact that inspired them to get involved.

The Challenge

The Challenge senior management team is in no doubt that its board has played a pivotal role in its success. The organisation has grown rapidly from three to around 900 staff since 2009. With a large-scale, fast-evolving enterprise, good governance is critical to maintain proper oversight.

The high calibre and professional skills of board members has made that possible says CEO Oliver Lee. The board includes trustees with substantial human resources, auditing, financial management, public affairs, safeguarding, apprenticeships and marketing skills to support the management team. Yet, Oliver says, trustees clearly understand and observe the boundary between governance and operations.

The Chair of The Challenge, Colin Smith OBE, former CEO of Safeway and Chair of Poundland is particularly engaged with the organisation. He visits programmes, liaises with board members outside of meetings and is, according to Oliver, an invaluable voice of calm and wise advice whenever necessary.

5 Invest in your core

Hire great people with specialist expertise to build an outstanding management team. Make sure your systems and processes are fit for purpose. It may mean spending less on your beneficiaries in the short term but you need those strong foundations to grow.

Introduction

Helping people: that's the driving force of any social enterprise. Whether it is children struggling at school, lonely elderly people or others in need; you're here to make things better. And however many people get help through you, there is always more that can be done, more unmet need where you could make a difference.

As a result, you can feel enormous pressure to use any money or other resource you get to directly maximise the number of people helped. You may struggle to produce a cash flow forecast but how can you justify hiring a finance expert?

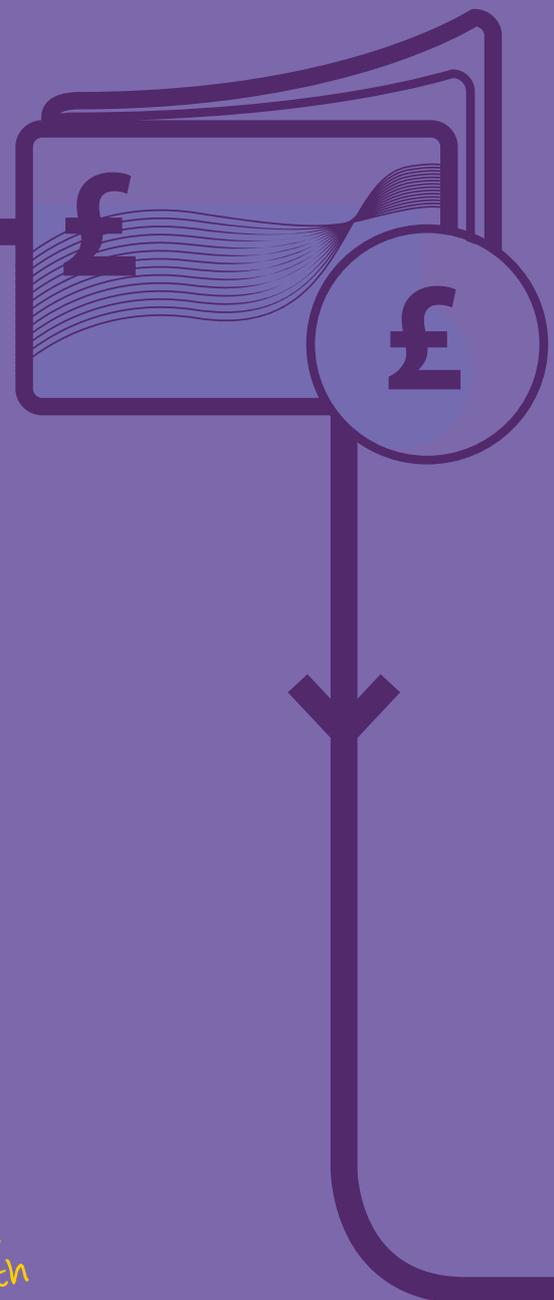
Your IT system may be out of date and causing endless headaches. But how do you defend replacing it, when the same money could be used to support your beneficiaries?

General media criticism of charity running costs can be misplaced. You have to invest in your business to be able to grow and help more people. Grant funding, which usually measures success in terms of the number of people helped, only adds to the pressure to minimise investment in the core of your organisation: the staff, systems and processes that make a successful business possible.

