

**"Whatever Your Mind Can Conceive  
and Believe, It Can Achieve."**

Napoleon Hill



# SECTION ONE: ENTERPRISE AND THE YOUTH SECTOR

**SOCIAL ENTERPRISE IN THE  
YOUTH SECTOR**

LEARNING FROM THE ENTERPRISE  
DEVELOPMENT PROGRAMME

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# Introduction



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The Enterprise Development Programme (EDP) has brought together a group of enterprising youth organisations, not-for-profit sector partners, and funders. It has provided the opportunity for George Williams College to gain insight into the current relationship between the youth sector and social enterprise activity. We have been able to explore the key challenges and enablers, and consider how enterprise is presently being perceived and used.

Going on this journey with EDP participants and witnessing their growth and success has strengthened our hypothesis that enterprise can be a way to support youth organisations to become more resilient and impactful. We also recognise that enterprise is not a straightforward endeavour, and whilst it has the potential to ‘do good’, this can be offset by factors such as mission drift and taking on short-term costs and longer-term debt.

We welcome the opportunity to continue to support youth sector EDP participants as they continue to develop their enterprise projects, to avoid a ‘cliff-edge’ effect at the end of their grant and initial learning programmes. We are proud to continue building support networks and sharing and communicating knowledge both within the EDP partnership, and across the wider youth sector.

The Enterprise Development Programme (EDP) is a five-year programme funded by Access – The Foundation for Social Investment. YMCA George Williams College has been the sector partner for the Youth strand of the EDP since 2019. The two cohorts of youth organisations accepted into the programme have received a co-designed, tailored grant package; financial consultancy support; a learning programme based on their needs; peer-to-peer sharing sessions, and a dedicated, accessible Programme Manager.

The organisations represented use a variety of business models, including shops and venue hire, selling training and consultancy, and supporting schools and local authorities. While enterprise is far from a cure-all or an uncontested method in the youth sector, these organisations’ expertise can help better understand the needs of the sector surrounding enterprise, the impact of these models on young people and the organisations themselves, and how they can best be supported.

This section focuses on the approaches of those in the youth sector who are interested in the enterprise, along with their motivations and the enablers and barriers they encounter. This is a great read if you are interested in the type of support needed for enterprise development in the youth sector.

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# What is the opportunity for enterprise in the youth sector?

## AN OPPORTUNITY FOR YOUNG PEOPLE?

Engaging in enterprise activity can be an opportunity for young people. Firstly, this is because it can be a forum for the development of other skills and behaviours relevant to a range of employment opportunities (Norton & Sear 2022; Young Enterprise UK 2018).

This gives the potential for engagement in enterprise to contribute to wider challenges facing young people related to closing the skills gap and enabling social mobility. Secondly, our own work with EDP participants has identified that enterprise has untapped potential in the youth sector because of the opportunity it creates to support young people's interests.

If youth work is about supporting young people to "develop their voice, influence and place in society" (NOS: 4), enterprise was seen by participants as a way for young people to have a voice and influence, by pursuing the things they want to pursue. Further, as the Centre for Entrepreneurs (2019) recently identified, young people are "more entrepreneurial than ever". EDP participants also recognised this trend and the importance of growing these qualities in young people:

"Enterprise is a youth thing – I think of youth as being enterprising. They have to be. If they can get into it now, that's how organisations will be run in the future. It has a central part to play and we need to look at how we can do that successfully and still move forward. It's essential." (EDP participant)

Social enterprise can therefore be seen as a possible way to provide improved provision for young people, not just through the generation of unrestricted funding to reinvest, but through the engagement of young people in the enterprise development and delivery process itself.

So, whilst the youth sector, as a subsector of not-for-profits, is in a situation where enterprise development is not the norm, and on the face of it is not set up to succeed, enterprise also presents a significant opportunity for social impact– perhaps more so than in other not-for-profit sectors. This is the context within which this research report sits. It has been undertaken as part of the Enterprise Development Programme and aims to shed further light on the who and how, the motivations, enables and barriers, and the specific needs of youth sector organisations seeking to engage in enterprise development.

## POTENTIAL

- Drive innovation;
- Increase social impact;
- Generate unrestricted funds;
- Social investment is more flexible than conventional investment.

## LIMITATIONS

- Risk of taking on debt through social investment;
- Risk of social investment actually destabilising a youth organisation and drawing on already limited capacity.



# What is the opportunity for enterprise in the youth sector?

## SETTING THE SCENE

Social enterprise is an attractive opportunity, with its perceived ability to drive innovation, increase social impact, and generate unrestricted funds.

However, the not-for-profit sector as a whole has historically been seen to lack the capacity to leverage any social investment to capitalise on this opportunity (The Smith Institute, 2009) – through not being able to access the right kind of support or lacking the knowledge of entrepreneurial approaches to income generation.

Further, this is not an uncontested space, and social enterprise has certainly not been heralded as the next panacea for not-for-profits. As the very existence of the [Alternative Commission On Social Investment](#) [1] verifies, the extent to which the right support is available has been questioned.

Expectations from not-for-profit organisations that social investment can offer them something different from conventional investment – being less risk-averse, more patient and flexible, and more understanding of the context within which they are working – are not being met (Floyd et al. 2015).

Whilst no one would doubt its potential, there is a need to progress down the path towards social enterprise cautiously and consider how organisations can be adequately supported to achieve their goals.

