

CO-OPERATIVES UK

INNOVATION IN ACTION

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participate



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1. EXECUTIVE SUMMARY

To create thriving local economies, communities need a business support ecosystem that can engage with and harness the ideas, creativity and passion of local people who want to help create a fairer and equitable economic and social future.

This place-based research report focuses on business support ecosystems for social purpose and generative businesses, from the perspective of local practitioners and community anchor organisations. They identify and provide support that meets the needs of individuals and businesses who may have barriers that prevent them from accessing, or making best use of, mainstream business support.

Building on the recommendations in our literature review, particularly those on embracing wider social impacts linked to inclusive growth, and supporting local organisations to collaborate and deliver support journeys that are more sympathetic to the needs of the communities they serve, this practical research leads to the following conclusions:

- 1. Greater value should be placed on local intelligence, establishing a collective vision of what good local business support looks like from the experience of individuals, organisations and networks**
- 2. Support must be accessible in the places where people live. This can be achieved through new ways of organising and communicating, and removing barriers to collaboration between place-based actors and larger organisations**
- 3. Support that is human-centred and encourages peer-networks is more effective over the long-term. Upskilling local actors with coaching and facilitation skills improves enterprise outcomes and the impact of investment in business support**
- 4. Commissioners need to consider the overall health of business support ecosystems and how this drives tangible change and more productive interactions between individuals and organisations, not just specific outputs and short-term funding drivers**
- 5. Focusing support on thematic objectives such as the environment, creative sectors or social care drives knowledge transfer and the creation of peer-support clusters that deliver better business and social outcomes**



'Its real. It starts where people really are, gives them the support they need and they are able to create businesses that really support the places they live.'

Ed Whitelaw,
Real Ideas Organisation,
Plymouth

2. INTRODUCTION

Participate Projects were commissioned to undertake research into the state of the business support landscape in the UK, and how this impacts the efficacy of support in areas of disadvantage. The research focused on the six Empowering Places community business catalyst hubs in Wigan, Bradford, Grimsby, Hartlepool, Leicester and Plymouth.

Empowering Places was a programme that demonstrated the role concentrated clusters of community businesses can play in creating better places and reducing inequality in local areas. The programme, funded by Power to Change, was delivered by Co-operatives UK in partnership with the New Economics Foundation (nef) and the Centre for Local Economic Strategies (CLES).

The intention of the research was to identify local innovations in business engagement and support, that have informed the development of an Empowering Places model of business support, and contributes to the forthcoming Innovation in Business website for local practitioners and commissioners.

Methodology

To support work with the Empowering Places catalysts, a literature review of the impact of recent and historical UK SME business support was undertaken, which looked at the wider business support landscape from the point of view of commissioners, programmes and policy, and how social innovation has aimed to improve access and outcomes for people living in areas of disadvantage.

Alongside this was the development of an internal Empowering Places business support 'Theory of Change' to test research assumptions against, and enable further development of a logic model.

The experience and local knowledge of those working with the Empowering Places programme were gathered through interviews with our catalyst organisations, their partners and economic development professionals (within their local and regional context), alongside solution-focused service design workshops and customer journey mapping.

This report sets out the national context based on our findings, with key themes drawn from each catalyst area that may help other place-based providers to take action on issues identified locally. It serves as a companion piece to our final report, which presents the full Empowering Places logic model and toolkit themes.

Background

Support for locally rooted SMEs has been shown to work well when embedded in communities, and particularly when aligned with support methodologies that emphasise relational approaches, encourage self-efficacy and peer-network development.

The following is a summary of the accompanying literature review report, which looked at the main national business support interventions in previous decades, and how these lead to the last 10 years of UK SME business support since the launch of The Big Society and austerity.

The working hypothesis for the research was that 'entrepreneurs exist everywhere, but even after big structural changes and economic investment, and significant effort from a range of providers and programmes, many are still not reaching their true potential'.

The literature review showed that mainstream, generalised business support has consistently failed to demonstrate the impact of interventions, and that it has failed to reach the most disadvantaged communities, whilst place-based programmes have shown promise, but often been rejected in favour of the 'high growth' agenda.

