

Developing an Eco-social Enterprise

Session 3

Thursday, 30 March, 2017

Tim Crabtree, Schumacher College

Inputs

What inputs will you need?

In other words, what inputs will be transformed during the operations processes?

Natural capital

- What natural capital will you require:
 - Resources
 - Sinks
 - Services

Physical capital

- What is required?
 - Buildings
 - Equipment
 - ICT
 - etc

Human capital

- What will your enterprise require?
 - Staff?
 - Volunteers?
 - Trainees/apprentices?
 - People disadvantaged in the labour market?
 - Board members?

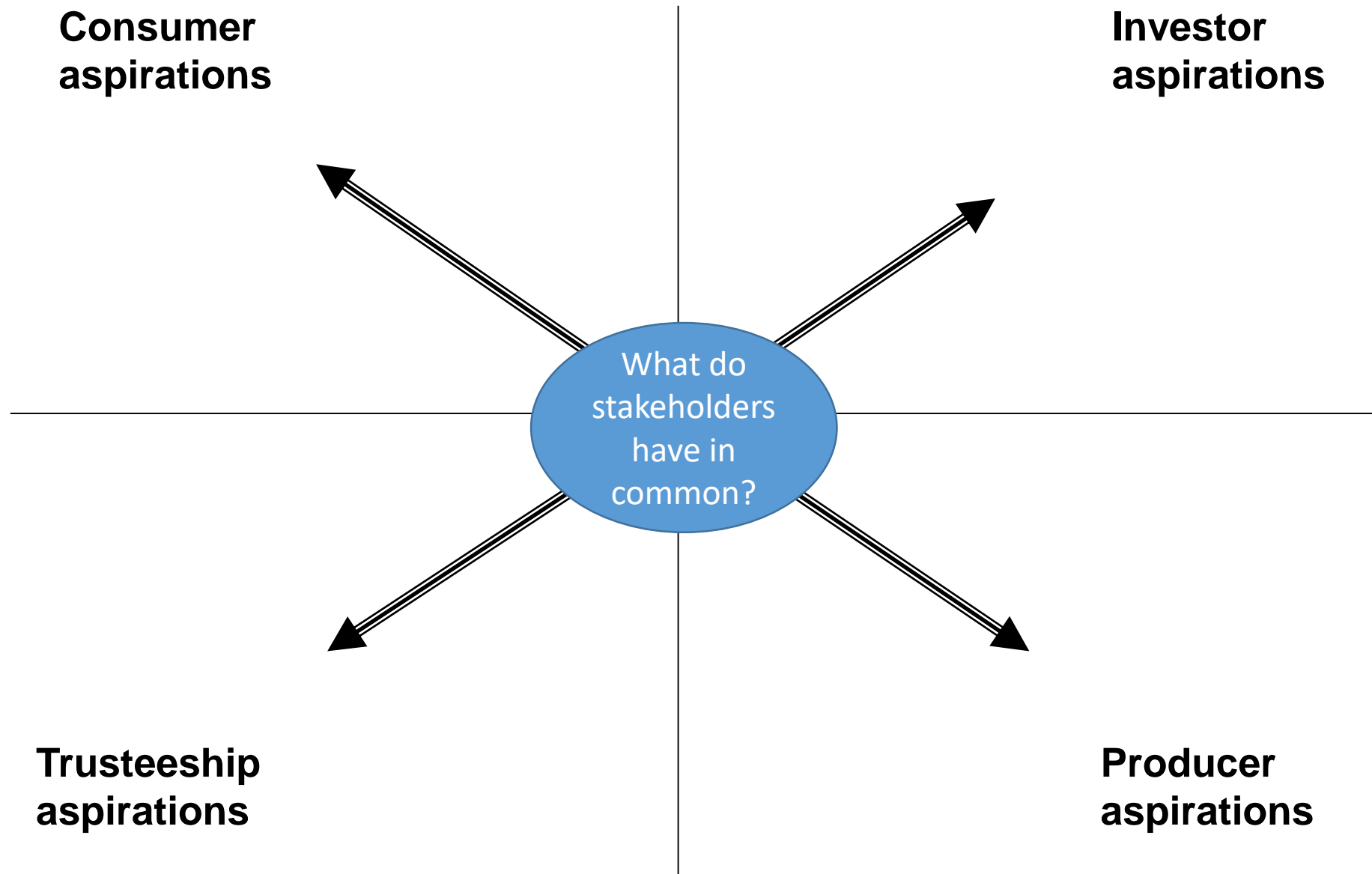
Social Capital

- Start with the RULES of the organisation – the constitution or governing document which sets out the legal structure
- E.g.
 - Foundation
 - Company
 - Co-operative
- Define the MEMBERSHIP

Key stakeholders and their motivations

- Paid workers
- Volunteers
- Service users (inc. volunteers)
- Commissioners, e.g. local government
- Suppliers

Stakeholders may have divergent aspirations



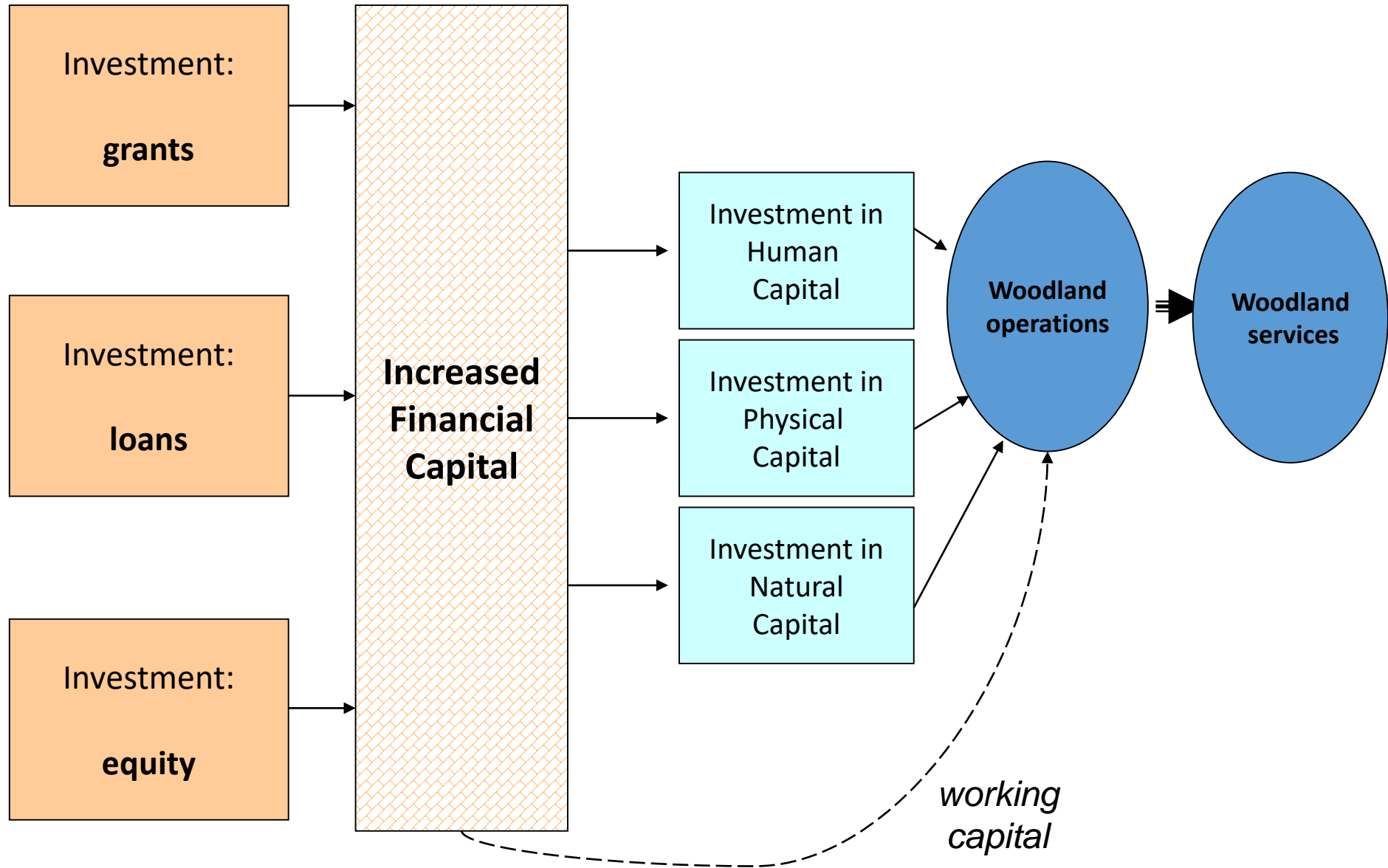
What rights will the members have?

Potential stakeholder	Membership: Yes or no?	Voting rights?	Income rights?	Property rights?
Consumer				
Worker				
Supplier				
Investor				

Financial capital

- Who will provide this?
 - Grants?
 - Loans?
 - Equity?
- What rights do they get?

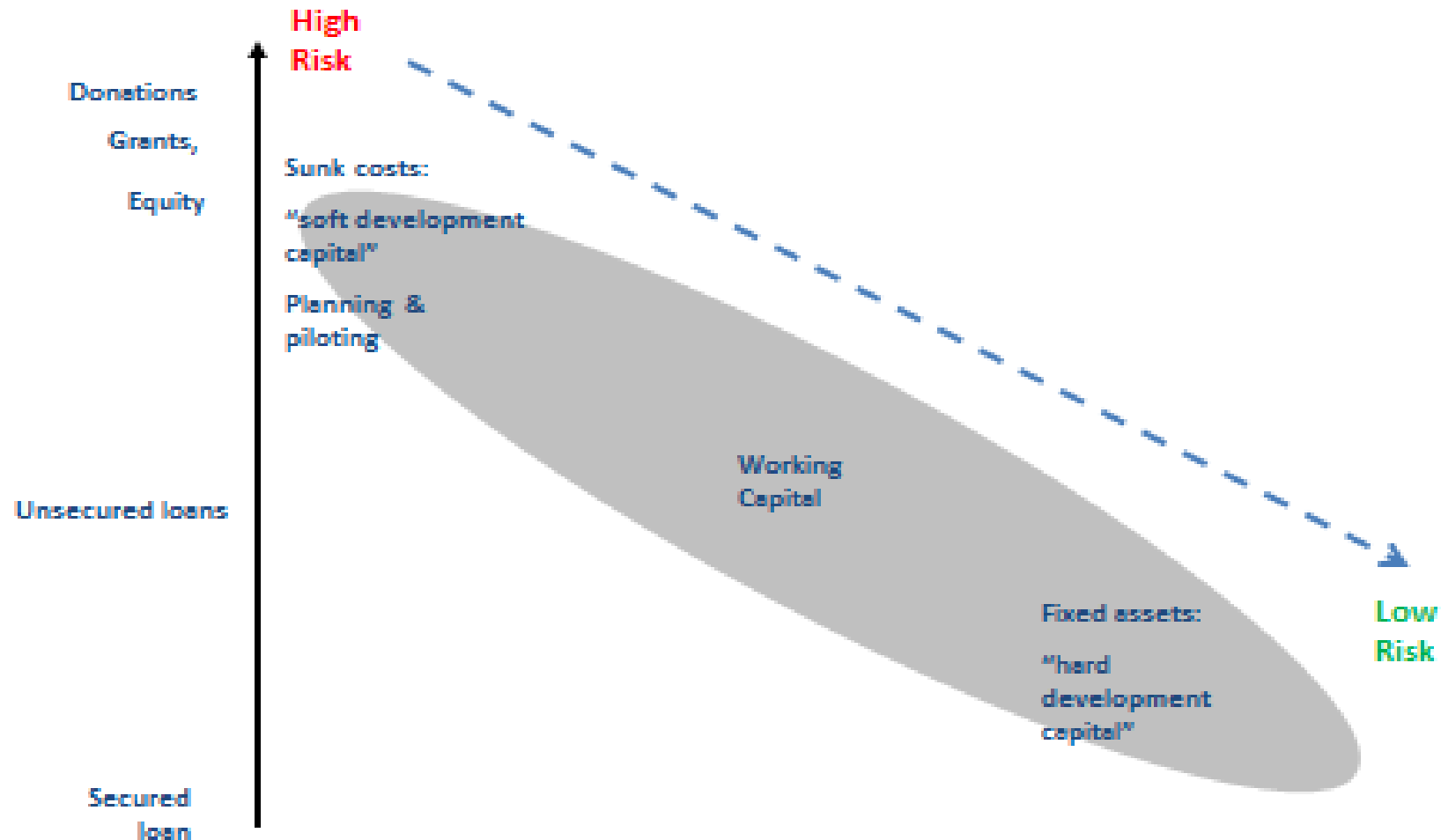
Three types of finance



3 types of finance

- **Grants** – these do not require a financial return. However, they do require the recipient organisation to demonstrate the social or environmental return that is being created.
- **Loans** (or debt finance) require interest payments and the repayment of the amount borrowed (i.e. it is investment with the expectation of repayment of the principle sum as well as regular interest payments).
- **Equity** is investment in exchange for a stake in the organisation, in the form of shares. This stake usually entitles shareholders to a share of the profits of the organisation, or interest payments once a certain level of earnings has been achieved.

