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A black and white photograph of three people, two men and one woman, looking down at a document. The woman on the left is smiling. The man in the center is wearing glasses and looking towards the camera. The man on the right is looking down at the document. A large, dark, curved shape, possibly a table or a graphic element, is in the foreground, partially obscuring the bottom of the image.

Patient Capital

A new approach to investing
in the growth of community
and social enterprise

*A report from
the Civil Renewal Unit*

Patient capital

A new approach to investing in the growth of community and social enterprise

This is the report of a seminar held on 18 July 2003, organised by the Active Communities Directorate (Home Office), the Neighbourhood Renewal Unit (Office of the Deputy Prime Minister), and the Social Enterprise Unit (Department of Trade and Industry).

David Carrington

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Introduction

'Patient capital' is a term that is increasingly being used among social enterprises¹, community organisations and their funders. It describes forms of investment which are intended to achieve social benefits while also generating a financial return, but are neither straightforward grant, nor commercial loan transactions.

The seminar brought together more than 80 people from community organisations and social enterprises, charitable and statutory funders, community finance organisations and banks, voluntary sector infrastructure and advisory organisations. They shared their knowledge and experience of what the invitation described as 'a relatively new and still scarce financial product'.

The seminar was hosted by the Social Enterprise Unit of the Department of Trade and Industry and was organised jointly with the Active Community Unit (Home Office), and the Neighbourhood Renewal Unit (Office of the Deputy Prime Minister). It was a practical demonstration of the growing collaboration between government departments with an interest in the development of new ways to finance community and social enterprise.

The event coincided with the publication of the baseline independent evaluation report of the Adventure Capital Fund². This is a pilot patient capital fund, with Round 1 investing £2.75 million in community and social enterprises. It is the result of collaboration between the Active Communities Directorate, the Neighbourhood Renewal Unit and four Regional Development Agencies. It is organised in partnership with the Local Investment Fund, the Development Trusts Association, the Scarman Trust and the New Economics Foundation.

The seminar heard presentations from providers and users of different forms of patient capital, from organisations that are developing technical assistance and organisational support for local community and social enterprises, and from the agencies involved in setting up the Adventure Capital Fund. This report summarises key points from the presentations and highlights issues that participants considered must be addressed if patient capital and the enterprises it can support are to be successfully developed. The report does not include detailed accounts of each presentation, but footnotes provide references to the published material. Some of the presentations are available on the Home Office website: www.homeoffice.gov.uk.

1 Defined in the Government's Social Enterprise Strategy *Social Enterprise: a Strategy for Success* (DTI, 2002) as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners'.

2 Thake, S (2003) *Primed for Growth: Adventure Capital Fund Baseline Report*. The Fund aims to 'increase the capacity, accelerate the growth and secure the operational base' of community enterprises. It was set up in December 2002 'to pilot a range of approaches to investing directly in independent community-based organisations working in areas of disadvantage'. Community enterprises, which form a subsector of the social enterprise sector, are defined as 'independent organisations which undertake social and economic activity and take as their area of benefit the neighbourhoods in which they are based or the communities they serve. The surpluses they generate are invested in local community or neighbourhood activity or are reinvested in the parent organisation'.

What ‘patient capital’ means

Patient capital was described by one of the speakers as ‘an awkward term’ but it has the virtue of implying a long term financial investment with terms and conditions that do not require immediate repayment. The investor anticipates both a social and financial return but is prepared to tailor the terms of the investment to the potential of the individual community or social enterprise.

The investor assesses with the user of the capital how the funded enterprise is progressing, and will introduce and adapt the repayment rate and timetable to reflect that progress and the viability of the enterprise.

Patient capital can include both equity and debt, but most community and social enterprises’ constitutions do not permit the issuing of shares. Loans, therefore, are the main forms of patient capital, but the loans can take various forms. The first 10 loans made from the Adventure Capital Fund, for example, included a variety of initial repayment ‘holiday’ periods and interest rates.

