



# SOCIAL ENTERPRISE TOOLKIT

A RESOURCE FOR COMMUNITIES  
AND INDIVIDUALS SETTING UP  
A SOCIAL ENTERPRISE  
IN IRELAND

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**COMMUNITY  
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Financing Social Enterprise

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## Disclaimer

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## Foreword

Community Finance Ireland are pleased to have been in a position to support yet another “first to market” within the Social Economy space on the island. Given the growth in Social Innovation among both Communities and Social Entrepreneurs alike, the provision of a Social Enterprise Toolkit is a natural, relevant progression in the evolution of a collective industry calling out for supports in various forms, not just at the point of start-up, but also for those seeking to transition to that “next phase”.

An important factor in Community Finance Ireland deciding to fund this initiative was the ability of the Toolkit to be added to, as new supports are made available from both state, private and “more than profit” entities. This will ensure the Toolkit can adequately adapt to change, an intrinsic feature of modern Social Enterprise.

Donal Traynor, Community Finance Ireland

Dublin South City Partnership (DSCP) is a Local Development Company which addresses issues of disadvantage, unemployment and social exclusion across a large part of south Dublin city. The area we cover has a population of over 130,000 and incorporates a very diverse range of communities, some of which have many needs. DSCP provides a range of services, ‘from cradle to grave’, in an effort to meet these needs. These services include support for community childcare projects, education programmes for children and adults and a range of services supporting unemployed people on their journey back to education, training and work. We also support individuals and groups who are developing small enterprises.

An important part of our brief is to work in partnership with various community and state agencies. Accordingly, we support a whole range of community groups on issues such as disability, older people, interculturalism, social regeneration, community safety and neighbourhood development. The issues we deal with are often complex and difficult. Our approach focuses on making a practical difference to the lives of individuals and communities. To make this difference we are committed to working in a cooperative manner with the communities which we aim to serve.

Tara Smith, Dublin South City Partnership

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Dublin City Council is the Local Authority and the democratically elected body that governs Dublin City. It is the largest Local Authority in Ireland and provides a vast range of services. Through its Economic Development Office it seeks to encourage and support sustainable and strategic social enterprise and social innovation development in the city. Support provided to social enterprise and social innovation development include:

Training, Mentoring, Events, Grants and Promotion of social enterprises through articles on [www.Dublin.ie](http://www.Dublin.ie) for example.

Dublin City Council also supports social enterprise and innovation development through the – Dublin City Social Enterprise Committee (SEC). This committee reports to the Economic Development, Enterprise and International Relations Strategic Policy Committee. The SEC has adopted a strategic approach which includes:

- The SEC will identify specific areas of need and opportunity for social enterprise as an opportunity for co-creation within the council area.
- The SEC will review suitable business sectors for Social Enterprise particularly strong growth sectors that have a developed ecosystem and that have significant scale or potential to grow in Dublin City.

Greg Swift, Head of Enterprise and Economic Development – Dublin City Council

The Irish Social Enterprise Network was set up to give the social enterprise sector a space, a platform and a voice. We have always strived to help people get their social enterprises off the ground or take them to the next level. Part of this work is to assist social enterprises in their development, whether they be pre-startup, startup or established social enterprises.

This toolkit is an effort to begin to move social enterprises from surviving to thriving. We hope that it becomes the start of the journey for people considering joining the world wide movement of organisations that seek to make the world more socially minded and sustainable. We hope that you find value in this toolkit and seek to further your learning through our network.

Chris MM Gordon, CEO, Irish Social Enterprise Network

### About Irish Social Enterprise Network

To find out more about our network and the work that we do, log onto our website [www.socent.ie](http://www.socent.ie), follow us on Twitter @SocEntie or on Facebook at [www.fb.me/socentie](http://www.fb.me/socentie)

## Chapter 1 Introduction

Social enterprise offers the perfect business model for those that aspire to do some good and make that work sustainable. Social Enterprise has seen a huge growth in the past number of years; more and more social enterprises are taking shape and more companies are becoming aware of its valuable role. A growing number of not-for-profit organisations are seeking opportunities to start or expand ventures that fulfil their mission and provide earned revenue. A social enterprise is an organisation that achieves both.

Social enterprises face some unique challenges. For example, in a social enterprise you don't just have to be concerned about keeping the customer satisfied. You have to satisfy your social ambitions too – whether that involves serving a community, protecting the environment or solving a social problem. This toolkit is intended to help you understand the challenges and provide you with the skills to achieve your ambitions.

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*I believe that every human mind feels pleasure in doing good to another.*

*Thomas Jefferson*

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### 1.1 Is this Toolkit for me?

This Social Enterprise Toolkit is for communities and individuals thinking of setting up a social enterprise in Ireland. In short, this guide is aimed at communities and individuals with an idea who want to make the world a better place.

Setting up a social enterprise, or transforming an organisation from a charity, public sector or private business into a successful social enterprise can be a daunting, challenging yet exhilarating experience. You can sometimes feel isolated on the journey and that's why it's vital to learn from the experiences of those who have gone before you.

That's why we embarked on writing this plan to help you understand how to overcome such challenges. There's a lot of information available for start-ups, and this guide takes you through the essentials. But we focus on the skills that are most important in a social enterprise.

When you are setting up a social enterprise you normally write a business plan, undertake the task of establishing the enterprise and commence operations. Embracing this toolkit will certainly help you get there. With a social enterprise, there are a few additional skills you need to learn when setting up the organisation.

## 1.2 What is Social Enterprise?

There is a definition that we will use for social enterprise:

*A social enterprise is a profit seeking organisation with a defined social and/or environmental mission*

But there are many definitions. In a Forfás report in 2013, the following definition is given:

***Social Enterprises** are business models set up to tackle **social, economic or environmental issues**. While they are driven primarily by **social** and/or environmental motives, they engage in trading or commercial activities to pursue these objectives and produce **social** and community gain.*

### 1.2.1 What does that mean?

Well, these are organisations that sell products or services for a profit. With this profit, they can have some social impact.



By way of example, let's take an organisation that makes coffee. The organisation sells that coffee for a profit and, with that profit, they can help people who are homeless.

So, the more coffees that they sell, the more profit they have, the more money they have available to help tackle the homeless crisis.

Social enterprises also, more likely than not, employ people who are socially excluded or marginalised or who perhaps might not have had a job otherwise.

## 1.2.2 Have you got any examples?

Oh yes, we do. Throughout this guide, there are case studies of trading social enterprises that are creating an impact in our society. Examples like Recreate, the Green Kitchen, Rediscovery Centre and more.

## 1.2.3 What a social enterprise is and is not

A social enterprise does	A social enterprise does not
Make its money from selling goods and services Cover its own costs in the long-term (though like any business, it may need help to get started) Reinvest profits back into the organisation to make a difference Pay reasonable salaries to its staff	Exist solely to make profits for shareholders Exist to make its owners very wealthy Solely rely on volunteering, grants or donations to stay afloat in the long-term (though again, it may need this sort of help to get started)

## 1.2.4 Social Enterprises, Private Sector and Charities

Not all things are simple. ‘Social enterprise’ is not a legal term and, as a result, there are many ways to set up a social enterprise in Ireland. Social enterprises are found on a spectrum, with organisations willing to undertake activities which benefit other people, even if it results in disadvantage to themselves (altruism); relying primarily on grants at one end and 100% self-financing, socially driven businesses at the other. There are some legal ways that are more common than others, but the following might be able to shed some more light:

### The Social Enterprise Spectrum



**Charities & Voluntary Organisations:** These are organisations set up purely to help those in need and do so often by fundraising

**Charities with a trading arm:** These are most recognised as charities that sell products and services through a store, e.g. charity shops

**Social Enterprise:** An organisation that trades for profit and has a measured social impact

**Commercial businesses have a social imperative:** These businesses are often set up to make money but have strong values

**Private Sector:** These are pure businesses that trade to maximise shareholder value. They are profit seeking and focus on making money.

### 1.2.5 How Social Enterprises Can Differ

You can break up your understanding of charities and businesses and social enterprises too under two headings, priorities and funding.

	Charity	Social Enterprise	Private Sector
Priority	Helping a community, group of people or furthering a cause that the charity was established to help	Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the mission	Making a profit for the owner or share-holders
Funding	Raising charitable funds. This can be done in many ways from holding publicity events like a bag pack or quiz or larger Telethon events etc., or from collecting donations from individuals or funding bodies	Profit from sale of a service or product	Profit from sale of service or product

### 1.3 What makes it a social enterprise?

Social enterprise is not a legal term. It refers to businesses that exist for a social purpose. In Ireland, you can't register your business legally as a social enterprise. There are various legal forms that are used to incorporate social enterprises.

Ultimately, being a social enterprise is about adopting a set of principles. These include:

**Impact:** Having a clear social and/or environmental mission (set out in your governing documents) and reinvesting the majority of your profits to further the social mission.

**Finance/ Profits:** Generating the majority of your income through trade.

**Ownership:** Having a democratic and inclusive view of decision making in the organisation, including having strong governance, community involvement and a positive stakeholder engagement

This is regardless of what form the organisation takes. So, if you have these in place – you are acting as a social enterprise.

A social enterprise can do many things:

**Selling products:** This can be everything from metal work to coffee and from festive cards to bottled water.

**Selling services:** Social enterprises can deliver anything from consulting services, recycling, or property management to training, courier services, lawn maintenance, running cafes or restaurants.

**Income Generation:** A social enterprise can generate profits from any of its services and can sell such services to members of the general public or specific companies or government agencies.

**Outcomes:** The range of outcomes that social enterprises can deliver range from employing people with learning difficulties, providing affordable psychology services to low income families or assist in helping young people find work.

The list is endless. There are plenty of examples of social enterprises and the impact that they can have.

### 1.4 Why Social Enterprise?

Social enterprises contribute to vibrant economies. In addition to creating new jobs and enabling non-profits organisations to sustain their services, there are many areas where social enterprises are positively impacting on healthy and sustainable communities.

This can include:

**Stimulating community economies:** In some communities, social enterprise can employ people who otherwise may migrate or endure long commuting times. Communities that embrace social enterprises are supporting jobs and helping to build enduring local economies

**Environment & biodiversity:** Upcycling, recycling, food production, composting, eco-tourism, nature wildlife and preservation sanctuaries can all be set up to tackle climate change and social impact.

**Inclusivity:** In many communities, social enterprise can help bridge the gaps between young and old, or settled and Travelling communities, or new immigrants into smaller towns and villages.

**Overcoming social exclusion:** Social enterprises can work with those more vulnerable or overlooked in society by providing apprenticeships, training, skills, resources and related opportunities for a living wage; offer affordable housing and offer the support needed to assist those in difficulty.

**Community and Business:** Social enterprises can often play a vital role in bridging businesses with communities and offering companies the chance to invest or purchase in a more socially responsible manner.

## 1.5 What is a social entrepreneur?

When you hear of social enterprise you may also be thinking of the term social entrepreneur. Social enterprise can be looked upon as a subset of social entrepreneurship.

*Social entrepreneurship is the art of using all that you have on hand to take advantage of marketplace opportunities to achieve sustainable social change.*

Social entrepreneurship captures a lot of different company types. It includes socially responsible investors, corporate social responsibility, social innovators and others. These types of entities are not considered social enterprises unless they directly address social needs through their products or services or the numbers of disadvantaged people they employ.

The real test for an entrepreneur is what they see for the future of the business. In a private business, the owner can look at a return on their hard work in growing and building the organisation, particularly if the business is sold. A social enterprise takes as much hard work to set up and run but, should it cease to trade, it either has to wind up or merge with a similar not-for-profit company. The directors cannot sell their successful business for personal profit. The asset lock ensures that the assets - money, equipment, building, etc. - are passed over to another social enterprise or charity to continue its social purpose.

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Therefore, an entrepreneur is creating a business that they don't own. They can work and earn a living out of it and, if they decide to move on in the future, they will have created a sustainable organisation that has a succession plan.

Their satisfaction will be in leaving a legacy business that can continue to deliver for the public good.

We will find out more later on the legal terms used in setting up a social enterprise.

### 1.5.1 Case Study – ReCreate

ReCreate, started in 2013, is an award winning social enterprise making art materials and educational supplies affordable and accessible to every sector of the community for all kinds of creative purposes. This is achieved by salvaging clean, reusable materials from businesses and distributing them to members in unlimited quantities.

The project is based around the concept known as Creative Reuse which encourages the public to reuse materials on an industrial scale that would normally be sent to landfill or for recycling, for all manner of creative and inventive purposes.

The business model is that members pay a nominal annual subscription fee and in turn have unlimited access to the materials stored in ReCreate's Warehouse Of Wonders (WOW) and its facilities, which include a workshop and member's area.

ReCreates space, known as the "Warehouse of Wonders", has had close to 15,000 visitors in 2017 to date, and showcases what can be done with the materials through display and workshops as well as storing the materials to allow easy access by the public to take away for reuse. ReCreate are creating a welcome space for the whole community, and in 2016 published "Heads Up", their first publication on the positive benefits of using reuse materials in inclusive classrooms, in conjunction with Trinity College.

ReCreate has over 1,200 members, mainly comprised from the early childhood, education, special needs, community and arts sectors as well as families and individuals too. There are also now over 250 suppliers on the ReCreate database. These include the likes of: Smurfit Kappa; Avoca; Bewleys; IKEA; Dundrum Town Centre, Universal Records; Ricoh (printing) and TileStyle, to name just a few. Each year we divert over 200 tons of materials from landfill.

## 1.5.2 Case Study - Walk Green Kitchen D12

The Green Kitchen Café & Garden Centre is a Social Enterprise that generates traded income and achieves good by reusing future profits to further their social inclusion work. The activities of the enterprise cater for a social need in the community, promote training and work experience opportunities for people while being self-sustaining. The organisation was set up by WALK, a charity that supports people with intellectual disabilities. WALK aims to create and sustain a social enterprise that fulfils a social need within the community while creating employment opportunities for people disabilities and other persons distanced from the labour market.

The first Green Kitchen café opened in 2014 in Walkinstown Green, Dublin 12. The cafe was set up to provide great food and an opportunity to employ people who are socially excluded or marginalised and who might not otherwise source a job or find meaningful employment. The cafe purposely does not display brands or markings on the wall or overtly claim that it is a social enterprise. To most customers, the café is similar to any traditional café and gives no indication that it is trading as a social enterprise. This is a deliberate policy as the Green Kitchen wanted to show that they were focused on the quality of the food and the experience that customers gained from dining there. Also, for the people who gain training and work experience in The Green Kitchen, their CV shows time working in a busy, commercial operation.

