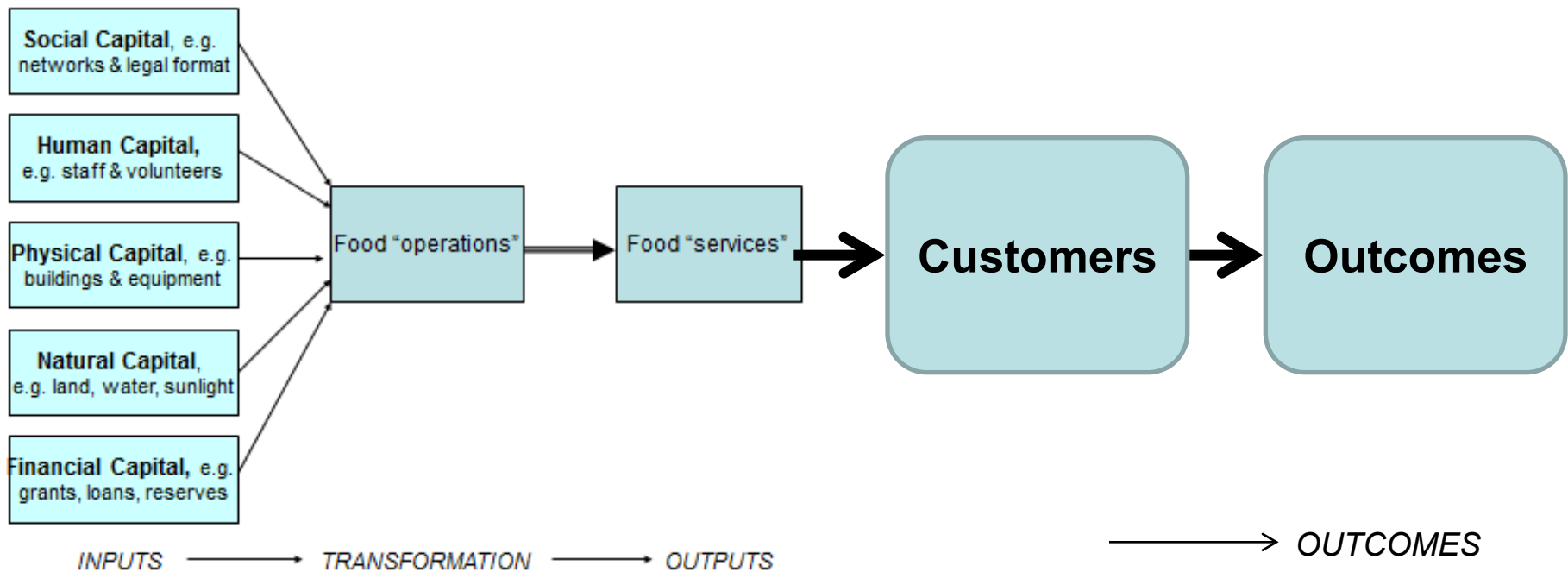


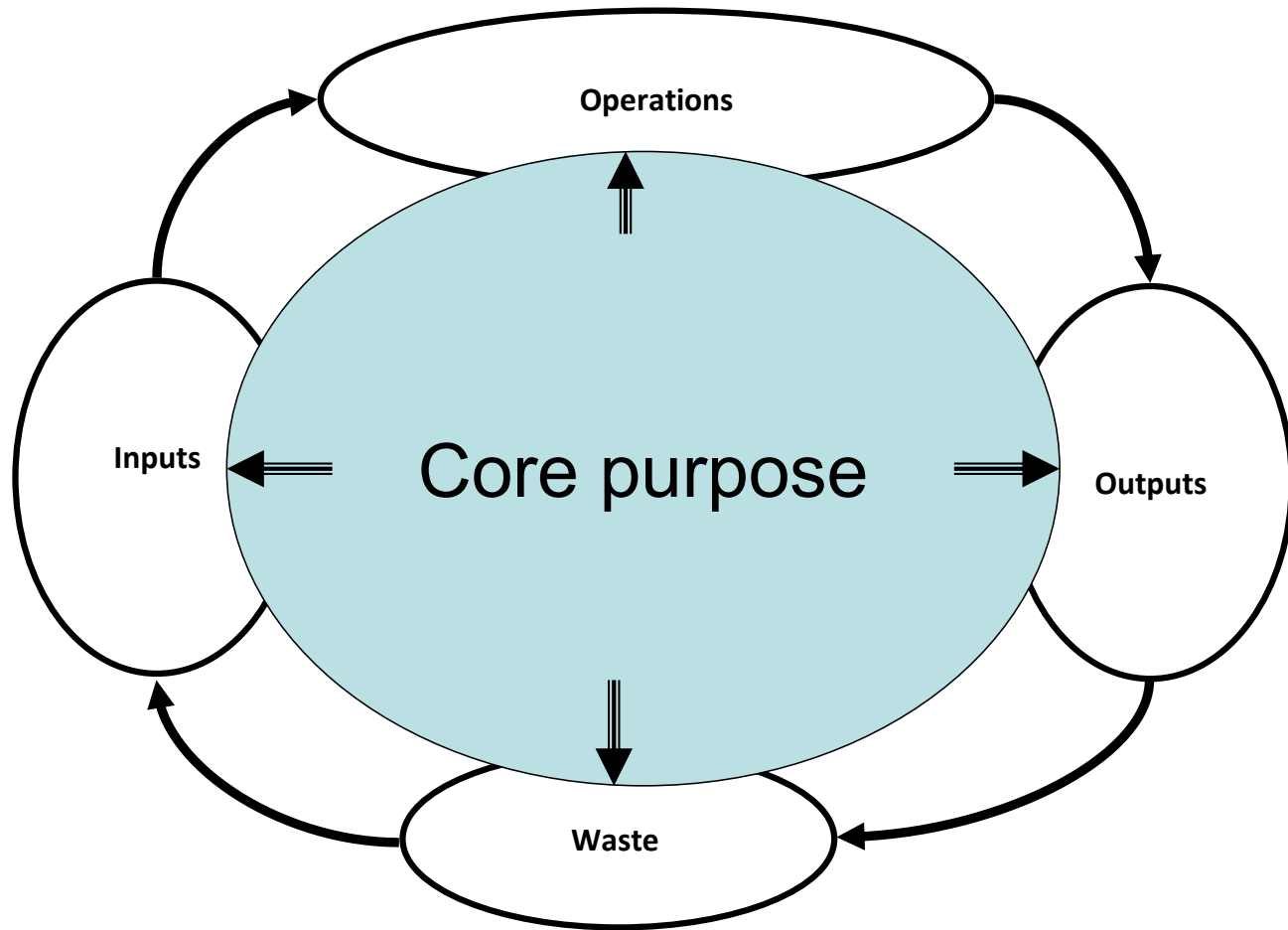
# Local Economic Systems

## Session 4

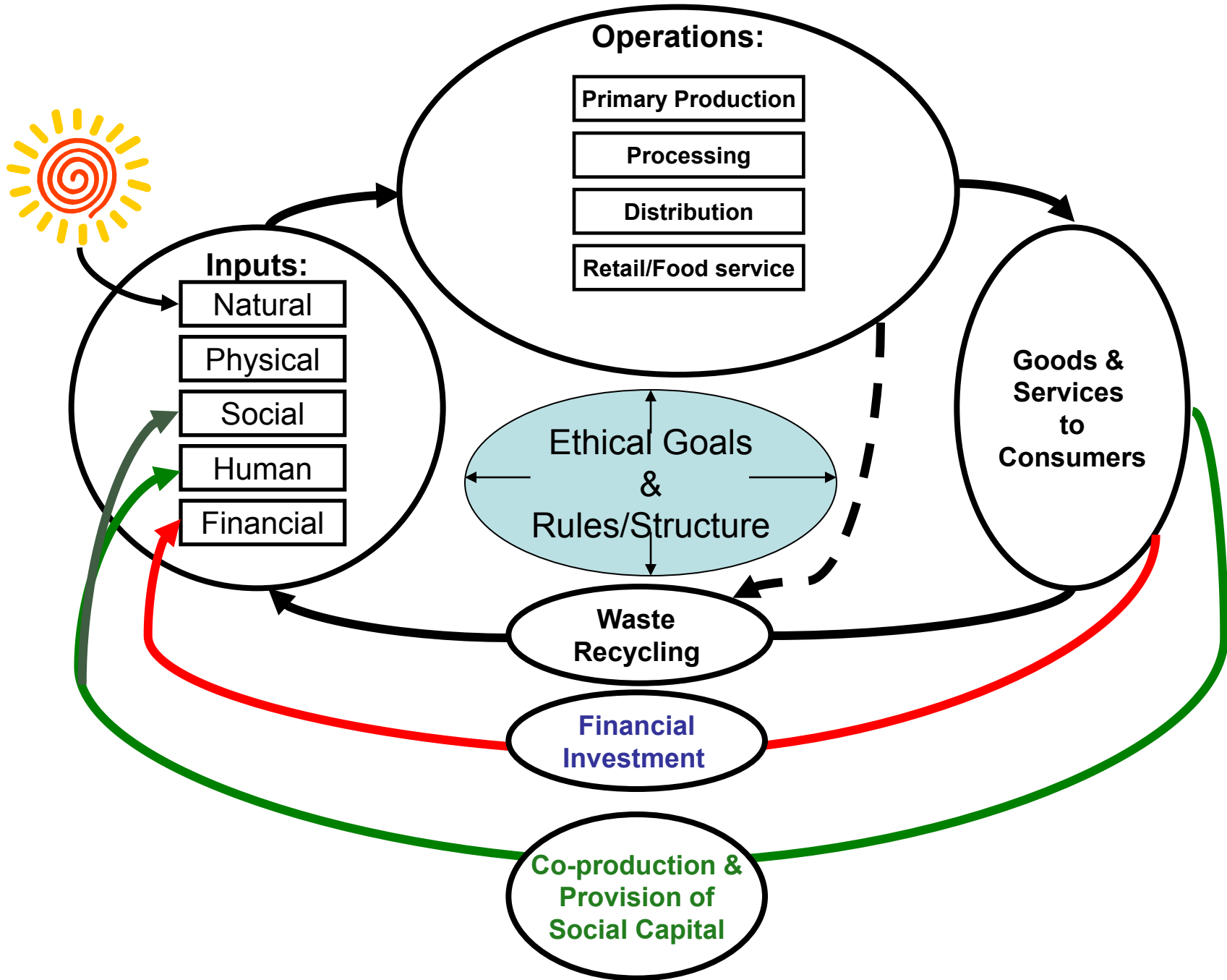
Applying the theory to a hypothetical  
eco-social enterprise

Tim Crabtree





According to Meadows *“the least obvious part of the system, its function or purpose, is often the most crucial determinant of the system’s behaviour.”*



**Paradigm:**

- Nature is a stock of resources to be converted to human purposes
- The market is the ideal organising mechanism for everything
- Money measures value
- Growth is good
- Self-interest is good