We say, resist that pressure. Without a strong team and an effective, efficient infrastructure your attempts to grow will falter. To scale-up your social enterprise and ultimately help many more people, you must invest in your core.



A strong team and an effective infrastructure are essentials for growth



Why it matters

Any business stands or falls by the strength of its team and structures. Like most new organisations, social enterprises usually begin with a tiny team, just the CEO and one or two others.

Everyone is a generalist turning their hand to whatever needs doing and mucking in together. You may lurch from one crisis to the next but you tackle it and move on.

It's exciting and fun but equally it's tiring, inefficient and risky. You might have a nagging doubt as to whether you can go on like this because it's not sustainable if you really want to grow.

Eventually, you need a different approach: a division of labour with specialists who know what it takes to make each part of your business run professionally and effectively. And they need to be trusted to take responsibility for delivering in their particular area.

For example, a finance specialist, who is much more than a book-keeper, can make a huge difference to your social enterprise's financial stability. Or a business development professional with strong sales experience can transform your ability to target and win new contracts.

Ultimately, they can help your social enterprise grow to reach many more people. But you have to begin by investing in them and the tools they need to do a great job, which almost certainly means spending less directly on beneficiaries for a while.



GENERAL MEDIA CRITICISM OF CHARITY RUNNING COSTS CAN BE MISPLACED. YOU HAVE TO INVEST IN YOUR BUSINESS TO BE ABLE TO GROW AND HELP MORE PEOPLE.



What you can do

1. Let go

The first step is making the mental adjustment: if you're a founder CEO, it can be incredibly difficult to let go of control. If you're used to making all the decisions in your business, it's hard to let others take significant responsibility. But if you invest in great people, you need to set clear goals and trust them to deliver on those.

As CEO, your focus is likely to shift over time from doing to leading: supporting your team to deliver.

Long-serving staff may find the adjustment difficult and feel challenged by new experts coming in, with different approaches to doing things. Working with them and your new recruits to get everyone pulling together successfully is vital.

In our experience, the first specialist appointments for successful social enterprises are usually a Finance Director, a Business Development Director or a Chief Operating Officer. An important new hire for social enterprise nursery group **London Early Years Foundation (LEYF)** was a Head of Business Development who successfully led a nursery acquisition programme.

Catch Up, which works with schools to help struggling learners, hired its first Head of Business Development in 2016: a critical step towards achieving its goal of training 5,000 teaching staff annually by 2020.

In both cases, it was an adjustment for the CEO to add a business development specialist to their team. But loosening direct control for that part of the business proved to be a positive step.

As Ruth Brock, CEO of **Shakespeare Schools Foundation** says: "It's the adage about having the confidence

London Early Years Foundation

London Early Years Foundation (LEYF) wanted to scale-up in a focused, strategic way. To do that, CEO June O'Sullivan needed to build a team with expertise in growing businesses. As a result, LEYF hired its first Head of Business Development, with excellent credentials, including a Master's in Business Administration (MBA) from Harvard Business School.

Her role was to know and research the market for child care in LEYF's target area, identify and carry out due diligence on potential nursery acquisitions and lead on the purchase when things got to that stage. With her expert help LEYF grew dramatically,

adding 14 nurseries in two years, taking its total to 38, working with around 4,000 children.

It was a huge step for LEYF to take on and turn around so many existing nurseries and open new ones from scratch. To maximise social impact, they were acquiring nurseries in need and in poor neighbourhoods as well as high-achieving businesses. Having that dedicated business development expertise was essential to achieving growth rapidly and sustainably.

to recruit people who are better than you and that's when you'll do better. But having the confidence to say 'help' to someone in your team can still be a really difficult thing to do."

2. Hire carefully

Hiring specialist staff may require knowledge you and your team don't have. If you've never recruited a Finance Director before, how do you really know what you need? Try to get guidance from someone who has that knowledge, a trustee or other contact. Then involve them in designing and delivering all aspects of the recruitment: scoping the advert and job description; promoting the opportunity; shortlisting; interviewing; and assessing skills.

