

The Delta logo consists of a dark blue square with the word "delta" written in a white, lowercase, serif font.

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IFF Research

# Hidden Social Enterprise

Goodenough College

11<sup>th</sup> March 2010

GOODENOUGH



college



# **Hidden social enterprise – why we need to look again at the numbers**

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## Some basics

### ■ Social entrepreneur:

- Change agent
- Value-driven – “sees a part of society is stuck and is driven to fix it”
- Takes personal risk to achieve values-based objectives
- Innovates to achieve values-based objectives
- May sacrifice wealth to achieve value

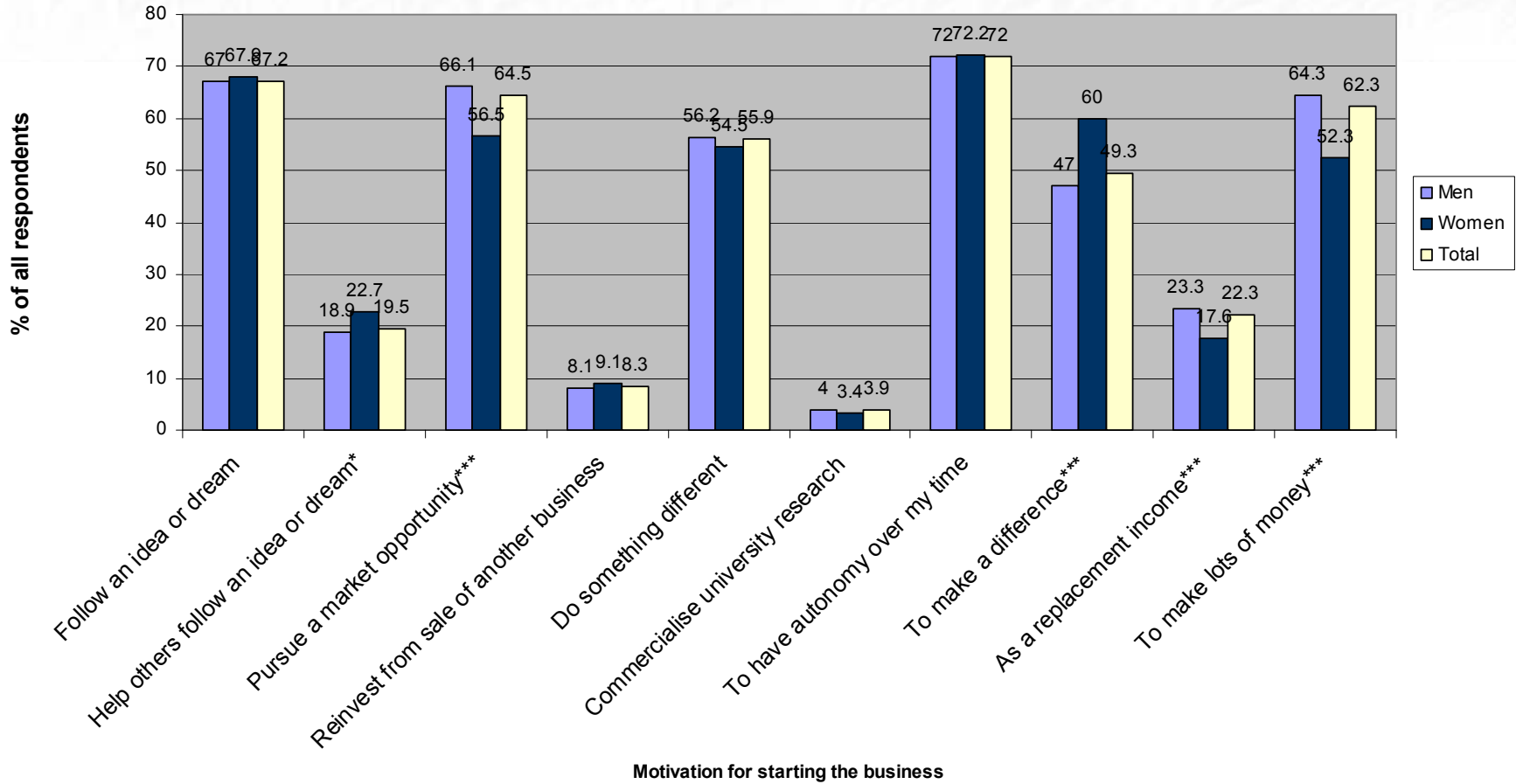
### ■ Social enterprise:

- The business model that a social entrepreneur will use to achieve their value-driven goals
- Can take a variety of forms
- Can distribute its surpluses in many ways
- Has a market focus (usually a sales revenue stream)
- Prioritises value creation over wealth creation

## Introduction to COGS

- Survey of 2121 growth-oriented entrepreneurs:
  - Turnovers of above £200,000
  - Predominantly for-profit (actively filtered out charities)
  - Older than two years but less than ten years
- 16.5% are women
- 7.5% are ethnic minorities
- They are the “survivors”
- We look at their motivations, the challenges they faced and are facing, the support they access, how they are financed, what they find easy/difficult and how they perform “tangibly” and “intangibly”