MONSANTO



**Goals:**

Profit, growth,  
competition

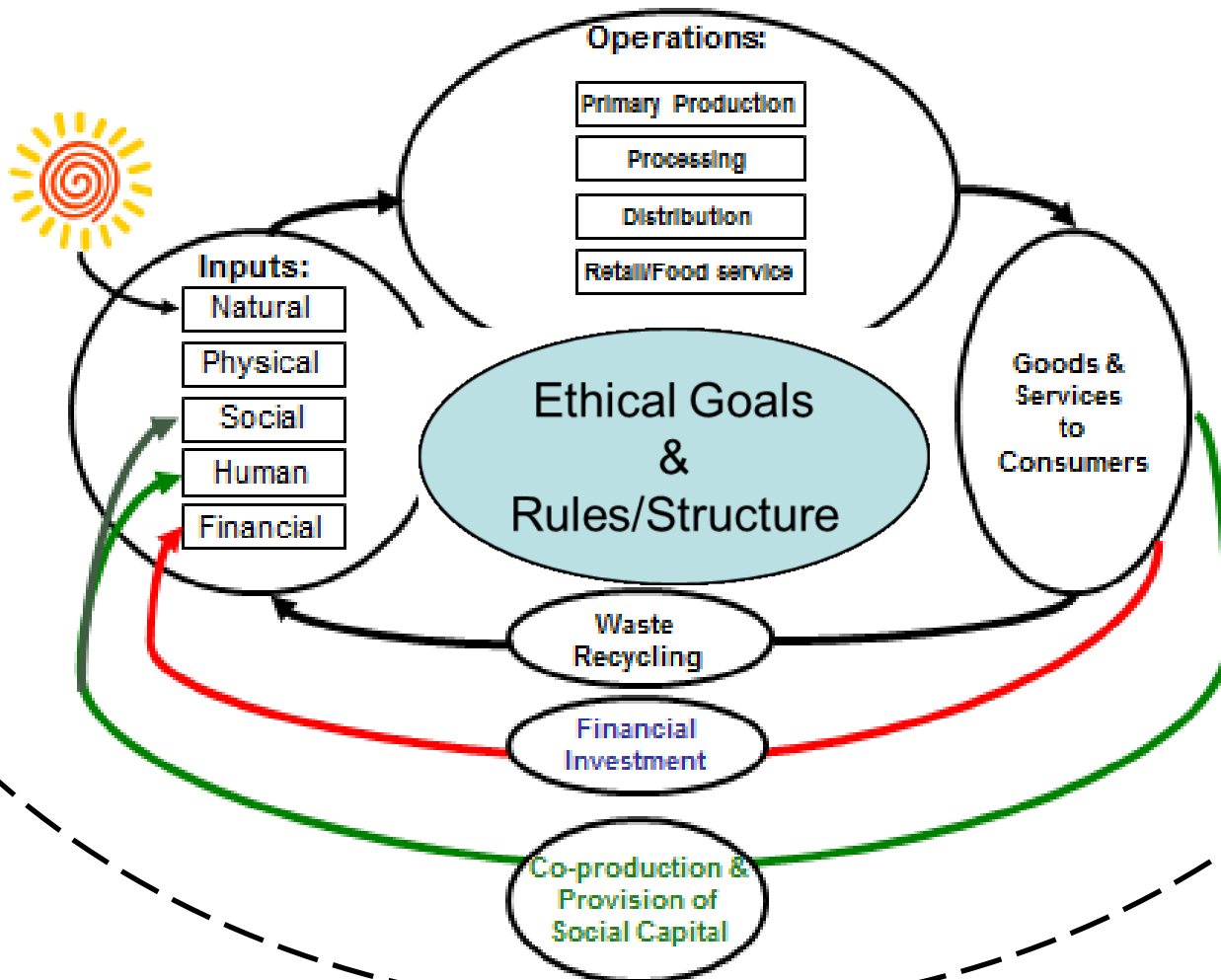
**Rules/structure:**

Share company  
maximising shareholder  
value



## Ethical Paradigm:

- Sustainable
- Ecological
- Connected to place
- Democratic
- Fair and just



