Issue: #13

PIONEERS POST QUARTERLY

Intelligent journalism for social entrepreneurs, impact investors and responsible business leaders

NO BIG DEAL?

How social enterprises are weathering the Brexit storm

BOARD MEMBERS: IT'S TIME TO LET GO

Why having a diverse board still isn't enough

THE MEDIATOR: CLARA BARBY

Reaching global consensus on what impact actually means

SOLVING THE EQUITY INVESTMENT PUZZLE

Details of the deal that may just have made a breakthrough

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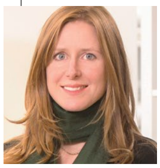

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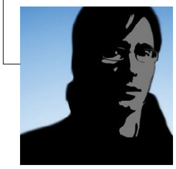

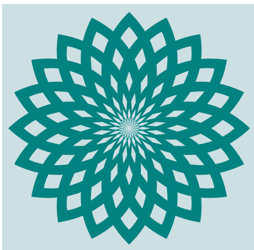

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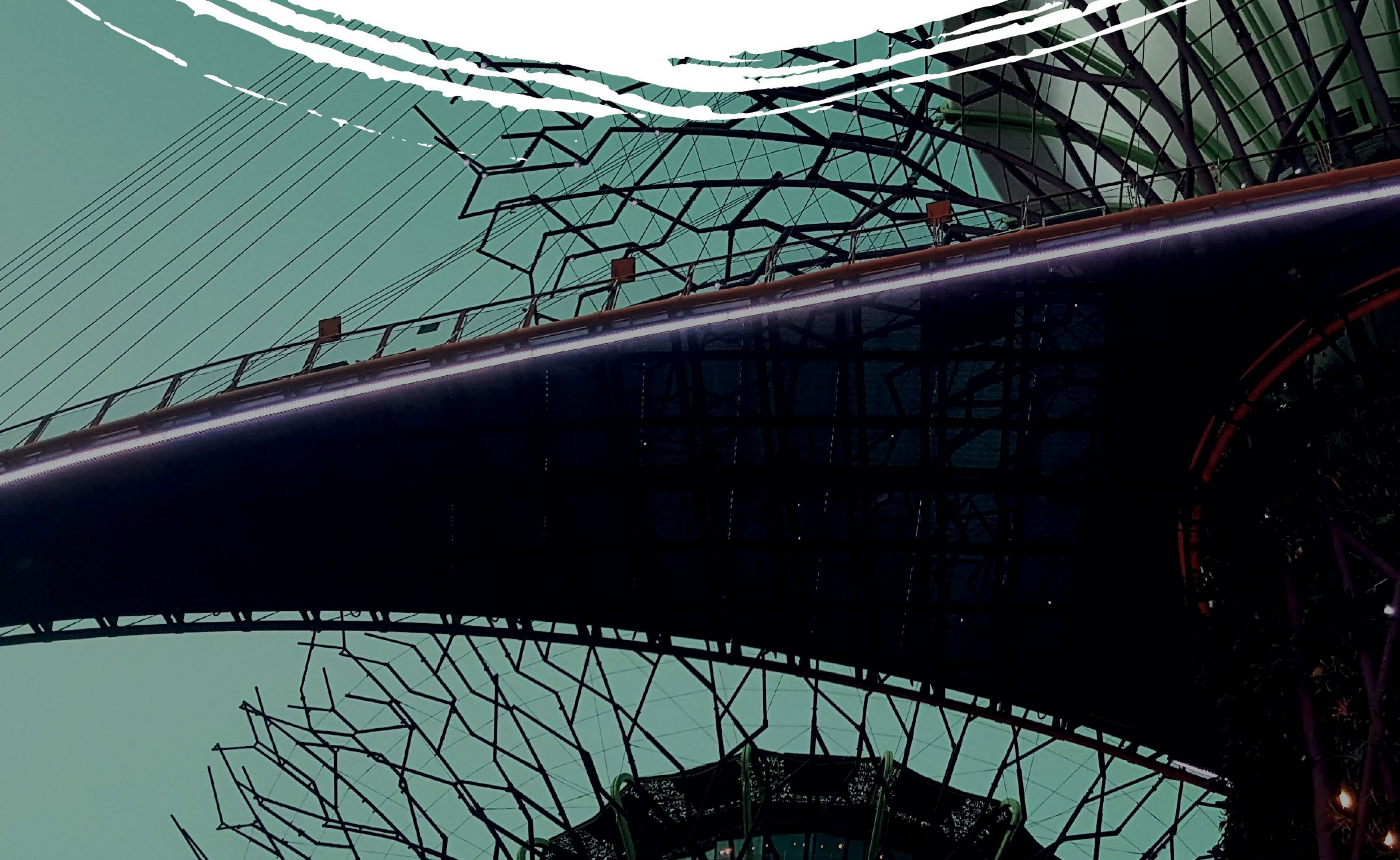

EDITORIAL
Tim West, ***Founding editor***
tim@pioneerspost.com

Anna Patton, *Managing editor*
anna@pioneerspost.com

Julie Pybus, *Commissioning editor*
julie@pioneerspost.com

Editorial and film team
Caroline Hailstone, Sasha Gallick, Hatty Bell

DESIGN
Fanny Blanquier

PARTNERSHIPS & SUBSCRIPTIONS
Simone van Klaveren
simone@pioneerspost.com

CONTACTS
news@pioneerspost.com
hello@pioneerspost.com
subs@pioneerspost.com
T: +44 (0)20 3941 2400

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THE EDITOR'S LETTER

"By the time you read this, there may have been a big breakthrough on the Brexit negotiations. Or possibly not. Whatever happens, though, we'll have had nearly three years of political and economic uncertainty – a hefty obstacle to throw in the path of any business. Industry bosses and sector bodies have repeatedly warned of this, with the Federation of Small Businesses recently claiming 'unprecedented uncertainty' and that 'small business confidence has fallen through the floor'.

How have the UK's social enterprises been weathering the storm? For our cover feature (p. 23), we spoke to a number of them around the country to hear how they're preparing (or not) for what lies ahead. From supply chains to employees' right to work to loss of custom, some have already noticed the effects on their bottom line and their social impact. Others are putting precautionary measures in place, often at significant expense.

If that all sounds a bit depressing, it's clear that a pragmatic, roll-up-sleeves attitude prevails. Social businesses that have been around long enough have, after all, already weathered the financial crisis. And taking a punt on uncertainty is perhaps in the DNA of every social entrepreneur. As one interviewee puts it: "If we were risk averse, we wouldn't be doing this."

We're not obsessed with Brexit though, so for this issue we also look beyond the UK to explore some of the EU's other hotspots for social enterprise. It turns out that they don't all fit onto one double-page: if there's a country or region we've missed, be sure to let us know.

We also bring you the inside story on the award-winning Impact Management Project, a tiny organisation that achieved something everyone said was impossible: getting to a global consensus on what social impact means, creating a sort of 'rules of the road' for anyone working in the space. The IMP's work isn't done yet, but already it's an impressive study in how to bring people together, genuinely listen, account for differing viewpoints, and shift language to help break a deadlock. (Can we make Clara Barby the next Brexit Secretary, please?!)

And we're excited to introduce our new photo feature, Close-Up, which brings you beautiful images of social enterprise in action – this time in Brazil, Nepal, Uganda, Scotland and Nicaragua. Thank you to all our readers who submitted photos – please keep them coming for future issues.

Finally, a huge thanks to all of our subscribers, whose support means we can continue producing this magazine plus all our online coverage throughout the year. Enjoy the read, and see you next issue. ■

ANNA PATTON
MANAGING EDITOR

Cover Illustration by Fanny Blanquier

Global impact investing market soars above US$500bn

FIRST COMPREHENSIVE ESTIMATE OF GLOBAL IMPACT INVESTING MARKET PUBLISHED

A landmark report from the Global Impact Investing Network (GIIN) sized the global impact investing market at $502bn. *Sizing the Impact Investing Market* covers data from more than 1,300 impact investors worldwide, and claims to be the first comprehensive estimate of the market. It includes data on assets under management (AUM) from asset managers, foundations, banks, development finance institutions, family offices, pension funds, insurance companies and others.

The estimated figure is more than double the $228bn estimated by GIIN in June last year, although this took data from just 229 organisations. GIIN said that the new research not only established a fundamental understanding of the market's current scale but also served as a first step in a GIIN initiative to ensure the market continues to scale "with integrity".

Although the $502bn figure is growing fast, it is tiny in comparison to the current figure for so-called 'sustainable' investments. A McKinsey & Co. study in 2017 found that more than a quarter of the $88 trillion assets under management globally were invested according to environmental, social and governance principles known as ESG.

UK COALITION DEMANDS LANDMARK RULING ON £63BN OF CHARITY INVESTMENTS

A coalition of leading charities and faith groups in the UK called for a landmark ruling from the Charity Tribunal on whether charities should ensure their investments support their goals and duty to

A royal visit to Morocco's NoBox Lab, which provides educational workshops for children
Credits: British Council Morocco

provide public benefit, and whether they should invest in companies that contribute to climate change. A ruling would affect £63bn of philanthropic investments in the UK and send a powerful signal to all institutional investors about how to align investment with the good of society.

The open letter to the Charity Commission and Attorney General was signed by major charities and faith groups and has won the support of NCVO, the umbrella body for the voluntary sector.

Asking for specific legal guidance on whether charities should invest in companies that contribute to dangerous climate change, the coalition notes that temperature rises above the UN target of 1.5°C "present substantial risks to the overall economy as well as to individual investment portfolios" and "may undermine the very aims many charities exist to achieve".

They warn of "a risk that charity trustees misinterpret their duties" because the current law is "outdated and insufficient".

UK SOCIAL INVESTMENT SECTOR STILL PLAGUED BY LACK OF DIVERSITY

A review published in January found that the social impact sector lacks diversity in gender, disability, and ethnic and economic backgrounds. Representation of female board directors fell by 5% since 2017, with women now making up 33% of boards, according to Diversity Forum's *Inclusive Impact: A comprehensive review of diversity in the social investment sector.* The share of executive level women on staff has however increased slightly, by 2% (bringing their share to 40%). These figures place social investment ahead of the general financial sector in terms of gender diversity, but ranking worse than the charity sector.

Almost one in five social investment board directors attended Oxford or Cambridge universities, compared to just 1% of the UK population. Black, Asian and Minority Ethnic women are the least likely to be a director, accounting for just 16 of the 571 directors identified.

BOOST FOR PROCUREMENT AS UK GOVERNMENT FLOATS 10% WEIGHTING FOR SOCIAL VALUE

The British government reinforced its commitment to create more social value from £49bn worth of public sector contracting. Speaking at Social Enterprise UK's Social Value Leaders Summit in March, Cabinet Office parliamentary secretary Oliver Dowden said the government would ensure that contracts are awarded not just on value for money, "but [the] company's values too, giving firms much-deserved recognition for their positive actions in society."

When contracts are being drawn up, government will consider areas including the use of firms of all sizes (including those owned by under-represented groups); safety of supply chains; encouraging firms to employ people from diverse backgrounds; environmental sustainability; and encouraging firms to prioritise staff training.

The Department for Culture, Media and Sport, the Cabinet Office, and Crown Representative of the Voluntary, Community and Social Enterprise sector Claire Dove have developed a standardised framework for procurement to provide clarity for commissioners and VCSEs. A scorecard is to provide departments with a framework of common values and specific criteria to be included in their procurements, and is available to view as part of a public consultation. The group has also recommended that social value make up a minimum of 10% of weighting when assessing tenders for contracts.

SENIOR LABOUR FIGURES MAKE BIG COMMITMENT TO SOCIAL ENTERPRISE

Senior opposition MPs promised that – should Labour get into government – social enterprise would be "right at the heart" of its economic policy. "It's great that the sector is doing so well. But we want it to do a lot better," said Rebecca Long Bailey, Shadow Secretary of State for Business, Energy and Industrial Strategy, speaking at a Social Enterprise UK event in January.

Tipped by some as a candidate for party leadership, Long Bailey reiterated policies from Labour's manifesto, including a plan to double the size of the UK's cooperative sector, and said social enterprises are "integral" to Labour's industrial strategy. Shadow Treasury Minister Anneliese Dodds said Labour wants to see "many more people" employed by the sector. Around 2 million people in the UK currently work for social enterprises, cooperatives and other social businesses.

Labour is currently discussing possible legislative changes to support and finance the growth of the sector. Labour is to explore how the proposed National Investment Bank could help social enterprises and co-operatives grow, and wants government bodies to be better equipped to advise on setting up a social enterprise.

SKOLL WORLD FORUM URGED TO FACE UNCOMFORTABLE TRUTHS

A colonial mindset still dominates philanthropy and social investment, attendees at one of the year's biggest – and perhaps most exclusive – social entrepreneurship gatherings were told.

Edgar Villanueva, author and vice-president of programs and advocacy at the Schott Foundation for Public Education, warned the Skoll World Forum audience of a persisting "bubble of privilege" among foundations and investors.

"Colonisation was about accumulating wealth," he said. "Fast-forward to present day with foundations and folks who are investors: there's a history there about how that wealth was accumulated. On whose back was that wealth earned?"

The power imbalance is visible, he added, both in who makes decisions and who gets the money. Wealthy people are more likely to be white; they are the ones to set up foundations and then run them. The majority of foundation boards in the US are white men, according to the author, while 95% of grant money goes to white-led organisations "There are a lot of solutions and really good ideas and brave thinking happening from folks who have not been privileged to be part of this circle," Villanueva said.

MEGHAN AND HARRY CHARM SOCIAL ENTREPRENEURS ON MOROCCO VISIT

The Duke and Duchess of Sussex (pictured opposite) met Moroccan social entrepreneurs during a visit to Rabat in February, on the final day of a tour of Morocco. After meeting local artisans, they explored an exhibition of seven social enterprises which have been supported by the British Council and the UK Embassy in Morocco.

Exhibitors included Marginol Labs, which recycles waste products from the manufacture of olive oil into skin care products; organic food co-operative Jnan Nemla, which enables rural people to generate an income from their own land; and NoBox Lab, which provides educational workshops for children.

Read more news, views and analysis at: www.pioneerspost.com

LISTEN UP!

Did you know we're much more than a magazine? If you prefer to get your social enterprise and social investment stories in audio format, check out some of these recent highlights.

AGENDA ITEM 1: FISH AND CHIPS ON THE PORCH

Our new podcast series, led by Bob Thust of Practical Governance, reads between the lines of the traditional board meeting minutes to explore what's really going on. In the first episode of the series, Bob is joined by Maff Potts, founder of the social movement Camerados, and Jess Steele OBE, director of Jericho Road Solutions. On the agenda: the excuses we make not to invite the people we're meant to be supporting to join our board.

"If you don't have conflicts of interest then you don't have interest, and then you're distant. People with a direct interest should be involved."