Adjacent to the café is the Green Garden Centre. The new shop provides access to an oasis of calm and colour with vast range of quality garden products. They provide advice on gardening and have horticultural experts who will give tips to customers. There are many freshly grown items on sale there, too. Most importantly, their garden centre offers excellent opportunities for the people they support to become involved in this fantastic community initiative while learning a new skill.

Green Kitchen opened up two further franchises in 2017: Ballymun Rediscovery Centre and the Richmond Barracks in Inchicore.

They can be found at [www.walk.ie/thegreenkitchen/](http://www.walk.ie/thegreenkitchen/)

### 1.5.3 Case Study - Rediscovery Centre

Since it was founded in 2004, The Rediscovery Centre has expanded its operations to become a national leader in resource efficiency and waste prevention. One of the platforms for this expansion has been the Rediscovery Centre's 4 key social enterprises: Rediscover Furniture, Rediscover Fashion, Rediscover Cycling and Rediscover Paint. Each of these social enterprises take waste materials and reimagine them as high-quality, sustainable products for sale with revenue generated reinvested in the programmes.

The Rediscovery Centre's social enterprises lie at the heart of its mission to support circular economy principles for low carbon living and the support green economy. They participate heavily in community employment and training schemes, whereby the long-term unemployed or educationally disadvantaged are offered work in the centre and trained in new skills.

In 2017, the Rediscovery Centre embarked upon a new venture and opened a dedicated centre of excellence in education for sustainable development. Key to the centre is a collaborative Ecostore, supporting enterprise development and providing a 'bricks and mortar' space for eco-designers throughout Ireland. The store has also enabled the Rediscovery Centre's enterprises to add to its product lines, take on more trainees and extend the centre's influence in the community and with the wider public .

As a creative space connecting people, ideas and resources for the circular economy, the Rediscovery Centre has become a hub for social enterprise innovation which supports and fosters collaborative action.

Find out more at <http://www.rediscoverycentre.ie/>

## 1.6 Before you start

You don't always have to set up a company or a social enterprise. Before you even begin it is important to ask yourself a few questions.

Ask questions such as:

**What is the main issue that I am hoping to solve?**

**Do I know as much as I can know before starting?**

**Who can help me on this journey?**

**How will this affect me?**

**Have I reached out to those that are trying to solve the same problem?**

**What can you do with the resources and time that you have got?**

**Is there someone or an organization out there already doing something similar?**

There are already a significant number of organisations tackling a number of issues, both across the world and close to home. Many people commence approaching a problem by considering setting up a new business. However, very often there are existing organisations and individuals already fulfilling that role. You don't have to start something new to get that off the ground.

### 1.6.1 Being Secretive

If you do decide to start, you might believe that your idea is tentative and vulnerable. It may be surrounded by uncertainties and a lot of unknowns. What makes sense to you might not make money or people might not buy what you are producing. You also may believe your idea might be stolen.

Our advice is not to be secretive. Talk to people who are knowledgeable in the area and sector in which you are trying to start.. There is a document known as an NDA (Non-Disclosure Agreement). It is much better to get people to rally round your idea, bringing people on board. The following are good reasons not to have an NDA:

- NDAs put too much focus on the idea.
- NDAs make you look inexperienced.
- NDAs stifle idea sharing and creativity.

### 1.6.2 Thinking like an entrepreneur

*“Entrepreneurial mindset refers to a specific state of mind which orientates human conduct towards entrepreneurial activities and outcomes. Individuals with entrepreneurial mindsets are often drawn to opportunities, innovation and new value creation.*

*Characteristics include the ability to take calculated risks and accept the realities of change and uncertainty.”*

*- Alain Fayolle, EM Lyon*

Frequently, setting up an enterprise can be a lonely road on which to embark. It's important that you are as well informed as you can be to set up a company. In the early days, it is all about doing everything down to the last detail. When money is in short supply, you are often called upon to be the chief accountant, cleaner, marketing person, sales rep, print cartridge re-loader and many more jobs that are not in the job description.

It is also hard to set up a social enterprise unless you feel that you are financially supported. You might be long term unemployed.

You might have to ask yourself some questions to make sure that you are ok. For example, here are some things about being a social entrepreneur that you should consider:

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>● Regular wage</li> <li>● Working for someone else</li> <li>● Stability</li> <li>● Setting up your own thing</li> <li>● The buck stops with you</li> </ul> | <ul style="list-style-type: none"> <li>● You're your own boss</li> <li>● 24/7</li> <li>● Colleagues</li> <li>● Opportunities often presented by the organisation</li> </ul> | <ul style="list-style-type: none"> <li>● Follow process</li> <li>● Defined Jobs</li> <li>● Flexibility</li> <li>● The chance to innovate</li> <li>● 9-5</li> <li>● Jack of all trades</li> </ul> |
|---|---|--|

## Chapter 2 Mission & Purpose

The starting point for any social enterprise is to be clear on what you are trying to achieve, what is your motivation and how you will go about doing it.

Your social enterprise needs to have a clearly defined brand and business brief which communicates what it does, how it does it and why it does it.

A social Enterprise is distinguished from a conventional business because it is established to tackle a problem or promote a cause as its primary intention. Tackling that problem or challenge becomes the organisations' 'social mission'.

Ultimately, you will want to identify some challenge or problem that you want to tackle; the more you plan and really think about what outcome you wish to secure, the better your organisation will be. As social enterprises are fundamentally no different to normal businesses (apart from their social mission!), you should put all that the organisation intends to do in a business plan.

### 2.1 A business plan in a nutshell

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*“By failing to prepare, you are preparing to fail.”*

*Benjamin Franklin*

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A business plan may appear daunting. It may also appear that a 'business' plan is not necessary for your social enterprise. But all profit seeking and non-profit organisations need a purpose and a plan to execute. Planning the vision, goals and strategy of how to run your business will give you and your team the information you need to perform successfully everyday to achieve the end goal.

The process of writing a business plan will usually be produced before you begin your social enterprise, with updates added when changes are made to the core of how the social enterprise is run.

For example, let's say that you decided that your target market for your coffee stand was festivals, but in the end, you opted to sell outside office blocks in Cork city. There are different target markets, maybe different pricing, possibly there is a staffing issue. This would require you to go return to your plan and ensure you will still make the social enterprise sustainable.

If you have a board or other cofounder or you have identified some more experienced people to join with you in creating the business plan, make sure that you are able to reflect their input. Having more people involved does not automatically mean the idea will be better and more successful, but you might hear

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a range of opinions that can make the plan, and therefore the social enterprise, stronger.

It is recommended that you keep your business plan to a few pages, excluding your supporting documentation. It is best to make sure that the plan is adequate and is detailed enough for action. Make sure that it both reads and looks well by sharing it with more experienced people who might be able to offer some advice on it.

The Business Plan should include many of the topics discussed within this guide, with the following sections:

Executive Summary  
Business Proposition  
Customer Profile  
Products and Services  
Market Opportunity  
Marketing and Sales

Operational Management  
Business Formalities  
Social Impact  
The Team  
Implementation Plan  
Financials

This Toolkit will examine all of these topics. While this Toolkit will address the larger questions, please make sure that you research widely and ensure you are tackling an issue and generating a plan that will actually work.

If you are looking for an outline business plan, we recommend that you go to the [www.localenterprise.ie](http://www.localenterprise.ie) website. Download the questions that are required of a priming grant and feasibility study. It will really help you to look at what funding bodies require from a social enterprise plan.

## 2.2 What is your big idea?

When it comes to your social enterprise it is important to think about it in its simplest form. We will identify a need or an issue, we will look at how we can address it, then we will see what difference we could make.



The following exercise is designed to explore your idea from a few different angles and establish if there are any gaps in what you want to achieve as well as identifying what knowledge you already have.

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Write down the need or issue as you see it in three different ways.

- 1 
- 2 
- 3 

List three ways that you might know on how to help address those needs/issues.

- 1 
- 2 
- 3 

What are the best outcomes for tackling the need/issue your way:

- 1 
- 2 
- 3 

We will explore all of these issues more through this Toolkit, so let's get started.

## 2.3 Defining your issue/ cause/ need

Social enterprises often come down to the question 'Why?'. This question is generally what sets them apart from a regular business. Frequently, social enterprises emerge from a passionate belief or the identification of a need that you believe you may be able to supply. Your issue or your cause can be a social, environmental or economic issue that needs to be tackled. It is important to identify to whom are the beneficiaries.

Beneficiaries are those that will primarily benefit from your social enterprise.

One of the best ways to understand the need for a service or product is through personal experience – if you have had to deal with an issue personally you're going to have an understanding of what is the need.

Most social enterprises will tackle one issue; however, some tackle multiple issues. For example, this could be:

- tackling literacy rates in lower income households
- employing ex-offenders in sustained, meaningful employment

Perhaps you've encountered something in your life that has impacted adversely on people. Perhaps someone close to you has experienced difficulties that could have been better addressed. However, while you'll have to make sure you don't assume your experience is the same as everyone else's; having this insight is truly valuable. If you don't have personal experience you will have to work harder to gain personal insight. You will have to do your research and spend time with the people who do have experience of the issues you are trying to tackle.

To showcase the importance of this issue, it is useful to gather statistical evidence to identify the issues and negative impact being caused by this problem. It is very likely that you will need to use this statistical data to raise awareness and educate your different audiences about the cause and encourage their attention and support.

### 2.3.1 Exercise: Your cause

You will need to understand the issue you are trying to face to understand it better. You will need to focus on the components of your cause. Let's start with a simple exercise.

#### What needs changing?

- Who is most impacted by your cause?
- Are there any characteristics about those affected, like their age or circumstance, or their
  - Try and identify the typical experiences of the target population / segments
  - Identify trends or future expected changes that may change the situation (good and bad)

#### Says who?

- What are your sources for identifying this as a problem?
- Who else is dealing with the problem or bringing people's attention to it?

#### Is it a critical need?

- How large is the target population (ideally broken down by the separate groups outlined above)
- Is the problem growing / is the target population growing?
- To what extent is the problem being resolved today?

- What is the best way to achieve things?
- Do I work with others?
- Should it be a social enterprise?

### 2.3.2 Defining Your Beneficiaries

We define beneficiaries within this toolkit as people or organisations who may benefit from your products or services e.g the homeless, kids in social care homes, young people, etc.

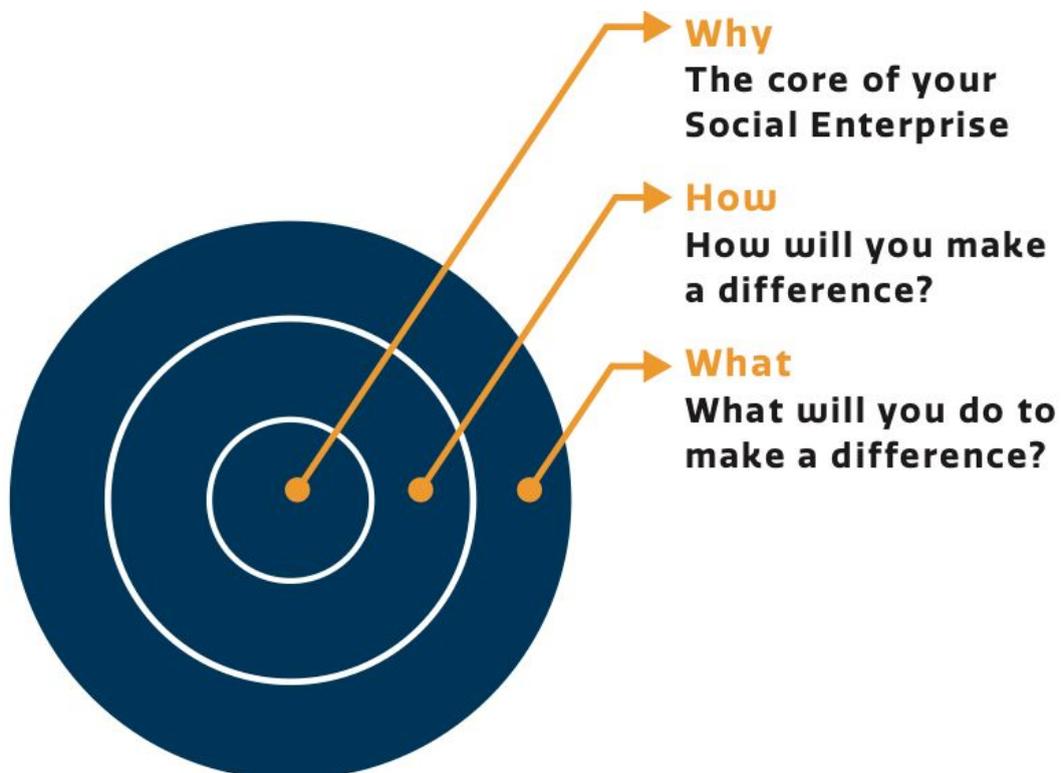
To define your beneficiaries, you could:

- Research the size and profile of your beneficiary group
- Understand what their current needs are
- Identify whether they want, what you intend to offer them
- Identify how to reach those beneficiaries
- What costs are there to reaching them?

### 2.4 Vision, Mission and Values

You can simply start your social enterprise, but without a clear direction or setting achievable tasks, you will be more likely to fail than succeed. It might seem like a step back to commit your own thoughts to paper, but getting people on board with your idea and making calculated and informed decisions, prevents you from losing money, losing time or worse still, by aggravating or adding to the problem you are trying to fix.

A vision really gets to the 'Why' of your organisation. It is useful to start there.



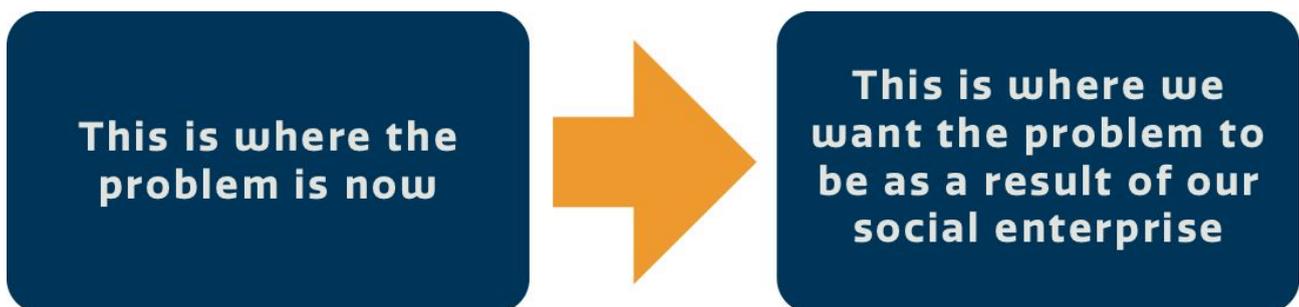
## SOCIAL ENTERPRISE TOOLKIT



Most social enterprises emerge from personal experience and first-hand witness to injustice or maltreatment. Spending time to fully think through the idea and the implications prevents mistakes from happening and gives a robust structure to ensuring the vision is transformed from an idea to a social enterprise.