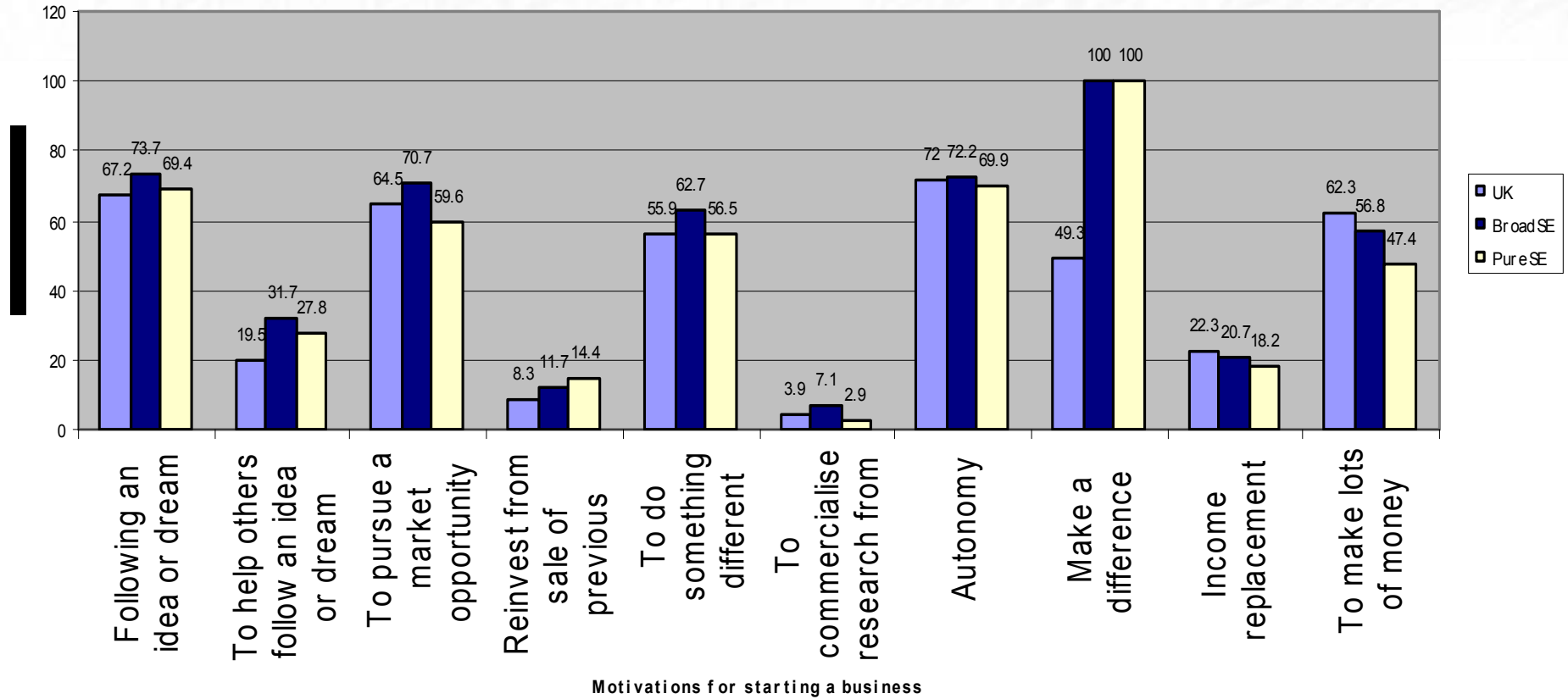
# The motivational filter



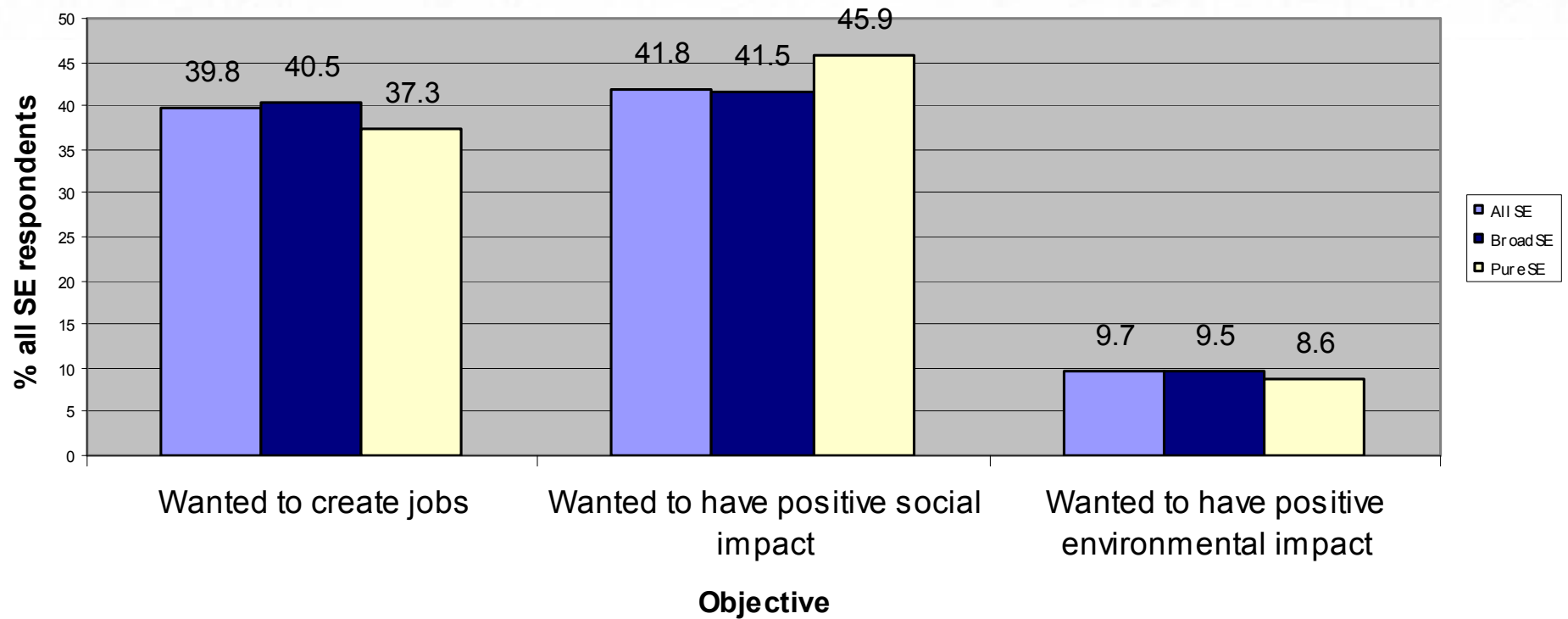
## Do they have social enterprise business models?

	<b>% Social enterprises</b>	<b>% total sample</b>
Make a difference (MAD) primary trigger	<b>100.0</b>	<b>42.6</b> M: 37.6; W 62%
MAD and reinvest surplus (broad SE)	<b>39.3</b>	<b>19.3</b> M: 17.2; W: 28.0
MAD, reinvest, don't pay shareholder dividend	<b>24.0</b>	<b>11.9</b> M: 9.6; W: 21.4
MAD, reinvest, no shareholder dividend, sales >25% revenues (pure SE)	<b>20.5</b>	<b>9.9</b> M: 8.5; W: 17.2
N = 2121 Survey conducted August 2009-October 2009		

# Are they really social entrepreneurs?



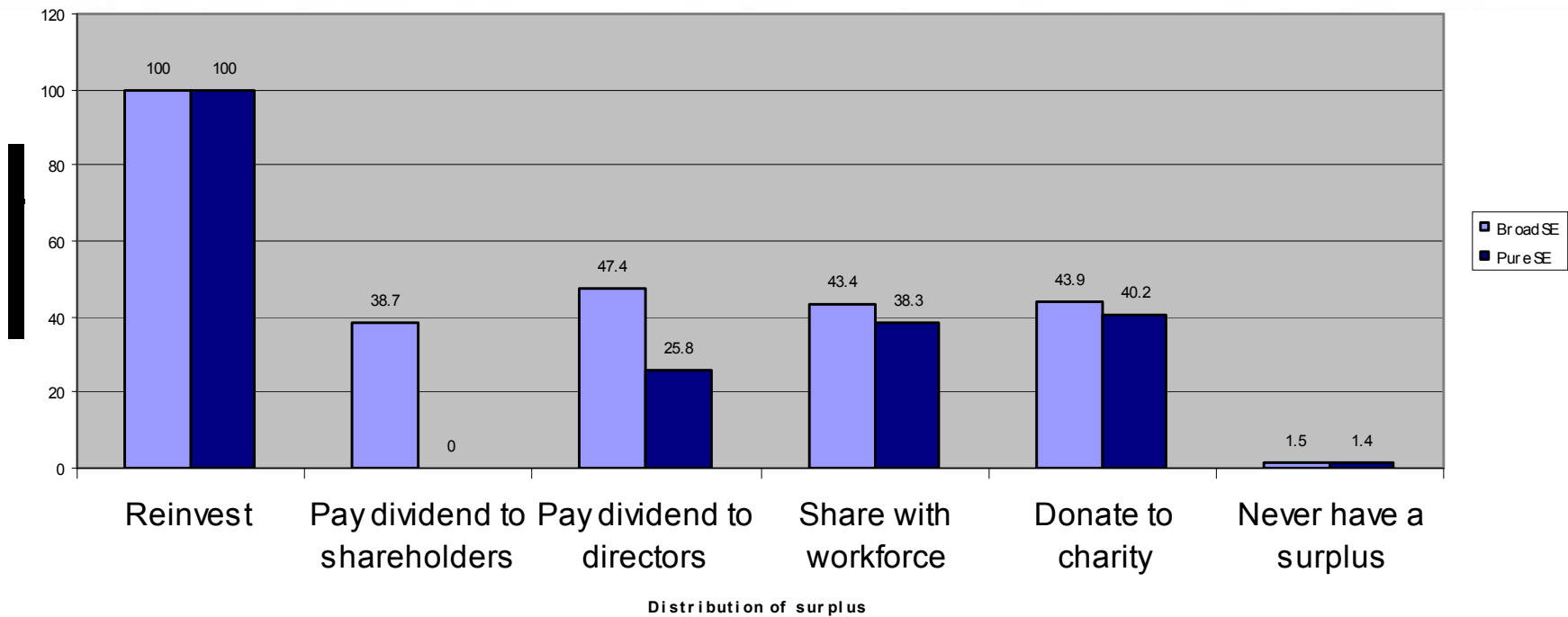
# Do they have social goals?



