



research  
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# **Creating New Markets for Social Enterprise in Birmingham**

## **An Evaluation of the Impact of the 'Market Makers' Project**

Evaluation and reporting undertaken by Alun Severn  
Third Sector Services  
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Studio 721  
The Big Peg  
120 Vyse Street  
Jewellery Quarter  
Birmingham B18 6NF

T: 0121 233 0278  
E: [alun@thirdsectorservices.co.uk](mailto:alun@thirdsectorservices.co.uk)

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## EXECUTIVE SUMMARY

This report is an evaluation focusing on the client impact and 'lessons learnt' of Market Makers, a £295,000 project funded through Birmingham's Working Neighbourhoods Fund during the period September 2009 to March 2011. The project was delivered by iSE. The purpose of the Market Makers project was to:

- Deliver practical business support, training and workshops which would help strengthen social enterprises and trading third sector organisations.
- Engage in strategic enterprise and market development which would help identify and unlock new market opportunities for social enterprise.
- And work with public sector partners to develop two longer-term initiatives called 'brokerage models' which would help position social enterprises to take advantage of increased levels of commissioning from the sector.

### Key messages

- 1 Market Makers has demonstrated that it is possible to combine tailored business support with more strategic market development activities to identify and unlock new opportunities for social enterprise.
- 2 The project has supported 100 social enterprises and trading voluntary organisations and the following key outcomes have been achieved:
  - 47% of project participants have been helped to enter new markets.
  - 47% have identified new business opportunities they were previously unaware of.
  - 37% have secured new business totalling almost £55,000.00.
  - There has been growth in the businesses supported during the lifetime of Market Makers with 25 FTE and 6 P/T jobs created.
- 3 Other positive outcomes – including major business opportunities – will stretch well beyond the lifetime of the project. These include:
  - Shop for Change, a campaign to encourage greater levels of mutual inter-trading in the third sector. Almost 100 businesses now use its online directory and have adopted ethical/social buying policies to guide them in purchasing greater amounts of their own supplies from within the sector.
  - Private sector supply-chain opportunities now being developed with private sector construction and facilities providers (Wates, Interserve, Living Space) are likely to mature throughout the course of 2011/12 and will almost certainly generate revenue for the sector in the foreseeable future.

- Two contract brokerage models have been supported: Buy for Good, a public procurement brokerage; and a Consortium of User-Led Organisations (CULO) providing advocacy, support, signposting and services for those spending Individual Budgets in adult social care. They are at relatively early stages of development, but their potential is very significant.
- 4 In the case of Buy for Good, if council leaders accept the recommendation which has been put to Cabinet that Buy for Good should be the vehicle through which Phase II Energy Savers contracts are let, then this will open up direct access for the sector to up to £50m-worth of environmental retro-fitting contracts.
  - 5 In the case of the Consortium of User-Led Organisations, this has also been a significant learning and development experience for its members. As well as representing considerable business and performance gains for the future, many of its members also acknowledge that the experience has also led them to improve their own business practices and strategies. iSE's facilitating role in supporting the CULO is also sufficiently highly thought of by CULO's members for them to consider paying to retain iSE's development expertise beyond the lifetime of Market Makers.
  - 6 The project also highlighted some of the prevailing weaknesses in the sector. A proportion of its participants struggled to achieve 'market readiness' or turned out to be nowhere near as market-ready as they had perhaps thought they were. For this reason, the initial targetting and selection of clients is vital. There are strong arguments for greater selectivity, ensuring that those accessing such programmes are the 'right' enterprises to gain most from them. It is acknowledged that initial selection in the very early stages of Market Makers should perhaps have been more stringent, but there was also a pressure to reach target numbers.
  - 7 Not all enterprises will wish (or in some cases are able) to engage with business support fully. There are various reasons for this, but key amongst them are the following: enterprises need to understand the offer; they need to understand how it will benefit them; and – particularly in a programme such as Market Makers, where significant changes to business models were one of the intended outcomes – key decision-makers in the enterprise, up to and including Board and/or trustees, need to 'buy into' the process.
  - 8 Such programmes need to be shaped and driven by the market opportunities they identify. Robust initial market analysis is a prerequisite, therefore, and should precede any delivery phase.
  - 9 Market-making programmes delivered during a time of economic downturn and market change and disruption must also be able to support businesses in developing survival strategies and resilience. The timing of market-making

programmes and the economic conditions in which they take place are therefore vital considerations and will to a large degree determine the priorities they pursue.

March 2011

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## **1.0 INTRODUCTION**

This report is an evaluation focusing on the client impact and 'lessons learnt' of Market Makers, a £295,000 project funded through Birmingham's Working Neighbourhoods Fund during the period September 2010-March 2011. The project was delivered by iSE. The purpose of the Market Makers project was to:

- Deliver practical business support, training and workshops which would help strengthen social enterprises and trading third sector organisations.
- Engage in strategic enterprise and market development which would help identify and unlock new market opportunities for social enterprise.
- And work with public sector partners to develop two 'brokerage models' which would help position social enterprises to take advantage of increased levels of commissioning from the sector, and in particular the changing buying patterns and methods emerging as part of the shift to Personalisation and Individual Budgets in adult social care.