### 2.4.1 Vision

If you want others to join with you, you must start with your clear vision. It has to be clear, it has to be achievable and it has to be somewhat realistic.



For example, let's say you are deeply concerned about young people being bullied and want to reduce the risk of future behaviour. You want to provide empowerment courses and anti-bullying training to children in school. For this to be affordable or even free to schools, you need to generate income from other sources. But that's the "how" and not the "what."

You might say your vision was: 'To create a world in which every child is free from bullying.' This is the change you would like to see in the world. Consider that you are not telling anyone how you are doing it. Just that you want to make this impact.

You can have an unrealistic vision, for example: 'to prevent all types of bullying forever'. I think we would all like to see this as true but it might not be possible with your social enterprise. So make sure that the vision could be attainable and somewhat realistic. Otherwise, you will never fulfill your vision which can be off-putting and of less use as a statement.

### 2.4.2 Vision Exercise

A vision is the world that your organisation seeks to create. From the last exercise, you should have identified the issue you are trying to tackle. In this exercise, let's look at ways of developing a vision. You can do this for yourself or in a group. They will need to be:

- **Specific** – addressing one issue, need or community.
- **Bold** – and cannot be delivered quickly.
- **Feasible** – because people have to believe it can be achieved.

You might find it helpful to put a timeframe to your vision. When you achieve it, you can always write another one! For example:

'By 2025 our Youth Cafe will be Dublin City's largest and most popular provider of advice, training and encouragement to young people seeking to improve their lives and their opportunities.'

Work on developing the words and phrases that best describe your social enterprise.

- Make sure the time frame is within the next 5 to 10 years.
- Imagine what the newspaper headline might read like about your successes
- Can people understand your message
- Dare to be different and make it real
- Although a Vision is meant to stretch you, make sure it could potentially be within reach

### 2.4.3 Storytelling

When you are getting underway, you will always get asked about what you do or how you do it. Stories are your key to getting across complex international issues, as people can relate more to a personal journey rather than an issue that may not affect them.

Think about it this way: which is more interesting, listening to the methodologies and psychological tools that can be used to prevent bullying in a complex environment or telling the story of a child who overcame a challenge, and whose life is forever changed because of your social enterprise.

People are invariably moved by relatable personal stories. And, those stories are more likely to get retold. Practising your story is an excellent way to capture people's imagination and to communicate your ideas.

#### 2.4.4 Storytelling Exercise

Imagine you have been given four minutes to give a talk on your social enterprise. You are endeavouring to convince people of something that needs to be done and you have been given an opportunity to present your solution.

Try telling a story that does the following:

- Brings people on a journey
- Gives people a sense of the problem
- Who is most likely affected by the issue
- How are you going to solve it
- What is the impact of your solution?
- Do you have an ask, a key message you want people to leave with
- Is there an 'ask' or a 'call to action' that people will leave with

#### 2.4.5 Mission

Now that you have got a vision, you need to work on how it will be achieved. A mission statement is much more focused on giving a brief insight into the internal workings and objectives of your project.

Your mission statement has to be short, specific and measurable. It expands on your vision statement, informing the reader how you plan to deliver the change you believe is required.

*In social enterprises, you can also have it described as your 'social mission'. If you have a social enterprise, your mission statement will naturally be focussed on your social causes.*

### 2.4.6 Mission Exercise

Write yourself a mission statement that says:

<b>What</b> are you going to do?	
<b>Who</b> is going to do it?	
<b>How</b> it will be achieved?	

The mission statement needs to mean something to you and everyone who comes into contact with your organisation. It should include the who, how and what. For example:

‘Dublin City Youth Cafe works with young people to to deliver personalised programmes that help them develop skills and goals and the space and support to achieve them. It does this by bringing the best youth workers, mentors and advisors together in a safe and supportive environment.’

**Your mission statement:**





## 2.4.7 Defining your objectives

The objectives of your organisation detail how your organisation will achieve your aim. Your objectives are a list of activities you plan to deliver.

All of your objectives should be SMART.

To make sure your goals are clear and reachable, each one should be:

- Specific (simple, sensible, significant).
- Measurable (meaningful, motivational).
- Achievable (agreed, attainable).
- Relevant (reasonable, realistic and resourced, results-based).
- Time bound (time-based, time limited, time/cost limited, timely, time-sensitive).

For example:

The aim of the social enterprise is to help young people into employment to help reduce the unemployment rate

Our objectives are to:

- Encourage employers to provide new work placements
- Identify work placements across a range of industries
- Recruit and place young people into work placements
- Deliver employability skills training for young people
- Provide a full time recruitment service for employers

Who/ what	Change/ desired effect	In what	By when
Youth participating in Youth café	increase	their use of community resources and services	within one year of joining
Local schools	adopt	policies to improve youth employment	by 2022

## 2.4.8 Values

The values of your organisation communicate the ethos and motives of your organisation. Many companies believe that their values are more important than your vision or other statements. Values can speak to culture within your social enterprise and can be pretty important in taking the time to outline.

For example, a value could be to trade ethically. This might mean that you only use ethical products. These products could be of a higher cost. But if it is truly important to the social enterprise, you have to make a choice. It might be a value to deliver the best possible cost to your clients. In this case, more quality materials will not be chosen as they are generally dearer.

Values are only meaningful if they are adhered to. For example, if a company states that they treat all employees with equal respect, but they are demonstrably hurting one set of employees over another set, then people will not believe them anymore. Values therefore must be believable.

Values should be therefore:

- Uncompromised
- Truthful and honest
- Meaningful
- Clear and unambiguous
- Well communicated

### 2.4.9 Exercise: Values

What are your values for your organisation?

Write down those values that you think are most relevant. Here are some to get you started.

Authentic	Fame	Pleasure
Achievement	Friendships	Poise
Adventure	Fun	Popularity
Authority	Growth	Recognition
Autonomy	Happiness	Religion
Balance	Honesty	Reputation
Beauty	Influence	Respect
Boldness	Inner Harmony	Responsibility
Compassion	Justice	Security
Challenge	Kindness	Self-Respect
Citizenship	Knowledge	Service
Community	Leadership	Spirituality
Competency	Learning	Stability
Contribution	Love	Success
Creativity	Loyalty	Status
Curiosity	Meaningful Work	Trustworthiness
Determination	Openness	Transparency
Fairness	Optimism	Wealth
Faith	Peace	Wisdom

## 2.5 Your brand

Now that your social enterprise is beginning to take shape, it might be a good time to start thinking about your brand and your brand identity. A brand is the design of your products and services as distinct from other competitors. It can include the shape and size, colour, texture, quality and other attributes that makes your social enterprise different.

Having as much information on your organisation, your target market, the message you want to convey and the way that your social enterprise is packaged is really important and you should think carefully before finalising what your social enterprise will look like.

Design is important. If you feel you are not the best person for the job, consider getting a professional to help you. Outside support and influence can make a huge difference.

Creating a logo might sound simple and you can absolutely do it yourself. Some of the questions relevant to brand are:

- Who is most likely to buy your products and services?
- What does your competitor brands look like?
- Is your service to look affordable, an average price or is it a luxury brand?

For social enterprises, there is also a major question: should you include your social mission as part of your brand or not?

For example, if you are a social enterprise cafe, should you advertise the fact that you are a social enterprise, or should you allow people to find that out themselves? Let's say you have an accessible cafe that caters for hiring staff with physical disabilities. In this instance, it will be important to note, that those in wheelchairs will be working in that space. You will have to consider how that will make them feel. So whether you choose to lead with your social mission or not, is a question that needs to be right for your organisation.

### 2.5.1 Exercise: Brand

Try and answer the following questions on your social enterprise.

 What do you want people to think when they see your logo?

 How will beneficiaries feel about the branding?

 How will employees feel about the branding?

 Where will the logo be used?

 What is your motivation for the logo?

 What services/products does your company provide?

 What age group are you targeting?

 What makes you different from the rest of your competitors?

 Where do you see the organisation in 30 years?

## 2.6 Is there a need?

For your social enterprise to grow and become self-sufficient, there has to be sufficient need and demand for the services it will provide. These are defined as:

- **Need** – This is something required and is often urgent
- **Demand** – This is what people are

In a purely for-profit enterprise, demand is more important than need. For example, people:

- Need to drink to survive. Water alone can meet this need and, in most of the world, is freely available.
- Demand and pay for colas, beer, tea and coffee. They don't need them but choose (or are persuaded by marketers) to demand and pay for them.

Your social enterprise will have to consider how best your product that you are selling matches with the need you are trying to fulfill. For example, If you make and sell food products, does that same food also feed your beneficiaries.

The more successfully you can align demand with need, the more sustainable your social enterprise will become.

### 2.6.1 Commercial Strategy

Ultimately, a social enterprise needs to operate like a business. It needs to sell products or services that customers are willing to buy in order to achieve its social mission directly or indirectly. All of the retail products and services need to compete within the marketplace so they must demonstrate high quality, unique selling points and innovative qualities to attract people's attention.

When deciding on what to sell you have three main choices, each of which have their advantages and disadvantages:

#### *Reselling an existing Product or Service*

Advantages:

- Its quick and easier to get to customers
- You will not have to make the product
- It should have already been tested and tried
- People and customers might already know about the product
- You might be able to make it specific to your brand

Disadvantages:

- When you can't control the production, you might make less money
- Others might also be able to sell the product
- You might not be able to change anything about it
- You are relying on others to provide it to you

## *Designing and Creating a New Product or Service*

### Advantages:

- You have full control of the product or service service
- You control your production and development
- You have options on how to sell it (yourself or through others)
- Greater chance for profits

### Disadvantages

- There is a higher cost of development
- It will take longer to produce
- You will need greater oversight in getting it created

Which of the following are you going to do?

Tick:

**Resell an Existing Product or Service**

**Designing and Creating a New Product or Service**

When you are planning the best approach, getting the right balance is very important. You could find yourself running two different businesses rather than just one which, in turn, requires a completely different business strategy. It is therefore important to take all of this into consideration when planning your social enterprise model.

### 2.6.2 Ethical Choices

When making or selling your product or service, you must bear in mind the ethical considerations and when it comes to social enterprises, how much thought you are putting into the decisions that are made is important.

So when you are running the organisation it will be important to consider the following:

- Test your product or service with your beneficiaries as well as your client and listen to their thoughts and opinions
- Consider selecting materials or tools sourced from sustainable sources; for example reclaimed, recycled, organic, sustainable farming etc.
- Be sure to ask if there are social enterprises that might be able to contribute parts to your products
- This will also extend to charities and private companies that have a good ethos
- Be clear in what you are asking for and your expectations
- Treat your suppliers with respect and with fair trade terms

- Try and reduce your impact on the environment through all stages of the process

## 2.7 Quality Assurance

You might want to also consider what marks are available to trade under. Be sure to check out marks that show:

**Training Standards:** If you are working under an international learning standard such as QQI framework for training your employees, make sure you are achieving the standard

**Environmental:** Marks that are globally recognised including ISO standards and other marks such as Leave No Trace etc may suit your organisation

**Irish:** If you are an Irish product you may investigate marks that push the Irish brand as a selling point.

**Quality Standards:** If you are trading in an industry, there may be industry standards that you could sign up to. Bord Bia currently run an Origin Green standard for food companies.

**Trading standards:** Whole organisation standards such as the B Impact Assessment from the BCorp model world wide might be of interest for more profit seeking organisations. BCorp standards try and move companies from being best *in* the world to being best *for* the world.

All standards usually come with auditing standards and each one will be associated with a cost and the time and costs in getting to match their standard. Many of these quality assurances are meant to be trusted brands and they can usually offer advice and guidance on how to improve your organisation to make sure that they meet the goals and standards.

## Chapter 3 Know your market

When you start out with your social enterprise, you will need to know your customers and who you are trying to service. It is important therefore to have an idea on how to get the message to people who will buy your product and services. We will look in greater detail into this process in this chapter but first it is important to know the concept of a marketing and sales funnel.

### 3.1 Marketing and Sales Funnel

A marketing and sales funnel describes how a customer finds you and what process they go through to purchase from you. First let's tell the difference between sales and marketing.

**Marketing is everything that you do to reach and persuade prospects and the sales process is everything that you do to close the sale and get a signed agreement or contract.**

### 3.2 Understanding the Funnel Stages

From the first time your prospect hears about you until the moment they buy from you, they pass through different stages of your sales funnel. This journey might differ from one prospect to the next depending on your buying personas, your niche and the types of products and services you sell. So, you can design your sales funnel with as many stages as you want. But, in general, these are the four main ones that you need to pay attention to:



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**Awareness** – at this stage, the potential customer or prospect, learns about your existing solution, product or service. They might also become aware of their problem that they need to solve and the possible ways to deal with it. This is when they visit your website or your premises for the first time, which they found from an advertisement, search online, a post shared on social media or some other source.

**Interest** – at this stage, the prospect is actively looking for solutions to their problems and ways to achieve their goals.

This is when they are specifically looking for something. This is when you can attract them with some great content. This is the time when they expresses an interest in your product or a service.

**Decision** – at this stage, the prospect is making the decision that they want to take advantage of your solution. They are paying more attention to what you offer, including different packages and options, so they can make the final decision to purchase. This is when sales offers are made by using whatever your sales techniques are.

**Action** – at this stage, the prospect is becoming a customer by finalising the deal with you.

They are signing the contract or clicking the purchase button. Then the money is transferred to your bank account. It's important to state that there might be additional stages to your sales funnel. Your customers might become brand advocates and bring more business that way. At the same time, they might buy again from you and become loyal customers.

### 3.3 Market Research

Let's focus on the awareness part of that funnel and seek out more information on your own social enterprise.

Social enterprises can't trade on social values alone; they have to be commercially competitive in terms of quality, innovation, performance and price.

It is important for social enterprises to understand their industry and sector - firstly, the needs of the consumer and secondly, the current competitive offer. To compete they need to effectively differentiate themselves and raise the benchmark of their product or service in terms of quality and performance as well as ethics to successfully win customers.

Here are some questions that we will need to ask ourselves before we start? Test yourself by writing down the answers to the questions on the next page.