Brightside, the youth mentoring social enterprise, recently recruited a Head of Finance with help from their Treasurer, a former finance director, and, through SBT, an expert from Thomson Reuters. Issues they grappled with included deciding whether the new hire should have strong financial analysis skills in addition to an accounting background. A multi-stage process helped them identify the right candidate.

At **Shakespeare Schools Foundation**, CEO Ruth Brock recently used a series of 10 minute calls to

screen candidates for a specialist role and ruled out eight people who may otherwise have been called to interview. She says: "That extra investment of an hour or so saved me over a day."

Bikeworks Director Jim Blakemore says bringing in a finance expert was "an eye-opener". "A good finance person cuts through all the crap. If it's not your strong point, then until you get someone in to distill it and talk to you in a human way, you don't realise the value of it."

Appoint someone too junior and they may not stand up to you. You need someone personable and collaborative but who will also, in the right way, challenge your ways of managing the business when that is needed and work with you to make your social enterprise more efficient and effective.

You may find your ideal candidate in another social enterprise or charity but attracting the best people for specialist roles may mean hiring those with commercial experience. That can be costly and upset your overall salary structure. You'll need to deal with that sensitively to keep your existing team on-side. Of course, you can't blow the budget but if you want to hire someone with professional expertise, they may come at a price. The right person will be worth it.

3. Focus on culture and skills

It may be tempting to go for the person who ticks all the boxes on professional expertise but don't do that unless they're an excellent cultural fit too. It's vital that those who join your team share your vision and values: build them into both your hiring and induction process. Ignore that and, as well as having an unhappy new joiner, you could demoralise and destabilise your existing staff team.

Equally, you can't just focus on cultural fit, as Craig Morley, Co-Founder and former CEO of **The Challenge**, says: "It's crucial that potential new hires understand and share a commitment to the charity's mission and values but that, in itself, is not enough. We developed a rigorous recruitment approach that ensured we had confidence they also had the skills and aptitude for the specific role as well."

Brightside CEO, Anand Shukla, says it's critical that new team members relish the organisation's environment and believe in its approach and values. Part of that is being prepared to roll up your sleeves and get involved because it's still a small business. He's aware that this may not appeal to everyone, particularly candidates who are used to working in much larger organisations. But for the right person it is exciting and liberating to have that level of involvement.

Catch Up

Catch Up has a bold ambition to train 5,000 teaching staff a year by 2020. That will enable the social enterprise to help around 100,000 struggling learners a year get to grips with literacy and maths: a fantastic goal.

Director Julie Lawes had the vision but nobody on her team with the experience to make it happen. To solve that problem, with help from SBT, she created a new Assistant Director, Business Development role.

Now she has someone with a background in both business and the educational charity sector, who is responsible for identifying, developing and driving new business opportunities and establishing new customer relationships.

It's made a big difference, in particular building on their expertise in engaging with individual schools to develop strategic relations with multi-academy trusts and other groups.





TOP TIPS

Oliver Lee OBE - CEO, The Challenge

1. Look after your mission.
2. Look after your people.
3. Look after your money.

Clare Geldard – Director of Business Development, I CAN

1. Don't be defensive: listen to all ideas with an open mind, even when you think you understand everything about your business and your customers.
2. Try out those creative ideas, even if they sound a bit off the wall. Try them, small scale, evaluate and repeat if they worked!
3. Hold your nerve when things don't seem to be going well, take a longer-term perspective, give initiatives time to bed in and create the impact, growth, reach you need.
4. Listen, listen, listen to your customers..... and then listen to them again. They will tell you what you need to do.

Sometimes the pressure to fill a role feels overwhelming. Resist the urge to appoint the 'least worst' candidate and hold out for the right person.

4. Develop your people

The drive to minimise operating costs and maximise spend on beneficiaries can also result in a lack of training and development for existing staff. Where commercial businesses are inclined to view this as an investment on which they will see a return, social enterprises can see it as a cost. Similarly, you may hold back investing in the systems and processes that will enable your team to deliver.

But unless you provide ways for ambitious staff to develop and grow – and the infrastructure they need to do a good job - you're likely to lose them and incur all the costs and disruption that come with that. There will always be staff turnover but, by supporting great people to be effective and giving them new opportunities, you're reducing their reasons to move on.