There are also questions over whether it is appropriate for not-for-profit organisations to take on debt, especially if this is not being offered in a transparent and useable way (Floyd et al. 2015).

These questions become all the more pertinent in the youth sector, which has experienced significant local and central government funding cuts over the last decade. We know that this has left many organisations struggling to cover their core costs.

Even if youth organisations secure social investment, they still may not be able to cover core costs as this is not what social investment is designed for. Furthermore, taking on social investment in this context can actually further destabilise youth organisations, and even create an additional draw on their already insufficient funding. Where social investment is about innovation and scaling up, the youth sector is often in need of sustaining and maintaining, and ambitions for growth are not a priority.



The research presents our learning about enterprise development in the youth sector: how participating organisations have experienced engaging with enterprise; how they have experienced the support provided by the EDP; and what some of the emergent impacts of engaging in an enterprise development programme have been.

# Who is interested in enterprise?

## WHO IS ENTERPRISE FOR AND HOW DOES IT WORK?

In this section, we explore who the participants are, and how they compare to wider trends around social enterprise. We consider this in the context of their size and reach, as well as their trading and business models.

Whilst much support for social enterprise development can be generic, having a greater understanding of the organisations that will likely engage and their approach to enterprise is a good place to start when considering what their opportunities for impact are, and what support they might need to help them make this impact.

## WHO IS ENTERPRISE FOR: ORGANISATION SIZE

Whilst the EDP participants have pursued individual projects, we can look across the cohorts to start to paint a picture of who is pursuing enterprise. Compared to the average across all sectors in the EDP, participating organisations in the youth strand are on the larger side, with a median annual turnover of £371,000 and an average annual turnover of £1,020,000, vs. £201,000 and £473,670 median and average annual turnover across sectors respectively.

The most recent State of Social Enterprise Survey (SEUK, 2021) shows a continuing trend for social enterprises to be dominated by smaller businesses, with 65% of survey respondents having an annual turnover of £250,000 or less, and a median annual turnover of £100,000 across respondents.

The fact that EDP participants represent larger organisations than commonly seen in the social enterprise sector may be suggestive of

the lack of the sector skills and tradition in enterprise, preventing it from being perceived as an option for smaller (or younger) youth organisations.

This is something that participants discussed and we will return to these ideas in our Section on "Enablers and barriers to enterprise development." It is important to note of course, that the organisations captured in the survey were likely established social enterprises with 67% earning >75% of their income through trade, whereas EDP participants represent organisations with minimal or no trading experience.

## WHO IS ENTERPRISE FOR: GEOGRAPHY AND REACH

More than ten years ago, Buckingham et al. (2011) highlighted a trend towards social enterprise hotspots in London, South-west England and North-east England. Across all EDP sector participants, this trend is partially mirrored, with clear regional clusters of activity (Figure 1). However, we can also see significant enterprise activity in the Midlands (centred on Birmingham) and the North-west (centred on Manchester).

If we look specifically at the youth sector (Figure 2), whilst there are fewer data points to create a discernible trend, participants appear to be fairly evenly spread across the country, with the exception of a London-based cluster.

SEUK (2021) highlights the growth in the number of social enterprises since its dataset began in 2017, and it may be that as the opportunity and momentum around enterprise development grows, the geographies of the recent past are changing.

# Who is interested in enterprise?

## GEOGRAPHY AND REACH - CONTINUED

The recent Adebowale Report (SEUK 2022) that engaged with 300 social enterprises across the UK, highlights that social enterprises in many regions feel that social investment opportunities feel remote and distant, with resources not being fairly distributed.

SEUK's data shows that London-based social enterprises have greater access to social investment than other regions. Floyd et al. (2015) argue that this mismatch between London and the rest of the UK may actually be a result of the ideology and approach of policy makers and social investors in London vs. the rest of the UK. Either way, it appears that the social investment sector may not be keeping up with the social enterprise sector, which, as SEUK highlights, poses an immediate challenge to the growth of enterprise activity, not just in the youth sector but widely across the not-for-profit sector.



## WHO IS ENTERPRISE FOR: OPERATIONAL SCALE

EDP participants are also fairly evenly spread in terms of the operational scale of their enterprise activity, as shown in Figure 3 (next page).

Social enterprises tend to operate locally, i.e., within their neighbourhood or local authority (Mansfield & Gregory, 2019; Social Value Lab, 2019). However, this is an evolving trend, with the proportion operating locally halving between 2019 and 2021 (SEUK, 2021).

The fact that 45% (n=10) of EDP participants pursue enterprise activity that operates nationally may be a consequence of business models prevalent in the cohort, twinned with the impact of the COVID-19 pandemic on the digitalisation of work and life.

# Who is interested in enterprise?

## OPERATIONAL SCALE - CONTINUED

EDP participants' enterprise activity fell into one of three types of trading:

- a. Developing a consultancy offer (n=6);
- b. Selling services or programmes to schools / local authorities (n=8); or
- c. Venue hire and retail (n=8).