**What sector are you planning on developing a social enterprise?**

- Is it the food sector?
- Is it a craft product?
- Is it a mental health service you are offering?



**Who is experienced in that sector in your social enterprise?**

- CEO
- Board members
- Volunteers



**What is the knowledge of the sector you are about to enter?**

- How much are your competitors charging?
- How much time goes into the product or service?
- How much money will it cost to start the process?



**How are your competitors' products and services sold?**

- Are they in store?
- Are they online?
- Are they a luxury good?



3.3.1 Why do I need Market Research?

Undertaking some market research into how your organisation fits within the marketplace will enable you to demonstrate:

- The need for your product
- The demand for your product
- The strengths and weaknesses of your competitors
- How your product fits into the marketplace

Now that your social enterprise is defined through a mission and vision, the next step is market research. Market research is the process of gathering and analysing consumer and economic data to help you understand which products and services your customers want, and how to differentiate your business from your competitors.

Before launching your venture idea, you want to have a good picture of who your potential customers are, who your competitors are, what the economic conditions of your marketplace are and what is the size of your marketplace. This will help you identify sales opportunities, develop a plan of action, spot current/upcoming problems in the market, and reduce risks. The market research you conduct will help you to make informed decisions about your business.

### 3.4 Who are your customers?

We define customers or clients within this toolkit as people or organisations who will pay for your services or products. What we are looking for here is to try and narrow down your ideal client.

For example, a client type could be local authorities, businesses, hospitals, schools or individuals.

There are generally two ways of selling products or services. These are

- *Business to Business (B2B)*: Selling to other businesses
- *Business to Consumer (B2C)*: Selling to the general public

Depending on what you are selling, these will generally be two different approaches. They differ in a number of ways. For example, you could sell 1,000 cakes that you make in your social enterprise, to 1,000 individual customers or you could sell 1,000 cakes directly to one business who will resell them for a profit. Both sell 1,000 units, but they will be very different experiences for the business and the general public.

People can often make the mistake in thinking that the world and everyone in the world is a potential customer. However, this is not usually ever the case. Take for example someone developing an app. It could be argued that anyone with a phone is a customer and your business reflects that you will sell that app to everyone which helps you with a sales target. However, think of all of the things that need to happen for someone to pay for your app. See the next page for some observations on an app.

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Question	Observation
Is it Android or iOS or some other app store?	You will have to make several apps for all phones to be covered.
If it was an Apple iOS app, how many phones were sold?	1 billion iPhones were sold worldwide from launch to 2016
Of that number, how many are actually active?	I have owned three phones myself but only use one. How many other people are the same?
How many people connect to the internet to download apps? How many people are registered with the app store?	How many people remember their login codes etc?
How many people search for apps on their phone to add?	How many people know how to and how many of them download apps
How many are prepared to pay for an app?	People can be price sensitive and may not choose to pay for an app that they are not sure about?
What are your competitors selling?	Are your competitors better at selling their app?
What decisions go into purchasing your app?	What would make someone purchase your app above others? Price, the reviews, information they find when they click on your product etc?
If they download your app, what is their usage?	Do they install it and then delete it? Do they keep it on their phone but not use it? etc.

To help you refine your clients, you will be best to:

- Research the size and profile of your clients
- Understand what their current needs are
- Identify whether they want what you intend to offer
- Find out how much they are willing to pay and how often
- Find out how they choose what to buy and where they buy similar products or services
- Use market validation processes to further understand the wants or needs of your target market

### 3.4.1 Exercise: Knowing your customers

Fill in the following analysis to the best of your knowledge

<b>Who are the most obvious customers for your product or service?</b>	
<b>Who are less obvious customers for your product or services?</b>	
<b>Why are they purchasing the product or service?</b>	
<b>How much will they likely pay for the product or service?</b>	
<b>Where are they likely to go looking for your product or service?</b>	

### 3.5 How can I do some Market Research?

Market research informs how you design your organisation and your products and services from the initial stages to completion. Market research should be part of your business planning process and continual innovation process.

#### 3.5.1 Secondary Research

Secondary research includes data sourced from third parties. It is recommended that any evidence you find must be referenced from the original source. Secondary data could be sourced from:

- Central Statistics Office - provides data on population demographics
- Statistics from industry reports – like a coffee industry magazine
- Government policies, white papers and research reports

- News releases from industry-related publications and websites

### 3.5.2 Primary Research

Primary research is first-hand information that you can collect. It is quantitative and qualitative data that you collected directly with your potential or existing client base. Primary research techniques include

- telephone or face to face questionnaires or interviews,
- focus groups,
- test trading activities,
- mystery shopping etc.

Primary research shows that you have spoken to and engaged the views of your potential clients to co-design your products and services.

### 3.5.3 Qualitative Data

Qualitative data is descriptive evidence that gives explanations - for example, client testimonials or other customer feedback.

### 3.5.4 Quantitative Data

Quantitative data is numerical evidence that presents statistical figures to the reader - for example, the number of people who said they would be interested in your product or service, or % of replies that agreed to a statement.

### 3.6 Exercise: Outside Influences using PESTLE

Market research can be compiled into a 'PESTLE Analysis' which demonstrates external influences on your organisation. This analysis is quite often found in a business plan and covers the following:

<p><b>Political</b> Are there any political influences on your organisation or cause? For example, are any current government policies supporting your industry or cause?</p> 	<p><b>Economic</b> What are the current economic trends and influences? For example, are people buying your product or service at the price point you require in the current economic climate?</p> 
<p><b>Social</b> What are the social patterns of consumers and beneficiaries? Are they favourable for reaching your target market?</p> 	<p><b>Technological</b> Are trends in technology likely to affect your industry or marketplace and what do you need to assess and consider?</p> 
<p><b>Legal</b> Are there any legal or law issues that will affect your social enterprises or your beneficiaries?</p> 	<p><b>Environmental</b> What environmental issues can affect your social enterprise including geographic as well as pollution concerns etc.</p> 

### 3.7 Getting the marketing mix right

The 'marketing mix' is a useful way to think about what your new venture is offering. Think of your services as having four dimensions:

- Product – What are you offering to the customer?
- Price – What do you need to charge to supply the product or service?
- Place – Where is the customer going to 'shop' for your product?
- Promotion – How are you going to encourage customers to buy your products?



#### 3.7.1 Product

A product is an item that is built or produced to satisfy the needs of a certain group of people. The product can be intangible or tangible as it can be in the form of services or goods.

You must ensure to have the right type of product that is in demand for your market.

Marketers must also create the right product mix. It may be wise to expand your current product mix by diversifying and increasing the depth of your product line. All in all, marketers must ask themselves the question: "what can I do to offer a better product to this group of people than my competitors".

In developing the right product, you have to answer the following questions:

 What does the client want from the service or product?

 How will the customer use it?

 Where will the client use it?

 What features must the product have to meet the client's needs?

 Are there any necessary features that you missed out?

 Are you creating features that are not needed by the client?

 What's the name of the product?

 Does it have a catchy name?

 What are the sizes or colours available?

 How is the product different from the products of your competitors?

 What does the product look like?

### 3.7.2 Place

Placement or distribution is a very important part of the product mix definition. You have to position and distribute the product in a place that is accessible to potential buyers.

This comes with a deep understanding of your target market. Understand them inside out and you will discover the most efficient positioning and distribution channels that directly speak with your market.

**Where do your clients look for your service or product?**

**What kind of stores do potential clients go to? Do they shop in a mall, in a regular brick and mortar store, in the supermarket, or online?**

**How do you access the different distribution channels?**

**How is your distribution strategy different from your competitors?**

**Do you need a strong sales force?**

**Do you need to attend trade fairs?**

**Do you need to sell in an online store?**

### 3.7.3 Price

The price of the product is basically the amount that a customer pays to enjoy it. And it is very important to get right. Getting the price right will mean that people will purchase your product generating profits for the social enterprise to allow it to carry on its mission. Too low, people might buy, but you might not be making a profit. Too high and you might make a profit but no-one might buy it at that price.

It is important that you have done your research as if it is your first time selling into this market, you might struggle to differentiate yourself from established competitors. This might mean that people may choose to purchase at a reduced price which can threaten your organisation.

Think on whether you are going to be the cheapest in the market or the best value or are you going to be a premium product. As an analogy, are you a cheap no frills airline or are you a 5 star airline?

Here are some of the important questions that you should ask yourself when you are setting the product price:

**How much are your competitors charging?**

**How much did it cost you to produce the product?**

**What is the customer's perceived product value?**

**Do you think that the slight price decrease could significantly increase your market share?**

**Can the current price of the product keep up with the price of the product's competitors?**

### 3.7.4 Promotion

Promotion is about brand recognition and sales. Promotion is made up of:

- Public Relations
- Advertising
- Sales Promotion etc.

Advertising usually covers communication methods that are paid for such as television advertisements, radio commercials, print media, social media and internet advertisements.

Public relations includes press releases, exhibitions, sponsorship deals, seminars, conferences and events.

Word of mouth is an informal communication about the benefits of the product by satisfied customers and ordinary individuals. The sales staff plays a very important role in public relations and word of mouth, as do customers and increasingly, online reviews.

In creating an effective product promotion strategy, you need to answer the following questions:

**How can you send marketing messages to your potential buyers?**

**When is the best time to promote your product?**

**Will you reach your potential audience and buyers through online ads?**

**Is it best to use the social media in promoting the product?**

**What is the promotion strategy of your competitors?**

### 3.8 Competitor Analysis

Getting to know your competition is a tough nut to crack sometimes. But be mindful of the people who others will see as competitors to you. They might be new or existing organisations. What you are looking for is comparisons. There are always differences. For example, if I want to buy coffee, I can buy a machine coffee from a local filling station, a barista coffee from a café or an expensive coffee from a hotel foyer. Each is almost completely different, but all offer prices, experiences, service differences and offerings to drink coffee. Be careful not to discount why people use each location and figure out which group you are trying to attract and why.

Take it that you are building a new café for your community. Go through the grid and figure out what might make you different.

	Your café	Café 2	Café 3	Café 4
<b>Description of Product/ Service</b>				
<b>Location &amp; description of location</b>				
<b>What is their brand (what do they stand for)</b>				
<b>Price (Low, medium or high)</b>				
<b>Is the company profitable?</b>				
<b>Customer Service (automated, quality, online etc.)</b>				
<b>Quality of whole experience (including purchase of products or service)</b>				
<b>Consistency/ Availability</b>				
<b>Ethics (How ethical is the brand)</b>				
<b>Consistency/ Availability</b>				
<b>Range/ regularity of customers Defined customers</b>				
<b>Social Impact (what social impact does the competitor have?)</b>				

### 3.8.1 Exercise: SWOT Analysis

SWOT analysis (strengths, weaknesses, opportunities, and threats analysis) is a framework for identifying and analysing the internal and external factors that can have an impact on the viability of a project, product, place or person. As its name states, a SWOT analysis examines four elements:

- Strengths - internal attributes and resources that support a successful outcome.
- Weaknesses - internal attributes resources that work against a successful outcome.
- Opportunities - external factors the project can capitalize on or use to its advantage.
- Threats - external factors that could jeopardize the project.

Once the SWOT factors are identified, decision makers should be able to better ascertain if the project or goal is worth pursuing and what is required to make it successful.

This covers:

- What do you consider your strengths to be against your competitors?
- What do you consider your weaknesses to be against your competitors?
- What do you consider your opportunities to be against your competitors?
- What do you consider your threats to be against your competitors?

Fill in your SWOT Analysis on the next page:

SWOT

<p><b>Strengths</b></p> 	<p><b>Weaknesses</b></p> 
<p><b>Opportunities</b></p>	<p><b>Threats</b></p>

### 3.9 Communicating your offer

Your communication tools should neatly describe the services and products you are offering to your audience.

When you are starting out, it is easy to be over-ambitious and list many things on offer. However it can be better to establish your organisation within a few niche services or products that will distinguish you from your competitors. Once you have established the interest and relationship of your audience it is then time to start selling additional services or products to them.

The summary of your offering should be simple and easy to understand:

- Name of product / service
- Image / photo to demonstrate your product is appropriate
- Description of product / service
- Ethical credentials
- Unique qualities of product / service
- Typical customer
- Price, if relevant
- Client / beneficiary testimonials

### 3.9.1 Marketing and PR Channels

Below we have detailed a number of marketing channels, some of which might be applicable for marketing your product or service:

Channel	Details	Unit Cost	Time
Online presence	Company Website and SEO strategy		
Social Media	Creating social media profiles eg. Twitter, Facebook, LinkedIn		
Online promotion	Increasing awareness of the brand through other websites		
Cold Calling	Cold calling potential customers via call centre or in-house team		
Direct Marketing	Mailing marketing literature to potential and existing customers		
Conference/ Events	Advertising or exhibiting at industry events / conferences		
Networking:	Attending events or being part of groups / forums		
Competition	Organising a competitor to give away a free product / service		
Partnerships	Identifying partners who can help to market your services		
Advertising	Advertising on billboards, transport, TV, magazines, websites etc.		
Press	Sending press releases to online / offline magazines		
Media	Engaging with different types of media eg. TV, radio		

When deciding which marketing channels to use, you could assess the following factors:

Factors	Details
Cost €	How much will it cost? You can start with the unit cost and multiply it by the time or number of units required
Time required	How much time will the promotion be live for?
Reach of the channel	How many people are reached by the medium?
Return on Investment	For every Euro spent and time used, what is the return?
Minimum return needed	What are the minimum numbers required to make it successful

### 3.10 Measuring Marketing Success

A successful marketing and PR strategy could demonstrate the following key performance indicators (KPIs):

- Increase in visits and page hits on the website
- Increase in mentions or reviews in the media or social media
- Increase in customer enquiries
- Increase in customer sales (the ultimate objective)

To monitor success it's therefore important to capture the relevant information related to these measures of success. For example:

- The website should have a web analytics tool to measure number of visits or page views or pages visited etc.
- Email and social media alerts can be set up to flag up mentions of a brand name appearing in online articles
- The conversion rate of customer enquiries to sales can be monitored using your client management system
- Details about how people found out about your brand can be captured so you can analyse the results from different marketing channels quickly and easily

You will need to set performance targets for each of your KPIs so your marketing team has focus and clarity on what success looks like, and progress will need to be monitored each month.

Examples include:

- Increase website visits by 500 each month
- Increase new customer enquiries by 20 each month

### 3.11 Sales Strategy

The sales process kicks in as soon as the marketing strategy has attracted someone's attention. At this point it's time to develop the relationship and hopefully close the deal.

