



BSSEC ChangeUp Research

Stage 1 Research

The Support Needs of Existing, New-Start and Emerging Social Enterprises and Trading Voluntary & Community Organisations in Birmingham & Solihull

FINAL REPORT

Produced by i|SE
May 2006

EXECUTIVE SUMMARY

This study was commissioned by BSSEC and funded by ChangeUP. The Stage 1 research, was carried out, by iSE, between February and May 2006 to examine the demand-side of support for Social Enterprises & trading VCOs in order to understand:

- Whether clients can access support they need
- Whether support needs are changing as a consequence of wider sectoral change
- What is needed but isn't funded
- Any particular issues affecting BME and women's enterprise

The study approach was a questionnaire and web-based survey, one-to-one and telephone interviews and a focus group. The study used a sample of 50 respondents from a cohort of 70. Significant efforts were made to ensure a stratified sample however the support needs of new start groups are not well represented in this sample as they are quite hard to reach.

FINDINGS

Social Enterprises & trading VCOs are undergoing rapid change from development models based largely on grant-support and/or patronage to survival in the marketplace. Organisations are struggling to do this while:

- Balancing the books
- Earning and diversifying income
- Retaining clear sense of mission & purpose

There is some fragmentation along sectoral lines (environmental, social care etc.) – but this also potentially positive, with cluster development, peer-to-peer support emerging.

Opinion is divided on whether the sector change is fuelling a demand for **new** support needs or simply **sharpening long-existing ones**.

Support Providers

Although around half the sample reported accessing support this seems to reflect “brand awareness” rather than any particular satisfaction with provision. Most cited:

- Local authorities
- Chamber/Business Links
- BVSC

In the examples cited, fairly “passive” or low level support predominated e.g. briefing sessions, breakfast clubs and support from LAs primarily with “compliance” (especially co-financing, ERDF, LA contracts). Particular attention was paid, in the survey, to Local Development Agency provision – feedback suggests that:

- There is a low awareness of what’s on offer – provision is poorly understood & poorly accessed
- General perception that LDAs are under-resourced & poorly equipped to meet more complex needs – the model “...isn’t working and isn’t relevant to our needs”

Overall there is a failure to meet immediate support needs as they arise – especially during periods of critical change and a failure to develop **contextualised** support as opposed to general and generic support. There is a need for ‘Just in time’ rather than inflexible ‘programme-driven’ support – support that is:

- Contextual
- Customised
- Reflects individual circumstances

Based on this sample it is possible to categorise unmet need in TWO ways:

- Access to specialist expertise
- Business support & strategic support

Three clear priority areas were identified in **access to specialist expertise**:

1. **Finance and funding** more complex business models are developing with no obvious source of support reflecting these, consequently the financing of capital, revenue & working capital is increasingly complex and the current focus on social borrowing is poorly understood and intimidating, doesn’t meet the current, risk averse, need of the sector.
2. **Marketing** the sector has had some success with network-based “social marketing”, individual “projects” are sometimes well-marketed, but the sector, has not developed a culture of wider proactive marketing reflecting “brands”, values, quality and social benefits of sector. Mainstream support for business marketing is dominated by “selling” rather than sector values with resources to fund support a major issue, consequently the sector is lagging behind businesses – perhaps compounded by there being no industry-standard practice in VCS/SE marketing.
3. **HR** is a critical need – 65% of West Midlands' industrial tribunal cases in 2004 were from the VCS. Growth and bigger staff teams can dilute a sense of shared values and create friction and loss of direction/mission. Existing HR models based on conflict resolution don’t always reflect sector decision-making or management styles or values. There is a high need for

customized, “Just in Time”, support, coupled with resources for purchasing support.

Three clear priority areas emerged in **business support & strategic support**:

1. Procurement and contracting; over 40% identified this as key need with two different kinds of support required:
 - One-to-one development support focused on procurement-readiness building skills, expertise, understanding in tendering & contract acquisition
 - Wider strategic development of marketplace for third sector goods/services, including marketplace research/analysis
2. Leadership and management emerged as a key issue from the focus group; effective leadership becomes critical with growth/expansion (staffing and staff turnover). Whilst individual entrepreneurship is vital – especially in the early stages it is not necessarily enough in itself to meet longer-term pressures. The study found that support must be practice-driven, contextual, appropriate for the sector and its values and reflect the reality of the sector.
3. Legal structures and legal advice might be assumed to be well-understood in the sector – but legal advice and guidance on legal structures emerged as a key issue with complexities arising from increased trading, contracting coupled with limitation of charitable models and raised awareness of CICs creating both interest and anxiety. The survey found that increasingly complex business models are creating concern and confusion about whether the right legal structure has been adopted or continues to be appropriate

BME enterprise

The survey identified a low level but general anxiety that mainstream providers of support cannot meet specific needs of BME-led organizations. However the follow-up discussion neither clarified what these specific needs might be, nor the principal shortcomings of mainstream providers

Women’s enterprise

WM has lowest percentage of women starting new SEs, this relative scarcity of women in SE should be a key concern of the sector. The only additional differentiating finding was that the collaborative and facilitative management/leadership models become harder to maintain in the more business-driven the environment; hence a higher demand for leadership support.

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