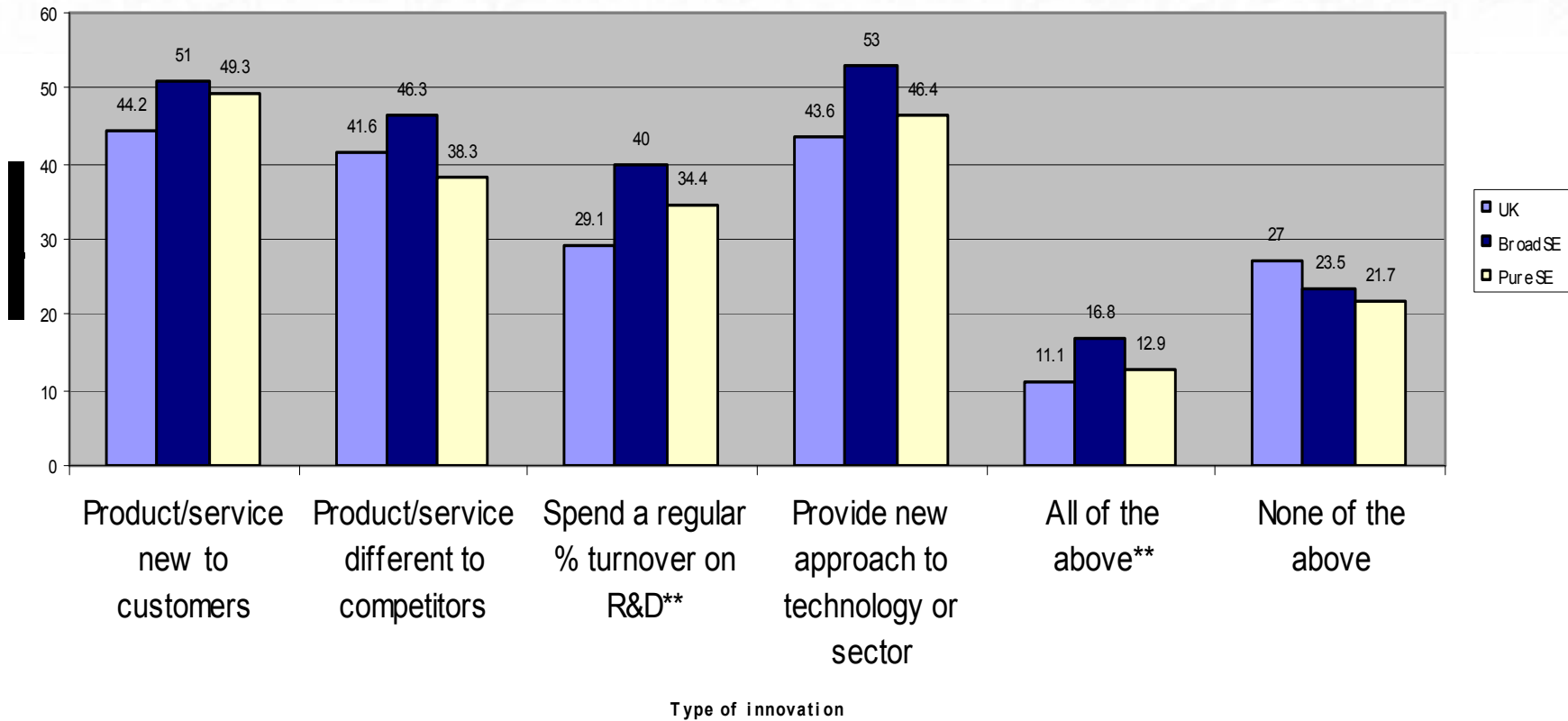
## What about the organisational structure?

	Broad SE	Pure SE
Not for profit (eg CIC)	5.1	5.7
Trust	1.2	1.0
Co-operative, community benefit	0.2	-
Mutual	-	-
Company limited by guarantee	66.6	58.4
Industrial or Provident society	0.2	0.5
Unincorporated Company	1.0	1.0
Private limited company	12.7	14.4
Non limited company	5.9	10.0
N = 1045		

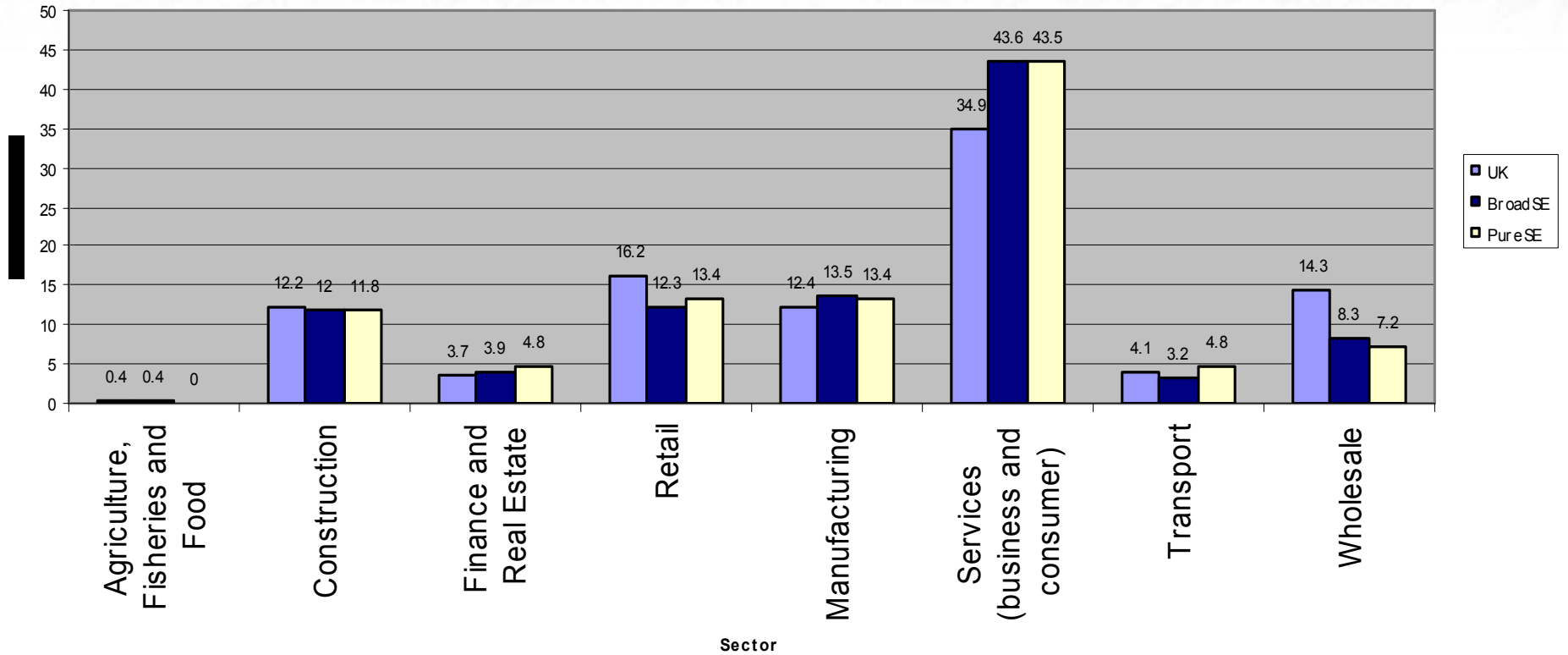
# How do they distribute surpluses?



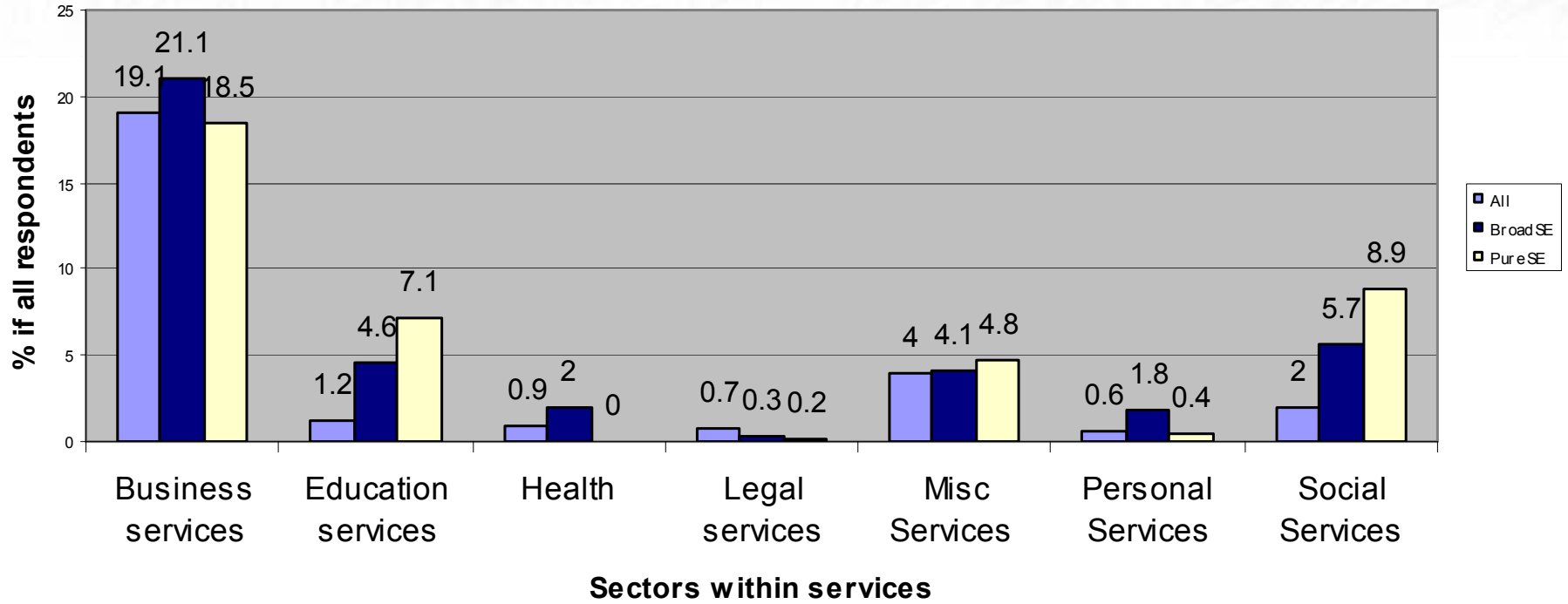
# Do they innovate?