Grants are also a feature of patient capital initiatives. On many occasions these will be made alongside loans to help reduce financial risk around the enterprise. Patient capital can also include what some have described as ‘returnable grants’. These are treated as grants in the accounts of both the provider and recipient. This means there is no formal liability in the recipient’s balance sheet and there is a clear understanding when the decision to make a grant is made that the two parties will review progress and decide whether all, some, or none of the investment is to be repaid.

The Adventure Capital Fund’s definition of patient capital includes grants with ‘reinvestment clauses’: i.e. the recipient organisation commits itself, as a condition of the investment, to deliver specific and quantified ‘in-kind’ revenue support within their communities or neighbourhoods. Some of the seminar participants were uneasy about stretching the definition of patient capital to include investments from which investors rule out from the start the possibility of any direct financial return to themselves.

Social and community enterprises take on challenging and often complex tasks which, by definition, will have a combination of financial, social and environmental objectives. They are also invariably endeavouring to establish enterprises in areas of market failure. For the investment to be successful, it will often need to be paired with technical assistance and organisational support to those leading the development and management of the enterprises. Several of the presentations and workshops at the seminar explored how best to strengthen organisational capacity and confidence, drawing on experience from the USA and the UK.

Investors, the enterprises themselves and their support agencies are keen to identify measurable objectives and assess progress towards their achievement: methods which give proper weight to the multiple returns (the double or triple 'bottom line'), to which they aspire. Workshops during the seminar examined work going on to design and implement cost effective ways of adapting performance measurement approaches (such as the 'balanced scorecard' and 'social return on investment' systems), which would be relevant to social and community enterprises.

References

This report refers to two documents, the authors of which were among the speakers at the seminar:

The Financing of Social Enterprises Bank of England Domestic Finance Division (2003) – copies are available from Bank of England Public Enquiries (020 7601 4878) or the Bank of England website www.bankofengland.co.uk

Primed for Growth: Adventure Capital Fund Baseline Report Stephen Thake (2003) – copies are available from the publishers, the New Economics Foundation (020 7820 6300) or the NEF website www.neweconomics.org

The seminar

The programme for the seminar is at Appendix 1.

Six points emerged repeatedly and consistently throughout the seminar:

1. Supply and demand awareness

For patient capital to become an established part of the menu of finance used by social and community enterprises, awareness and understanding of its potential and how it can be used has to be substantially raised among local enterprises, their advisers and funders. Organisations on both the supply and demand sides would benefit from hearing about successful investments, what made them successful and the lessons learnt from them: otherwise ‘deal flow’ will remain low and the funds available for such investments will not grow or be made to ‘work’ as hard as possible.

2. The evidence base

Community and social enterprises and their supporters are building intellectual capital about the sector – but rhetoric rather than a robust evidence base continues to inform most arguments for growth and support. As one participant in the seminar observed: ‘social enterprises have no special right to exist or to be funded. They must produce high quality outputs or services at competitive prices. They must demonstrate they can deliver financial returns as well as meet their social and environmental objectives’. Current efforts are being made, through the Adventure Capital Fund and elsewhere, to modify particular tools such as the ‘balanced scorecard’, social return on investment (SROI) and social auditing methodologies so that they are appropriate, feasible and cost effective for use by social and community enterprises. They need to be simple and useable across a range of sizes and types of enterprise but also framed so as to rise above over-reliance on crude and simplistic measures which fail to do justice to less easily quantifiable achievements. They must work to timetables which recognise that the impact of many enterprises on their target communities will take time to have effect. As one participant observed, ‘full impact is a generation down the line’.

3. The ‘three legged stool’ of public, charitable and private sector financial support

Public sector interest and involvement in exploring the potential of patient capital to support social and community enterprises has been at the heart of recent advances in the sector – ‘it has created the necessary space for action and provided incentives to encourage people to get engaged’. There were, however, some indications of concern during the seminar from the local enterprise sector about the agenda becoming too dominated by government, locally as well as at the centre. All agreed that substantial further growth depends on other funders (private sector and charitable),

being encouraged to become active investors alongside statutory funders – to put in place a ‘three legged stool’ of finance and support, each encouraging and ‘levering’ in the others. The three ‘legs’ are:

- Charitable funds – whether as social/programme related investments made with an expectation of some financial return or as revenue support for those points in the life of an individual enterprise when subsidy is necessary.
- Private funds – from individual social investors into specialist pooled funds, CDFIs or individual enterprises (including the development of networks of ‘social business angels’) and from financial institutions.
- Public funds (from central government, regional agencies and local authorities), combined with continued identification of and action on barriers and disincentives to enterprise development, plus steps to open up and educate mainstream business support services to the needs and potential of social and community enterprises.