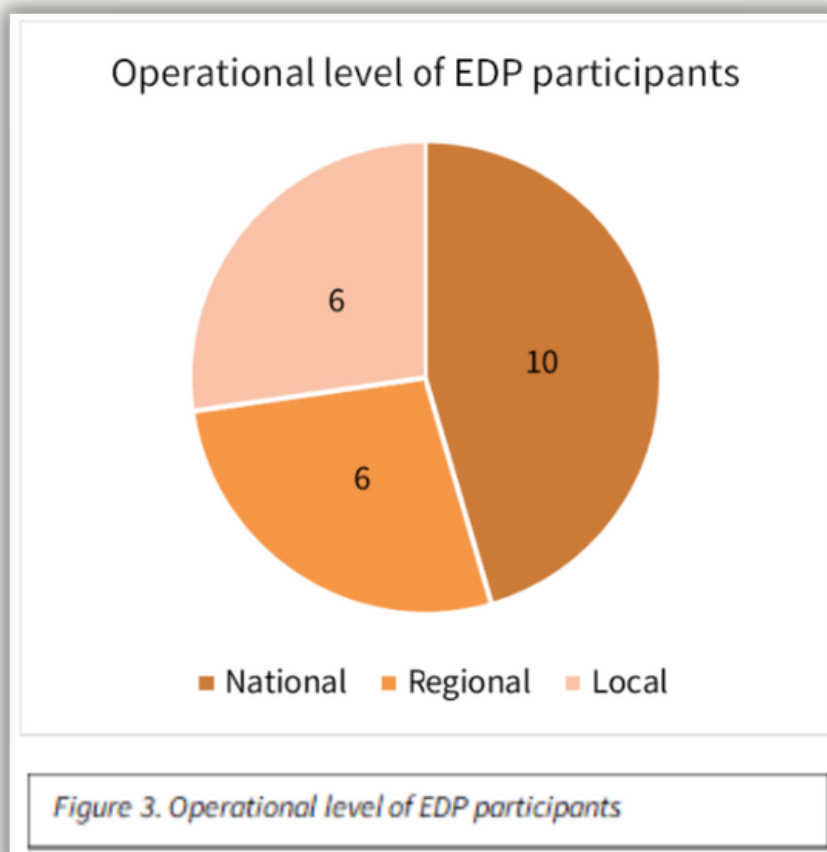
Approaches (a) and (b) generally lend themselves well to being delivered digitally, and we have seen this across some of our participants.

For example, Reclaim's charitable work with young people spans the North-west region, but their enterprising consultancy work supporting organisations to learn about class inequality and tackle related issues in their own structures and systems, is offered nationwide.

Bringing Words to Life has developed a trading offer that provides additional support in schools, going beyond the usual literacy taught in the classroom, to empower people to find their own voices through the written word and improve basic reading, writing, and communication skills.

The pandemic forced them to trial deliver this offer remotely, which was highly successful and enabled them to work with almost 400 young people without 'having set foot in a school' (EDP participant).

These examples point to the opportunity for organisations to have a wider influence on young people and young people's lives, if they are able to spread beyond the place-based communities of young people they may work with.





# What enterprise approaches are taken?



## TRADING MODELS

The work undertaken by MyCake offers a ‘bigger picture’ of commercial and trading activity across the youth sector. Data collected from 104 organisations (including EDP participants) suggests that services and consultancy (24.7% of organisations), service delivery contracts (19.4%), and cafés (10.8%) are the main types of trading activity that the sector engages with, and gives a good starting point for understanding the business models that may be successfully employed through social enterprise activity.

As mentioned above, EDP participants’ enterprise activity can generally be categorised as either consultancy, selling services to schools/local authorities, or venue hire and retail, which align with the dominant trading activity identified by MyCake.

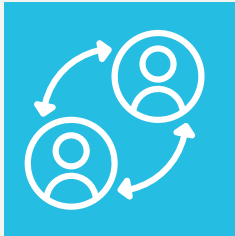
Whilst these trading categories are not exhaustive of the entrepreneurial activities undertaken by the sector, they do provide an evidence-informed basis for considering the types of enterprise support that should be made available to youth sector organisations.

In terms of who the sector is trading with, the most common source of income for the not-for-profit sector in recent years has been the general public, or business to consumer (B2C) (British Council, 2015).

This is followed by trade with the public sector (business to government, B2G), although, this model is dominated by larger social enterprises. Within the EDP, there is just one participant trading via the B2G model. Over 70% (n=16) of EDP participants are trading in the private sector (business to business, B2B), with the remainder (n=5) trading B2C.

This is related to the three trading categories, identifying schools and businesses as primary buyers of programme and consultancy offers. Whilst the EDP cohort is a small sample, it highlights the potential for enterprise activity in the sector through B2B trading. Once again, this trend could have a bearing on the type of enterprise support being offered.

# What enterprise approaches are taken?



## BUSINESS MODELS AND YOUTH ENGAGEMENT

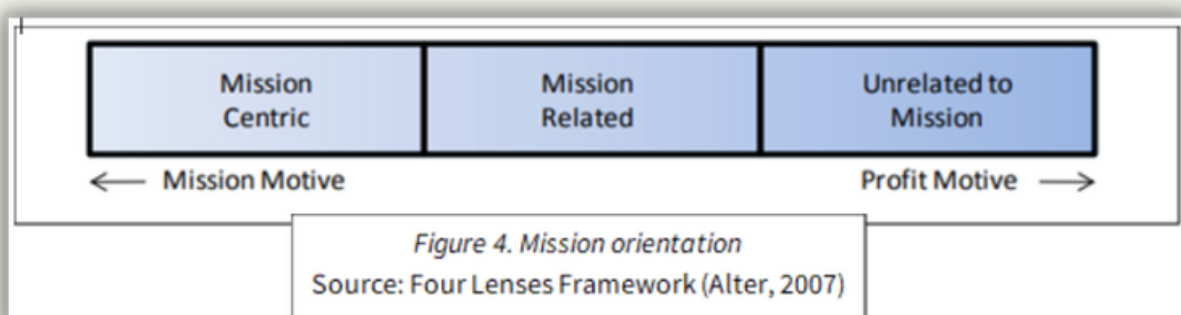
All EDP participants have involved young people in their enterprise activity in one of three ways: [4]

