

Section 4 Social Entrepreneurship

Introduction

It is commonly accepted that just about every successful social enterprise is indebted, in one way or another, to a social entrepreneur who, one way or another, drives the business forward. In this section we look at the following key topics:

Topic 1: What is a Social Entrepreneur?

When you have worked through this topic you should be able to:

- describe what social entrepreneurs do within social enterprises
- identify the aims and main activities of at least two different entrepreneurs who have achieved significant success in social enterprises.

Topic 2: The Qualities and Skills of a Social Entrepreneur

When you have worked through this topic you should be able to:

- explain the key differences between commercial entrepreneurs and social entrepreneurs
- identify the key personal qualities needed by a successful social entrepreneur
- identify the key skills which you, in the role of social entrepreneur, could usefully further develop, and what means you might take to do that.

Topic 3: Social Entrepreneur Success Factors

When you have worked through this topic you should be able to:

- list the key characteristics of successful entrepreneurs
- give your own definition of a successful social entrepreneur.

Topic 4: Social Entrepreneurs and the Four Stages of Growth

When you have worked through this topic you should be able to:

- describe the four stages of growth of a social enterprise and the entrepreneur's role in each
- research the way in which other social entrepreneurs have tackled these four stages of growth
- identify the key actions and attitudes which you, in the role of social entrepreneur, would need to display at each of these four stages.

Resource finder

Organisation	Website address
Community Action Workshop	www.can-online.org.uk
DEMOS	www.demos.co.uk
Eldonian Community Based Housing Association (ECBHA)	www.eldonians.org.uk/menu.htm
Mildmay Mission Hospital	www.mildmay.org.uk
Roberts Enterprise Development Fund	www.redf.org
School for Social Entrepreneurs	www.sse.org.uk
Youth Charter for Sport	www.ycs.co.uk

Make a note here of any other helpful resources you find.

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Topic 1 What is a Social Entrepreneur?

This topic uses snapshots of successful social entrepreneurs to show the kinds of people they are, what social entrepreneurs do, and the variety of things they can achieve.

According to Charles Leadbeater, writing in *The Rise of the Social Entrepreneur*, social entrepreneurs:

- identify under-utilised resources – people, buildings, equipment – and find ways of putting them to use to satisfy unmet social needs
- are capable of creating impressive schemes with virtually no resources
- are driven, ambitious leaders, with great skills in communicating a mission and inspiring staff, users and partners
- are driven by a mission, rather than the pursuit of profit, or share-holder value
- promote health, welfare and well-being.

Snapshots of social entrepreneurs

Social Entrepreneur: Andrew Mawson

In 1984, Andrew Mawson became the newly appointed United Reformed Church Priest in the Bromley-by-Bow area of East London. From his predecessor he inherited a leaking roof, a barely working central heating system, a broken piano and a congregation of just a few elderly people.

Despite these difficulties, Mawson decided to tackle, simultaneously, his inherited problems and the problems of his local community. (According to the Department of the Environment's own figures, Bromley-by-Bow is one of Britain's most depressed and deprived districts.)

Using his skills as a social entrepreneur, working with the community and with help from mainstream businesses such as the Royal SunAlliance insurance group, and the NatWest Bank, Andrew Mawson provides:

- a nursery and crèche within the refurbished church
- a set of artists' workshops for local people
- a literacy outreach programme for 300 local Bengali families
- the 'Pie in the Sky', a self-financing café
- a health centre which is the first in the UK ever to be owned by its patients
- a three-year project (financed by Royal SunAlliance) designed to create new ways of diverting young people away from crime
- a three-year project (financed by NatWest Bank) to promote young local entrepreneurs
- a sculpture park.

He plans to provide:

- housing for single, homeless people
- an enterprise centre for local businesses.

Mawson's aims are to:

- advance education
- protect and preserve health
- relieve poverty, sickness and distress
- provide recreational facilities for the inhabitants of Bromley-by-Bow and surrounding areas.

Social Entrepreneur: Helen Taylor-Thompson

In 1982, the Mildmay Mission Hospital in Shoreditch, East London, was earmarked for closure as part of a rationalisation exercise within the NHS. Helen Taylor-Thompson was someone who had been involved with the hospital for 30 years, and she was determined that it should not close. Eventually, after a great deal of hard work, she persuaded the government to allow the hospital to leave the NHS and charge only a peppercorn rent for the lease on the buildings.