4. A spectrum of finance

Patient capital is not a ‘stand alone’ type of finance. It includes a range of types of funding and operates on a spectrum of finance, from unconditional grants at one end to full commercial finance at the other. Social and community enterprises need to be confident in their knowledge of the full range of financial options open to them, how best to tap into them, and when. Both supply and demand sides need to recognise and value opportunities for the simultaneous use of different types of finance to support an individual enterprise in its development. Sources within both the statutory and community sectors of advice and support to enterprises need the know-how and skill to assist individual enterprises in making the best and most timely use of different types of finance, including patient capital.

5. Building organisational capacity and confidence

Social and community enterprise development is a complex process. It can pose formidable challenges and considerable risks for the local people and organisations that take it on. They need access to the right mix of patient capital and support for organisational development when they set up and manage an enterprise, if they are to feel confident to approach potential investors and inspire them to back their project. ‘Investor readiness’ is a necessary condition for an enterprise from the perspective of potential investors, and it is no less essential for those involved in running the enterprise. They need to be confident that what they are creating will prove to be an asset to their community, not a liability.

6. The 'business culture'

Given their aspirations to meet social and environmental objectives, it is scarcely surprising that some social and community enterprises should be ambivalent about external pressure to adopt what they perceive as financially driven business 'culture' and attitudes. Nonetheless, these enterprises operate within markets. If they have confidence in the quality of their products, services and human resources, if their plans are both viable and sustainable, and if they have strong support from their community, they can adopt and adapt the business practices, which will enable them to address their financial, social and environmental aspirations simultaneously. They can then attract investment from patient investors and others who identify with the enterprises' objectives.

Summary of each session

Introduction and plenary

The seminar was opened and participants welcomed by Barbara Phillips, Director of the Social Enterprise Unit³ of the DTI. Quoting from the welcome note from the three sponsoring Ministers, she emphasised the potential importance of the development of a variety of forms of patient capital (combined with appropriate technical assistance and organisational capacity building), to the successful implementation of a number of the Government's commitments:

- The development of the social and community enterprise sector, which includes community enterprise
- An increase in the involvement of voluntary and community organisations in the delivery of public services
- An increase in community participation and the capacity to deliver at neighbourhood level
- Greater sustainability in the social enterprise sector.

Patient capital – the story so far

Finance for social enterprise – the Bank of England review

An influential current source for any debate about the development of social and community enterprises is the report⁴ commissioned from the Bank of England by the DTI to review access to finance for social enterprises. The report explores the supply of and demand for external finance for social enterprises – the need for a variety of forms of patient capital is a feature of the report's analysis and recommendations.

Hilary Brown, author of the report, contrasted the use of debt finance by 'for profit' small and medium sized enterprises (SMEs) with that of social enterprises. The Bank's survey had shown marked differences. For example, the two main reasons for recent borrowing by social enterprises were for the acquisition of a building, or to cover cash flow difficulties. SMEs, on the other hand, were much more likely to borrow to expand trading activity or to raise working capital. The survey indicated that social enterprises are significantly more likely than SMEs to have been rejected for loans or overdrafts by commercial banks. This reinforces the widely held perception among social enterprises that the commercial banks were reluctant to lend them money. The report makes a number of recommendations designed to help overcome this reluctance. The report explored the

³ www.dti.gov.uk/socialenterprise

⁴ Bank of England Domestic Finance Division (2003) *The Financing of Social Enterprises*

reluctance of social enterprises to borrow (including ‘a cultural aversion to the risks associated with borrowing’. It also demonstrated that the reliance of social enterprises on grant income, while crucial and unavoidable in many cases, and at critical points in the development of an enterprise, may sometimes be to the detriment of the financial ‘health’ and prospects of the enterprises. This is especially the case when the grant conditions fail to reward efficiency savings or to address the all too common lack of working capital.

