



# SE100 HEALTH & FITNESS REPORT

Taking the temperature of UK social enterprises before the Covid-19 crisis



A report researched and produced by *Pioneers Post* in partnership with NatWest,  
supported by Buzzacott and Social Value UK.



## JOIN OUR IMPACT PIONEERS!



In these tough times *Pioneers Post* is busier than ever, working hard to share more news, funding updates and inspiration from the 'impact pioneers' on the front line of social enterprise, impact investing and mission-driven business.

As a social enterprise ourselves, we're committed to supporting you with independent, honest and insightful journalism – through good times and bad.

But quality journalism doesn't come for free. And to survive we need your help.

By becoming a fully paid-up *Pioneers Post* subscriber, you will be supporting our mission to connect a growing global network of impact pioneers, on a mission to change the world for good.

**Be a Pioneer – and subscribe to help us survive**  
**[PIONEERSPOST.COM/SUBSCRIBE](http://PIONEERSPOST.COM/SUBSCRIBE)**

# CONTENTS



4	WELCOME
6	FOREWORD
PART 1	
9	NATWEST SE100 TOP 100 DATA 2019/20
11	NATWEST SE100 TOP 25 TRAILBLAZING NEWCOMERS
PART 2	
13	NATWEST SE100 INSIGHTS FROM 2019
23	OTHER TIPS FOR GOOD LEADERSHIP
27	SOME INSPIRATION TO SHARE

# FOREWORD



## Snapshots from a different time

I am delighted to introduce this report, which provides some snapshots from what now seems like a very different time in the lives of social enterprises across the UK.

It helps us to explore two things: first, how the top UK social enterprises in the NatWest SE100 were performing before the Covid-19 crisis, in terms of sales, profits and impact; second, the levels of confidence among social business leaders before the crisis, about the future of their enterprises and the challenges they were facing.

Life may be very different now, even as we take the steps as a nation to get back to a 'new normal'. But we can learn from this research about issues that remain key to the success and sustainability of social enterprises into the future.

Almost two-thirds of those surveyed at the end of last year told researchers that they were 'optimistic' about the future; 84% said they were planning to grow and just 8% said their main focus was 'survival'; later this year, our NatWest SE100 partner *Pioneers Post* will publish a follow-up report looking specifically at how those named in this year's SE100 are recovering – it will be interesting to see how these answers may have changed.

## What else have we learned?

From early on in the Covid-19 crisis, the team at NatWest Social & Community Capital has been busy working out how best to provide support to a range of charities and social enterprises across UK communities.

We got in touch with all our investees to offer capital and interest repayment holidays, and begun an information-gathering process to establish how customers were going to be affected and how best the fund could offer support.

I'm really chuffed and proud that we have been able to support the social enterprise community in a number of ways – in particular, with our £1m Coronavirus Response Fund, which we launched in mid-June.

During the past months, we have also been incredibly impressed by the adaptability and commitment that social enterprises themselves have shown to supporting their communities. As two of S&CC's two Loans Officers, Tracy Thomson and John Murray, commented recently: "The core focus of what social enterprises do remains the same: to help people and provide a great service – that really shines through."

We realise there are still tough times ahead but we hope that, through our work at NatWest S&CC alongside programmes such as the SE100, we can continue to understand and support social enterprises to keep that focus shining – and to continue their remarkable and important work in communities across the UK.

Megan

**Megan Peat**

CEO, NatWest Social & Community Capital



# WELCOME



**SOCIAL VALUE UK**

"It's fantastic to see that impact management is becoming a growing focus for the UK's leading social enterprises, as revealed in the SE100 Index. I am also particularly encouraged that the UK's best start-up social businesses – with so many things to focus on to get up and running – are recognising that impact systems and processes must be a key priority early on, and not just a 'nice to have' that they should think about only once the business has matured."