### **1.1 The Structure of this Report**

Market Makers has had a number of different but interlocking components and the report will cover these individually, explaining their relation to the project overall and the contribution such approaches can make when used in an integrated way to create trading opportunities for social enterprise. This report covers:

- Initial market analysis – understanding trends in social enterprise markets.
- Shop for Change – a campaign to raise levels of inter-trading in the third sector.
- Building private sector business – social enterprise in private sector supply chains.
- New models of contract brokerage – how social enterprises and public sector partners can work together to create new routes to market.
- The effectiveness of specialist business support in helping social enterprises prepare for and enter new markets.
- Conclusions & Recommendations.

## 1.2 Method

This evaluation has utilised:

- Desk analysis of working documents from the project – business diagnostics, action plans for development work with individual social enterprises.
- In-depth interviews with all of the iSE business advisors engaged on the project and with key iSE staff at all levels.
- In-depth interviews with project stakeholders.
- A detailed survey of a 30% sample of beneficiaries (32 responses) of the project and a subsequent analysis of client satisfaction, market and business outcomes, and prospects for the future.

Alun Severn would like to thank all of those – iSE staff, project stakeholders, social enterprises and others involved in the project – who kindly consented to be interviewed or who completed and returned detailed survey questionnaires.

## 1.3 Market Makers – Key Facts

Key headline facts and figures for Market Makers are shown in the Table below:

|   |                      |
|---|----------------------|
| <b>Total value of project</b>   | £295,000             |
| <b>Duration of project</b>  | Sept 2009-March 2011 |
| <b>Project sponsor</b>  | Be Birmingham        |
| <b>No. of enterprises supported</b>   | 100                  |
| <b>No. of enterprises applying for support but ineligible*</b><br>Because insufficiently developed to benefit from the project or trading at inadequate levels  | 30                   |
| <b>No. of enterprises not supported under Market Makers*</b><br>Because they were eligible for a separate programme of support specifically targeting enterprises in Birmingham’s South-West constituencies   | 10                   |
| <b>Growth in employment amongst project beneficiaries during the lifetime of the project*</b><br>Aggregated FTE and P/T jobs created by social enterprises during the period covered by the project; NB: does not include Future Jobs Fund placements | 25 FTE<br>6 P/T      |
| <b>Additional business generated during the lifetime of the project</b>   | At least £55,000     |

## 2.0 INITIAL MARKET ANALYSIS

Market Makers has not been a 'static' project. Delivered during a period of enormous change, including declining public sector spending, changing structures and processes for the buying and commissioning of services from the third sector, and extremely volatile conditions in the wider economy, the project adjusted its delivery priorities to respond to these swiftly changing conditions.

For example, while the project originally envisaged the primary focus of market-making to be on public sector purchasing, it became evident that declining public sector spend and wide uncertainty following the election of the new coalition government in May 2010 were having a dramatic impact not just on current market opportunities for social enterprise but also on their routes to market, their prospects for the future and indeed their prospects for survival. iSE recognised that this would necessitate social enterprises diversifying their markets considerably, seeking broader opportunities which would include not just the public sector marketplace but private and third sector markets too. The project incorporated strands of work to address this need.

The project was also informed by an unprecedented level of market analysis. During the period January-April 2010 iSE conducted an extensive surveying exercise in which social enterprises and trading third sector organisations were asked to complete a detailed 'markets and trading' diagnostic. This is the first time in Birmingham that there has been an attempt to examine in such detail how social enterprises *behave* in the marketplace. More than 100 diagnostics were completed and a sample of 60 of these were subsequently analysed. This market analysis revealed that:

- In early 2010 the public sector was still the dominant customer for social enterprises' services. **83%** of those surveyed derived 20%-100% of their income from public sector customers, with 67% dependent on the public sector for 50%-100% of their income. **This raised serious questions regarding sustainability and growth in a period of deep public spending cuts.**
- Social enterprises have more private sector customers than might have been imagined to be the case, but at relatively low levels. **There is significant potential for trade with the private sector to grow.**
- On the other hand, less than half the sample was doing any business with other third sector organisations and 35% bought nothing from other social enterprise or third sector organisations. **Significant scope exists for social enterprises to expand their business in the third sector marketplace.**
- Only about one-third of those surveyed were geared up to market services directly to individuals. **Given the significance of Personalisation and individual budgets this needs to increase significantly. But this is an agenda that is still subject to significant shifts and changes in emphasis and some providers now believe that Individual Budgets may not produce business**



**opportunities at anything near the levels originally forecast. This continuing uncertainty presents social enterprises with major planning and development difficulties.**

This initial market analysis was instrumental in reshaping some of the priorities of the project. In particular, it helped reinforce the view that rather than focusing primarily on public sector markets for social enterprise the project must also:

- Boost levels of third sector business and reduce reliance (even if only temporarily) on public sector contracts – the ‘Shop for Change’ campaign.
- Increase the involvement of social enterprises in private sector supply-chains, as sub-contractors, and as delivery partners – Wates and InterServe.
- Help ensure that social enterprises could be ready and well-positioned for new public sector opportunities and commissioning arrangements as and when they might occur – lessons of ‘Buy for Good’ (contract brokerage consortium) and the Consortium of User-Led Organisations (service-user and advocacy organisations in partnership to provide services to those with Individual Budgets).
- Strengthen the performance and market-readiness of social enterprises – specialist business support.

### 3.0 'SHOP FOR CHANGE' – RAISING LEVELS OF INTER-TRADING

The market analysis had shown that one way that new customers might be found was by boosting inter-trading – put simply, getting the sector to place its 'supplier-spend' within the third sector.

