

**A GUIDE TO GROUP DEVELOPMENT AND BUSINESS  
PLANNING FOR NEW SOCIAL ENTERPRISES**

**Guide to Group Development  
And  
Business Planning  
For  
New social enterprises**

**Developed by the Enterprising Communities team,  
Voluntary Action Cumbria**

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# **A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES**

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# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## Introduction to this guide

This guide to support and facilitate the development of new start social enterprises has grown out of the work of the Enterprising Communities project, Voluntary Action Cumbria. This project ran for 4 years and closed in March 2006. The workshop-based training course presented in this guide was originally derived from *Organisation Structures for Rural Social Enterprises* work commissioned by the Plunkett Foundation ([www.plunkett.co.uk](http://www.plunkett.co.uk)). It has been thoroughly tried and tested with over thirty new start social enterprises. They helped us to modify, change, develop and refine the content to better meet their needs. Their feedback has been very positive.

*'Without their support we would not have achieved incorporation'  
'We would not have a professional business plan and a clear strategy forward'  
'Relevant, appropriate and professional advice'*

## Using this guide

This guide is designed to take social enterprise advisers and groups with a potential social enterprise idea through a process that helps to start up the business. It attempts to explain the final version of our successful four stages to start-up training process (see flow chart on next page) and in particular the content of our series of 3 workshops.

The guide consists of 8 sections:

- Before you start: workshop preparation
- Step 1: Initial discussions on the social enterprise idea
- Step 2: Workshop 1 - Developing the mission and purpose
- Step 3: Workshop 2 - Critical success factors
- Step 4: Workshop 3 - Legal and organisational structures
- Step 5: The Business Plan
- And finally: Making it happen
- Appendices

## Dangers of guides.

The expansion in interest about developing and promoting social enterprise has led to a growing demand for handbooks and guides. But handbooks and guides carry special dangers. Strict instructions and frameworks on how to do something tend to block innovation and lead to standardization. This guide uses participatory learning and action methods that refer to, and draw upon, the experience, knowledge and understanding of all the participants involved. It builds the skills and confidence of the participants and motivates them to action – in this case starting their own social enterprise. The methods and ideas described in this guide are techniques, tools and instruments. But they do not guarantee an output in the way that a carpenter can repeatedly make a particular joint to fit together two pieces of wood. Their success depends on the individuals involved, on the quality of facilitation and the context in which they are applied. It is only the philosophy that underpins participatory learning and action that can be transferred from context to context. All other elements of the methods and methodology must be adapted by facilitators and practitioners.

## Use of the materials

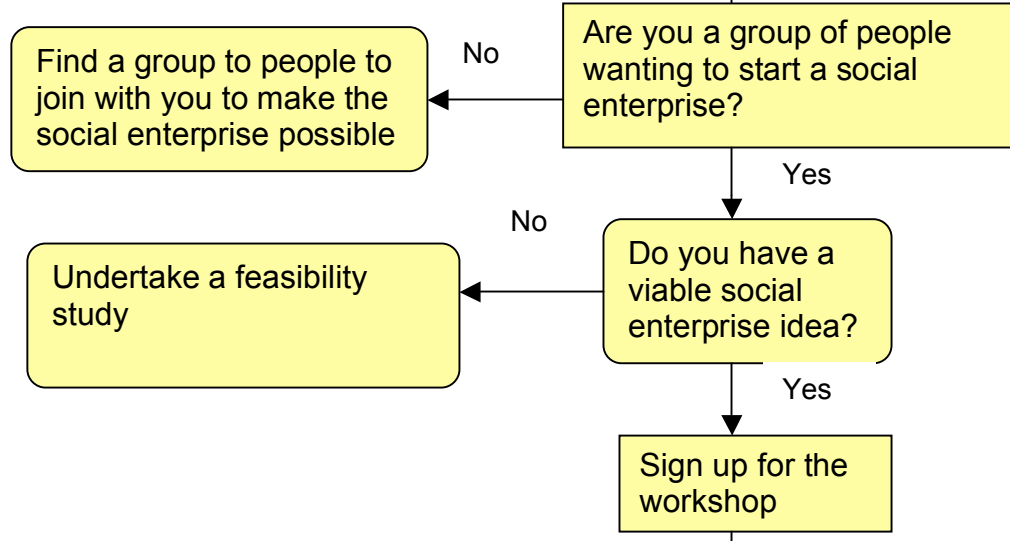
Please feel free to download, photocopy and distribute what you need from these guides and please acknowledge the source.