**Ben Carpenter**

CEO

## Buzzacott

"As this report highlights, in challenging times it is the businesses that can combine a commitment to impact, strong social values and inspired leadership, alongside the more traditional success metrics such as growth and profitability, that seem most able to drive change and build strength in individuals and communities across the UK and beyond."

**Eddie Finch**

Partner

# WHAT THIS REPORT IS ABOUT AND WHY WE ARE PRODUCING IT



So – how are you? It's a standard question to ask – but a very strange time to ask it.

Just as the Covid-19 cloud swept over the UK back in March, the Pioneers Post team was preparing to announce our NatWest SE100 Awards. Alongside them, we were also preparing a report exploring some of the performance data from our top 100 UK social enterprises from this year, as well as insight from our 2019 cohort on how social enterprises were feeling about the health and fitness of their businesses.

We are sensitive to the fact that for everybody, social enterprise or not, it's been a tough time. Some social businesses have shut up shop and – as a letter to Chancellor Rishi Sunak from nine leaders across the UK social enterprise movement revealed recently – a huge number of social enterprises remain worried that they might run out of cash, let alone thinking about future growth. Others have found opportunity amidst the madness because their services are needed even more than before, or because their skills could be repurposed to deal with issues thrown up by the crisis.

With the SE100, we have considered how we could also repurpose the work we have done to make it useful and relevant to what social enterprises are dealing with and where they might be heading. So, when we revealed this year's SE100 winners in May, we celebrated their achievements from the past year – but also began exploring the realities of what they are facing on the frontline now and in the future.

In this publication, which we have called our SE100 Health & Fitness report, we are presenting a snapshot of how the UK social enterprise movement was faring immediately before the onset of Covid-19 – and using this as a comparison when we 'take the temperature' of our top 100 social enterprises later this year.

The first part of this report is about how social enterprises were **doing**, based on performance data: namely turnover, profitability and impact management scores from this year's top 100 social enterprises, and from a new list of top 25 'trailblazing newcomers'. The second part explores how social enterprises were **feeling**, using both quantitative and qualitative data from our 2019 list, on a range of issues such as growth, new business, investment and leadership.

It is perhaps important to remember that at the time we were undertaking these surveys, it was Brexit that was considered the big 'unknown' as everybody worked on their business strategies and carried out their PEST analyses in the latter part of 2019 and early 2020. **The Federation of Small Businesses** reported at the end of last year that optimism among small UK firms was at an eight-year low, with 42% of companies saying they had experienced a fall in profits. It remains unclear what impact Brexit will and is having on UK social enterprises.

Brexit aside, however, we hope that these findings can remind us what 'normal' looked like for social enterprises just a few months ago, and also provide a helpful benchmark when we look at the impact of Covid-19 in the months of recovery and revival that must lie ahead.

**Tim West**  
Founding Editor, Pioneers Post



# NAVIGATING THIS PUBLICATION



The information shared in this publication is divided into two main parts:

**Part 1** is summary of the data we collected from the organisations entering this year's NatWest SE100 Awards, and focused on performance. It includes key data on turnover, growth, profitability and impact, and we focus on two separate groups:

- The **top 100 social enterprises** on this year's NatWest SE100 Index (all of whom have been running for more than three years), and
- The **top 25 'newcomers'** (who have not yet completed three full years of trading).

**Part 2** presents the findings of the NatWest SE100 Insight survey we ran last year from our previous top 100. First, we asked them about whether they had met their goals, the barriers and enablers for a successful future, and their experiences in getting investment. Then we look more extensively at the challenge of good leadership – how long have leaders served, what are the qualities of good leadership, what keeps leaders awake at night and what motivates you when life and work gets tough.