By 1988, the Mildmay had:

- become the first AIDS hospice in Europe, with 32 suites for the terminal care of AIDS patients, and a purpose-built facility to care for parents with AIDS, without separating them from their children.

By 1996, the Mildmay had:

- become one of the world's leading centres for AIDS care
- acquired an international reputation for innovation.

By 1997, the Mildmay had:

- provided consultancy and advice to eleven other countries
- acquired a reputation as a world-class organisation.

By 1998, Mildmay had:

- opened a centre in Kampala, Uganda – the first of its kind in Africa, the centre combines a clinical outpatients' service with a study centre devoted to training people in HIV/AIDS care and management.



Websites to visit

www.users.globalnet.co.uk/~eilean/bromley.htm – more information about the Bromley-by-Bow centre.

www.mildmay.org.uk – to find out more about Mildmay.

Social Entrepreneur: Eric Blakebrough

In 1968, when he became the minister at the Baptist Church in Kingston, South London, Eric Blakebrough set up a club for young people – which they could visit after the pubs had shut. What this meant, in practical terms, was that Blakebrough found himself coming into contact with a large group of young people, nearly all of whom had drug and health-related problems. From this small beginning, Eric Blakebrough went on to create *Kaleidoscope*, one of the most innovative drug treatment programmes in the UK.

To achieve this outstanding success, Blakebrough:

- persuaded the Home Office to licence Kaleidoscope to provide methadone, a Class A drug, to heroin addicts as part of a drug-treatment programme
- provided addicts with a centre, together with a GP and three nurses, plus (every fortnight) the services of a consultant.

Blakebrough has also:

- persuaded five members of his church to re-mortgage their homes in order to fund a hostel for single, homeless young people
- organised a staff of 30 people to provide – in addition to long-stay accommodation – art, music and computer workshops; a job training scheme; care, counselling and supervision.

Social Entrepreneur: Geoff Thompson

In 1992, Geoff Thompson, a former karate world champion, was a member of the Sports Council working with others on Manchester's bid to host the 2000 Olympics. Two drug-related shootings occurred, and it was these that brought his attention to the serious problems amongst the people living on Manchester's depressed housing estates. He said:

'No square mile in the country has had more public money pumped into it, with less effect, than Moss Side and Hulme.'

In 1993, as a response to the social exclusion and sense of social anarchy on these estates, Geoff Thompson created the Youth Charter for Sport. The purpose of the Youth Charter is to provide – with the help of private sector sponsors – sporting opportunities for disadvantaged youngsters. As many of these young people regard sporting celebrities as their role models, the aim of the project is to substitute sport for drugs and crime.

Website to visit

www.ycs.co.uk – to find out more about The Youth Charter for Sport and how it has now expanded around the world.



Social Entrepreneur: Tony McGann

In 1983, the homes of the people who lived in Eldon Street and Burlington Street, in the Vauxhall area of Liverpool, were scheduled for demolition by the local council. These tenants had no desire to have their close-knit community broken up, and they had no intention of being moved to large, impersonal estates on the edges of the city.

Tony McGann, at that time a local community leader, organised the tenants into the Eldonian Housing Co-operative. By 1990, the co-operative had become a community-based housing association – The Eldonian CBHA.

The aims of the Eldonian CBHA are to:

- keep our community together
- provide good quality, affordable, rented housing in Vauxhall, for people in housing need
- provide tenants with a responsive and efficient management service that enables them to enjoy their tenancy
- work with other agencies for the benefit of the local community and environment
- promote equal opportunities
- be accountable to those people who benefit from the services of the Association.

None of this would have happened without the drive, energy, enthusiasm and social entrepreneurship of Tony McGann.

Ordinary people with extraordinary abilities

None of the social entrepreneurs we have mentioned – Andrew Mawson, Helen Taylor-Thompson, Eric Blakebrough, Geoff Thompson and Tony McGann – could, by any stretch of the imagination, be categorised as conventional business entrepreneurs. Mawson and Blakebrough are ministers of the church; Geoff Thompson is a karate champion; Tony McGann was a housing advisor and community leader. Only Helen Taylor-Thompson had conventional business experience, which she gained when she took over the family laundry and dry cleaning business.