The report found that ‘patient capital was thought to be crucial to enable social enterprises to develop their business capacity and sustainability’ and emphasised that there was a specific demand for “‘a patient form of capital investment, whereby the investor’s interests are aligned with those of the enterprise, and repayment is dependent on the success of the venture’. As well as the investments made by the Adventure Capital Fund and organisations like Venturesome⁵, the Bank of England survey found a range of examples of patient capital, including patient loans from Community Development Finance Institutions (CDFIs)⁶, social (or programme related) investments by charitable trusts and foundations, and share issues in organisations with social objectives such as the Ethical Property Company⁷.

The report defined the main characteristics of patient capital as:

- Long-term finance, used both for start-up and development
- On ‘soft terms’ e.g. capital/interest payment holidays and deferments
- Little ceding of control by the user (in contrast to the typical relationship between a venture capitalist or an individual business angel investing in a wholly commercial enterprise)
- Sub-market financial returns – because of the social and environmental objectives and anticipated returns.

The Adventure Capital Fund – a partnership approach

Matthew Pike, Executive Director of the Scarman Trust⁸ and Steve Wyler, Director of the Development Trusts Association (DTA)⁹ outlined the background to and organisation of the Adventure Capital Fund¹⁰. Both have been actively involved in the development and implementation of the Fund and their organisations provide the network of experienced practitioners who act as ‘supporters’ for each of the funded organisations, helping to ensure that the objectives of each are successfully accomplished.

5 www.cafonline.org/venturesome

6 www.cdffa.org.uk

7 www.ethicalproperty.co.uk

8 www.thescarmantrust.org

9 www.dta.org.uk

10 Thake, S (2003) *Primed for Growth: Adventure Capital Fund Baseline Report*

They emphasised that the Adventure Capital Fund is not only targeted at filling a finance gap (between small start up or revenue grants and the finance available from institutional funders in the CDFI or commercial sectors). It is also intended to combine financial investment with the development of appropriate organisational and diagnostic tools and the provision of training, networking and practical assistance for enterprises – a ‘raft of expertise’ – to help ensure that the individually tailored patient capital investments can enable competent and confident enterprises to provide high quality products or services and to have lasting social impact within the communities in which the enterprises have been set up: ‘delivery capacity is what delivers!; and ‘creating wealth in communities – and keeping it there’.

They emphasised, too, that the particular approach to patient capital represented by the Adventure Capital Fund is a challenge to the orthodox mindsets of both community enterprises and funders. They were certain that the demand and potential for such finance are strong – as indicated by the DTA’s many examples of successful community enterprises¹¹ and the high number of bids for funding from the first round of the Adventure Capital Fund.

South Yorkshire Key Fund – a regional approach

The South Yorkshire Key Fund¹² provides funding, support and advice to community and voluntary groups, projects and social enterprises. It distributed £3.6million in grants and loans between 1998 and 2002 throughout its region. Its main resource is the Key Fund for the Social Economy. This combines five funds, each designed to support different stages of enterprise development; a ‘ladder of opportunity’ which includes grants of up to £5,000 for start-up and pre-development business costs, a mixed grant and loan package to support the early stages of business, loans for social enterprises needing flexible finance to invest in development, a combined venture capital and loan fund to acquire assets, and a targeted loan fund to help stimulate growth in specific communities.

Describing the lessons learned to date, Fergus Beesley, Chief Executive of the Sheffield Community Enterprise Development Unit, confirmed that patient capital had a place in the spectrum of funding needed to support social enterprises and social entrepreneurs at different stages of their development. He said that a single ‘gateway’ and easy access to finance helped ‘unlock the potential’, and that the engagement of experienced practitioners in business plan development, mentoring and grant or loan decision making enhanced the subsequent achievements of the enterprises supported by the Fund.