WISE CONVERSATIONS: INVITING MORE WOMEN TO THE TABLE

Each year we recognise 100 leading women in social enterprise through the NatWest WISE100 – but it's not just an evening of celebration: we've also hosted a number of dinners and discussions. At our latest event, in London, our guests talked about the importance of making more women visible, the value – and limitations – of awards, and minding your mental health.

"I'm conscious that as more opportunities come my way, I'm taking space from other people who are less visible, in a self-reinforcing feedback loop."

LEADING BRANDS: HOW TO MARKET YOUR SOCIAL ENTERPRISE

On the sidelines of our Good Stories event, we got the inside scoop from two long-established social enterprises, who have recently shaken up their marketing strategies – in different ways – to stay on top in competitive markets: the UK's largest leisure social enterprise, GLL, and award-winning coffee company, Cafedirect.

"It's important that your storytelling is ongoing, and not just a four-week campaign"

PODCASTS

TO LISTEN TO ALL OUR PODCASTS, HEAD TO **pioneerspost.com/videos-podcasts**, or find us on iTunes or Soundcloud.

MY MEDIA

NANCY LUBLIN
CO-FOUNDER AND CEO
OF CRISIS TEXT LINE

BOOK
I just finished *The Boy Who Harnessed the Wind*. It was beautiful. I mostly read biographies.

SOCIAL MEDIA
I left Twitter. Too much anger there. I mostly left Insta. Too much fake happiness there.

MOVIES
I'm a hardcore Marvel fan, and I'm super-pumped for *Avengers: Endgame*. I have re-watched the entire series in preparation. Kevin Feige is a genius.

PODCASTS
I am very proud to be part of Reid Hoffman's *Masters of Scale* [Nancy was interviewed in episode 7] because I think the series is done so well – that Brian Chesky Airbnb episode is super interesting and instructive.

NEWS
If I look at CNN, I force myself to look at Fox too. It's not a fun exercise. So instead I've mostly been checking the BBC for my news.

MUSIC
Duran Duran is still my jam.

Crisis Text Line was set up to provide rapid-response crisis counselling through text messaging – and processed one million messages in its first six months. It uses real-time data to continuously improve intervention services, and hosts the largest public dataset on mental health. Crisis Text Line was one of five organisations to take home a prestigious Skoll Award for Social Entrepreneurship this year. Nancy previously founded Dress for Success, which provides interview suits and career development training to women in need. Today, it operates in almost 150 cities in 22 countries.

PEOPLE & PLACES

Who's moving where? A round-up of people going places in the social enterprise world

Former Ambassador and White House director, Donald H. Gips, joined the **Skoll Foundation** as CEO… The **Skoll Centre for Social Entrepreneurship** appointed Cathy Ferrier as associate director for partnerships… Jennifer Exon joined **Social Enterprise UK** as director of business and enterprise, having spent seven years at Business in the Community… Ian Mitchell joined the social enterprise support agency, **Community Enterprise in Scotland (CEIS)** as CEO… Kate Beggs joined the **Big Lottery Fund** as the Northern Ireland director… Elin Wallberg Waldenström joined Sweden's national network, **SE Forum**, as executive director… **Responsible Finance**, the organisation representing the UK's ethical and affordable finance industry, appointed Paul Kalinauckas as its chair… UK-based social business **Catch22** appointed Terry Duddy as its new chair of trustees, replacing Jim McKenna, who led the organisation for 11 years... **Community Action Suffolk** promoted Christine Abraham from director of community services to CEO… **GTS Solutions CIC**, Britain's only gold standard social enterprise working in private security, appointed Tracey Smith as its first operations director.

In memory: Long-standing director and recent chairman of the **Social Enterprise World Forum** Jim Schorr died on 11 February. Schorr was with SEWF from its inception in 2008 and also served as Chairman, President and CEO of Social Enterprise Alliance (USA). The SEWF board plans to establish a scholarship programme in his memory enabling students from Vanderbilt University Tennessee to attend the Social Enterprise World Forum.

To feature your appointments in future editions of Pioneers Post Quarterly, contact: news@pioneerspost.com.

THE FINANCE ROUNDUP

Our Impact Finance Bulletin brings you the numbers you need to know each month. See **pioneerspost.com/collections/frontier-finance**

NEWS IN BRIEF

A selection of social enterprise milestones and moments from around the UK

Social enterprise Hey Girls launched a nationwide campaign, #Pads4Dads, to encourage men to feel more confident speaking to their daughters about periods. It also launched a new education programme for schools and community groups.

Unity Trust Bank, a Birmingham-based commercial bank that lends to commercial firms and organisations with a social mission, announced a record after-tax profit in 2018 of £6m, up 68%. It has almost doubled its lending since it became independent in December 2015. By March 2019 the bank's lending had topped £400m.

A new domestic gas and electricity company, Home Energy, launched in March as the first in the UK set to give a significant part of its business to charities. Customers will effectively be donating 20% of the company plus approximately 1.5% of its annual income to their chosen causes while they heat and light their homes.

A special edition of *The Big Issue* magazine was written and sold by Scottish schoolchildren in partnership with Social Enterprise Academy. Separately, the publication also created the world's first resellable magazine: scannable QR codes mean readers can pass their issue onto others who can scan the code to pay for it again.

Social enterprise and ethical water company Belu reached its goal to generate net profits of £1m in a year. Belu began a partnership with WaterAid eight years ago and gives 100% of its profits to the charity.

Social enterprise Liftshare is set to save 1 billion miles from UK roads by March 2020. Founded in 1998, the car-sharing scheme has over 664,000 registered users, turning over £4.2m in 2018. In March it took home a DigitalAgenda Impact Award in the Sharing Economy category.

Five companies joined Social Enterprise UK's Buy Social Corporate Challenge in April, as the challenge marked the launch of its fourth year. Corporates involved so far have collectively spent over £65m with around 250 social enterprises; the challenge aims to achieve a spend of £1bn.

Firstport, Scotland's support agency for start-up social entrepreneurs, published a new strategy to respond to rising demand, reporting an average of three to four budding social entrepreneurs accessing its services every day. The strategy includes opening its own trading subsidiary and investing in staff development to become more data-driven.

Nearly 5,000 people enrolled on a massive online open course designed by Social Enterprise World Forum and Social Enterprise UK to examine the benefits of social enterprises in corporate supply chains.

CLOSE-UP

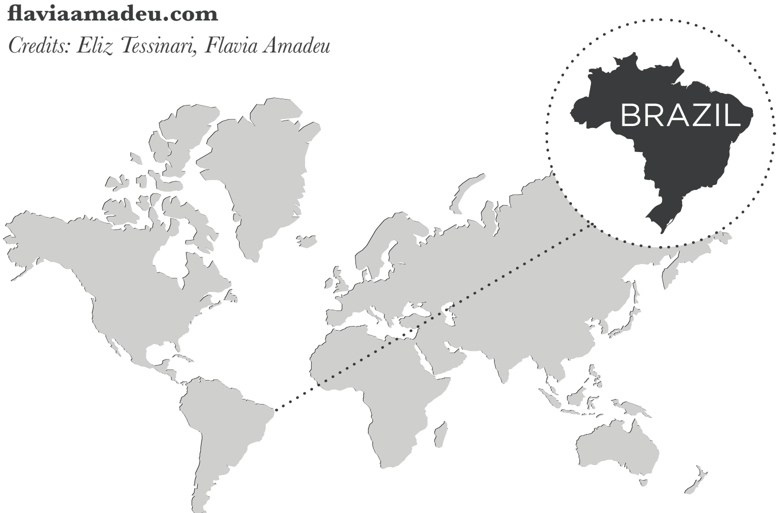
TURNING THE LENS ON SOCIAL ENTERPRISES AROUND THE WORLD

What does the day-to-day work of a social enterprise look like around the world? Our new photo feature brings you right to the front lines, thanks to beautiful, compelling images submitted by our readers

Flavia Amadeu Sustainable Design teaches communities in the Amazon to make coloured and improved wild rubber, then buys it from them to create jewellery and other accessories. Making a living by sustainably harvesting products of the rainforest means local populations are less likely to damage their surroundings through deforestation or renting land to cattle farmers. The company has trained 350 people in three states of Brazil to date.

flaviaamadeu.com

Credits: Eliz Tessinari, Flavia Amadeu



For a chance to share your social enterprise story in future editions of Pioneers Post, please send high-resolution images with captions to news@pioneerspost.com.

Bwambale Stephen operates a mechanized pulper at a micro-processing station in western Uganda. His cooperative, Bukonzo Organic Farmers Cooperative Union, got a loan from Shared Interest to install a coffee-roasting plant. Shared Interest provides financial services and business support to help people trade their way out of poverty.

shared-interest.com

Credit: Jake Lyell

NICARAGUA

Liberation Foods is the UK's only Fairtrade, farmer-owned nut company. Pictured here are operations manager Mei Mei Zhao and warehouse manager Brenda Mendoza Ulloa, at the Del Campo cooperative in Nicaragua, among bagged crops waiting to be processed.

chooseliberation.com
Credit: Liberation Foods

UNITED KINGDOM

Becky Connor, a volunteer at Glasgow Wood Recycling, sanding down reclaimed wood to be made into a new TV Unit. Glasgow Wood Recycling is a social enterprise and charity that collects wood waste from all over Glasgow, then reuses it to make quality furniture and bespoke pieces. To date, GWR has diverted over 4000 tonnes of wood from being wasted, and provided training and a route into employment for 190 people.

glasgowwoodrecycling.org.uk
Credit: Seamus Lumsden

NEPAL

UK-based organisation Reall builds affordable housing in collaboration with in-country partners for people living on low incomes. Left: construction by Reall partner Lumanti. Right: Lajana Manandhar (L), executive director of Lumanti and Sanu Gurung (R), vice president of the local residents' committee, in Sanu's rental apartment, built through Lumanti.

www.reall.net

Credits: Reall

IN NUMBERS: THE UK'S TOP SOCIAL ENTERPRISES

In March we announced the 2019 NatWest SE100 Index - listing the top 100 social enterprises in the UK, and seven award winners

Nearly 300 people gathered at a special ceremony in central London in March to hear who had won the top spots in this year's NatWest SE100 Awards.

Seven awards were made to outstanding social enterprises from a shortlist of 40, spanning organisations working across the UK. The Top 100 social enterprises from those who applied were also listed, in this year's NatWest SE100 Index.

The winners were:
Growth – Creating Enterprise
Impact – ECT Charity
Storyteller – Hubbub Enterprise
Investment – Resonance
Leadership – Fuad Muhamad, ACH
Resilience – P3 Charity
Trailblazing Newcomer – InHouse Records

Simon Jacobs, chief administration officer at RBS/NatWest and chair of NatWest Social & Community Capital, the bank's social investment charity, said: "It's much harder to be a top social enterprise than a top enterprise. Not only do you need the great idea, you need to be able to sell it and communicate it. You need to be really clear about your impact..."

He added: "Very often you're working where there's been some market dislocation or failure – that's a really risky part of society to work in as a business. It requires a lot of passion, perseverance, and resilience."

He went on to praise the "powerful" network among the social enterprise sector, saying people were "really invested in the success" of one another.

Eddie Finch, Partner at Buzzacott Accountants and a judge for the awards, said: "As far as this year's SE100 is concerned I'd say that the quality of the field in all categories was the best I can recall in the nine years of involvement. There was fantastic mix of imaginative and inspiring start-ups and mature business organisations that continue to deliver on economic and social inclusion, environmental sustainability and a host of other social value aims."

The winners received trophies specially crafted by a social enterprise (see over), and will also receive a professionally made film by the creative team behind *Pioneers Post*, Fable Bureau, which will be shared through our online and social media channels. Highlights from each of the award winners can be found over the page.

GROWTH

And the winner is...

CREATING ENTERPRISE

a building and maintenance social enterprise based in North Wales. As well as maintaining properties, Creating Enterprise helps local people to find employment, training and volunteering opportunities. 100% of commercial profits are reinvested into employment initiatives via its Employment Academy, which trained more than 1,000 people between April 2017 and February 2018.

300%

increase in profits reported in most recent accounts

£35M

targeted turnover in the next 5 years

£354,000

the estimated social value (cost savings and benefits) generated by ECT Charity's PlusBus for Health in 2017/18

And the winner is...

ECT CHARITY

a community transport operator working in London, Cheshire and Dorset, delivering affordable and accessible transport for those unable to access mainstream services. ECT Charity developed a groundbreaking framework for measuring its social value, which it has not only put into practice itself, but has made freely available to the whole community transport sector.

IMPACT

TRAILBLAZING NEWCOMER

And the winner is...

INHOUSE RECORDS

which focuses on rehabilitation of offenders inside and outside of prison through music. Since launching in 2017, the record label has expanded to six prisons where songwriting, management, recording, producing and performing are all undertaken by prisoners.

6

prisons where InHouse Records is working

46%

the reduction in cigarette butt litter achieved by Hubbub's ballot bins

99%

the portion of Hubbub's fishing boat made of recycled plastic

And the winner is...

HUBBUB ENTERPRISE

a social enterprise that aims to scale the impact and earning power of its parent charity's environmental campaigns. It created the world's first 'voting ashtray' – the ballot bin – and has sold more than 700 bins in 20+ countries. Hubbub also made headlines with a fishing boat made using plastic fished from the river Thames. The boat hosts 'Plastic Fishing Trips' for corporates, generating over £50,000 income in its first year.

STORYTELLING

INVESTMENT

And the winner is...

RESONANCE

based in Cornwall but operating across the UK, for its groundbreaking partnership with St Mungo's and others to create the Homelessness Property Funds - an innovative financial response to homelessness, and a great example of social investment leveraging other funding from a wide range of partners. Resonance's three property funds have now grown to more than £155m and provided 600+ homes nationwide.

£155M the amount of funding leveraged for three property funds

1,500 homeless (or vulnerable to homelessness) people housed thanks to the Resonance partnerships

---

1972 the year P3 charity was founded

2 the number of innovative social impact bonds established by P3 during one of its most challenging periods

And the winner is...

P3 CHARITY

based in Derbyshire, which tackles social exclusion through services including hostels and assisted accommodation, advice centres, outreach, after-school services, and work with offenders. One hub, based close to Grenfell Tower, P3 (and particularly CEO Mark Simms) were integral in responding to that crisis – and during the same period, also undertook a merger, established two social impact bonds, established its own registered housing provision, and integrated a number of newly-won contracts.

RESILIENCE

LEADERSHIP

And the winner is...

FUAD MAHAMED

who came to the UK as a refugee from Somalia with no English, went on to get a degree in Engineering, and then set up social enterprise ACH to support the resettlement of refugees like himself. Fuad has built the organisation into one of the leading providers of support for excluded and marginalised people. It now spans three cities, employs 65 people and works with 2,500 individuals a year.

2,500 the number of people ACH works with each year

USING ART TO CREATE SOCIAL CHANGE

Our seven award winners took home a custom-made trophy, crafted by Rowan, an art centre and charity for people with learning disabilities. They also get a professionally-made film about their work.