Nevertheless, all these people – and many more like them who are, every year, taking on the role of social entrepreneur – share the same qualities of vision, values and mission. Each of them saw a social need, and then took the initiative to address that social need. They have all, in their own ways:

- adapted under-used, discarded resources to make something new, fresh and exciting
- created new and innovative services and products
- established new ways of dealing with problems
- transformed communities, and the lives of the people within those communities.

'Whenever you are asked if you can do a job, tell 'em 'Certainly I can!' Then, get busy and find out how to do it.'

**Theodore Roosevelt,
26th American
President**

To find out more about each of these Social Entrepreneurs, read:

The Rise of the Social Entrepreneur by Charles Leadbeater
Published by Demos, ISBN 1 898309 53 1
Demos, Panton House, 25 Haymarket, London SW1Y 4EN
0207 321 2200
mail@demos.co.uk

Jargon buster

Entrepreneur

A person who organises and manages and assumes the risk of a business enterprise, usually with the objective of making money.

Social Entrepreneur

A person who (1) identifies a social need, (2) organises and manages (and sometimes assumes the risk of) a social enterprise. The social entrepreneur is driven by the desire to achieve a social mission and create social value. Any financial returns will be warmly welcomed, as these will be ploughed back into the social enterprise, but financial return is not the key motivating factor.

‘There is a fine line between the delinquent mind of an entrepreneur and that of a crazy person. The entrepreneur’s dream is almost a kind of madness, and it is almost as isolating. When you see something new, your vision usually isn’t shared by others, the difference between a crazy person and the successful entrepreneur is that the latter can convince others to share the vision. That force of will is fundamental to entrepreneurship.’

Anita Roddick, The Body Shop

Activity

Look back over the case studies and re-read Andrew Mawson’s aims. You may like to use a separate piece of paper or your learning journal for your notes.

- Match the aims with particular projects which fulfil those aims.
- Note what means he used to get the projects going.

Choose two other entrepreneurs from these case studies.

- Identify their main aims.
- What do you think were their most important means of achieving those aims?

Decide whether you could use similar means to achieve your aims.

For example, if you chose Eric Blakebrough, you might have considered his main aims to be:

- helping young people in Kingston with their drug and health-related problems
- providing hostel accommodation for single, homeless, young people
- providing long-stay accommodation, training, care, counselling and supervision for young people.

His main means of doing these, were to work with the Home Office to license a drug treatment programme, and enlist the help of local people for specific funding.

Obviously, whether these means are suitable to you will depend on your enterprise, but working with the local community is vital to most successful projects, while negotiating with central or local government departments may well be part of getting your social enterprise off the ground or developing its potential.

The next topics look at some of the qualities and skills you may need to use these means.

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Topic 2 The Qualities and Skills of a Social Entrepreneur

This topic looks at the qualities and skills needed by social entrepreneurs, whose background has not prepared them for such a role, in an environment geared to commerce and profit, rather than social change and self-help.

Qualities and skills of the social entrepreneur

The qualities and skills needed by a social entrepreneur are, in many ways, the same as the qualities and skills needed by a commercial business entrepreneur. There are, though, some key differences between the benefits, advantages and opportunities available to commercial business entrepreneurs and social entrepreneurs. These differences are identified in Figure 1, below.

Usually (but not always) a commercial business entrepreneur is able to make use of:

- training of one kind or another in:
 - specific job-related skills, e.g. graphic design, engineering, accountancy
 - generic management skills, e.g. human resource management, project management, financial management
- access to loans and other financial opportunities made available from mainstream sources, e.g. high street banks, finance companies
- appropriate premises
- trained, experienced staff
- a supportive administrative framework, e.g. someone to answer the telephone, do the books, sort out the invoices
- a social and business environment which is geared towards helping commercial entrepreneurs gain the competitive edge, make money, increase profits, satisfy shareholders.