Depending on what marketing channel you are using, the nature of your product or service, and the information you offer at the marketing stage, the sale might happen straight away or you might need to engage and speak to the customer to convert the sale. The nature of the sales process will vary amongst industries, products and services.

On all fronts, the sales process needs to be fluid and easy for a customer to navigate through. If it's too complex or time consuming it's quite probable that you will lose the customer.

On the next page are some questions that will help you to plan your sales process:

**What do you do to get a customer to buy?**

**Who will be in charge of handling a sale?**

**How do you collect information about the potential customer in order to help them decide whether your product is right or wrong for them?**

**How do you select the right person in your organisation for the potential customer to speak to?**

**Are your staff trained in sales?**

**How do you respond to questions presented by potential customers?**

**How do you maintain communication with your potential and existing customers?**

**How do you sell other products or services to your existing customers?**

**Do you have the necessary information ready for writing a sales proposal?**

### 3.11.1 Sales Targets

You will need to measure your sales. These will be the lifeblood of your organisation and it is important to measure those sales against the expected sales you were expecting to bring in.

The main reason for measuring is to see if there are ways to improve in future.

Once you have defined your sales targets over a certain time period you can work out the potential sales income that you are likely to generate using your product's price point. These figures will feed into your financial planning.

You can break those targets down still into further pieces by assigning certain people, by focussing on particular types of clients or even a particular geography.

The performance targets could detail specifics related to the following KPIs:

- No. of sales required per marketing channel used
- No. of sales required per team member
- No. of sales required per product or service
- No. of sales to new vs. existing clients
- Enquiry to sale conversion rate

## Chapter 4 All the Legal Bits

So you will need to set up a social enterprise legally. What do you need to know?

### 4.1 Legal types

It is important to ensure that you choose an appropriate structure for your social enterprise. Your social enterprise is fundamentally a company under law. No matter which type you choose you will be set up as a company. But which company is right for you?

There is no legal definition of a social enterprise, so whichever one you choose, it will need to be chosen after some thought. Key considerations when choosing the right legal structure for a social enterprise might include:

**Raising finance** - how does the enterprise plan to raise money? Be careful to consider should the various options to ensure that you choose the legal structure that most suits your social enterprise in terms of management style and mission.

**Social ownership** - ensuring that the community and stakeholder interest is reflected in the control and ownership of the enterprise.

**The income streams and activities of the enterprise** - what proportion of income will be generated from donations, grants, fundraising, contracts, goods and service provision and other trading activities.

**Regulations and reporting** - some legal structures have a lot of regulation and may have limiting rules. Some may require a lot of annual reports to be completed that may be a problem for smaller enterprises.

Structures include:

- Unincorporated Group
- Sole Trader
- Limited Liability Partnership
- Company Limited by Shares (CLS)
- Company Limited by Guarantee (CLG)
- Company Limited by Guarantee (CLG) with Charitable Status
- Industrial and Provident Societies (IPS) Mutuals

## SOCIAL ENTERPRISE TOOLKIT

Organisational structure	Unincorporated association	Company Limited by Shares	Company limited by guarantee	Company Limited by Guarantee with Charitable Status	Industrial and provident society
<b>Legal personality</b>	No	Yes	Yes	Yes	Yes
<b>Governing document</b>	Constitution	Memorandum and Articles of Association	Memorandum and Articles of Association	Memorandum and Articles of Association	Rules
<b>Relevant statutory body</b>	Charities Regulatory Authority Revenue Commissioners-if seeking tax exemptions	Companies Registration Office Office of the Director of Corporate Enforcement Revenue Commissioners	Companies Registration Office Office of the Director of Corporate Enforcement Revenue Commissioners	Charities Regulatory Authority Companies Registration Office Office of the Director of Corporate Enforcement Revenue Commissioners -if seeking tax exemptions	Registrar of Friendly Societies

If you are a group or an individual seeking to set up a social enterprise, it will be important to make sure that your social enterprise is set up legally and is right for you. If you are setting up any registered company with the Companies Registration Office, it is important to know what a company is. Under the law, the company:

- will limit the liability of any director to the amount that they invested
- will have a defined identity as distinct from personal ownership and should be set up to continue without the original directors who have founded it
- will own any assets or property itself

### 4.1.1 Unincorporated Group

An unincorporated group has no legal status and is made up of a group of people with a shared interest. This type of group is best when there is an informal mission and the organisation tends to deal with small amounts of money and does not require a huge amount of input or work from members.

Pros	Cons
Is easy to set up and can be done with little cost	There is no limited liability meaning individuals could be held personally responsible should anything go wrong
The group is less restricted in managing its organisation	Can be hard for the organisation to gain assets or to employ staff
Less reporting needed for public bodies	Finance can be hard to come by without a clear company structure

### 4.1.2 Sole Trader

A sole proprietorship is the simplest and most common structure chosen to start a business. It is an unincorporated business owned and run by one individual with no distinction between the business and you, the owner. You are entitled to all profits and are responsible for all your business' debts, losses and liabilities. A sole trader would not be considered to be a social enterprise model alone but it is the simplest way to set up a company on your own.

### 4.1.3 Limited Liability Partnership

A partnership is a type of unincorporated business organisation in which multiple individuals, called partners, manage the business and are equally liable for its debts; other individuals called limited partners may invest but not be directly involved in management and are liable only to the extent of their investments. This form is not considered to be a social enterprise structure either.

### 4.1.4 Company Limited by Shares

A Private Company Limited by Shares (LTD) is a model form of a private limited company created under the Companies Act 2014. This is the most common form of a Limited Liability Company in Ireland.

LTD companies remains by far the most frequently incorporated entity for private, commercial businesses and ventures in Ireland. This is a company limited by shares, a company having the liability of its members limited by its Constitution (previously

referred to as Memorandum & Articles of Association) to the amount, if any, unpaid on the shares respectively held by them.

A company that has shares means that the company is essentially owned by the shareholders. Those shareholders elect Directors who act on behalf of the company and manage the governance of the organisation.

Pros	Cons
Is easy to set up and is the most popular form of company in Ireland	It is a formal business structure and therefore more work involved in setting it up than an unincorporated organisation
Limited liability for directors	Managing the ownership of the company can be difficult for a group or community
Easiest company type to raise finance	The company type has no asset lock

There are some charities in Ireland that run companies limited by shares and become the sole owners. Social enterprises could be companies limited by shares, however, the most common form is a company limited by guarantee as we will see below.

#### 4.1.5 Company Limited by Guarantee

For charities, community and voluntary groups wishing to incorporate, the most commonly used structure is as a Company Limited by Guarantee (CLG). It is arguably the most common type of company for a social enterprise.

A company Limited by Guarantee has many of the same features as a Company Limited by Shares. Both offer limited liability for directors. However, a CLG now has shareholders. The assets of the company are therefore held in trust by the directors.

Pros	Cons
Provides a legal form for a social enterprise to trade	It is a formal business structure and therefore more work involved in setting it up than an a Limited Company
Limited liability for directors	More work than an unincorporated entity and a more formal arrangement
This company can be turned into a Charity at any point by meeting the charity regulations	The company type has no asset lock

#### 4.1.6 Industrial and Provident Societies (IPS) Mutuals

Industrial and Provident Societies or Mutuals are essentially 'cooperatives'. These are organisations that are owned by the members of the cooperative for the benefit of the members. The Act which brought the legal form into law in 1893, provides for a society to be registered to engage in any industry, business or trade authorised by its rules. Registration under the Act renders a society a body corporate with limited liability. The biggest and best-known are in the agriculture and food areas in Ireland. Credit Unions are also set up in this type of legal form. However, the legislation is poorly updated in Ireland and is more difficult to set up than other forms. It is definitely worthwhile seeking advice if choosing this form.

#### 4.1.7 Charitable Status

If you operate in the Republic of Ireland, have a charitable purpose only and provide public benefit then you are a charity. The Charities Act 2009 requires all charities to register with the Charities Regulator.

Charitable purposes are:

- the prevention or relief of poverty or economic hardship;
- the advancement of education;
- the advancement of religion;
- any other purpose that is of benefit to the community. 'Purpose that is of benefit to the community' includes: integration of the disadvantaged; the promotion of health and voluntary work; the advancement of community welfare and development, advancement of environmental sustainability, promotion of religious or racial harmony, advancement of conflict resolution, the prevention or relief of suffering of animals, advancement of sciences and the arts.'

A charitable purpose must be of public benefit, which means that it must be beneficial in an identifiable way to the general public or a section of the public. A Registered Charity Number (RCN) is a number assigned to charities by the Charities Regulator once charitable status has been awarded.

In Ireland, there is a separate status for charities that comes from the Revenue Commissioners. This separate number, called a CHY number, grants the charity certain exemptions when dealing with the Revenue Commissioners.

Social Enterprises can be charities and in fact in Ireland, they often are. However, it is not necessary for social enterprises to have charitable status and it is important to reflect on whether the charitable status is relevant to your social enterprise.

## Key features of Charities

There are a few key features that charitable status brings that you are to be aware of

**Asset lock:** No-one technically owns a charity. It is held in trust by the directors for a duration, but no-one has shareholding or ownership of the organisation. This means that it can't be sold for personal profit. This principle is called an asset lock. For example, if a charity gets donated a building, that building will be kept in the organisation. The asset lock prevents the directors from selling it for personal profit.

**Directors and pay:** Directors of charities cannot be paid for their work. In a private company such as a Company Limited by Shares, directors can get paid for their duties. In a charity, only employees can be paid.

**Employees cannot be directors:** Employees of a charity cannot be directors of that same charity. Directors will be separate from the employees however, it is possible for employees such as the CEO to be in attendance at board meetings.

While many social enterprises in Ireland are trading charities, in many cases, they do not necessarily need to be.

More information can be found at the Charities Regulator Website: <http://www.charitiesregulatoryauthority.ie/>

## 4.2 What legal structure is right for you

As you can see, a social enterprise can be many forms. There is no single right answer in legally setting it up in the first place. Bear in mind a number of factors when you are considering your social enterprise formation:

*How much will each legal entity cost?*

*What are the reporting obligations?*

*What finance do I need?*

*Is charitable status important?*

*Who will be a director? Who will be CEO?*

*Is there any requirement from potential funders to be set up a particular way?*

If you need help in selecting a structure, it is best to seek assistance from an accountant or solicitor. Chatting to a professional can greatly reduce the chance of error and can help you in getting your social enterprise started on the right foot from day one. You can also seek advice from your Local Enterprise Office or through any of the Local Development Companies that may be able to offer support and advice.

## Chapter 5 Setting up

Social enterprises fundamentally centre on the right people with the right idea, committed to making sustainable change. It is worth spending a bit of time thinking on yourself as a founder, your cofounders, your community and others.

Your organisation may be initially made up by people that you know who are also affected by the challenges you are trying to help solve. You may also hope to employ people who are socially excluded or marginalised and who may be employed in your social enterprise.

It is important to make sure that the organisation is governed and that people know their roles.

### 5.1 Governance



When an organisation is formed, it has to have direction and be well managed. This is usually a group of people who meet on a regular basis and who think on issues such as:

- What is the purpose of the organisation?
- Are we able to deliver our vision and mission?
- How will we structure the work-plan?
- How will we develop the strategy for the organisation
- What policies and procedures do we need in place to make sure we are compliant and best practice?
- How will we organise ourselves to accomplish that goal
- Finance and fundraising
- HR/ People/ Stakeholders, who need to be involved?
- Whether it should be carrying out different activities
- Challenges, threat and opportunities facing the organisation

Generally there will be a board of management who will be made up of directors responsible for some of the issues outlined above. It is the Board's responsibility to ensure the smooth running of the organisation and that they have control of what is going on.

### 5.1.1 Directors

Company directors are the legal guardians of any company registered in Ireland. They are the people who are responsible for the running of the company. They are responsible for the accounts and for filing their information with the Companies Registration Office and Revenue, holding meetings such as the AGM and conducting business with members.

It is important to note that under the law, directors don't need to be signatories be responsible for the actions of the company. If you are giving advice that is followed by the company and you are in a position of influence, you can be considered a director too. It is predominantly the Directors who make up the board and are responsible for the sustainability of that organisation and its mission.

Check out the guides from the Office of the Director of Corporate Enforcement for further information and help with corporate governance. <http://www.odce.ie/Portals/0/Directors%20-%20Lo%20Res.pdf>

## 5.2 Constitution

Your constitution is your set of guidelines on how your social enterprise should function both externally and internally. The constitution usually sets out how directors can be elected, how often meetings should be held, how the company should trade and what it's intended purpose is.

Many social enterprises use their constitution to state that they are a trading social enterprise with a defined purpose of reinvesting profits to for some defined social mission. Include your main social aims and objectives. Use your vision and mission statement as guidance.

However the constitution is formed, it is important that it has enough information in it to enable the organisation to run smoothly and effectively. It should provide you with a reference for the overall organisation of the group.

The constitution you adopt will depend on the legal structure you have chosen. There are plenty of examples that can be found on the [www.carmichaelcentre.ie](http://www.carmichaelcentre.ie) website and through the [www.wheel.ie](http://www.wheel.ie) amongst others. Also, check other companies limited by guarantee you know and ask for their constitution.

## 5.3 Getting your board right

Even at startup stage, it is important to make sure that the people you have on your board are the right fit. A mix of skills, experience and qualifications is usually a good start. For example, if you are setting up a social enterprise cafe, it would be wise to

have someone who at least knows something about the food and service industry. Getting your right staff choices can be critical, but if there is a glaring need for expertise, you should rectify that gap on your board early on.

You might be a lone starter in setting up your social enterprise. In that case, you might not feel that a board is relevant to you. But if you are beginning to see your social enterprise as a business, you should strongly consider getting the right people into help you make the organisation as successful as it can be.

It is possible to set up a board of advisors. They may not be as formal as your board or have any of the legal duties, but can act as advisors and even ambassadors to your initiative. Such advice could be unbiased, can help you solve problems, can give you advice on marketing or sales or on finance available.

Make sure you have the right balance of people to help you begin.

 What are the skills/  
experience around the  
board?

 What skills/  
experience are  
needed?

 Where can we find  
those skills/  
experience?

## 5.4 Staff

As well as the board, staff will play the most vital roles in getting your social enterprise started and sustainable. If you are setting up your social enterprise yourself, it might be good to think on how you might have others come in to help you in your areas that might be weaker than others. For example, in a social enterprise cafe, would you be the CEO, head chef and chief barista? Perhaps you might but consider employing people in those roles.

If you have a board, they should to take the lead in hiring the right people to get the social enterprise started.

