

## Dublin South City Partnership Submission

### Overall Review of Draft Policy

**Common Challenge that is not addressed in sufficient detail in the consultation document and which is very hard to comment on in a meaningful or impactful way when we have no visibility of proposed ecosystem and who will be responsible for delivering these supports/training/funding.**

The real challenge for social enterprises that deliver social outcomes directly is finding the balance between the social and financial objectives of the business. There is an intrinsic pressure between a social enterprise's social and financial ambitions, and keeping the two in equilibrium is a persistent challenge, an ongoing balancing act. The goods and services it produces may be aimed at different people to those it is trying to assist, often community based enterprises do not comprehend that their target market may not be themselves, that there are two or more distinct cohorts: **target market customers** and target **social mission beneficiaries**.

The question nascent social enterprises forget to answer time and time again is, who are you solving a problem for and how are you creating value for them? If a social enterprise is to succeed, they must comprehend the difference between their target customers and their target beneficiaries. **It is extremely difficult and demands innovative and creative models to serve both customers and beneficiaries. I cannot yet find evidence of this in the proposed strategy document.**

### **Challenges faced by all social enterprises in Ireland:**

- Balancing act between the Social and Financial Objectives of the Social Enterprise
- Delivering real social outcomes compromises profitability but it is determining to what degree and if it is VIABLE, CAPABLE and SUSTAINABLE.
- There are many institutional and individual buyers who would like to support businesses with a social purpose and Government departments – but the community and social clauses are not adequately addressing this.
- Market place expectation =value the social mission, many social enterprises do not know the market value of the goods/service, but often mistakenly think of it like a charity.
- Where can the “social benefit” be positioned and be profitable – which target customer base?

### **Social Missions and the employment of those disengaged from the labour market**

Employment and engagement driven social enterprises have substantial additional operating costs and complex employee demands beyond their competitors.

- Complex recruitment costs
- Additional training costs

- Additional staffing costs
- High productivity deficit costs

**Lack of knowledge of the community social enterprise models and reasons for failure:**

- Social enterprises run losses because: the costs of their social mission exceed their revenue; they are badly managed businesses; or, they are based on deficient business ideas but a lot of this initially can be “disguised” due to various overlapping funding streams and a lack of coherent metrics and measurements.
- Costs are not adequately forecasted
- Longer term investment/view is not taken into account
- Impacts on the Bottom Line ignored
- Does the cost of the social mission exceed the projected revenue
- Social Return On Investment is not considered in the multi agency approaches nor in the intangible benefits (mental health, reduction of isolation)

## **Response to Policy Objectives**

### **Creating awareness of Social Enterprise**

- There is a need for a long term development approach to increasing the level of awareness of social enterprises through all the partners (LEO, SE interest groups, partnership companies, ILDN etc).
- The policy needs to specify what type of programmes and initiatives and who will be responsible for delivering them.
- There is a need for targeted programmes and initiatives to increase the knowledge of the benefits of social enterprises and how they differ in their approach to private enterprises in addressing social issues in Ireland.
- Through the partnership companies a consolidated awareness campaign can be used to introduce the social enterprise structure and the benefits of same.
- A national platform for networking between potential/current social enterprises needs to be developed and be inclusive of all sectors. This could include resources such as;
  - Case studies to demonstrate the diverse range of social enterprise and how they have advanced the enterprise through the various stages of business development.
  - The Social Enterprise Toolkit (funded by the Dublin South City Partnership, LEO and Social Finance Ireland).
  - Local and National support organisations (Partnership organisations, DCC, SIF etc)
- The partnership companies could also reach out the enterprise clients to consider social enterprise as a possible business opportunity. Many clients come with a social impact perspective when starting up their business. Those with an interest could be supported by local and national enterprise organisations to further develop their business skills and assess funding and growth opportunities.
- The policy must ensure that the Social Enterprise Forum is diverse and representative. This should be headed by the DRCD but in collaboration with the vast entrepreneurial knowledge and supports of the DJEI.

### **Initiating Social Enterprises**

- The range of structures of social enterprises needs to be detailed in order for a deeper understanding of the diverse arrangements that social enterprises can take.
- Funding needs to be provided to community groups to explore the issues that need to addressing in their communities and if the social enterprise model can be developed to tackle these and review the sustainability of the project goals. Mentoring programs can be introduced at the next phase of business development.
- The biggest gap in services/supports at every level is the support needed to bridge the gap between established social enterprise as opposed to a community based organisation with a great social mission but lacking in the necessary business skills/acumen to run a successful social enterprise.

- Social Enterprises that are over reliant on “Voluntary Boards” and contingent on Volunteers and labour activation schemes find it difficult to sustain themselves unless the CEO/Manager has the business skills and social network and the ability to sell the vision whilst not reneging on the day to day operational challenges and the juxtapositioning of the balance sheet and personal development of the employees/volunteers and Board of Management. The social enterprises that fail to flourish are the ones lacking in management experience, leadership and vision.
- A national social enterprise information forum where information can be disseminated to individual or groups considering social enterprise as an option. In addition to practical tools to explore the enterprise development information, funding opportunities, support agencies etc., needs to be made available.

### **Access to Finance and Funding**

- A list of available finance, funding schemes or microfinance organisations should be made available locally, nationally and a EU level and be targeted at the different stages of business development.
- Developing funding schemes to pre-start up social enterprise to explore the ideas stage to support community groups/ individuals to assess if the enterprise is viable and to put support structures in place to allow a transition to the next phase if applicable.
- Public procurement projects needs governmental support in terms of policy change that would allow social enterprises having a social impact focus to be favoured over large private for profit companies.
- The government need to review the matter of procurement in terms of what has and has not worked to date in Ireland and why, for example the community clauses. The real level of buy-in and commitment needs to be assessed and perhaps contracts given to contractors with a proven social mission themselves, as opposed to a tick-box exercise where they deliver the bare minimum and do not attempt to engage with the local community or services in order to see how they can really make change.

### **Enabling Market Opportunities**

- The existing structures such as LEO, Enterprise Ireland, IDA, Dept. for Business Enterprise and Innovation should work together to assess the market opportunities for social enterprise in each sector.
- Review the sectors that have developed social enterprises successfully across Europe to assess the market opportunities available in Ireland.
- Procurement of services/products needs to be aligned with the appropriate policy.

## **Achieving Policy Alignment**

- This strategy needs to assess transformative ways in which to empower social enterprises to break down the traditional silos between government, industry, academia, and civil participants.

*Submitted by: Annette Duffy*

*Employment and Enterprise Manager, Dublin South City Partnership*

*17A St Agnes Road, Crumlin, Dublin 12*