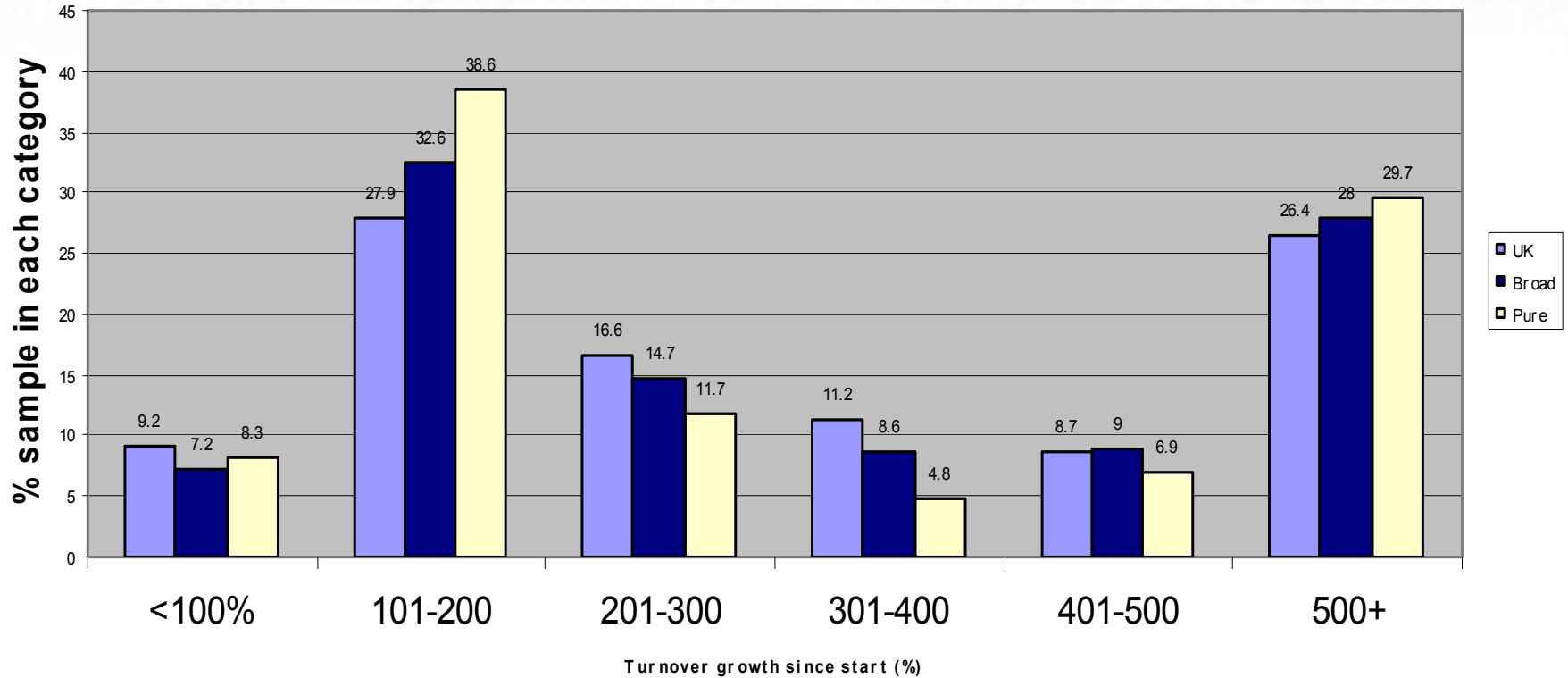
# What sector?



# Closer look at business services



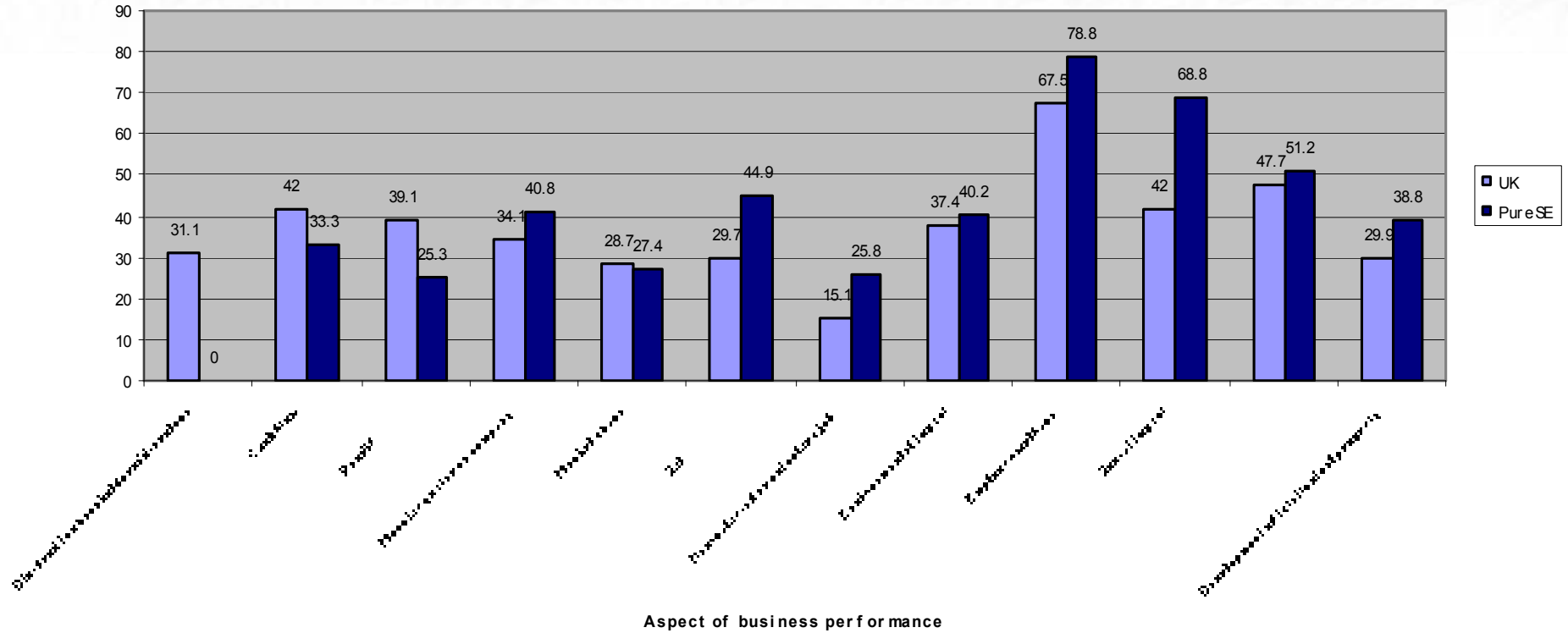
# Turnover growth rates



## Can it make money?

	All UK	Broad SE	Pure SE
Turnover	£1.23m	£1.32m	£955k
Turnover growth	153%	157%	154%
Expected turnover growth	235%	240%	249%
Median jobs now	6	9	9
Jobs created since start	5	6	6
Expected job creation	10	13	12
Profit/surplus	£452k	£431k	£162k

# How do they feel they perform?



## Concluding remarks

- This is a first attempt to pick up the CASE gauntlet
- It will pose more questions than it answers
- BUT
  - We have identified a distinctive and sizable group of entrepreneurs in the mainstream entrepreneurial population who have the characteristics of social entrepreneurs
  - We have identified a distinctive and sizeable group of enterprises in the mainstream growth-oriented population who have the business models of social enterprises
- If, as many say, a sustainable future rests with social enterprise, then these findings in themselves should help widen the discussion

“Rigorous, quantitative analysis poses special problems...We still have significant disagreements on definitions. It is hard to count unless you know what you are counting. The characteristics are not easily identifiable and even if we had a definition, social enterprise takes different forms....

