



FAIR

Financial Awareness
& Investment Readiness

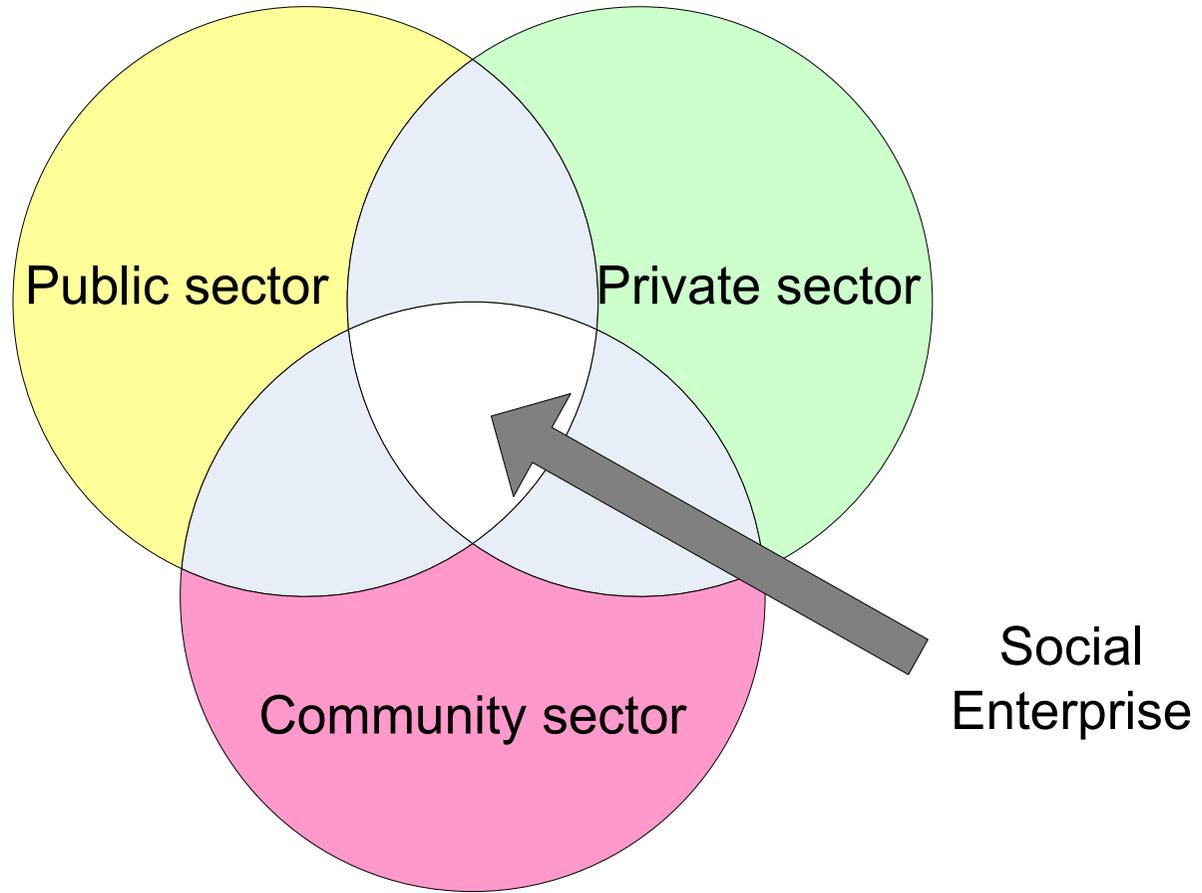
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What is social enterprise?

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.





SOPE test

Social: Social benefits are a primary objective

Ownership: Democratic ownership ensures social purpose

Profit: Reinvested for social benefit

Enterprising: Income derived from trading



Myths about Social Enterprise

Social enterprises don't make profits.

Social enterprises only provide “social services”

Social enterprises rely on grants

Social enterprise is a young and immature sector

The social enterprise sector represents only a tiny part of the overall economy.

Social enterprise are expensive to support.

What's driving social enterprise growth?



