

Exporting Social Enterprise

A survey of overseas trade by UK social enterprises – and how to foster its growth

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Introduction

This is the first study in the UK (and perhaps the world) to look specifically at social enterprise experiences trading beyond their domestic market. It seeks to uncover what lies behind the result of the latest State of SocialEnterprise Survey (2013) which found that around 11% of UK social enterprises trade overseas.

This was a significant finding, higher than we expected. Many social enterprises are in business because they have local solutions to local problems, because they want to empower their communities, or promote local trade as part of a low-carbon future. These activities do not fit naturally with traditional concepts of international trade.

However our study reveals that a significant number of social enterprises are indeed accessing new markets and furthering their social mission beyond the UK's borders. Our survey and interviews illuminated a diverse sector, which is learning how to export and finding innovative ways to overcome a range of difficulties and barriers. These social enterprises are employing a number of different models and approaches to trade internationally, often prioritising mutual benefit and collaboration over profit.

Several contributors to our research suggested that UK social enterprises ought to have a competitive advantage when trading abroad because the UK is widely considered to be at the cutting edge of a fast-growing global movement, and our social enterprises sit in a uniquely strong ecosystem. Yet the social enterprises who are best known for operating at scale globally are from outside the UK: Groupe SOS in France, BRAC in Bangladesh and Mondragon in Spain, to name but a few.

The time is ripe for this to change, with increasing political attention and forecasts for strong UK export growth, we want to ensure that Britain's global success is not just the same old business-as-usual, but that it is driven by thriving social enterprises as well.

Paula Woodman
Social Enterprise Advisor
British Council

Nick Temple
Director, Business and Enterprise
Social Enterprise UK

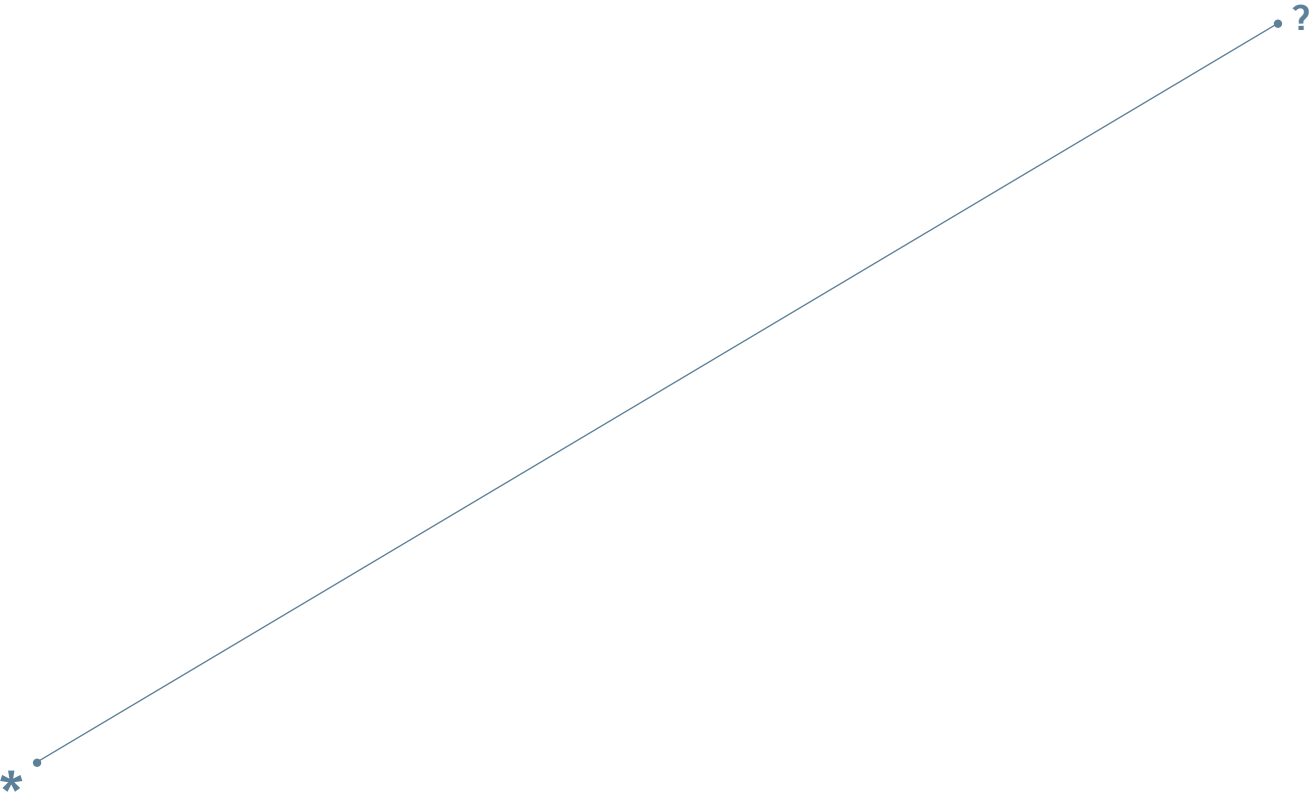
1.