- How did the past year go?
- Barriers and enablers
- Getting investment
- Being a good leader
- What keeps leaders awake at night
- Motivation during tough times

## TOP TIP QUOTES

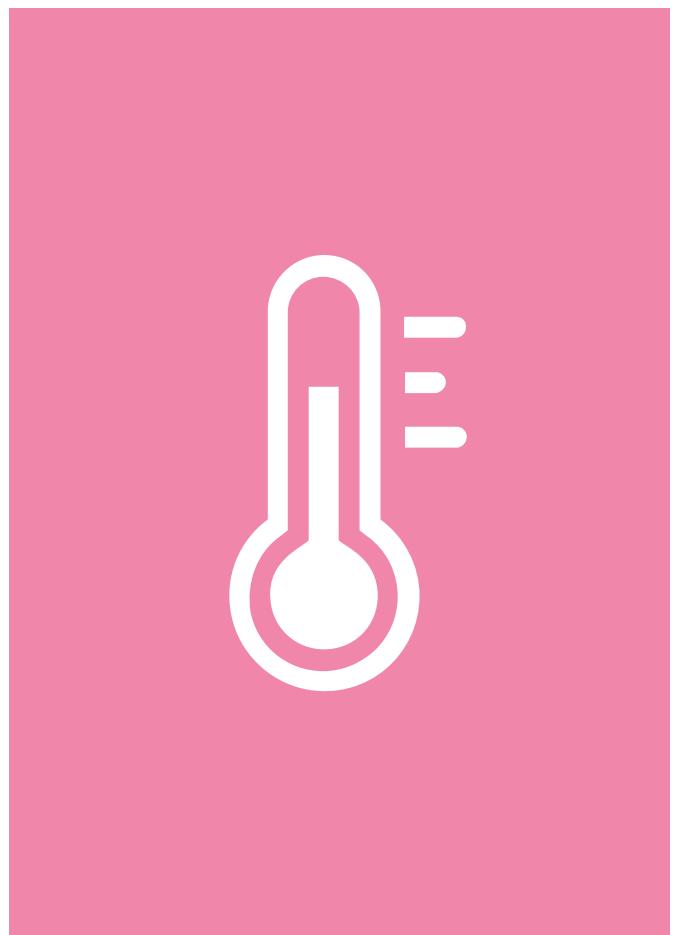
As part of our insight survey, we also asked SE100 leaders for their most useful pieces of advice for other leaders. There were lots of great contributions – so we have tried to share as many as possible here, presented as quotes scattered throughout the report.

‘’

**WWW.PIONEERSPOST.COM/SE100INDEX**

**#SE100**

**@PioneersPost**



# NATWEST SE100 TOP 100 DATA 2019/20



*A summary of how the UK's top 100 social enterprises were performing last year as businesses, and in managing their impact (figures submitted from annual accounts and impact reports from 2019 and early 2020).*

- **The average growth** in turnover of our top 100 this year was 39%. The growth figures ranged from a maximum of 894% to a minimum of minus 89%. The median growth figure (for the organisation at the mid-point of those in our list) was 17%.
- In total, our top 100 posted a combined turnover of well over half a billion pounds (£591m). There was a huge range in the size of the organisations who entered, from £52k turnover to almost £300m. The **average turnover** was £5.9m but the median turnover figure was ten times less, at £579k.
- **Profit** was by no means a given for all the organisations on the SE100, with a few posting losses and several posting a drop in profits from the previous year. Not all of our SE100 entrants provided profit figures for us to analyse but our top 100 achieved combined profits of more than £13m, with an average profit figure of £151k. There was a general decrease in average profits by our top 100 organisations compared to their previous year's figures, by about 5%. However, the average profit of £151k was higher than that posted by last year's top 100 organisations, which was £130k.

**39%**  
GROWTH

**£5.9M**  
TURNOVER

**£151K**  
PROFIT

In our SE100 application survey, we ask a series of questions designed to understand how effectively the social enterprises measure and demonstrate their social impact. These include basic questions such as whether respondents have a clear public statement about their social mission, through to more demanding challenges such as whether their social impact reports are independently audited, and how they use 'impact management' to become a better organisation, create more **impact** and win more business. These answers are then used to create a basic 'impact score' out of 12.