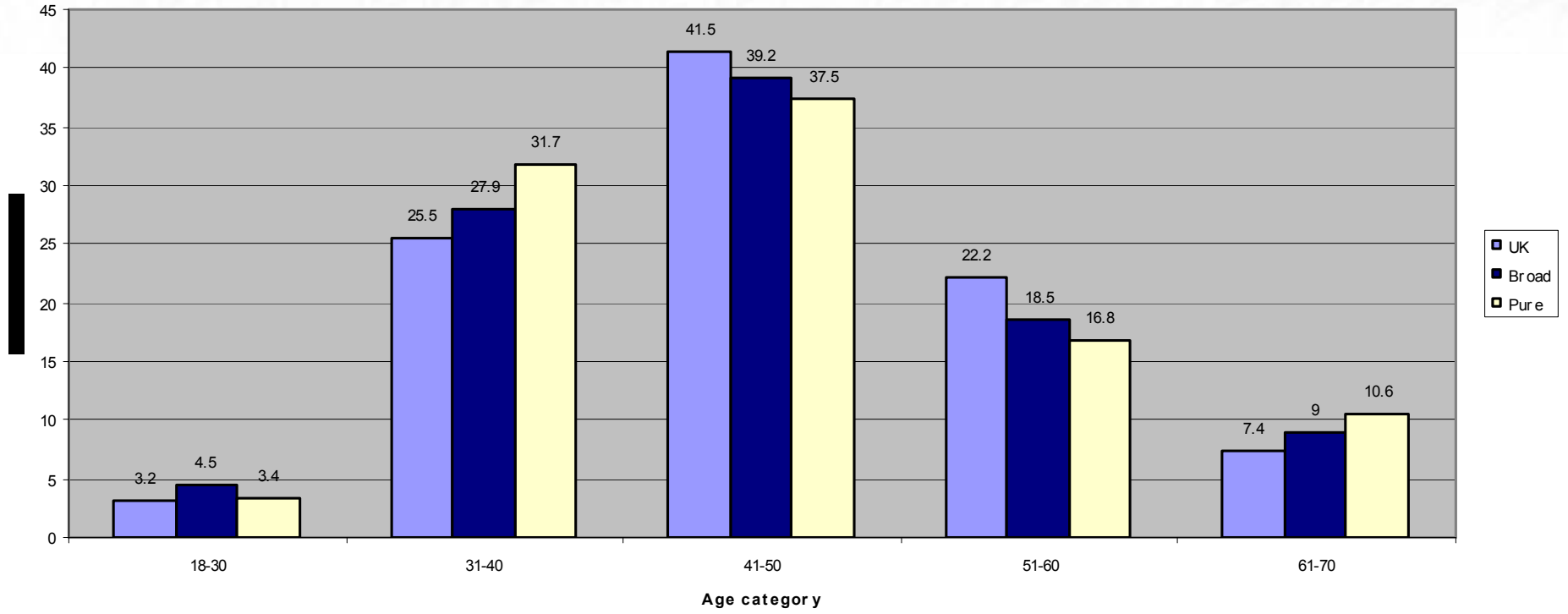
“We would welcome anyone who wishes to take on this effort. It would be a tremendous contribution to the field.”