This was the origin of the Shop for Change (SFC)<sup>1</sup> campaign. SFC consists of an online directory of enterprises, a wider campaign to help raise the profile and understanding of inter-trading, and a sign-up 'pledge' to get members to commit to an ethical/social buying policy under which they will buy from third sector providers wherever practicable.

The approach taken by SFC has been very much a 'campaign' – something that iSE had not previously attempted. But there is evidence that it was precisely this campaigning approach that resonated strongly with people. iSE utilised marketing and key messages designed to 'stick' and remind people to 'shop for change'. High quality promotional materials (branded post-its, pens, stickers, and goody bags), professional PR, guest speaker spots at events, stalls at exhibitions and trade shows, and individual approaches to key opinion formers (Lord Wei, for example, has said it is an initiative that should 'go national') have all been used to consistently raise the profile of the campaign and hammer home the 'shop for change' message. The campaign was designed to run over nine months and will culminate with a major SFC presence at the national social enterprise event Voice 11, when the SFC brand will be made a national campaign.

SFC has been an important element in the overall Market Makers project. The campaign proved popular with social enterprises and third sector organisations, but it also resonated strongly with the local authority. The launch event on the 6th July 2010 was attended by about 95 people and 25 social enterprise exhibitors. Cllr Sue Anderson gave a keynote address.

Feedback from attendees was uniformly positive. This is what attendees said about the event:

"Excellent event, everybody had positive attitudes and were vibrant. Great set of people attended the event – well done to the organisers – they were spot on. We managed to get a lot of leads and generate business from it."

"Very useful...loved the goody bags! We want to incorporate catering and cupcakes into our supplies... It was also good to refresh contacts in the sector and will follow these up to build new relationships. It was an excellent event and we will definitely look to source more from the sector in the future. We also promoted our own services so very beneficial to the organisation."

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<sup>1</sup> <http://www.shopforchange.info/>

“The organisation of the event was good. There were a variety of people that attended from different types of organisation which was very good to see. We did manage to get a few new contacts which was brilliant. Would like to come to more events like this to raise their profile.”

SFC has also served as a useful reminder to some enterprises that there are other income-generating opportunities they could consider which would diversify their present services and meet identifiable demand. Developing entirely new subsidiary activities is a much longer-term prospect, however, significantly beyond the timeframe of this project.

SFC can be said to have put the concept of inter-trading and ethical/social purchasing firmly on the map as far as Birmingham’s third sector is concerned. This is a major step forward from the circumstances which previously existed. While the value of business generated through inter-trading has not been systematically analysed – indeed, considerable problems would exist in trying to do this – anecdotally many SFC participants continue to report that they are making new contacts, leads and customers.

Almost 100 businesses have now signed the SFC ‘pledge’, and each of these uses the simple ethical/social buying policy promoted by SFC and the SFC online directory to identify suppliers. In addition, there are currently 177 businesses listed in the directory and the SFC website has received almost 13,000 visits.

## **4.0 BUILDING PRIVATE SECTOR BUSINESS – SOCIAL ENTERPRISE IN PRIVATE SECTOR SUPPLY CHAINS**

The mixture of funding cuts, contraction in public sector contracting/purchasing, continuing disruption and change in commissioning procedures and long periods when there were simply no public sector opportunities coming forward all had an impact on the kind of market opportunities the project could identify and unlock. To a great extent this is what lay behind the decision to focus greater efforts on developing social enterprise opportunities in private sector supply chains, especially in the construction industry.

### **4.1 Wates**

Wates, in common with some other construction companies, is interested in incorporating more social enterprises into its supply chain. Two factors are driving this: companies pursuing a practical expression of their CSR objectives, and companies seeking to meet a requirement which exists in many public sector contracts to demonstrate that they are trading more with third sector organisations and thus creating additional social benefit in the contracts they win.

iSE initially made contact with Wates by inviting the company to a social enterprise-specific Find It in Birmingham (FIIB) event organised jointly by FIIB and iSE. This exposed Wates to a significant number of social enterprises and alerted the company to the diversity of the sector. But this event, and subsequent discussions with Market Makers, also made Wates realise that social enterprises could meet a greater range of its supply-chain requirements than the company had previously been acknowledged.

The work with Wates led to a structured ‘project within a project’. Wates has social enterprise co-ordinators in most of the regions in which it trades specifically to lead on third sector business opportunities, but even so was not generating sufficient social enterprise leads: it had the structures and staff in place, but lacked sector contacts. Market Makers helped solve the issue. Indeed, Wates has said that through Market Makers they experienced a better reception to their supply chain opportunities in Birmingham than anywhere else in the country.

Wates produced a guidance pack detailing their quality thresholds, risk management etc and identified ten areas of supply chain opportunity, including timber recycling, void properties, painting of hoardings, and production of signage amongst others.

iSE has been working to identify two social enterprises per opportunity – 20 social enterprises in all – that can be supported and assisted to meet Wates’ thresholds for quality and other standards. This includes looking at the business models of the social enterprises, their H&S arrangements, risk assessment, quality assurance and other factors.

For example, three recently merged Age Concern operations in Birmingham (Kingstanding, Perry Barr and Weoley Castle) are working jointly to explore some of these opportunities. This involved the organisations making a radical reappraisal of their standard business model and recognising that income-generation activities do not necessarily have to be tied to a core mission of supporting older people but can be commercial opportunities which help create revenue to fund this. Age Concern is especially interested in opportunities in cleaning, signage production, hoarding painting, void properties.