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## Stage 1

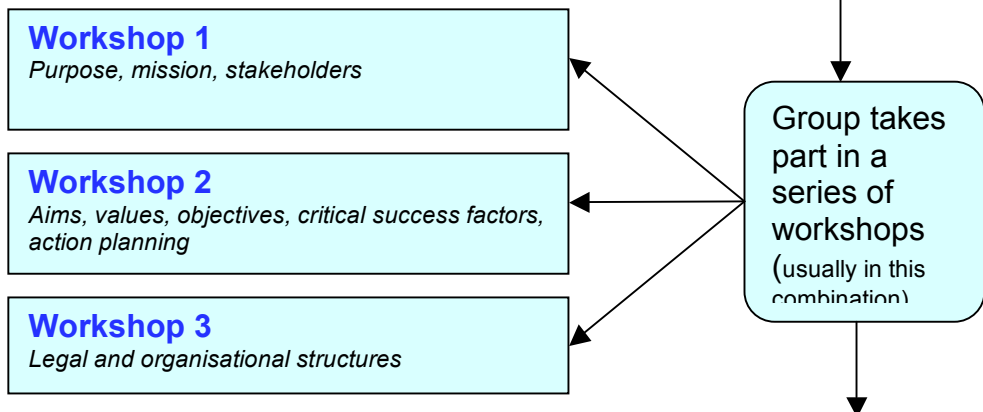
### 4 STAGES to LIFT OFF

#### Initial discussion



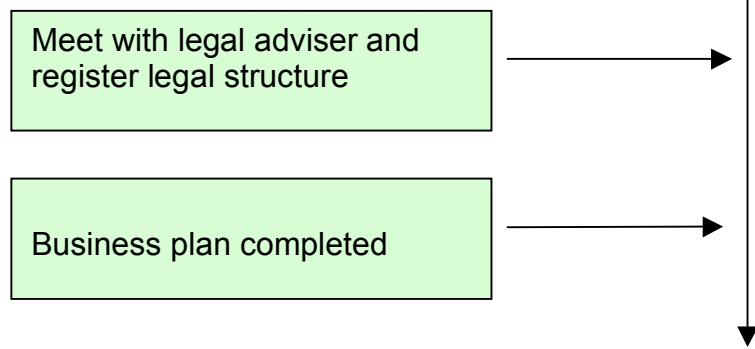
## Stage 2

#### Developing the business idea

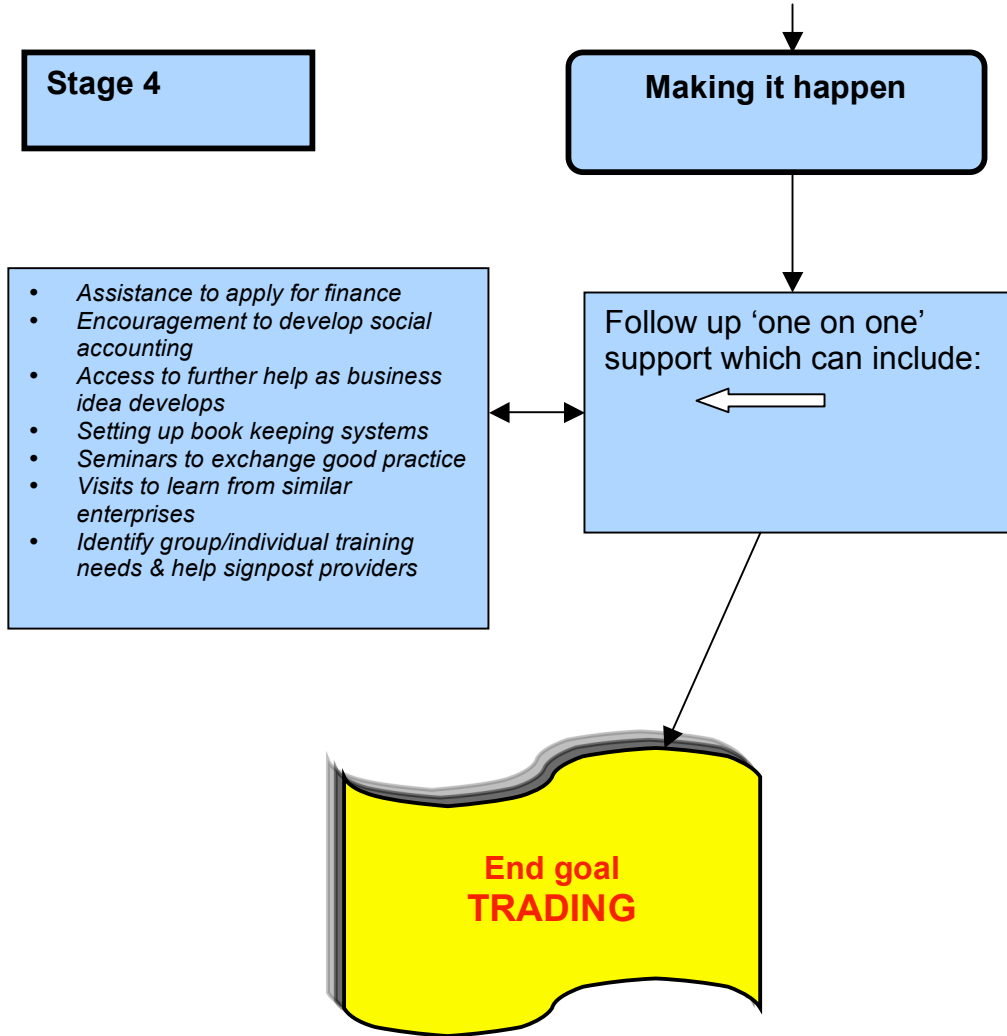


## Stage 3

#### Launching the social enterprise



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## Before you start: basic preparations

This section examines the roles, skills and techniques that a facilitator ought to consider before a workshop session. No one can get it right without careful preparation and practice.

Our experience suggests that emerging social enterprises want support from proficient social enterprise practitioners who have 'been there themselves' to run the workshop sessions. They want advisers with whom they can find quick empathetic connections because their advisers understand some of the specific difficulties that they are going through. They want advisers with experience of managing organisations that combine social and economic goals. They want support specifically tailored to the needs of a particular organisation.

### Objectives of training

Before you begin you should be clear about your objectives for the workshop. Why are you doing this? Who is coming to the workshop? What is the primary content you are hoping to communicate in the workshop? You will probably be trying to do one or more of these:

- To inform
- To persuade
- To stimulate thought
- To change behaviour
- To motivate for action
- To entertain

### Knowing the participants

It is useful to have some idea about who will be attending the workshop. Try to find out:

- How many people will be present?
- What are their hopes and expectations?
- What range of experience, age and gender is likely to be represented?
- What prior knowledge might they have about the subject matter of the workshop?

Answering these questions will help you better pitch and time the sessions.

### Choice of venue and seating

Although you may be unable to do anything about the venue, if possible arrive before the participants and set up the seating arrangements and your materials. Seating arrangements have a big influence on the session. In general it is best to avoid sitting in rows as participants cannot make eye contact with you and each other. Also sitting in rows is too formal and impossible to break into groups without a major reorganisation of chairs.

### Timing of sessions

The length of sessions has a crucial effect on the concentration of the participants. People do not concentrate for long periods. If there is little variation in the style of presentation you are likely to lose the attention of some, if not all, of the participants. You should break the presentation with visual materials, exercises, stories, jokes or breaks.

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## Before you start: basic preparations

The time of day also has a big impact on how well people respond to learning and taking in more information. In our experience, these sessions are usually held in the evenings and participants are often tired, slower to respond and less concentrated. You will, therefore need to make sessions more lively; the more active the participation the better. Avoid lecturing at all costs.

