

PUBLIC SECTOR



Doing business.
Doing good.

The rise of social enterprise

Social enterprise is a hearty combination of doing business and doing good. It's a new form of capitalism. Owners are in it for profit, but not to get wealthy. Rather than lining the pockets of faceless shareholders, social enterprises are on a mission – to make their community a better place. This doesn't mean they rely on volunteers or cash hand outs. Far from it. A social enterprise is a business, that chooses to make money and pay it forward, ploughing around half of their profits into community projects.

It is a vibrant sector. In the eyes of many people, raw, unabated, irresponsible capitalism has had its day. The zeitgeist is anti-oligarch, pro-society; love thy neighbour is making a comeback.

According to Harvard Business School Professor Michael Porter: "Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face. The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society."

According to Fightback Britain, a 2011 survey by Social Enterprise UK, social enterprises are outstripping SMEs for growth – 58% of social enterprises grew last year compared to 28% of SMEs. Social enterprises are also outstripping SMEs in business confidence, with 57% of social enterprises predicting growth in comparison to 41% of SMEs. Social Enterprise UK Chief Executive, Peter Holbrook said: "The old ways of getting things done – public services versus charities, versus private enterprise – are starting to merge, and the future is hybrid."

Social enterprises – particularly those working with the public sector, face huge challenges. For those garnering their main source of income from the public sector, these are testing times. Procurement reform is an urgent requirement, to cut the time and expense involved in bidding for public work, to enable more social enterprises – and SMEs – to get a piece of the action. Social enterprises working mainly with the public sector cite procurement policy as the second greatest barrier to their sustainability – a greater barrier even than the perennial challenge of cash flow (top of the league table of woe was access to finance).

Case study: Synuron

Synuron is a membership organisation that provides its members with e-recruitment and e-disclosure solutions that streamline the recruitment process, saving time and money. It is a private sector organisation, founded by people with vast experience of HR in the health/social care sector, whose mission is to save money, by saving time for hiring managers, allowing them to concentrate on their key work: caring for patients.

Synuron's Vincent Sorel said: "We're a social enterprise in that we're not just here to make a profit. We're here to help socially, by providing something of interest that will benefit the greater good, which has really helped health and social organisations to save money; they can save because they need to, or pour money back into frontline services. We also save them a lot of time. One of our members saved around 30% of the time it takes to recruit. So that gives them a lot more time to care for the patients, which is ultimately what they are there for. When economic times are tough (as we are experiencing at the moment), the number of applicants per vacancy goes up dramatically and that can put a burden on already stretched managers. Reducing the time to hire – through tailored application forms, easier shortlisting, faster CRB checks, flexible job postings – means that you can get people into positions faster, saving a lot of money on 'bank' staff and interims to cover positions while permanent recruitments are being finalised."

A huge issue around social enterprises is the issue of trust. Why should an organisation trust a social enterprise with mission critical work, especially in the traditionally hyper risk-averse healthcare sector? Do they have problems persuading clients how professional they are?

Vincent said: "We're a social enterprise but we're still private sector. We don't take any government subsidies. We're still a limited company, which is not incompatible to being a social

enterprise. No, we don't find it more difficult. If anything, we find it brings a little more trust...

"Getting the first few members on board was a bit of a challenge –whether we were a social enterprise or not, wasn't their main concern. If anything, it was good, because they didn't see us as corporate sharks; we were not just there to take their money away. That's not how we work. We give a lot of support to our members, we help them. Without increasing the level of membership fee, we use it to provide even more services for our members. If they suddenly realise they have this big need around something that we can help with, we can use some of our money to provide them with more for their money.

"For the first one we had a lot of discussions, a lot of demos to prove to them that it worked. It takes someone who's quite open, who's willing to take a risk – it's a calculated risk, obviously. For the first member, we needed to find someone who was ready to say, you know what, I believe in this guy... I think they can definitely deliver."

"Now we have more members, it's a lot easier we can demonstrate the benefits of what we do. We'll put them in touch

with our other members, who are very supportive, as they are happy with what we provide. Sometimes they just talk on the phone, sometimes they even agree to a visit and they can discuss, exchange ideas and see what we've brought to the organisation. We put them in touch, and step back. We're not here to give any pressure. Members who agree to take these calls, we don't give them anything in return for that. They agree to do that, because they like what they have. We don't offer X off their next membership, that really wouldn't be ethical, and we don't need it because they like what they have, and they really believe in what we do."

Finally, I asked Vincent, what sort of people does it take to make a success of a social enterprise?

"People must be commercially aware. Whether we want it or not, social enterprises cannot operate at a loss. That's not sustainable. People that believe in what they do. That's true for any business. You need to believe in what they do, understand the sector you are in, and listen. Listen to your clients. Listen to them, because they're the ones facing things every day. And people who are not just in it for themselves, basically."