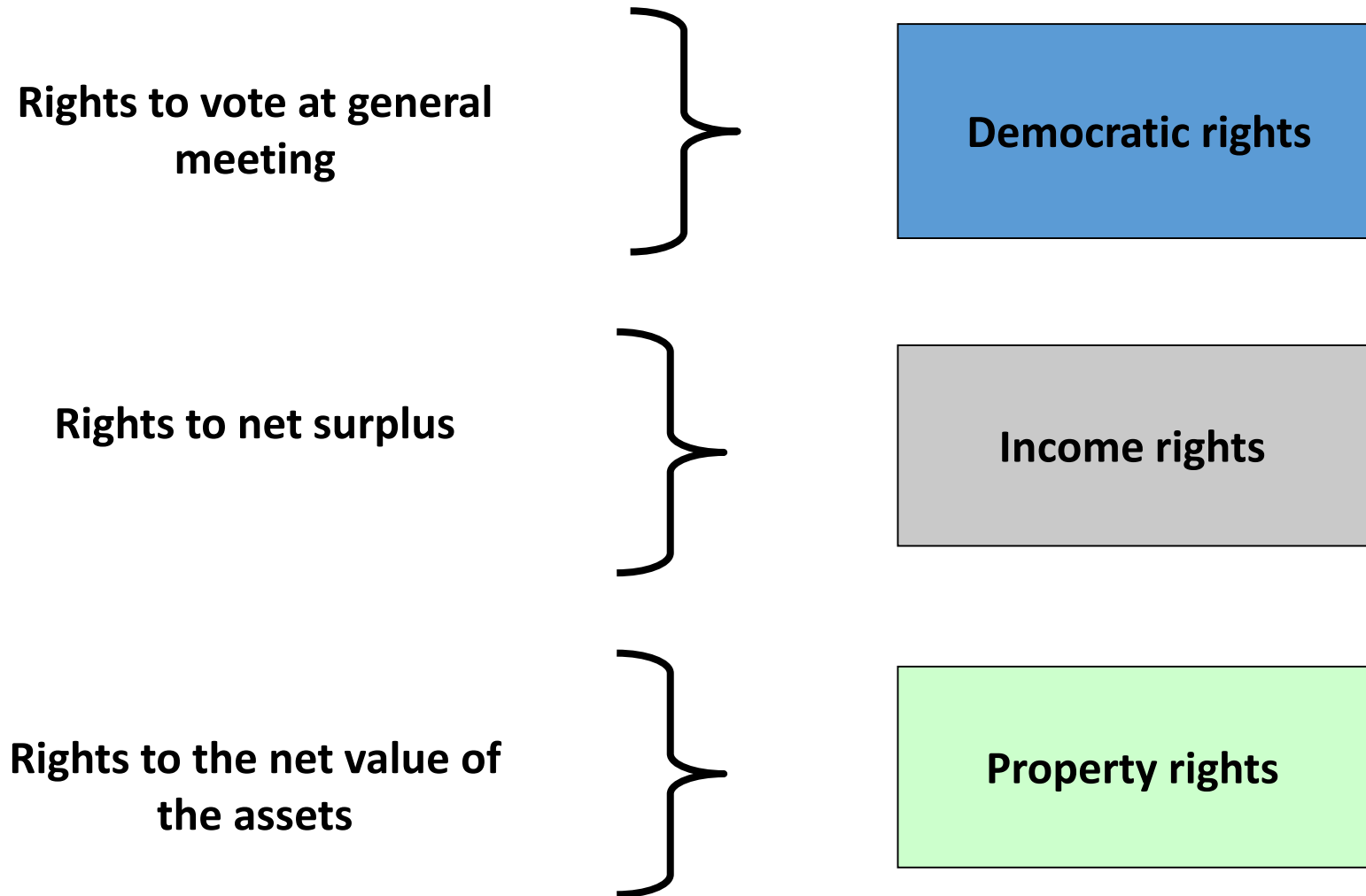
Key principle 1: Different types of finance might be appropriate at different stages of development



Key principle 2: rights to control

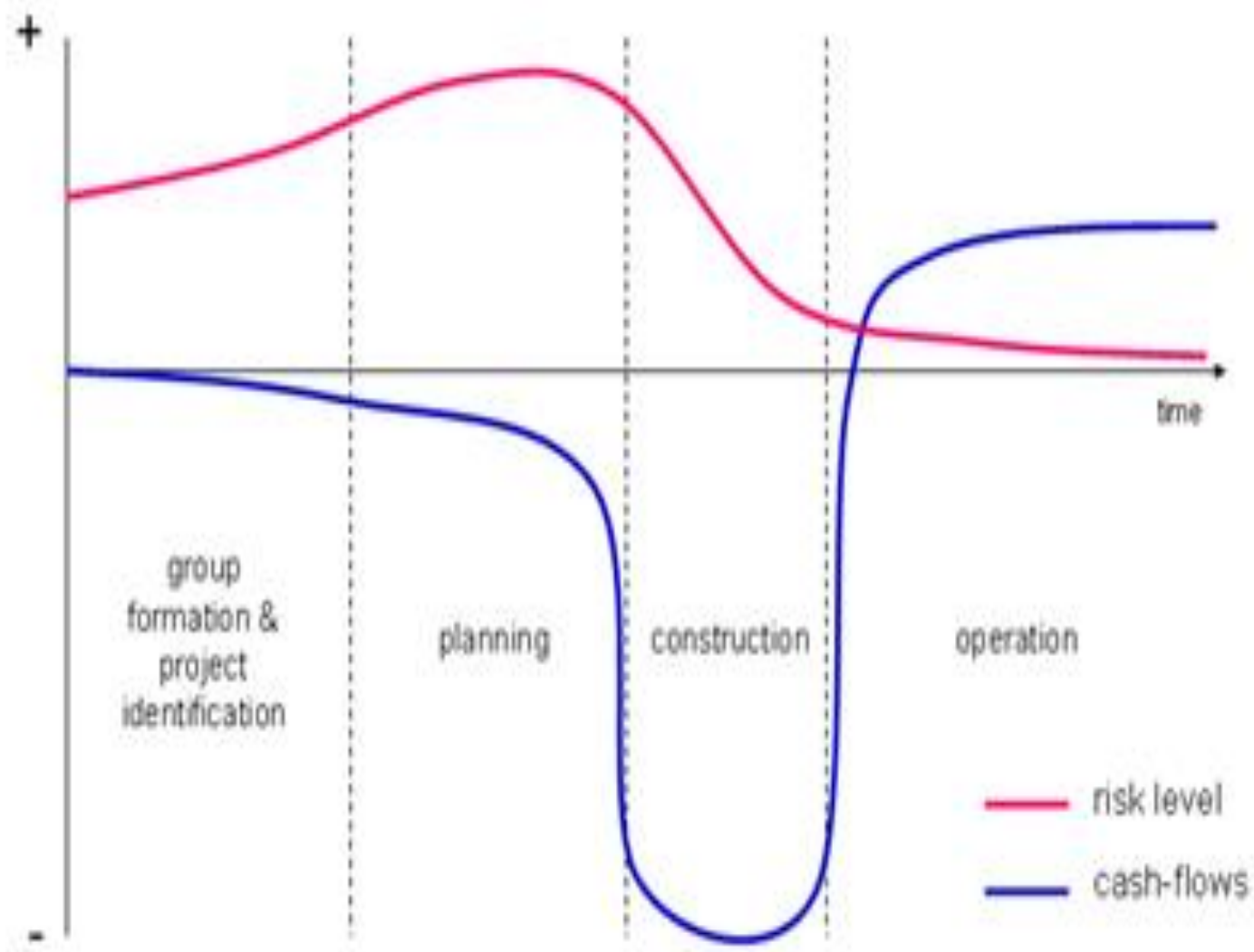
- **Grants** do not confer any rights, beyond the contractual obligations that a grant may entail.
- **Loans** carry with them an obligation to repay, but no other rights
- **Equity** can carry voting rights, income rights and/or a claim on the assets of the organisation.
- **Equity** has therefore proved to be problematic for organisations in the social economy (including charities, social enterprises and co-operatives)

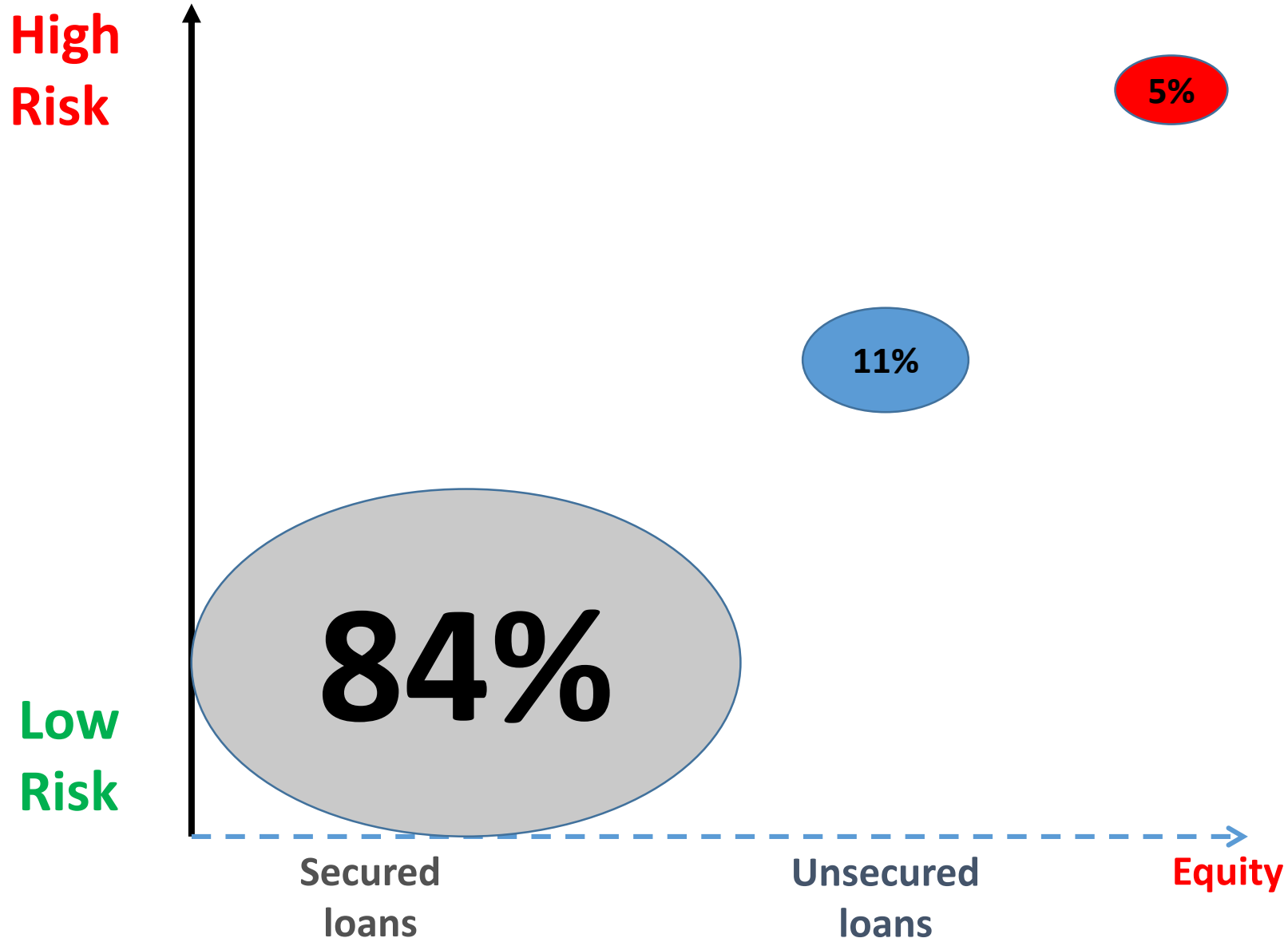
Key principle 2: rights to control



Key principle 3: equity can be important in the early stages of development

- Loans are marked on the organisation's balance sheet as a liability and they usually require security e.g. a building or demonstrable income streams.
- Loans may not be attractive in a situation where the organisation is trying to develop new projects or income streams because it will take time for these to generate financial returns.
- Unlike a loan, investors providing equity finance are effectively sharing the risk with the organisation and are likely to defer any expectation of a financial return for some time. Equity is treated as an asset on the organisation's balance sheet.





Community share issues using a Community Benefit Society (IPS)

- Wessex Community Assets developed a set of model rules for raising share capital at low cost
- This means members of a community can invest directly in community projects and services
- It is cheap to set up and acceptable to independent financial advisors

Over 350 new societies registered

Over 130 share offers undertaken

Est. £20m raised from over 20,000 members (£28m targeted)

Average offer raised £200,000

Average membership 200 members

Average investment per member £1,000

“Two-thirds of all share offers are launched by community benefit societies.”

“Three-quarters of all community share offers take place in rural areas”

“The amount of equity raised is increasing at a faster rate than the number of share offers – due to increases in membership and investment”

Wessex Community Assets

a secondary structure helping communities raise local finance through share issues and loans



£152,775 raised



£105,000 raised

Dorset Community Energy



- **Funding was secured from the Big Lottery to set up a new co-operative, Dorset Community Energy**
- **Initial target 6 community owned solar PV projects on schools and community buildings in Bridport, Dorchester and surrounding parishes**