There are big gaps in provision and communication between mainstream providers and place-based actors, leading to distressed local business support ecosystems which only work well for those already equipped for success.

Case studies show what can be achieved at the local level when business support ecosystems are nurtured and enabled to become self-sustaining, with local people designing and leading initiatives that work for everyone.

The full literature review can be found at www.uk.coop.



3. ASSUMPTIONS

An internal Theory of Change exercise resulted from a review of support needs for the Empowering Places programme, capturing four years of learning across the six catalyst areas. It identified groups our catalysts know are most in need of support to turn their ideas into generative businesses, which contribute to the local economy and community resilience.

The following groups of people were identified as being the highest priority for Empowering Places:

- Informal community projects
- Individual activists
- Volunteers
- Enterprising young people

Their common barriers include:

- Lack of confidence accessing mainstream support
- Poorly designed support that does not take into account their backgrounds, local context and challenges
- A limited understanding within local provision of how to support social purpose businesses

Enablers identified include:

- Consistency and quality of support across multiple access points
- Human-centred rather than transactional approaches such as coaching and peer support networks
- Recognising and nurturing potential beyond short-term funded programmes

Making the business case for these types of support has proved difficult, but the wider economic and social impact of doing so is well recognised within the communities the catalysts are operating in.

The research for this report assumed that the priority customer types, barriers and enablers identified by our catalyst organisations were of interest to, and being worked on, by other organisations and programmes locally. The stakeholder interviews and workshop outcomes helped test these assumptions.

An updated version of the Theory of Change can be found in our final report, set out as a full logic model, and is expanded upon on the forthcoming Innovation in Business website: www.innovationsinbusiness.org

4. OUR CATALYSTS

Participate conducted initial interviews with practitioners from each of the Empowering Places catalyst hubs. These have been delivering support to community businesses as part of the Empowering Places programme for the past 5 years.

Typically the organisations hosting this work are VCSE community anchor organisations, embedded in their communities with significant experience of delivering community engagement around social issues and the local economy.

Their collective aspirations, based on their own experience of providing place-based social purpose business support through Empowering Places (and linked to the internal Theory of Change) are as follows:

Aims: Local business support that is sustainable, human-centred and allows equity of access


Objectives: High quality provision through the deepening of networks and relationships, leading to wider and more consistent participation

Short/medium-term goals: Greater flexibility of support, more responsive to emerging local needs. Open dialogue between providers, with recognition of the value of place-based actors

Networks/resources required: Agile and joined up working, with shared resources used more effectively – including physical and intellectual assets. Co-design and delivery of services

Long-term vision: Complementary support offers that create multiple touch-points. Collaborative approaches that build on the strengths of organisations and individuals, with long-term objectives that allow innovative ways of working rather than being prescriptive

Impact: Increase in realised benefits to local economies. Greater trust leading to higher take up of support. Visible behavioural change within communities



'We want to see a wider culture of enterprise support across all local organisations, so there is always someone aware of the support available and how to access it.'

Katherine Wyatt,
Made in Manningham

5. STAKEHOLDER INTERVIEWS

Part A - Issues, barriers and challenges

CLES and NEF interviewed economic and community development professionals active in each catalyst area (including regional actors), to better understand the opportunities and challenges around providing place-based business support. These are the common issues, barriers and challenges identified through the interviews, across all of the catalyst areas.

Business support ecosystems

The quality of business support and equity of access is variable. Most areas reported that links with mainstream enterprise support are weak, and often unhelpful to those furthest from the market (often referred to as 'the hardest to reach', due to economic and cultural factors). Informal mechanisms created by local actors (such as VCSE anchor organisations) are doing their best to plug the gaps but are under-resourced to do so.

Infrastructure support for voluntary sector organisations

Non-existent in some places and lacking in most, with many physical assets underused as a result. Some areas reported power vacuums created by changes in local infrastructure support, although there are examples of forward thinking organisations who value innovation and collaboration such as Wigan Council.