## Pace and content of sessions

It is important to structure the sessions carefully. Begin by thinking about the participants again:

- How much do they know already?
- What do they need to learn?
- How much time do you have to cover the material?

Also think about what the participants:

- Must know
- Should know
- Could know

## Methods of training

Participatory learning and action stresses active participation and open dialogue. It is best to use a combination of learning methods and to alter the tempo of the workshop. A regular change in both the methods and pace will keep the participants interested and ready to learn and contribute. The methods we used in the workshops included:

- Lectures to impart information (kept short and not used very often)
- Brainstorming to discover new ideas and responses very quickly
- Working with the whole group to find key ideas and suggestions
- Working in smaller groups to discuss specific questions or issues and report back findings to the whole group

## Facilitator's checklist for participatory learning

- Is the atmosphere of your sessions friendly and encouraging?
- Do your methods allow for the participants' previous experience to be acknowledged or used?
- Does the work allow the participants to measure their own progress?
- Do you make it clear that you are available for additional help if the group has difficulties?
- Do you build in opportunities for reflection and reinforcement?
- Are you avoiding lecturing them?
- Have you built in regular feedback sessions?

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## Initial discussions about the social enterprise idea

As a precursor to taking any group through the workshop process it is essential to have at least one initial meeting with the people who are developing the social enterprise idea. The purpose of this meeting is to obtain answers to two key questions:

- Is there a group of people willing to take the idea forward? Ask them to name the people involved. Starting a social enterprise needs more than one person with a good idea. This is because most social enterprises are characterised by their social ownership. They need a founding board of directors/ trustees to take the work forward, and it is important that as many as possible are involved right from the beginning. We found that the optimum size for the workshops is around 8 participants. If more people want to attend then think about getting another facilitator to help you.
- Does the group think they have a viable social enterprise idea? To find out you can use the following questions to prompt you:
  1. Describe the social enterprise idea?
  2. Why is it a good idea?
  3. On what assumptions is that opinion based?
  4. How can you prove that those assumptions are correct?
  5. List four reasons why your idea **will** work?
  6. List four reasons why your idea may **not** work?
  7. What is different about this idea from others already in the market place?

The group may not be able to give full answers to all these questions. You will get a sense however, of their commitment and passion and how seriously they have thought through their idea. You may have to suggest that they go away and find more people and/or test their idea further by undertaking a feasibility study

If you believe the group is ready and they are interested in working with you to develop their social enterprise, then they will need to commit to attending and completing a series of workshops (normally three). This includes sending the same representatives to each workshop. Ask them to organise the dates, times (usually in the evening and occasionally at the weekend), venues and refreshments for 3/4 workshops, lasting approximately 2 ½ hours each. This increases their involvement in the process and gives them an opportunity to use their organisational skills

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## STEP 2

### Workshop 1: Developing the Purpose & Mission and identifying important stakeholders

#### Notes:

The following exercises are the ones we used to deliver Workshop 1. It is not essential to follow these exercises in the order they appear as they are not a blueprint. In fact team members changed the sequence to suit how they wanted to run the session.

**The outputs of these exercises can form the basis for various sections in a business plan. It is helpful if they are written up and circulated to all participants before the next workshop. We offered to do this for the group to ensure that it got done, but it could also be done by a volunteer from the group.**

#### Objectives of Workshop 1 are:

- To define the purpose of the social enterprise
- To identify and analyse key stakeholders
- To assess the importance and interest of different stakeholder groups to your social enterprise
- To develop a mission statement

## Exercise for WORKSHOP 1: FIRST NAME INTRODUCTIONS

**OBJECTIVES:** To start the proceedings on an informal note  
To introduce each participant

**MATERIALS:** None

**TIME:** Dependent on size of group

**PROCEDURE:** Ask participants to introduce themselves and give two reasons/ experiences why have they chosen to be part of this group. Reasons/ experiences may be:

- Childhood experiences
- Influence of parents, children, relatives, friends
- Key events, meetings, readings, realisations
- Formal training, experience

Start them off by giving an example of your own involvement in voluntary, community, social enterprise work

**COMMENTS:** You may have to remind people to keep to their main reasons/ experiences and limit other details

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## Exercise for WORKSHOP 1: DEFINING THE PURPOSE OF THE SOCIAL ENTERPRISE

**OBJECTIVES:** To define the problem the group wants to solve through social enterprise  
To hear individual members' reasons for being involved  
To assemble initial thoughts on governance and organisation structure

**MATERIALS:** Flip charts and pens

**TIME:** 20 - 30 minutes

### PROCEDURE:

1. Prepare the flipcharts beforehand by copying the questions below. Leave space for answers between questions.
2. Ask the group for their initial thoughts to the following questions. Give them time to discuss any issues that arise and record the answers as you go along. Adapt the questions as needed but try to keep to headings.

#### **Rationale**

- What is your need?
- What is your motivation?
- What is the opportunity?
- How will the business generate income?

#### **Beneficiaries**

- Who are they?
- How are they defined, geographically or by a common interest?
- What benefit would the beneficiaries receive? (e.g. goods and services)
- Any less definable social benefits? (e.g. confidence, pride, mutual support).
- Would customers be able to invest in the social enterprise?
- Would customers be willing to pay for services? (membership / fees)
- Would customers (wish to) have control over the social enterprise?
- Are there any issues of competition .... Who might lose out?

#### **Membership**

- Who are the intended members of the social enterprise?
- Are they likely to change in the future?
- What benefits will members be entitled to?
- How will membership be replenished or renewed?

#### **Leadership and management**

- Who has the most interest in starting the social enterprise?
- Do they have the right skills to do so?
- To whom should the social enterprise be accountable?
- Who should be responsible for ensuring that the social enterprise's social and commercial objectives are achieved?
- On what basis is that responsibility held?

3. Write up the flip charts and circulate to all

**COMMENT:** This should involve the entire group. It should help to clarify first principles about what the social enterprise will do, and how it will do it.