# The 4 enterprises

Enterprise	Purpose or Goal

# The 4 enterprises

Enterprise	Outcomes		
	Ec	Soc	Env



# The 5 enterprises

Enterprise	Customers

# The 5 enterprises

Enterprise	Operations

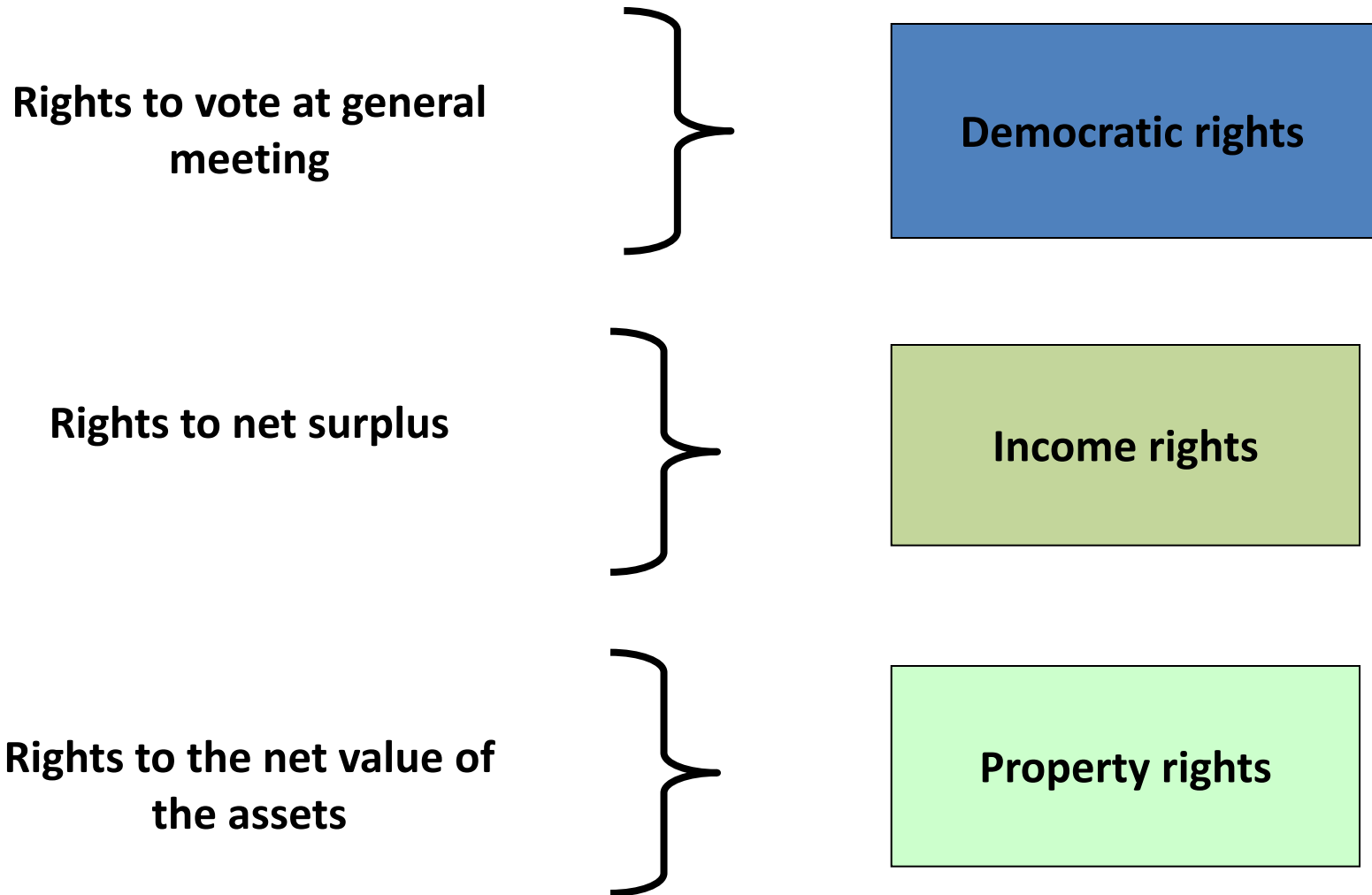
# Social capital

- Who are the members of your enterprise?