Local and combined authorities

There is confusion relating to the role of local and combined authorities, and the LEPs, which has been exacerbated by the pandemic, leading to even greater inequality in terms of who is able to access good quality business support. Inclusive growth and community wealth building agendas are filtering through, with Greater Manchester and West Yorkshire Combined Authorities championing new initiatives around these.

Barriers

The lack of capacity and coordination within Local Authorities and local infrastructure bodies has meant it is much harder for external funders and community anchor organisations to make a genuine difference on the ground. Strategies which were already failing pre-pandemic have struggled to achieve follow through, leaving smaller local organisations adrift and fighting for resources.

Gaps

Tender readiness and digital capability in particular were highlighted as significant gaps in provision, with light touch 'one size fits all' support also being criticised for not meeting the needs of a broad range of people. Progression routes from start-up to being able to scale for Social Enterprises are also lacking.



Part B – Successes and solutions

Having identified the challenges and barriers, interviewees told us about things that had worked well locally or made suggestions as to how things could be improved.

Successes

Some areas which were successful in obtaining Local Access funding found they were in a better position to work more collaboratively locally (Wigan, Hartlepool).

Local intelligence and longer term capability building are underpinning newer programmes, for example where projects have support from local housing initiatives/social landlords.

Programmes which include elements of coaching are proving more effective at enabling those with lower confidence or support needs beyond basic business advice and signposting.

Effective promotion through strong local and peer networks has been key to ensuring take up of support.

Solutions/alternative models

Greater trust is needed between partners and a collective willingness to do 'heavy lifting', in relation to navigating bureaucracy, shifting political expectations and influencing funding drivers.

Collaborative projects need to develop at their own pace, with proper input from local actors and recipients of support, and support from larger anchor institutions.

Sector specific support for micro-enterprises around specific themes such as healthcare.

Properly funded mechanisms for sharing anchor network intelligence and learning, including relational support approaches and peer-learning opportunities.

Co-design and co-promotion of support opportunities for a wider range of people with different needs and abilities.

Relational, human-centred ways of working, such as coaching and peer-support, which create the conditions for both greater equity of access and facilitating consistent support journeys for individuals to explore ideas.

Bravery and commitment to more meaningful, longer-term outcomes, recognising the value of generating and harnessing social capital, rather than simple/short-term growth driven metrics such as business births.

'The depth and breadth of skills, knowledge and experience of peers outclasses any one institution or organisation.'

Ed Whitelaw,
Real Ideas Organisation,
Plymouth

Part C - Local learning

Each catalyst area had some unique solutions and challenges, which may be useful for commissioners and practitioners:

Plymouth

At a neighbourhood level, catalyst Real Ideas Organisation (RIO) have invested in a range of enterprises. As a Social Enterprise City, there is a consistent level of support, which is nurturing and person centred. By creating a self-sustaining membership network, there is a peer-led network of practitioners who have become coaches to people in their places as trusted partners.

This has led to a diverse set of community businesses that reflect the population of Plymouth and its distinct neighbourhoods. The network weathers the often annual change in control of Plymouth City Council and consistent relationships with council officers mean that work is supported by different administrations as it is embedded in the council's Inclusive Growth strategy.

Bradford

The 2009 LEGI programme saw Bizfizz introduce Enterprise Coaches, hosted by place-based support organisations for the first time (see case study in the literature review).

Two of these coaches are now employed by one of the Empowering Places catalysts, Made in Manningham, who are a key partner in the latest Enterprise Coaching contract across the city. The council contract provides a solid definition of the coaching ethos and behaviours, showing a real commitment to the approach, and a desire that enterprise support starts with the person and their purpose, rooted in meeting local need.

This approach reinforces a cross sector emphasis on celebrating and supporting the diverse communities of Bradford and the broad range of creativity that brings. It also supports a recognition that enterprise is often social, either directly or indirectly.

Wigan

Greater Manchester has launched a co-design process for their Community Wealth Hub, which aims to set up and grow co-operatives, social enterprises, and employee-owned businesses.

