

British Council Indonesia UK Social Enterprise Study Tour Notes

27-30 May 2014

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I-GENIUS & BRITISH COUNCIL WELCOME

Speakers: Tommy Hutchinson (Founder & CEO, i-genius) & Andy Hansen (Head of Sport, British Council)

- Role of the British Council: To build cultural relations between the UK and the rest of the world. British Council effectively operates as a social business, generating 80% of income through self-generated social activities to build more sustainable and equitable economies.
- Role of i-genius: Promote social entrepreneurs to encourage cross-sector networking and trade (online presence of 15,000 in over 200 countries,) create events (Asia Summit, study tours, Commission to Pakistan, Global Healthy Workplace Awards and Summit), and deliver online and offline social business training.
- In the UK 1 in 5 businesses operate an element of social entrepreneurship, the sector employs 2 million people and the sector contributes £55bn to the economy. The UK is also leading the G8 task force on social entrepreneurship and implementation of the [Social Value Act \(2012\)](#).
- The government can contribute to strengthening the 70,000 co-op movement in Indonesia by encouraging inter-government dialogue and trade. Learn from Prime Minister Cameron's recent visit to China and resulting potential UK-China social trading platform for sustainable SMEs.
- Role of government is to setup social investment vehicles, bonds and other incentives encouraging outcome based value to both communities and private sector. Role of private sector is to work with government and communities to encourage social value to be a standard indicator of impact measurement alongside share holder value.

BIG SOCIETY CAPITAL (BSC)

Speaker: Keith Starling (Chief Finance Officer, Big Society Capital)

- UK charity and social enterprise sector generates £60bn and employs 1.5 million, higher than the total number employed in the City of London.
- BSC fund is populated by £400 million from dormant accounts (those unclaimed for over 15 years in England), and £50 million from each of the four major UK banks (Barclays, Lloyds, RBS, HSBC).
- BSC fund is invested indirectly to social projects via intermediaries (eg: investment/mutual funds, social banks, social impact bond providers, social lenders, advisors).
- The UK has reached a stage, like in the US, where there's plenty of capital for social initiatives but beneficiaries are not at a stage to receive funding (ie: high supply of capital but low demand).

NESTA

Speakers: Theo Keane (Senior Programme Manager, Innovation and Skills, NESTA) & Kirsten Bound (Head of International Innovation Research, NESTA)

- Through alliances NESTA delivers investment (social incubator facility to start-ups like Bethnal Green Ventures), practical capacity building tools (online free to access toolkits, www.diytoolkit.org) and a knowledge base designed to grow the social innovation movement.

- DIY toolkit is the best of over 700 already freely available innovation tools distilled into the best 30.
- NESTA aims to give entrepreneurs the tools to be innovators. Encouraging “innovation” is the goal but not labelling or defining the process as innovation helps free people from pigeon-holed thinking/approach.
- They too are looking to create increased demand for finance via investible propositions.

COIN STREET COMMUNITY BUILDERS (CSCB)

Speakers: Christine Jakovski (Head of Community Housing, Coin Street Community Builders)

- CSCB is a private company with four plots of land used to generate money from mixed commercial letting (eg: cafés, restaurants, conference rooms, construction storage, etc.) in order to fund their social housing and community objectives.
- Lack of family housing and community space in 1970s resulted from increased number of corporate head quarters locating to Waterloo (Royal Dutch Shell, ITV Studios, media houses, etc.) Local residents successfully campaigned against land developers, raised £1 million and proposed an alternative community plan for the Coin Street area. Cooperative housing was offered to priority groups: Those who lived around the South Bank; those working in central London on low income/key workers/ unsocial hours; and those already in cooperative housing but needing to move to the South Bank.
- The government used to provide 95% of the cost of building the housing scheme via grants. During the 80s and 90s that was reduced to 50-60%. Today they offer no funding so new schemes are expected to borrow against their assets.
- A multi-story commercial housing development is being created by CSCB in order to sell the properties in the development to generate income for social housing work. Currently rent for a five bedroom family home with garden space is about £180 per week.

SOCIAL ENTERPRISE UK (SEUK)

Speaker: Ólöf Jonsdottir (Policy and Public Affairs Manager, SEUK)

- SEUK formed from government grant to be the umbrella body for social enterprises in UK and work with progressive corporates looking beyond CSR. Increasingly, corporates are finding interviewees and staff looking to feel proud of their environment and society and pushing for a workplace contributing positively to society.
- SEUK has gained cross-party government support (via the All Party Parliamentary Group (APPG) on Social Enterprise) which brings continuity irrespective of party in power. In Indonesia this isn't the case so politicians must be exposed to social enterprises in person for that 'light bulb moment'. Second, the social enterprise message has to be tailored to each party - they will be excited by different aspects of social enterprise. UK example: Historical link with cooperatives (Labour Party); strength of community based joint decisions making (Liberal Democrats); encouraging people to do things for themselves and generating wealth privately (Conservatives). Find the connection. Thirdly media is key to raising awareness of social enterprise and accessibility to politicians and the public.