¹¹ Development Trusts Association (2002) *Fabulous Beasts: stories of community enterprises from the DTA*

¹² www.sykeyfund.org.uk

The Adventure Capital Fund – some early lessons

Stephen Thake, Reader in Urban Policy at the Cities Institute, London Metropolitan University is carrying out the evaluation of the Adventure Capital Fund. The evaluation is an integral part of the Fund and will provide a commentary on the development of the Fund as it takes root, outlining the lessons learnt and influencing the shape of the continued development of the work. He summarised the ‘early observations’ of the evaluation and introduced speakers from three of the organisations that have been supported by the fund:

- *Regeneration through Community Enterprise* – Action for Business (Bradford) Ltd
- *Life-long Learning for Long-life Jobs* – Croxteth Community Trust, Liverpool
- *Community Banking: First Opportunities and Second Chances* – Birmingham Credit Union Development Agency and South East Birmingham Community Credit Union Ltd

The work of each of these organisations and the purpose, amounts and terms of the support they are receiving from the Adventure Capital Fund are recorded in detail in the Baseline Report¹³ – along with the initial findings of the evaluation.

Stephen emphasised the complexity and diversity of the community enterprises that were being supported by the Adventure Capital Fund. He reported that the patient capital funds were assisting two broad categories of work: business development activities, including business start up schemes and community/social banking activity; and physical asset development projects, which involved the development of workspace to generate income and/or support for community resource centres or community development activity.

The Baseline Report documents the high level of demand for the Adventure Capital Fund, for bursaries to strengthen organisational capacity and help an organisation towards ‘investment readiness’, as well as for patient capital investments. It also demonstrates the scale of the cultural challenge posed by the shift away from an exclusively grant-based type of fund: ‘there was a general unwillingness at the outset to consider relationships that entailed repayment of the capital or the payment of interest. Many of the applications were couched in terms of gap funding rather than investment proposals’. This challenge to the sector’s mindset is a further reinforcement of the value to the further development of the Adventure Capital Fund and other patient capital initiatives of the ‘supporters’ organisational development/capacity building strand of the Fund. It also shows the importance of establishing robust but straightforward measures that can demonstrate the social returns on the financial capital invested.

¹³Thake, S (2003) *Primed for Growth: Adventure Capital Fund Baseline Report*

The American experience

Richard Manson is Program Vice President of the Local Initiatives Support Corporation (LISC)¹⁴ and is based in New York. LISC ‘helps resident-led, community-based development organisations transform distressed communities and neighbourhoods into healthy ones – good places to live, do business, work and raise families. By providing capital, technical expertise, training and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses and jobs. LISC helps neighbours build communities’. Established 23 years ago, ‘to attract private sector capital and know-how to support neighbourhood leadership carry out their redevelopment strategies’, LISC has now distributed nearly \$5billion into some of the poorest communities in the USA.

Drawing on that experience, Richard identified in his presentation to the seminar much that was directly comparable about the encouragement of community led enterprise in the UK and USA. He observed that, if the sector in both countries is to attract substantial new funds, expand significantly and achieve lasting impact, ‘we must build an industry beyond just anecdotal success stories; we must move beyond just the highly charismatic leader; we must have the appropriate financial record keeping systems to attract large sums of conventional capital and insure the confidence of private and public investment; and we must have the data to support our case’. This he described as ‘a mighty challenge for a sector that is traditionally fighting for mere survival rather than for growth and stability...a sector that struggles with the perception of here today and gone tomorrow’.

Richard suggested that the success of LISC has relied in part on a ‘core operating principal to build the capacity of the non-profit organisations that we support. Although we get a fair amount of publicity for the transactions we finance, these transactions are never meant as an end in themselves but rather a means to achieve a much larger outcome. The ultimate test of our success...is to create an environment whereby we strengthen local capacity by assisting organisations to increase and safeguard their real assets. LISC tailors support to encourage local organisations to operate using a business discipline that is necessary to raise and invest their own funds effectively. The root to this strategy is to increase intervention approaches that support organisational issues and needs while simultaneously addressing the realities and pressures for producing verifiable and measurable results. Rather than treating the non-profit community as something special that requires different rules and procedures that are separate from mainstream business, our organisational development approach allows you to reinforce necessary business discipline, strategic decision making, financial management and board governance’.