Wigan & Leigh Community Charity (who run Made in Wigan), are already championing this approach through their work on Local Access, including elements of coaching with those they support.

The Local Authority and anchor institutions are working out how to draw more social businesses into their supply chains. Work on procurement in Adult Social Care has shown the value of up-skilling local organisations to enable them to bid more effectively.

Social prescribing also presents an opportunity, with measurable benefits to both recipients and providers of services. The VCSE sector have a good track record in this area and could be supported to explore this further.

Leicester

Leicester has a strong history of social enterprise and co-operative working, and has many social purpose businesses with long trading records.

More recently the council and VCSE sector have been able to focus their efforts around the creative industries, with educational institutions such as De Montfort University contributing to bringing young creative entrepreneurs through as well.

We found some excellent examples of collaborations around bringing creatives and manufacturing businesses together, one being the Factory Lab which runs an environmental, fashion and textiles academy. As with the other catalyst areas, many of these initiatives were created from outside traditional power and commissioning structures, with local community anchors often being the breeding ground for ideas.

Grimsby

The 'community organising' approach in Grimsby has led to an embedded level of enterprise support for people with new business ideas on a large estate. The approach is enhanced by the Ethical Recruitment Agency (ERA), a community business seeded by Empowering Places that works with people who have a particular purpose but are not seeking self-employment. ERA are now an award winning recruitment company and supply their services to the NHS in NE Lincs.

Community wealth building is a key focus across Grimsby, with collaboration between the private, public and VCSE sector focused on skills, enterprise support and community-led solutions. Partnerships including Grimsby Town FC, E-Factor and community groups are working to resolve issues such as providing opportunities for young people, and in housing, health and social care.

Hartlepool

Joint initiatives such as LARCH (Local Access Redcar & Cleveland and Hartlepool) have overcome difficult governance journeys to bring together local authorities, infrastructure and VCSE bodies, charities, social enterprises and funders. LARCH has 3 main strands; enterprise development, a blended finance offer, and strategic partnerships.

The programme is led by the VCSE sector with support from the council, although they currently lack capacity to help shape it. There are plans to develop an Anchor Network approach for sharing local intelligence, and there is a 'hunter gatherer' group which seeks out local opportunities and reports into newly formed local area panels and existing forums.

These mechanisms are designed to contribute to the Community Wealth Building agenda, with the enterprise development strand having clear aims to enable local entrepreneurs to step into new markets, with a range of support available to increase access to these.

6. PLACE-BASED WORKSHOPS

We held asset-based service design workshops in Wigan and Leicester, with solution-focused group coaching and customer journey mapping exercises. This enabled attendees to explore their best hopes, and actionable steps for achieving them, for social purpose business support in their area.

The group coaching exercise revealed current perspectives as commissioners and stakeholders, with customer journey mapping taking the point of view of those who access and benefit from their support.

The following key themes came out of group coaching exercises, attended by a mix of statutory, non-profit and private business support professionals, and those who had lived experience of accessing support:

Our 'best hopes' for social purpose business support locally

- A greater awareness of support for social business types between agencies, leading to better signposting and a more flexible, responsive offer.
- A listening culture where all ideas are heard, combined with peer-support and a mixed economy of funding to convert passion to purpose.

What we will notice is different when those hopes are met

- A constructive reframing of 'parent-child' relationships between institutions and the VCSE sector.
- Partners will be able to develop a more sustainable social business support infrastructure, over a longer time horizon (10+ years).
- Social purpose businesses scale and become more mainstream.

Who else will notice these differences, and what will they notice?

- People would be happier, creating more resilient communities with a real sense of purpose.
- Institutions and the private sector would take the VCSE sector more seriously, and see community anchor organisations as allies and credible partners in economic and social development.

Is some of that happening already? What's already working?

- Mostly piecemeal - there are some good examples where statutory institutions were exploring support to enable better access to procurement, participatory budgeting and social prescribing, but not always coordinated or planned effectively.
- The majority of community actors are innovating on their own terms.