NatWest SE100

For more insight and inspiration from the UK's top-performing social enterprises, browse our special collection at pioneerspost.com/se100index.

PIONEER PROFILE

THE MIGHTY MEDIATOR

For years competing organisations have been jostling to create the best tool to measure social impact. Clara Barby turned the question on its head and calmly coaxed 2,000 of them into figuring it all out together. We meet the CEO of the Impact Management Project, winner of the prestigious GSG Honors Market Builder Award

ANNA PATTON

She's the definition of a global citizen: grew up in the Caribbean; worked in Colombia, Kenya, Paris and London; now lives in Myanmar and works with colleagues on three continents. Clara Barby's approach to getting things done, though, suggests a no-nonsense Britishness.

How we define impact "is a social construct" – it only works with widespread buy-in, she says on a Zoom call from Yangon. "The minute you look at it that way, this idea that any organisation sitting in a room on their own might have the answer is silly."

It's a simple – yet rather radical – approach to impact measurement that Barby has pioneered as CEO of the Impact Management Project (IMP), a non-profit initiative hosted by UK-based investment firm, Bridges Fund Management.

Importantly, it appears to be working. While others were scrambling to find (and in some cases, sell) the best answer to the impact conundrum, Barby simply changed the question.

FROM SIDELINES TO CENTRE-STAGE

In November 2018, impact measurement was firmly placed centre-stage when the Global Steering Group for Impact Investment (GSG) recognised the Impact Management Project with its prestigious Market Builder of the Year Award in the GSG Honors. GSG praised the non-profit for its "tireless work" to create end-to-end 'rules of the road' for impact management, calling it "a unique shot at agreeing on standards of practice that might ultimately become generally accepted globally".

"This is not about one organisation saying: this is the right way," says Barby, who is on secondment to IMP from her role as partner at Bridges. "This is about reaching agreement. That, for me, was a really interesting shift." Rather than create another new tool, IMP set out to establish the underlying fundamentals which could be used by tools measuring very different types of activity.

Barby insists she's all in favour of letting "a thousand flowers bloom" – just not in areas where the market clearly needs to converge. Here, we need to be "pre-competitive". It's a bit like our financial accounting system: numerous analytical tools exist (like different types of credit ratings), but the information they're based on needs to be widely accepted and used. The system may not be perfect, but it's useful if everyone understands it.

HUDDLING TOGETHER

How, though, do you reach agreement among hundreds of organisations – from banks to international bodies to businesses – each doing their own thing and spread across the world?

The question had stumped many. "I was definitely told by people that this couldn't be done… that you'd never get people to the same table, that it was all too complex," Barby says.

But she had a good reason to question them. In 2013, Bridges had become one of the first companies to make its own impact tracking system public while others were competing to create the best version. By setting an example, the company hoped to convince others to compete on the impact they *achieved*, not on how they measured it. It paid off: clients were interested, strangers began calling up to find out more – adding up to what looked like a "critical mass" of people not wanting to compete. Alongside, ever more forms of social, responsible and ethical investing were emerging in a jumble of acronyms, causing increasing confusion about what impact actually meant. The time was ripe, Barby felt, for collaboration.

It was clear that some kind of "brain trust" dictating answers wouldn't work. "So we flipped it and said, we don't have the answers to all the questions, but we do believe that if we get enough people on the phone, we can get to something which everyone can not disagree with."

So that's what happened. In its first phase, IMP spent nine months hosting in-person and online 'huddles': global webinars for up to 90 attendees at a time, sometimes twice a week.

It may sound like death-by-conference-call. But Barby uses the term 'co-creation', and her approach suggests this actually happened. The team made sure to update content so that contributors could clearly see their views being taken on board. Technical jargon was avoided, instead using concepts like *who*, *what*, or *how much* – easily understood, whatever sector or country you joined from. And Barby, who got to know people as time went on, used that to make the calls a bit more personal. "It allowed me to call on people, maybe say to someone: 'Isn't that what you said on the last call?'… which makes a difference."

The result was consensus, at least on the basics (see box): a sort of checklist for what any good framework or impact report should cover. Concepts were tested in practice over a further 12 months, and guidance produced. Now, leading investment managers and asset owners around the world have incorporated the IMP approach in their frameworks, as has B Lab, which manages B Corp certification, a sustainability stamp for businesses. Tools have been translated into Mandarin and Spanish. And Barby is delighted with people's willingness to share. "I think the project has brought out the best in everyone," she says.

THE FIVE DIMENSIONS OF IMPACT

Through the IMP, more than 2,000 practitioners have agreed on some basic principles for impact measurement, management and reporting, including five dimensions of impact – aspects that every good impact framework should cover. These are:

- What: what outcomes the enterprise is contributing to and how important the outcomes are to stakeholders
- Who: which stakeholders are experiencing the outcome and how underserved they were beforehand
- How much: how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for
- Contribution: whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise
- Risk: the likelihood that impact will be different than expected

INVESTOR, PHILOSOPHER, MUM

The calls and consultations took in wildly varying perspectives: the banker, say, who just wants to get on with things; the evaluator who's reluctant to reduce a vulnerable person's life to a series of numbers; the 'philosopher' who questions whether scale truly is better than depth.

And there were divisive topics. Some felt additionality – whether something would have happened anyway without your intervention – should be the defining feature of any impact tool. Others disagreed, given that it's often impossible to measure.

How do you resolve this? "What we did was say: what if we call it *contribution*? Going as far as additionality and attribution is very powerful, if you can do it," says Barby. "But given you can only do it in a small number of cases, don't say you shouldn't do it at all otherwise."

Similarly, some insisted that factoring in the stakeholder's view of change was crucial, while others argued it was too difficult to capture honest, accurate data in this way. The polarisation wasn't necessary, says Barby. "Our view as the facilitation team was: hang on, you're both making really important points – there's no reason you have to take a side." Stakeholder voice can be one ingredient, balanced with other, more objective measurements.

Barby is at pains to emphasise that IMP's success has been a joint effort. But it's hard not to admire the apparent ability to listen, reframe, and above all, persist. Her own background may have helped (and not just because, as a mum of four children under seven years old, patience must be second nature). Barby has been on the investor side as portfolio manager at Acumen, and has an MBA, but also studied philosophy – the scale versus depth question, she notes brightly, is actually utilitarian theory. Her new role felt, she says, like a culmination of these experiences.

The multicultural background no doubt also prompted a natural ease with differing viewpoints. Indeed, Barby is keen to avoid any western-centric view dominating IMP's work – one of the reasons she's glad to be based in Yangon, where she moved with her husband four years ago, for his work.

Has living in a poorer part of the world brought some of the issues to life? One case easily springs to mind: just down the road from Barby's home, a brand new telecoms tower was being touted as an investment with huge positive impact. The IMP's five dimensions made it clear this was overstated: "I know for a fact that my entire street has great 4G [network] already!".

This point about context is key – and it's part of what makes IMP valuable. Everyone knew context was crucial, says Barby, but IMP got them to agree on what elements of that context need to be consistently reported, so that you can compare across companies or investments.

FILLING THE GAPS

Some impact frameworks still have gaps. Those that don't factor in risk of not achieving the impact expected are "a real worry", says Barby. Others neglect duration: if you're not factoring in how long the benefits of new solar panels will last, you can't compare them with another product whose shelf life is twice as long.

And even among the most well-intentioned, some data is just really hard to capture. For example: how do you know for sure that people who've gained employment through your intervention wouldn't have found jobs elsewhere? The gaps, at least, are coming to light. "We know now how to talk about which areas have less data. [Before,] we didn't even have the structure to say, this is the kind of data we're struggling with."

IMP is starting to address those gaps, working with Acumen experts who have pioneered a way of getting quick, relatively cheap insights on impact through surveying end users. IMP has developed survey questions with Acumen spinout 60 Decibels across the five dimensions that can be used in different sectors, and is pushing surveying as a critical aspect of tracking impact.

Nearly three years since IMP was created, there's more to resolve, and discussions are continuing via an online community, Managing Impact. Even with the consensus achieved, Barby says there's still "very little complete reporting" happening. "But that's okay. I feel like we've made quite a lot of progress in a few years."

THE TEN-YEAR VISION

In a decade, the IMP envisions that all businesses and investments will:

- At a minimum, measure and manage their 'ESG' risks to avoid harm
- Account for their impacts that matter most to people and planet, across the five dimensions of performance
- Consider the relationship of these to their ability to generate sustained financial performance
- Report all of this transparently

The crucial next step is widespread implementation, and not just among those already "living and breathing these norms". So, last autumn, IMP brought together 12 influential global organisations in its new 'Structured Network'. The 12 – which include the OECD, the World Bank's International Finance Corporation, and the Principles for Responsible Investment (PRI) – formally or informally set standards around impact measurement or management in their fields. The hope is that getting them together will lead to agreement on standards and benchmarks, ultimately helping all enterprises and investors to measure and manage their impact consistently. That, in turn, will help increase transparency, prevent 'impact-washing' and get more capital flowing where it's needed.

As for IMP itself: the non-profit will only be around for another three years. That's because there's strong momentum now, but a risk of fatigue if discussions go on too long. Now is the time to have "a damn good crack" at bringing enough people together to get over the line, Barby says. "It feels like an important moment."

This feature was produced in partnership with the Global Steering Group for Impact Investment. ■

RIDING THE BREXIT WAVE

Delays and disagreements have made Brexit both a seemingly unending source of frustration and the butt of many a joke. But for those trying to run businesses, it's no laughing matter. We find out how social enterprises have been affected and assess the impact of what's turning out to be a protracted and messy divorce

LEE MANNION

However you felt about the outcome of the referendum in June 2016, in which Britain narrowly voted to exit the European Union (EU), at least there was plenty of time to sort it out. Even if the relationship was long-standing and legally intricate, and even if the EU was famously bureaucratic, nearly three years was time enough… wasn't it?

Numerous debates and various votes later, and it's still unclear how – or even when – the UK will leave the EU (at least at the time of going to press).

It's that uncertainty that's making business decisions difficult. "The kind of Brexit that we want is one that happens quickly," says a clearly exasperated Karen Lynch, CEO of Belu, which uses profits for clean water projects in developing countries. "The key thing we need to know is where we stand, quickly. To know the problems that we will be facing and to be able to work through them."

Lynch is frustrated, not least because planning for what she calls "what if? scenarios" take up time that could have been invested in something much more productive. A tweet she posted during a series of Brexit votes in parliament in March summed up the sentiments of many: "Imagine how different today might feel if we had put all the energy and financial resources invested into negotiating #brexit into building a fairer and more inclusive society with #socent at its heart."

PLANNING AHEAD

Other UK-based social enterprises aren't waiting for a clear decision before they act. Divine Chocolate uses cocoa sourced from Ghana; the cocoa travels to Holland, where it is processed and sent to Germany where the chocolate bars are made before being transported to the UK market. The German factory also sends chocolate to other factories, including in the UK, that make specialist products. Its supply chain is clearly affected by the UK's planned departure from the EU.

Rather than continue to use Calais port, which only exports to the UK, the company has committed to moving its products through Rotterdam, which already exports internationally and so is already set up to trade outside of the EU. Divine also bought a warehouse in Sweden last year so it can service European customers from inside the EU trading bloc.

The UK press has churned out headlines of stockpiling woes and anxious doomsday preppers, but, for Divine at least, ensuring sufficient levels of stock is reality. For its 18 staff, Brexit has already proved hard work, involving difficult financial decisions. "This has cost us time and money and we're a very small team of people," says Divine's CEO Sophi Tranchell (below).

"We've already had to [increase levels of] stock, create a second warehouse, and put stock that we manufacture in Britain into that warehouse so it's there ready to service any potential export customers," she says. For a small business, that's a big deal. "That's a significant increase in stock and therefore a significant level of capital… which means we've had to have conversations with banks."

The kind of Brexit that would best suit Divine, Tranchell says, would be to either not leave the EU at all, or give people another say by way of another referendum. But either of these outcomes would also cause her a different concern.

"In the process of what has been described as not doing the people's will, how much do you create more friction?" she ponders. "What does that do to an already polarised society? What this has done is show a failure of politics and democracy on such a high scale that you've already done lots of damage."

Some worry that the problems social enterprises try to address will worsen after Brexit finally happens, with deep social division – the former CEO of England's National Council for Voluntary Organisations (NCVO), Stuart Etherington, has called it "almost a civil war without guns" – rising prices and decline in overall public spending all looking possible. That may mean more demand for the work of social enterprises, but also a tougher environment in which to deliver it.

Josh Babarinde runs Cracked It, a smartphone repair service that doubles as a vehicle for bolstering the self-worth of the at-risk young people and ex-offenders who make up his workforce. The founder and CEO worries about the potential consequences of Brexit on his venture's social impact, particularly given rising knife crime in the UK (many of his staff formerly carried knives).

"The very same politicians who are complaining about the scourge of knife crime are the same politicians that are voting for Brexit, which is going to have a negative impact on our economy and a negative impact on my business's ability to succeed," Babarinde tells *Pioneers Post*. Most of Cracked It's revenue comes from offering phone repair services in corporate offices. For every multinational firm with offices in the UK that moves abroad (or signals intentions to do so), the "pool of prospective clients shrinks," says Babarinde. "It means there is less custom to fuel the social impact work that we do."

Should we worry about corporate support for social enterprise more broadly? Social Enterprise UK's director of external affairs Andrew O'Brien (below) admits there may be some instability, but dismisses concerns.

"The individual players might be changing, as they do all the time, but the broader picture about a growing movement, a growing corporate demand to work with social enterprises, I don't think that is going to change. If anything, we see that accelerating," he says. Indeed in April, five new companies joined Social Enterprise UK's Buy Social Corporate Challenge, an initiative to encourage corporates to spend £1bn on social enterprises through their supply chains.

Keeping Europe sweet: Divine Chocolate being produced in Weinrich, Germany

BETTER TIMES TO COME?

For others, contingency planning is not a priority. In Swansea, Wales, Red Dragon Flagmakers employs around 20 full and part-time staff who have "fallen through the cracks", as CEO Jo Ashburner-Farr describes them – people who face barriers to employment such as having a disability or mental health issues.

The company has trebled its turnover in the last five years, has international customers including the European Space Agency (not an EU organisation, so not affected by Brexit) and has just won a contract with Amnesty International. "We have looked at contingency plans but nobody knows what is going to happen. It's a waste of time for us to try," says Ashburner-Farr. She is bullish about the future, whatever happens with Brexit. "We are not risk averse. If we were risk averse we wouldn't be doing what we are anyway. We are paying a living wage. We make an expensive product. We are bucking the trend with manufacturing anyway and we're making it in Britain, with all the overheads that come with it," she says.

Like others, though, she wants decisions quickly. "The Brexit that we would have liked would have been like a divorce: clean cut and get on with it. Once the dust has settled, Britain will be the leader again."