It is likely that the Wates work (and perhaps wider efforts to enter private sector supply chains) will continue beyond the lifetime of the Market Makers project, although how and if this can be funded will be a critical issue.

It is also possible that in the longer term iSE may see some kind of brokerage role for itself in these contractual arrangements, acting as an intermediary between Wates (or other companies) and sub-contracted social enterprises.

At time of writing iSE is working with Wates to organise and co-ordinate a Meet the Buyer event to put potential supply-chain participants in direct discussion with Wates. This is arranged for 24th March 2011. Eighteen applications to attend were received and thirteen social enterprises have returned firm bookings, of which seven are from Birmingham and six from elsewhere in the region. It was felt to be important to demonstrate to Wates that potential suppliers from beyond Birmingham could be reached.

No business has begun to flow as yet from the partnership with Wates but the longer-term potential is significant.

#### **4.2 Interserve**

A similar supply-chain development opportunity is also being pursued with construction and support services provider Interserve. Although this is still at a relatively early stage, this and the Wates partnership do offer a blueprint for how longer-term strategic business development can be undertaken that will help social enterprises do more business with the private sector, positioning themselves as 'market-ready' when supply chain opportunities do arise.

#### **4.3 Construction Supply Chains – an Emerging Sector**

Throughout the Market Makers project iSE has noted a marked increase in enquiries from other construction companies regarding social enterprise providers and work to develop construction sector opportunities will continue beyond this project.

## **5.0 CONTRACT BROKERAGE – CREATING NEW ROUTES TO MARKET**

A key area in which it was intended that the Market Makers project should work was that of testing new models of 'contract brokerage'. While contract brokerage is a term in widespread use, its precise meaning is open to interpretation. In the context of Market Makers the term was used to denote a consortium or similar structure which would act as a brokering intermediary between public purchasers and third sector providers. The basic concept of brokerage is that third sector providers should gain a route to large public sector contracts from which they would normally be excluded because of lack of scale.

Two brokerage models have been supported by Market Makers (and others) during the lifetime of the project. These are:

- Buy for Good, a newly incorporated Community Interest Company developed in partnership by Birmingham City Council Corporate Procurement Services and founder members Birmingham Chamber of Commerce, iSE, Birmingham City Council, Accord Housing Association, and Optima Community Association. Buy for Good has incorporated as a Community Interest Company and is constituted as a contracting authority; it will provide procurement brokerage and management services, earning a fee from contracts managed.
- Consortium of User-Led Organisations (CULO), a consortium which brings together a range of disability organisations, the aim being to provide support, advocacy and signposting to relevant services for people with disabilities and others who are managing/spending Personalised and Individual Budgets on adult social care services.

Progress in the development of these initiatives – both of which are likely to represent project legacies which stretch significantly beyond the lifetime of Market Makers – are described briefly below.

### **5.1 Buy for Good**

Buy for Good is now incorporated as a Community Interest Company and is in the process of recruiting a Supply Chain Manager. A recommendation has been made to Birmingham City Council's Cabinet Procurement Committee that Buy for Good should be the contracting vehicle for Phase II Energy Savers contracts (for the retro-fitting of domestic energy-saving and green energy technology). If the local authority approves this recommendation then Buy for Good will be able to offer social enterprises and third sector providers access to contracts worth up to £50m.

### ***Support from Market Makers***

Market Makers has supported Buy for Good with business planning advice, support and facilitation for meetings, and financial assistance (c.£2.5K) to help meet the costs of specialist legal advice, the drafting of appropriate CIC Memorandum & Articles, and incorporation.

## **5.2 Consortium of User-Led Organisations (CULO)**

The idea for a Consortium of User Led Organisations pre-dated Market Makers but, according to its stakeholders, Market Makers' support has been largely instrumental in the initiative reaching its present stage of development. This work linked to a national Department of Health project focused on the development of user-led organisations.

The requirement for local authority Adult Services to work in close partnership with user-led organisations arises from Putting People First: Working Together with User Led Organisations<sup>2</sup> including a target adopted by Birmingham City Council of helping to establish at least one user-led grouping capable of acting as a brokerage consortium.

The scale of business to be derived from Individual Budgets (IBs) is still unclear. Spending on preventative services for adult social care, unlike other service areas, is set to increase. In future the emphasis of Birmingham City Council Adults & Communities Directorate will be on the commissioning of the kind of preventative services which help reduce the pressure on more costly critical services. Currently about 17% of Directorate spend is on preventative services but this is likely to rise to 25% and will also be joined by some spend from GP commissioning. Birmingham City Council also maintains a Prevention & Innovation Fund and it is possible that in the slightly longer-term the 'innovation' element of this could be used to help providers develop new services or become market-ready to meet the needs of IB users.

### ***Support from Market Makers***

The current membership of the CULO includes Cerebral Palsy WM, Midland Mencap, POhWER, Freshwinds, Community Transport, and People First, and there is a strong feeling amongst stakeholders that Market Makers' support – and especially the one-to-one support provided by iSE's chief executive – has been instrumental in the partnership reaching its present point of development. One stakeholder said:

“The way the project and iSE's chief executive in particular have supported and mentored us has been brilliant – it's been hugely influential in changing our thinking and future strategies. It has transformed the mentality and thinking of this organisation – it has been like a light bulb going on.”