Usually, (but not always) a social entrepreneur has to cope with:

- lack of training in generic management skills
- access to grants and loans made available from government, local authority and other sources, usually in competition with other social
- dilapidated, run-down premises, often in need of refurbishment
- volunteers, often without training or experience
- a lack of regular administrative support at the very start of the enterprise
- red-tape, bureaucracy, resistance to change

Figure 1 Differences between the operating environment of a commercial business entrepreneur and a social entrepreneur



The social entrepreneur's skills

Jane Berry, in her article 'Social entrepreneurs – an A–Z of competencies and aptitudes', suggests that effective and successful social entrepreneurs need to have, or be adept at:

- **advocacy** – the ability and willingness to speak for others, and work on their behalf
- **business skills** – understanding the market and the customer, managing people and resources and keeping cash-flow under control
- **consensus building** – bringing people and organisations together to work towards a common goal
- **delegation** – a good social entrepreneur is a good delegator
- **enterprise skills** – enterprising people see opportunities
- **financial skills** – knowing how to get money in, and how to manage it
- **being gregarious** – liking people, and being a good networker
- **being hard working** – usually working long hours and enjoying it
- **being idealistic** – wanting to make the world a better place
- **being able to juggle** – not only being able to multi-task, but being able to balance ethical aims against financial aims
- **knowing the 'market'** – every social entrepreneur has two markets to serve: the community and the customer
- **leadership skills** – being able to make sure everyone is moving along together
- **motivation skills** – getting people to do things they didn't know they could do
- **negotiation skills** – knowing when to say no, when to hold out, when to ask and when to give ground
- **organisational skills** – keeping things on time, on target and on budget
- **PR skills** – never missing an opportunity to blow trumpets – either their own, or someone else's
- **a sense of humour** – absolutely vital
- **being quality conscious** – making sure that products and services can compete with what the private sector has to offer
- **being realistic** – knowing that things can, and do, go wrong
- **being a team player** – working with others
- **being unorthodox** – doing things differently
- **being visionary** – knowing where you are going
- **being well-connected** – contacts and good communications are vital
- **having the x-factor** – having faith that magic ingredient will turn up
- **being young-at-heart** – using your wisdom, but staying young-at-heart
- **having zeal** – having enthusiasm, passion, drive and faith.

Keep your fears to yourself, but share your inspiration with others.
Robert Louis Stevenson, novelist

Website to visit

www.can-online.org.uk/entrepreneurs/A-Z.htm – the Community Action Network website, which contains the full text of Jane Berry's article.

The key point here is that the successful social entrepreneur (just like the commercial business entrepreneur) needs to be able to:

- display a wide range of important personal qualities
- use a number of key managerial skills.

Entrepreneurs as agents of change

Entrepreneurs (including social entrepreneurs) are essentially agents of change, moving resources from one area to another of greater gain or leverage. The flair is in recognising the opportunity to move these resources and in exploiting that opportunity, and the skill is in convincing others of the merit in doing this, often against resistance or opposition. For the economic entrepreneur, the gain is profit; for the social entrepreneur it is in fulfilling the social mission.

This understanding of the economic foundation of entrepreneurship (as the moving of resources) goes back to the turn of the 19th century and is generally credited to the French economist Jean Baptiste Say. It is as true today as it was then. The 20th-century economist Joseph Schumpeter developed the thinking specifically in terms of agents of change, with the contemporary writer Peter Drucker adding the final dimension of the exploitation of the opportunity.

The entrepreneur always searches for change, responds to it and exploits it as an opportunity.
Peter Drucker, author and management guru

Go for it!

The late Michael Young, a much-loved and well-respected social entrepreneur who created, amongst a number of other organisations, the Consumers' Association, the National and International Extension Colleges and the School for Social Entrepreneurs, speaking at a School for Social Entrepreneurs conference, just before the millennium, said:

'There is a great "wall" coming up in a few weeks time and only a few messages will get over the wall, or a few whispers through the chinks. So, looked at in this way, my function here is to whisper a few things to you, from one century to another. You are going to spend a longer time in the next century than I am, but I think no one here has spent as much time in this century as I have.

So, I had to decide, overnight, what I was going to say to you, as an old man of the 20th century, to you people of the 21st century. And I think what I would say is 'Go for it' ...

It is perhaps a metaphor of a ship leaving the dock. It's the ship of the next century and there I am on the dockside, waving a message, shouting out 'Go for it! Don't be put off! Be persistent, persistent, persistent!'