- Implementation of tools for SMEs can be costly and time consuming. Further, proving the causality and effect of social change, and therefore its value, is incredibly difficult to measure.
- National lobbying and high level policy engagements are enabling/allow future proofing to stop trade becoming a hurdle later down the line when the social economy takes off.

UPTOWN BIODIESEL

Speaker: Nigel Jewison (Co-Founder and MD, Uptown Biodiesel Ltd.)

- Uptown sell rape seed oil at reduced rate to restaurants and hotels around London. After it has been used it is collected by Uptown Biodiesel, filtered twice over 48 hours to remove particulates and water. Used cooking oil is now pure, sent through batch processing (2500L every 90 minutes) and titration to separate into biodiesel and glycerol (to be made into hand cream, soaps, makeup etc).
- Exactly the same process can be created in Indonesia using coconut or palm oil (more suitable to climate.)
- Everything recycled, including metal rape seed oil containers (sent to metal buyers in Europe, money generates used to pay cardboard boxes and packaging). Used cooking oil particulate sent to centrifuge process and anaerobic digestion to generate energy.
- Biodiesel is sold to London black cabs and all other diesel engine vehicles at 10 pence lower than market rate, and in bulk to large corporates in London (such as PWC) to power their generators and heating.

UK CABINET OFFICE – OFFICE FOR CIVIL SOCIETY

Speaker: Kieron Boyle (Head of Social Investment and Finance, UK Cabinet Office), Claire Michelet (Social Enterprise Policy, UK Cabinet Office)

- Office for Civil Society's primary purpose is how to help enterprise scale and become sustainable. UK government focuses on social enterprise because it contributes to economic growth, social innovation and service reform. 55% of social enterprises introduced a new product or service compared to 43% from non-social focused enterprises. Social enterprises have a great role in pulling supply chains.
- Cabinet Office created Big Society Capital to encourage social investors via tax incentives, opportunities for trusts and foundations to invest in high growth social projects rather than give away money in grants, creating database of 10,000 UK social enterprises for fulfilling corporate contracts, and creation of both Investment Readiness Programme which contains a social incubator fund and Investment Contract Readiness Fund (both £10million each.)
- Three pillar strategy: Supply (where is it coming from?); building demand; refining the entrepreneurial environment (regulatory help etc.) UK government has taken US model around encouraging tech entrepreneurs and applied to social entrepreneurs; created 10 hubs to house cohorts of entrepreneurs who are supplied with small startup funding and guidance. Each incubator has to be match-funded by corporate entity (eg: [Wayra-UnLtd.](#))
- Examples of recent funds: Centrico Fund (£10million) exploring community energy projects with big impacts. Legal & General (insurance company) and Macmillan Cancer Research (bereavement service) working together to improve service/purchased know-how from each

other to offer better customer care at Legal and General and financial risk management at Macmillan.

THE YOUNG FOUNDATION

Speaker: Filippo Addarii (Director of International Strategy and Head of EuropeLab)

- Michael Young, politician and academic believed that building the institutional infrastructure behind community solutions was paramount. Good example is Open University - began as correspondence courses before being taken over by government and now serves half a million globally.
- The cycle for new social initiatives at any level should be: research, engagement, design, prototype, trial. Trial should be tested in different arrangements in multiple locations at the same time to ensure controlled test and discover area specific quirks.
- Institutions should seek solutions, not customers, for their money. That encourages the community to own the process and increases successful results. A bottom up, distributed and participatory policy is progressive but policy makers are the last group to engage in the process. This means they are not leaders and should not be relied upon to push change in early stages.
- Entrepreneurs must learn how to harvest the Curve of Engagement for their cause and transition people from the 'subscription' to 'engagement' phase. (Curve of Engagement: Subscribe to cause, invite friends, write a contribution to the cause, donate, participate.) A good example is Purpose.com.
- The real challenge for entrepreneurs is to change 'values' as a set of rules for communities. Fundamentally, success in either Jakarta or London is about changing the intangible institutions of the market. An economic argument for social enterprise cannot be the only reason for carrying out activities, there must be personal buy-in for true prosperity.