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<sup>2</sup> [http://www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/documents/digitalasset/dh\\_096659.pdf](http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_096659.pdf)

Another said:

“iSE’s leadership of this development has been crucial. Their support has been timely and has struck just the right balance of direction without taking over ownership – iSE are a very empowering organisation.”

One charity chief executive said:

“The support around developing the CULO has helped us move from being a disparate group of competing charities to a more coherent group that now believes it can do business together – it’s been like passing from teenage to adulthood.”

Another key stakeholder said:

“The idea for a consortium of user-led organisations pre-dated Market Makers, but its development to date has largely been made possible by the support of the Market Makers project.”

Much remains to be done in terms of finalising the consortium’s operating methods, delivery structures/processes and in developing a viable business plan. But the role that iSE could play in providing continuing support also emerges extremely favourably: two interviewees (from CULO’s current membership) said that active discussions are now taking place to determine how members of CULO might fund future development support from iSE. One said:

“This organisation has to speculate in order to escalate – and this includes investing in the right kind of support and assistance that can help us open up new business opportunities and perform better for our client group.”

Another explained that a ‘loan fund’ is being considered so that those members unable to help finance iSE’s support immediately could borrow the money from a common pot and repay it from profits once the CULO is operational.

But from Market Makers’ perspective, its work in supporting the CULO has a further dimension too. iSE’s chief executive put it this way:

“The emphasis on personalisation and individual budgets was both necessary and pragmatic. In the current climate it was essential that the project find a way of sustaining relationships with commissioners and keeping the doors open for social enterprises in the longer term, enabling them to pick up the threads again once this period of intense change and turmoil is over. The CULO is significant from this view but so is the fact that we have managed to retain the commitment of Peter Hay (Strategic Director, Adults & Communities) and Cllr Sue Anderson – their commitment to growing business with social enterprises is still there.”



As with the other brokerage model, Market Makers has also provided targeted support to the CULO which has involved some financial contribution. Specialist legal advice (to develop an appropriate legal model), specialist workshops on intellectual property rights (to ensure adequate protection for shared intellectual assets in the context of consortium useage) and a range of other training workshops have all been provided or underwritten by Market Makers.

The development work invested in the CULO model has the potential to be a significant legacy of the Market Makers project, helping to position user-led organisations at the forefront of adapting to Personalisation and helping them secure substantial business as well as perform more effectively for those who are most vulnerable in this new, emerging marketplace of services.

## 6.0 THE EFFECTIVENESS OF SPECIALIST BUSINESS SUPPORT

### 6.1 Understanding the Business Support Offer

Access to tailored, one-to-one business support has been at the heart of Market Makers. The business support process involved:

- **An initial questionnaire** – this acted as both a rough needs assessment and a filtering mechanism: organisations not engaged in significant trading were filtered out at this stage. 30 applicants to the project were declined on this basis.
- **Initial diagnostic** – a full business and markets diagnostic was undertaken with each enterprise joining the programme. Just over 100 diagnostics were carried out.
- **Action plan** – based on the diagnostic, a tailored action plan of support was developed for each business case.
- **Business support offer** (15 hours contact time) – the one-to-one contact time that could be accommodated under the contract was 15 hours with each business. In practice, this turned out to be adequate for most individual needs to be met. Where some businesses required more intensive support (over a longer period) this was generally catered for by ‘viring’ across time from other active cases that required less support.
- **Training/workshop modules** – an analysis of the initial diagnostics was undertaken to identify topics and themes that could more cost-effectively be delivered to larger groups in training workshops rather than as one-to-one sessions.
- **Newsletter** – the Market Makers newsletter was used throughout the project to advise participants of opportunities, scheduled workshops and other events.

#### 6.1.1 Key Business Support Themes

The key themes and topics covered in the business support offer were:

- Business planning
- Contracting, advice & assistance with contracts
- Feasibility research
- Income generation/income diversification
- Legal advice & legal structures
- Market opportunities & market planning
- Marketing & marketing strategies

- Networking, collaboration, partnerships, mergers & cluster development
- Organisational development, training for Roles & Responsibilities (Board, staff, volunteers)
- Policies, procedures, systems
- Social enterprise awareness

### 6.1.2 Key Training Workshop Themes

The key themes and topics covered in the training workshops were:

- Calculating Your Unit Costs
- Customer Care
- Developing Personal Assistants Service
- Effective Marketing
- Environmental Sustainability
- Governance for Social Enterprises
- Managing Lone Workers
- Marketing Successfully
- Measuring Social Impact
- Opportunities in Health – BEN PCT
- Public Relations
- Quality Frameworks & the Social Enterprise Mark
- Social Fund – guidelines & application
- Sustainable Procurement

### 6.2 Key Lessons from the Business Support Offer

A number of key lessons emerge from Market Makers' business support activities:

- 1 **Differences in engaging with business support** Not all participants chose to engage fully with the business support offer:
  - Newer organisations (say from start-up to two years), and especially recently registered Community Interest Companies, were 'hungry': these enterprises welcomed the business support eagerly and utilised it well. They wanted to glean every scrap of support from the project that they could and were keen to learn.
  - More established and larger organisations were sometimes more reluctant to engage with the business support, in some cases because they believe they 'already know it'.
  - There were differences too between those organisations established as social enterprises and those originally established as conventional voluntary sector organisations, with the former exhibiting stronger business 'mind sets' on entering the programme. This 'patterning' should not be taken as absolute, however.