Bright Kidz, Kettering

- Ethical consumerism
- Corporate sector demand
- Public sector demand
- Public sector spinouts
- Regeneration

In the East Midlands

- 2000+ social enterprises
- Higher than average awareness of social enterprise
- Lower than average numbers of social enterprises
- Growing number of high profile, higher turnover social enterprises



Unique Scrap Store, Newark



Challenges for social enterprise

The right support

Access to finance

Access to markets

Public and public sector understanding and recognition

Economic downturn and recovery



Investment Readiness

Sometimes called “Access to Finance”, the function of the investment readiness process is to provide the business with independent critique and feedback on its plans and business case, and to help the business improve its chances of being able to access finance, whether debt or equity or a combination of different funding options.



The social enterprise challenge

"Investment-readiness is *the* single biggest barrier to growth for social enterprise, where it is not present. It restricts both a confidence in, and a greater flow of capital into, the market. It also perpetuates a culture of grant dependency. Becoming investment ready can be a long and difficult journey but social enterprises face unprecedented opportunity for growth. The journey towards investment must start now." - Andrew Croft, CEO of CAN



What is Investment Readiness

- Providing sufficient information, credibility and trust to an investor to motivate him to invest in a proposition
- Information generally provided in a Business Plan



Problems with the business plan

- Quality of team
- Vision/strategy unclear or not well articulated
- Too many facts, not enough analysis
- Lack of commercial reality
- Lack of credibility in financial projections
- No real customer need or benefit established / lack of USP – Too ‘ME TOO’
- Too complicated
- Insufficient growth potential
- Route to market unclear / vague on market drivers
- Insufficient evidence of demand
- Competition complacency and not properly identified
- Lack of contingency planning
- Assumptions are fuzzy
- Unclear on need and level of funding
- Exit not well defined



Role of the adviser

- Identifying the most appropriate sources of money and discussion and analysis of the effect of any risks of borrowing.
- The benefits and downsides of raising equity
- Reviewing the business to identify and correct shortfalls or omissions that would impact on an investment decision
- Guidance on investor expectations and attitudes
- Help with preparation of the business plan and of the live presentation
- A mock run through of the due diligence process to ensure all queries are covered, including legal, financial, management, marketing, competition
- Mentoring through the funding and due diligence process
- Post-investment management guidance



CAMPARI Test

Character: Are you, the borrower, capable of making your plans work?

Ability: Do you possess the necessary skills and experience?

Means: What are your business's and your personal assets?

Purpose: What is the purpose of the loan?

Amount: Are you requesting enough money?

Repayment: Is your cashflow forecast for repayment realistic?

Insurance: Are you insured against any loss?



The FAIR Programme

A programme of support to Third Sector infrastructure organisations to increase the quality and quantity of business support available to social enterprises in the East Midlands.

Funded for 3 years by BIG Lottery through the BASIS 2 programme





The Fair Programme

This project will deliver four outcomes through a series of linked activities:

Financial Awareness and Investment
Readiness Programme

Business Adviser Network

Accreditation process and assessment
towards the SFEDI standards

Finance Supply Group



The FAIR learning programme

M1 Getting started in Social Enterprise Support:

This will help you to understand the differences in culture between grant dependent voluntary and community organisations and trading organisations dependent on earned income

M2 Business Tools for Social Enterprise Support:

This will help you to understand the different tools that should be used by social enterprises to undertake strategic business planning. You will also have knowledge of the main sources of non-grant finance available to social enterprises

M3 Sustaining Social Enterprise Support: This will help you to understand how to use these tools in your capacity as Third Sector advisers



The FAIR learning programme

Each of the programme's three learning modules will be delivered over two days, and will be mapped against the Small Firms Enterprise Development Initiative (SFEDI) Business Support standards.

The programme will provide advisers with the required underpinning knowledge and understanding they need to carry into the SFEDI Assessment process.

We have also engaged the Social Audit Network to deliver a master class on impact measurement



SFEDI accreditation and assessment

Improve the quality and consistency of advice through delivering a programme of professional development to advisers supporting their assessment against the nationally recognised standards for social enterprise business support through a licensed centre.

Supported through bursaries from SEEM



Business Adviser Network

The network will provide a space to support the continuing professional development of advisers to social enterprise in the region. It will enable better networking of business advisers to share knowledge and help to improve the quality of the advice they offer.





BAN Communication Strategy

Keeping the network connected through regular updates via Twitter, LinkedIn, newsletter, forum

Sharing good practice and problem solving via forums (Ning, Huddle)

A place to post business opportunities





Thank You
Any Questions?