- As an 'end beneficiary' (n=11), e.g., Power2 have developed a Covid-19 pandemic response support package for young people, for which schools and local authorities pay;
- As 'co-producer' in the development of, and/or gathering feedback on the enterprise idea and project (n=9), e.g., The British Youth Council ran focus groups with young people to undertake research to support the development of their enterprise activity; and/or
- As a direct beneficiary through involvement in the delivery of the enterprise activity (n=8), e.g., Element Society have setup a store front that sells pizza made by young people.

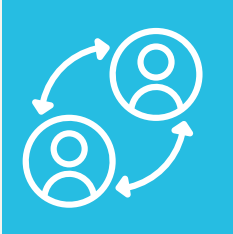
Social enterprise business models need to be profitable whilst maintaining social aims, and maintaining that business success and social impact are interdependent. However, business activity does not have to be directly related to an organisation's mission. Venturesome (2008) identifies three business models that can be used to generate social impact:

- a. Profit generator model: trading activity has no direct social impact but profit is transferred to an activity that does;
- b. Trade-off model: trading activity has a direct social impact, but there is a managed trade-off between producing a financial return and social impact;
- c. Lock-step model: trading activity has a direct social impact and also generates financial return.

In reality, business models are likely to function on more of a sliding scale, from mission-motivated to profit-motivated, as identified by Alter (2007) in his Four Lenses Framework (Figure 4).



# What enterprise approaches are taken?



## BUSINESS MODELS AND YOUTH ENGAGEMENT - CONTINUED

Through involving young people in enterprise in one of the three ways outlined, we can see EDP participants opting to adopt business models that are towards the 'mission-centric' end of Alter's sliding scale.

Indeed, Allinson et al. (2011) note in their longitudinal study of social enterprises in the UK, that the majority of their study sample were 'mission centric' in their enterprising activities, with business activities closely aligned with the individuals or interests they serve.

Figure 5 shows the distribution of how young people are involved by trading model. This data suggests a trend: consultancy-based enterprise activity most commonly involves young people in enterprise development, services to schools / LAs-based enterprise activity most commonly involves young people as direct beneficiaries, and retail-based enterprise activity most commonly involves young people in direct delivery.

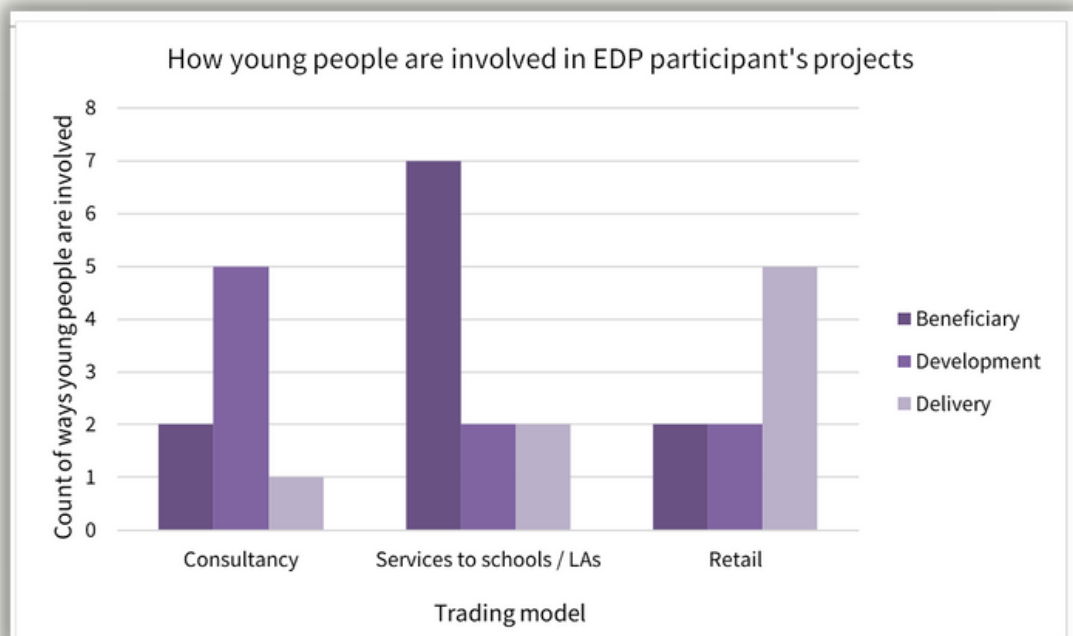
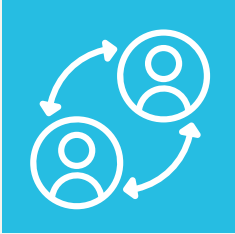


Figure 5. How young people are involved in EDP participant's enterprise activity by trading model

# What enterprise approaches are taken?



## BUSINESS MODELS AND YOUTH ENGAGEMENT - CONTINUED

This trend makes sense in the context of the types of trading and the opportunities they create – i.e., where organisations are working directly with schools, it makes sense that there is greater opportunity for young people to be direct beneficiaries.