As we would hope and expect, the organisations in our top 100 performed very well, with almost a third scoring in double digits (ie between 10 and 12), and an overall average score of 8.2. This average score of 8.2 is also an improvement on last year's SE100, when the average impact score was 7.5.

Most other organisations this year scored above 6, with just under 20% scoring 5 or below. In all cases, it's important to note that a low impact score does not mean that the organisation concerned is making little or no social impact; usually, a low score simply indicates that the organisation is at an early stage in developing its impact measurement and management process.

## 8.2 /12 IMPACT SCORE



“ UNDERSTAND YOUR OWN PERSONALITY SO YOU CAN UNDERSTAND HOW YOU FEEL AND WHY YOU AND OTHERS REACT THE WAY YOU DO TO DIFFERENT PEOPLE AND SITUATIONS. ALSO, MONEY MATTERS BECAUSE WHAT YOU DO WITH IT MATTERS – AND YOU CAN ONLY CREATE A SOCIAL IMPACT IF YOU HAVE THE RESOURCES. ”

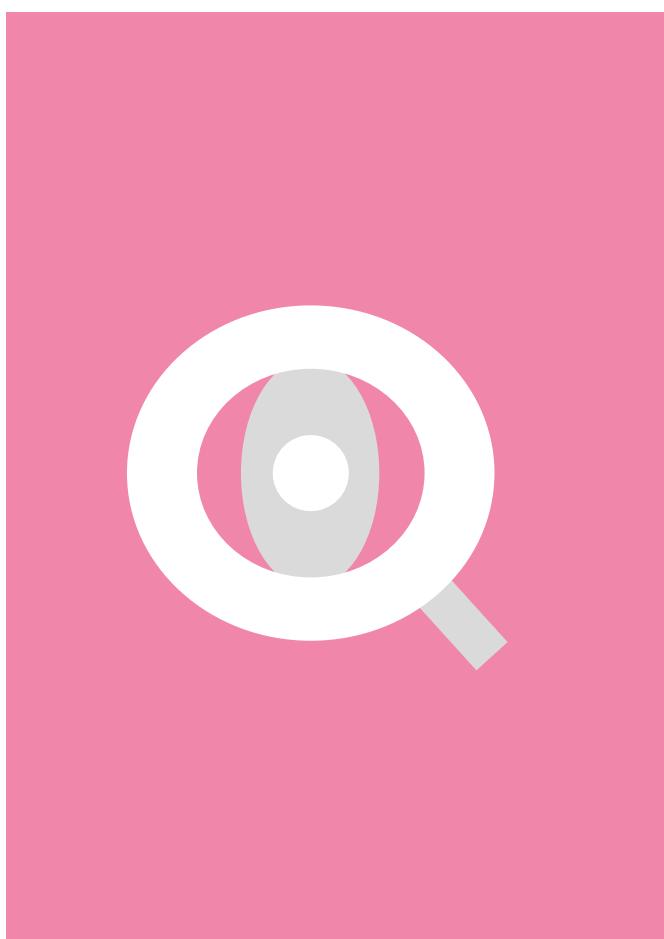
# NATWEST SE100 TOP 25 TRAILBLAZING NEWCOMERS



*New this year, we have also compiled a list of the Top 25 'ones to watch' among our applicants. These are start-up social enterprises with fewer than three full years of trading.*

- Unsurprisingly, our trailblazing newcomers have been blazing a trail when it comes to **growth in turnover**. Their average growth figure is 355% and even median growth is impressive, at 147%. The average turnover figure for newcomers was £210k, up from an average of £97k the previous year.
- When it comes to profits, the average profit figure itself is quite modest, at £7,300, with a median profit of £14,500. However, the percentages are relatively impressive, with average **growth in profits** for our top 25 newcomers standing at 243% and a median profit growth figure of 180%.
- The total revenue achieved by the top 25 newcomers last year was just over £5m. Most of the 25 also provided **projected revenue** figures for the coming year; if these projections are proved correct, total revenue by the same 25 organisations would increase by more than 100%, to a figure of £11.5m.
- Importantly, the trailblazing newcomers are selected not only for their growth and business performance but also for their impact. It is significant that, despite being relatively new organisations, the **average impact score** was above 8, at almost the same level as the more established social businesses in the top 100.