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## Exercise for WORKSHOP1: STAKEHOLDER ANALYSIS

**OBJECTIVES:** To identify those with interests, resources, skills and abilities to take part, or influence the course of the social enterprise  
To identify those who should be encouraged and helped to be part of the social enterprise  
To identify and reduce risks; for example identifying possible conflicts of interest

**MATERIALS:** Flip charts, pens, paper circles (small e.g. 3mm diameter, medium 6mm. and large 9mm), blue tack, digital camera

**TIME:** 45 minutes

### PROCEDURE:

1. Provide participants with a definition of stakeholders. For example

**Stakeholders** are groups or individuals who affect, or are affected by the social enterprise.

2. Invite participants to list all stakeholders, record each one on the flip chart. When ideas slow review the list:

- Have all stakeholders been listed?
- Have all potential supporters and opponents of the social enterprise been listed?
- Are there any new stakeholders that are likely to emerge as a result of the project?

3. Develop a stakeholder map (Venn diagram). Take one of the large paper circles to represent your new social enterprise and write its name (temporary name if one hasn't been decided upon) on the circle. Place it in the middle of the flip chart. Then taking each stakeholder on the list, first decide their **importance** to the success of the social enterprise and allocate it a circle (the more important the bigger the circle) write the name of the stakeholder on the circle. Second, stick this circle (using blue tack) on the flip chart according to its **influence** on the social enterprise (how much they can help or hinder) – the further away from your new social enterprise the less influence they have. The circles can be moved if changes need to be made.

4. Discuss with the group what the Diagram shows.

- Which stakeholder groups will most influence the success of the social enterprise?
- What is the desired relationship with them that will bring maximum reward to the social enterprise (e.g. Advisory/ board membership; buy-in their services; require their experience; networking; pr & marketing; partnership working)?

5. If the group is willing, take a digital photo so that an electronic version is available to insert into the business plan. Write up the key points of the discussion and circulate to all.

**COMMENT:** This can be a useful and illuminating exercise as certain aspects of the proposed social enterprise may be revealed for the first time. It may help to highlight the contrasting stakes, roles and interest of different groups pointing out areas of potential conflict and dispute and pointing to ways to resolve these.

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## Exercise for WORKSHOP1: DEVELOPING A MISSION STATEMENT

**OBJECTIVES:** To devise a mission statement that all members can 'own' and commit themselves to

**MATERIALS:** 'Post its', flip chart paper

**TIME:** 15 minutes

### PROCEDURE:

1. Explain the purpose of a mission statement. It is a short statement which describes:
  - Long term approach of the social enterprise and its reason for existing
  - Can reveal the values which the social enterprise wishes to promote
  - Can be used to target stakeholders and as a marketing tool
2. Give each member of the group 3 – 4 'post it' notes. Tell them the following scenario: it's five years from now and the local media have come to do a short feature on your social enterprise. How would you describe it? What words would you use to convey what it feels like and looks like? Ask each one to write the words that come to their mind – using one post it for each word.
3. Place the words (post its) on a piece of flip chart paper and get a volunteer(s) to compose 1 or 2 sentences using these words. Exact duplicates may be removed and where words have similar meanings the group may chose a word that most conveys this meaning.
4. This is the foundation mission statement for the social enterprise. It is likely that it will need more word smithing/ fine tuning. Ask for a volunteer(s) to undertake this and circulate a revised mission statement to all before the next workshop.

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## STEP 3

### WORKSHOP 2: VALUES, OBJECTIVES AND CRITICAL SUCCESS FACTORS

#### Notes:

The following exercises are the ones we used to deliver Workshop 2. It is not essential to follow these exercises in the order they appear as they are not a blueprint. In fact team members changed the sequence to suit how they wanted to run the session.

**The outputs of these exercises can form the basis for various sections in a business plan. It is helpful if they are written up and circulated to all participants before the next workshop. We offered to do this for the group to ensure that it got done, but it could also be done by a volunteer from the group.**

#### Objectives of Workshop 2 are:

- To identify values and objectives
- To identify what needs to be in place for the group to make the social enterprise idea succeed
- To develop an action plan

### Exercise for WORKSHOP 2: DEFINING VALUES & OBJECTIVES

**OBJECTIVES:** To define the values of the social enterprise  
To set objectives for the social enterprise

**MATERIALS:** Flip chart and pens

**TIME:** 30 minutes

#### PROCEDURE:

1. Copy the mission statement developed in Workshop 1 (or a revised one if appropriate) onto a flip chart. Ask the group to review this statement? Does the group feel comfortable with it? Is it right for them? Are there any changes they want to make? If yes, agree these changes with the whole group.
2. Provide participants with a definition of organisational values. For example

**Values** are the key principles which underpin the way a social enterprise operates and influence the way it behaves. Values represent an important part of the social accounting, auditing and reporting process as they are central to defining objectives and provide a base against which the social enterprise's social performance can be assessed.

3. Invite participants to identify the values that they believe are most important for their social enterprise, record these on the flipchart. Remove any duplicates and get the group to agree on 4-5 values for the social enterprise.

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4. Provide participants with a definition of objectives. For example

**Objectives** are goals that a social enterprise sets itself in accordance with its mission. They should be SMART = Specific, Measurable, Achievable, Relevant and Time bound.

5. Prepare a flip chart beforehand by copying the questions below. Leave space for answers between the questions.

6. Ask the group for their initial thoughts on the following questions. Give them time to discuss any issues that arise and record the answers as you go along. Adapt the questions as needed, but try to keep to the headings. You may wish to use the list of social objectives in Annex 1 as a prompt.

- Strategic Objectives (social, environmental, cultural and economic goals)
  - What does your social enterprise want to do to change the world?
  - How will your social enterprise go about creating change or benefiting people, communities, society or the environment?
  - What does your social enterprise need to do to act in a way that is consistent with its values?
- Operational objectives (enterprise/organisational objectives)
  - What does your social enterprise need to do to sustain its work financially?
  - What does your social enterprise need to do to provide high quality goods and services?
  - What does your social enterprise need to do internally to be a well-run organisation?

7. Write up the flip charts and circulate to all. The answers to these questions will form the foundation of the social enterprise's values and objectives. It is likely that they may need further revision and re-writing at the business planning stage.