Partners



BRIDPORT
RENEWABLE
ENERGY
GROUP



peat
environment action team
Transition Purbeck

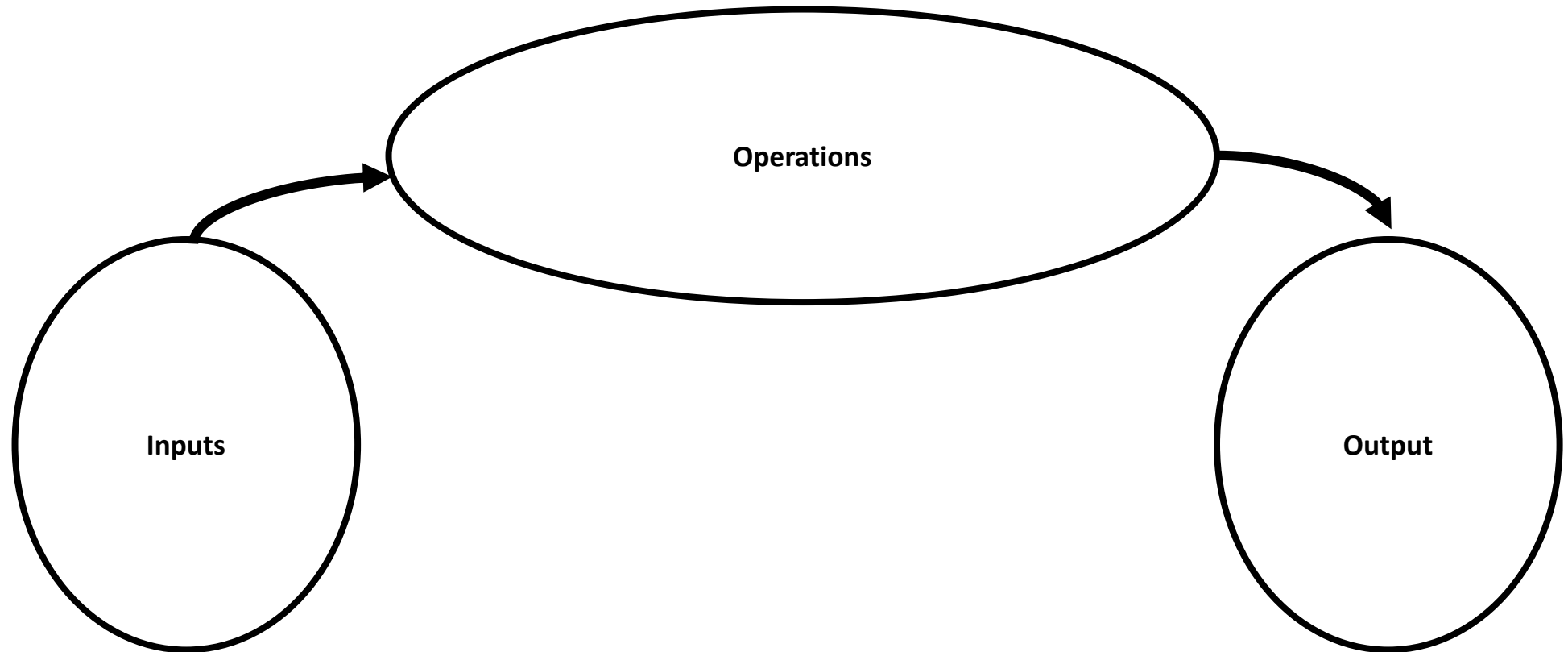




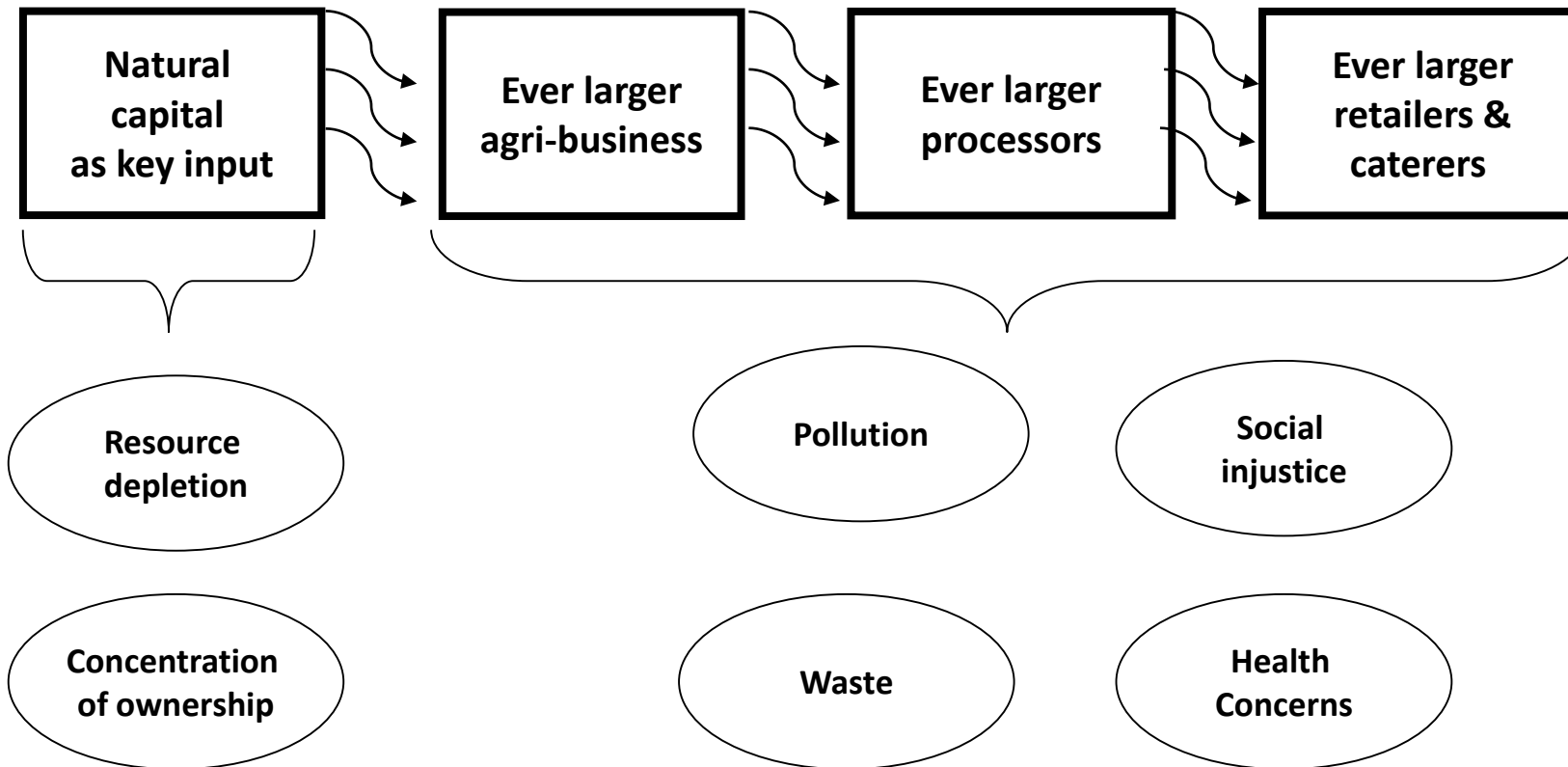
Share Offer
Document
2015



A simple systems model of a firm

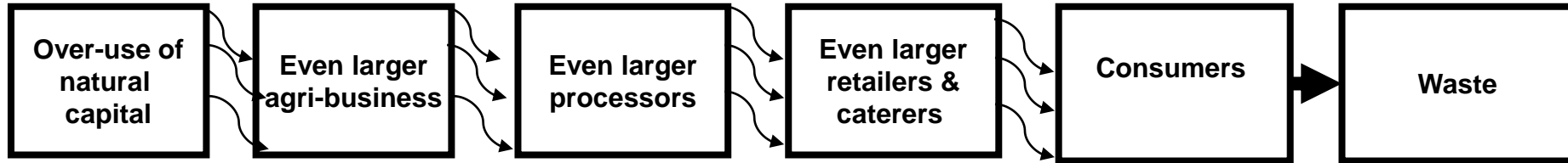


The dominant food system

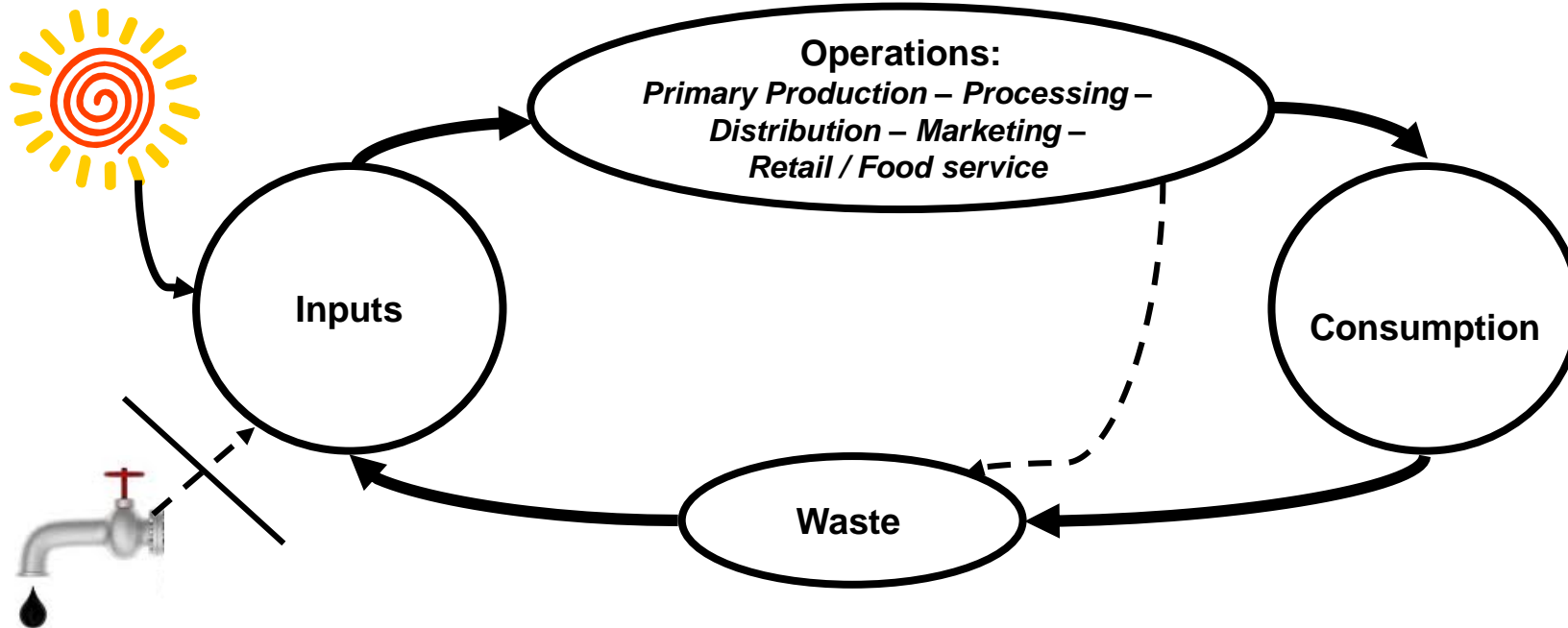


Two types of food system

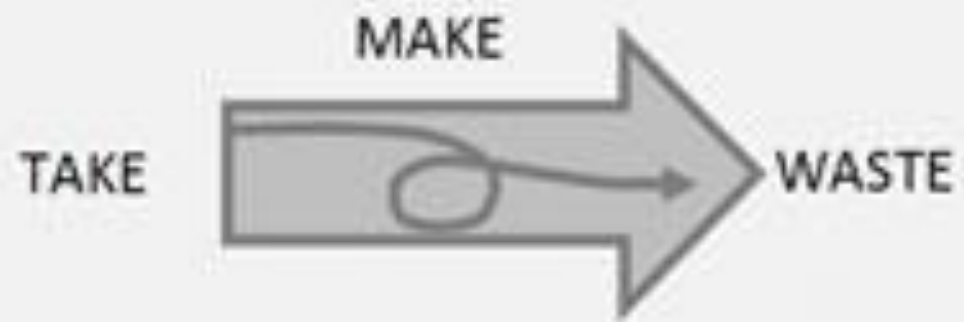
“Linear” food systems



“Circular” food systems