### 5.4.1 Policies

Social Enterprises, like all other enterprises are required by law to have certain policies in place. These include HR and Health and Safety policies. Policies can also establish rules of engagement with staff, members, local communities or the wider society. There are plenty of examples of policies that can be adapted to your organisation.

### *Examples of Key Policies*

- Human Resources Policy
- Grievance and Disciplinary Policy
- Health and Safety at Work
- Environment Policy
- Equal Opportunities Policy
- Finance policy
- Buildings policy

There are many policies that you can create to make sure that the organisation is keeping some order. When each of your policies are created, it will be important to create an Employee Handbook. This handbook is a short synopsis of all the policies that an employee will need to know including their reporting structure, their contracts and terms of employment.

## **5.5 Hiring**

The hiring process usually starts with the need to fill a vacant or new position. For a vacant position, this is a good time to assess if the job still helps your organisation serve its purpose and achieve its mission. Hiring a new employee needs to be rooted in a larger staffing plan that is connected to your organisation's strategic plan.

### **5.5.1 Developing your staffing plan**

Here are some key questions to ask:

- What are the positions that need to be filled both now and in the future? What needs to be done?
- What are your social enterprise's values? What type of employee do you need to look for in potential new staff to make sure they will fit in?
- What jobs initiatives are out there that could help find a
- Are the roles suitable for permanent, temporary, full-time, part-time or some other contractual arrangement?

### **5.5.2 Related policies and procedures**

HR policies assist the process of bringing a new employee into the organisation. Up-to-date, clear policies on recruitment and staffing make the hiring process straightforward and less time consuming. Policies on probation, employee orientation, workplace health and safety and training and development - to name a few topics - clarify what management and employees expect of each other. Plus, HR policies are a great source of information for a new employee.

### *Why are Job Descriptions Important?*

For each employee, a good job description helps the incumbent to understand:

- Their duties and responsibilities
- How their position contributes to the mission, goals and objectives of the organisation

For the organisation, good job descriptions contribute to organisational effectiveness by:

- Ensuring that the work carried out by staff is aligned with the organisation's mission
- Helping management clearly identify the most appropriate employee for new duties and realigning workloads

## 5.6 Local Employment Services

There are also a range of supports available from your Local Employment Service, a list of which can be found at <http://www.localemploymentservices.ie/>

The LES can be a great start on information to social enterprises. They provide:

- Skilled Job-Ready candidates
- Opportunity to avail of a free service
- Work with a highly experienced team of recruitment professionals
- LES can give instant access to a database of skilled and job-ready candidates.
- They offer a number of avenues to help you find the optimum candidate.

## 5.7 Work schemes

There are a few schemes that social enterprises typically benefit from when operating. Each work scheme is administered differently with different departments but if you are not aware of them, you should find out more on how they operate and how they can benefit you.

### Tús Initiative

The Tús initiative is a community work placement scheme providing short-term working opportunities for unemployed people. The work opportunities are to benefit the community and are provided by community and voluntary organisations in both urban and rural areas.

More information can be found at:

[http://www.welfare.ie/en/Pages/T%C3%BAs\\_holder.aspx](http://www.welfare.ie/en/Pages/T%C3%BAs_holder.aspx)

### Community Services Programme

The Community Services Programme supports community businesses to provide local services and create employment opportunities for disadvantaged people. It provides funding support to community companies and co-operatives. It focuses on communities where public and private sector services are lacking, either through geographical or social isolation or because demand levels are not sufficient. The Programme also enables the benefit of other public investment to be realised (as in the case of investment in community centres and resources).

More information can be found at:

<http://www.welfare.ie/en/Pages/Community-Services-Programme.aspx>

## Community Employment

Community Employment is an employment programme which helps long-term unemployed people to re-enter the active workforce by breaking their experience of unemployment through a return to work routine. The programme assists them to enhance and develop both their technical and personal skills which can then be used in the workplace.

More information can be found at:

<http://www.welfare.ie/en/Pages/Community-Employment-Programme-.aspx>

## Chapter 6 Managing Finance

### *Social Enterprise and Profit*

Right at the start of this document, we stated that social enterprises were organisations that were selling products and services and making profits. Sometimes, we can baulk at this notion, particularly if we are more about the social part of our social enterprise. However, even charities make profits. These are often called surpluses, but essentially these are the same thing. We are looking to make more money in a given year than we are to spending that money. When we fail to raise enough income in a given year, we call this a loss or charities call it a deficit. These are the same thing however.

**PROFIT = SURPLUS**  
**LOSS = DEFICIT**

This is important for a social enterprise as language can be important with funders and with charity boards and wider stakeholders. As ‘social enterprise’ is only starting to become understood, it is best to use whatever language that suits your needs, however, the goal is still the same. We aim to generate funds from selling a product or a service and to make a profit, not a loss!

### 6.1 Setting out

When you are starting out, every challenge can feel like it is about money. We hope to shed some light on what you need to start to make your social enterprise viable and sustainable. It’s worth understanding how you go about finding investment as well as what potential sources are out there. We want to bring you through the basics here and make sure you have all that you need to start.

So to begin, you should know the difference between the following:

- Fixed Assets - one-off purchases that can be used generally for more than one year
- Variable Costs – the changing costs of directly making the product or service
- Fixed Costs – these are costs that don’t change no matter what you are doing

Fixed Assets	Variable Costs	Fixed Costs
Equipment	Raw materials	Rent
Vehicle	Fuel	Tax
Computers	Packaging	Electricity
Office furniture	Part time labour	Insurance
Fixture and fittings	Advertising	Wages & PRSI
Building		
Land		

These types of costs need to be understood in terms of how they are managed, how they are recorded and accounted for, and when raising finance, either as loans or investment, it will be advisable to identify which type of costs you need the finance for.

Raising money for assets like property and machinery can sometimes be easier than other fundraising. Partly because, like a mortgage, if the homeowner stops paying back their loan, there is still a valuable asset (the house), that can be taken back by the lender.

Covering variable costs can be harder than raising funds to cover assets. Variable costs can be raw materials such as baking materials if you were setting up a bakery. They have value and can be sold but much harder than selling a piece of land or a building.

Wages can be harder to find and is generally only raised after the social enterprise is trading and can generate profits that can be used for salaries and workers. This is why in many companies, the owners of the company get very little payment from the first few months and years as most of the costs are going into developing the enterprise.

Fixed costs have to be purchased no matter what the organisation does. These costs can be like rent payments. No matter how much work is done or not done, rent will still need to be met.

It is important to be aware of these types of costs when building your financial plans.

## 6.2 How to start on costing

**The actual cost:** It is important to get a handle on costings and when you are budgeting. When you are trying to work out costs it is usually a good rule of thumb to include the true cost of things. For example, if you need paint for your raw materials and you know where to get paint cheaply with a sale. Finding bargains like that can really help you particularly in the early days. However, if the sale ends or the product runs out, you will have to include the actual cost of the item. Be careful that you are putting in the actual figures as much as possible.

**The unit cost:** You will also want to find the cost of a singular unit or product. For example, if you are selling cakes, what is the cost per unit that you need to sell that cake at to make a profit? As this might sound difficult, it is best to consider the number of products that you might sell in a year.

Of course, if you are selling a service, like garden maintenance, this might be broken down into hours. How much do I need to charge the customer, just to cover the costs of the organisation.

Sometimes, a unit cost can be both time and an individual product. Whatever unit you break your cost into though, you will need to have a rough idea at this stage. It is OK to estimate at this stage.

Working on a unit cost, it is best to find out the total cost of running the social enterprise by the number of units that you can produce and supply in a year.

So, you might have 100,000 units that you can produce. Your cost of running the social enterprise is €50,000.

$$\frac{\text{€50,000 cost}}{100,000 \text{ units}} = \text{€0.50 per unit cost}$$

This roughly means that you will sell each unit at at least 50 Cent to break even and 51 Cent to start making a 1 Cent profit.

At this point you can also start to think of the profit you are likely to make by calculating

$$\text{Profit for each unit sold} \times \text{Volume sold} = \text{Total profit}$$

Of course, all of this depends on you making sure you meet your volume. If you only make 50,000 units, then your costs could be €1 per unit.

It is very important therefore to make sure that you are being realistic in the time and effort that it takes to make those units in the first place.

### 6.2.1 Breakeven

Breakeven is the point where you have made enough of your units to start making profit. You are now bringing in more money that you are spending on making the product and making your social enterprise work.

Once you have an estimate of the unit cost of producing your product/service, and the number of units you think you can sell in a given period (usually one year), you can use the financial information you will have gathered during the market research, to work out what the breakeven point will be.

### 6.2.2 What are your costs

So what are your costs in your social enterprise. Take some time to write down the actual costs of running your social enterprise. We have a starter guide but you will need to know the costs that are associated with your organisation.

	What are your costs?	Amount €
Fixed Assets		
Variable Costs		
Fixed Costs		
	TOTAL	€

### 6.3 Your first budget

So far you have put down what you will need and some of your costs and expenses. Now we will start to look at how to put these items into a budget. Here we will look at your cash and how we might set up a budget for your social enterprise.

Cashflow forecasting is a way at looking at how much cash you have at any point. This is different from profit and loss in that you might make a profit by the end of the year, but do you have enough cash in your bank account as you are trading to get that profit. As an example, if you were selling coffee as a social enterprise, over the year, you might make a profit, however, on the first day, you will be out the cost

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of the coffee machine, coffee, coffee cups and wages. All of this will cost money. Do you have enough money on hand before you can eventually see a profit?

The cashflow forecast or budget shows the actual state of the social enterprise's financial position at any particular time. Normally, you would prepare a cashflow forecast over three years to ensure that the social enterprise will be able to make money in the long term. In the budget, you will accurately update information and break it down into months. You will have a column which will list the sales and expenses. You will have additional columns for each month like January, February, March etc. These month columns will have two headings, one for

- 'Budget' (what you expect will be spent) and one for
- 'Actual' (what has actually been spent)

Each row of the cash flow statement will show the income and expenditure for each month.

Watch out for seasonal changes. For example, if you sell ice cream, those sales will most likely come in the summer and if you make umbrellas, sales might most likely be in the spring and autumn periods. There might also be a change in heating and lighting for example depending on your social enterprise.

Payments for expenditure and receipts from customers should be planned for when the financial transactions actually takes place, so if you pay or receive some bills in advance or in arrears this should be reflected in the Cashflow Forecast.

## Cashflow Forecast for 1 Year

This sample cashflow below is a sample of the first quarter of the year.

	January Budget	January Actual	February Budget	February Actual	March Budget	March Actual	etc.
Opening Balance							
<b>INCOME</b>							
Sales							
Bank Loan							
Grant							
<b>Total Monthly Income</b>							
<b>EXPENDITURE</b>							
Salaries							
Rent							
Utilities							
Raw Materials							
Marketing							
Insurance							
Other							
<b>Total Monthly Expenditure</b>							
<b>Total Monthly Balance</b>							
<b>Closing Balance</b>							

**Opening Balance:** As this is a snapshot of your bank account, imagine that the opening amount of your bank statement is written in as the opening balance. The cashflow forecast is structured monthly so all of your income and expenditure in that month will come and go in your account.

**Closing balance:** At the end of that month, you will have an amount of money left (hopefully!). This monthly closing balance will be the money left in your account on the last day of the month. This then becomes the opening balance for the next month.

**Using the budget:** Record all of your transactions during the month and input them into the budget under the 'actual' column. If you have forecasted correctly when you need money, you will be able to compare what you forecasted versus what really happened in that month.

**Use technology:** Hopefully it goes without saying that although you can absolutely do this by hand, there are many pieces of technology that you can use, the most common of which is Microsoft's Excel. You can download template budgets from anywhere online with a simple search.

**Calculating your profit and loss:** If you total the columns and rows, you should find that you have made a profit or loss for that given year.

Of course, if you need help with drawing up budgets for your social enterprise, make sure to find help or learn more through the resources that are at the back of this toolkit.

## 6.4 Keeping Records

Along the way, make sure that you are keeping records. Ultimately, you can be audited at any time by the Revenue Commissioners if you are found being in breach of the law or for just no reason at all. Keeping all records to do with your finances will help you stay on top of your cash. These include receipts for your customers, all of your invoices, both ones you have issued for payment and those that you have paid.

Well-kept records provide vital information for the planning and control of the activities of the enterprise. Financial, and other, problems can be foreseen by regular review of the accounting records and the information can be used to predict changes over the following months.

Many enterprises will leave the preparation of final accounts to an accountant; however the day to day bookkeeping system should meet the requirements of the enterprise to provide a useful operating structure.

Some of these record books are:

- Cash Books
- Salary Books
- Day Books
- Ledgers

### Cash Books

The Bank Account Book and the Petty Cash Book are where all the monies in and the monies out of the social enterprise are recorded.

- The Bank Account Book is for recording all receipts and their payments into the bank, and all withdrawals out of the bank, whether these are in cash, by cheque, standing order, direct debit etc. All transactions in the Bank Account Book will be exactly the same as those in the Bank Statement and can be

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crossed referenced to check accuracy and timing of payments and receipts. You will use this book when reviewing your bank statements which come from your bank at the end of every month or while checking them online.

- The Petty Cash Book is for recording all payments in or out of the float of loose cash that you might have if you have a retail social enterprise. Petty cash is for small cash transactions rather than a cheque or credit card payment, for example for buying small items such as coffee and sugar. Details of each payment should be recorded on a Petty Cash Book and the receipt attached.

### Salary Book

All enterprises which employ staff must keep a record of wages paid, showing gross earnings, and deductions for tax, PRSI, and pension contributions.

### Optional Books

These are books that are 'sub-books' of the main Bank Account Book and should be used if there is sufficient transactions in any of the areas described below.

### Day Books

An enterprise which buys or sells goods or services for which payment is made at a later date will require:

- A Sales Day Book – for recording sales invoices In the case of a retail enterprise selling without credit there is no need to identify customers. A till can be used and the total of each day's takings recorded in the Sales Day Book.
- A Purchase Day Book - for recording invoices for purchases and services provided. You may only need a purchase day book if you have a lot of purchases or transactions with suppliers, otherwise the purchases can be directly recorded into the Bank Account Book.

Two types of ledgers:

- Sales Ledger – individual Customer accounts is useful if you have a lot of transactions with a customer
- Purchase Ledger – individual Supplier accounts is useful if you have a lot of transactions with a supplier

If you are using a professional accountant, best to ask them which system is best to use if you haven't done financial recording before.

## 6.5 VAT and Tax

Professional help at the beginning of your journey can be of real assistance in your day to day but also to understand the tax that you would deal with when you are trading.