Social economy initiatives have some element of “social ownership”, one or more of:

- Consumer membership
- Worker membership
- Supplier membership
- Investor membership (with limited rights)

# Key principle: rights to control



# What rights will the members have?

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

# What rules (legal structure) will you adopt?

- E.g.
  - Charity
  - Social enterprise (for community benefit)
  - Worker co-operative
  - Consumer co-operative
  - Multi-stakeholder co-operative
  - Private company
  - Public share company

# The 5 enterprises

Enterprise	Social Capital	
	Members	Legal form

# The 5 enterprises

Enterprise	Financial Capital



# 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: 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 )

# The 5 capitals – market-based or “non-market”?

- Inputs, the 5 capitals, do not have to be bought in the market.
- Some inputs can be “commons-based” or “open-source”.

**Local communities**

**Outputs:**

goods & services

Primary production

Processing

Distribution

Retail

**Eco-Social Enterprise**

**Operations**

**Human Capital**

**Physical Capital**

**Natural Capital**

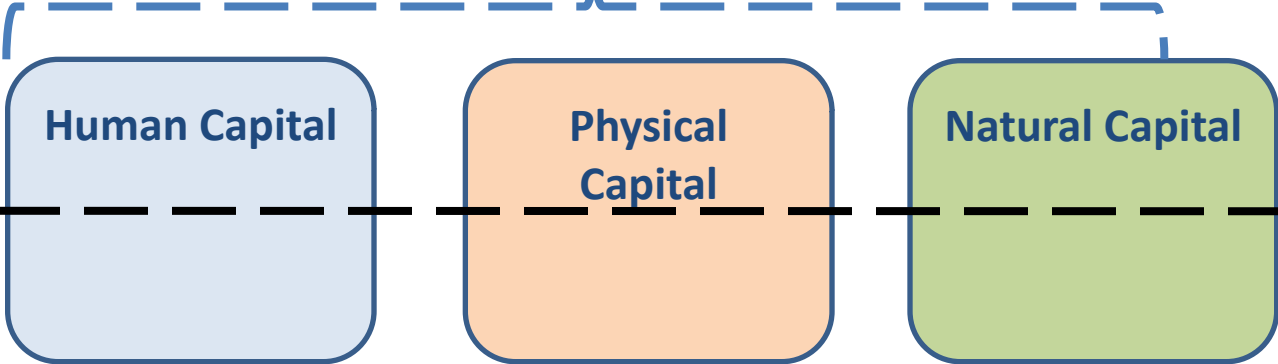