**COMMENT:** This is a useful exercise to help the group develop a consensus about what they plan to achieve, and how they will go about it.

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## Exercise for WORKSHOP 2: ANALYSE CRITICAL SUCCESS FACTORS

**OBJECTIVES:** To define factors critical for the success of this social enterprise  
To rank these factors in terms of their difficulty to achieve  
To assess whether any of these factors are 'killer' factors and could prevent the development of the social enterprise

**MATERIALS:** Flip chart, pens, post its (3 different colours preferably red, yellow and green), digital camera

**TIME:** 45 minutes

### PROCEDURE:

1. Invite participants to identify factors critical to setting up and running a successful social enterprise. Mention briefly that these factors will include the resources available to them such as: people, premises, start-up funding, contacts, skills, contracts, partnerships. Record each one on the flip chart. When ideas slow review the list in terms of:
  - Possible financial factors: ability to raise capital costs required; secure grant assistance; raise share capital; generate sufficient income from trading
  - Possible leadership factors: ability to communicate a powerful vision; create a distinct identity
  - Possible board factors: ability to recruit, develop and maintain effective board members
  - Possible human resources factors: ability to recruit and sustain staff, pay good salaries
  - Possible political factors: ability to secure political support from relevant authorities and regulatory bodies
  - Possible premises factors: ability to secure the right premises, ability to get planning permission if needed
2. Support the group to rank these factors in terms of how crucial they are to getting the social enterprise off the ground. First explain that: **Red** post its represent factors they **must achieve** to get the social enterprise started; **Yellow** post its represent factors they **should achieve**; **Green** post its represent factors **beneficial to achieve**. Take each factor from the list and ask the group to rank it according to colour. Write this factor on the appropriate colour post it and place it on a piece of flip chart paper visible to the whole group.
3. Rank factors in terms of the grade of difficulty to achieve these factors. Ask participants to rank each post it according to how achievable it is in relation to their current skills and capabilities as either:
  - **Easy**
  - **Medium**
  - **Difficult**

Place each post it on a pre-prepared flip chart as shown on next page

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| Achievability of factors                                      | Actions needed to make achievable |
|---|-----------------------------------|
| <b>Difficult to achieve</b><br>(place relevant post its here) |                                   |
| <b>Medium</b><br>(place relevant post its here)               |                                   |
| <b>Easy</b><br>(place relevant post its here)                 |                                   |

4. Discuss with the group the results of this ranking. First, look at the difficult to achieve column. Are there red post its in this column? If so, how might they achieve these factors (through training, seeking advice, getting in new expertise)? Do they know where to obtain this information? Fill in the 'Actions needed to make achievable' column. Are there any factors on red post its that they think they cannot achieve? If so, it is doubtful that the social enterprise can go ahead. Go through the same process with the medium to achieve section.

5. If the group is willing, take a digital photograph of this flip chart, also write it up and circulate to all.

**COMMENT:** This can be an illuminating exercise. It will help to focus on what needs to be done to get the social enterprise up and running and whether this is achievable within the current resources and capabilities of the group

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## Exercise for WORKSHOP 2: DEVELOPING AN ACTION PLAN

**OBJECTIVES:** To identify actions needed to develop the social enterprise  
To allocate responsibilities to named individuals to ensure the actions are carried out

**MATERIALS:** Flip chart, pens, post its

**TIME:** 30 minutes

### PROCEDURE:

1. Agree on the target of the action plan and the length of time it should take to achieve this plan. For example: for a small social enterprise the action plan may cover all the activities needed to get the business up and running in six months time. For a more complex social enterprise the start-up process may have to be divided into sequential stages/ milestones and action plans developed for each one. One stage may be to get all the finance/funding in place by the end of the year, so the action plan will list all the activities needed. These should not be exclusively around finance as other activities can run concurrently such as obtaining the right legal structure, planning permission.
2. Invite participants to list all activities that need to occur to achieve the agreed target. Record each idea on a post it and stick on the flip chart.
3. Group these post its, either by one or a number of volunteers or by all of the participants. The group should agree on how these post its are to be clustered. This can form the basis of an overall action that may have several stages in order to complete it. Agree on a name for this overall action.
4. Transfer the overall actions and sub actions into chronological order (as far as possible, some will be concurrent) on to a prepared flip chart as shown below:

| Action | Who will take responsibility | List other resources needed (if appropriate) | By when |
|--------|------------------------------|--|---------|
|        |                              |  |         |
|        |                              |  |         |
|        |                              |  |         |
|        |                              |  |         |
|        |                              |  |         |

5. Fill in the other columns with the group. Review the action plan to ensure that no one individual is taking on too much and that it is achievable in the time scale set. Also compare it with the critical success factors table (if this exercise was undertaken) to ensure that no factors have been left out.
6. Write up Action plan and circulate to whole group. Suggest that the group should review this Action Plan regularly to check progress and revise if necessary.

**COMMENT:** This is an essential activity and a reality check for the group as it gives an indication of the amount of work that needs to be done.

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## STEP 4

### WORKSHOP 3: IDENTIFYING AN APPROPRIATE LEGAL STRUCTURE

#### Notes:

The following exercises are the ones we used to deliver Workshop 3. It is not essential to follow these exercises in the order they appear as they are not a blueprint. In fact team members changed the sequence to suit how they wanted to run the session.