'We need to nurture those who are passionate about supporting others, through better infrastructure and development opportunities for community leaders.'

Workshop participant,
Made in Wigan

What does 'ideal' social purpose business support look like?

- Collaborative and inclusive with a shared definition of what success looks like.
- Fluid customer support journeys with proper intelligence sharing between agencies, which leads to better use of resources and true equity of access.
- Thriving social businesses are part of the fabric of the local economy and are able to influence and drive local decision making.

How do we get closer to 'ideal'?

- Engagement and co-production with people who have lived experience of business support
- Nurturing those who are passionate about supporting others, through better infrastructure and development opportunities for leaders.
- Greater awareness of collective strengths and gaps, with planning and commissioning that builds on this, rather than creating competition.
- Promotion of successes and how people have addressed specific needs. More opportunities for young people and creatives.

- A well-resourced central hub for information and first point of contact, which includes relational support from the outset.

The place-based workshops showed how similar the aims and frustrations were between the different groups who participated.

The workshop outcomes also prove that the assumptions from the internal Empowering Places business support 'Theory of Change' held true, with participants identifying support needs and enablers in keeping with those identified through the work of the Empowering Places catalysts.



7. CUSTOMER JOURNEY MAPPING

Part A - Process

Including the full workshops in Wigan and Leicester, we ran customer journey mapping exercises in 5 of our catalyst areas, as a way of sense checking our original catalysts' internal Theory of Change against what we were hearing from local economic development professionals, people with lived experience, and community anchor partner organisations across the Empowering Places areas.

Participants were asked to identify which types of people, who may want to start a social purpose business, were currently most underserved by the support available in their area.

They were then asked to pick a customer type that they felt would enable them to better understand the gaps in current provision, by creating a customer profile for them based on people they had supported previously.

They then 'walked' this customer profile through a simple customer journey map, to interrogate how that person would experience the current local business support ecosystem.

Discovery

How and where would this person access social purpose business support in your area?

Education

What or who is available to help this person make informed choices as their idea develops?

Action

What support is available to help them to get up and running, including registering the business?

Growth

What support is available as the business scales, or they want to help others get started?

Part B - Priority groups

In our internal Theory of Change exercise we identified informal community projects, individual activists/volunteers, and enterprising young people as being those who were most likely to be underserved by current business support provision, and who were also best placed to create and sustain a worthwhile return on investment from the efforts of support providers.

Our workshops identified similar groups of people, demonstrating that these groups are recognised as being of high priority for engagement and support by both our catalysts and wider economic development initiatives, yet are not receiving support that truly harnesses their potential.

These are a selection of customer profiles, and their social purpose business ideas, created at the workshops:

- Mid-30's long-term unemployed, setting up an app to connect isolated men to boxing gyms
- School leaver (pre-16), jewellery making business with workshops for the local community
- 20 year old tattoo artist/musician, excluded from traditional education but wants to help creative peers
- 16+ South Asian creative, prefers not to be labelled – wants to set up a clothing manufacturing innovation lab
- Bangladeshi mother of 4 in her late 40's, food business aimed at improving healthy eating in her community
- 25yr old female, trapped in zero-hours contracts – lots of ideas around supporting others in a similar position
- 40yr old Paramedic with little business knowledge, setting up a medical training charity

Part C – Combined map

This is an example of a customer journey map which highlights issues identified in the workshops that were common to all of the different customer profiles identified on the previous page.

After interrogating the current business support landscape, participants were asked 'what would be better?' - these suggestions are highlighted in bold:

Discovery

- Current pathways are unclear and mainstream support is often aimed at those already equipped for success
- Word of mouth is usually their way in to support, but more as a result of luck than design
- **Better information on options available to them, using mixed methods, is needed within agencies, community, families and peers**

Education

- Routes to making informed choices are generally those that are visible and accessible in their own communities
- These are only available where VCSE infrastructure support is strong, many areas lack this as a result of poor commissioning
- Improved access to research around their specific ideas, better links between statutory agencies and community based support

Action

- Ad hoc support is available via existing social purpose businesses and local VCSE organisations
- More specific support is generally funded through agenda driven organisations, with funding serving a particular remit
- **Having someone to support and help navigate through all the stages of their journey would make a big difference**

Growth

- Support for growth is mostly focused on high growth and tech businesses, which scale up rather than across
- The support that is available does not place enough emphasis on supporting the individual entrepreneur
- **Better understanding of support journeys from established agencies could help those needing to get to the next level**

'Support options need to be made available at the community level - most of our referrals are word of mouth through trusted networks.'