2 **Charitable sector** Where charities were involved – and especially those to which the social enterprise concept was relatively new – the impact of business support was extremely strong. For example, one charity manager said:

- “I’d say that what the project has helped us to do is develop a new awareness that the way forward lies in being more business like, more competitive and more profitable. It’s been valuable in changing thinking – and I’d say this is probably especially the case for those of us in the charity sector. To me it highlighted the inefficiencies of the charitable model. We need to recognise those things we do that can never attract funding – the costs of our charitable activities. And we need to look at those things that have income-generation potential. I don’t see a contradiction in the two approaches but the charitable part has to be kept quite small.”

3 **Linking business support to practical, tangible outcomes** The business support worked best when it could be tailored specifically to tangible, practical objectives such as new market opportunities, new products/services, or included support to access appropriate funding streams which could help finance a new product or service development. For instance, Market Makers provided some of its clients with support to develop applications to the Social Enterprise Growth & Innovation Fund grants (up to £30K) offered by Be Birmingham (the local strategic partnership) under its Social Capital & Enterprise Programme. In these instances, tailored business support really gains momentum: clients see a real, tangible benefit that they are working towards and the support process has a practical, real-life focus that gains greater buy-in and commitment from the recipients. This can be seen in the selection of feedback comments below:

- “Market Makers’ support convinced me to develop a new product [a Food Hygiene training package] from which we have already generated £5,000.00-worth of sales.”
- “The project helped us think outside the box regarding how we generate income.”
- “Help with application ensured a successful Be Birmingham Social Enterprise Growth & Innovation Fund – with this we have developed a new arm of work which is creating opportunities in training for domiciliary care for unemployed people and extending our Domiciliary Care Service – already £1,000.00 new business.”
- “The support we received ensured we had correct policy/procedures, securing our Social Enterprise Growth & Innovation Fund application.”

4 **Filtering and selection** Filtering at the access point of any such programme is vital. While not all applicants to Market Makers were accepted, even amongst

those that were some enterprises turned out to be far from market-ready. It is probably important that a programme such as this should exercise strong selectivity and this can be in tension with a requirement to meet a particular number of enterprises supported. It became evident that a key part of the business support work would have to focus on helping enterprises *get ready* for a 'market existence'. While this may seem to run counter to a project whose aim is to enable enterprises to enter new markets, it reflects the real-life circumstances of many in the sector.

- 5 **Preparation, guidance & direction** Projects like this need a lot of careful preparation time, however – not least in identifying the target businesses one is seeking to involve. But there are other aspects too which need clear, unambiguous guidance and direction right at the outset. For example, differences in the approach and style of individual business advisors also need to be resolved at a very early stage. What are the expectations of business advisors working directly with clients – should they be very hands-on or 'distance learning' advisors? How much do they 'do for' and how much do they 'do with' clients? These are fundamental issues in business support. There is some evidence to suggest that the priorities of getting a complex programme up and running submerged issues such as these in the early stages. iSE's chief executive has said:

- "These are important lessons. It is important to emphasise that the context of the project was firmly R&D – it was about testing innovation. It was never going to be easy – even in a more amenable climate. It was about doing business support in a new way and with hindsight perhaps we should have been clearer in establishing these parameters at the outset."

- 6 **Benefits of combining tailored one-to-one support with group learning** It is felt that the combination of one-to-one support and group training workshops worked well and represented excellent value for money. There were also benefits in analysing the common needs across the business diagnostics to identify what could be more successfully and cost-effectively delivered in group workshops. This enabled the one-to-one support to be tailored and focused while also reinforcing the learning of the workshops.

- 7 **Successful business support needs client buy-in – all the way to the top** Successful business support – especially where this is about transforming business models and seeking new markets – needs 'buy in'. iSE's business support manager explained it this way:

- "Business support and market-making really needs buy-in from the whole organisation – Boards in particular need to be part of the process. A further problem is that in some organisations senior staff and Board members already think the organisation is successfully pursuing a social enterprise model, whereas in reality they aren't, or aren't pursuing it very effectively. This may help explain the resistance of some organisations to

pursue the objectives laid down in the action plan developed with them or to fully utilise the business support offer. The advisor really does need to engage with all of the enterprise's decision-makers and this can be difficult and time-consuming."

## **7.0 CLIENT SATISFACTION & IMPACT**

A detailed survey questionnaire covering a comprehensive range of impact and outcome areas was circulated as part of this evaluation to all enterprises supported by the project. A total of 32 completed questionnaires were returned. This equates to a sample of over 30% and for the purposes of this evaluation constitutes an adequate size for dependable results. It is also worth noting that it represents a very good rate of return: it is not unusual for similar evaluation exercises to net only 12%-15% return-rate.

### **7.1 Key Outcomes & Indicators of Success**

For the sake of brevity only key impact and outcome areas are covered here, focusing on those that offer the best indicators for satisfaction with the programme and which illustrate its outcomes most effectively.

#### ***(a) Organisations supported – by legal structure***

The majority of enterprises supported were Companies Limited by Guarantee (53%) followed quite closely by charities (44%); 28% of the sample were Community Interest Companies. 56% of those supported were organisations originally established as social enterprises. 47% were organisations originally established as conventional voluntary organisations or charities.

#### ***(b) Use of existing/emerging ‘business portals’***

Existing and emerging online business portals were promoted heavily to participants as a means of raising their profile and seeking public/private sector business opportunities at nil cost. It was felt to be important to do this because generally social enterprises and third sector organisations make little use of initiatives aimed primarily at the conventional business sectors. This was a very successful tactic.