So before looking externally to fill a new role, consider whether an existing team member could acquire the required specialist skills. It's not necessarily an easy option - you need to find the right training and allow time to do it - but it can work.

When **The Challenge** needed to develop its customer relationship management system, a team member with a strong interest but no relevant experience wanted to do the work. Given the opportunity, she became an expert in the area and now leads the team running it.

The Challenge

The Challenge has grown from a tiny start-up to employing 900 staff in just eight years. In 2012, it hired its first Chief Financial Officer who had held top finance roles in broadcasting.

He introduced a rigorous budgeting process with planning, tracking, monitoring and projections and grew the organisation's reserves from a minimal base. In all, his role was vital to the enterprise's development into the biggest provider of the National Citizen Service, working with 49,000 young people a year.

The Challenge has also promoted and trained from within. Alexis Meech joined as a community organiser in 2009. She developed an interest in customer relationship management (CRM) and, with the organisation's support, trained herself in that specialty. Now she manages a team of 20 handling The Challenge's CRM function.



IT'S CRUCIAL THAT POTENTIAL NEW HIRES UNDERSTAND AND SHARE A COMMITMENT TO THE CHARITY'S MISSION AND VALUES BUT THAT, IN ITSELF, IS NOT ENOUGH.



Be beautifully big



Courageous, disruptive, pioneers: those are the words that best describe the innovators leading the social enterprises in our portfolio. Their energy and focus is remarkable. Whether they are changing lives in their local area or delivering nationwide, they all remain ambitious to do much more.

We love to work with these social businesses to tease out how they can be 'beautifully big' and then to help make that happen. And when they do achieve that upward trajectory, we love to celebrate with them. They are not only building a business; they are having an extraordinary impact on many more people's lives.

Of course, unlocking growth is rarely straightforward and, inevitably, there have been many occasions when we and our social enterprises have said afterwards "if only I'd known that before".

But by codifying our knowledge and sharing our insider experiences, we hope it will make your journey to scale a little easier.

So, put all the right foundations in place and then be bold but not reckless. Small isn't always beautiful: unlock your potential for growth!



THEY ARE NOT ONLY BUILDING A BUSINESS, THEY ARE HAVING AN EXTRAORDINARY IMPACT ON MANY MORE PEOPLE'S LIVES.



Thank you to our corporate partners

We are incredibly grateful to our corporate partners who mobilise their amazing employees to help great social enterprises grow.



A different approach to tackling social problems

Social Business Trust supports high growth potential social enterprises to scale-up their impact. We do that by investing cash grants and professional support from our business partner organisations in a carefully selected portfolio of social enterprises.

This powerful combination is changing lives: more than one million people have been helped by our social enterprises since we began six years ago.

Our focus is 100% on building the internal capacity and capabilities of social enterprises, which we believe is the key to unlocking their growth and ensuring many more people can benefit from their services.

Social entrepreneurs are less likely than for-profit entrepreneurs to invest in themselves and their organisations, as they are entirely focused on making sure everything possible reaches the front-line and their beneficiaries.

Traditional grant funding regimes compound this issue: most of that funding is earmarked for programme delivery and, in many cases, only a small percentage is allowed to cover core costs.