MONEY WORRIES

Around one in 12 UK social enterprises gets some income (grants or investment) from the EU, totalling around £60m a year, according to Social Enterprise UK estimates. One of these is Enhance Social Enterprise, a business support scheme in Devon, south west England, that has benefitted 171 social enterprises to date and is funded with £1m from the European Regional Development Fund. But programme manager Richard Snell isn't concerned about the impact of Brexit and is confident of future funding. "The programme is running until the end of 2019 so there's no change in the investment or the timeline. In terms of what happens after... indications are there will be some form of funding for this sort of economy stimulant," says Snell.

> *"It means less custom to fuel the social impact work that we do"*

While everyone is in the dark on long-term funding prospects for now, in the shorter term there's a sense that there's no point in panicking yet. The draft withdrawal agreement states that the UK would continue to participate in the European Regional Development programmes until they end in 2023, subject to a final negotiated agreement. As the sticking points to any agreement seem to be the Irish border and the associated requirement to be bound by EU rules for an unspecified period, this seems unlikely to change. To avoid uncertainty, the Chancellor has guaranteed funding would continue until 2020. The same guarantees apply to other sources of EU funding including the European Social Funds. The government has recommended that businesses continue to apply for EU funding with the confidence that it will guarantee it in the event of no deal.

As cheerleader for social enterprises in the country, Social Enterprise UK seems to be mostly concerned that Brexit has taken up ministerial time that might otherwise have been spent advancing the cause of the sector. O'Brien, who himself previously worked in government, rounded up 130 social enterprise leaders to ask the Chancellor to consider tax reform for them to no avail in October 2018.

"I'm not saying that government has ground to a halt because that would be unfair. But the big vision piece has really been obscured by Brexit and politicians need a vision to implement policy. If you try and get technical changes on tax or regulation without vision for what politicians are looking for, it's very hard to get anything changed," says O'Brien. "What we should be talking about is: what is the economy we should be driving towards? It is a massive concern."

After all the debate and legal wrangling has died down and something has been agreed, there will be a silver lining though, thinks O'Brien, who meets politicians regularly.

"The positive thing is that when Brexit concludes, there is now a real appetite to talk about some big, meaty issues around the economy and society," he says. "We've done the technical, procedural stuff to death. It's now about building a vision of a better society, a better planet. I think politicians are ready for that, if they can just get the Brexit thing off their back."

Belu doesn't export or import its bottled water, but Brexit's impact on the wider market, and what that means for its supply chain, worries the enterprise. If companies shipping glass from Europe are concerned about tariffs and want to source from inside the UK, there will be less capacity to meet demand. If that happens, the price of glass will rise. "If you're in a market with a big producer and they have more buying power than you so they commandeer the supply chain to take what would have been planned for you, not being able to get raw materials is a reality right now," says CEO Karen Lynch.

Cook, a B Corp that sells oven-ready, ethically prepared food, is holding off on expanding the business for the first time in its 20-year history. "We are being forced to be prudent as our politicians steer us into uncharted waters. This includes hoarding cash (and hence not spending it on new shops) as contingency. We need a contingency because of the real prospect of an economic shock," James Perry told us by email. Cook has also invested "a huge amount" of time with staff members who hold EU passports, to support them to understand what all this might mean for them and their families. He admits though, that there is a limit to the usefulness of contingency planning given the current uncertainty about what might happen.

In last year's annual report, **Divine Chocolate** chair Jamie Hartzell wrote that uncertainty around Brexit had impacted the business, with profits down, primarily due to a fall in the pound and the dollar against the euro. Divine pays for services for processing and manufacturing services in euros in Holland and Germany. "If we weren't as old and big as we are, we wouldn't have been able to survive it. We knew we had to do something about it because of the impact of the financial crisis, which did the same thing to us – there was a devaluation of the pound then," CEO Sophi Tranchell says. She is also concerned that there could be implications about labelling if the UK decides nutritional information required on its products will differ from that required by the EU. Divine also has a European trademark and Tranchell says the legal advice is they would need to establish UK trademarks as well.

BREXIT BOTHERATIONS

Following the Brexit vote, the right to work of its staff was one concern for **London Early Years Foundation**, which employs 700 people. However, when CEO June O'Sullivan looked at their nationalities, she learned that only around 15% were EU nationals. She didn't want to lose any staff, she says, but from a business perspective, "it wasn't a deal breaker".Suppliers were another worry: LEYF feeds 4,500 children every day, so O'Sullivan got in touch with food providers to confirm supplies, and says extra measures may be needed for the smaller nurseries that depend on small stores that are unlikely to be able to stockpile food. LEYF has seen some drop-off of custom at its nurseries in high-end areas – "not a flood, but we definitely noticed it" – mostly from clients working in French banks. Other customers, worried about job insecurity and their ability to keep paying central London rents, have moved further out of the city, she says.

Although EU staff make up 5.6% of NHS staff, CEO Alison Reid says sourcing staff is not a concern for **Community Dental Services** as the social enterprise isn't a frontline service. It recruits staff who have had some specialist training, which almost always means UK staff. She is concerned, however, about the availability of medical supplies and the enterprise has undertaken an inventory of its stock. "We are not a high user of lots of prescription medicines but we do need certain medications to manage dental pain, anaesthesia, etc, so we did want to make sure we have adequate supplies in the event anything went wrong." Of contingency planning, Reid is reassuring. "There is enough work being done to ensure that patients aren't compromised because that is in everybody's interest," she says.

Red Dragon Flagmakers uses polyester for its flags, bought from a UK supplier that sources both from Europe and elsewhere. CEO Jo Ashburner-Farr thinks the company could absorb the cost of any trade tariffs that might raise prices for her as the company doesn't produce in bulk. If sourcing through Europe proves too expensive she'll also consider going direct to international suppliers. One thing she's definitely not worried about is sourcing her staff, who have barriers to employment. "That pot of talent and humanity is increasing exponentially. I've got an amazing force of talent to tap into which people at the other end don't necessarily have which is what all the panic is about. There are more people that have not than have."

INVESTING FOR IMPACT IN POST-BREXIT EUROPE

What might Brexit mean for social investors across Europe? Christina Wu and Jamy Goewie, from EVPA's community leadership team, share their views

Peer learning and sharing across boundaries is at the core of EVPA's identity. After all, most of the issues our 280 members are trying to solve – like climate change, gender inequality, extinction of endangered animals, refugees and data protection – don't recognise borders. No nation can solve these problems, nor finance them, alone.

So what will Brexit mean for this community? The UK is still considered a frontrunner in social impact investing, and has long provided other EU countries with valuable insights and policy leadership.

That's not going to stop overnight. Brexit may affect policies, access to public funding, and already-committed capital from EU-based sources, but impact capital providers still need (and eagerly want) to talk to each other, wherever they sit on the philanthropic-commercial investing spectrum. They want to cooperate on cross-cutting issues such as the SDGs, either directly by co-investing, or indirectly by sharing best practices that maximise impact capital efficiency.

For EVPA, this will mean continuing to provide opportunities to build bridges between the UK and mainland Europe so that developments and best practices continue to be shared. Access to these best practices and lessons learnt might become even more urgent for impact investors in the UK, if social and economic problems worsen in the coming months or years.

"Access to best practices becomes even more urgent for impact investors in the UK, if social and economic problems worsen"

Cliff Prior, CEO of the UK's Big Society Capital, believes Brexit is unlikely to have a major impact on social investing in the UK, except for a small number of areas – such as CDFIs, which may be more dependent on EU funds and guarantees. The big fallout, he says, is more likely to be in terms of social need: "We'll start to see this as soon as currency change leads to rising prices which harshly affect people on low incomes."

No one can yet predict how EU funding programmes will influence the flow of impact capital and legal structures for impact funders, or how changes in regulations will trickle down to local economies and influence social inequality.

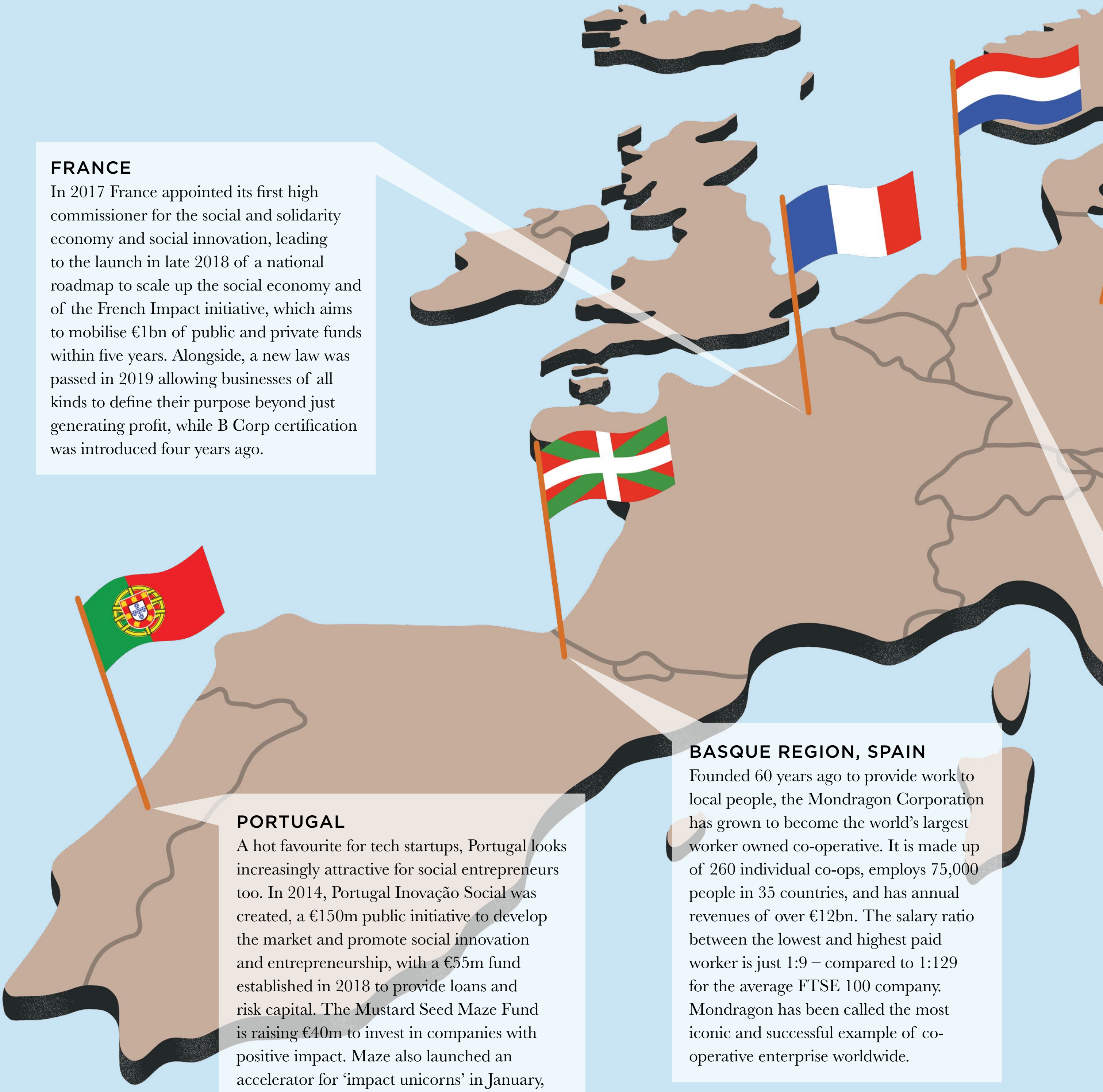
But we're quite sure of one thing. Our 43 UK members (making up 16% of our network) represent the largest proportion of venture philanthropy foundations and social investment funds, compared to any other European country. Relationships with our UK members, and between UK and continental European members remain vibrant and healthy. Members like Impetus – The Private Equity Foundation, Big Society Capital, Social Finance UK, and Sumerian Foundation actually continue to lead the dialogue with us on how to best finance social solutions and change. Across Europe, social investors from the UK are seen as innovative practitioners, coming up with creative funding solutions and radical ideas.

Our impact ecosystem is not static: it continues to thrive and evolve. And it's through continued dialogue with governments, public policy makers, grantees and investees, and funders from across all European nations, that we can truly understand and get clarity on investing *for* impact after Brexit.

The European Venture Philanthropy Association (EVPA) is a pan-European community of investors for impact, meaning most members prioritise social impact. EVPA co-creates, shares insights and brings members together to learn how to become better at financing for impact. ■

FLYING THE FLAG

The UK may be leaving the EU, but there are plenty of other countries keen to see social entrepreneurship thrive. We drop in on just a few of the region's hotspots



FRANCE

In 2017 France appointed its first high commissioner for the social and solidarity economy and social innovation, leading to the launch in late 2018 of a national roadmap to scale up the social economy and of the French Impact initiative, which aims to mobilise €1bn of public and private funds within five years. Alongside, a new law was passed in 2019 allowing businesses of all kinds to define their purpose beyond just generating profit, while B Corp certification was introduced four years ago.

PORTUGAL

A hot favourite for tech startups, Portugal looks increasingly attractive for social entrepreneurs too. In 2014, Portugal Inovação Social was created, a €150m public initiative to develop the market and promote social innovation and entrepreneurship, with a €55m fund established in 2018 to provide loans and risk capital. The Mustard Seed Maze Fund is raising €40m to invest in companies with positive impact. Maze also launched an accelerator for 'impact unicorns' in January, while the Casa do Impacto – a hub set up by one of the oldest charitable organisations in Portugal – opened in Lisbon earlier this year.

BASQUE REGION, SPAIN

Founded 60 years ago to provide work to local people, the Mondragon Corporation has grown to become the world's largest worker owned co-operative. It is made up of 260 individual co-ops, employs 75,000 people in 35 countries, and has annual revenues of over €12bn. The salary ratio between the lowest and highest paid worker is just 1:9 – compared to 1:129 for the average FTSE 100 company. Mondragon has been called the most iconic and successful example of co-operative enterprise worldwide.

ESTONIA

The Estonian government recognised social entrepreneurship as a priority in its Civil Society Development Plan in 2015-2020 – for example leading to systemic changes in formal and non-formal education. High school Economics textbooks now cover social entrepreneurship, and in 2018, Tallinn University began offering an English-language MA programme in social entrepreneurship – so far attracting students from countries including Georgia, Ghana, India, Sri Lanka, and Turkey.

GERMANY

Social entrepreneurs in Germany look at the UK's well-developed ecosystem with envy, but things are starting to happen. A national body representing social entrepreneurs, SEND, was formed in late 2017, and others plan to formally establish an association for impact investors this year. In April 2019 the German parliament debated social entrepreneurship for the first time, with left-wing parties pushing for government to do much more. Social entrepreneurs are particularly active on integration, ageing and climate change – SEND was among those behind the Entrepreneurs For Future movement, sparked by the schoolchildren's Fridays for Future protests.