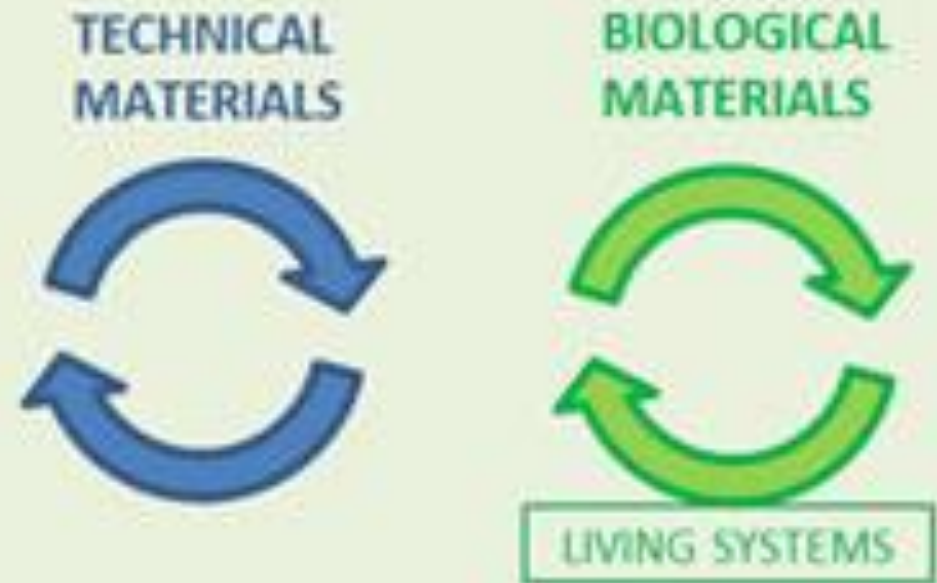


LINEAR ECONOMY

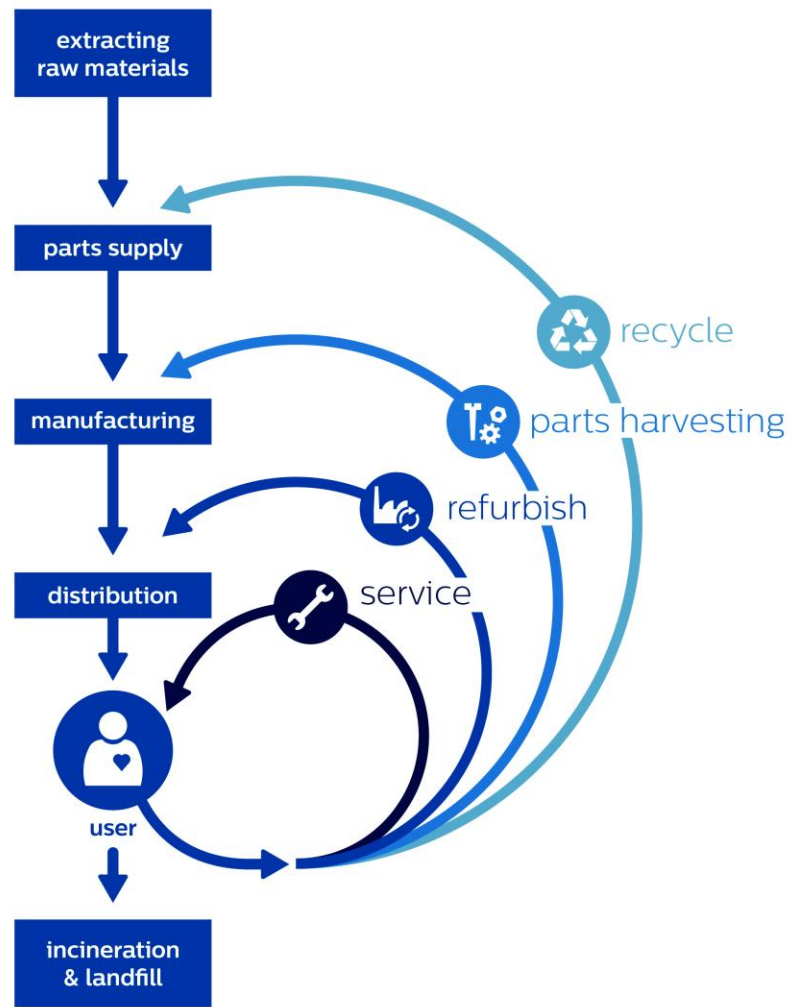


LOSE VALUE

CIRCULAR ECONOMY

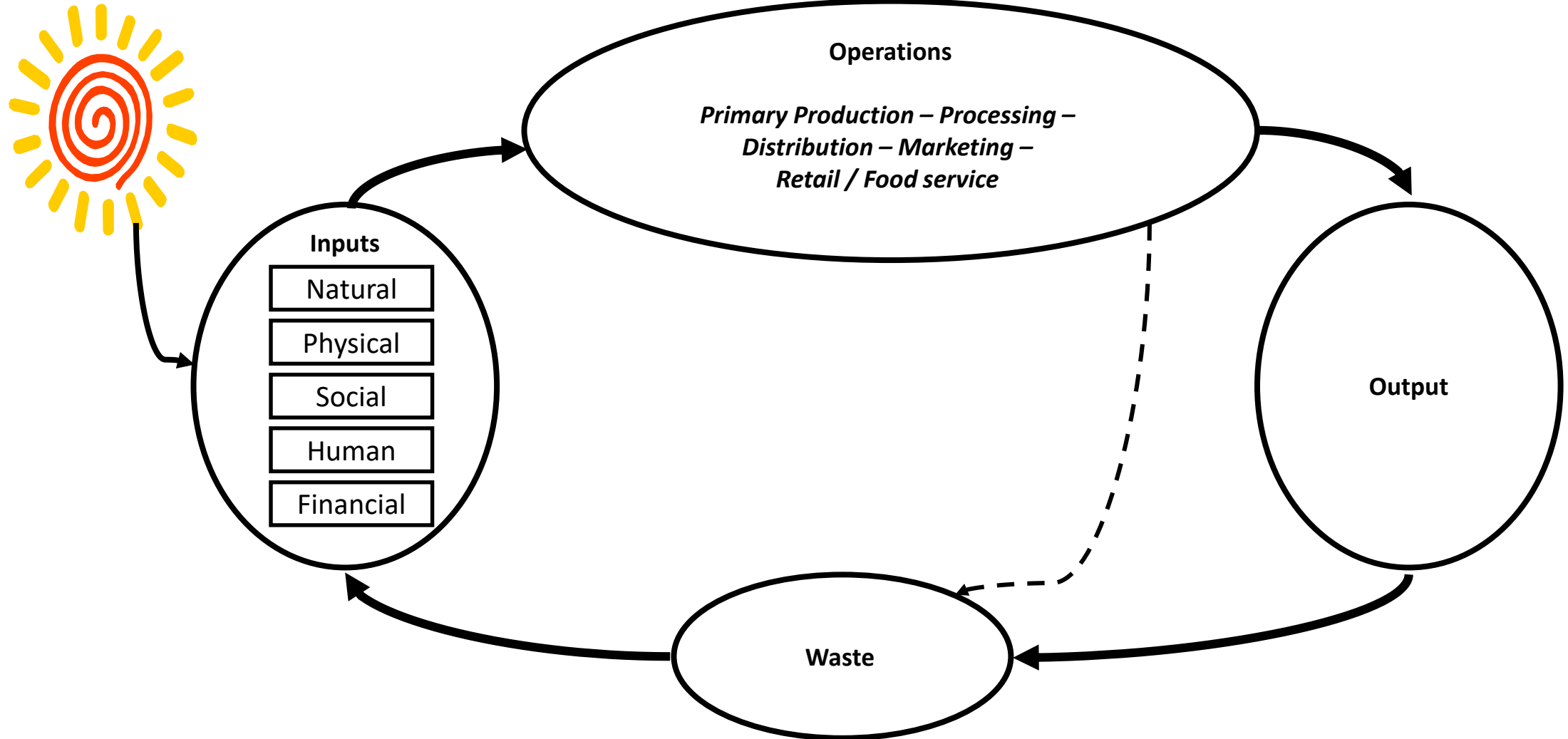


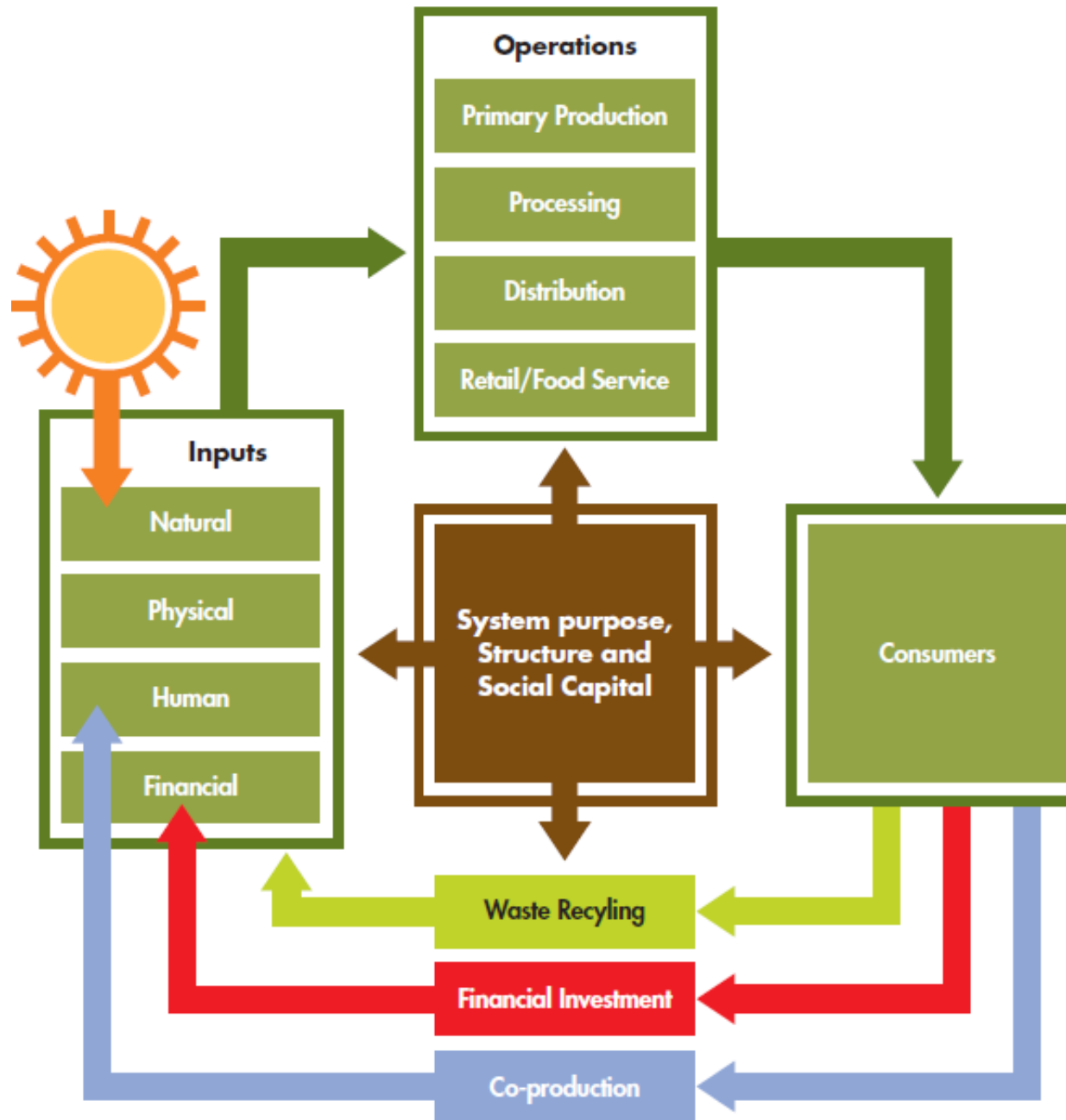
RETAIN VALUE



the circular economy

A simple systems model of a firm

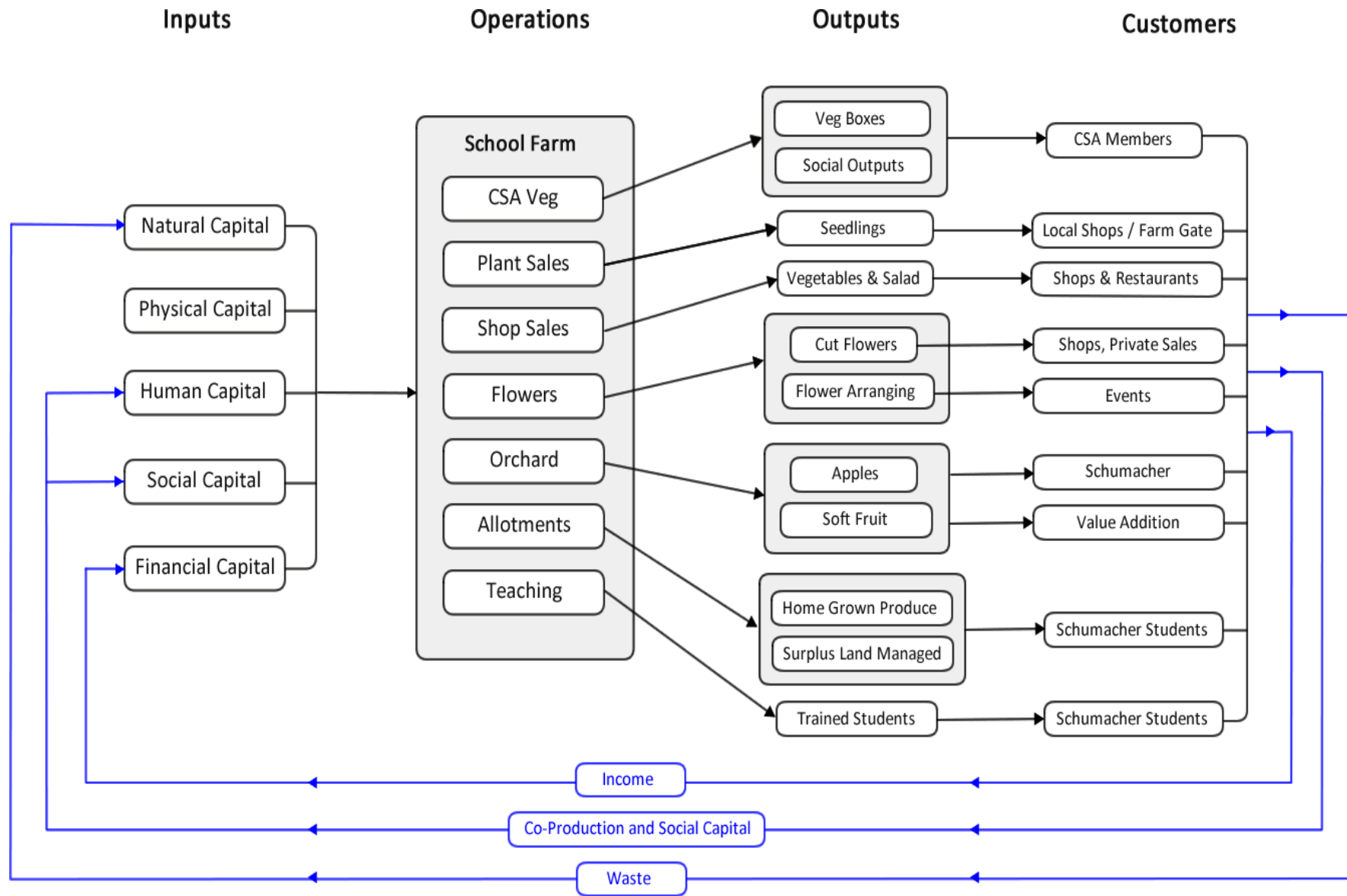




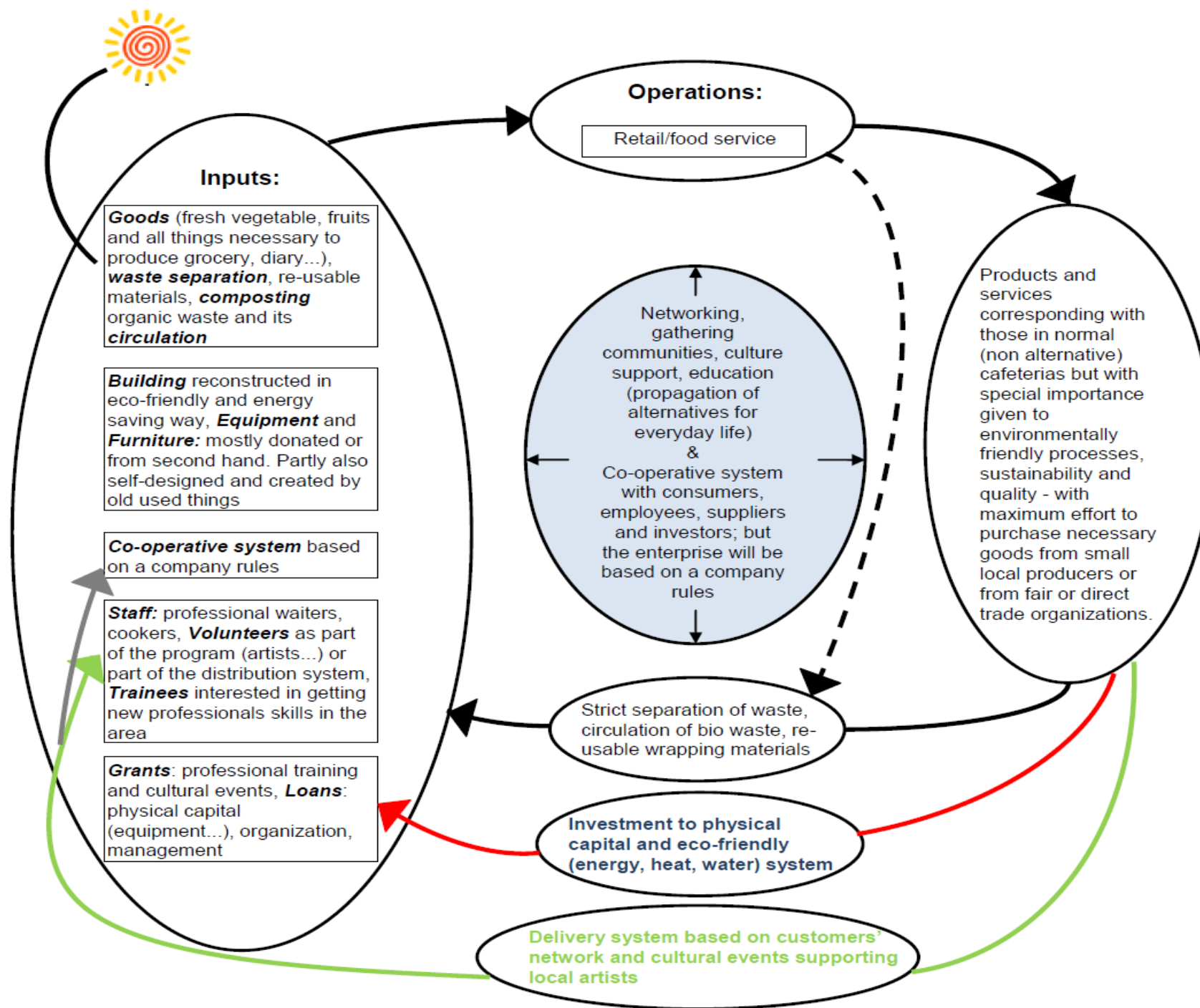
School Farm CSA

- A community supported agriculture enterprise
- Run by ex-students of Schumacher College