THE PIONEERS POST

Speakers: Tim West (Founder and Editor), Matt Black (Business Development Manager), Isabelle de Grave (Head of Communications)

- Effective story telling of social enterprises requires three things: Capturing the energy of the entrepreneur; clear understanding of the social impact/aim; a solid business case.
- Royal Bank of Scotland SE100.net allows any social enterprise to supply financial and impact data to be measured against others to compare and contrast the sector. It is a small step in finding a means to measure social impact and provide social enterprise data to the public and journalists who are increasingly looking to provide content around "solutions journalism".

THE SOCIAL STOCK EXCHANGE (SSE)

Speaker: Pradeep Jethi (Co-Founder and CEO)

- SSE is not yet a trading platform but currently operates as a membership organisation for companies working around thematic and impact investment (see www.impactinvestor.co.uk) but wanting a financial return.

- As well as Social Return on Investment (SROI), [IRIS](#) taxonomy (catalogue of generally-accepted performance metrics for social, environmental and financial performance) can be used to create impact reports. It's too early a stage to be able to deduce a value to measure social impact return. The same is true for assurance, verification and impact audit functions. SROI and IRIS are a good start.
- For funding, Indonesian entrepreneurs can look to Asian philanthropy network, Asia Development Bank etc. Most important thing is to have a great business plan with some (basic) metrics included. Crowd funding has become a powerful tool as it's reduced the layers between investor and product which traditional finance has made so complicated.
- A new style of capitalist funding is required. Retail investors will be the drivers for change rather than institutional investors as they have an easier time of making change. There exists, particularly in Asia, a 'missing middle' (investors providing between GBP50,000 - GBP2 million.)

THE UNIVERSITY OF NORTHAMPTON (UoN)

Speakers: Dr. Ian Brooks, Chris Durkin (Associate Professor and Head, UoN); Fr. Timothy Curtis (Senior Lecturer, UoN); Nicola Rozi (International Officer - South East Asia, UoN); Malcolm Williamson (Director of Enterprise, Inspire2Enterprise)

- Social enterprise and concern for the social community are at the heart of UoN core principle. No other university in the UK engages deeper into the social enterprise network as well as the business community. UoN is first and only AshokaU university in the UK,(22 globally including Ivy League and community organisations.) UoN has challenged all uk universities to incorporate social values/ social enterprises in the £7bn annual procurement spend within the sector.
- The bulk of social enterprises coming from UoN do not come from the business school but encouraging other departments to incorporate social innovation in to their activities. If all graduates and staff understand the value of social enterprises they will go on to either start their own business with social values or encourage employers to include social policy in their workplace.
- Key to engaging outsiders is framing the correct aspect of social entrepreneurship in the correct language: Eg: 'Prototyping ideas' for engineers; 'creativity' for artists; 'exploring new economic models' for business people, etc.
- Social entrepreneurs often fundamentally lack the business skills and are driven by passion. Forward thinking corporates can offer excellent support instead of CSR with further reaching social impact than CSR or traditional charitable activities.
- If you're going to have an emphasis on promoting social enterprise in institution/workplace/society you have to have the infrastructure behind it (eg: small grants for entrepreneurs to start-up.)

UNLTD

Speakers: Cliff Prior (Chief Executive), Krisztina Tora (Global Social Entrepreneurship Network Developer)

- 63% of UK young people say they want to start an enterprise, only 5% actually get started. In the UK social enterprise is broadly equal gender balanced and tends towards disadvantaged sectors, therefore encouraging young, clever, motivated people with lack of access to services.
- UnLtd's approach to helping entrepreneurs: Scouting, filtering, engaging, connecting. Scouting for good social entrepreneurs to invest in is done through other social entrepreneurs rather than advertising as they know what to look for. It's a bad thing to provide continuous support as it creates dependency and doesn't bring resilience to the market.
- The old view of social enterprises as small and local businesses still exists but organisations like [Oomph](#) and [DNADigest](#) prove it can operate very successfully at a global level.
- UnLtd's Global International Social Entrepreneurship Network: 38 members in 28 countries. Sharing of tools, ideas, practice to support social entrepreneurs. Learn from others, adopt and adapt their methods.
- British Venture Capitalist Association showed 80% of investors claim they invest depending on the team rather than the business plan; a good team will fix a bad business model but a bad business model will ruin a team.

Further Reading:

<https://www.gov.uk/government/policies/growing-the-social-investment-market>

Study Tour Photographs:

<https://www.facebook.com/media/set/?set=a.660564914012735.1073741840.109467742455791&type=3>

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