

Practitioner Briefing 5: Supported Entrepreneurship and Social Enterprises

This briefing provides tips to practitioners in West London and UK to highlight best practices in social inclusion through employment. It is drawn from a wider research on *Good Practices in Social Inclusion through Employment*, using examples of Roma integration. The study is published as a separate paper for policy makers together with map of relevant organisations and further reading. The study is a part of the ESF funded project *New Pathways to Work in West London*, led by Ealing Council (2009-2013).

Summary: West London has a very complex make up with diverse range of vulnerable groups facing barriers to work, which makes it different from other parts of London and the UK. A recently emerging good practice is to support entrepreneurs among disadvantaged people, which is also potentially a booster for the local economy. There are two approaches: through support for starting own business and through support of groups to set up a social enterprise. The difference is that supported entrepreneurship is about developing a business with a purely profit making purpose, whereas social enterprises have a primarily social purpose by using market principles to address social needs and reinvesting profits into the business or local community.

Context

West London is an economically vibrant area with businesses doing well even in the current economic climate. The barriers to employment for vulnerable groups are not always related to their lack of skills and qualifications. Sometimes people just need more flexible working arrangements; or groups (like, for example, Gypsy, Roma and Travelers) may face prejudices which prevent them from accessing the labour market. Many migrants actually have excellent skills and experience with running successful businesses prior to coming to the UK. If the business is a social enterprise, this is also empowering for other members of vulnerable groups and gives them opportunity to get out of poverty. This approach is also a part of many strategic documents for the West London economic development, so there is political support for it.

About the Practice

Although attractive, it is difficult to start up and run a business. A lot of practicalities need to be addressed as well as management skills and styles to be developed or adjusted to the national legislative and regulatory framework, if the prospective entrepreneur is a recent migrant. Experience in Bulgaria shows that vulnerable groups need intensive support in setting up a business, especially if their management skills need developing or upgrading to a competitive level. Supporting (social) entrepreneurship is a practice that is currently supported by quite a few funding organisations as well as through EU funding streams such as the European Social Fund (ESF). Evidence from Bulgaria shows that it is best to develop projects for enterprises that involve a larger pool of interested candidates who have demonstrated high motivation, appropriate experience and skills. According to the experience in Bulgaria, this is the most risky approach to social inclusion given the current economic climate - less demand for services and goods and high competition from large companies. However, in West London there is a current rise in social enterprises.

How can this be done?

The steps taken by practitioners on the ground to help implement this practice can include:

- Recruitment and selection of candidates processes based not on formal criteria but dynamically assessing people's history, motivation and skills;
- Introductory training in setting up and managing enterprises;
- Support in preparing the documentation needed to set up a business, including for migrants from Bulgaria and Romania support in registering as self-employed;
- If the project includes grant funding schemes, filling in application forms and reporting is very specific and complicated so therefore tailored training is needed;
- Legal support and ensuring that contract arrangements are understood and accepted;
- Support in developing a business plan;
- Interest-free loans were widely practiced in Bulgaria several years ago, but the current economic climate and the WL context make more appropriate other financial mechanisms¹, ideally this should include an opportunity for a starting grant;
- Recruiting and supporting mentors - local successful businessmen and women – in order to provide ongoing support and opportunities for learning from experience;
- Setting up a community based office for the business;
- Involving community mediators, ideally representatives of the same group(s), in the process of staff recruitment;
- Encouragement through competition for projects (awards for best projects and best business plans) - assuming entrepreneurship support happens via a national or EU funding scheme.

Building a strong business: the Accession Social Enterprise at Ealing. This is a new umbrella organization. It was established to build existing work rehabilitation and therapeutic-based projects into social enterprises across West London. It is a Social Enterprise, a company limited by guarantee, registered with Companies House in April 2011. Accession's key aim is to create and develop social enterprises based on viable, sustainable, commercial business models. It has evolved from collaboration between London Borough of Ealing, West London Mental Health Trust, Mencap, MIND, Twinings Enterprise and Catalyst Housing. It benefited directly from the support and expertise provided by the Young Foundation. Accession supports work-based projects involving economically marginalised people to move towards training, volunteering and employment. It also helps organisations to form social enterprises. Accession delivers in seven key areas of commercial activity: Community retail; Horticulture; Print, design and manufacturing; Food; Art & crafts; Employment support and Social Enterprise consultancy. An example of its work is the Hanwell Community Shop. It is funded through Ealing Social Services and the European Social

¹ For example Progress Programme of the European Union supports microfinance schemes, see: <http://ec.europa.eu/social/main.jsp?langId=en&catId=836> (l.a. February 2013)

Fund. It offers access to retail and customer care training, volunteering and employment which may have been difficult for people to access through conventional routes. It is also an integral part of the local community, selling high-quality donated clothes and furniture and also arts and crafts products made by local partner groups, including MIND, MENCAP, the Art Collective and others. The project required intensive planning, lobbying and fund raising to establish the shop and to organise a big launch event with high profile guests which was managed by the Learning Curve and a team of staff and volunteers.