**The outputs of these exercises can form the basis for various sections in a business plan. It is helpful if they are written up and circulated to all participants. We offered to do this for the group to ensure that it got done, but it could also be done by a volunteer from the group.**

#### Objectives of Workshop 3 are:

- To consider forms of ownership and governance
- To examine the different legal structures available
- To determine the most appropriate legal structure for the group

This workshop makes use of the Governance and Participation project run by Cooperatives<sup>UK</sup>. Much of the following exercises are based on their materials. We recommend that you go to their website [www.gandp.org.uk](http://www.gandp.org.uk) and use their materials

### Exercise for WORKSHOP 3: BRIEF INTRODUCTION TO LEGAL STRUCTURES

**OBJECTIVES:** To provide a brief introduction to legal structures for the social economy

**MATERIAL:** Prepared short talk/ power point presentation

**TIME:** 15 minutes

#### PROCEDURE:

1. Deliver a short 10 minute introduction on legal structures for the social economy. We won't give you a ready prepared talk in this guide as the information can get out of date. As a guideline you could include:
  - What is a legal structure?
  - What is a legal form?
  - What is a governing document?
  - Advantages and disadvantages of legal incorporation?
  - Deciding whether to incorporate?
  - A summary of the most common incorporated legal forms used by social economy organisations
  - Charitable status
2. Clarifications, question and answer session

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## Exercise for Workshop 3: Clarification of key areas that have an impact on the type of legal structure

**OBJECTIVES:** To check that core purpose is still valid.  
To identify the membership of the social enterprise  
To examine the use of profit

**MATERIALS:** Copies of the write-up of 'Exercise for Workshop 1: Defining the purpose of the social enterprise'. Pre-prepared flip chart, pens, digital camera

**TIME:** 30 minutes

### PROCEDURE:

1. Hand out copies of the write-up of Exercise for Workshop 1: Defining the purpose of the social enterprise. Give participants 5 minutes to re-read this document. Ask them to consider while reading it whether the answers they gave in Workshop 1 are still valid. Would they want to change/ add anything?
2. Ask for reflections/feedback on what they have just read. Facilitate a short discussion and agree on any changes, if necessary
3. Provide participants with a definition of members (= owners) of the social enterprise. For example:

**Members** are the people who can vote at general meetings on significant issues such as amending the written constitution, or winding up the organisation. They will usually elect some or all of the governing body.

Some social enterprises have different types of membership including:

*Full membership* - ownership and control rights

*Associate membership* - indirect ownership and control rights, which may include the right to nominate board members

*Supporter* - no ownership or control rights. However, these stakeholders may still be invited to participate in the social enterprise, or be consulted about issues that directly affect them.

4. Prepare a flip chart before hand by copying the table below: Ask the group to consider who should be members by filling in the table.

| Level of involvement     | Full Membership | Associate Membership | Supporters |
|--------------------------|-----------------|----------------------|------------|
| <b>Potential members</b> |                 |                      |            |
| Founders                 |                 |                      |            |
| Managers                 |                 |                      |            |
| Employees                |                 |                      |            |
| Trainees                 |                 |                      |            |
| Volunteers               |                 |                      |            |

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|                          |  |  |  |
|--------------------------|--|--|--|
| Grant-giving bodies      |  |  |  |
| Banks                    |  |  |  |
| CDFIs                    |  |  |  |
| Local government         |  |  |  |
| Community groups         |  |  |  |
| Voluntary organisations  |  |  |  |
| Charities                |  |  |  |
| Private individuals      |  |  |  |
| Private businesses       |  |  |  |
| Other social enterprises |  |  |  |

5. Briefly discuss the what the table is showing and check that everyone is in agreement
6. Ask the group to consider their initial thoughts on the use of profits by answering the following questions pre-written on a flip chart:
  - Will owners/ members gain direct financial benefit from the activities of the social enterprise?
  - Will any surplus benefit the community?
  - Will any surplus be re-invested into the social enterprise to build/ grow/ develop?
7. Take a photograph or write up the flip charts

**COMMENT:** This information helps the group to review and clarify key areas that have most impact on determining the legal form of the group

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## Exercise for WORKSHOP 3: SELECT A STRUCTURE

**OBJECTIVES:** To identify the most appropriate legal form

**MATERIALS:** Select-a-structure questionnaires (1 for each participant). If access to the internet this can be done on-line with a data projector at [www.gandp.org.uk](http://www.gandp.org.uk)

**TIME:** 20 minutes

### PROCEDURE:

1. Hand out copies of the select-a-structure questionnaire (see Appendix 2) Explain that the questionnaire enables the group to identify the most appropriate legal form and organisational type for their social enterprise.
2. Work through select-a-structure questionnaire with the group. Then ask group members to calculate the result
3. Discuss the result with the group to ensure that it is understood by all.

**Note: Select-a-structure should be followed up with a consideration of specific clauses within the governing document, or the adoption of a pre-drafted governing document which reflects the intentions of the membership. It is highly recommended that the group seek specialized advice.**

4. Prepare a timetable with the group to meet a legal adviser and register their legal structure

## A FOURTH WORKSHOP?

Some groups also attended a further workshop to help them think more strategically about their social enterprise. In this workshop we offered two exercises:

- **SWOT analysis** (Strengths, Weaknesses, Opportunities, and Threats) is one of the most popular, where the group analyses its strengths and weaknesses of their capabilities, and any opportunities and threats to the social enterprise. Once they've identified all of these, they can assess how to capitalise on their strengths, minimise the effects of their weaknesses, make the most of any opportunities and reduce the impact of any threats.
- **PESTEL analysis** - a technique for understanding the various external influences on a business: Political, Environmental, Social, Technological, Ecological and Legal.

Information on these tools is widely available on the internet.

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## STEP 5 WRITING THE BUSINESS PLAN

A business plan is a written document that describes the social enterprise, its objectives, its strategies, the market it is in and its financial forecasts. It has many functions, from securing external grant funding and finance to measuring success within your business. It is very useful to have a realistic working business plan – especially when you're starting up a social enterprise and looking for grant funding.

This section introduces the Business Plan template we developed for new start social enterprises. It is made up of a number of easy-to-follow sections providing an ordered checklist. These can be adapted to the needs of each social enterprise. Social enterprises that have completed the Group Development Workshops will have much of the information needed to hand. Some sections will only need a few lines, while others will to be in greater depth. Detailed information can be placed in the appendices, so that the business plan itself is kept straightforward and readable.