If your turnover exceeds a specific threshold in any 12 month period then you will have to register for VAT unless your particular product or service is exempt. It may

be beneficial for you to register early if you supply to business customers only. If not, you will need to plan for the impact it will have on your profitability. Check to see what the latest threshold amount is now as it can vary each year.

Value Added Tax (VAT) is a tax charged on the sale of goods or services and is included in the price of most products and services that we use every day. There are currently four different rates of VAT in Ireland. Standard rate of VAT 23%. All goods and services other than those specified as being exempt, liable at the zero, 4.8% or 13.5% rates.

For full resources on registering for VAT, check out the Revenue Commissioners Website <https://www.revenue.ie/en/starting-a-business/index.aspx#section7>

## 6.7 Social Enterprise Budgeting

Social enterprises trade largely the same as normal companies. They manage budgets and file returns like all other company types. But social enterprises do more. They provide social value. It is important that the cost of that social impact is measured and is recorded financially too.

Social impact can happen in many ways, including by donating profits or spending extra time and money on training for example. This can cost extra. Recording a monetary value will help you with proving your social impact. If the social enterprise spends time then it is a labour cost and the value of the time spent should be recorded at an appropriate rate. The same goes for giving a room for free to a charity group or some other donation in kind or expense.

If the social enterprise gives a percentage of its profit to a particular cause, it would be good to know this in advance to help with planning.

## 6.8 Some extra advice

**Pricing:** Even after your competitor analysis and your budgeting work, you might want to price your product below market value. You might feel it is not fair to charge your customers with such a profit, but have confidence in your product or service. Apart from anything else, it is also harder to increase your price once you have sold it at a lower initial offering and you will struggle with customers who will now know your margins.

**Be transparent:** There is a fear that if you slip with a payment that you will want to bury your head in the sand. Don't push people away and try to explain to your debtors or customers in advance if there is a delay in the product or in a payment. If you were owed money, you would not want to have radio silence. Try and bear that in mind.

**Credit lines:** It is possible to better manage your cashflow if you work with creditors and their payment terms. For example a supplier might need to be paid in 10 days for their invoice while others might require 30 days payment. Negotiating with your creditors could save you money and allow you to plan your cash better.

## Chapter 7 Getting Finance

Whether you're starting out or looking to grow, you will probably need access to some form of finance. So where can you go? This section goes through the various types of finance out there, the benefits of each and where you might go to get some.

### Finance options

Finance options will depend greatly on how you have set up your company. As we noted earlier, your social enterprise could be a charity or a company limited by guarantee amongst other forms. Choosing a charity status over a company limited by shares will differ your choices. As social enterprises are mostly companies limited by guarantee and often have charitable status, we have focussed on those options primarily for raising income.

### Banks

Normal lending institutions such as banks are a first stop for many bank loans. You will most likely have a bank account with a bank that lends to companies for a rate. As there are a number of pillar banks in Ireland, it pays to shop around for the best deal on getting a loan. These loans could provide small and short terms loans including overdraft facilities. Banks have also been open to larger community projects and have backed capital projects with long term loans. Banks will require all of the documentations that you will expect, including the company status and previous history.

### Social Lenders

There are two social investment lenders in Ireland. These include Community Finance Ireland (<http://www.communityfinance.ie>) who offer finance focussed on a social return to communities. While they fund social enterprises, social lenders also fund community sport halls, community energy schemes and more. The finance is given by way of loans which will have a repayment period and amount.

### Incubators and Accelerators

Social enterprise incubator and accelerator programs are specifically designed to help social entrepreneurs and social enterprise create and grow sustainable businesses. Ireland has a growing number of supports including from Social Innovation Fund, Social Entrepreneurs Ireland, BNest and more. These programmes match some seed funding with a programme that brings social enterprises on a rapid journey to prove their concept and help them achieve scale.

### Competitions

There is a global rise in the number of competitions that are opening up to social enterprises. If you work on your messaging and developing your ask, you should

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consider many of the open opportunities to pitch with others for a pool of cash and for publicity. Many traditional entrepreneur awards are also opening up to social entrepreneurs and the same is for social enterprise. Consider which competitions might be worth entering and check out <http://socialenterprisetoolkit.ie> website for more competitions.

### Your network

Of course, you can raise money by looking to your family and friends and wider community. When asking for money however, be clear on the reasons you need the monies, make sure that people are aware of the risks involved and be as open and transparent as you can on whether you will be repaying the money or not. Be careful when drawing on this as a source of your first fundraising efforts!

### Crowdfunding

There are plenty of crowd funding initiatives that you can avail of now thanks to innovative crowdfunding platforms. You can receive a considerable amount of income from people who are engaged in your idea. However, there is a process to setting up a crowdfunding campaign. Our advice is learn all you can about successful campaigning and when it all goes wrong.

### Self-fund

Perhaps you have the money and the time to bankroll your own social enterprise. Keeping your organisation lean and starting small and simple could allow you to grow your social enterprise on your own dime. Self funding also shows investment and commitment and can also increase your chances of others funding you as you are showing trust with your own cash. Make sure that you are not eating into your own livelihood in the process however. Manage your risk.

### Impact Investment

While the term 'impact investment' is not fully realised or known in Ireland compared to our European neighbours, there are always investors that want to see a financial and social return for their capital. While we like the forum in Ireland to scale this new class of investor, that doesn't mean that if you have a compelling story, a good return to someone for their investment and a measured impact, that you can't find people who would be willing to invest.

### Grants

There are also a growing number of grants for social enterprises and social impact organisations more widely. The details are always changing but annual initiatives such as the Inner City Enterprise Social Enterprise Awards give away €50,000 in grants to a handful of social enterprises every year. Winning might be a small amount to the overall amount you need to achieve your goals, but well thought out social enterprise ideas can achieve great success with projects that start from €10,000 or more.

## 7.1 What do you need the money for?

Different circumstances and needs lend themselves to different types of finance. For example, social enterprises often use grant funding to start up new income-generating activities and then look for non-grant finance as the enterprise develops to become more self-sufficient.

Commercial finance is often called for when a specific financial need has arisen or long-term planning requires financial sources beyond grants and generated income. Examples include purchasing property, managing ongoing cash needs, funding a growth in operations and renovating a building.

## 7.2 Finance Amount

How much finance you need will also affect your options as some finance providers have limits on what they will lend or give. Grants vary in size depending on the grantmaker. Commercial banks often don't consider loans for less than €10,000 but can consider much larger sums. Equity finance tends to start at even larger sums, typically €250,000 or higher, although some providers might make smaller investments. Social Investment lenders are usually available to provide information on finance.

## 7.3 Preparing for investors

There are some typical questions that an investor or funder is going to ask. Many of the answers to these questions should be contained within your business plan, but it's useful to prepare a master document that is used for funding applications so any team member can copy and paste information into applications efficiently and consistently.

Each time you complete a funding application you'll probably find a new question so make sure you add this to your master document.

## 7.4 Lenders and social lenders

When you are seeking finance, the areas that banks and social lender look at are more commonly broken down into 5 C's. These are Character, Capital, Conditions, Capacity and Collateral.

Assessment Factor	Issues Addressed
<b>Character</b>	Honesty, reliability, trustworthiness. Integrity. Credit worthiness. Track record, if any, in business. Business skills and acumen.
<b>Capital</b>	Financial strength. Quality of assets. Liquidity of assets. Debt-equity ratio.
<b>Conditions</b>	General economic outlook. Conditions in your industry. Implications for profitability and debt servicing capacity.
<b>Capacity</b>	Ability to service the loan and meet other commitments. Ability of your business to withstand a setback. Your capacity to manage the business profitably.
<b>Collateral</b>	Your willingness to pledge security. Nature and acceptance of security offered. Adequacy of security.

#### 7.4.1 Presenting to Investors

Your presentation needs to tell the investors what they want to know. Where possible ask for a list of questions from the Investment Panel to identify what they are looking for first so you can prepare a presentation accordingly. Remember to prepare an investor pitch that comprises a number of communication tools to ensure it communicates effectively to your different types of audience.

Practice your presentation and try to mimic real life settings as much as possible. Try speaking the presentation to someone you would trust would ask you the right questions. You are aiming for being so comfortable with your business and all of your figures that you will show your passion for the idea and for the impact your social enterprise will have.

## Chapter 8 Social Impact

A social enterprise differs itself from trading enterprises by the impact that it has on its beneficiaries and society. But what do we mean by social impact?

### 8.1 What is social impact?

Social impact is the sum of the individual outcomes that are made by an organisation or service.

You should be aiming not just to make a difference in people's lives but to be able to measure and demonstrate that impact. Think of how incredibly powerful it is to know that your social enterprise is actually making a difference with your chosen beneficiaries. The result can be incredibly powerful and should:

- inspire staff and volunteers
- tangibly improve the lives of your beneficiaries
- show to your funders your value
- become your rallying call for messaging and PR

Thinking of your impact before you even begin can be a

Let us start with what a normal enterprise does.

**Inputs:** These are all of the raw materials that are needed for the enterprise to produce something.

**Processes:** This is what we do with the raw materials to turn them into something new

**Outputs:** These are the things produced as a result of all that hard work



So think of this like baking a cake.



The more ingredients you have (inputs), the more baking that you do (processes), the more cakes you have (outputs).

**Outcomes:** Outcomes are the things that have happened as a result of those outputs.



In our cake example, as a result of a cake being baked, a children’s birthday party was complete and a child who had just turned five felt happy and full.

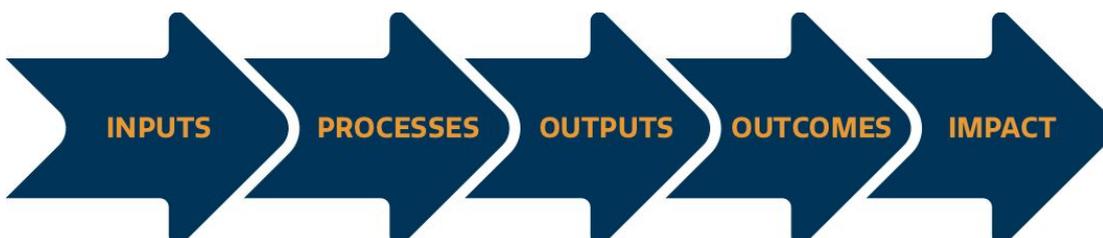
**Impact:** Impact is the collective change of those outcomes. A family of a five year old and all of their friends had a great birthday party, feeling excited and happy and creating lasting memories.

You are looking, ultimately to answer some of the following questions:

- What has changed in the lives of individuals, families, organisations, or the community as a result of your social enterprise?
- Has this social enterprise made a difference?
- How are the lives of beneficiaries better as a result of the social enterprise?

## 8.2 Logic Model

The process outlined above is called a Logic Model and is a way that we can help record our impact.



*“A logic model is a systematic and visual way to present and share your understanding of the relationships among the resources you have to operate your programme, the activities you plan, and the changes or results you hope to achieve.”  
(W.K. Kellogg Foundation 2004)*

Use the following table to measure your social impact.

Inputs	Processes	Outputs	Outcomes	Impact

With all Logic models, the process you are trying to go through will be about:

- Identifying the problems - What is the need?
- Naming the desired results - What is the vision for the future?
- Developing the strategy for achieving the goals - How can the vision be achieved?

### 8.3 Key Performance Indicators

You might have an idea on the types of outcomes and impact that your organisation has, but how do you know that you are achieving your impact?

Measuring your impact can be a lengthy and arduous (if ultimately rewarding) process if you do not plan it correctly from the start. Our advice is to think about what you need to measure before you even begin and not to leave everything to the end. But what measures should you use?

As we have seen in part 3.5 of this document, many of the tools that we use for market research are used to help us measure impact, particularly qualitative and quantitative data. For those who would like a quick recap:

#### Qualitative Data

Qualitative data is descriptive evidence that gives explanations - for example, client testimonials or other customer feedback.

#### Quantitative Data

Quantitative data is numerical evidence that presents statistical figures to the reader - for example, the number of people who said they would be interested in your product or service, or % of replies that agreed to a statement.

#### 8.3.1 There are Three Methods to Measurement

**One to one interviews:** Structured or unstructured one-to-one directed conversations with key individuals

**Focus Groups:** Structured interviews with small groups using standardised questions and/or open discussion.

**Surveys:** Standard paper-and-pencil, phone and online questionnaires

You might want to think which method you might use when trying to guide your measurement.

### 8.3.2 Basic Approaches To Measurement in an Organisations

There are different ways that you can approach measurement in your organisation. There are four main ways to measure change in any organisation:

1. Persons view (like service user questionnaires)
2. Observers view (like engagement or participation)
3. Action (like change, plan, activity or complete)
4. Test (like knowledge, skills, content)

Any approach will determine what tools to choose or adapt.

### 8.3.3 Choosing between Validated / Bespoke Tools

#### **Validated**

An instrument that has undergone a validation process to show it accurately measures what it was designed for, and to whom it was designed for. For example, controlled trials, academic studies, psychological instruments, etc.

#### **Bespoke (non-validated)**

An instrument that is developed by an organisation for their own use, and to answer specific set of research questions. For example, questionnaires, surveys, tests, etc.

## 8.4 Creating a Theory of Change

We have already looked at what a Logic Model can do to help shape your outcomes and impact. Another step you can take is to look at a Theory of Change Model. This approach is more in depth and requires more time and resources, however, it can help bring all stakeholders on a journey.

A Theory of Change is used to:

- test the logic of your assumptions on impact
- clarify activities
- create a story for engaging funders and stakeholders
- help define the short and long term outcomes you need to test

To begin a Theory of Change Model, follow the steps below.

#### *Step 1 Clarify end goal*

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Unlike other approaches, with a Theory of Change we want to start at the vision we would like to see. We take the distant goal and we work from there to where we are currently. When setting this end goal, try and use numbers and targets where possible. e.g. 30 people with learning difficulties will find employment within the next 18 months.

A good way to think about this end goal is to imagine what the newspaper headline might read like after you have reached that goal.

### *Step 2 Stakeholder Map*

Be clear on who needs to be on the journey, who is affected by your organisation and who might have an interest in the organisation succeeding. Try and write them out and identify all parties.

### *Step 3 Backwards Map*

As we are starting at the end and work to where we are now, you will start to map backwards all of the changes that need to happen. e.g. for this to happen, what needs to happen before that. This will look much like a critical path in reverse.

### *Step 4 Reflect on assumptions*

Don't take anything for granted! Make sure you are being realistic and open with your assumptions. Try and find evidence for your position rather than from your hopes or beliefs. Read widely and don't be afraid to change if a better solution is found.