Making the Practice Work Locally

The practice is less successful in Bulgaria, but is widely and successfully applied in West London. To help practitioners implement this practice or improve existing work, there are some key success factors and also challenges to consider.

Success factors	Challenges to consider	Tips to overcome the challenges
<ul style="list-style-type: none"> Having trusted voluntary organisations and community groups to help recruit and engage candidates if this is a funded programme or to motivate and encourage local people with entrepreneurial potential. 	<ul style="list-style-type: none"> Voluntary organisations usually work with the most severely disadvantaged members, a special strategy to identify and attract people with high potential is needed. 	<ul style="list-style-type: none"> Building a reputation of a service that works with both vulnerable and talented members of the community; finding a common ground in 'unlocking potential' and 'realising ambition'. Working closely with community leaders or other experts with insider knowledge of the community.
<ul style="list-style-type: none"> Recruiting and motivating mentors among successful businessmen from relevant migrant and BAME community backgrounds. 	<ul style="list-style-type: none"> It can be difficult to explain to successful businessmen and women why their support and time is needed. 	<ul style="list-style-type: none"> Intensive work to motivate them is needed such as honours and awards, events to celebrate their success, exposure to your work and conversations with beneficiaries to see how they can make a difference.
<ul style="list-style-type: none"> Availability of realistic funding streams which recognise the need of a long-term work and engagement to foster local entrepreneurship. 	<ul style="list-style-type: none"> A basic requirement for the approach to work is that candidates should be able to cover start up cost with own capital (e.g. EU structural funds require co-funding, applications for projects often require already registered business which in turn requires start up capital). The business can go wrong in the unpredictable current climate so the entrepreneurs need to have a back up own capital as well. 	<ul style="list-style-type: none"> Provide support with identifying appropriate insurance mechanisms; Showcase success to increase trust in your service so people chose to invest through your support; Accept that this is a risky investment and make sure that potential entrepreneurs understand the risks and are prepared to meet the consequences. Provide support in risk assessment and in developing appropriate mitigation strategies. Work with established experts in the field as advisors and

		consultants.
<ul style="list-style-type: none"> Tailored support to specific needs of the potential entrepreneurs, e.g. additional support with language skills, business management skills that are lacking such as writing business plans, managing employees, accounting, marketing, etc. 	<ul style="list-style-type: none"> Practitioners delivering the programme in Bulgaria can have very limited skills themselves as such programmes require specialised expertise in business studies and management. 	<ul style="list-style-type: none"> This is less of an issue in West London but caution is needed. Identify and work with Business Courses at Higher Education institutions, e.g. through supervised students and other early career experts. Use the capacity building support of the HM Government Enterprise Zones².
<ul style="list-style-type: none"> Respecting and promoting practices and traditional skills of certain communities e.g. trade, craft, music and arts skills in Roma communities. 	<ul style="list-style-type: none"> Even the best businesses can be ruined by reputation, hence the risk of negative stereotypes and bias in society and among potential customers. Additional challenge is the competition from mass producers – for example the knife making, which is a traditional Roma craft has been replaced by mass manufacturers. 	<ul style="list-style-type: none"> Support in bringing traditional arts and crafts ‘up to date’ to make attractive to the middle-class/luxury consumer. Tell the stories behind the products. Emphasise provenance. Ensure Fair Trade and incorporate the Fair Trade logo in the marketing strategy. Attract like-minded individuals as volunteers to promote the cause and invest in their ongoing motivation. Use IT for marketing.

Surviving the challenges of a free economy: ‘Economic Development and Ecology II’ Project of Roma Public Council ‘Kupate’-Bulgaria. The project entailed setting up a social enterprise for plastic waste recycling thus addressing both social issues of unemployment of disadvantaged groups and ecological issues related to inappropriate treatment of plastic waste. The preparatory stage included the development of a business plan to set up a small production enterprise, market research and bidding procedures to buy machines and other equipment, setting up and equipment of space (including renovation, construction and health and safety works). During the next stage, two groups of 25 long-term unemployed Roma people were trained to recognise types of plastic materials, including sorting and treatment; types of recycling equipment and their operation; health and safety procedures; consequences for the environment caused by inappropriate treatment of plastic waste. 35 out of 50 trainees were appointed after passing a test and started work to produce plastic materials for non-nutritional needs. The enterprise also provided additional income to more than a 150 families via a network for plastic waste collection and cleaned significant areas in the capital. As a social enterprise the venture did not survive due to competition from a large waste recycling company. However, the staff was sub-contracted and the procedures maintained by the big company, so it is still an opportunity for income to severely disadvantaged and long-term unemployed people.

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² See <http://enterprisezones.communities.gov.uk/>