Key findings



- The social enterprise export market is growing, with nearly half of exporters reporting an increase in export earnings in the last quarter, and 65% expecting to increase them in the next quarter.
- Social enterprises are using a range of export methods to deliver their product overseas, from direct sales to franchising and managing wholly-owned subsidiaries.
- The majority (66%) are funding their export development from their own earned income, though some are using grant funding or private finance to move into new overseas markets.
- Although Europe remains the most popular region for exports by UK social enterprises, Canada is the most popular individual country, with 16% of exporters trading there.
- Existing relationships are key for social enterprises, and the vast majority based their decision to export wholly or partly on an existing collaboration. Nearly a third of exporters are working overseas as part of a joint venture.
- Exporters experience a wide range of barriers, from access to finance to regulatory and legal issues. Some potential exporters felt that having a legal form that has no obvious international comparators (for instance CICs) would be a barrier to exporting.
- Nearly 50% of exporters are doing so independently, without any external source of support

2.



About this research

PURPOSE

In 2013, the two major surveys of the social enterprise sector revealed that 11% of the social enterprise sector is currently selling goods or services outside of the UK.

In order to explore this, the British Council and Social Enterprise UK commissioned this research to shed light on the experiences of UK social enterprises who are marketing (or thinking about marketing) their product internationally.

The report provides a summary of our key findings and an insight into the export experiences of those social entrepreneurs who are already successfully exporting. It also examines the challenges and opportunities for potential exporters looking to follow them.

The report aims to contribute to the existing evidence base on social enterprises and their markets, and provide some practical recommendations for policymakers and support organisations on how they can help export activity to thrive.

METHODOLOGY

Literature review

We began by exploring the existing literature on the state of the social enterprise export market in the UK, of which the two most relevant sources are ‘SEUK’s *The People’s Business: the State of Social Enterprise survey*’ (2013), and Cabinet Office’s *‘Social Enterprise: Market Trends’* (2013), which uses data from the UK’s Small Business Survey. Both of these surveys report that 11% of social enterprises are selling goods or services outside of the UK.

We also considered the existing evidence base on UK exports as a whole, on which there is substantial body of data and research, too numerous to cite here. In this report we have used data from the British Chamber of Commerce’s International Trade Survey 2013 to make comparisons between the social enterprise sector and the wider export market.

There is a significant paucity of available evidence in this area, and the majority of research into UK exports does not make it possible to study social enterprises in isolation. As this report demonstrates, the social enterprise sector has differing needs and expectations within the export market, and so more sector-specific research is needed. This report aims to provide a foundation for such future work.

Survey

The primary method for gathering information was an online survey, delivered initially to the 11% of respondents from the State of Social Enterprise Survey who stated they had traded overseas (approximately 100 organisations). The survey was also publicised through SEUK/British Council networks, targeted at social enterprises who had worked internationally.

We received 113 valid responses. Details about the respondents can be found on page 26. Only survey responses from named organisations were accepted, and all survey respondents were UK-based.

Note that due to rounding, reported percentages may not always add up to 100%.

DEFINING THE KEY CONCEPTS

Sector engagement

We used interviews to follow up with selected respondents, to explore their responses in more depth. We also interviewed organisations with a remit to support social enterprises to export or develop international trading activities.

The research looked outside of the social enterprise sector and considered export in its widest context, drawing comparisons with traditional commercial exports where possible and identifying distinctions for social enterprise.