CASE 2008

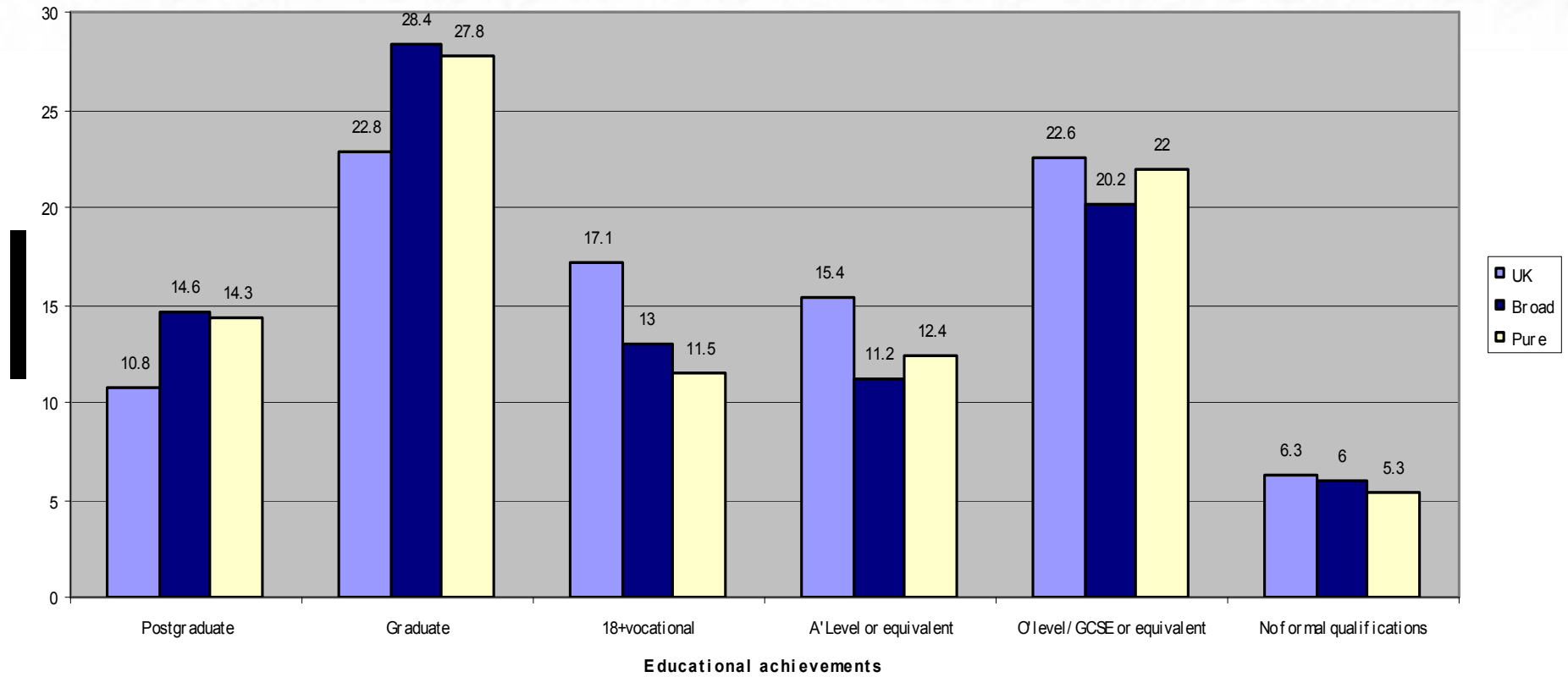


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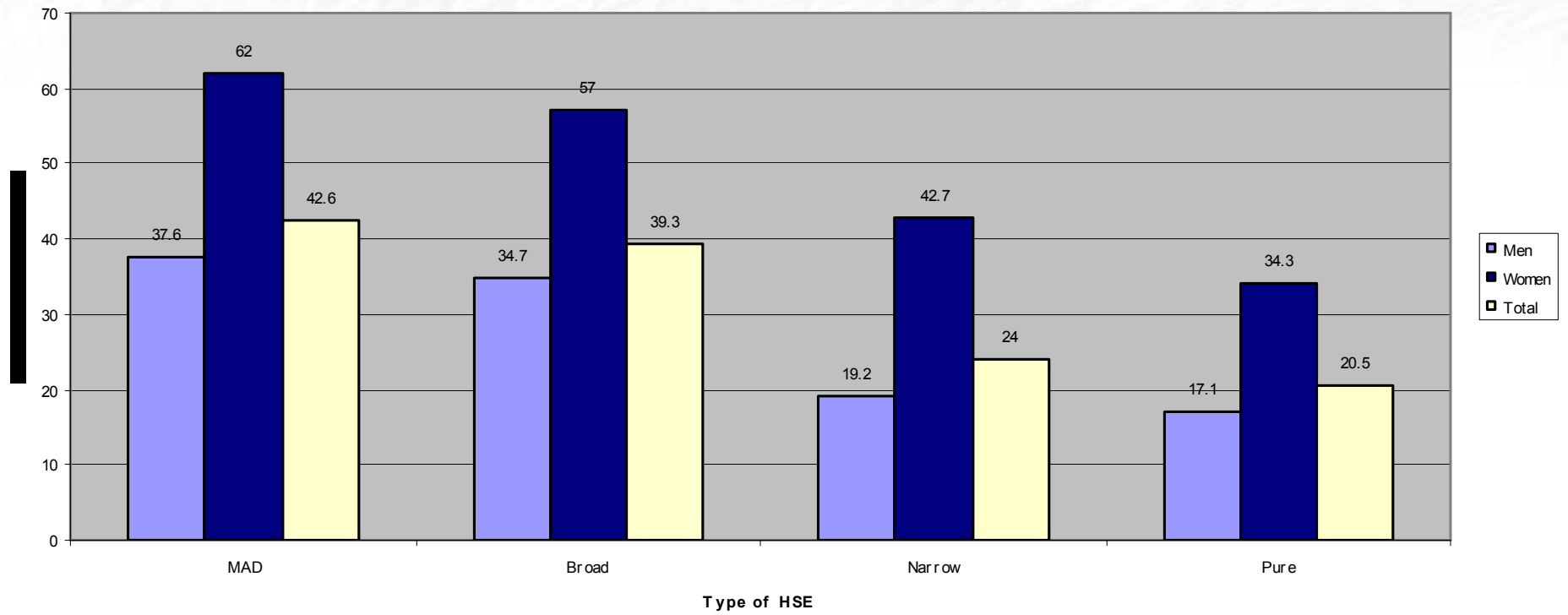
# Age distribution