# NATWEST SE100 INSIGHTS FROM 2019



*An exploration of how confident social enterprises were feeling about a range of issues such as potential growth, new business opportunities, investment, recruitment and leadership (based on a survey from our 2019 top 100 SE100 cohort).*

## HOW DID THE PAST YEAR GO?

### 92% SAID THEIR PAST YEAR HAD GONE WELL



Around 50 of our NatWest SE100 top 100 list from 2019 took part in our business insight survey during late summer and autumn last year. At that point 47% said they were feeling pretty good about the past year's activity, 29% said the year had been "much better than expected" and 16% said it had been "absolutely brilliant". Only 8% said the year had been worse than expected and nobody said it had been a disaster.

### 88% SAID THEY HAD ACHIEVED THEIR SOCIAL MISSION



Only 2% said they had not achieved their mission, 10% said they had been "somewhat effective" – but 64% had been "very effective" and 24% said they had been "extremely effective" at achieving their social goals.

## **64% WERE OPTIMISTIC ABOUT THE FUTURE**



None of the respondents said they were pessimistic about the future of their social enterprise, although 8% admitted to being “anxious”. Of the 64% who were optimistic, 36% were also “quietly confident” and 18% were “excited”.

## **84% WERE PLANNING TO GROW**



Growth was either very or extremely important for 69% of those we surveyed, and 30% also said they were planning to increase recruitment. Among those planning to expand their operations, 42% were aiming to win new business while 32% were aiming to attract new investment. Only 8% said they would be focused on “survival”.

“

**KEEP A REGULAR 'UNTOUCHABLE DAY' FOR DEPTH WORK AND STICK TO IT. TAKE YOURSELF OUT OF YOUR IMMEDIATE CONTEXT TO GAIN NEW PERSPECTIVES – WHETHER LOOKING AT ANOTHER INDUSTRY FOR INSPIRATION OR WORKING ON A PLAN BY (LITERALLY) WALKING IT THROUGH.”**

”

**“NO BATTLE STRATEGY SURVIVES  
THE FIRST 15 MINUTES OF COMBAT  
– SO REMAIN FLEET OF FOOT,  
ADAPTABLE AND FOCUSED ON THE  
LONG-TERM GOAL – AND DON’T BE  
AFRAID TO TAKE RISKS.”**



# BARRIERS AND ENABLERS

## 34% SAID LACK OF CASH FLOW WAS THE MAIN BARRIER TO GROWTH



In addition to cash flow issues, the main barriers to growth were considered to be lack of capital (30%) and investment (25%), “poor marketing strategies” (11%) and “unexpected costs” (9%).

## 44% THREATENED BY STAFFING ISSUES



Staffing and HR issues, including losing key team members, were the most significant challenge from the past year, followed by cashflow headaches (37%) and losing key contracts or tenders (22%). Brexit was seen as a challenge by just 12% of respondents.

## 50% IDENTIFIED “MOTIVATED STAFF” AS KEY ENABLER FOR GROWTH



Having motivated and effective staff was identified as the most important factor that would help respondents' businesses grow, scoring an average of 3.95 out of 5. Investment, while not unimportant, scored 2.1 and was ranked lower than access to new business (3.2), a healthy cashflow (3.1) and clear marketing strategy (2.8) as an enabling factor.

## 51% SAID WORD OF MOUTH WAS BEST FOR BUSINESS



Word of mouth and recommendation scored an average 4.1 out of 5 as the best way to attract business. Direct approaches (3.2) were the next best strategy, while responding to tenders (2.8) was seen as less important, as were marketing (2.5) and social media (2.4).