To this end, the research engaged export experts from the commercial sector, such as UK Trade & Investment (UKTI) and the Institute of Export, in addition to those within the social enterprise sector itself.

There are definitional issues with any research which aims to measure trends within the social enterprise sector, because it is still developing and currently has no internationally-agreed parameters. Attempting to measure export trends compounds these definitional issues even further.

Although ‘export’ is a well-understood economic concept, its usage in the social enterprise sector can at times run counter to how it is used in more-traditional business and policy contexts. This is because different values are at work. In classical economics, the value of exporting goods or services is found in the financial return to the exporter (and host nation); whereas for social businesses the value of their product is often equally found in its social and environmental return to a broader community.

For some social enterprises, therefore, value is being distributed overseas in a way which could more appropriately be called ‘sharing’ or simply ‘collaborating’. For others, their products and services are local by nature and so cannot be easily exported without risking mission drift.

Some social enterprises even have business model which are specifically designed to mitigate against the need to export, for example due to concerns around carbon footprint. This is the case for Belu Water, for example, which produces carbon-neutral bottled water in the UK and donates its profits to Water Aid.

Even where these issues aren’t present, the sector is diverse, formed primarily of small and medium enterprises, and there is therefore a wide range of business models and methods for selling goods and services abroad. This means that there is no single preferred route to international markets for social enterprises, on which this research could focus.

In order to better understand this diversity of activity, we were keen to throw our net wide, and not make too many definitional assumptions at the outset. For the purposes of this report, we are therefore using key terms as follows:

Social enterprises

Social enterprises are businesses trading for social and environmental purposes.

Rather than use a stricter criteria-based definition, survey respondents were simply asked to declare whether or not they considered themselves social enterprises. If prompted, the Social Enterprise UK definition was offered as a guide. Only those who self-identified as a social enterprise have been included in the findings.

Export

Export refers to goods or services being sold abroad, either directly or indirectly (for example through franchising or licensing arrangements).

As we did not wish to prejudice the results at the outset, differing types and methods of export were not classified in advance of undertaking the research. Survey respondents were simply asked if they had ‘traded outside of the UK’. As such, there is a broad range of activity captured under our use of the term ‘export’, not all of which conforms to existing definitions. This means that export activity can range from large pan-European work to a small number of sales on an online platform. These issues are further explored in chapter 5.

Exporters/Potential Exporters

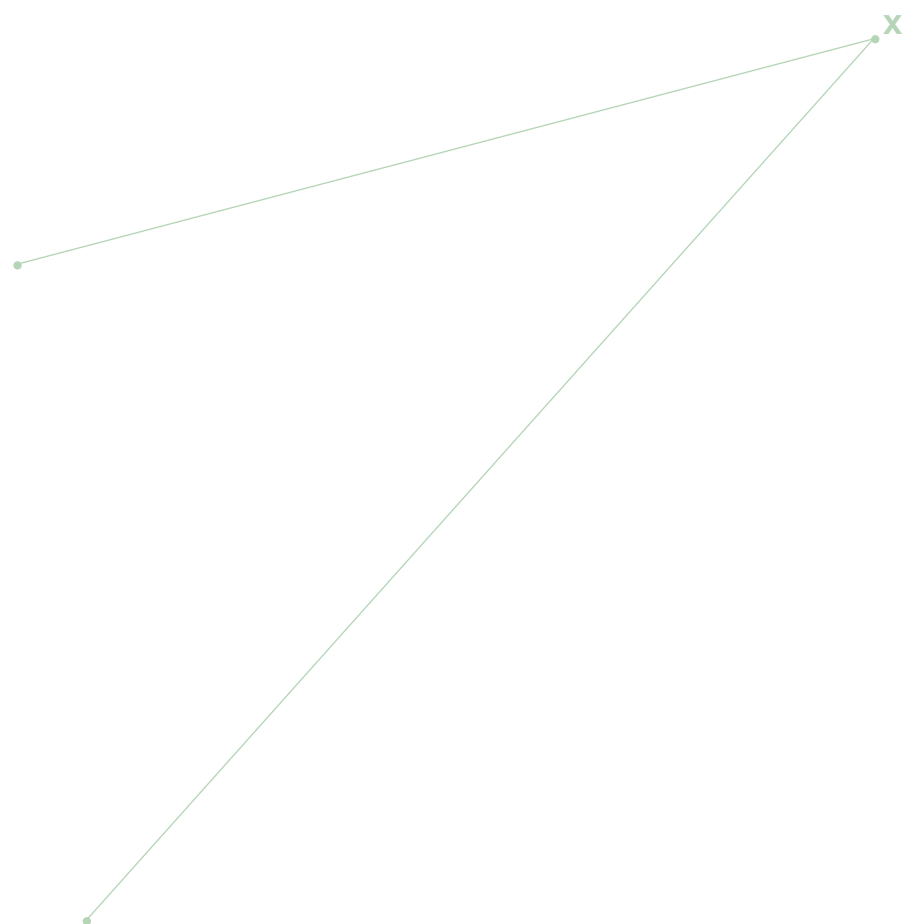
We use the term ‘exporters’ to describe social enterprises that have indicated that they are currently trading or have previously traded outside of the UK.