Source: Damon Steed



South Devon Area of Outstanding Natural Beauty



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South Devon AONB

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The AONB at a glance

South Devon Area of Outstanding Natural Beauty Inland Waterbody

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Key Partners



Key Activities



Value Propositions



Customer Relationships



Customer Segments



Key Resources



Channels



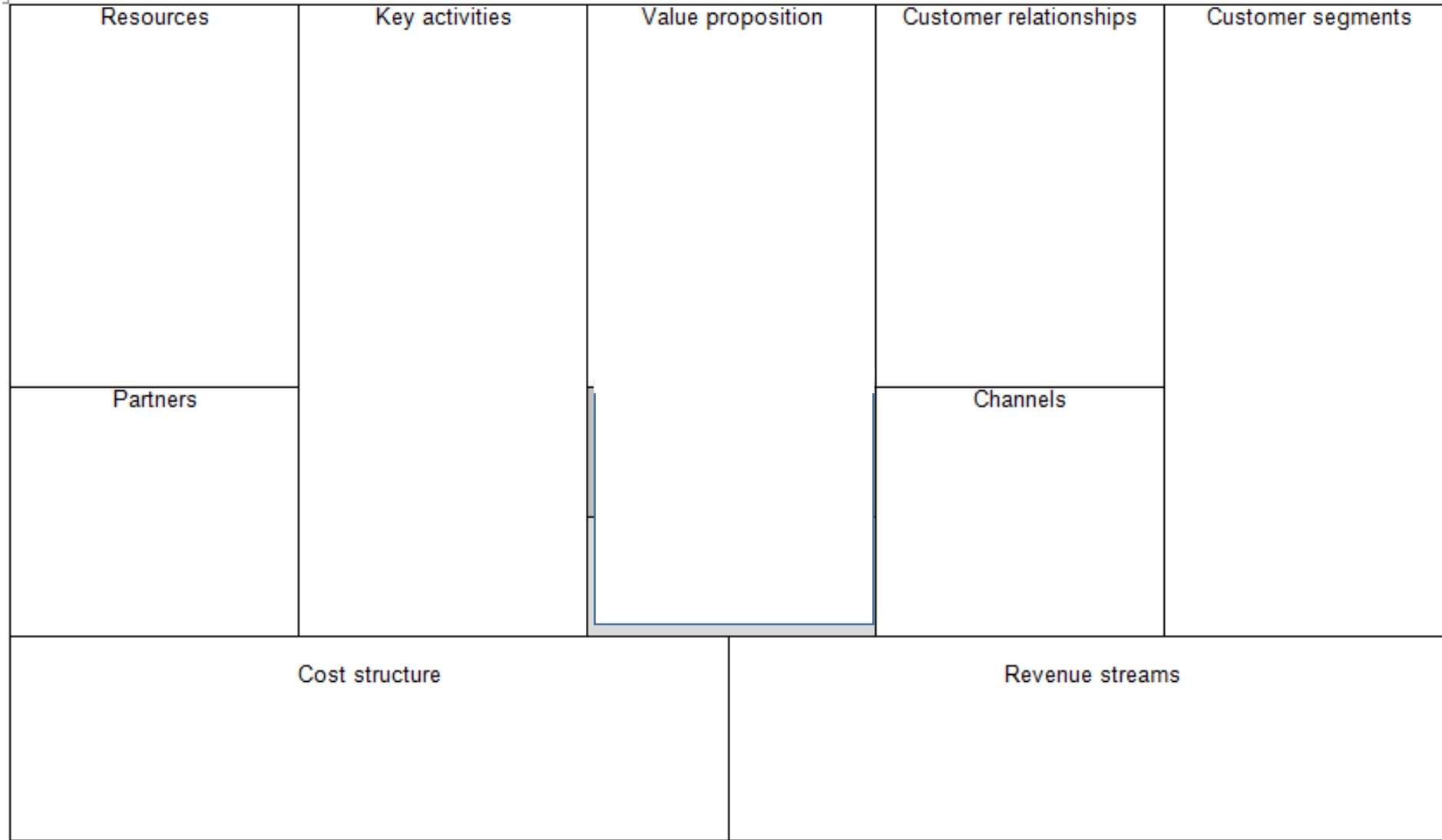
Cost Structure



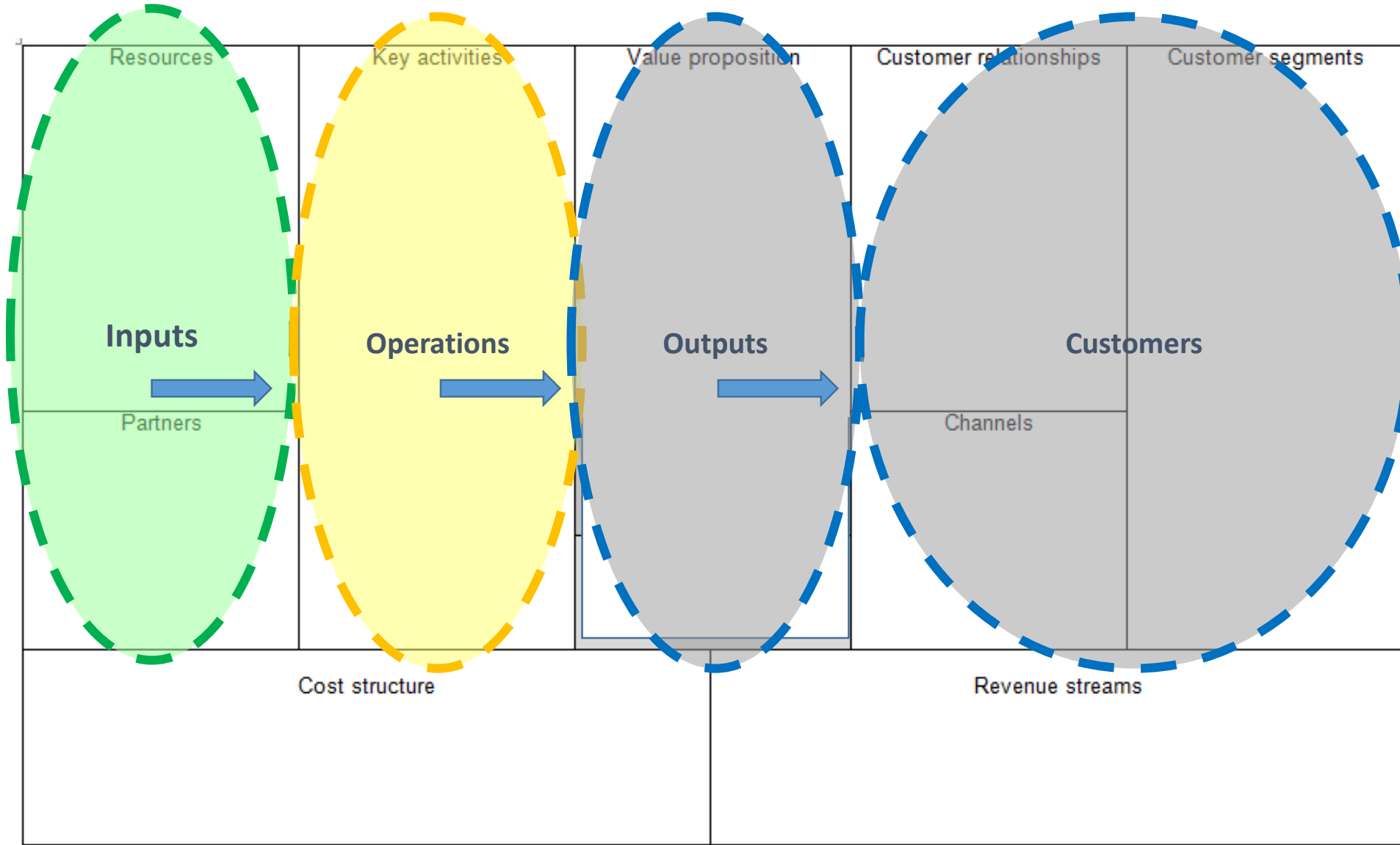
Revenue Streams



The Business Canvas



The Business Canvas



Key Partners

- South Hams District Council
- Devon County Council
- Natural England
- Env. Agency
- Marine Mgt Org
- Other AONB's

Key Activities

- Pre-planning advice
- Advice to objectors
- Advice to Neighbourhood Plan groups
- Prepare publications

Key Resources

- Professionally qualified planning advisor
- Administrative support
- Marketing of service

Value Propositions

Overall:
Support the protection & enhancement of the AONB.

Customers understand how to develop projects without adversely affecting landscape character

Customer Relationships

- Dedicated officer time for each client
- Back-up resources on website

Channels

- Website
- Printed publications
- Events

Customer Segments

- Householdors proposing developments.
- Small, medium & large scale developers.
- Parish councils, NGO's, resident groups seeking to respond to planning proposals.
- Local Authority, Environment Agency, Marine Mgt Org & Natural England seeking input on pre-planning advice.

Cost Structure

- Planning advisor – 0.5 fte = £20,000
- Admin support – 0.2 fte = £4,000
- Marketing – 0.1 fte = £3,000

Revenue Streams

£27,000 expenditure
= 270 hours @ £100 per hr
= 67 x 4 hour advice packages
Or 54 pre-application advice packages @ £500

From local food to local wood, evolution of woodland social enterprise

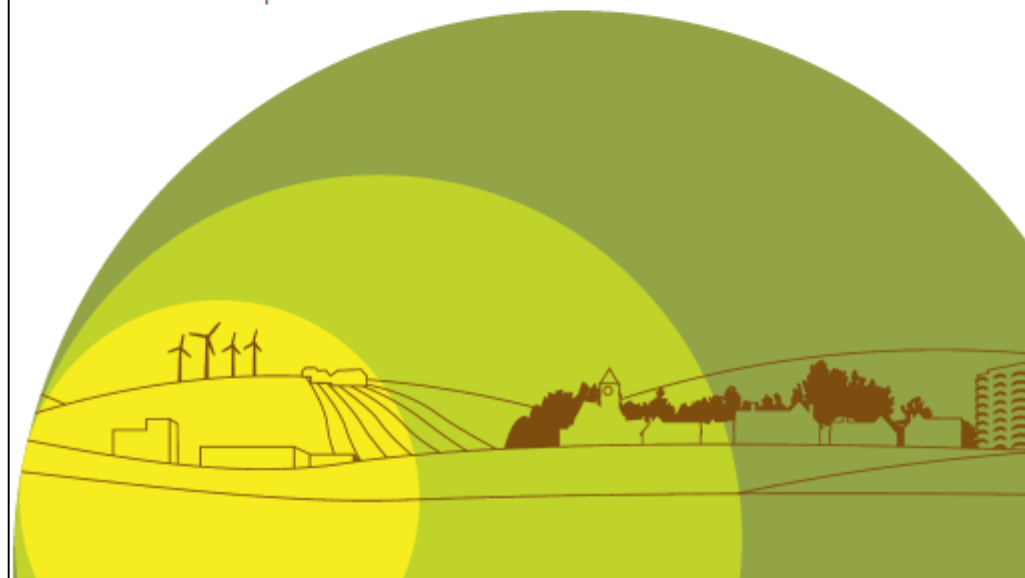
- Over the last 20 years, the local food sector has become more established and influential. Range of strategies have been developed which potentially relevant to the woodland sector:
- Assurance and provenance schemes.
- Direct links between producers and consumers, e.g. Farmers' Markets and Veg Box schemes.
- Adding value rather than selling primary produce to wholesalers.
- Building local enterprise networks and clusters.
- Secondary structures to promote innovation, enable local processing, access finance or support joint marketing.

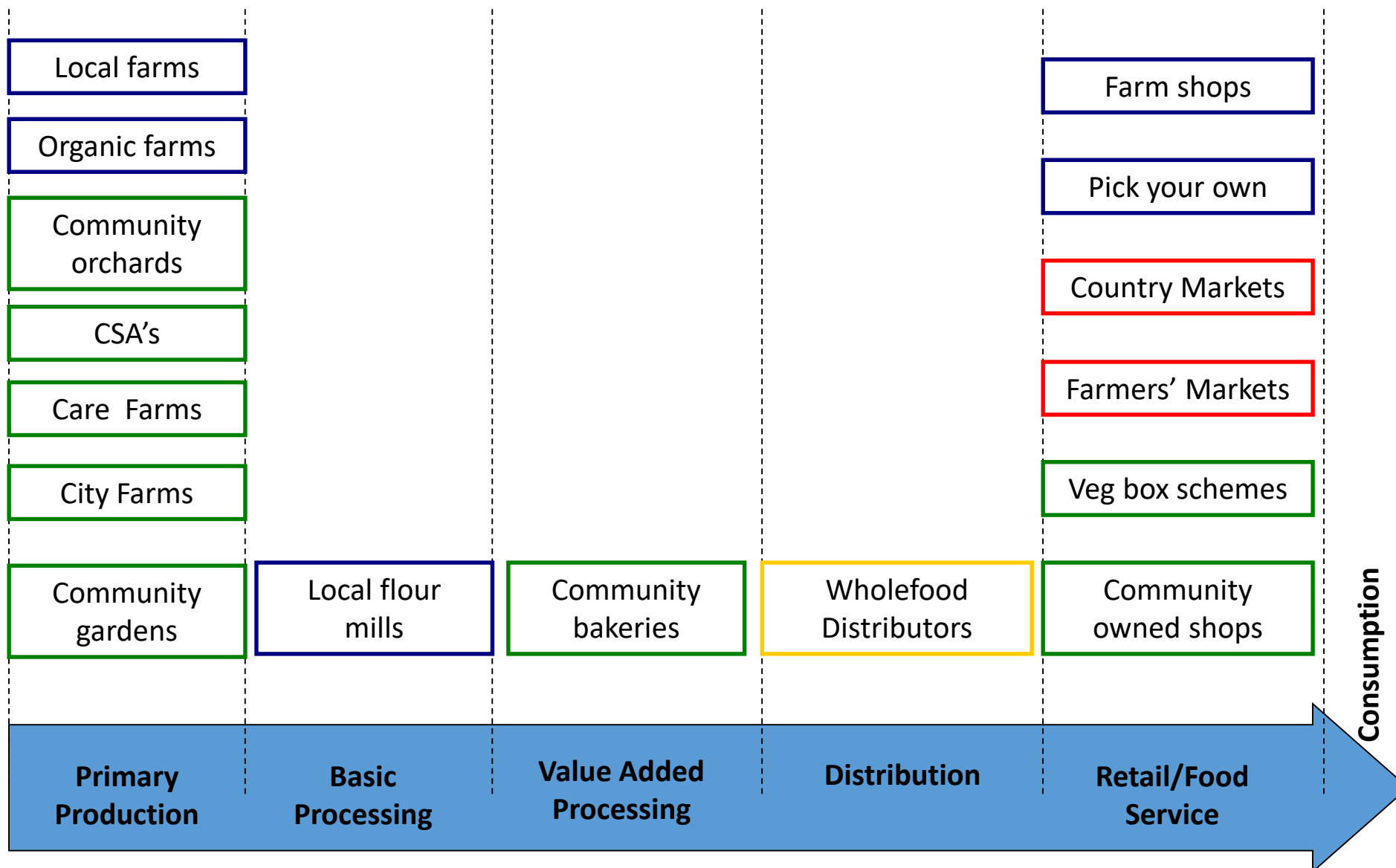


Prospects for the Future: **Scaling Up the Community Food Sector**

Research by Cardiff University for the
Making Local Food Work Programme

September 2012





Farm Shop Branches Out In New Sales Line

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9:14am 22nd August 2013

THE REAL FOOD STORE



Welcome to Exeter's first community owned food store

11 & 13 Paris Street, Exeter, EX1 2JB

Telephone: 01392 681234 Email: info@realfoodexeter.co.uk



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Sitting Firm Chairs at The Real Food Store Café

Supported by South West Woodland Renaissance

We are thrilled to be teaming up with Sitting Firm Furniture Makers on an exciting research project. Sitting Firm are specialists in fine craftsmanship & design, both modern and traditional. We are currently showcasing some of their superb modern Windsor chair designs in our café space.

The project explores the potential to develop the market for timber products grown and made in the South West and Britain. The project is supported by South West Woodland Renaissance. A selection of Windsor chairs made from English Ash will be available to customers to test out in the café. These stunning chairs are not just practical furniture, but handcrafted heirloom pieces with a life time guarantee.





Alice Blogg

BRITISH FURNITURE DESIGNER AND MAKER

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Teasel Lampshade
£495.00



Wooden Bowl
£34.00



Bluebell Lampshade
£395.00



Bluebell Lampshade Open
£395.00



British Baubles
from £7.00



Percher
£325.00



Landscapes
for life
.org.uk



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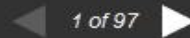
Other Events

Non-Exchequer Funding Research Outcomes and Next Steps Workshop – 28th March 2012

Social Enterprises as a mechanism to deliver AONB projects

Social Enterprises as a mechanism to deliver AONB projects

Tim Crabtree
Wessex Community Assets
&
Cardiff University



**Social Forestry Pilot Project
Final Report**

Supporting woodland economies in AONBs

—
A multi-stakeholder, social forestry approach

In association with



The National Association for
Areas of Outstanding Natural Beauty

Fosse Way
Northleach
Gloucestershire GL54 2JH

Tel: 01451 860007
Email: David.Dixon@landscapesforlife.org.uk
www.landscapesforlife.org.uk