Anyway, that is my message to you of the next century, from me in this century. And I don't think the next century will be any different. The resistance to new ideas will be much the same – and the means to overcoming it will be the same. You will need all the guile you can muster and all the persistence. Don't dismiss all your good ideas if they don't seem good ideas to your friends and other people. Believe in yourself. Go for it. That's what I'm shouting from the dockside.'



Check Point

This check point will help you to think about the personal qualities and skills needed by any social entrepreneur; and the specific skills which you, as a social entrepreneur, could usefully further develop.

1 From the chart below, select the personal qualities which, in your opinion, a social entrepreneur needs in order to be successful. Tick as many boxes as you like. The last box is blank for you to add any other essential quality you think we have missed.

- | | | | |
|------------------------------------|---|--------------------------------------|--|
| <input type="checkbox"/> Ambition | <input type="checkbox"/> Determination | <input type="checkbox"/> Persistence | <input type="checkbox"/> Energy |
| <input type="checkbox"/> Integrity | <input type="checkbox"/> Charisma | <input type="checkbox"/> Flexibility | <input type="checkbox"/> Drive |
| <input type="checkbox"/> Courage | <input type="checkbox"/> Compassion | <input type="checkbox"/> Confidence | <input type="checkbox"/> Optimism |
| <input type="checkbox"/> Clarity | <input type="checkbox"/> Innovation | <input type="checkbox"/> Passion | <input type="checkbox"/> Social conscience |
| <input type="checkbox"/> Openness | <input type="checkbox"/> Creativity | <input type="checkbox"/> Enthusiasm | <input type="checkbox"/> Resolve |
| <input type="checkbox"/> Vision | <input type="checkbox"/> Persuasiveness | <input type="checkbox"/> Reliability | <input type="checkbox"/> Self-belief |
| <input type="checkbox"/> Patience | <input type="checkbox"/> Commitment | <input type="checkbox"/> Ethics | <input type="checkbox"/> |

2 Select from the chart below the skills which, in your opinion you, as a social entrepreneur, could usefully further develop and improve. Tick as many boxes as you like.

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Organising | <input type="checkbox"/> Leading | <input type="checkbox"/> Team building | <input type="checkbox"/> Relationship building |
| <input type="checkbox"/> Planning | <input type="checkbox"/> Decision making | <input type="checkbox"/> Writing – letters, reports, etc. | <input type="checkbox"/> Communicating one-to-one |
| <input type="checkbox"/> Communicating with groups | <input type="checkbox"/> Influencing and alliance building | <input type="checkbox"/> Listening | <input type="checkbox"/> Managing your time |
| <input type="checkbox"/> Negotiating | <input type="checkbox"/> Problem solving | <input type="checkbox"/> Chairing meetings | <input type="checkbox"/> Attending meetings |
| <input type="checkbox"/> Project management | <input type="checkbox"/> Scheduling | <input type="checkbox"/> Budgeting | <input type="checkbox"/> Public speaking and formally presenting information to groups |
| <input type="checkbox"/> Proposal and report writing | <input type="checkbox"/> Making grant applications | <input type="checkbox"/> Performance management | <input type="checkbox"/> Strategy |
| <input type="checkbox"/> Resource management – buildings, equipment, etc. | <input type="checkbox"/> Interpersonal relationships | <input type="checkbox"/> Analytical skills | <input type="checkbox"/> Marketing |

3 The list below shows various ways of improving and developing skills. Note down the skill you would like to improve, next to the development method you think is most likely to improve it.

E.g. work through an open/distance learning pack
ask a trusted senior colleague to be my mentor

Marketing
Public speaking

Best way for me to improve and develop my chosen skill

- read a book _____
- attend a course or workshop _____
- work through an open/distance learning pack _____
- talk to colleagues and/or other social entrepreneurs _____
- ask a trusted senior colleague to be my mentor _____
- make use of the Planning Sheets in Section 9 of this module _____

To be a successful entrepreneur you need a potent mix of strong personal qualities and well-honed business skills. This check point will have helped you identify particular skills that you can develop to the benefit of both you and your social enterprise.

Your success as a social entrepreneur will, though, depend on how you apply those skills, rather than on simply having or acquiring them. Belief, passion, persuasion, persistence, wit, guile, dogged determination – these are the kinds of qualities that you may need to get your social enterprise to the position where it can benefit from more ‘refined’ business skills, such as report-writing or making grant applications.