Workshop participant,
B-Inspired, Leicester

8. CONCLUSIONS

This place-based, practitioner focused research gives a picture of the current fractured business support landscape in the UK, and the inability of mainstream, generalist provision to reach and cater to the needs of people in disadvantaged communities. This aligns with the findings of the literature review and shows it is imperative that the mistakes of policy makers and commissioners of business support in the previous decade are not repeated, as the economy begins to rebuild post-Covid.

It is clear from the research that the will exists locally to change ways of working and organising, yet the constraints people and organisations are operating within need to be rethought, and removed, through political will for genuine change to happen. Innovation does not have to mean creating something entirely new - small changes to thinking, and drawing on what has worked in the past or elsewhere, leads to incremental improvements which contribute to significantly improved outcomes for people, businesses and communities.

1. Local intelligence and collective vision

Greater value should be placed on local intelligence, drawn from networks of like-minded people united around a collective vision. Institutions should not rely on goodwill for gathering intelligence - they should support and resource local actors to organise effectively and encourage collaboration and two-way constructive criticism.

2. Make support accessible and remove barriers to collaboration

Support must be accessible in the places where people live. This can be achieved through new ways of organising and communicating, such as working with community engagement / organiser teams to identify and encourage people in their communities to explore ideas and ways of helping each other. Remove barriers to collaboration such as competition for funding or meeting output targets - consortium working is possible if the conditions are created for it to be successful.

3. Coaching and peer-support improve resilience and impact

Support that is human-centred and enables peer-networks is more effective over the longer term. Upskilling local actors with coaching and facilitation skills improves enterprise outcomes and the impact of investment in business support

4. Healthy business support ecosystems drive tangible change

Commissioners need to consider the overall health of business support ecosystems and how this drives tangible change and more productive interactions between individuals and organisations, not just specific outputs and short-term funding drivers. The Levelling Up White Paper makes commitments to creating tangible change and recognises the role of social purpose businesses in achieving the Levelling Up missions

5. Knowledge transfer and peer-support clusters

Focusing support on thematic objectives such as the environment, creative sectors or social care drives knowledge transfer and the creation of peer-support clusters that deliver better business and social outcomes

9. WHAT NEXT

This report should be read in conjunction with our literature review and final report, which includes our proposed Empowering Places model of place-based social purpose business support, and an outline of the steps needed to implement the model successfully and sustainably.

We welcome feedback on these reports, which you can send to the e-mail address on this page. Please also let us know if there is anyone you feel we should be speaking to, who could be an ally in this way of working or benefit from learning more about the approach.

We are in the process of creating a website and peer-support network for commissioners and community anchor organisations - if you would like to learn more about this please also let us know via e-mail.

Thank you for taking the time to read this report, we hope it has given you some useful insights and that together we can ensure that others benefit from the work of the Empowering Places team and the community businesses they have supported.

Thank you also to our colleagues at Co-operatives UK, CLES and NEF who contributed to this research, along with the Empowering Places managers and staff at our community business catalyst hubs, and their partners who agreed to be interviewed or attended the workshops.

This report is dedicated to the memory of Liz Cox who sadly passed away last year. Liz was the Director of NEF Consulting, and was one of the original instigators of the Bizfizz Enterprise Coaching initiative which inspired much of this way of working. She facilitated the internal Theory of Change which was created during this research and directly informs the Empowering Places Logic Model in our final report.

If you would like more information on the research, or would like to contribute to our website or peer-support network, e-mail:

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