GREECE

The sector in Greece is still nascent, but small enterprises are starting to tackle big challenges like poverty and unemployment, particularly since the economic crisis began in 2010.
A government plan for developing the social and solidarity ecosystem has a budget of €165m for 2017-2023. The money will be used to establish up to 100 support centres across the country (15 set up to date), as well as for grants, loans and loan guarantees.
Read our Global Focus on Greece at: bit.ly/2D2jz58

THE NETHERLANDS

The Netherlands has a flourishing social enterprise sector – despite little dedicated support from national government. Local and regional authorities have been much more active. In 2015, Amsterdam – home to leading names such as Tony's Chocolonely and Fairphone, plus several impact investment funds – created Amsterdam Impact, which organises events and business opportunities for social entrepreneurs. In 2018 Amsterdam, The Hague, Rotterdam and Utrecht initiated the annual Impact Days, three days of social entrepreneurship events. This year, The Hague will host the EVPA conference in November.

This map is just a starting point – we know there's plenty more happening out there. Know a country or region that deserves attention? Drop us a line: news@pioneerspost.com

Compiled with input from: Jaan Aps, British Council, eslider Portugal, ESS France, Euclid Network, MAZE-decoding impact, SEND, Social Enterprise NL, and tbd*.

WHAT HAS THE EU EVER DONE FOR YOU (AND YOUR SOCIAL ENTERPRISE)?

As the UK bows out of Europe, Euclid Network CEO Suzanne Wisse-Huiskes shares what Brussels is doing for social enterprises in the remaining EU-27

The European Commission sees social enterprises as key actors of the single market – and a means to help achieve its 2020 vision of smart, sustainable and inclusive growth across the EU.

The economic and social value created by social entrepreneurs was first formally recognised in the 2011 Social Business Initiative, which set out measures to create the financial, administrative and legal climate in which social enterprises can flourish. This was a significant milestone: it encouraged member states to take social business seriously, and led to several programmes that are making a real difference for entrepreneurs on the ground.

However, the current direction of EU social enterprise policy seems unclear, and didn't feature much in the 2014-19 Juncker Commission's agenda. That needs to change if social enterprises are to keep emerging and growing. Also, there are still too many barriers preventing social innovation from spreading across borders. This prevents enterprises from scaling up and becoming European champions.

Euclid Network is calling on the new commission, which takes office in November 2019, to firstly, put more focus on increased access to innovative finance. Secondly, we want it to nudge consumers to buy social, and finally, to support cross-border learning opportunities for social entrepreneurs and their intermediaries.

EU BACKING FOR SOCIAL ENTERPRISE: SOME EXAMPLES

START-UPS:

The EU Social Innovation Competition supports early-stage ideas through an incubation programme, with a cash prize of €50,000 for each of the three top ventures. This year's edition focuses on challenging plastic waste.

SCALING:

The EU Programme for Employment and Social Innovation (EaSI) aims – among others – to improve access to preferential finance for social enterprises. Thousands of European social enterprises have benefitted to date. Currently there's €96m available, but the European Commission wants to increase this in the next EU budget (2021-2027) under the Invest EU programme.

ENABLING ENVIRONMENT:

The European Commission encourages EU regions and cities to create an enabling policy environment for social enterprises through its European Social Economy Regions project. This allows policy makers to exchange best practices on things like innovative forms of finance, tax incentives and support structures for social enterprises – policies that ultimately should help social enterprises emerge, develop and grow. ■

Euclid Network is a European network of civil society and social enterprise support organisations, all working to empower civil society and social enterprise to drive positive change. Its 30 members federate over 10,000 social enterprises and NGOs across Europe. Find out more at euclidnetwork.eu.

YOUNG STORY MAKERS

FRESH VOICES FROM AROUND THE WORLD: DICE YOUNG STORYMAKERS

Introducing Pioneers Post's newest correspondents, who will be reporting from the frontline of global social and creative enterprise

As a social enterprise ourselves, *Pioneers Post*'s mission is to support and deliver great journalism for positive social change.

So we're excited to launch a brand new programme, DICE Young Storymakers, that will support early-career journalists in six countries to develop their professional expertise while bringing stories of social and creative enterprise from their countries to our readers around the world.

Over the following ten months, our 14 Young Storymakers in Egypt, Pakistan, Brazil, Indonesia, South Africa and the UK – selected from nearly 400 applicants – will be supported by our editors and by experts from our partner on this project, the British Council. Their best stories will be published on *Pioneers Post*, and the Storymakers will also have opportunities to collaborate with and learn from one another, as well as from an in-country mentor. The Young Storymakers are aged between 18 and 25 and will share their stories across a range of media, including audio, film, written articles and social media.

The programme is supported by the British Council's DICE (Developing Inclusive and Creative Economies) programme, which aims to address entrenched issues of unemployment and unequal economic growth in five emerging economies by supporting the development of creative and social enterprises.

The programme kicks off in May with all participants spending a week in London for training with the team of mentors and editors. They will also take part in an intensive programme covering creative and social enterprise and social investment, including attending the Good Deals & Beyond Good Business event and visits to local social and creative enterprises.

Pioneers Post global editor Julie Pybus said: "I'm really excited about working with these young journalists over the coming months. During their interviews they showed incredible passion about how their journalism could make a positive impact on the world as well as demonstrating impressive multimedia storytelling skills. Their energy and fresh perspectives will bring fascinating new content to the *Pioneers Post* platform – and at the same time we'll be supporting them to take their next steps in their journalism careers." ■

Turn the page to meet some of our new correspondents now.

COMING SOON!
More about the Young Storymakers and their first stories on pioneerspost.com and social media #YoungStorymakers.

MEET SOME OF THE YOUNG STORYMAKERS

YAEL BERMAN, BRAZIL

Freelance journalist Yael is interested in human rights, environmental and community issues, and digital democracy. In her application, she said: “I think social and creative enterprises are an important part of the solution for many world issues and I truly believe positive stories on that matter can help engage more and more people for social change.”

ASAD PABANI, PAKISTAN

Asad is a journalist and short documentary maker based in Karachi. He is the founding employee of Soch Videos, a social justice-oriented online news platform. His work focuses primarily on economic inequality and environmental justice in the developing world.

DIMPHO LEKGEU, SOUTH AFRICA

“I think advancing youth entrepreneurship is important because young people are innovative,” says radio and digital journalist Dimpho, who is currently working on a project to tell the stories of young entrepreneurs all over the world. “Many youth entrepreneurs are building socially responsible businesses that make profit with impact in mind.”

THE BUSINESS SCHOOL

You've read about the 'What'. This is all about the 'How'.

The *Pioneers Post* Business School offers intelligent analysis and advice, explores the latest theories and research, and shares practical case studies, honest lessons and top tips from the leaders, investors and entrepreneurs doing the (social) business on the frontline.

We cover everything from leadership and culture, to effective PR and how to build a great brand. We will explore impact investment and dealflow, profile social ventures of all shapes and sizes, and review the products and services on offer from and for the market. We look at practical, legal and operational issues around structure, deal-making, contracts and impact measurement – backed up by videos and podcasts on the digital platform at **pioneerspost.com**.

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SOCIAL INVESTMENT INSIGHT

HOW CAN WE SOLVE THE EQUITY INVESTMENT PUZZLE?

Equity investment in UK social enterprises is rare. But a 100-year-old trust set up by a chocolate entrepreneur appears to have made a breakthrough that could be a model for others to follow

ANNA PATTON

Connect Fund's equity investment in Singlify, announced late last year, has pricked up ears.

That's partly because Singlify's product – a management system designed specifically for social investors – seems to be a genuine innovation. Janie Oliver, director of finance and operations at Access – the Foundation for Social Investment (which finances Connect Fund's work), sees the software as potentially "a key building block" in the social investment market.

But the news is perhaps most notable because it's Connect Fund's first equity investment, and one of very few UK social investments using equity rather than debt as a way to provide finance.

Connect Fund is a £3m social investment infrastructure fund managed by The Barrow Cadbury Trust – set up itself in 1920 by Barrow Cadbury, then chairman of the family-run Cadbury chocolate business, and his wife Geraldine, both influential social reformers.

Since its foundation by Barrow and Geraldine, the Trust has been at the vanguard of social change. From its support for pioneering equalities movements and peace initiatives in Northern Ireland, to discreet backing for the Mandela family during the years of Apartheid, the Trust's story tracks many of the social changes of the past century.

Although this investment in Singlify might not have the same resonance as the peace or quality movements in Northern Ireland or South Africa, the way the financing has been structured is certainly pioneering.

SO HOW DOES IT WORK?

Connect Fund issued Singlify with a 'convertible loan note' of £50,000. After 36 months, the investee either repays the loan with zero interest, or it's converted to equity (that is, shares in the business) at a valuation determined at that point.

The delayed valuation solved what Singlify co-founder Maarten Rooney says was "one of the most tricky topics" in seeking investment. "As we were pre-revenue and initially operating in quite a small market, [valuing our company at this stage] was quite challenging and we didn't really feel comfortable [doing this]," he tells *Pioneers Post*. "Connect Fund completely understood this."

It's not a new idea, especially in traditional business. Silicon Valley start-ups often use what's known as an advanced (or deferred) subscription agreement model: the business takes on capital, for example from friends or family, but only converts it to equity at a later date. Connect Fund looked at this model, and added the repayment option – a mechanism that allows the enterprise to maintain all of its shares should it be in a position to do so.

How did the arrangement come about? In late 2017 Rooney and his fellow co-founder Matt Harrison (director of social enterprise at Homeless Link) secured a £10,000 feasibility grant from Connect Fund to research and test their idea for a new software management system, and to develop their business plan.

When it became clear that the idea had legs – and having secured their first two customers, Rewilding Europe and Homeless Link's social investment fund – the pair decided to set up an independent entity. To keep options open (it is well-known that even more tailored social enterprise legal forms such as community interest companies do not come without strings attached), they structured it as a company limited by shares.

Connect Fund was prepared to invest – but only if the new company could demonstrate its commitment to a social mission. "They had to have the mission

EQUITY INVESTMENT IN SOCIAL ENTERPRISES: A RARE BEAST

When a small business is ready to grow, taking on equity finance – selling a stake in the company – is an obvious route to consider.

For social ventures, in the UK at least, this path is rare. The legal structure of most charities and many social enterprises means they cannot issue shares. Those set up as companies limited by shares can, but – due to their social mission – often don't make enough profit to interest the typical equity investor, who expects fast growth and high (up to 10x) financial returns.

A handful of specialist investors in the UK offer equity finance, such as ClearlySo's Clearly Social Angels. It's also common in the tech for good space: equity investors include Mustard Seed, Bethnal Green Ventures or Nesta Impact Investments. But on the whole, when social enterprises take on investment, it's still much more likely to be in the form of debt.

Loans can be expensive and restrictive, though, and early-stage entrepreneurs repeatedly say they need access to more patient, flexible capital. Social investors are looking at new ways of meeting this request. In quasi-equity, for example, instead of giving up shares the investee could agree to pay back a percentage of annual income each month. Convertible loan notes – used for Connect Fund's investment in Singlify – switch to equity at a later date.

written into their articles of association," says Connect Fund manager Jessica Brown. "We wouldn't have taken it to our investment management committee without that."

At this point, many social enterprises or mission-driven businesses often hit a brick wall – they don't want the restrictions of a charity or community interest company, but they do need to demonstrate to social investors that they are not there just to make their shareholders wealthy.

"Connect Fund sees its investment as providing long-term, patient capital – a facility that allows Singlify to innovate"

Fortunately, another innovation was there to help them out – in came Purposely, a tool created in early 2018 by UnLtd (the foundation for social entrepreneurs) to help companies limited by shares define where they sit on the purpose-profit spectrum, and adapt standard company articles accordingly.

Purposely offers four different models, and in this case the investor and investee agreed on model three, which commits the company to prioritising social or environmental purpose above shareholder value (but it can still generate profit for private shareholders and investors).

"[Purposely] made it very straightforward," says Brown. "That's how we got comfortable that they have the social mission embedded. It's a really helpful framework."

LONG-TERM FINANCE

At first Rooney and Harrison hoped to raise £100,000-£150,000 from several different investors. But it became too complex, and they decided instead to not pay themselves a salary, and focus on securing just enough for product development and marketing.

As an investor, Connect Fund was the "perfect match", says Rooney: aligned with Singlify's mission and active in the very space in which their business will operate – a field in which the co-founders admit they were not initially experts. "Connect Fund's connections and expertise were really important to us, being fresh in the field," says Rooney.

A typical concern for businesses taking on equity is the future influence of investors. But Rooney says Connect Fund will "mainly have an advisory role" and insists he and his co-founder are keen to take any recommendations on board.

Rooney also highlights the value of long-term support, which wouldn't have been the case with a more conventional loan. Connect Fund sees its investment as providing long-term, patient capital – Brown describes it as "a facility that allows them to innovate". If the loan converts to equity, Connect Fund would become shareholders for an "undefined length of time".

An exit is possible, for example, if Singlify gets bought by another party. And if the company moves away from its social purpose, Connect Fund could trigger repayment at any time. That could also apply if Singlify were to move away from the rather narrow definition of social investment that Connect Fund was set up to support (for example, if the startup ended up mainly serving environmental finance clients).

For now, Singlify has committed to serving social investors, including finding ways to ensure the product is affordable to smaller clients (their fee structure is based on percentage of an investor's loan portfolio revenue). The founders also want to support the wider sector with data, and have their eye on B Corp certification later, another route through which private companies can demonstrate their mission credentials.

Singlify may look to raise more finance this year. But, says Rooney: "We would probably look at debt financing. It's very time-consuming to get equity funding… We want to spend our time on product development, marketing and sales – not stakeholder management."

RISKS – AND REWARDS?

There are risks for the lender. If Singlify can't repay in three years' time, Connect Fund loses its money (albeit it also gains some shares). For a lender more used to providing grants, however, that's not a major issue – Brown says even recouping 50% of the loan means 50% more return on finance than if they'd provided a pure grant. Any return they do make can be reinvested in other new ideas. Connect Fund also sees this first equity investment as a useful example for future investments (see box).

Could the arrangement provide a model for other investors?

There are inevitable risks of being first backer. Financial projections are untested, and however much market research has been done, there are "quite a lot of unknowns", says Brown (not least, what level of valuation they can expect after three years). That requires a "very risk-tolerant" investment committee, particularly for those who aren't spreading their bets on a wide portfolio as a more commercial angel investor would.

Janie Oliver from Access sees this investment as "a bit of an experiment" – but, if it goes well, it could become an example for others. New forms of finance are much needed. And in an emerging field, we need "people to pioneer them", she says, or at least to provide a first version that can be tweaked in future.

"It becomes an easier sell if you can say: 'this is how this organisation did it'," Oliver says. "If it ticks those [social mission and profit] boxes, it takes away the question of: 'How are we going to do it?'"