We use the term ‘potential exporters’ to refer to social enterprises who have indicated that they are either preparing to export, or have an interest in exporting in the future.

Support organisation

‘Support organisation’ is used in this report to refer either to: a) membership or infrastructure organisations providing general services to the social enterprise sector, or b) intermediary organisations offering export-specific services to all sectors.

3.



Who is exporting?

SURVEY RESPONSES

We received 113 responses to the survey.

Over half of respondents (54%) are either currently trading overseas, or had previously traded overseas. Of those not exporting, 31% were keen to begin trading outside of the UK (termed 'potential exporters' in this report). Only 8% were not interested in trading overseas, now or in the future.

Of the social enterprises surveyed, the vast majority are small or micro-enterprises: 72% of exporters have less than 10 employees, whilst nearly 90% have less than 50. This is consistent with national averages for social enterprises.

There was a mix of legal forms: 30% of respondents are Community Interest Companies (CIC's), 29% are limited companies and 12% are registered charities. 80% have an annual turnover of less than £500,000. Over half (57%) have a turnover of less than £150,000.

There is a broad spread of methods of income generation across all respondents, with only one organisation making all their income from a single source. The most popular methods of income generation are trading with the public sector (61%), and trading with third sector organisations (61%).

A GROWING MARKET

There is reason to expect that future years will see an increased number of social enterprise exporters, as confidence and growth are high within the sector.

65% of exporters expect to increase their income from export activities in the next three months, whilst nearly half (46%) report increased income from exports in the last quarter. Only 9% of exporters reported a decline in export income in the last three months, which is an encouraging sign.

These results mirror the increased optimism in the wider business community. The British Chamber of Commerce International Trade Survey 2013 found that 72% of exporters expected turnover to increase in the next year, the highest result since 2007.

Social entrepreneurs suggested a number of factors which are helping to improve confidence, including a perceived upturn in the economy and improved domestic trade creating additional capacity to focus on overseas activities, and improved working capital and cash-flow to support it.

EXPORTS BY SUB-SECTOR

Our survey included social enterprises from across a range of sectors and working different social purposes. Across all survey recipients there was a good spread of sectoral experience, and although employment/skills was the most popular sub-sector (reflecting organisations whose main business is the development

of employment opportunities) with 40% of respondents, most other sub-sectors were well represented. Housing and financial support were relatively less well represented, which likely reflects the local/domestic nature of these markets, which tend to create social value by virtue of a community focus (as with credit unions, for instance).

Employment/Skills	40%
Consultancy	38%
Education	38%
Business support	32%
Creative/Arts	26%
Other	25%
Health	17%
Culture	16%
Social Care	14%
Retail	12%
Sport/Leisure	10%
Food/Drink	9%
Environment	9%
Workspace	7%
Housing	5%
Financial Support	5%

Due to the unique nature of social enterprises, standard sector and product classifications rarely capture the primary value which they are aiming to produce. With that in mind, we asked those who export about the social objectives that they aim to address through their export activities (see figure below).