Where young people are involved in the delivery of the enterprise activity – most commonly in retail – this is designed to provide an opportunity for their own skill development, for example through work experience. As one participant highlighted, “[...] the easier way to make money would be to sell whatever (stereos or iPhones or something). This is about the experience of the young person and making money. It’s the two things”.

By being involved in delivery, young people can therefore also become direct beneficiaries, and the enterprise is still mission-centric. The tendency for different trading models to favour different approaches to engaging young people does raise further questions to be considered in this report and future research.

We can see that engaging young people in these ways through the enterprise can lead to different opportunities for impact. In addition, where young people are beneficiaries, this can be in relation to engaging new young people, or offering new / more provision to young people already engaged with the organisation.

There is a need to understand, firstly, in what ways do young people benefit from being involved through the different mechanisms? Secondly, is one approach more beneficial for young people than another?



# What is motivating the sector to pursue enterprise?

## ENGAGING WITH ENTERPRISE DEVELOPMENT

In this section, we explore some of what the participants told us about their key drivers for engaging with enterprise.

It is important to understand what motivates organisations, as a starting point for assessing impact. If the outcomes that organisations seek to achieve are not happening, we need to understand why – is it a mismatch of expectation versus the reality of enterprise? Or is it about the quality of enterprise support received, or the execution of the process?

We also share what participants feel has supported or hindered their progress. In order to design support packages (through social investment, grant funding or a hybrid approach) that effectively supports not-for-profit organisations in their enterprise development journey, we must first understand what their barriers or enabler are, in order to provide support where it is needed most.

## WHAT MOTIVATED PARTICIPANTS TO PURSUE ENTERPRISE?

Challenges outlined at the beginning of this report notwithstanding, the increasing pressure the youth sector is under creates a need to adapt to keep services running, relevant, and impactful.

Social enterprise could be viewed as a lifeline (or at least one strand of it) to support this agility. Indeed, across our cohort, participants identified the need to keep services running, relevant, and impactful as the main motivations for wanting to engage with enterprise and apply to the EDP.

## KEEPING SERVICES RUNNING – FINANCIAL SUSTAINABILITY

EDP participants expressed their financial motivations for engaging with enterprise as being two-fold:

- **SUPPORTING FINANCIAL RESILIENCE THROUGH DIVERSIFYING INCOME AWAY FROM A RELIANCE ON AN INCONSISTENT FUNDING ENVIRONMENT; AND**
- **INCREASING FINANCIAL INDEPENDENCE TO ENABLE ORGANISATIONS TO DELIVER THE SERVICES AND PROGRAMMES THEY WANT TO (AND SEE DEMAND FOR) WITHOUT BEING TIED TO DONOR-DEFINED DELIVERABLES.**

Participants are looking for ways to make themselves, and the services or programmes they offer, more sustainable. The open waters of grant funding are turbulent and being entirely grant dependent can leave organisations vulnerable if the tide turns.

Grant funding can also drive a hand-to-mouth existence that constrains long-term planning. As one participant observed, “the heart of our organisation is the belief in open-access youth work, all the other stuff that we do is around ensuring the sustainability of that”. Since 2010, there has been a reduction in funding for universal or open-access provision, and if grant funding is not available or is restrictive, organisations must find other ways to fund the services they see as needed by the young people they work with.

# What is motivating the sector to pursue enterprise?

## WHAT MOTIVATED PARTICIPANTS TO PURSUE ENTERPRISE? - CONTINUED

Participants cited making money as the objective, but that in reality, “the goal is to make the thing wash its own face”.

They believed that if they could make enough money for the enterprise activity to be self-sustaining, they would be in a much more resilient position.

Resilience was deeply intertwined with independence, as running services or programmes using unrestricted funds means that organisations can be more responsive to the young people that engage with them.

It was not only about keeping services running, but keeping the services they want to run, running, in the way they want to run them. Enterprise was a way of meeting a goal that several participants expressed: “when we are fully resilient and start to generate surplus, directing that in any way we see fit”. Participants wanted to be able to have the flexibility to listen to the young people that they work with and give staff teams and young people the space to innovate and act on their ideas.

## KEEPING SERVICES RELEVANT – MISSION AND SERVICE ALIGNMENT

Alongside financial sustainability, participants were heavily motivated by the opportunity for enterprise activity to directly contribute to their social mission. This is evidenced in their approaches to youth engagement (“What approaches do they take” section), and the extent to which participants’ enterprise activity is mission orientated.

Several participants acknowledged that combining financial sustainability with impact was a no-brainer, and it could allow them to “crystallise different elements of what they were trying to do as a charity” where restricted grant funding would not support this.

For example, for one participant, the impetus to develop enterprise activity and apply it to the EDP was a renewed focus on strategy and direction, and an associated refresh of their theory of change.

They identified three strands to their organisational aims, of which strands one and two are delivered through their charitable work.

The third strand is relatively new and being delivered through the enterprise activity, so their enterprise has become integral to their wider social mission. Developing an enterprise activity that is mission aligned was also seen as important to ensure that the enterprise becomes integrated into the organisation and is invested in by the wider staff team, as opposed to “generating income in a way that challenges our values”.