Rooney says Connect Fund's decision to invest was equivalent to the friends-and-family type of backing, when people invest because "they believe in you, maybe without much evidence". Their investor would probably disagree on the lack of evidence – Brown says the due diligence included a "really robust checklist" – but they can probably be proud of retaining brains in a fledgling sector. As Rooney says: "Without Connect Fund we maybe wouldn't have gone into the sector at all." ■

Jessica Brown (Connect Fund) and Maarten Rooney (Singlify) sign an unusual deal that could be a template for others to follow

CONNECT FUND IN 2019 AND BEYOND

The Connect Fund, previously known as the 'Social Investment Infrastructure Fund', is a £3m fund managed by the Barrow Cadbury Trust in partnership with Access – the Foundation for Social Investment. It was set up in 2017 to strengthen England's social investment market to better meet the needs of charities and social enterprises. To date, it has done this through grant funding, awarding 50 grants totalling £2.1m as of March 2019. Singlify is its first equity investment.

Connect Fund currently has just under £1m left (but is likely to seek further funding). In 2019 it is continuing to provide grants of up to £60,000 through its Building Infrastructure Fund, and is also piloting a new Enterprising Ideas Fund, to provide flexible finance to catalyse new business ideas. This is particularly aimed at social investment intermediaries or others with a solution that fills a gap in the market. Connect Fund expects to provide up 10-12 feasibility grants of up to £10,000 each through this fund, and subsequently invest up to £50,000 in around half of these initiatives. The investment could be in the form of a convertible loan, a 0% loan facility with partial match funding, or equity.

Disclosure: Pioneers Post is a former Connect Fund grantee.

EVPA SPOTLIGHT

Experts from the European Venture Philanthropy Association (EVPA) select headlines from among their 280 members in recent months – and tell us why they matter

With more than 250 million people, political and economic news is a growing business in Indonesia – among the countries where MDIF is investing © Resa Esnir

FIRST PRIVATE EQUITY FUND TACKLES THREAT TO INDEPENDENT MEDIA

WHAT:

The Emerging Media Opportunity Fund launched in February by Media Development Investment Fund (USA/Czech Republic) is the first private equity fund for independent media in countries where access to balanced news and information is under threat.

HOW MUCH:

EMOF closed at US$12.95m, with international investors including Stichting DOEN, Open Society Foundations (Soros Economic Development Fund), IFU (Denmark's Investment Fund for Developing Countries) and co-investor JP Politiken Hus, in addition to MDIF. At final close, the fund had already invested around US$5m in five companies in India, Indonesia, Brazil and Peru reaching a combined total of 11 million people.

WHY IT MATTERS:

MDIF is one of the few organisations investing in this area and over the years has provided more than US$172m in affordable financing to 100+ media businesses in 40 countries.

The new fund has tied its fund managers' incentive directly to impact achieved: earnings through carried interest is 100% conditional on meeting a range of mission-aligned indicators, including the level of media freedom in the country at the time of investment, the practical impact of investee news and information throughout the investment, and a mission-aligned exit.

mdif.org

PAN-EUROPEAN TECH ACCELERATOR LAUNCHES IN PORTUGAL

WHAT:

MAZE X, a Lisbon-based accelerator, launched this spring and is open to 10 impact start-ups from across Europe each year. MAZE-X will provide each venture with an equity-free stipend to support their stay in Portugal, alongside access to corporate pilot opportunities, support from a network of expert mentors and a dedicated team.

HOW MUCH:

The accelerator is offering a €7,500 stipend per selected venture, plus potential investment opportunities.

WHY IT MATTERS:

MAZE X is focused on tech businesses with a proof of concept but still early stage – so it should play an important role in building the pipeline of tech for good companies. Unlike many accelerators that are national, this one is pan-European: it's open to businesses from across Europe and selected participants will travel to three European cities with strong start-up ecosystems as part of the programme.

maze-x.com

IGNITING SOCIAL INNOVATION IN IRELAND

WHAT:

The Social Innovation Fund (Ireland) launched its new Ignite Fund which will support projects or organisations in four categories: empowering disadvantaged families, music for social impact, economic opportunities for people with disabilities, and mental health of young people.

HOW MUCH:

€550,000 total, with ventures given a mix of financial support (cash grants of up to €60,000 and a business support package worth up to €15,000) and a place on a 6-month accelerator programme.

WHY IT MATTERS:

You need multiple actors to solve critical social issues. The fund is an example of bringing together several private and public actors, being a partnership with several private philanthropists and the government's Department of Rural and Community Development. The latter has committed to matching philanthropic support euro for euro.

socialinnovation.ie

IKEA FOUNDATION SUPPORTS FIRST REFUGEE LIVELIHOOD DEVELOPMENT BOND

WHAT:

A new impact bond is to provide vocational skills training and grants to 11,000 Syrian refugees in Lebanon and Jordan, primarily women, aiming to create sustainable micro-businesses and quality jobs.

HOW MUCH:

IKEA Foundation (Netherlands) has supported the structuring of the impact bond by advisory firm KOIS and has committed €6.8m to funding of outcomes under the condition that the balance of €14.2m is raised with other private and public financiers.

WHY IT MATTERS:

This is the first refugee livelihood development bond, and an example of how pressing social issues can be tackled by partnerships between private and public investors and donors, by leveraging their respective resources and expertise. IKEA Foundation's investment is part of a larger movement of investing in refugee-owned and -led companies, and companies that deliver benefits to refugees – helping reinforce a new narrative of resilience and employability around refugees.

ikeafoundation.org

TOMMY HILFIGER PROMOTES POSITIVE CHANGE IN FASHION

WHAT:

Tommy Hilfiger Fashion Frontier Challenge, a global programme from Tommy Cares (Netherlands) is supporting businesses at start-up and scale-up stage that promote inclusive and positive change in fashion. Winners get a year of mentoring from Tommy Hilfiger and INSEAD experts, plus a place on the INSEAD Social Entrepreneurship Programme.

HOW MUCH:

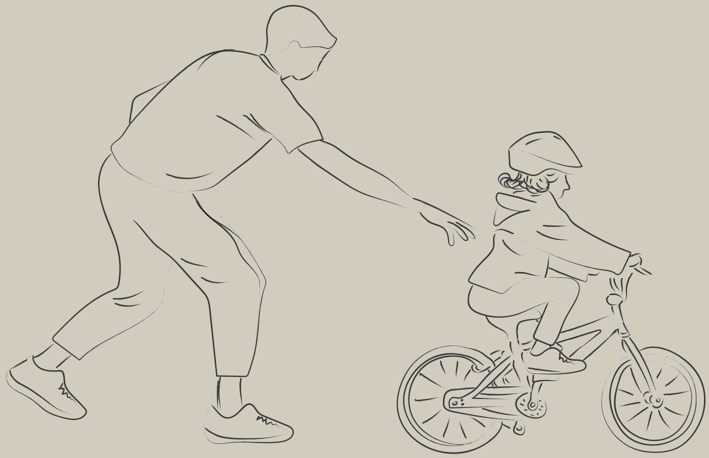
€150,000 among two winners to support their ventures, and an additional €10,000 awarded to a finalist.

WHY IT MATTERS:

This is a second round of the programme, after €210,000 was awarded among three winners in 2018. After putting a spotlight on incredible ideas that could change the lives of people through a more positive and inclusive fashion landscape, with this new round social entrepreneurs will continue to get the right type of support and mentoring to address issues they strongly believe in.

global.tommy.com/int/en/about/corporate-responsibility/17

THE GUV’NOR



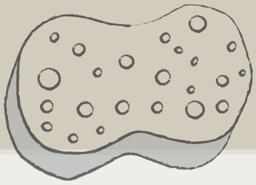
BOARD MEMBERS – IT’S TIME TO LET GO

We don’t just need diverse boards: we need permeable governance, says ***Bob Thust***

Look into almost any governance guide for charities or social enterprises and they will be all about the role of the board. I don’t deny the importance of a well-functioning board but I do think such a narrow lens is a big problem. If we want organisations to focus on their mission and be attuned to the needs and realities of those they exist to support, we need approaches to governance that are ‘permeable’ – that go beyond traditional organisational walls to recognise, value and balance the inputs of everyone not just those ‘inside’ the organisation but those ‘outside’ too.

The Charity Governance Code for example, has been helpful in focussing not only on traditional governance topics of risk management and compliance, but by giving greater emphasis to areas like purpose, diversity, openness and organisational culture. Yet every section of the guide starts with what the board needs to be leading. I ask myself: how can a group of volunteers, very often distant from the day to day, lacking in diversity and with extremely limited amounts of time, ever hope to lead effectively on all these areas?

“The board thinks it’s leading on strategy, but in reality we’re leading the process and the options they



"Permeable: capable of being permeated; penetrable; having pores or openings"

choose from so it's little more than a formality with some tweaking around the edges," said one large charity CEO I spoke to recently.

My experience is that most boards get fed a story the management want them to hear. This isn't some conspiracy, it's just that senior management teams are so much closer to day to day. Boards have a role to play in strategy e.g. by providing outside perspective, but to pretend they might be in the best position to direct that strategy is often fallacy. Indeed, the board members are rarely best placed to scrutinise management either – partners, funders, beneficiaries, service users and the general public are usually closer. We just don't often put much energy into listening to those views – or ensuring what they say 'bites' (or to put it another way, these voices are all too easily ignored).

"There's a mistaken view within civil society that governance is about the board. It's too often seen as a place, rather than a process – governance involves everyone within and around the organisation," says Julia Unwin CBE, former CEO of the Joseph Rowntree Foundation and chair of the independent inquiry into the Future of Civil Society.

If we want approaches to governance that help us act boldly with a focus on mission and impact, rather than act conservatively with a focus on self-preservation, we need to look beyond the board much more systematically and radically.

For example, in 2011 Mayday Trust carried out a human inquiry with over 100 individuals into the support received by people experiencing homelessness, entitled *'Wisdom from the street'*. Reflecting on challenging findings, further academic research was commissioned before they embarked on an 18-month period of co-production with people working and living with MayDay. What emerged was an entirely new approach to the support they provide, known as a "Personal Transition Service" centred on building an individual's assets as a means for them to take control of their own lives. To implement this strategy effectively has required fundamental changes to the structures and systems within the organisation – for example, HR had to adapt new ways of recruiting and training staff; finance needed to develop the right systems to cope with costing individual interventions; data capture systems had to change to reflect the methodology behind asset based data capture. *"When we found a way to really listen to and directly involve the collective voices of people going through tough times, it transformed governance, it transformed how we set our strategic goals and direction at Mayday,"* says Pat McArdle, CEO. *"Our 'Wisdom from the street' methodology gave us clear insight into the priorities and the questions that we should be asking at a governance level."*

"There's a mistaken view within civil society that governance is about the board. It's too often seen as a place, rather than a process – governance involves everyone within and around the organisation"

This process of deep listening and response started with the board recognising its limitations, letting go of primary control and understanding that genuine stretch was more likely to come from a process led from outside the organisation than within it.

We can also learn from a growing number of organisations grappling with their role in contributing to impact across interconnected systems. *"Research has shown increasingly that discrete, short-term, sport and physical activity programmes don't deliver long-term benefit,"* says Deborah Potts, CEO of Active Gloucestershire, *"so over the next few years, Active Gloucestershire will be supporting the most inactive people and communities to identify the changes they want to see. Instead of doing 'for' people, we're going to start doing 'with'. That means we stop leading from the front and start supporting an emerging movement of people and organisations from behind. That movement is called Gloucestershire Moves."*

This approach has had some significant consequences for the shape of Active Gloucestershire – they are now testing a 'virtual' governance structure for Gloucestershire Moves led by a steering group of representatives from across the movement to which the board has formally delegated strategic decision-making. *"If we're genuinely changing our relationship with people, we need to be willing to share any power we have and to let go of the 'command and control' model so comfortable for ourselves, our trustees and our funders,"* says Deborah. *"I have been impressed by the way that staff and board members have stepped up and been willing to embrace the change. In many ways, we're taking a risk. We're reinventing Active Gloucestershire entirely."*

These examples demonstrate something well beyond a senior management team collating views from surveys or advisory boards, digesting them, presenting them and framing them for the board to then sign

THE 5 'S'
GOVERNANCE FUNCTIONS

(adapted from a model first put forward by Julia Unwin)

It's not all about the board!

What governance roles are carried out by whom – are those roles distributed, complementary and sitting with the right people? And do the structures and processes you have in place support, enable and empower those roles to be carried out effectively?
There are lots of models and guides that attempt to define the wider governance functions of a strong organisation committed to its mission. Julia created a 5 'S' model which I find the most useful:

Strategy: To create and set strategic direction.
Support: To provide direct support e.g. to the staff team, or by visiting projects – and invest time to ensure that the infrastructure and systems of the organisation work for those that use them.
Scrutiny: To challenge and scrutinise plans and ensure the process by which decisions have been taken is robust.
Stewardship: To protect assets and long-term financial sustainability, managing key risks and not missing big opportunities.
Stretch: To stretch the organisation to understand its current impact and think laterally to aim even higher.

off. They show a genuine distribution of power as a result of a deeper focus on who and how diverse stakeholders are engaged in or leading governance processes. They suggest, for example that an assertion that 'we need a more diverse board' is not enough; instead it should be replaced with 'we need much more diverse voices at all levels inside and outside our organisation'.

Julia Unwin again: *"Good governance provides clarity about the connection between different moving parts. It provides guidance about how they interact. It specifies where power is, and who is accountable and for what. It builds deep connection by investing in trust at all levels. It's always in need of attention. It's never a destination. But it is how the very different stakeholders in any organisation are able to contribute best. And how their inevitably different priorities can be reconciled."*

This is what I mean when I refer to 'permeable governance'. For me this places more realistic expectations on boards, creates a more effective challenge to the senior management team, and most importantly leads to a greater focus on mission and impact.

And exploring this needn't be a daunting task. I've worked with many organisations that have found all you need to start is to ask yourselves:

- What are our key governance functions and roles? (see box, left, on the 5 'S' governance functions)
- Who carries out what roles across those functions at the moment?
- Are those roles well distributed, complementary and sitting with the right people?
- Do the structures and processes we have in place support, enable and empower those roles to be carried out effectively?

Answering those questions with real honesty – and regularly returning to them – helps map where power currently sits, opens up a debate on where it might better be placed, and leads to discussions on how to get there step by step. It could just be the beginning of a powerful shift in the way you (and your board) start thinking about what good governance looks like. ■

Bob Thust is co-founder of Practical Governance LLP, seeking to find ways to organise that unleash social impact rather than constrain it.