Charity (company) number: 122822
Registered in England

West Dorset Woodfuel Co-op

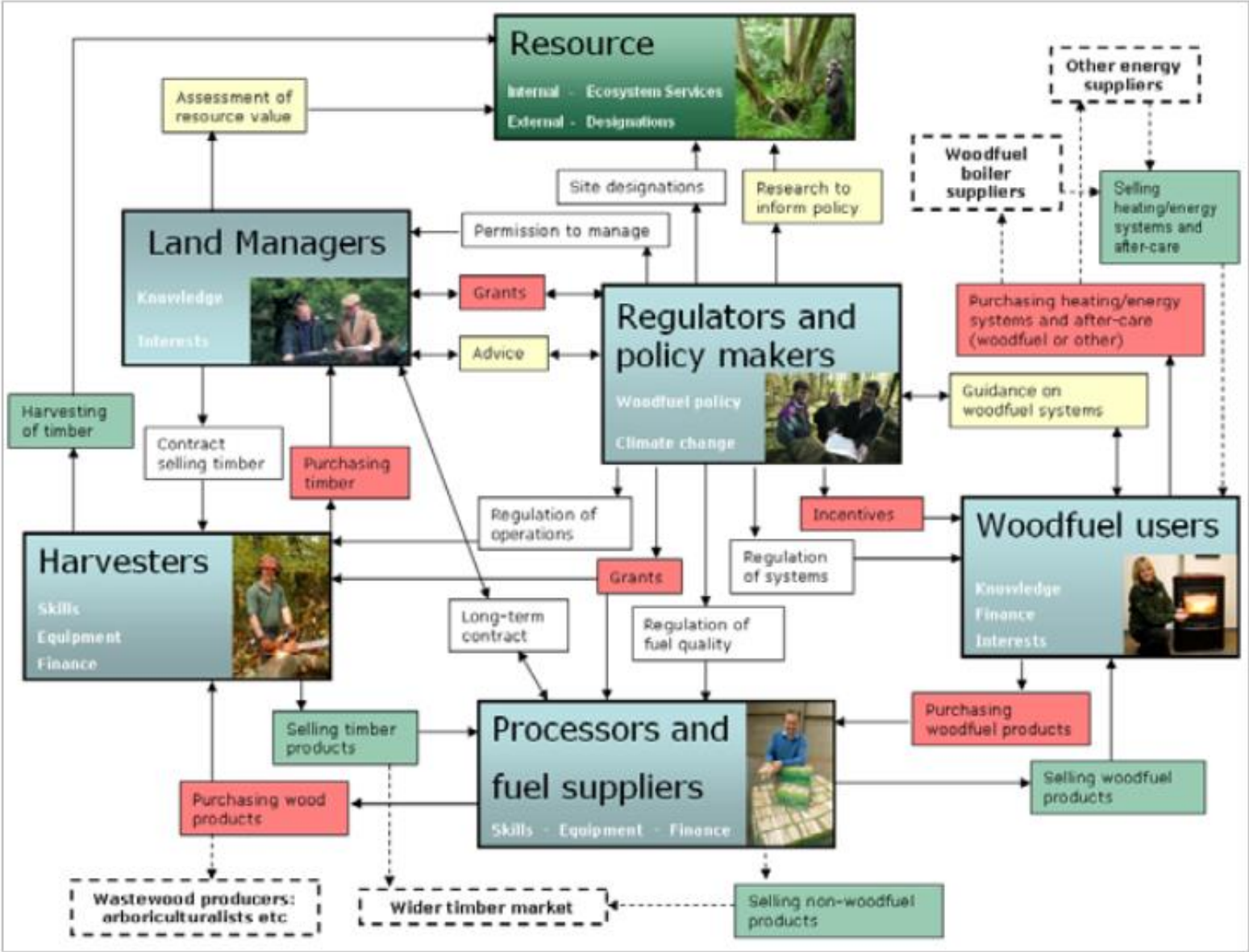
- Developed by Bridport Renewable Energy Group CIC
- Using Bridport Energy Services IPS as the vehicle
- Funded initially by Dorset AONB
- Now funded through lottery programme (Communities Living Sustainably)
- Working with Dorset County Council Ranger Service

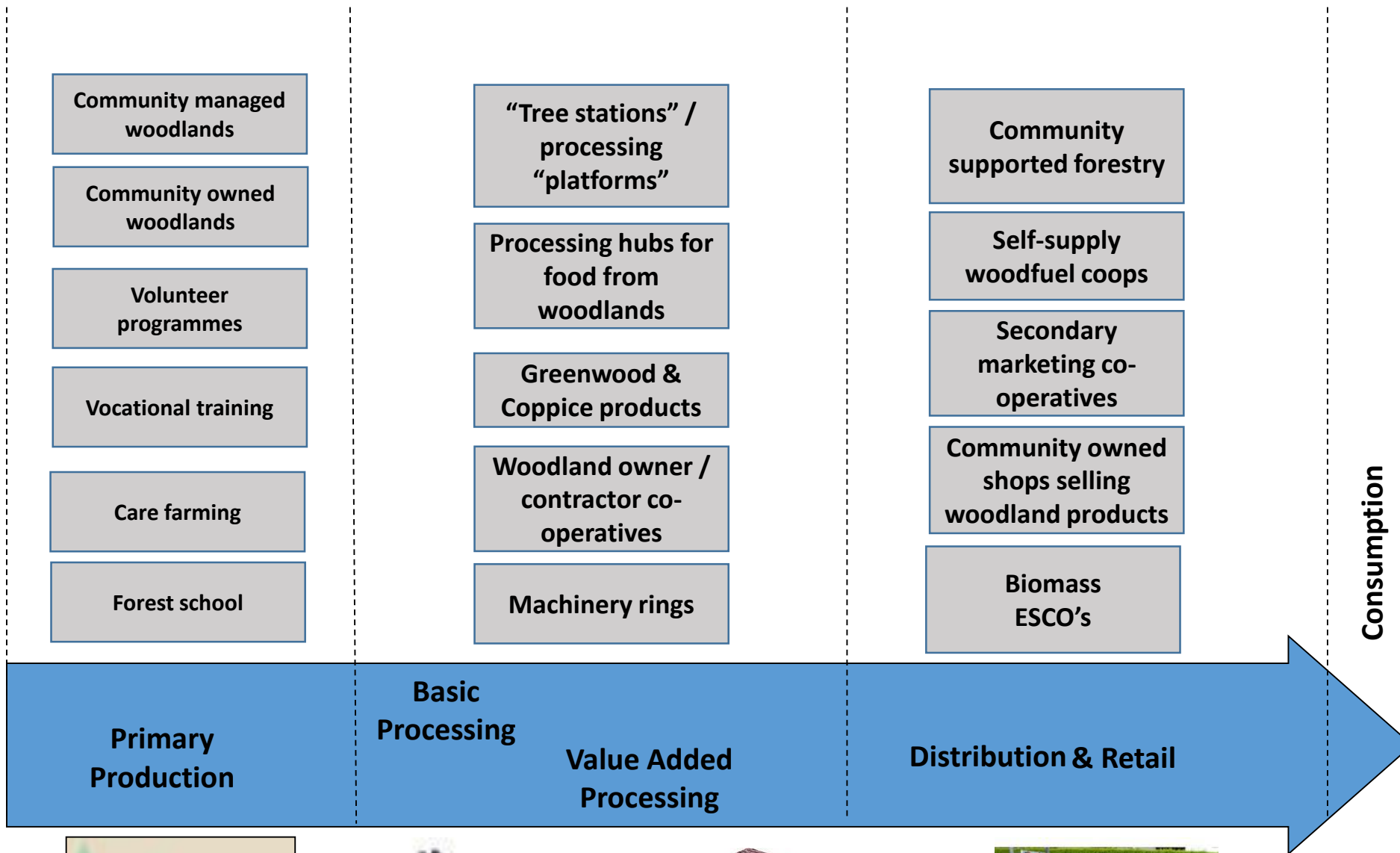


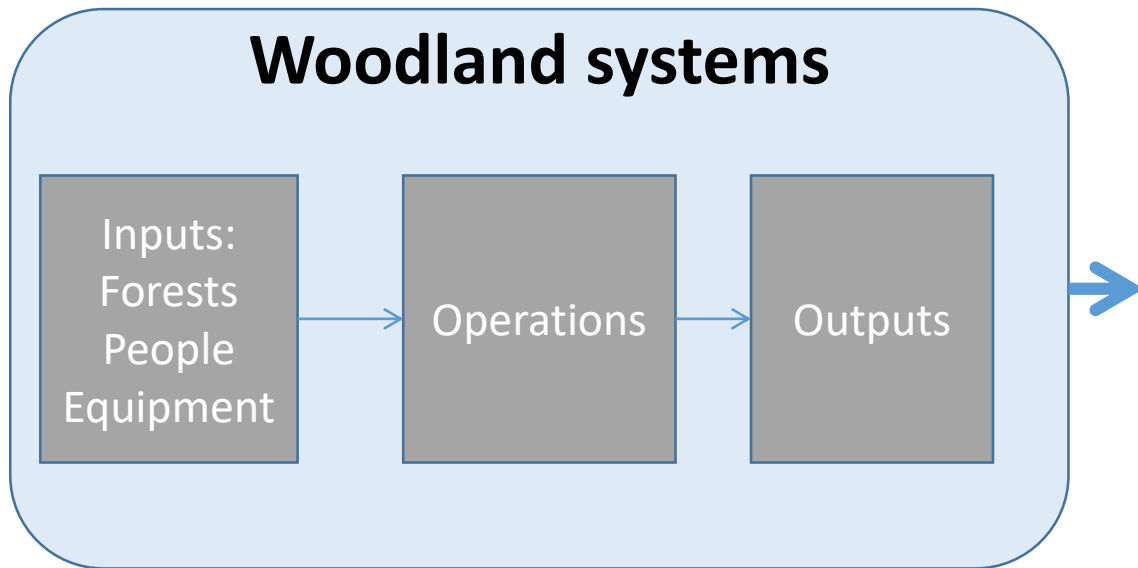




Forestry “systems”