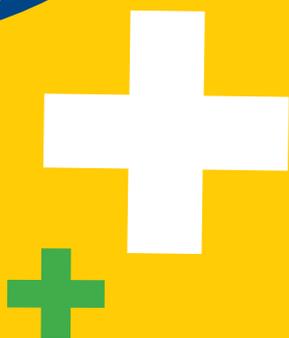
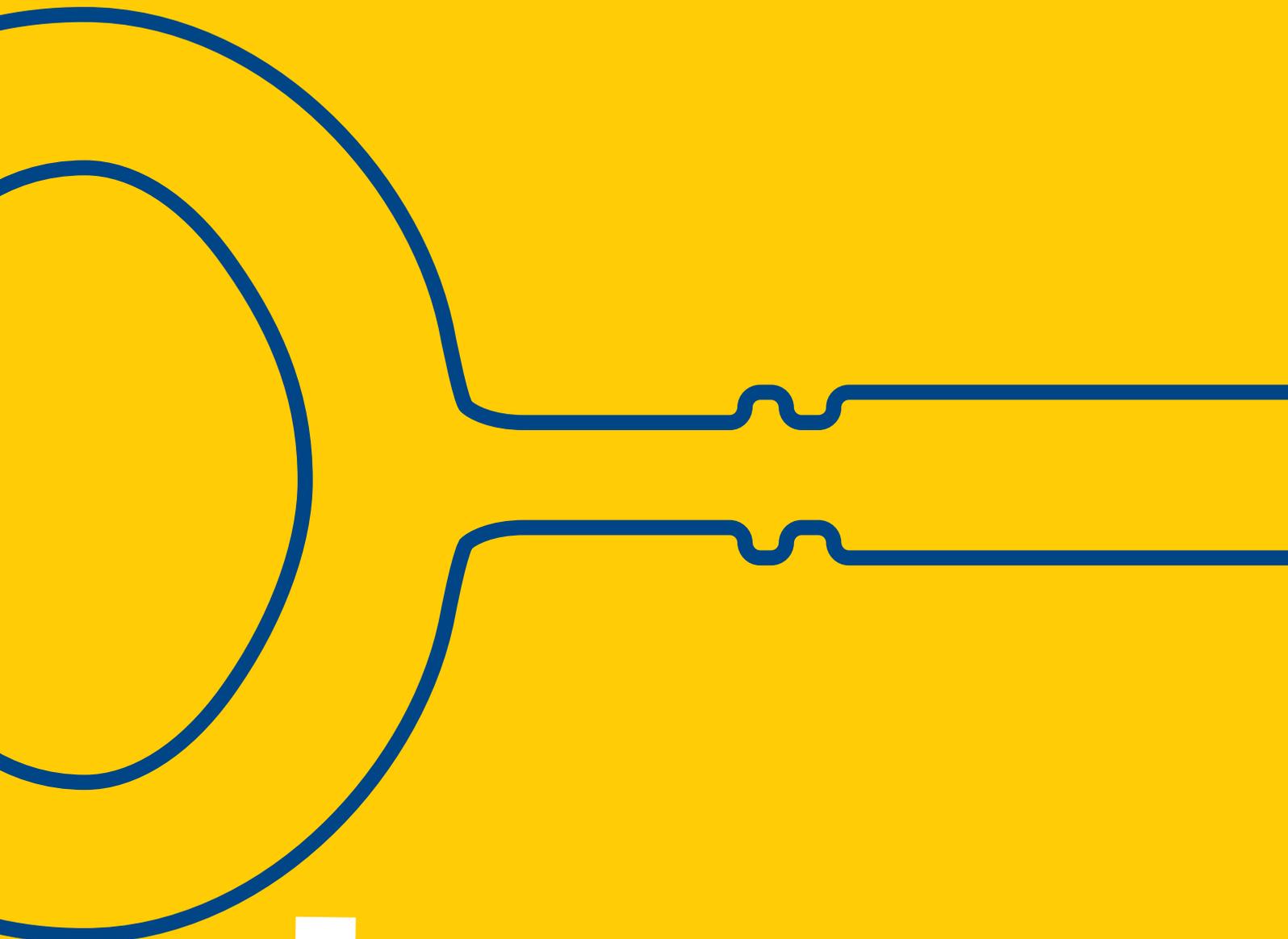
Our approach is different: we invest targeted cash grants and business expertise from our corporate partners in the core of those organisations, building their capacity so they can grow themselves without the need for continued grant funding.

Find out more at
www.socialbusinesstrust.org

 @SBT_UK #SocEntGrowth

 www.linkedin.com/company/social-business-trust

 info@socialbusinesstrust.org



BE INVOLVED

Please get in touch if you are:

- An ambitious, established social enterprise, seeking to unlock growth, or
- A world-class business interested in using your expertise to help great social enterprises grow.



0203 011 0770



info@socialbusinesstrust.org

See our website to find out more

www.socialbusinesstrust.org