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# CHAPTER ONE

## Introduction

This publication looks at the practicalities of business planning for social enterprises in the context of public service delivery. It considers differences between social enterprises and other enterprises, describes how these impact on the business plan, provides guidance on the contents of a business plan, and suggests questions that those assessing a business plan can ask.

The business planning process set out in this publication recognises that social enterprises engaging in public service delivery are likely to be operating in a competitive environment at a time when public sector bodies find themselves faced with difficult decisions and where demand for core public services continues to grow.

While social enterprises are not the only option for public service delivery, they can incorporate features that point to their applicability and attractiveness for some forms of service delivery. Where such features have a significant impact on the service delivery model, they ought to be identified and incorporated into the business plan.

### TAKING ACCOUNT OF SOCIAL ENTERPRISE CHARACTERISTICS

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While the term ‘social enterprise’ can be applied to a wide variety of organisations, there are a number of characteristics that set them apart from other enterprises. Depending on the type of social enterprise and its governance and management, differentiating characteristics can include:

- balancing a strong social purpose with business goals
- a focus on meeting members’ needs (where the organisation has a membership-based structure)
- a focus on public or community benefit
- forms of common ownership aimed at benefiting both current and future members, service users and communities.

How these and other social enterprise features find practical expression in the organisation varies depending on the type and the culture of that organisation. A focus on meeting members’ needs, for example, is often a key feature of co-operatives, whereas public benefit is central to charities, and having a community purpose, with at least part of the profits used to support those purposes, is a requirement for a community interest company. The CIPFA publication *Social Enterprise and Public Service Delivery* provides a more detailed picture of these and other social enterprise characteristics and differences.

It is important to recognise that some of the more distinctive features of a social enterprise are integral to the development of its business plan. This is especially the case where their potential impact on how the organisation operates can result in qualitative and quantitative improvements in the services and products provided.

## TAKING ACCOUNT OF PUBLIC SERVICE DIFFERENCE

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An approach that simply applies a private business model to public service delivery risks underestimating their differences and the consequential potential impact on service delivery, pricing, use of resources, etc.

This publication highlights areas of difference and looks at those areas where they impact on the business plan. For example, chapter six ('service users and purchasers') refers to the variety of possible permutations regarding who pays for the service and how, in public service delivery, the purchaser and the user are not necessarily the same.

This publication does not suggest that social enterprise is the solution for the delivery of all public services or that there is one right way or 'type' of model for delivery. What it does do is highlight some features of social enterprise that may point to its applicability to certain services and not to others, especially in the context of delivering services efficiently and effectively within a wider context of promoting social value and wellbeing.

## ASSESSING THE BUSINESS PLAN

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This publication aims to be useful also to those considering their approach to requesting and assessing business plans. Each of the chapters dealing with business plan content includes a checklist that highlights questions to help assess the plan, and chapter fourteen provides a complete list of the assessment questions.

## USING THIS PUBLICATION

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This publication has been written for those tasked with producing a social enterprise's business plans and those reviewing them as part of a process of considering their viability and benefits in comparison with other service delivery options.

**Chapter three** details some of the key differentiating features of social enterprises that have the potential to affect an organisation's business plan and model. These differentiating features are then discussed in later chapters as appropriate.

**Chapter two** provides an overview of the business plan, while **chapters four to thirteen** run through various sections of business plan content. This includes non-financial and financial information.

**Chapter fourteen** provides an assessment checklist while **chapter fifteen** provides a list of resources.

The **appendices** include a glossary and two examples of alternative business plan structures, showing different approaches to putting the information together.