Energy

Housing

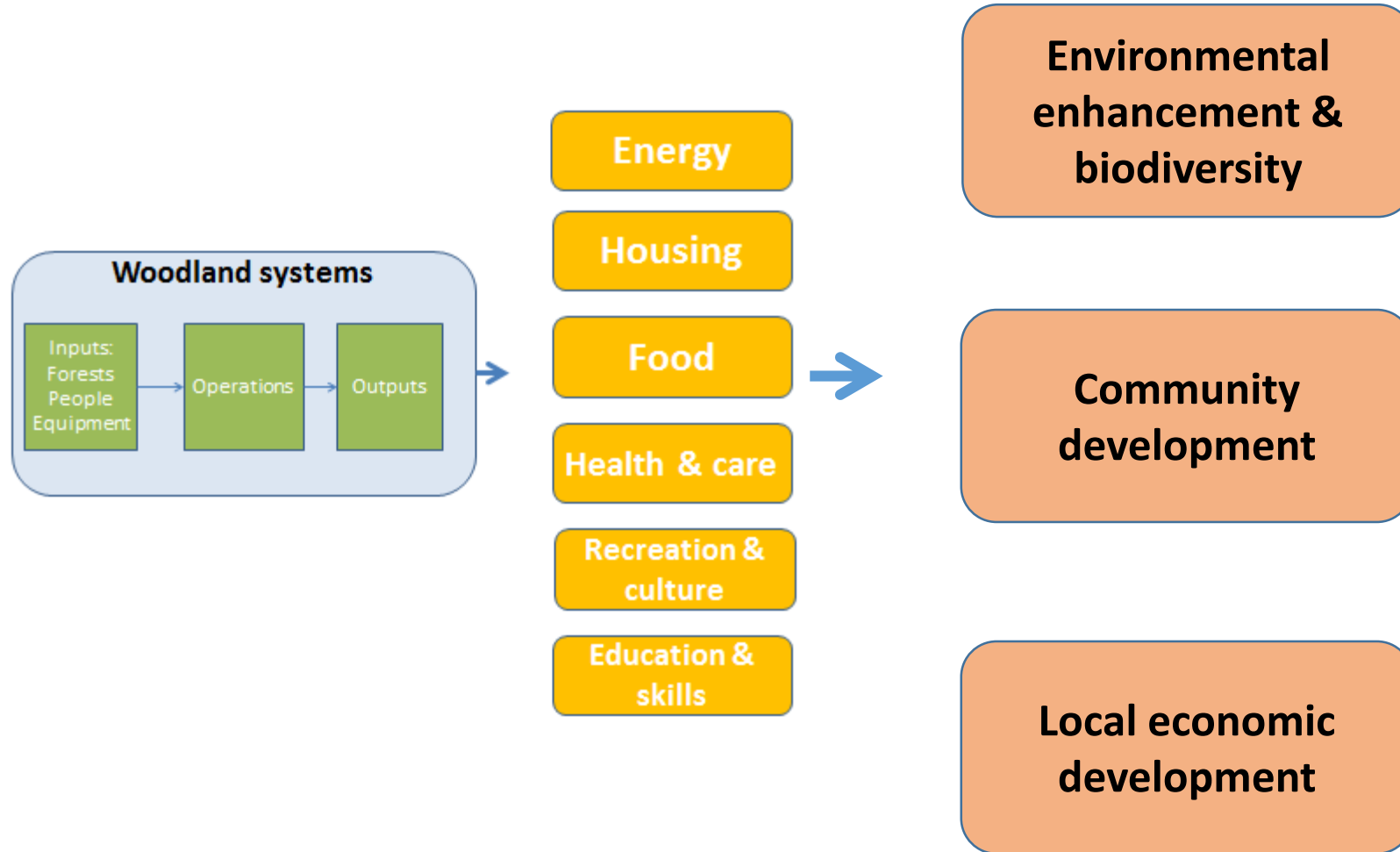
Food

Health & care

**Recreation &
culture**

**Education &
skills**

Outcomes



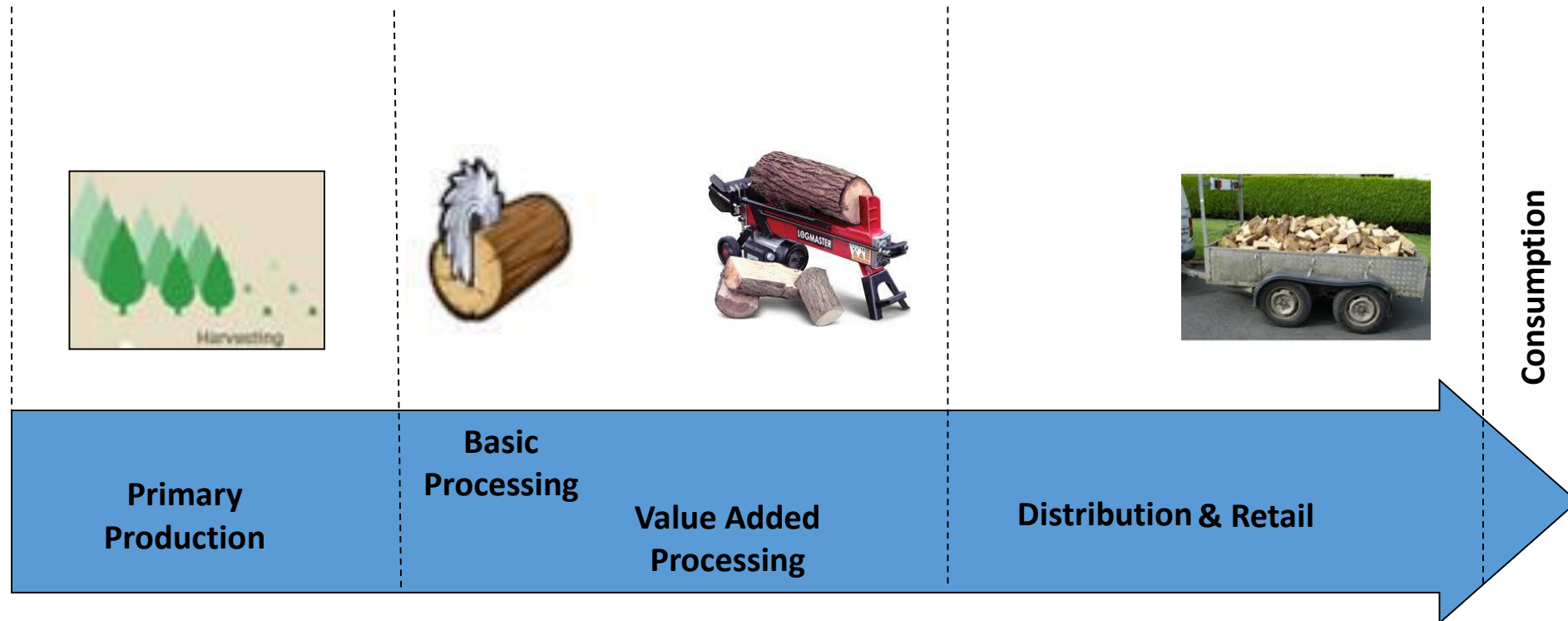
Arnside and Silverdale



Panoramic views - Arnside & Silverdale

Photo: Adam Donaldson

Arnside & Silverdale: Developing the woodfuel supply chain



**PRIMARY
PRODUCTION**

PROCESSING

**DISTRIBUTION
&
RETAIL**

Landowners
NGO's
Forestry Commission

Contractors

Community

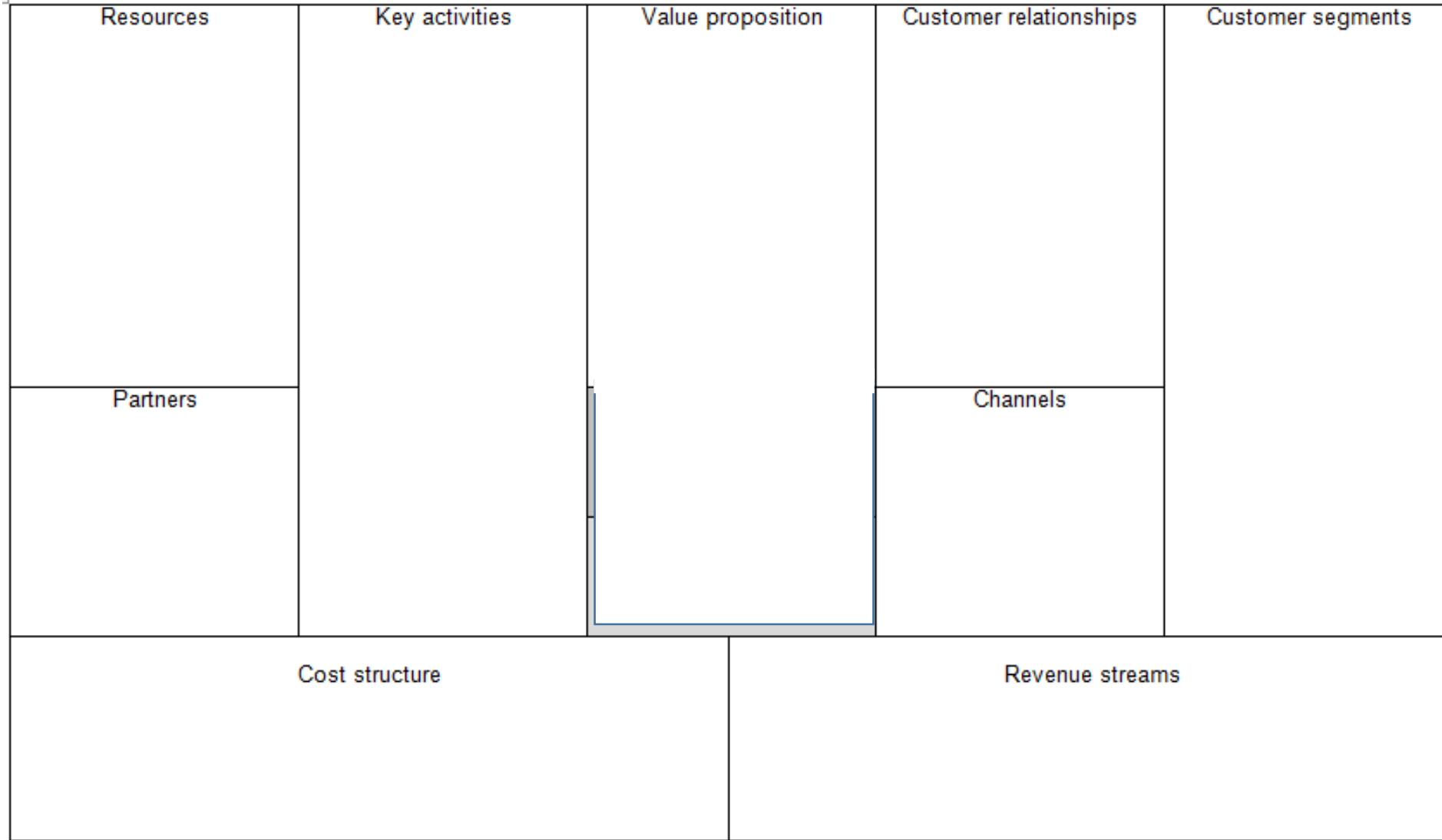
- **Woodland Audit**
- **Accessing WIG's to bring woods into productive use**

- **Kitemark**
- **Platform / Hub**
- **Supply co-op**

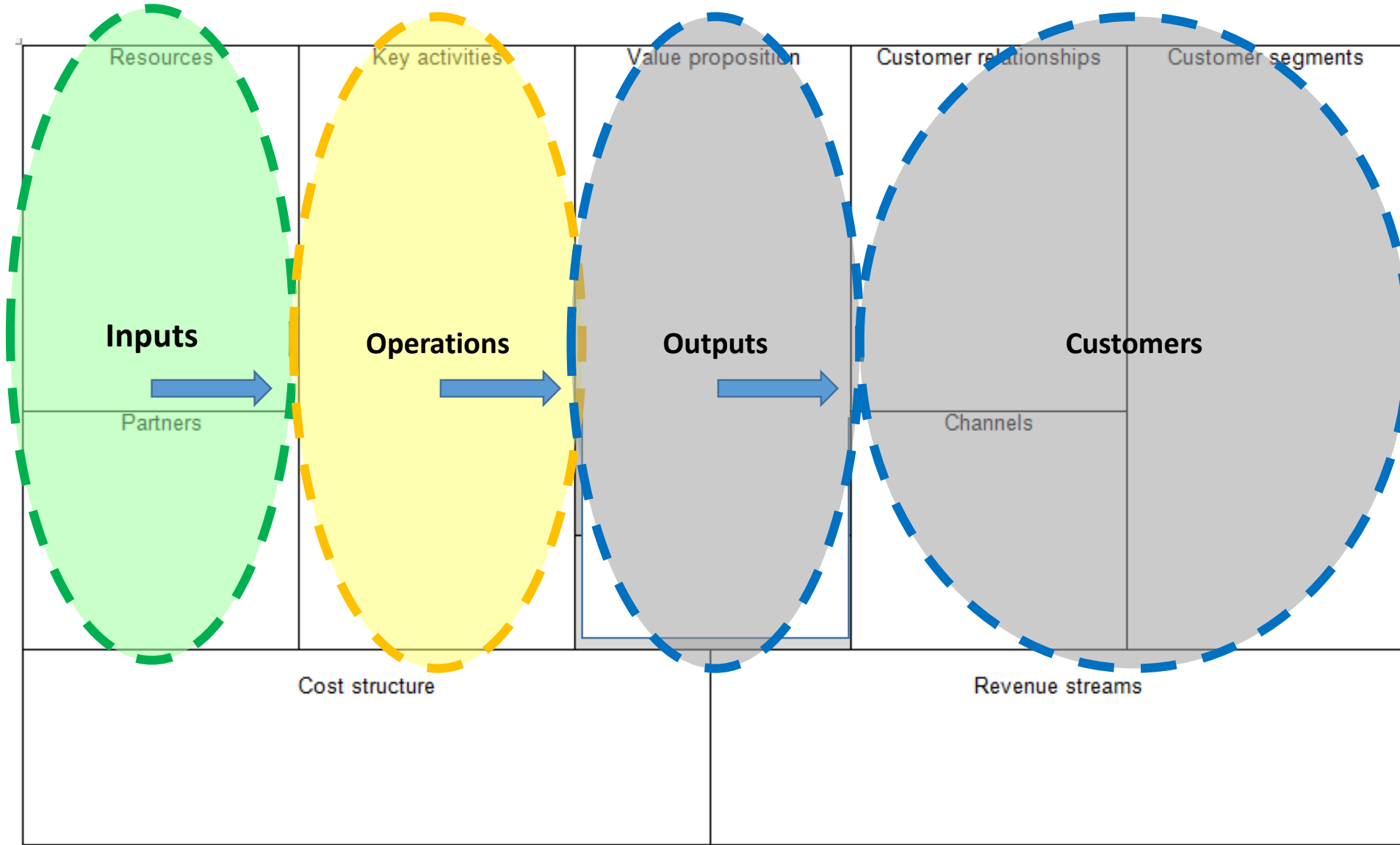
- **Promoting demand**
- **CSF scheme**
- **Logs for labour**

Network

The Business Canvas



The Business Canvas



Arnside & Silverdale Logbank

Resources

Equipment for extraction

Storage facilities

Equipment for distribution

Finance – CSF model?

Activities

Initial focus = extraction of “waste” wood

Storage

Processing

Distribution

Volunteer support

Product / Service

Initial focus has been wood waste

Question:
Scope to buy in from contractors / woodland owners?

Customers

What scale of operation?

What is the potential customer base?

Initial focus on Silverdale?

Draw on existing household energy audits or undertake new ones?

Impact framework for woodland social enterprise

Framework \ Outcomes	Need/baseline	Activities: (Services & Outputs)	Outcomes for individuals	Outcomes for the wider community
Environmental sustainability	<ul style="list-style-type: none"> Small woodlands are not being managed, and this has a negative impact on biodiversity 	Woodland management Wood fuel production	<ul style="list-style-type: none"> Satisfaction of being engaged in improving the environment 	<ul style="list-style-type: none"> Biodiversity benefits Climate change benefits
Economic development	<ul style="list-style-type: none"> The management of small woodlands is financially not viable Affordable woodfuel is not being made available locally 	Drying wood fuel (solar driers) Training and Apprenticeships Care farming/therapeutic activities	<ul style="list-style-type: none"> Improved career opportunities Creation of jobs Creation of training & apprenticeship opportunities Addressing fuel poverty 	<ul style="list-style-type: none"> New services developed which support viability Improved financial sustainability of community-based organisations involved with the project
Health & Well-being	<ul style="list-style-type: none"> The opportunities that woods afford to potentially improve mental and physical health are not being realized 	Educational activities Recreational activities	<ul style="list-style-type: none"> New therapeutic outcomes for people engaged with cultural activity Well-being outcomes 	<ul style="list-style-type: none"> Assisted to secure new contracts through the commissioning process
Community development	<ul style="list-style-type: none"> People are looking for opportunities to get involved in woodland management and the development of social forestry activities 		<ul style="list-style-type: none"> Engaged with a more diverse range of groups In receipt of funding to allow them to do this 	<ul style="list-style-type: none"> Wider range of people enjoying woodland Less isolation for some groups, by connecting through social forestry activity

Impact framework for Local Food Links' school meals programme

Framework \ Outcomes	Need/baseline	Activities	Outcomes for children & families	Impacts for the community
Health & well-being	<ul style="list-style-type: none"> - Increasing incidence of obesity in children & young people - Increasing incidence of diet-related ill-health, e.g. type-2 diabetes 	<ul style="list-style-type: none"> - Roll-out of Bridport scheme to 4 new schools in West Dorset - Establishment of new hub kitchen in Blandford 	<ul style="list-style-type: none"> - Improved health - Improved sense of well-being - More parents feeling they are making a positive contribution 	<ul style="list-style-type: none"> - Improvements in health reflected in reduction in costs of obesity & diet related ill-health
Community development	<ul style="list-style-type: none"> - Limited opportunities for parents to get involved and contribute - Limited opportunities to sit down as a family or with others - Reduced links between the generations 	<ul style="list-style-type: none"> - Recruitment & training of new staff team - Development of school meals service with a second cluster of schools, on the basis of "standardisation" & "codification" of procedures and systems 	<ul style="list-style-type: none"> - Reduced isolation through greater opportunities for socialising over food - Inter-generational links created through work with schools - Volunteering opportunities 	<ul style="list-style-type: none"> - More people volunteering - Improved community cohesion - Greater cross-generational links - A more positive food culture, with more people eating together
Economic development	<ul style="list-style-type: none"> - High cost of better quality food - Affordability is a major concern for families on low incomes - Limited capacity to produce meals for children in Dorset - Lost opportunities to create local jobs or provide a market for local producers 	<ul style="list-style-type: none"> - Launch of Food Clubs at schools for bulk purchase of healthy/sustainable food - All schools to join Food for Life Programme - Campaign to improve take-up of free school meals 	<ul style="list-style-type: none"> - Improved affordability of quality food - Improved accessibility through range of initiatives - Employment opportunities - Training opportunities 	<ul style="list-style-type: none"> - Reduction in "food poverty" - Jobs & training opportunities created - Opportunities for local suppliers - Import substitution: local economic activity created - Local multiplier improved - Increase in value added locally (GVA)
Environmental sustainability	<ul style="list-style-type: none"> - Environmental impact of food transportation - Limited sourcing from sustainable food producers - Consequent pollution 		<ul style="list-style-type: none"> - Enhanced understanding of food provenance & the sustainability implications of food choices 	<ul style="list-style-type: none"> - Increase in sustainable food production - Reduction in carbon output has positive impact on climate change

Impact framework for Local Food Links' older people's food programme

Framework Outcomes	Need/baseline	Activities	Outcomes for older people	Impacts for the community
Health & well-being	<ul style="list-style-type: none"> -High incidence of malnutrition in older people -High incidence of diet-related ill-health, e.g. cancer & heart disease -Mobility restrictions, e.g. getting to shops -Disability restrictions, e.g. difficulties preparing food 	<ul style="list-style-type: none"> -Local Food Clubs (food co-operatives) established -Supply of prepared fruit & vegetables into Food Clubs -Provision of catering for lunch clubs in community settings -Lunch clubs linked to Cookery workshops, e.g. older people sharing skills with younger people, lessons for single men, etc -Community Kitchen sessions at Centre for Local Food -Produce meals & soups to be cooked in older people's homes -Creation of catering services operating from hub kitchens & satellites - support catering services in day centres and care homes/ nursing homes 	<ul style="list-style-type: none"> -Reduction in malnutrition -Improved health -Improved sense of well-being -More older people feeling they are making a positive contribution -Reduced sense of dependency 	<ul style="list-style-type: none"> -Improvements in health reflected in reduction in costs of malnutrition & diet related ill-health -Older people able to stay at home longer
Community development	<ul style="list-style-type: none"> -Increasing isolation felt by some older people -Sense of dependency felt by some older people -Limited opportunities to get involved and contribute -Pressure on existing carers -Reduced links between the generations 		<ul style="list-style-type: none"> -Reduced isolation through greater opportunities for socialising over food -Inter-generational links created through work with schools -Increase in the number of carers drawn from older people -Volunteering opportunities 	<ul style="list-style-type: none"> -More people volunteering and caring for others -Improved community cohesion -Greater cross-generational links -A more positive food culture, with more people eating together
Economic development	<ul style="list-style-type: none"> -Affordability is a major concern for older people on low incomes -Limited capacity to produce meals for older people in Dorset -Lost opportunities to create local jobs or provide a market for local producers 		<ul style="list-style-type: none"> -Improved affordability of quality food -Improved accessibility through range of initiatives -Employment opportunities -Training opportunities 	<ul style="list-style-type: none"> -Reduction in "food poverty" -Jobs & training opportunities created -Opportunities for local suppliers -Import substitution: local economic activity created -Local multiplier improved -Increase in value added locally (GVA)
Environmental sustainability	<ul style="list-style-type: none"> -Environmental impact of food transportation -Limited sourcing from sustainable food producers -Consequent pollution 		<ul style="list-style-type: none"> -Enhanced understanding of food provenance & the sustainability implications of food choices 	<ul style="list-style-type: none"> -Increase in sustainable food production -Reduction in carbon output has positive impact on climate change