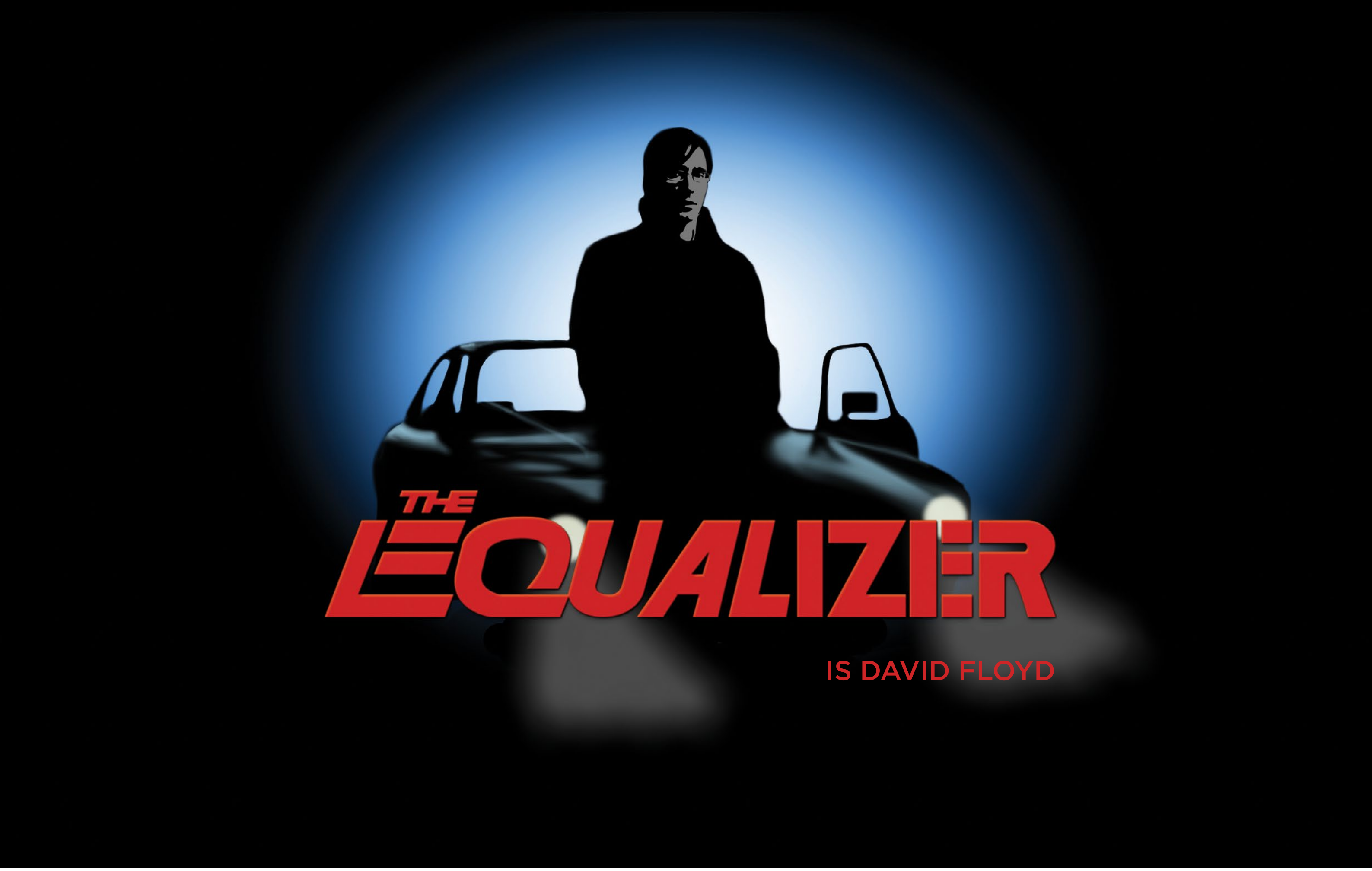
WE'D LOVE TO HEAR FROM YOU!

We want to give this space over to hear directly from people grappling with some of these challenges and from voices all too often not heard. Is that you?

This column is part of a series including a podcast that seeks to explore how governance can be exciting, liberating and progressive – one that unleashes social impact rather than constrains it.

To do this we believe we need more honest, real-life stories that don't sugar coat the challenges but also offer ideas, hope and inspiration to others.

If you'd like to take over the column as a guest writer or take part in a podcast (with as much free support with logistics, ideas and editing as you'd like from us) we'd love to hear from you. Send over your ideas to: bob@practicalgov.co.uk



WHY IS RISK CAPITAL SOMEBODY ELSE'S PROBLEM?

Everyone agrees we need more risk finance – so why are social investors still so bad at providing it? Our 'Equalizer' ***David Floyd*** *asks if impact investors in the UK and globally have the bottle to take big risks on ventures that could deliver major social impact*

When people who work for charities, social enterprises or other socially focused businesses hear (for the first time) that there's an activity called social (or impact) investing, a common reaction is that it is something to do with risk finance.

Whether or not they actually use the term 'risk finance', they assume that social/impact investors provide finance for ambitious social ventures who would create major social impact if successful but whose business model is not yet proven.

Unfortunately, it (mostly) isn't. In the UK, it's mostly for investments involving property, large government contracts or helping small organisations to do a bit more of what they're already doing.

This ongoing situation is a particularly big problem for social ventures whose business models involve spending large amounts of money to get to the point of meaningfully testing whether or not their business could ever be viable.

My recent blog post 'Can't Get There from Here' looks at the failure of social investors and the wider UK social enterprise support industry to support any social enterprises at all to reach scale in consumer markets.

It showed that the only two routes to scale that have ever worked for UK social enterprises (other than co-operatives) operating outside public service outsourcing or other heavily regulated contract markets are:

(a) To be formed by a partnership of large charities or

(b) To receive large amounts of risk capital from a rich individual, usually Gordon Roddick.

This was hardly a new point so it's a concern that it resonated so strongly – both with social entrepreneurs and, more worryingly, with many social investors and support providers who recognised the issue but didn't seem to have any strong ideas about how to solve it.

While some social/impact investors already claim to run 'social venture capital' funds, none of them currently offers a meaningfully equivalent financial function to venture capital for social ventures.

The venture capital (VC) model is based on a small number of big successes making up for a large number of failures. Some figures from the US VC market suggest 65% fail to deliver returns at all while only 4% (1 in 25) deliver returns deemed to be 'very successful'.

Whether or not all VC failure rates are this high, the general principle is that lots of businesses get the investment that enables them to attempt to scale – on the basis that only a few of them will succeed.

Unfortunately, for social/impact investments the massive returns from the successes are not likely to be available. The equivalent 4% might deliver a huge level of social impact but they won't provide investors with the huge profits needed to cover the losses from the ones that didn't succeed.

"This ongoing situation is a big problem for social ventures whose business models involve spending large amounts of money... testing whether or not their business could ever be viable"

It is pretty clear that the social investment market we currently have in the UK is not able to take big risks on social ventures that could deliver major social impact if successful. It seems similar problems are in evidence in the impact investing market at a global level.

In my previous column, I noted the figures from the GIIN Annual Impact Investor Survey 2018 which showed 64% of investors targeting 'risk-adjusted, market rate returns' and 20% seeking close to market-rate returns.

However, elsewhere in that survey, a bizarre picture emerges when investors are asked to consider, 'Areas of progress and challenge for the growth of the impact investing industry' – based on whether they believe 'Significant progress' has been made or whether 'Significant challenges' remain.

The top three challenges includes old favourites such as, 'Common understanding of definition and segmentation of impact investing market' and 'Suitable exit options' but the winner is 'Appropriate capital across the risk/return spectrum' – with a whopping 42% viewing it as a significant challenge and only 8% believing progress has been made.

Given that only 16% of surveyed investors are targeting returns 'closer to capital preservation' than market rates, this suggests that there's a minimum of 26% of those surveyed [ie the 42% minus the 16%] who view the provision of risk capital as a significant challenge but see it as a challenge that should be tackled by somebody else.

While the UK social investment market and the global impact investment markets differ in many ways they are perfectly aligned in their ongoing inertia about the provision of risk finance.

To some extent the problem may be that social/impact investors, both in the UK and globally, are committed to building commercially sustainable markets for investment into social ventures and, as a result, are simply not able to provide significant finance for organisations operating in circumstances of market failure.

But there's no shortage of subsidy going into these markets. Maybe it's time to stop subsidising investment processes and social impact bonds, and start providing the funds that would enable social ventures to have a real chance of reaching scale. ■

David Floyd is Managing Director of Social Spider CIC. He was the project manager for the The Alternative Commission on Social Investment, funded by Esmée Fairbairn Foundation, which published a report on ways to make the UK social investment market relevant to a wider range of charities and social enterprises. David has carried out writing, research and consultancy on social enterprise and social investment for clients including Access: The Foundation for Social Investment, Big Lottery Fund, Centre for Public Impact, GMCVO, Power to Change, RBS and Social Investment Business. He blogs at beanbagsandbullsh1t.com.

HELPING COMMUNITIES TAKE ON THE HOUSING CRISIS

A pioneering repayable finance offer aimed at supporting community-led housing schemes is now in its tenth year. As the movement continues to grow, Anne-Helene Sinha from CAF Venturesome reflects on how investors can best support them

England needs to build 150,000 homes per year in the next 20 years. Some 60,000 of those need to be social homes to meet demand, yet we're currently building only a tenth of those. The shortage of affordable housing stock means prices of both buying and renting are rising. Combined with rising second home ownership, this is leading to communities being priced out of their neighbourhoods.

It's not an exaggeration to call this a housing crisis. But people are increasingly taking the matter into their own hands. Many choose to create a Community Land Trust (CLT), a form of community-led housing, set up and run by ordinary people to develop and manage homes or other assets. CLTs are charitable organisations (often set up as community benefit societies) that act as long-term stewards of housing, ensuring homes are genuinely affordable and remain affordable, forever. The rent they charge is equal or less than the social rent established in their local area, for example, in line with local authority or local housing association rents.

Originating in the US, the CLT model has rapidly expanded over the last 10 years in England. (It has also been adopted – but is still in its infancy – in Belgium, France, Italy and Australia.) In 2008, there were only 16 CLTs in England and Wales. Ten years later, there are now nearly 300, half of which were formed in the last two years alone.

Recent research commissioned by Power to Change suggests that CLTs, as well as other community-led housing groups (housing co-operatives, co-housing groups and others) are planning to build nearly 6,000 community-led homes in the next few years in England alone. All this while the CLT model is still emerging – just imagine the potential impact when it's better resourced and more widely known.

> *"Community-led housing groups are planning to build nearly 6,000 homes in the next few years in England alone"*

ESSENTIAL EARLY-STAGE FINANCE

A new CLT usually needs finance to register the organisation, secure a land or property, draft legal agreements with landowners and secure planning permission. Later, it needs money to develop or refurbish properties.

CAF recognised this need back in 2008. Through our social investment arm, CAF Venturesome, we've set up two successive funds since 2008 to provide a longstanding source of repayable finance to CLTs. Thanks to philanthropic capital from the Esmée Fairbairn Foundation, the Nationwide Foundation, the Tudor Trust, CAF and individual philanthropists, our two funds have been able to offer 57 social investments, totalling over £4.4m to 33 community groups, covering both pre-planning and development stage.

CAF Venturesome's CLT Fund offer is unique: it's the only source of early-stage repayable finance for CLTs, which are deemed high risk for most lenders.

Our fund takes that into account, with conditions to reduce the risks for CLTs if their scheme is not able to proceed: we offer to write off the loan if planning permission is rejected.

In independent research we commissioned, investees said the Fund gave them confidence and courage to get started, and they welcomed the financial and technical support we were able to provide. It also reassures others: one group for example, found that "the landowner

TYPICAL CONDITIONS OF THE CAF VENTURESOME'S CLT FUND

Pre-development loans are offered at a 10% interest rate, repaid when borrowers secure development finance (sometimes alongside a grant from Power to Change, as part of CAF Venturesome's new blended finance offer), but usually written off if planning permission is rejected. Duration of the loan varies greatly but is usually around two years. On development loans, CAF Venturesome acts as a junior lender, charging 7.5% interest and taking second charge (with, for example, a social bank taking first charge with lower interest rates). These loans vary in duration, but are often for two years.

A new home in St. Teath, Cornwall, built with social investment from CAF Venturesome. Cornwall CLT is one of the most progressive and successful community land trusts in England, delivering or enabling over 150 affordable homes and advising other CLTs and local groups who want to do the same

took them seriously, because they had the power to buy…that's really important."

MORE THAN HOUSING

Our CLT funds will contribute to the building of 524 affordable homes in total (with 105 homes already completed and occupied).

But this is about more than construction. Community-led housing schemes enrich communities and breathe new life into areas by offering affordable homes to those who'd otherwise be priced out.

For example, our CLT Funds recently invested in a scheme in St. Ives, Cornwall. The scheme will build six houses in the centre of a town where 80% of properties are second homes, leaving little affordable accommodation for local people (such as hospitality workers). In London, we've supported CLTs aiming to provide affordable accommodation to teachers, nurses, charity workers and others who currently spend up to 65% of their income on rent.

More broadly, we believe community-led housing schemes empower people and can strengthen community resilience, combat loneliness, create support networks and develop new skills. Evidence of the above remains anecdotal. The newly-launched Community Led Homes website (communityledhomes.org.uk) aims to collect and aggregate impact data, but the sector as a whole needs to do more to gather robust evidence of social impact – from financial inclusion, to building community cohesion and resilience.

FROM GRASSROOTS TO THE MAINSTREAM?

Community-led housing remains under-utilised. A recent report we commissioned, *Helping Communities Build*, highlights that it's being held back by two things: access to affordable land and access to finance at pre-development stage.

So what can be done? CLTs and other similar schemes need much more support. The Government's Community Housing Fund is a start, providing £163m of funding, but it's due to end in March 2020, after just 18 months. Many community-led housing schemes are either not eligible or – in most cases – need much more funding than what's on offer. Funders and lenders should work more closely together to make finance accessible and affordable to a wider range of community groups.

We believe there is immense value in patient, flexible finance, made possible by philanthropic capital and provided alongside expert support. While our current CLT Fund II runs until August 2019, we are relentlessly exploring innovative ways to provide additional finance to community-led housing groups at early stages. For instance, we are currently piloting blended finance with Power to Change, offering grants alongside our pre-development loans.

What happens after August? We have ambitious plans to continue supporting the movement, and are hoping to launch another fund with a wider scope to respond to increasing demand. Watch this space… ■

Find out more about the CLT Fund at cafonline.org/charities/borrowing/social-investment/community-land-trust

Anne-Helene Sinha is an investment manager at CAF Venturesome and the fund manager for the CLT II Fund.

PRACTICAL SOCIAL ENTERPRISE

FOUR MANTRAS FOR MAKING COMMUNICATIONS MORE MANAGEABLE

SOPHIE HOBSON

Look – I get it. I do communications for a living, and even I find it overwhelming at times. Email, Instagram, flyers, word-of-mouth, blogs, press, events, Snapchat… I feel befuddled already, and we've barely begun. (Also – Snapchat? I'm at least 10 years too old to know what that even means.) It's no wonder so many social sector leaders find themselves flummoxed when it comes to communications. Tight budgets and capacity shortages don't exactly help.

Only four in 10 people running social enterprises believe their organisation has strong marketing, branding and PR skills, according to Social Enterprise UK research. So at least you're in good company, if you feel a bit stressed by it all.