By the end of the project almost three-quarters (72%) of project participants had registered with Market Makers’ Shop for Change initiative and were making active use of this, and 63% had registered with and used Find It in Birmingham (FIIB), the relatively new Birmingham City Council/Be Birmingham sponsored online portal for all businesses. Several enterprises reported finding new business through FIIB. Some also made use of similar initiatives in other regions/localities, such as Find It in Sandwell.

#### ***(c) Usage of business support & training workshops***

The most heavily used business support elements were business planning followed by support to improve business networking, collaboration, partnerships and clusters.

The most heavily attended workshop topics were measuring social impact, effective marketing, and governance for social enterprise.

**(d) Quality rating of business support & training**

Satisfaction levels with the project's business support were high. 75% rated it from **very good** to **excellent**.

Satisfaction levels with the project's training and events appear to be at slightly lower levels than those expressed for the business support: 50% rated the workshops from **very good** to **excellent**.

**(e) New markets, new business & other positive outcomes**

Market Makers' achievements in helping to unlock new markets and generate additional business is a key area for the project but does need to be seen in its wider context. There are three main issues involved here:

**Adverse economic and public purchasing climate** It has already been noted that Market Makers was delivered in a very adverse economic climate. The project – and the enterprises it supported – were contending with massive change in the markets for social enterprise, significant uncertainty following the election of a new government, declining public sector spending, and major changes in the structures and processes for buying and commissioning of services from the third sector.

For instance, during the entire period of the project no new public sector tendering opportunities came on-stream. Two tendering prospectuses were announced by Birmingham City Council Adults & Communities Directorate – one for domiciliary care services and a one for a 'handyman' service – but these were subsequently withdrawn. It also proved exceptionally difficult to get commissioners to engage with the project; most were preoccupied with the uncertainty their own roles and futures faced. Consequently, the project had to widen its approach to unlocking new markets.

**Logistical difficulties** But tracking and analysis of new business also presents logistical difficulties of its own. Not all social enterprises have in place internal systems that enable them to 'map' the origins of new customers and new business, and in addition many are simply too hard pressed to spend time in responding to requests for detailed business data. The survey conducted as part of this evaluation did well in the circumstances to secure the levels of data that it did.

**Creating new markets and new business takes time** The lead times involved in a business support programme which includes market development as a key objective are quite different to those involved in more 'general' programmes, not least because market development involves approaches that are necessarily longer-term in their objectives – as is illustrated by the contract brokerage models and the private sector supply chain initiatives



supported by Market Makers. New business in these instances will be derived significantly beyond the lifetime of this project.

With these points in mind, the following can be said about new business and other positive outcomes for which the Market Makers project has been directly responsible.

- 1 47% of enterprises state that the project has helped them enter new markets.
- 2 37% say that as a result of this they secured new business.
- 3 Of this 37%, a proportion was able to put a figure on the value of new business gained and for the sample this totals **£54,460**.
- 4 The largest single value of business recorded was £20,000.
- 5 47% say the project helped them identify new business opportunities they were previously unaware of.
- 6 There has been growth in the businesses supported during the lifetime of Market Makers with 25 FTE and 6 P/T jobs created.
- 7 Enterprises were also asked to comment on other positive outcomes and here the feedback was exceptionally favourable. Here is a selection of comments:
  - “We have identified new markets; support to convert to CIC has brought with it huge opportunities – already £10,000-worth of new business, including contracts from Find it in Birmingham. Also, better networking and a better understanding of what SEs want to buy from my business.”
  - “What MM did do for me which couldn’t be expressed via the answers to the questions above, was encourage me to take the plunge and set up a CIC to specialise in offering marketing and communications services to social enterprises, which I had been considering for some time, but not actually done. It’s early days but so far I am very pleased that I took that step. I would say it has strengthened my position in a market I was already in. Already £3,660.00 sales.”
  - “Improved networking. MM also helped us see where opportunities are, already £3,000.00 of new business and we hope prospects of more.”
  - “Sarah Crawley worked with us to develop an insured proposition for our services which we have since sold to four clients. I am really grateful for her driving us to do this, I would not have bothered otherwise and it has opened up considerable opportunity for us with infrastructure organisations. Already £400.00 sale. It also helped with insights into buying habits of SEs – and into my own buying: I have already switched

from private sector to SE suppliers in two areas. But also helped me understand what SEs want to buy from my business.”

- “Hope to set up new enterprise in new FY – benefits of the programme will then become more evident.”
- “Being ‘plugged in’ to the social enterprise movement in Birmingham, through iSE, with all the networking, referral, information-sharing, training, potential partnerships, market development and business opportunities that brings.”

This suggests that other positive outcomes – both in terms of new business and in improved business practices and performance – will continue well beyond the lifetime of the project.