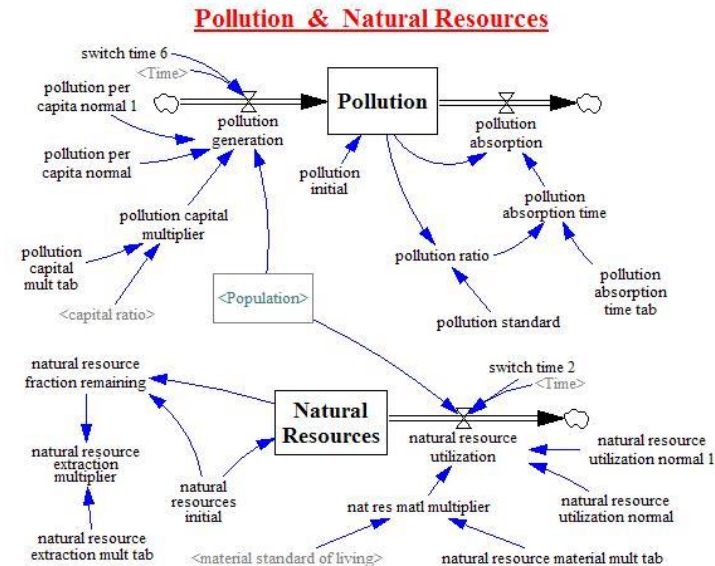
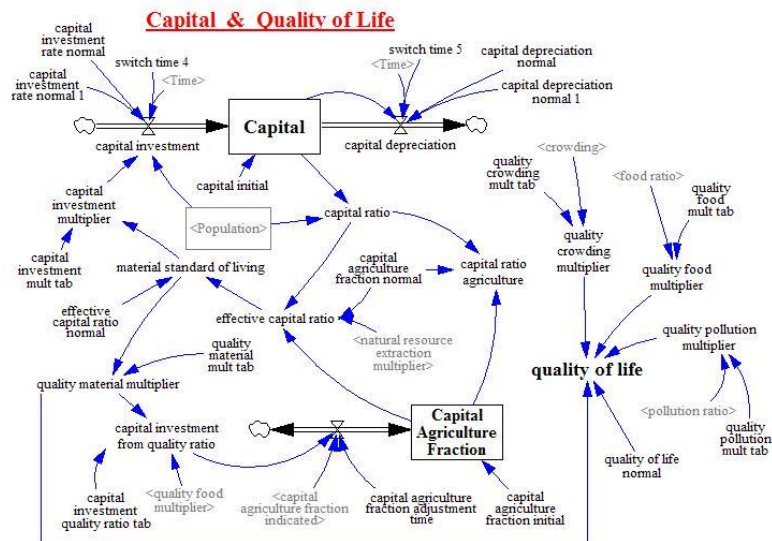
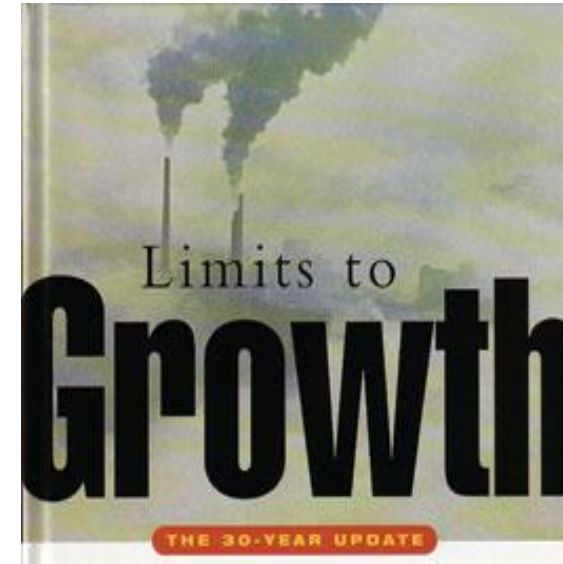
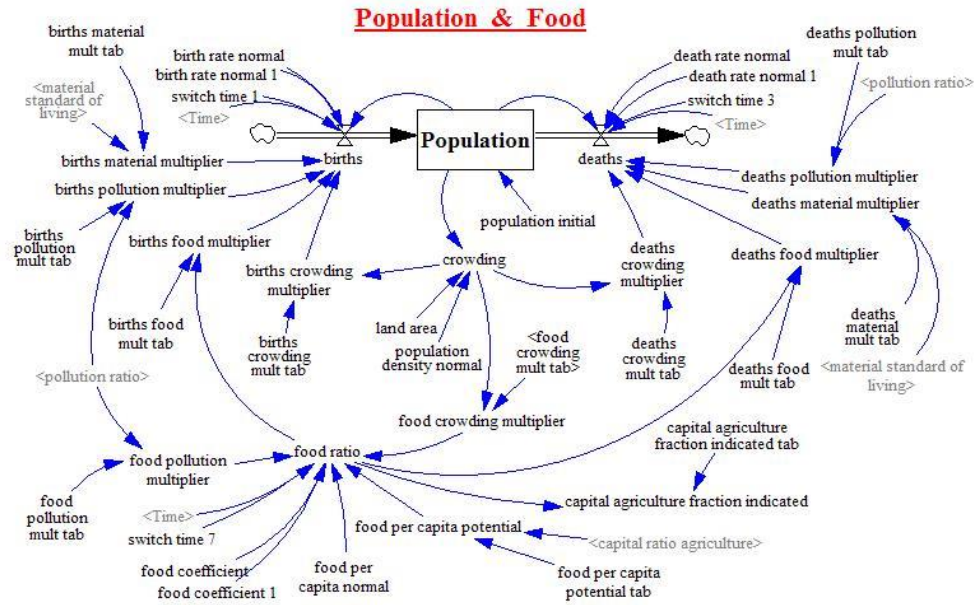
Simple systems



- Predictable;
- Mechanical;

"Reductionism produced a "machine view" of the world, a view captured in the work of Sir Isaac Newton. Metaphorically the world was likened to a sealed clock, a closed system, perpetually running on fundamental laws like "to everything action there is an equal and opposite reaction." **Hutchins, Systemic Thinking, 1995**

Complex systems



From representations of systems to participation in dynamic processes

- We are immersed in problems of organised complexity – these are situations where you have a moderate number of variables, but strong non-linear interactions amongst those variables.
- This involves dealing simultaneously with a sizeable number of factors which are interrelated into an organic whole.

Complex behaviour

- Complexity theory builds on Systems Theory
- Complex systems are non-linear and their specific behaviour is unpredictable
- Complex behaviour arises from *interaction*
- Complexity theory focuses on *relationships*
- The distinguishing feature of complex systems is that they can *create new order*

'Complexity Thinking' approach

- ***Self organising***: encouraging a system which will spontaneously emerge as the actions of autonomous participants come to be interlinked and co-dependend on each other.
- ***Evolutionary***: the system will be able to change its structure and processes as it adapts to maintain its viability within a changing, dynamic context. In other words, the system will be designed to learn from its experiences.

Patricia Shaw:

Systems theory & complexity science

“We make representations of the relatively stable patterns emerging in our ceaseless activity so that we can look at them together and agree on changes we can identify and plan for. This is why organisations, institutions and the civic realm are full of models, 2 by 2 matrices and mappings of various kinds.

But representations can never capture real complexity because that complexity is a flow in time not a static image or model. The representations are always not just inadequate but useful approximations, they can really mislead and falsify - taking them literally easily leads to frustration.”

Tim Ingold: The “firming of form”

Tim Ingold suggests that the “hylomorphic” model, whereby a form is created in the mind then applied out in the world, needs to be replaced by an approach inspired by, amongst others, Paul Klee:

“Form is the end, death, Form-giving is life”

Ingold argues “that what Klee said of art is true of skilled practice in general, namely that it is a question not of imposing preconceived forms on inert matter but of intervening in the fields of force and currents of material wherein forms are generated. Practitioners, I contend, are wanderers, wayfarers, whose skill lies in their ability to find the grain of the world’s becoming and to follow its course while bending it to their evolving purpose.”

Patricia Shaw

We are used to thinking/seeing/experiencing in terms of a world of separate THINGS apart from ourselves that need to be managed.

- *Things* are clearly defined, identifiable, separate, bounded, stable, graspable, measurable, countable entities.
- They may be material *things* or intangible conceptual *things* such as organisations, jobs, managers, systems, leaders, resources, strategies, plans, goals, targets, budgets, meetings, cultures, visions.....
- Such *things* can be connected, arranged, ordered, organised *by design* into structures.
- Such ordering connections are *universal, linear, rational, sequential, predictable, neutral*.

Complexity invites us to think/see/experience in terms of a world of PATTERNED FLOW in which we are inextricably immersed.

- *This dynamic flow is not uniform but patterned as events and activities emerging in webs of interdependent relating.*
- *Patterning (irregular regularities) emerges spontaneously through self-organisation at many scales simultaneously.*
- *Such self-patterning processes are local, reciprocal, non-linear, lateral, unpredictable, improvisational in which both individual and social identities are emerging simultaneously.*
- *Continuity and change are emerging simultaneously as exploration of the adjacent possible with all its creative / destructive potential.*

SOCIAL INNOVATOR SERIES:
WAYS TO DESIGN, DEVELOP
AND GROW SOCIAL INNOVATION

THE OPEN BOOK OF SOCIAL INNOVATION

Robin Murray
Julie Caulier-Grice
Geoff Mulgan


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Innovating
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services

Robin Murray

For the spread of a social innovation what is needed is to establish the relative autonomy of new practices from the prevailing 'contextual forces' and attract others into this emerging sub-system - extending its strength and deepening its complexity

Robin Murray's 10 characteristics of 'enlivened' civil economy

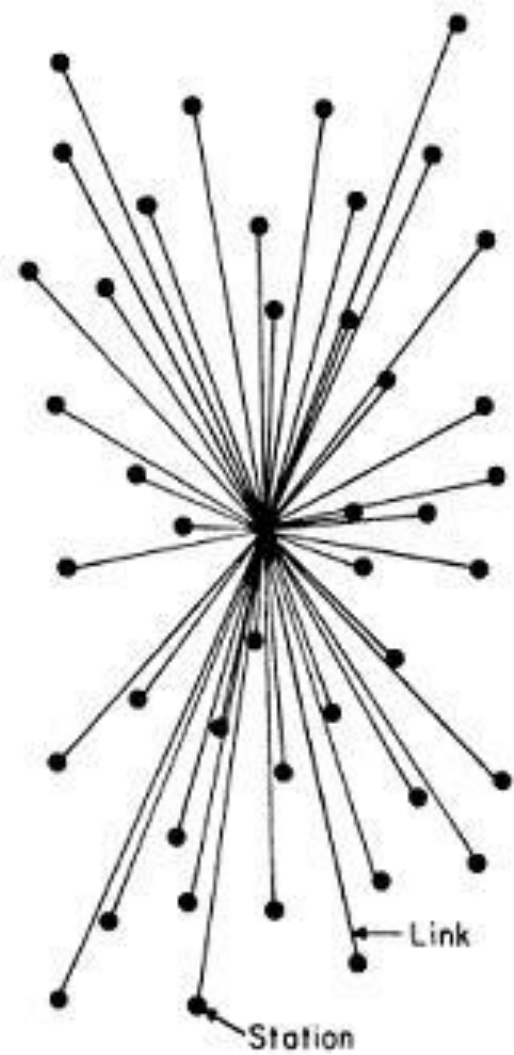
- i. driven by idea*** (purpose or mission).
- ii. formation/formacion***
- iii. process as significant as outcomes***
- iv. strong element of the voluntary***
- v. management as mobilisation.***
- vi. collective intelligence & sharing of know how***
- vii. human centred technology***
- viii. not scale but organic distributed growth.***
- ix. expansion of network rather than expansion of enterprise***
- x. social financing***

From scaling to complexity

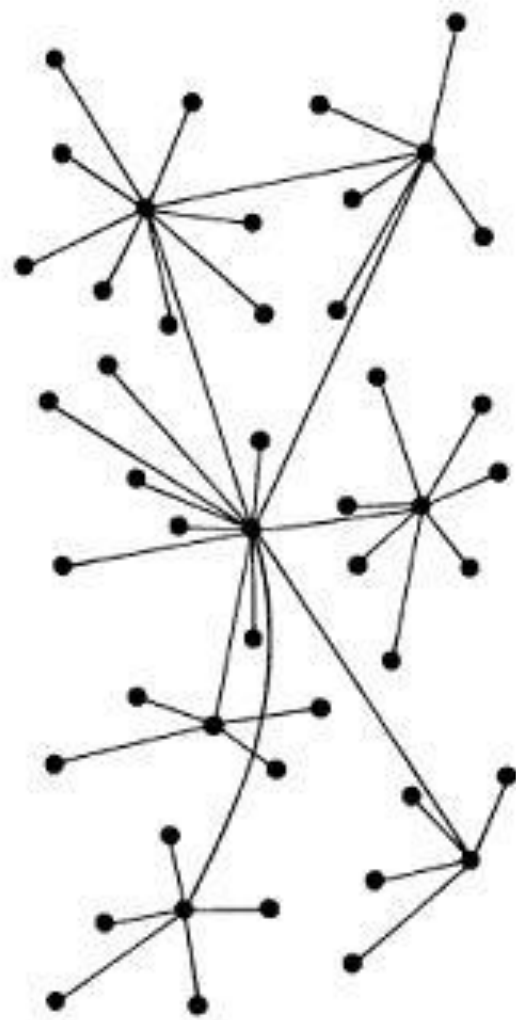
Starting point not a particular project or technology but emerging ecology of projects each of which has its own generative capacity, and constantly creating new networks with other projects

Capra's principles of ecology:

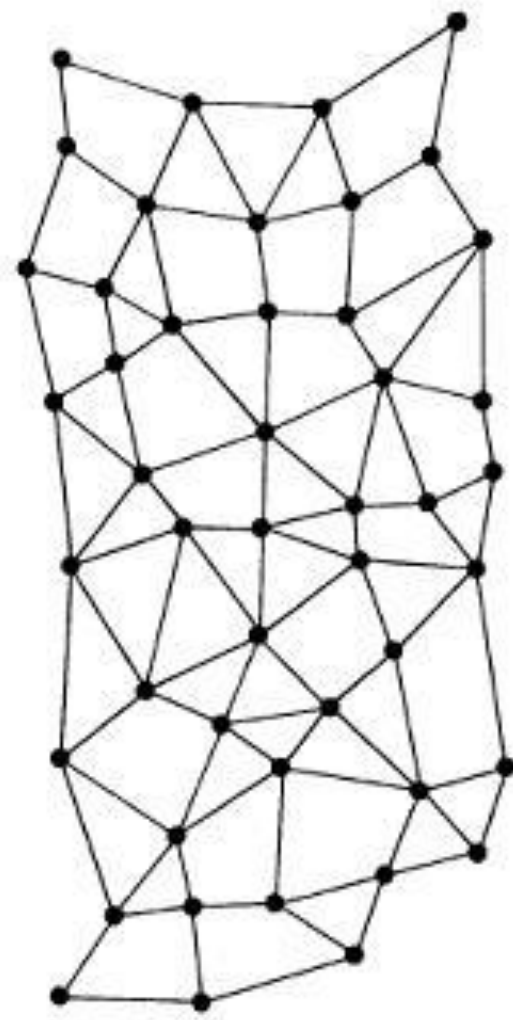
- Networks
- Cycles
- Solar energy
- Partnerships
- Diversity
- Dynamic balance



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