### BUSINESS PLAN TEMPLATE: Social Enterprises

|   |   |
|---|---|
| <b>Front Sheet</b>                      | Name of organisation<br>Title: Business Plan (Dates: Month, Year – Month, Year)<br>(can be called Development Plan / Project Plan)<br>Contact Details<br>(Picture/ logo optional)   |
| <b>Contents Page</b>                    |   |
| <b>Executive Summary</b>                | Synopsis of the key points from the entire plan, highlights of each section of the rest of the plan   |
| <b>Mission and introduction</b>         | Mission statement in full<br>Values and objectives<br>Explanation of purpose<br>Duration of plan (number of years)  |
| <b>Background of organisation</b>       | Brief history of the group, when started, who started it, why started (feasibility studies/needs analysis)<br>Current legal structure, date registered<br>Volunteers/ Staff<br>Geographical location  |
| <b>Context</b>                          | What are the needs/ gap? Who are/will be the beneficiaries/ clients? Relevant social cultural, environmental, economic details. Indices of deprivation (if relevant, needs analysis, community assets, reference to parish plans, local strategies) |
| <b>Brief review of the organisation</b> | Current position<br>SWOT analysis (strengths, weaknesses, opportunities and threats – external)<br>Partner Organisations (contracts, agreements, Who? When?)  |

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

Any external recognition (awards, commendations, press publicity etc)

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|                                |  |
|--------------------------------|--|
| <b>Stakeholder Involvement</b> | Stakeholder analysis / involvement<br>Venn diagram |
|--------------------------------|--|

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**(The following sections will address the delivery of the specific market need identified / How will this business fit with the need?)**

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|                   |   |
|-------------------|---|
| <b>The market</b> | Specific market need<br>Users, beneficiaries/ customers<br>Grant funding, public procurement prospects<br>Competition<br>Scale of goods and services needed<br>Potential for future funding |
|-------------------|---|

---

|                            |   |
|----------------------------|---|
| <b>Products / Services</b> | Description<br>Benefits / Impacts<br>Objectives<br>Ensuring quality of delivery, monitoring & evaluation<br>Explanation of how your social aims are being met |
|----------------------------|---|

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|                           |   |
|---------------------------|---|
| <b>Marketing Strategy</b> | Current activity<br>Marketing objectives and targets<br>Marketing plan<br>Monitoring and review |
|---------------------------|---|

---

|                   |  |
|-------------------|--|
| <b>Operations</b> | How and where the business will run. Production facility/ premises (specifications, description, cost, garage needs, etc.)<br>Equipment (requirements, cost, lifespan)<br>Suppliers (Locally sourcing, Research into pricing)<br>Organisation's limits (production / capacity)<br>Environmental Policy |
|-------------------|--|

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|               |  |
|---------------|--|
| <b>People</b> | Management team if any (number, experience)<br>Board members (number, roles, experience)<br>Staff (number, roles)<br>Staff development (training)<br>Equal opportunities<br>Other agencies / partnership working<br>Volunteers (number, roles) |
|---------------|--|

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|                   |  |
|-------------------|--|
| <b>Governance</b> | Organisational model<br>Roles and responsibilities<br>(If a Co-op: 7 ICA principles) |
|-------------------|--|

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|                          |  |
|--------------------------|--|
| <b>Legal/ Regulation</b> | Planning/ other permissions required. CRB checks<br>Health and safety<br>Insurance / Risk assessment |
|--------------------------|--|

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|                              |  |
|------------------------------|--|
| <b>Financial Performance</b> | 3-year Forecasts<br>Income and expenditure<br>Cash flow analysis (include different income forecast (tied in with operational limits)) |
|------------------------------|--|

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# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

Break even / gap analysis (only if appropriate)  
 Sources of funding/ finance (table to show funding / match funding / status of application / trading forecast details)  
 Funding needs (bottom line – shortfall we are looking for)

## Future development

Organisation's limits  
 Choices available  
 Strategic aims and objectives  
 (Fundraising strategy, strategy to recruit volunteers, etc)

## Action Plan

Tasks and responsibilities  
 Timetable and milestones

## Appendices

Can include:

- Memorandum and Articles of Association
- Stake holder analysis
- CV's of Board of Directors, salaried staff (if any)
- Job descriptions
- SWOT analysis
- Customers/ Beneficiaries' testimonials
- Information about Awards
- Brochures
- Marketing information (e.g. data)
- Organisational chart
- Legal certificates, insurance, etc.
- Latest audited accounts if available
- Further information to explain financial information (if necessary)
- Financial forecasts: cash flow statement, projected profit & loss
- Co-op definition + 7 ICA principles
- Map of the relevant area
- Letters of support

**Table: Example to show current status of raising finance to start the social enterprise**

| Grant funding  | Value £ | Status of application | Total estimated budget % |
|----------------|---------|-----------------------|--------------------------|
| 1              |         |                       |                          |
| 2              |         |                       |                          |
| 3              |         |                       |                          |
| <b>Finance</b> |         |                       |                          |
| Share issue    |         |                       |                          |
| Loans          |         |                       |                          |
| Trading income |         |                       |                          |
| <b>Total</b>   |         |                       |                          |

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## And finally: Making it happen

The new social enterprise has a legal structure and a business plan, but there are still more stages to get through to ensure it will open its doors for business. Our experience shows that continuing advisory support is crucial at this stage. This often includes attending Board meetings in an advisory capacity, being a critical friend and cheerleader to animate the group through setbacks. Sometimes we have attended so many meetings that we felt at risk of becoming a member of the group. Clearly there is a fine line between creating a dependency and facilitating a developmental process. All advisers need to be aware of this and be clear of the role they are playing within the group. It may be important to clarify and restate your role with the group, including how much advisory time you can offer them.

In our experience much of the advisory/ support work at this stage hinges around raising the necessary finance to get the social enterprise up and running. It can also include:

- Arranging visits to other social enterprises to learn from them
- Identifying group/ individual training needs and signposting to training courses
- Signposting to providers of discrete one-off interventions such as legal or contractual advice, research, property and building development, specialist and sector based expertise, and other professional advice (solicitors, accountants etc).
- Help in setting up financial and social accounting systems
- And much more.....