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Topic 3 Social Entrepreneur Success Factors

Becoming a successful social entrepreneur requires a remarkable blend of energy, drive and vision. This topic examines the key characteristics that just about every successful social entrepreneur displays.

Key characteristics of successful social entrepreneurs

Adopt a mission to create and sustain social value

Successful social entrepreneurs see social needs and take action to create sustainable social improvements. They identify their mission, for example:

- providing worthwhile training and real work experience for people with disabilities
- helping a community to regenerate a run-down area
- helping disadvantaged people build their own, decent housing.

Then, having decided what should happen, social entrepreneurs move heaven and earth to make it happen.

Recognise and relentlessly pursue every opportunity which might help them to realise their mission

Successful social entrepreneurs encounter problems (just like everyone else), but they either:

- solve the problems
- work around the problems
- view the problems as opportunities to do things differently.

In other words, successful social entrepreneurs keep going, no matter what. They make the most of every opportunity to turn their vision and mission into reality. This may sometimes involve activities that are new for them – networking, public speaking, fundraising, talking to the media – but they take part in these activities wholeheartedly, because they know that each one could be an opportunity for them to gain the assistance they need, which, in turn, will help them to fulfil their mission.

Engage in a continuous process of learning, creativity, adaptation and innovation

Successful social entrepreneurs are always willing to look at new ways of doing things. They listen to other points of view, and they want to learn about new ideas and approaches. They are creative and innovative, and they never say ‘We can’t do that, because it’s never been done before’ or ‘There’s no point in even trying that ... because it won’t work’.

Instead, successful entrepreneurs say things like ‘Let’s try it, and see what happens,’ and ‘We can adapt what we’ve got ... it just might work’ and ‘I’m always open to new ideas’.

Take bold action without being limited or restricted by available resources

Successful social entrepreneurs have the ability to:

- work with very limited resources
- obtain resources from other people.

These resources might be money, equipment, furniture, space or staff. For example, if a successful social entrepreneur decides that it’s important to open a lunch club for single parents, he or she might be faced with the prospect of a dark, dingy meeting room, no furniture, no crockery or cutlery, no food, and no money to buy what is needed. However, using those vital skills, our social entrepreneur may persuade:

- local businesses to contribute paint, furniture and other necessities
- members of the community to give their time to redecoration and organisation
- friends and acquaintances to provide catering.

Within no time at all, an embryo lunch club will be up and running.

Give their wholehearted attention to ensuring that their social mission is achieved

Successful social entrepreneurs thrive on hard work. They will give their venture their wholehearted attention and do whatever it takes to achieve success. Unlike commercial business entrepreneurs, the social entrepreneur is not driven by the desire to accrue profit, gain a competitive advantage, create a business empire or satisfy the shareholders. Instead, social entrepreneurs are driven by the desire to create social value, to bring improvements into people’s lives, and to make a real and meaningful difference to society, and they will work tirelessly to achieve those outcomes.

Entrepreneurs are confident. They’re born optimistic; they simply know they can do it.

Mike Southon and Chris West, The Beermat Entrepreneur

Look to the future and respond well to change

Successful social entrepreneurs look forwards, not backwards. Having learnt from mistakes, they don’t dwell on the past. Instead, they plan for the future, and their primary concern is how to make things better. In addition, they are always open and responsive to change. In fact, most successful social entrepreneurs are powerful change agents who delight in pushing at the boundaries of ‘how things are done around here’ and ‘how we’ve always done this before’.

Activity

Look back over the key characteristics discussed in this topic.

How would you define the most important characteristics of a successful social entrepreneur? You could start, for instance:

I think a successful social entrepreneur needs to .

or

A successful social entrepreneur always

You will have chosen the characteristics you think are most important, but you may have come up with a definition such as:

I think a successful social entrepreneur needs to treat problems as opportunities to achieve their social goal in a new way.

You can use your definition as a quick reminder and guide to your own attitude as a social entrepreneur.

Website to visit

www.gsb.stanford.edu/services/news/DeesSoцентrepPaper.html – the full text of an excellent article, ‘The Meaning of Social Entrepreneurship’, by J. Gregory Dees, adjunct professor of social entrepreneurship and non-profit management at Stanford University, USA.