**Inputs**

**Local communities**

**Outputs:**  
goods & services



**Eco-Social Enterprise  
Operations**



Market-based

Commons-based

**Inputs**

# The 5 enterprises

Enterprise	Natural Capital

# The 5 enterprises

Enterprise	Physical Capital

# The 5 enterprises

Enterprise	Human Capital



# Creating sustainable, circular enterprises

Enterprise	Resource use, waste & pollution minimisation processes





Coffee plants and trees grown in soil



Coffee & cardboard products produced and consumed



Coffee & cardboard waste produced



Waste collected, inoculated with mushroom spawn & turned into growkits



Growkits produce mushrooms to eat & break down the waste



Spent mushroom compost returned to the soil



**Closing the loop on Waste, using Mushrooms!**

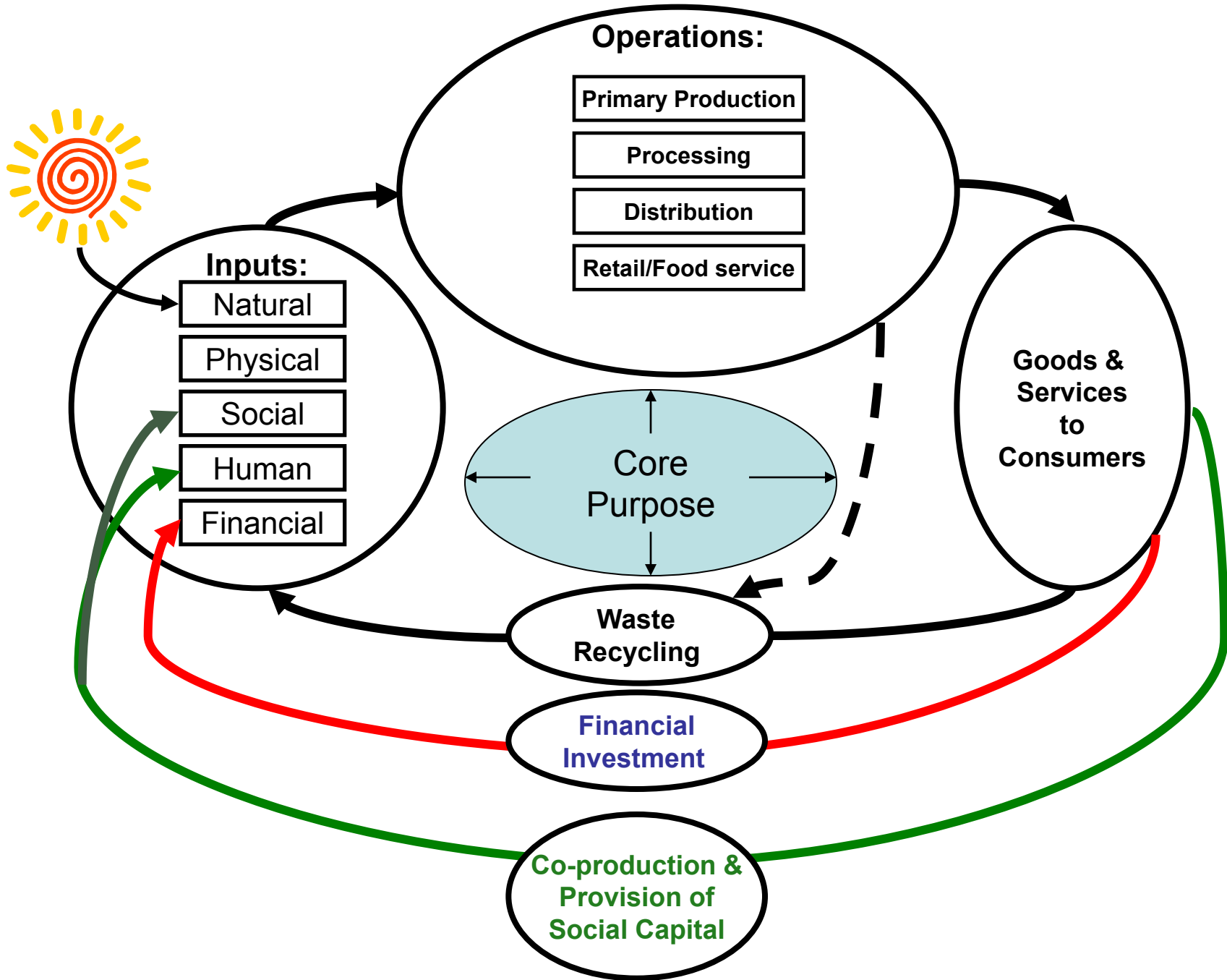
# Gourmet Grower™ Mushroom Kit

- 3 Easy steps: open, mist, harvest
- Harvest 14 days after opening
- Produces at least 2 crops
- Fresh Gourmet Mushrooms at home
- Fun and easy for anyone!

**Grow  
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Only  
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# Linking with other enterprises in the local food system