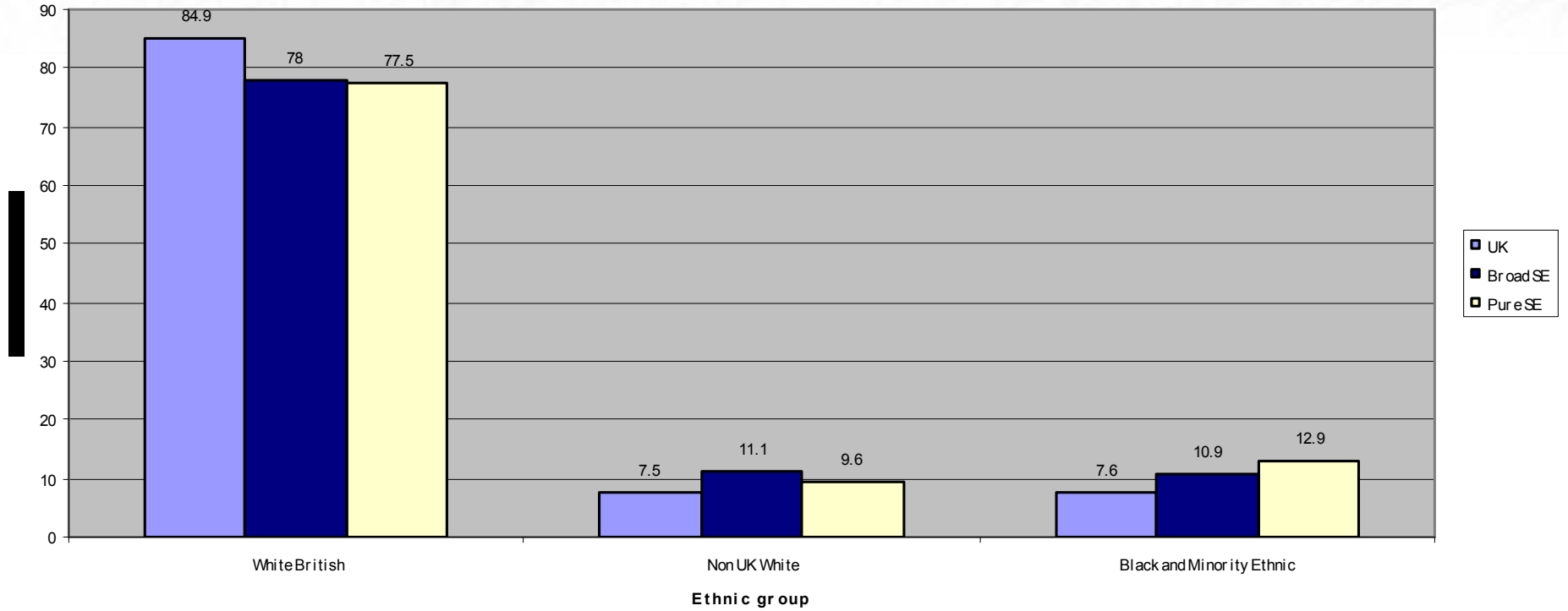
# Education



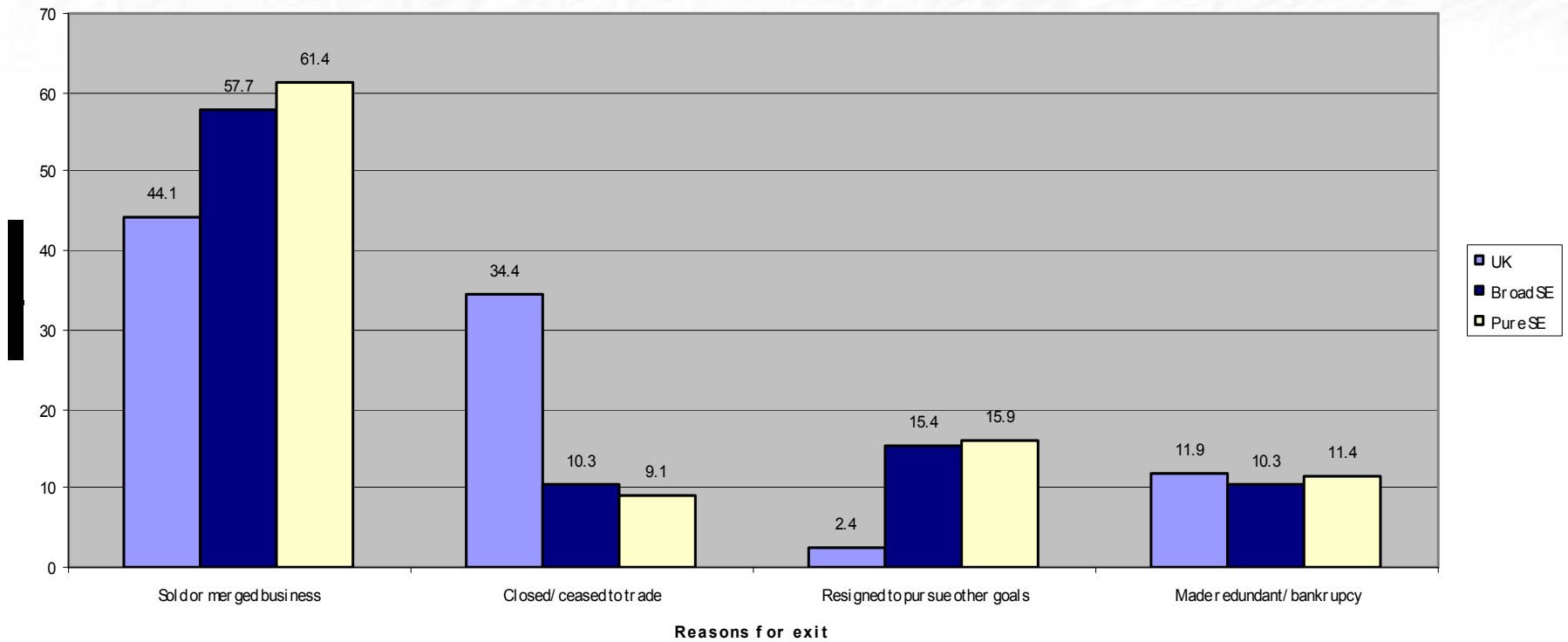
# Gender



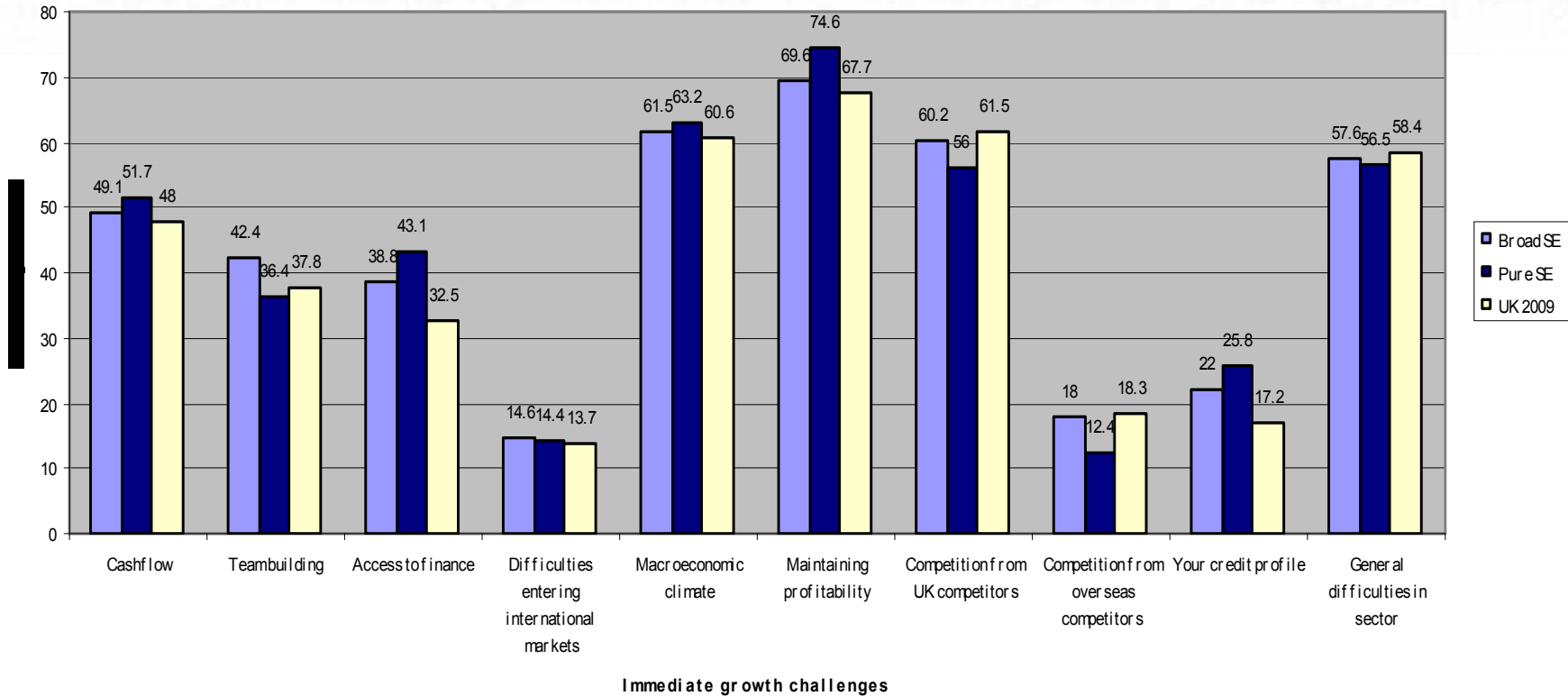
# Ethnicity



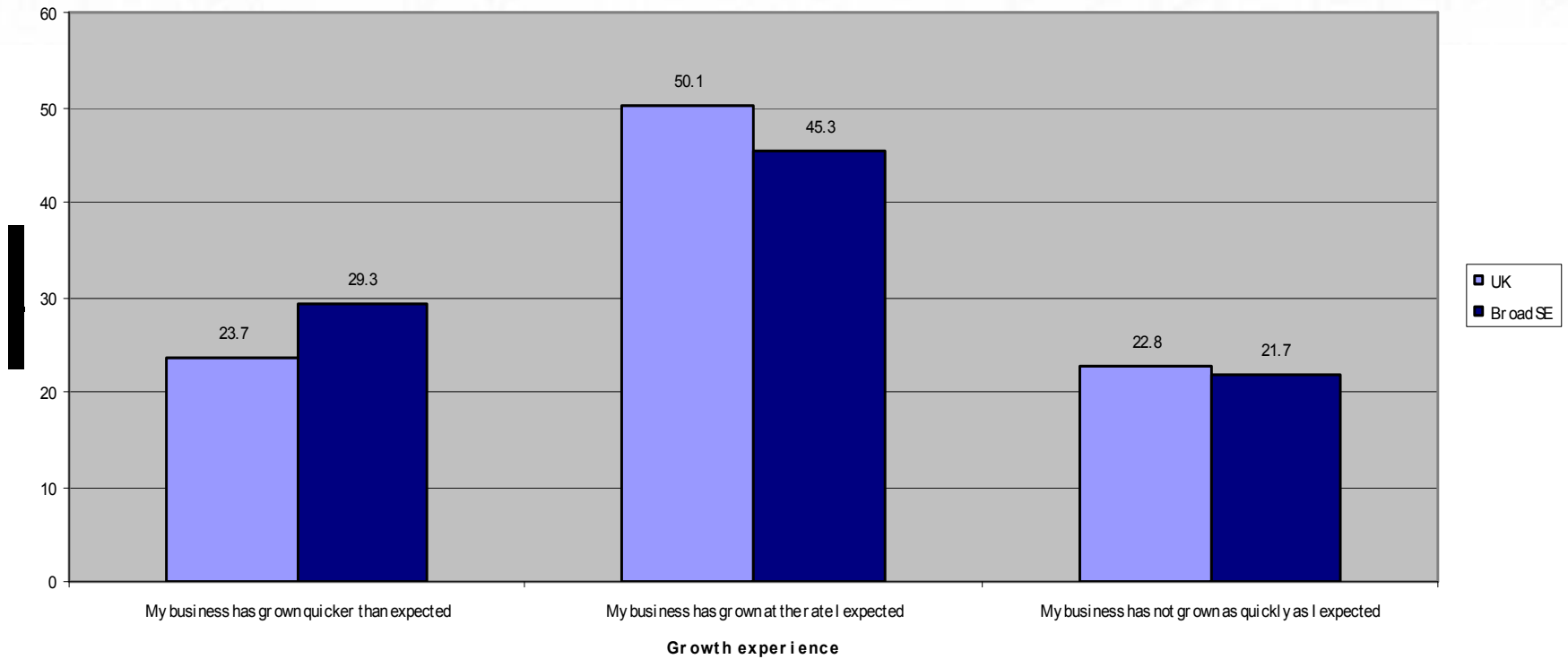
# Reasons for exit from previous business