¹⁴ www.liscnet.org

Richard made three suggestions for a successful organisational development strategy:

1. 'Recognise that you cannot solve all problems at once. Sometimes one can overwhelm the very organisations that you are trying to support by having too many agendas being addressed by one strategy'. Organisational development must evolve over time, he argued, with three discrete phases:
 - entrepreneurial/project development; when priority is given to tangible results that will secure the 'buy in' of both internal and external supporters
 - building a track record – 'typically characterised by multiple programme initiatives being managed successfully'
 - the 'institutionalisation phase – when one achieves scale and impact'.
2. Encourage funders to achieve a consensus view on the characteristics of high performing organisations – move beyond the informal and ad hoc arrangements, which 'historically' have meant that 'funders run the risk of supporting competing strategies that often undercut one another'.
3. Invest in diagnostic tools that 'establish a verifiable baseline of organisational capacity' and set out a path for 'moving individual organisations along the continuum from being an emerging organisation to a highly performing organisation'.

LISC has identified nine key areas that they consider crucial for organisational success¹⁵:

- Board governance
- Community connections
- Executive director leadership
- Financial management
- Resource development
- Staff development and human resources
- Management information systems
- Real estate asset management
- Real estate development

¹⁵The majority of the community enterprises supported by LISC involve property development of some kind and their organisational priorities reflect that

Richard was keen to emphasise that, rather than just addressing the immediate problems of today, an organisational development strategy must ‘speak to investors who are looking beyond the short term to long term solutions. Organisational development strategies, at their core, are designed to instil the business discipline needed by any organisation to deal with changing environments. And let us all agree, the non-profit and social enterprise sector will continue to be challenged by changing circumstances’.

Richard concluded his presentation by outlining what he saw as the importance of investing in three key ingredients of successful organisational development strategies:

1. The ‘healthy tension’ within the investor-recipient relationship: there needs to be confidence in both by both if the relationship is to be mutually productive.
2. The investor’s diagnostic approach must be designed to provide a baseline from which growth can be planned and the necessary skills and capacity needs identified and met – it must not be seen as an assessment method intended to identify an organisation’s deficiencies.
3. Everyone involved in an enterprise must buy into the strategy and its development: ‘unless all are engaged in the process, each one separately has the ability to undermine the overall approach’. The objective must be ‘to build the organisation, not just the individual’.

Workshops

Four workshops provided opportunities for conference participants to discuss in more detail themes that had emerged from the main presentations and from the experience to date of the Adventure Capital Fund.

Workshop 1 – new investors, new products

Two providers of patient capital (Roger Brocklehurst of the Local Investment Fund¹⁶ which is the manager of the Adventure Capital Fund, and John Kingston of the Charities Aid Foundation's Venturesome Fund¹⁷), described further examples of how patient capital, alongside other forms of funding and in close alliance with a variety of technical and organisational assistance, could be a valuable addition to the menu of funding options available to support community and social enterprises. They emphasised the complexity of the aspirations of many enterprises and the associated risks that they faced; and the need, therefore, for clarity both about the scale and nature of the tasks involved and the knowledge and skills the organisers will need to ensure they have or acquire.

Workshop 2 – social return on investment

This dealt with the work being undertaken by New Economics Foundation and a number of local enterprises to develop and test a system for measuring social returns on investment (SROI). The pilot work is the subject of a draft seminar report published in November 2003¹⁸. The workshop discussion reinforced the findings of the Adventure Capital Fund baseline report that any SROI system must be both robust and simple; and that 'there needs to be widespread buy-in and application of SROI by funders and social enterprises for it to be a meaningful measure'.