Tying into the opportunity to be more financially independent is the ability to go where young people are. Several participants acknowledged that:

“YOUNG PEOPLE ARE ENTERPRISING AND RESOURCEFUL IN THEIR LIVES”.

# What is motivating the sector to pursue enterprise?

## MISSION AND SERVICE ALIGNMENT - CONTINUED

Pursuing enterprise, particularly where young people are involved in development or delivery, was seen as a way to do something young people are genuinely interested in – “enterprise is a youth thing” – and draw out the valuable life skills associated with this:

“Young people are enterprising in locating the things they need to do what they want. They might be rubbish at maths and geography, but they’re great at [being] enterprising. Learning skills to work for someone who doesn’t care about them isn’t enough, job security is important but it’s not all. The youth sector needs to do more work in that space. The sector needs to be paying more attention to this.”

For many participants, their enterprise activity has been shaped by the young people they work with, for example, the content of their consultancy offers or the items for sale in their shops. Participants have been motivated to create opportunities for young people to develop entrepreneurial skills in areas they are interested in, where they see a lack of these opportunities available for young people.

## KEEPING SERVICES IMPACTFUL – INCREASING SOCIAL IMPACT

Financial sustainability and mission alignment are about maintaining and increasing social impact. However, participants articulated that they were hoping to contribute to two dimensions of impact through their enterprise activity – reach and quality.

Firstly, a youth organisation’s access to resources determines the number of young people they are able to work with. Participants saw the creation of additional unrestricted funds through enterprise as a way to open their doors to greater numbers of young people: “If we had enough funds, we could work with [young people] who haven’t been referred to us by professionals”, or open new doors in new locations. Through delivering a new service or programme as part of their enterprise activity, participants could also reach more people. Secondly, and closely linked to mission alignment, enterprise activity could create a new opportunity for young people’s development, that may not have been on offer through the organisation previously. As one participant articulated:

“It provides young people with a pathway to use their skills, insights, and experiences to affect their own lives as well, develop some skills around enterprise, and actually have a chance of taking these things forward [as a career].”

This was particularly the case where young people were directly involved in the design or delivery of the enterprise, and therefore often centred on supporting young people to have a voice and influence their organisation’s work, and the development of employability-related skills in a safe environment. For example, when young people were involved in a mobile coffee van business, they had the opportunity to lead the design of the branding and marketing for the business, as well as serving coffee. Where opportunities like this could be created, it was seen as an opportunity to improve the quality of their work with young people.

# Enablers and barriers

Whilst motivations were often similar, EDP participants were starting from very different baselines. Given this, there were some internal and external factors that were highlighted as being particularly helpful or detrimental to establishing their entrepreneurial activity. These included factors relating to in-house experience and skills, organisational and sector culture, and resourcing.



## PREVIOUS ENTERPRISE EXPERIENCE AND IN-HOUSE SKILLS

Some participants had already undertaken some entrepreneurial activity, either in the area of their proposed EDP project, or in different spheres, before joining the programme. In some cases, this was quite formalised, for example, Break Charity has a history in retail with over 50 charity shops. For others, this was much more ad hoc, such as Reclaim, which had earned money from individual consultancy contracts, but had not created a formalised business offer. The benefit of this prior experience was two-fold.

Firstly, it meant that in some cases, participants had already conducted a feasibility study of sorts, so had a sense of the market for their work. Conversely, where there was no history of enterprise activity, participants felt blind to their market and potential customers:

“For instance, when I’m trying to sell us as a training provider to schools, I need to know what budgets schools work with, what avenues schools are most interested in? Is design technology going to be easier to sell than music, or should we be looking into sports?”

Alongside a lack of market knowledge, participants with no prior enterprise experience did not have a good understanding of what needed to be considered or put in place to make enterprise happen. This barrier spread across the spectrum of tasks, from sourcing suppliers, to branding and marketing their idea, to writing a business plan.



# Enablers and barriers



## PREVIOUS ENTERPRISE EXPERIENCE AND IN-HOUSE SKILLS - CONTINUED

Secondly, where participants had previous experience, they were more likely to have formalised staff roles to support business development, or members of staff with prior experience in business development. Conversely, some participants noted the challenge of lacking commercial experience within their staff team: “[We] have really good senior leaders and youth workers, but we don’t have a retail manager!”.

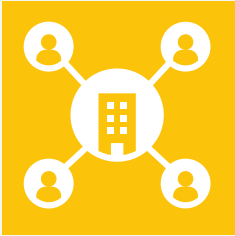
For some participants, there was a business skills gap in their organisation. The consequence of this was a capacity and quality issue, where this work then fell to the member of staff managing the enterprise activity, who had neither the time, nor appropriate knowledge to adequately develop and market their enterprise offer.

We know that a successful enterprise must be more skilled in the language of business – working at the intersection of charitable, business and (sometimes) government sectors (Bell & Fuller, 2015).

But, as EDP participants demonstrate, they often lack the knowledge and expertise of business practice, and even where organisations do have this in-house experience, it is not necessarily enough to allow them to embark on enterprise activity without seeking support (through programmes like the EDP).

The fact that organisations have often already ‘dipped their toe’ in the waters of enterprise seems to be an important step along the road for looking for a social investment opportunity to scale their ideas up, but also identifies a clear need for staff training in business skills in social investment models.