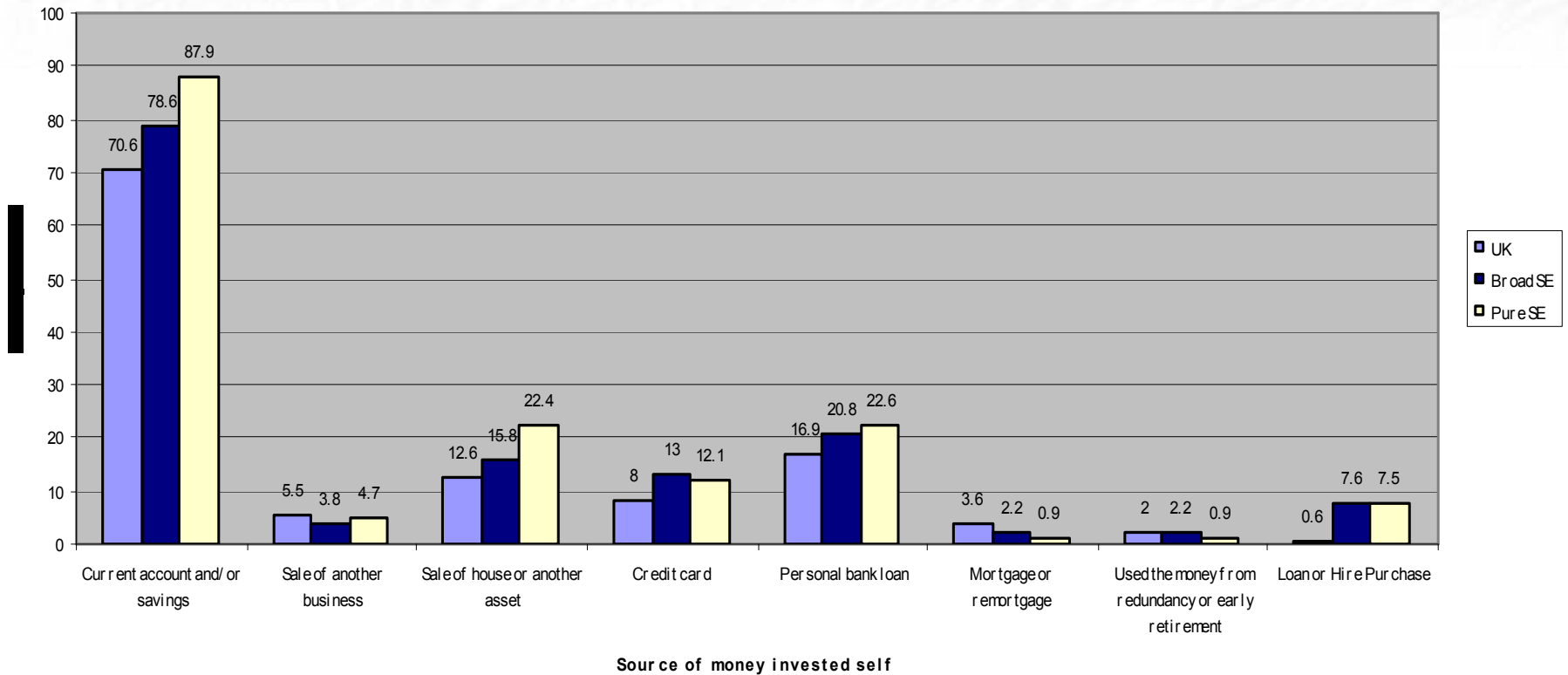
# Challenges to growth



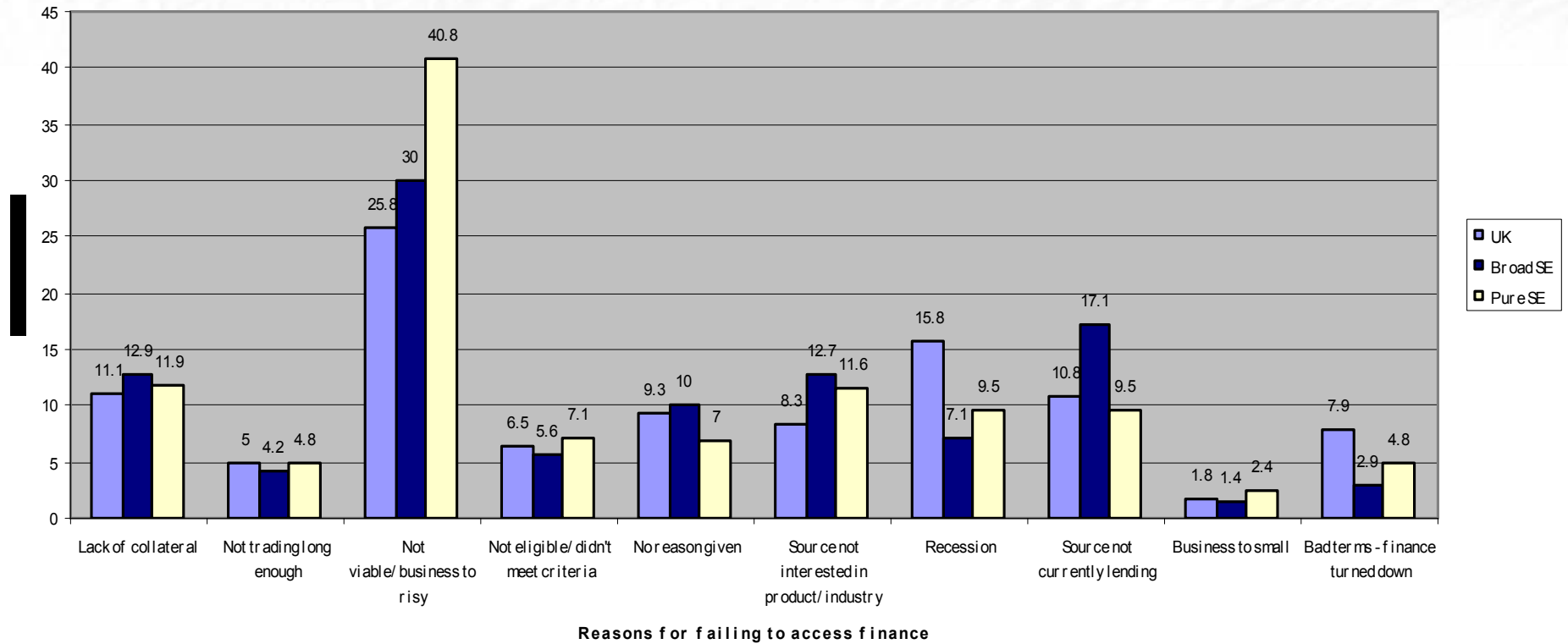
# Growth experiences



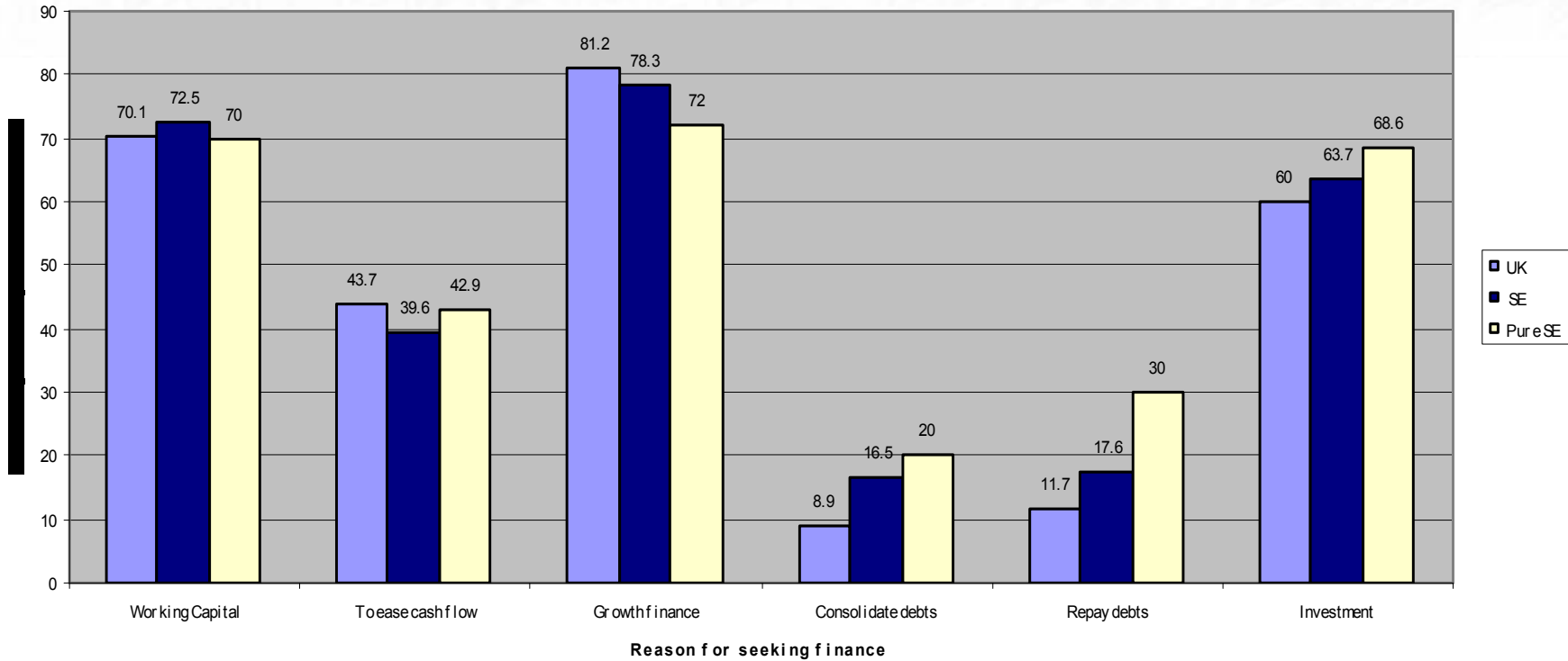
# Source of start-up finance from self



# Why failed to get growth finance



# Reasons for looking for finance



# Reasons for not looking for finance