Of the (non-exhaustive) list provided, 74% of exporters stated that they aim to ‘improve a community’ whilst 56% aim to ‘create employment opportunities’, and 53% aim to ‘support other organisations’. These figures are broadly similar for potential exporters, although ‘addressing social exclusion’ and ‘supporting vulnerable people’ were more prevalent.

This list is largely unsurprising, mirroring the sectoral breakdown of respondents (see above), which accounts for the popularity of creating employment opportunities, and the lack of exporters who are providing affordable housing or addressing social exclusion. However it is interesting to note the high number of respondents who state they aim to ‘improve a community’, which suggests that a community-focussed social enterprise is not incompatible with an internationally-focussed business.

SOCIAL OBJECTIVES ADDRESSED BY EXPORT



4.

How do social enterprises export?

METHODS OF EXPORTING

As part of this survey, we asked social enterprises by what method they are currently exporting (or have previously exported): whether, for instance, they were selling goods directly via an online platform, or whether they were licensing their service to another social enterprise abroad.

This question revealed a broad range of more traditional export methods in use amongst the social enterprise sector. 'Licensing', 'franchising', and 'wholly-owned subsidiary' were cited as export methods currently in use. Nearly a third (30%) of respondents who export said that they were using a 'joint venture' to trade overseas, which may also help explain the proportion of those who think local partnerships and relationships are a driving factor for their international trade (see chapter 6).

However this question also revealed some degree of confusion amongst respondents about export methods, with the largest proportion of respondents not identifying any specific method of selling their product overseas.

This may imply that in-depth knowledge about the technicalities of exporting goods and services is still undeveloped within the social enterprise sector, and that future research will need to offer clear guidance to survey recipients about the scope of export methods available.

An alternative reason for this finding, suggested by interviewees, could be that many social enterprises have not had to get to grips with the complexities of the export market, due to the relative ease of trading abroad using the internet. As the ability to offer retail services internationally is now built into most off-the-shelf web platforms, many social enterprises may be exporting their product without any proactive international marketing.

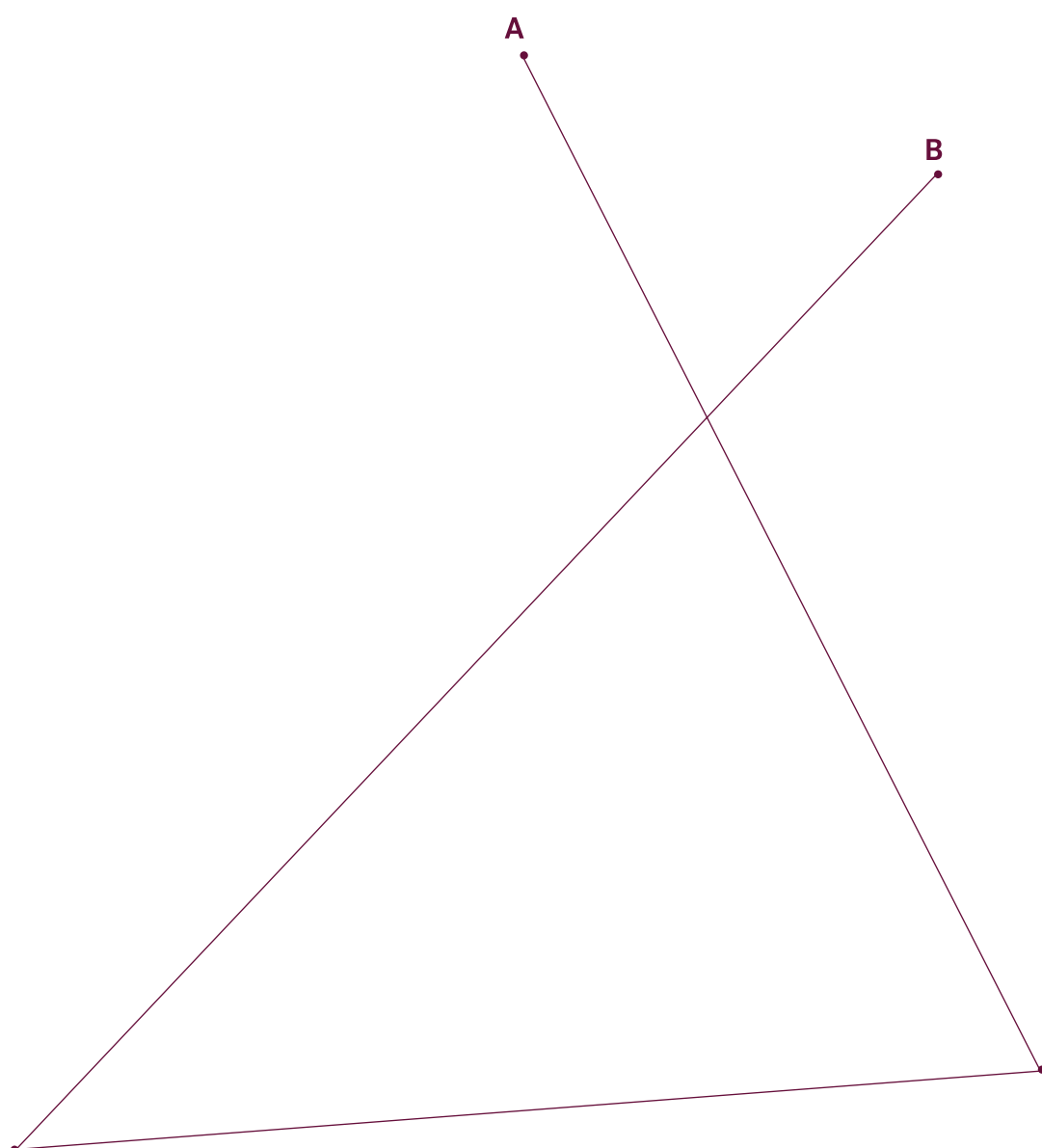
As one support organisation suggested: *'the generation coming through was born in the age of the internet, born international. They don't recognise international boundaries and may be exporting without realising it.'* Indeed, of those that did respond to this question, 36% (the highest proportion) stated that they had used online and web-based platforms to trade overseas.