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## APPENDIX 1:

### Checklist of types of Social objectives

#### Social need

1. Creating jobs for long-term unemployed and others excluded from the labour market
2. Providing training and work experience opportunities
3. Providing low-cost goods and services to disadvantaged people
4. Providing much needed local facilities

#### Social change

5. Regenerating the local community
6. Challenging discrimination and promoting diversity
7. Tackling social inequality and disadvantage

#### Social values

8. Promoting ethical and fair trade practices
9. Addressing environmental issues
10. Improving the quality of work through employee ownership and involvement

#### Social contribution

11. Bringing important local assets and resources under community ownership and control
12. Generating surpluses which will be reinvested in the local community
13. Supporting local projects and initiatives

# A GUIDE TO GROUP DEVELOPMENT AND BUSINESS PLANNING FOR NEW SOCIAL ENTERPRISES

## APPENDIX 2

### SELECT-A-STRUCTURE

An exercise to assist you to identify the most appropriate legal structure for your venture.

FOR EACH QUESTION, CIRCLE THE LETTER NEXT TO THE ANSWER WHICH MOST APPLIES TO YOUR PROJECT. THEN FOLLOW THE INSTRUCTIONS GIVEN IN THE ANALYSIS PROCEDURE WHICH FOLLOWS.

1. What will your primary activities be?
  - a running a trade, industry or business or providing paid-for services
  - b offering non-commercial or grant-aided services
  - c a combination of the above
  
2. Who in the main will be eligible to be members?
  - a employees only
  - b users of the service provided
  - c the community generally or some section(s) of it, whether or not they use the services provided
  - d selected individuals, by invitation only

❖ IF YOU CIRCLED (b), (c) or (d) IN QUESTION 2, MOVE STRAIGHT TO QUESTION 4.

3. Do you anticipate earning enough within 9 months to pay at least two full-time wages at reasonable levels?
  - a yes
  - b no
  
4. To whom will your services be available?
  - a members only
  - b non-members as well as members

❖ IF YOU CIRCLED (b) IN QUESTION 4, MOVE STRAIGHT TO QUESTION 6.

5. Will your project be financially supported entirely or mainly by members paying for the services provided?
  - a yes
  - b no
  
6. Other than access to services, will members receive any material benefits as a result of their membership, e.g. discounts or cash bonuses?
  - a yes
  - b no
  
7. If there is a surplus or profit at the end of the year, will the members be able to distribute any of it, either amongst themselves, or to other projects/causes, or both?
  - a no
  - b yes

❖ IF YOU CIRCLED (a) IN QUESTION 7, MOVE STRAIGHT TO QUESTION 9.

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8. After deciding how much of the surplus or profit is to be retained. What will the members be able to do with the rest?
- a give it as a bonus to the members (or use it in some way to provide material benefits for members only)
  - b make donations for social or charitable purpose only
  - c both of the above
9. Should a future membership be able to wind up the project and share out any money left over amongst themselves?
- a yes
  - b no
10. Who will be responsible for managing the project?
- a all the members
  - b a committee, all of them elected by all the members
  - c a committee, some or all of whom are appointed by outside bodies or elected by constituencies of membership
11. What is the maximum number of members you expect to have in the next 3 years?
- a less than twenty
  - b more than twenty
12. What is the minimum number of members you expect to have at any time?
- a more than three
  - b less than three
13. Do you anticipate employing staff on a permanent basis?
- a yes
  - b no

❖ IF YOU CIRCLED (a) IN QUESTION 13, IGNORE QUESTION 14

14. Do you anticipate trading regularly, borrowing money to any degree or entering into major contracts, such as leases?
- a yes
  - b no

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## ANALYSIS PROCEDURE

Delete terms from the lists A to D below according to the instructions given.

If you end up with only one term in each list, then the terms remaining indicate the most appropriate structure.

If you have more than one term in any list, you have a choice, in which case you should seek further guidance from an appropriate adviser or development agency.

If you have no terms left in any list, you have a problem! (But one that ICOM can probably help you solve.)

### A – LEGAL STRUCTURE

1. Trust (unincorporated)
2. Unincorporated association
3. Partnership
4. Company
5. Industrial & Provident Society (co-operative)
6. Industrial & Provident Society (society for the benefit of the community)

### B – TYPE OF VENTURE

7. Workers co-operative
8. User/service co-operative
9. Community co-operative
10. Community business
11. Voluntary sector body/charity

### C – MANAGEMENT STYLE

12. Collective
13. Democratically elected management

### D – OWNERSHIP

14. Common ownership
15. Co-ownership

### INSTRUCTIONS (for each question follow the instructions for the answer circled)

1. (a) Delete from list B: 11  
(b) Delete from list A: 5; delete from list B: 7, 8, 9, 10  
(c) Delete nothing
2. (a) Delete from list A: 1; delete from list B: 8, 9, 10  
(b) Delete from list A: 1, 3; delete from list B: 7  
(c) Delete from list A: 1, 3; delete from list B: 7, 8  
(d) Delete from list A: 2, 3, 5, 6; delete from list B: 7, 8, 9, 10
3. (a) Delete from list A: 3  
(b) Delete from list A: 5
4. (a) Delete from list A: 1, 3, 6; delete from list B: 7, 9  
(b) Delete from list B: 8

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5. (a) Delete nothing  
(b) Delete from list B: 8
6. (a) Delete from list A: 1, 6; delete from list B: 10  
(b) Delete from list A: 5; delete from list B: 7, 9
7. (a) Delete from list B: 7, 9  
(b) Delete nothing
8. (a) Delete from list A: 1, 2, 6; delete from list B: 10, 11  
(b) Delete from list B: 7, 9  
(c) Delete from list A: 1, 2, 6; delete from list B: 10, 11
9. (a) Delete from list A: 1, 6; delete from list D: 14  
(b) Delete from list D: 15
10. (a) Delete from list C: 13  
(b) Delete from list A: 1, 3; delete from list C: 12  
(c) Delete from list A: 3, 5; delete from list C: 12
11. (a) Delete nothing  
(b) Delete from list A: 1, 3; delete from list C: 12
12. (a) Delete nothing  
(b) Delete from list A: 5, 6
13. (a) Delete from list A: 1, 2  
(b) Delete nothing
14. (a) Delete from list A: 1, 2  
(b) Delete from list A: 4, 5, 6

Courtesy of I.C.O.M.; Industrial Common Ownership Movement