# Enablers and barriers



## AN ENTERPRISING ORGANISATIONAL CULTURE

Several participants discussed their organisational culture and the impact of this on enterprise development. It was observed that where there was an appetite for enterprise, at an organisation and/or individual level, this was really valuable for creating momentum behind the enterprise activity. Equal importance was placed on having buy-in both at the board level and at the delivery-staff level. As already identified, EDP participants adopted mission-orientated business models, which meant that there was potential for enterprise activity to be integrated into charitable activity. Participants expressed the long-term goal of embedding their enterprise activity into their organisation and connecting it with other areas of their work. It was important therefore, that delivery staff teams could see the value in the project and feel part of this process. Internally, if people understand the vision and buy into it, it is much easier to promote externally.

Given this desire to embed enterprise, the perception of risk and unfamiliarity with a commercial approach to social impact did present itself as a challenge for some participants:

“This is very new to our staff and our young people. [...] I’m very au fait with the fact that charities have had to become a bit more business savvy and commercially minded, I’m very familiar with it, [...] I show a different side to myself to externals and corporates than I do internally, and I’m very mindful of that. When I first came into the organisation, as someone who is leading business development, I know staff were a bit unsure about what I was coming in to do! Maybe a bit more from the corporate sector selling corporate ideas... so it’s just finding that balance and not making people feel uncomfortable.”

In some organisations, there was an underlying discomfort in not following a linear grant process and adopting commercial ways of thinking. Given the increasing need to be more agile in income generation, there was an identified need to get staff on board with more enterprising approaches.

# Enablers and barriers



## RESOURCING ENTERPRISE

Unsurprisingly, a significant factor the participants identified in supporting or hindering enterprise development was resourcing. The fact that core funding has consistently been cut means that the majority of youth sector organisations are stretched to deliver their work. Carving out time, energy, and “the head space to really dedicate to” innovative and entrepreneurial thinking, especially when that approach is new, was the biggest barrier cited by participants. Participants simply felt they didn’t have the time to dedicate to business development, as well as having “enough boots on the ground” to deliver enterprise activity.

Small funding opportunities (outside of the EDP) have presented themselves to participants at various points in their enterprise journeys to ease some of these resourcing challenges. This has provided participants with opportunities to do things, such as write a business plan, receive mentoring from business development experts, conduct ad hoc trading, and undertake relevant research into their trading activity or potential market. This suggests that youth organisations are adopting a piecemeal approach to enterprise development, resourcefully capitalising on small-scale and short-term opportunities as and when they arise, to help them move towards enterprise readiness.

These piecemeal opportunities also point to the importance of grant funding to support the long road to enterprise success, and, relatedly, participants suggested that having some initial capital was fairly critical. For example, some reported making use of their cash reserves or unrestricted funds to kick-start their enterprise, with the understanding that they were not likely to make that money back for several years. However, this is not something that all organisations have access to. Given the lack of core funding, it is more likely that youth organisations need to start making money before they have a surplus for research and development.

The Young Foundation’s (2022) recent report on their Young Academy Investment Fund found that enterprise ventures in the education sector took just under three years to be able to predict cash flow, and the recent assertion from SEUK (2022) that social investment opportunities need to be more flexible, patient, and long-term appear to ring true. Youth sector organisations can be creative and resourceful in the way they use the resources they have to support enterprise development, but this likely makes for slow progress and a bumpy road.

# What type of support does the sector need?

Alongside working with partners to understand their experience of engaging with enterprise, we also focused on their experience of engaging with enterprise support. To do this, we looked at what they spent their grant money on and gathered feedback on their experience of the EDP. This section explores this, to help paint a picture of what participants look for in an enterprise development support programme and understand where the EDP could be improved.

## WHAT THEIR GRANT MONEY WAS INVESTED IN

- As part of the EDP application process and onboarding, participants shared what they perceived their needs were in terms of enterprise development and what support they were looking for through the programme. There were three broad areas:
  - Understanding trading models. Participants were keen to dive into the trading models they were planning to use, to understand the specific aspects of these models that they might need to be aware of (e.g., understanding the language of their customer).
  - Business development and financial support. Participants wanted to learn more about various aspects of business development, including but not limited to, pricing strategy, business planning, income generation and diversification, and market analysis.
  - Sales and Marketing. Participants felt that marketing their enterprise was an area of expertise they were lacking, and support with sales and market was a high priority for most.

The EDP adopted a collaborative approach to support, recognising that organisations ‘don’t know what they don’t know’, and the actual support provided through the grant was defined and agreed upon once participants were part of the programme. Importantly, much of the support received was tailored to participants through 1:1 consultancy. The first iteration of the EDP was much more generalist and lacked this tailored support, and whilst this was useful for some, it was too simplified for others. The revised EDP still offers a programme of learning for the whole cohort, but the expertise that participants received individually was perceived to be the most valuable for their practical learning around enterprise development and the progression of their projects:

“Having the external consultant on board to support – to do the leg work much more efficiently and quickly – the consultant has the experience of working in/with schools which is highly valuable for having contacts, knowing the language, funding landscape etc.”