## BUILDING BUSINESS RESILIENCE



### 85% SAID RESILIENCE NEEDED “A GREAT TEAM CULTURE”

A great team was the top choice for leaders asked about how their organisation maintained resilience. Storytelling and partnership were also important factors: “telling a great story about what we do” and “being trusted by our partners” were considered important factors by 66% of respondents; 55% said focusing on your social impact was important, 57% selected “strong financial management” and 39% highlighted “having a supportive board”.

**“CASH FLOW  
IS KING.”**



# WHAT WAS YOUR EXPERIENCE OF GETTING INVESTMENT?

## 75% HAPPY WITH INVESTMENT PROCESS/TIME



Only 20 of our cohort answered questions about the investment process but the responses were relatively good news: 30% said the process had been quick and 45% said it was “about as I had expected”. However, 20% said the process was long and 5% said “much too long”.



## 81% POSITIVE ABOUT INVESTOR INVOLVEMENT

Almost 19% felt investors weren't interested enough in their organisations. Most (81%) said they appreciated the extent to which investors were involved and nobody said investors were “too involved”.



## 40% SAID BALANCE OF INVESTOR/INVESTEE POWER WAS EQUAL

Half of those surveyed said they felt the balance of power sided with them and 40% said “it feels pretty equal”. But 10% felt the investor had the balance of power.

**“A BUSINESS JOURNEY IS  
LIKE A TRAIN JOURNEY, SOME  
PASSENGERS WILL START AND  
FINISH TOGETHER AND OTHERS  
WILL WANT TO GET OFF EARLY  
AND OTHERS WILL JOIN LATER.”**



# BEING A GOOD LEADER

## 46% HIGHLIGHTED CLEAR VISION



Setting a clear vision, mission and direction scored 4.1 out of 5 as the most important trait of good leadership. Inspiring and motivating your team was close behind at 3.8 (with 31% selecting it as their top answer). "Living the values" (2.7), building revenue (2.4) and "the drive to improve" (2) were seen as less important factors.

Asked to expand on their answers, one respondent said an awareness of the wider political, economic and social context was particularly important. Another highlighted "emotional resilience, ability to work with minimal support, ability to bring goof people into the team, and being able to delegate". A third said the key traits of a good leader were "resilience, limitless energy and a little bit of bonkersness".

“RESILIENCE, LIMITLESS ENERGY AND  
A LITTLE BIT OF BONKERSNESS”

KEY LEADERSHIP TRAITS IDENTIFIED BY ONE RESPONDENT.

## **66% SAID GET THE RIGHT PEOPLE**



Leadership often succeeds or fails by finding the people that you find to support you, respondents told us. Motivating them is also important (39%). Balancing workload was the second biggest challenge for leaders (59%). Getting new business, dealing with cashflow and operational issues scored equally (all at 34%).



## **40% OF LEADERS HAVE SERVED 10+ YEARS**

Only 5% of those leading our SE100 top 100 had been in the top job for less than a year. Most (40%) had served at least 10 years, 28% had served between 4 and 9 years and 28% between 1 and 3 years.

# OTHER TIPS FOR GOOD LEADERSHIP



"GREAT LEADERS ARE ALMOST ALWAYS GREAT SIMPLIFIERS, WHO CAN CUT THROUGH ARGUMENT, DEBATE AND DOUBT, TO OFFER A SOLUTION EVERYBODY CAN UNDERSTAND." (COLIN POWELL)

"YOU CAN'T PLEASE ALL PEOPLE, ALL OF THE TIME."

"BE HONEST, BE HUNGRY FOR CHANGE PERSONALLY."

"BE UP FRONT, INVOLVE PEOPLE, DON'T HIDE ANYTHING AND BE TRUE TO YOURSELF."