Workshop 3 – asset or liability – assessing viability

Richard Wells from the Environment Trust in east London¹⁹ described the experience of bringing a derelict building back into use. This was an example of how asset development could provide a community enterprise with high quality workspace, a stronger balance sheet and a sustainable income stream. It had also contributed to the regeneration of a scarred and under-resourced community. He emphasised the many risks attached to such ventures, as did Hugh Rolo, who drew on the extensive experience of DTA members of community led asset development. Great care was needed at all stages of project planning, development and management to ensure that the product was an asset and not a liability to the community organisation.

¹⁶ www.lif.org.uk

¹⁷ www.cafonline.org/venturesome

¹⁸ Aeron-Thomas, D, Nicholls, J, Forster, S, Westall, A (2003) *Social Return on Investment: Miracle or Manacle?* Available from www.neweconomics.org/gen/z_sys_publications.aspx

¹⁹ www.envirotrust.org

Workshop 4 – organisational development – use of the balanced scorecard

The fourth workshop was led by two of the previous speakers, Richard Manson and Matthew Pike. They concentrated on the lessons each of their organisations had learnt on how best to provide organisational development assistance to fledgling community organisations and to enterprises attempting to expand their work.

Matthew outlined the Scarman Trust's work on developing a *Community Enterprise Balanced Scorecard* and the *CanDoAbility* support programme, both of which are being used within the Adventure Capital Fund. The former enables community enterprises to identify goals and measures of success that are specifically relevant to their particular situations. The *CanDoAbility* programme has been designed for enterprises that need to develop or consolidate a viable business development model²⁰.

Richard reinforced some of the experience that seemed to be common to work in both the USA and UK. This included the importance of finance and support programmes recognising that 'life is messy' and that the diverse aspirations, strengths and needs of individual enterprises require a flexible and non-prescriptive response. He also emphasised the importance, and the challenge, of achieving real consensus within an organisation and for a shared clarity of mutual accountability between the executive director and board of trustees/directors.

²⁰Thake, S (2003) *Primed for Growth: Adventure Capital Fund Baseline Report* and www.thescarmantrust.org

Appendix 1

Patient capital – an investment approach to growing community and social enterprise

Seminar programme

Friday 18 July 2003

DTI Conference Centre, 1 Victoria Street, London SW1

- 10.00 Registration, refreshments
- 10.30 **Introductions and Plenary session**
Chair: Barbara Phillips (Director, Social Enterprise Unit)
- 10.40 **Patient capital – the story so far:**
- Finance for social enterprise – the Bank of England Review
Hilary Brown
 - The Adventure Capital Fund – a partnership approach
Matthew Pike and Steve Wyler, ACF Partners
 - South Yorkshire Key Fund – a regional approach
Hugh Rolo and Fergus Beesley
- 11.15 **The Adventure Capital Fund – some early lessons**
- Three case studies introduced by *Stephen Thake*
Action for Business (Bradford) Ltd – Gwyn Jones, *Asbok Suri*
Birmingham Credit Union Development Agency – *Caroline Muir*
Neighbourhood Services Partnership – Phil Knibb
- 12.00 Brief refreshment break
- 12.10 **The American experience:**
- The importance of organisational development
Richard Manson, Local Initiatives Support Corporation, USA
- 12.45 Lunch and displays

1.30

Workshops:

- Social return on investment – *Sarah Forster and David Aeron-Thomas (New Economics Foundation)*
- New investors, new products – *Roger Brocklehurst (Local Investment Fund) and John Kingston (Venturesome)*
- Asset or liability – assessing viability – *Richard Wells (The Environment Trust) and Hugh Rolo (Development Trusts Association)*
- Organisational development – use of the balanced scorecard – *Richard Manson (LISC) and Matthew Pike (ScarmanTrust)*

2.30

Panel session

Chair: Helen Edwards (Director, ACU)

- *Barbara Phillips (Director, Social Enterprise Unit, DTI)*
- *Alan Riddell (Director of Operations, Neighbourhood Renewal Unit)*
- *Lucy Ryan (Banking and Insurance Team, HM Treasury)*
- *Greg Clark (Director of Strategy, Communications and Intelligence, London Development Agency)*
- *Lord Bhatia (Chair, Local Investment Fund)*

3.30

Close

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Department of Trade and Industry



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**active
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