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Topic 4 The Social Entrepreneur and The Four Stages of Growth

In this topic, we go through the four stages in the life cycle of a social enterprise, illustrating the part the social entrepreneur needs to play in each stage.

A social enterprise, just like any other business, is a growing and evolving organism which moves through a series of changes, or life cycles.

Stage 1 Start-up

This is the birth stage of the social enterprise. The business may have come into existence as a result of a community development process, e.g. a group of people getting together to form a co-operative. It may have come into being as the result of a social entrepreneur deciding to take specific action, e.g. when Professor Yunus loaned money to Sophia Katoon to start up the Grameen Bank. The start-up phase of most projects, businesses and social enterprises is energy-driven; this is the time when social entrepreneurs are called upon to show their determination, commitment and focus in order to get things done.

Stage 2 Expansion and innovation

Some social enterprises will, choose to remain small. A housing co-operative, for example, may decide to limit the structure to, no more than ten or fifteen members and move directly to a period of consolidation (Stage 3).

On the other hand, some social enterprises may choose, at Stage 2, to expand, develop and innovate. This can happen if an outward-looking social entrepreneur is keen to drive the business forward. Stage 2 can be a time of excitement, change and, sometimes, risk and instability. This is when social entrepreneurs are called upon to show steadiness, wisdom, judgement, innovation, flexibility and adaptability.

Stage 3 Consolidation and stagnation

At Stage 3, the business settles down, consolidates and establishes itself. More and more systems and procedures are put into place and, inevitably, the business becomes more conservative and more bureaucratic. If the enterprise stagnates, the social entrepreneur needs to show imagination, vision and creativity in order to move the enterprise on.

Sometimes, at this stage, there is a crisis due to financial problems, market failure, new legislation, managerial incompetence or any one of a hundred different causes. This is when the social entrepreneur needs to be flexible, innovative, willing to change, able to look to the future and plan ahead.

Stage 4 Renewal and regeneration – or failure

Significant changes may have been implemented in order to get the social enterprise back on track. At Stage 4, as a result of the changes, one of two things happens. Either the social enterprise is renewed and revitalised and forges ahead, perhaps in a slightly different direction, but with the promise of success as the ultimate reward; or the attempt at renewal and regeneration fails, and the enterprise has to be wound up.

It is difficult to predict what the time scales might be for each of these four stages of growth, as each social enterprise is individual and different, and has to face individual and different problems as it grows and expands. It's worth noting that, generally, social enterprises tend to have a higher success rate than commercial, for-profit, small businesses.

Stage 1
Start up

Stage 2
Expansion and
innovation

Stage 3
Consolidation
and stagnation

Stage 4
Renewal and
regeneration

Website to visit

www.sbs.gov.uk – click on statistics for up-to-date figures on, amongst other topics, success and failure rate of small businesses in the UK.

Check Point

Use this check point to think about your own social enterprise and how it has progressed through the various stages of the life cycle.

- 1 Which of the four stages of development has your social enterprise gone through?
- 2 What were the most important qualities and skills needed at each stage?
- 3 What were the most important things you learned at each stage, e.g. the value of family life or the importance of sound financial planning.

Stage in the life cycle	Qualities needed	Skills needed	What you learned at this stage
1 Start-up			
2 Expansion/innovation			
3 Consolidation/stagnation			
4 Renewal/regeneration or Failure			

You may have found this quite a challenging activity. It can be hard to stand back and try and gain an idea of the 'big picture' – to analyse what stage your enterprise has reached. It has undoubtedly gone through the start-up phase, but how has it developed since then? Has it been through a period of expansion and innovation, or did it move directly into a period of consolidation? Has it worked through the whole cycle – perhaps moving through renewal to a new period of expansion or consolidation?

This can be a useful exercise, encouraging you to assess what direction your enterprise is going. For example, if it has carried on in much the same way for a long time, is it simply consolidating or is it in danger of stagnating?

The qualities and skills you needed, and what you learned at each stage will depend on your personal situation and particular enterprise, but look back at the descriptions of the stages of growth to see how some patterns develop. You may note, for instance, that at certain stages it is more important to be dynamic and full of positive ideas to fire people up. At other times, it may be more important to be a rock for everyone to hold on to. There may even be times when you need to take more of a backseat and let others develop what you have instigated – your family may also appreciate that!