"LISTEN, COMMUNICATE, COMPLIMENT – AND KEEP GROWING AND CHANGING WITH THE TIMES."

"RECRUIT PEOPLE WHO ARE GOOD AT THINGS YOU ARE NOT GOOD AT."

"REWARD GOOD BEHAVIOUR AND HIGHLIGHT ACTS OF KINDNESS."

# WHAT KEEPS LEADERS AWAKE AT NIGHT?

## 40% HAD THOUGHT ABOUT GIVING UP



Social enterprise is not easy. So it's no surprise that 27% had thought of giving up just in the past year, and 40% of those surveyed had considered giving up at some point previously. Of the 40%, a third said they had considered throwing the towel in "several times over several years". Almost 10% said they had thought about it in year one, 20% in their first three years and almost a quarter after five years.

Asked to expand on why, several people identified issues such as "poor finances" or "being unappreciated".

One respondent said they were "fed up of repeatedly getting to September after low sales over summer, and facing cash flow issues and 'Will we make it to Christmas?' syndrome. Also was unhappy about not having the resource to focus on social goals and instead having to focus on sales to survive".

Another said the pressure they were under was a big challenge: "I feel so alone. Risk, finance, staff are all my responsibility and I don't think anyone else understands."

A third commented: "It felt like we kept hitting brick walls in funding and income... But the need from our community always made us keep going."

Asked about general worries that kept them awake at night, leaders commented:

"Fear I'd not being able to pay back loan. Fear of losing more local authority customers due to cutbacks. Difficulties in getting through to corporates and letting them know what we can do."

"How to increase margins and find headroom to develop new models while expanding our day to day services."

"What if something happens and someone is hurt, what if we evict someone and something bad happens. What can I do to pay my staff more, how can I make this happen? Do my board think I'm lazy because I'm behind with work?? (List is endless really!)"

**“IF YOU LOOK DOWN THE  
DINOSAURS WILL EAT  
YOU, SO KEEP YOUR EYES  
ON THE HORIZON.”**



# WHAT MOTIVATES YOU IN TOUGH TIMES?

## 70% FOCUSED ON A SUPPORTIVE TEAM AND FAMILY



Having a mutually supportive team and an understanding family/partner were both selected by 70% of respondents as crucial motivators during tough times; having a good work/life balance and being fit and healthy were both selected by 38% of respondents, while good guidance from the chair and board was selected by 33%.

Among individual answers, one commented: "Adversity is the fuel to improve." Another person identified their "personal faith" and an ability to "dig deep" as key.

Several respondents said they were motivated by the positive impact they were able to make: "Making a difference in the community to the people we support" ... "Stepping up to the challenge of meeting and surpassing the need for the service" ... "A clear sense that our mission is worthwhile."

“

"STEP OUT OF THE OPERATIONS DAY TO DAY AND  
FOCUS ON STRATEGIC PLANNING."

”

# SOME INSPIRATION TO SHARE



*Asked to share some inspiration about the challenges of leadership, our respondents told us:*

**“IT’S ALWAYS EXCITING, GETS HARDER AND HARDER BUT THE ROLLEROASTER IS A GREAT RIDE.”**

**“FOCUSING ON YOUR IMPACT CAN BE A REALLY GOOD LIFT TO YOUR SPIRITS WHEN THEY ARE FLAGGING IN TOUGH TIMES.”**

**“NO MATTER HOW MANY PEOPLE TURN UP, REMEMBER YOU ARE DOING THINGS FROM A GOOD PLACE AND IF YOU IMPACT ONE PERSON THAT IS ENOUGH.”**



FIND MORE STORIES, INSIGHT  
AND INSPIRATION ABOUT  
LEADERSHIP THROUGH TOUGH  
TIMES ON OUR WEBSITE

**PIONEERSPOST.COM**

**@PioneersPost**

A report researched and produced by *Pioneers Post* in partnership with NatWest,  
supported by Buzzacott and Social Value UK.