## 8.0 CONCLUSIONS & RECOMMENDATIONS

### 8.1 Conclusions

- 1 Market Makers illustrates that it is possible to combine tailored business support with more strategic market development activities to identify and unlock new opportunities for social enterprise. The lead times involved in doing this, however, are substantially longer than in more general business support programmes. It is also essential that market-making programmes have the expertise and flexibility to respond swiftly to volatile trading conditions, modifying approaches and objectives accordingly.
- 2 There are positive outcomes – including major business opportunities – which will stretch well beyond the lifetime of the project. These include:
  - **Shop for Change** This will continue as a focus for inter-trading and mutual support within the sector through business and supply-chains. It will need continuing promotion beyond the lifetime of Market Makers in order to keep up the momentum, however.
  - **Private sector supply-chain opportunities** Private sector supply-chain opportunities with private sector construction and support services providers (Wates, Interserve, Living Space) developed during the lifetime of Market Makers are likely to mature throughout the course of 2011/12 and will almost certainly generate revenue for the sector in the foreseeable future.
  - **Contract brokerage** Two contract brokerage models have been supported: Buy for Good, a public procurement brokerage; and a Consortium of User-Led Organisations (CULO) to provide advocacy, support, signposting and services for those spending Individual Budgets to purchase adult social care. They are at relatively early stages of development, but have significant potential in the longer-term.
- 3 In the case of Buy for Good, if council leaders accept the recommendation which has been put to Cabinet that Buy for Good should be the vehicle through which Phase II Energy Savers contracts are let, then this will open up direct access for the sector to up to £50m-worth of environmental retro-fitting contracts.
- 4 In the case of the Consortium of User-Led Organisations, this has also been a significant learning and development experience for its members. As well as representing considerable business and performance gains for the future, many of its members also acknowledge that the experience has also led them to improve their own business practices and strategies. iSE's facilitating role in supporting the CULO is also sufficiently highly thought of by CULO's members for them to consider paying to retain iSE's development expertise beyond the lifetime of Market Makers.

5 Market Makers has helped its beneficiaries develop new products and services, find new business opportunities and increase revenue. The project's headline outcomes include:

- 47% have entered new markets.
- 37% have secured new business valued conservatively at £54,460. Others say they have secured business but are currently unable to put a value on this. It is also evident that new business levels would have been substantially different had the public purchasing environment been more positive during the lifetime of the project.
- 47% have identified business opportunities they were previously unaware of.
- There has been growth in the businesses supported during the lifetime of Market Makers with 25 FTE and 6 P/T jobs created.

6 The project also highlighted some of the prevailing weaknesses in the sector:

- A substantial proportion of its participants struggled to achieve 'market readiness' or turned out to be nowhere near as market-ready as they had perhaps thought they were.
- For this reason, initial targetting and selection of clients is vital. There are strong arguments for greater selectivity, ensuring that those accessing such programmes are the 'right' enterprises and best-situated to gain the most from it.
- Having said this, it must also be acknowledged that Market Makers took place at a time when access to more basic (or general) business support for social enterprise was in steep decline due to funding difficulties. This is likely to be a continuing factor and so any similar future programme will face tough decisions about who does and who doesn't get supported.
- It is acknowledged that initial selection in the very early stages of Market Makers should perhaps have been more stringent.

7 Not all enterprises will wish (or in some cases are able) to engage with a business support offer at the fullest level. There are various reasons for this, but key amongst them are the following:

- Enterprises need to understand the offer.
- They need to understand how it will benefit them; and

- Key decision-makers in the enterprise, up to and including Board and/or trustees, need to ‘buy into’ the process. This is especially the case in business support programmes such as Market Makers where adopting new business models and attempting to enter new markets are key objectives.

## 8.2 Recommendations

- 1 **Identify measures of success early and track these throughout the project**  
Programmes focused on strategic business support and wider market development are ambitious. In order to stay on track *and* respond to emerging conditions in the marketplace they need to be very clear about their measures of success. How will the outcomes of a complex (and large) business support caseload be judged? What are the key indicators of successful business support and can these be tracked in the available timeframe? Market Makers probably didn’t begin assembling its outcomes evidence early enough and it would have been beneficial if the project had been clearer at the outset regarding what needed to be measured. This would then have enabled participating businesses to be informed of the ‘menu’ of information they would be requested to track – perhaps not as a precondition of support, exactly, but certainly as an ‘expectation’.
- 2 **Market analysis is a prerequisite** The market analysis conducted as part of Market Makers was central to reshaping the project’s delivery priorities in response to changing market conditions and trends. It is essential that programmes like this are informed by market analysis. Indeed, it might be argued that any market-making programme should actually take place in two stages:
  - First, there should be market analysis aimed at identifying emerging and new market opportunities, and current marketplace conditions for social enterprises.
  - Only if the market analysis identifies new/emerging market opportunities that can be realistically pursued should the project pursue a delivery phase.
- 3 **Market opportunities should be the driver** Market opportunities should be the key driver for projects like this. Particularly in adverse economic conditions, the market opportunities identified (whether immediate or long-term) should shape the nature and priorities of the business support offer; and the action plans developed with individual businesses should reflect specific objectives *explicitly connected* to these opportunities and the core aims of the project. In the case of Market Makers, the large size of the business support caseload (100 businesses to be supported) sometimes made this difficult. There is a strong case for making such programmes closely targetted rather than ‘high volume’. This way,

there is a much greater chance that project resources will be focused on those businesses most able to benefit.

- 4 **Market-making in adverse economic conditions** Market-making programmes conducted in a time of economic downturn and wider market disruption differ significantly from those delivered during a time of economic growth. In adverse economic conditions market-making programmes must also provide support for businesses seeking survival strategies and improved resilience. This may be linked to new markets/customers but it may also be about strengthening businesses to survive in the marketplace. This reinforces the need for clarity at the outset of such programmes, with all those engaged holding a common view about the ultimate aims and outcomes.

Alun Severn  
Third Sector Services  
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