But comms can be non-stressful. It can be downright enjoyable. Fun, even! The key is to do less of it. Here are four mantras to get you on your way, based on some of the insights I shared recently at *Pioneers Post*'s Good Stories conference.

Sophie Hobson is head of communications at the School for Social Entrepreneurs. SSE supports 1,000 people a year to develop the skills, strengths and networks they need to tackle society's biggest problems.

1 BE SUPER-SPECIFIC

Comms plans often start out a bit like this:

- **Audience:** potential customers - food businesses
- **Goal:** increase sales

Real talk: when was the last time you had a conversation with a business? Or any type of organisation, for that matter?

People don't communicate with organisations. People communicate with people. Your communications will improve if you create a super-specific definition of your audience (i.e. the people you need to reach).

- **Bad audience definition:** food businesses
- **Good audience definition:** sustainability leads (likely head, director) of mid-sized and large businesses, working in the food and leisure sectors in Scotland

Similarly:

- **Bad audience definition:** service users
- **Good audience definition**: young people aged 16-25 of any gender, living in or around Coventry, not in education, training or employment, and likely to have passed three or fewer GSCEs

Once you have specific people in mind, you can start tailoring communications to their preferences (more on which below). This is infinitely easier than trying to do all the comms, all the time.

You also need to decide exactly what you want these people to do. "Increase sales" or "use services" might be the overall aim, but what is the specific action you want to convince them to take? It might be something like: "visit the homepage of our website"; "call our helpline"; "reply to our email inviting them for a meeting".

Your goal should be something you can measure, and that would be a result of communications activity. Ramp it up a notch by making it SMART: specific, measurable, achievable, relevant and time bound.

2 ASSUMPTIONS ARE LETHAL!

It's so easy to assume that high-flying executives use LinkedIn and read the *Financial Times*, or that young people use Snapchat (see above – guilty as charged).

But our assumptions are lethal. They come from our own little head-brains, entrenched as they are with biases, misgivings and falsities. So find out what your target audience really respond to by… drum-roll… asking them!

What do they read, watch, listen to, interact with – and where? What type of media, language and tone do they respond to? What are their motivations and fears? How do they access other products or services like yours? Ask open questions to get the most useful insights.

Also, chat to other people who work with your target audience. The social sector is a friendly place. Take someone for a coffee, and find out what they've already tried.

3 IMPACT VERSUS EFFORT

The insights you gain from your audience research should suggest plenty of ways your audience takes in information. This might range from chatting to mates, to prime-time television advertising costing millions.

Now is the time to [comms stereotype alert] get out the Post-it notes and brainstorm all the possible ways you could communicate with these people.

Then start appraising how achievable each feels to you. Be mindful of your strengths, time and resources.

Map the possibilities down on an impact versus effort matrix (see mindtools.com).

Aim for a couple of next steps that seem high-impact. Then stop stressing about all the other things you could be doing. A to-do list must be manageable.

4 MEASURE, MEASURE, MEASURE

You've got your plan of action. But will your efforts actually work? Measure them! Measure them all.

Track the number of enquiries you get following comms activity. Look at your digital analytics. Use bit.ly (or goo.gl or ow.ly) to create unique links for each channel (including offline activity), then see how they compare. Ask every person who contacts you how they heard about you, and record that.

Check in on your metrics regularly – say, every week or two. Adapt as you go. Ditch the stuff that's not working. Invest more in efforts that generate results.

You're striving for more focused communications: less effort, for more impact.

I'd love to know if this article has had impact with any of you. Drop me a line on Twitter @SophieHobson, so I can get feedback too! ■

For lots more communications and marketing tips including articles, videos and podcasts from Good Stories, head over to pioneerspost.com/collections/good-stories.

"AFTER A DECADE OF GROWTH, SOCIAL ENTERPRISE HAS A PLATFORM TO TAKE OFF"

Scotland is world-renowned for its thriving social enterprise scene, and it's looking unlikely that it will lose its top spot. Social Enterprise Scotland's new CEO, Chris Martin – who previously turned a failing hotel into the 5-star Callander Hostel, a social enterprise offering training and employment for young people – tells us what to expect

AMBER MURRAY

HOW DID YOU GET INTO SOCIAL ENTERPRISE?

When I was young I wanted to join the police. But I'd gone straight to university from school, so they told me to go and get some 'life experience' and then come back. I ended up volunteering at an outdoor activity centre before moving to Crieff to work with young people. I wrote a paper on re-engaging and mentoring pupils, which got noticed at Scottish Government level – the recognition I got from that helped me to leverage start-up finance to launch my own business, Engage Youth Project.

WHAT DID YOUR BUSINESS DO?

We worked with young people who were disaffected with the education system and facing exclusion from school. We employed youth workers to help with emotional intelligence and did a lot of cognitive behavioural training and anger management counselling. I did that for five years before someone suggested my business model was a social enterprise and I was a "social entrepreneur" – back in 2010 they were new terms to me.

HOW DID CALLANDER HOSTEL COME ABOUT?

In 2011 I saw an advert from Callander Youth Project Trust, who were recruiting for a new manager to help make the charity sustainable. I pitched the idea of a model I'd seen in Rotterdam offering homeless people opportunities to work in a hotel. My pitch was to buy a disused hotel and turn it into a training hub for young people who couldn't get jobs in the local area. It took us three years, but we launched Callander Hostel in 2014. It gets over 6,000 visitors per year and has trained young people right across the Employability Pipeline [a 5-stage path-to-employment framework run by the Scottish Government].

YOU JOINED SOCIAL ENTERPRISE SCOTLAND EARLIER THIS YEAR. WHAT WAS YOUR MOTIVATION?

We live in one of the best countries to be a social entrepreneur. Our ecosystem is internationally respected and I wanted to be a part of the movement and an advocate for the sector. I feel I'm well-positioned to support our members, having understood the barriers at grassroots – I have the scars to prove it!

After a decade of growth, social enterprise has a platform to take off. I believe that everything, from schools

SCOTLAND: TEN YEARS, MULTIPLE INITIATIVES

Scotland's Government has championed social enterprise for more than a decade. A 2017 study identified some 5,600 social enterprises – a third of which have sprung up in the past 10 years – bringing in revenue of £3.8bn. The government's Social Entrepreneurs Fund is delivered by Firstport, which since 2007 has distributed more than £7m to over 1,000 people. Firstport launched a new strategy earlier this year to keep up with what it describes as the "exponential increase" in demand for its services.
Scotland also leads the way in education, with a groundbreaking programme led by the Social Enterprise Academy and the Scottish government aiming to get social enterprise taught in every primary school in the country by 2028.

Read more on the Pioneers Post website at: bit.ly/2Lyj6yi

Chris Martin was a social entrepreneur for five years before he'd even heard of the term

and hospitals to breweries and car manufacturers, can be run on social enterprise lines. Virtually everyone I meet in the business sector is interested, and students I've met at Edinburgh University, studying everything from arts to business, are all overwhelmingly in favour of the idea.

The Scottish Government believes in social enterprise as an economic model, not just as a handy way to deliver services to the public. We have a 10-year social enterprise strategy and a three-year action plan. Scotland has a network of incredibly dynamic, inspiring social enterprises. I've been so impressed with the people I've met and their impact – it's an incredible privilege to work with these businesses. What we see is a diverse group of people with social purpose and underlying social mission. So, at Social Enterprise Scotland, we are really keen to build markets and find customers for these businesses. We are trying to get corporates to understand the power of social enterprise and to get social enterprises in their supply chains.

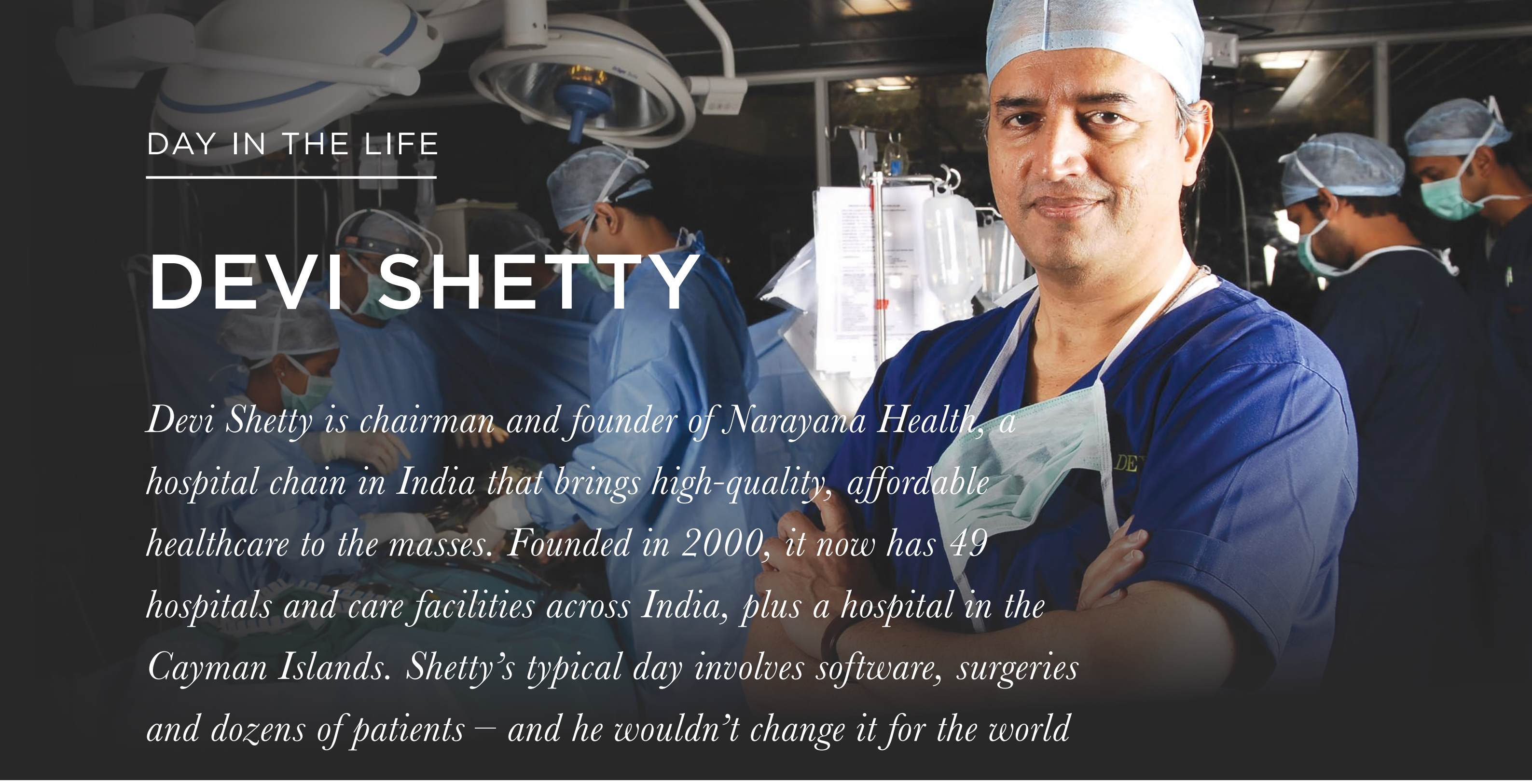
> *"I believe that everything, from schools and hospitals to breweries and car manufacturers, can be run on social enterprise lines"*

WHAT'S YOUR PLAN FOR THE FUTURE?

I am really keen to create tangible benefits for our members and build markets for our social enterprises. We are launching a software platform where members can collaborate, sell to each other or just interface about policies. We have made SES membership free for those with a turnover of less than £100,000 – over 60% of social enterprises are in that category.

We have also been offered the intellectual property to "Buy Social", an international kitemark for social enterprises, which we'll offer to members who are selling products to consumers. Consumers are demanding more from their pound, making ethical choices about their purchases and holding big business to account. If we can give them an easy solution to purchase from a social enterprise then we can drive business for our members.

Finally, we want to launch a Social Enterprises Place scheme in Scotland. Callander became Scotland's first Social Enterprise Town in 2018 and we are looking to add five more Places in the first 18 months. ■



DAY IN THE LIFE

DEVI SHETTY

Devi Shetty is chairman and founder of Narayana Health, a hospital chain in India that brings high-quality, affordable healthcare to the masses. Founded in 2000, it now has 49 hospitals and care facilities across India, plus a hospital in the Cayman Islands. Shetty's typical day involves software, surgeries and dozens of patients – and he wouldn't change it for the world

As soon as I wake up, I do the rounds in the ICU from my bedroom. An app allows me to see all my patients' cardiac monitor, blood test reports, and so on. It's as good as being there.

I get up at around 4.30am – so I eat at the hospital later, usually dhosa or idli. The first patient is taken to the operating room by about 6.30am. I've forgotten how many heart operations I've done: maybe 30,000? The rest of the time, I'm seeing patients – about 60-100 every day. It's energising. Where else do you get to interact with that many people?

More than 70% of my patients are working class and poor; they come to us under various government schemes. The majority of entrepreneurs in India have a social angle: in the midst of poverty you can't turn your face away. And people are beginning to realise it may be a good business strategy. If you're only concentrating on people who can afford your services, there is always a limited market. The moment you reduce the costs, the market is virtually infinite.

In India if you don't think big, you won't make any difference. India requires 2 million heart surgeries a year. That's a huge unmet need. Last year we did 17,000 – the UK's NHS does about 30,000.

Thirty years ago I did my first heart surgery in Calcutta. The patient paid US$2,000; today we do the same for US$1,200. We reduced costs through economies of scale. If you buy a CT scan, most hospitals would use it for about eight hours a day, five days a week. We use it for at least 16 hours a day.

I bring my lunch from home, and colleagues join me to discuss patients or maybe the software we're developing. We're non-vegetarian so we have fish or chicken with rice.

Around the world, 90% of people have no access to electronic medical records. We have a very ambitious plan of building a modern hospital management system. Today our entire patient management happens on this platform we're building. Right now we're in the iteration phase but at some point we want to offer it to other hospitals. It's like what Amazon did – they had a Cloud for their own needs, but their requirements were so big and they had so much space, they started renting it to others. For us it will be a way of generating some income, but hospitals will just pay per usage: 5 rupees per day per patient – the cost of one disposable plastic syringe.

I believe India will become the first country in the world to successfully dissociate healthcare from affluence. How close are we to that point? Maybe five or 10 years away. It can only happen by working with the government. We need to reform medical and nursing education and train a lot more medical specialists. And there should be regulatory changes in building and managing hospitals, and more encouragement from government to invest.

I'm generally home by about 9.30pm. I've been practising for over 40 years, but I'm not thinking of retiring – no way. I don't have a dream for my company, but I want to see that everyone on the planet has access to high-tech healthcare with dignity, without having to beg or borrow – like what the NHS does.

I'm a great fan of the NHS. I think it's the model which every part of the world should emulate. But every business should, every five years, introspect and re-look at its business model. You can't keep doing what you did 20 years ago.

Dr Shetty was named Impact Entrepreneur of the Year in the 2018 GSG Honors.

narayanahealth.org ■