### *Step 5 Clarify actions*

Now that you have started to identify the path that you should take, who is going to do what to make things happen. Put names and times and dates on your programme to begin to action the plan.

### *Step 6 Clarify outcome measures*

Start to concisely phrase your theory of change. What are your inputs, processes, outputs, outcomes and impact as a result of your mapping? For example, by using the best staff with the resources you need, you can deliver a service, that service can help a specific number of people with a particular need and those people are changed as a result of your service.

### *Outcomes*

Once you have thought about your outcomes, you can start to identify short, medium and long term outcomes. It would be helpful to use time periods as a way to easier identify the impact your organisation will have.

## 8.4 Social Return on Investment

The social return on investment (SROI) is the wider costs savings the social enterprise delivers. It is about taking your social impact one step further and adding a € value. These savings are normally made by society but it is a useful way of showing the impact and usefulness of your social enterprise. For example:

- A cafe providing work for people with learning difficulties against the cost of their lives in day care without the café
- An organisation that trains ex-offenders and helps them get jobs makes them less likely to re-offend.

One of the difficulties of measuring the Social Return on Investment is that many of your results cannot be definitively proven. For example, if you are saying you are reducing the recidivism rate by working with ex-offenders, how much of that work is down to you or other factors? Is it because of your work with them or because it would not have happened anyway? It is important to be factual and as accurate as you can be about your claims.

In the instance of ex-prisoners going on to offend, if you state that every success is down to you, you are ignoring the statistics on those ex-prisoners who did not go on to reoffend despite never having met your organisation.

Generally organisations measure SROI to:

- put a € value on the impact of the social enterprise: commonly used to demonstrate to a funder the return on investment that has been achieved. This enables funders to see that their investment has made a measurable difference. That makes it easier to justify continuing the project.
- estimate the financial value of what is planned: used to support funding bids. It strengthens your case if, for example, you can show that by giving you €50,000 you can save your funder €150,000. This is important if you are bidding competitively for funds or applying for a grant.

## 8.5 Measuring SROI

Here are some pointers to get you started. Remember that the calculation needs to be a compromise between what your common sense tells you and what exhaustive statistical research suggests. Imagine you are providing exercise and fitness sessions for older people; consider these questions and decide how each point translates in your situation:

**Beneficiaries** – who are the people you work with and what defines their needs in the eyes of funders?

‘We work with older people helping them remain active and live independently.’

**Making a difference** – what is it that you do that changes attitudes, behaviours, aspirations and abilities?

‘Our fitness instructors visit them at home, assessing their need, showing them exercises and lending equipment.’

**What happens if you do nothing?** – in other words, what would this group do if you were not engaging them in some way?

‘These people become less mobile, suffer more from aches and pains and sometimes become lonely and depressed.’

**What’s the potential public cost of doing nothing?** – either look for published statistics or if you can, gain actual figures from agencies working in your area.

‘Our local university conducted a trial that suggested that on average, our weekly visits give clients on average three additional years of independent living.’

**What are the additional benefits of what you do?** – although you set out to change one thing, others might also improve. What are they and what’s their value?

‘Residential care for three years could cost a Local Authority €9,000. Plus we reduce HSE workload and probably save prescription drugs too.’

How does the money you’re asking for relate to the money you think you’ll save? This ratio is the SROI.

‘We charge €25 per client per week, so for three years, we charge €3,900. If funded, the net saving is €5,100 per client.’

When working out SROI it is important that you:

- Involve the people you expect will see savings and/or fund you in doing the calculation. If they work out the sums, they will have more faith in them.
- Include the most important savings and avoid the temptation to make claims that others will consider too bold.
- Appreciate the full breadth of the impact you might have and don’t simply focus on the first thing you think of.
- Share all of your findings, even if some contradict the argument you are trying to make. Total transparency will win you friends.
- Benchmark your calculations against what actually happens with your project and others.
- Include anecdotal evidence and client case studies to make it real.

## 8.6 Return on investment

The Social Return on Investment methodology was created primarily as a tool to help charities and social enterprises show the financial impact of their work. But, many companies are now starting to use the same calculations to show that a commercial company can have a return.

A lot of commercial companies are starting to show their impact by having social enterprise products and services in their supply chain. If an organisation can show

that they are helping more direct beneficiaries in their normal work, it can go a long way in attracting more customers to their products and services.

For example, retailers are teaming up with social enterprises to deliver food waste directly to homeless charities. Instead of dumping the food, the food can be repurposed to work with charities that can put them to use.

## 8.7 Procurement

As a result of your social impact measurement, theory of change and your new found knowledge on social return on investment, you might find a new world opening to social enterprises. With the gradual pick up of 'community benefit clauses' in government contracts, social enterprises could have found a unique opportunity to making sure that your SROI is up to date.

Community Benefit Clauses (CBCs) are contractual clauses that can be used to build a variety of economic, social or environmental conditions into the delivery of public contracts. By specifying contractual requirements that seek to deliver wider social benefits, CBCs allow organisations to contribute to the achievement of outcomes that will benefit their communities. They can be viewed as contributing to the Best Value and sustainable procurement agendas.

Community benefits that can potentially be included as contractual clauses include:

- Creating opportunities for enterprising third sector organisations to deliver public services
- Employment and training opportunities for the long term unemployed and disadvantaged individuals
- Creating opportunities for SMEs and social enterprises to deliver public services
- Provision of facilities for all
- Contributions to achievement of education and training targets
- Support for community initiatives
- Environmental targets

While there are many projects that could benefit from these clauses, there are already opportunities opening up. Social enterprises that are measuring their social impact could compete with other for profit trading companies for some lucrative work.

### Further Training

Social Impact Measurement and Social Return on Investment courses will be offered through Quality Matters (<http://www.qualitymatters.ie>) training <http://www.socialvalueuk.org/> courses in conjunction with the Wheel (<http://www.wheel.ie>). Be sure to check out their websites for more information.

## Chapter 9 Look after yourself

There is a safety message that appears in most aircraft safety manuals that says, 'attend to your own oxygen mask before you attend to others'. No-one expects to find themselves in that situation but there is a nugget of truth to be found in helping yourself before you try to help others.

One of the hardest things about being a social entrepreneur is that you can quickly get tired, lonely and lost if you don't have a strong support network around you. With this in mind, it is worth, very early on, giving some serious thought to your own support needs.

### 9.1 Find a mentor

Find a mentor that will help support you through the process of setting up a social enterprise. Mentors can offer a valuable insight into your challenges, can be an ear to listen to your issues and can help focus you on the parts that matter most.

Try and think within your existing network who might be best able to assist you when setting up your social enterprise.

You might be able to get support from your Local Enterprise Office or from your nearest Partnership.

### 9.2 Use your support networks

Networks can often be a valuable source of assistance in getting your social enterprise off the ground. It is not just about business, but networks that gather like minded people together to share stories and information and even asking for help if you can be clear on your ask. There are a list of networks in this toolkit that you should consult.

### 9.3 Invest in yourself

It's important that you give yourself time to learn new skills and experiences. Once you are in the cut and thrust of social enterprise development, it is perfectly OK to spend a moment concentrating on you. Be careful not to ignore your own learning and skills development. Make time to speak to others, reach out, listen to other stories and continue to learn. You might just find something useful!

### 9.4 Take care of yourself

Starting a social enterprise can be a huge time commitment and can lead to some stressful times. It is important to look after your personal life and your own priorities before even embarking on making a social enterprise happen. Make sure you are checking in with friends and family and open up about what you are doing early and often. It's those relationships that will catch you before you burn out!

## 9.5 Network

In the business world, networking can be poorly mischaracterized as a chance to sell, sell, sell. But networking can be a real opportunity to find new connections in your industry or others. It can afford you new relationships and can open you to new technologies, new standards, new products or other things you may not have thought of. Make sure to catch up over coffees and to engage online and grow your wider sphere of influence.

## 9.6 Get seen

Never underestimate going to give a talk or meeting people for a quick meeting. If someone seen you speak at something or had seen you were mentioned in a newspaper, it can go a long way in raising your profile and have customers trust your social enterprise more. Make time to ensure you are being seen.

## 9.7 Sales = Impact

Be under no illusion that the more sales you generate, the more impact you can have. To that end, be clear on your sell and try to make sure you keep to some general principles:

**Trust** - People buy from people they trust and like

**Qualify** - Make sure you're talking to the decision maker.

**Close** - Don't be afraid to ask.

## 9.8 Be Positive

If you work hard, if you are open to the risks and you are focussed on your goals, you are well on the way to having your social enterprise thrive.

## Chapter 10 Finding Supports

The social enterprise journey in Ireland can seem to be a lonely one. You are not alone. There are supports available.

### 10.1 When do I need a Professional?

It can be difficult getting started on your own or with a small group of people. Deciding when you need more help is a conversation worth having.

Many accountants and solicitors and business development professionals will often give you advice for free. It might be worth contacting people in your own networks with skills before you start. Make sure that you are as knowledgeable as you can be and consider pricing how much it might be to hire a professional to manage your finances or setting up your structure correctly before you begin.

Key Area	Issues Involved	Assistance
Start-up finance	Business development costs Financial planning	Local Partnership Local Enterprise Office
Budgeting and financial planning	adopt	policies to improve youth employment
VAT Registration	Whether you are VAT registered or not will have an impact on your budgeting	Revenue Accountant
Company/Charity law	What is the best legal structure for your social enterprise idea	Solicitor – seek legal advice before you adopt a legal structure
General legal matters such as property/ equipment purchase or lease	Do you understand the lease arrangement?	Solicitor – consult before signing leases or contracts
Insurance	Health and Safety Public liability Property	A good insurance broker will tell you what type and level of cover you will need
PAYE, National Insurance	Legal responsibilities of employing staff	Revenue

### 10.1 Local Enterprise Offices

## SOCIAL ENTERPRISE TOOLKIT

Local Enterprise Offices are set up to help business across Ireland and are a one-stop shop for information and resources. The LEO's often provide information on training, mentoring and finance. Although there is no unified language on social enterprise for Local Enterprise Offices, they do provide supports for profit seeking organisations with a focus on creating employment and supporting entrepreneurship in general

You can find out about the Local Enterprise Offices through the website <http://www.localenterprise.ie>

You can find out about the Dublin Local Enterprise Office at their website <https://www.localenterprise.ie/DublinCity/>

### 10.2 Local Development Companies

Local Development Companies (LDCs) are known by many different names throughout Ireland including Local Area Partnerships, LEADER Partnerships, Integrated Development Companies as well as 'Local Development Company'. They provide supports and advice and training in local areas that have a:

- Bottom-up approach – working with communities to develop local solutions to local issues
- Focus on promoting local economic development
- Focus on addressing inequality and social exclusion

Check out <http://ildn.ie/> to find your Local Development Company

For more information on Dublin South City Partnership, check out <http://dublinsouthcitypartnership.ie/>

### 10.3 Social Finance Lenders

There are two social finance lenders in Ireland. They work closely with the Social Finance Foundation that provides support finance through the Dormant Account Fund. Social Finance Foundation does not itself loan to social enterprises directly but you can find out more about their work and the space by logging on to <http://www.sff.ie/>

Both Community Finance Ireland and Clann Credo provide social finance loans. You can find out more about them on their websites.

Community Finance Ireland <https://www.communityfinance.ie/>

Clann Credo <http://www.clanncredo.ie/>

## 10.4 Finance

Microfinance Ireland	<a href="http://www.microfinanceireland.ie/">http://www.microfinanceireland.ie/</a>
GRID Finance	<a href="http://www.gridfinance.ie/">http://www.gridfinance.ie/</a>
Linked Finance	<a href="https://linkedfinance.com/">https://linkedfinance.com/</a>

## 10.5 Networks

Irish Social Enterprise Network	<a href="http://www.soцент.ie">http://www.soцент.ie</a>
Charities Institute of Ireland	<a href="https://www.charitiesinstituteireland.ie/">https://www.charitiesinstituteireland.ie/</a>
Community Reuse Network Ireland	<a href="http://crni.ie/">http://crni.ie/</a>
The Wheel	<a href="http://www.wheel.ie/">http://www.wheel.ie/</a>
Communities Creating Jobs	<a href="http://www.ccj.ie/">http://www.ccj.ie/</a>

## 10.6 Grant Award Bodies

Social Innovation Fund	<a href="http://www.socialinnovation.ie/">http://www.socialinnovation.ie/</a>
Social Entrepreneurs Ireland Award	<a href="http://socialentrepreneurs.ie/">http://socialentrepreneurs.ie/</a>
Social Enterprise Award	<a href="http://innercityenterprise.com/">http://innercityenterprise.com/</a>
The Wheel Funding Point	<a href="http://www.wheel.ie/funding">http://www.wheel.ie/funding</a>
Pobal.ie	<a href="https://www.pobal.ie/Pages/Home.aspx">https://www.pobal.ie/Pages/Home.aspx</a>

## 10.7 Other Supports

Irish Cooperative Organisations Society (ICOS)	<a href="http://icos.ie/">http://icos.ie/</a>
BuySocial.ie	<a href="http://www.buysocial.ie/">http://www.buysocial.ie/</a>
Citizens Information: Starting a business	<a href="http://www.citizensinformation.ie/en/employment/types_of_employment/self_employment/setting_up_a_business_in_ireland.html">http://www.citizensinformation.ie/en/employment/types_of_employment/self_employment/setting_up_a_business_in_ireland.html</a>

Local Enterprise Office – Supporting SMEs Online Tool:

<https://www.localenterprise.ie/Discover-Business-Supports/Supporting-SMEs-Online-Tool/>

Local Enterprise Office - Training Programmes:

<https://www.localenterprise.ie/Discover-Business-Supports/Training-Programmes/>

## 10.8 Private Organisation Supports

Enterprise Ireland <https://www.enterprise-ireland.com/en/>

Sustainable Energy  
Authority of Ireland (SEAI) <https://www.seai.ie/>

Intertrade Ireland <http://www.intertradeireland.com/>

Udaras na Gaeltachta <http://www.udaras.ie/>

Quality Matters <http://www.qualitymatters.ie>

## 10.9 Employment Supports

Local Employment Services <http://www.localemploymentservices.ie/>

Social Welfare <http://www.welfare.ie/>

Pobal <https://www.pobal.ie/>

There are a number of initiatives that might allow you to develop a social enterprise while seeking employment and also might find you your first employees. Find out more on initiatives such as the Back to Work Enterprise Allowance, Short-Term Enterprise Allowance, Tús, Community Employment and Community Services Programmes.

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Edited by Richard Moore  
Design by Gerlanio Flores

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