# What type of support does the sector need?

## WHAT THEIR GRANT MONEY WAS INVESTED IN - CONTINUED

As the above suggested, the 1:1 consultancy support created the capacity for this work to happen. As one participant suggested, “without the consultancy support it would have been sink or swim as there is physically not enough time to do it”. The holistic approach offered by the EDP has also created accountability and focus for participants to truly ‘kick on’ with their enterprise development. We’ve already identified the piecemeal approach participants were having to adopt to progress their enterprise. The EDP provided the headspace for them to focus, as well as being committed to the various experts they were working with:

“There’s now accountability on all of this. You know, there’s funders, researchers, there’s project management, you know - lots of external agencies involved in this now, who are backing us to make a go of this. And that’s why, on the one hand we say to ourselves, ‘oh this is a bit too much, we’re too stretched on too many other things, we’ve got a staffing team that’s stretched to capacity [...], but at the same time that’s what we wanted, that’s what we knew we needed to get this work kicking on.”

Overall, the support that participants received through the EDP supports assertions elsewhere that key areas where support is needed for social enterprises are understanding the market for a new product or service; assessing financial viability; understanding the legal implications of new activities; and sales and marketing (Allinson et al., 2011; Barclay 2006).

The flexibility offered by the programme was also highly valued. Many participants shifted their enterprise plans: underspending in some areas but overspending in others, changing their product or service, and bending timelines to navigate internal and external challenges. The ability of the programme to flex with these changes was highly commended, as it allowed for the non-linear process of enterprise development to flow, without forcing it into a grant-shaped box. The Adebowale report (SEUK 2022) presents the concept of ‘enterprise-centric finance’, the idea that social investment products can be better built around the needs and circumstances of the investee. Providing flexible and tailored enterprise development opportunities appears to be a step towards for an enterprise-centric model of support.

Finally, it is worth reminding ourselves that the EDP is a grant programme and not a social investment programme. Given the time taken for most new social enterprise ventures to make a profit (Alter, 2007; The Young Foundation, 2022), and the fact that the youth sector is traditionally heavily grant dependent, grant funding remains a vitally important part of the social enterprise ecosystem, particularly for start-ups.

The youth sector participants of the EDP generally applied with some experience of enterprise, but this is not necessarily the case across all sectors of the programme. There seems to be a particularly strong role for grant funding to undertake feasibility work, when there is little understanding of the potential for profit generation, and little capacity to resource the process without dedicated funding.

# What type of support does the sector need?

## BUILDING AN ENTERPRISE COMMUNITY

In addition to receiving tailored and flexible support, the EDP provided opportunities for participants to build their enterprise networks. In particular, the peer-to-peer learning element of the programme was often emphasised as a crucial aspect:

“Having the peer support – having the amazing high-quality input in the programme, and the ongoing conversations, has given me confidence in a completely new realm [enterprise]. [...] It has given me the confidence to back myself and go for it. I’m doing something in the sector, and I feel supported nationally, I feel connected. I haven’t been massively active in coming back and asking for help, but I know if I needed to it’s there.”

For many participants, the opportunity to be part of a network of like-minded organisations was a big incentive. In a sector where commercialisation and profit sometimes feel like issues only to be discussed behind closed doors, to be able to tap into a national network of other organisations doing entrepreneurial and innovative things is rare.

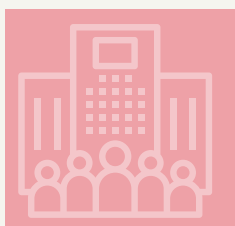
The experts that participants have met through the programme workshops also form part of this network, and can be an ongoing resource to support them beyond the lifetime of the grant:

“The people that I have been introduced to through the EDP in terms of the workshops and things like that have just be fantastic. I know not everybody takes advantage of things like that, but I do, I really do. I’m going to keep in touch with some of those these consultants.”

In some ways this mirrors the opportunity participants have created for their young people through their enterprise activity: as for young people, the community created through the EDP is giving them the skills and confidence to pursue their ideas and supporting them along the way. Participants have identified some elements of the peer network that could improve their experience and offer them even better support in their enterprise development journey. In particular, the peer-connection opportunities could be offered in more diverse formats, such as action-learning sets, or with the attendance of a guest social entrepreneur. Whilst Covid-19 restricted face-to-face interaction over the first two years of the EDP, many participants are now looking to establish regional networks. These regional groups should have grown with the EDP, and it is important that as the grant programme comes to a close, the aims of these meetings are clearly defined.

# Other sections

Head to another section and read more:



## 1. ENTERPRISE AND THE YOUTH SECTOR (FUNDERS-ORIENTED)

Here we'll cover the EDP participants' motivations for engaging with enterprise, barriers and enablers for enterprise development, and the type of supports required, including grant funding and creating a community centred around enterprise in the youth sector. We especially recommend reading this section for funders.



## 2. IMPACT OF ENTERPRISE ON ORGANISATIONS & YOUNG PEOPLE

It takes time for enterprise to have a significant impact on youth organisations and young people, but EDP participants did identify emerging impacts, both expected and unexpected. This section is separated into two parts: first the impact of enterprise on youth organisations, then on young people engaged in enterprise activity.



## 3. POTENTIAL RELATIONSHIP BETWEEN EQUITY AND ENTERPRISE

Whilst gathering data on social impact, we learned more about the role social enterprise can play in supporting equitable and empowering practices, with and for young people.



## 4. METHODOLOGY, EDP PROJECTS, AND THEORY OF CHANGE

If you want to learn more about our methodology and each EDP organisation, and their enterprise project, head to this section. You can also see the Theory of Change we've drafted from our research and will test in phase two of this research.