'eBay has been the most effective conduit for our product, recycled bicycles. For sending the bikes to overseas projects, the main influence has been working with partners who have links to overseas bike projects.'

Alasdair Wilson, Recyke y'bike Ltd

'Think globally and use all your networks. International online platforms such as Etsy make overseas trade very easy from a practical perspective, but you can attract more customers via your own networks'.

Beth Parker, Bonsai Bison



FUNDING EXPORT ACTIVITIES

Respondents were asked how they fund the development of their international activity. Unsurprisingly, the majority are using their own funds to grow their international trade, with 66% citing earned income as a source of funds for developing export activity.

Just over one third (36%) of exporters are using grant funding to develop export activity, compared with nearly two thirds (60%) of potential exporters who plan to do so, reflecting the optimism bias common to newer businesses.

Whilst earned income was the main way in which exporters had funded their export activities, there is evidence that some are using newer funding methods, as 41% of exporters stated that they had used social investment, social lending, venture capital or crowd funding to support export activity, or would consider doing so. 61% of potential exporters would also consider using these sources of funding to develop their export activities.

Interviewees were less positive, and noted that with one or two notable exceptions, such as European Union (EU) funding, there were too few examples of funding being given to social enterprises with the express purpose of developing export activities. This was cited one of the key barriers to exporting.

EXPORT INCOME

The scope of this research did not allow for the calculation of aggregated scale of exports in the social enterprise sector, or how much profits are being returned the UK as a result of social enterprise exports. This would be a fruitful avenue for future research to explore, and there are opportunities to bring existing datasets (such as the Small Business Survey and State of Social Enterprise Survey) into consideration on this question.

Case Study: Realise Futures

Key learning points

- Explore existing local networks and support
 - Consider formal training
- Export can open up new supply chain opportunities

Suffolk-based Realise Futures is an award winning social enterprise and public sector spinout that supports disabled and disadvantaged people into work. The organisation was exploring the international potential for its garden furniture made from recycled plastic, when it won a competition to be part of a UK Trade & Investment trade mission to Moscow.

‘Only four months after being freed from the shackles of the local authority, we were sat in a meeting in Moscow discussing potential exports’, says chief executive Sarah Sharlott, whose first challenge was getting her initial emails to a potential buyer translated into Russian.

‘We were interested in developing overseas and had a business plan, but you don’t really know you’re ready until the opportunity comes along. We realise now we were more ready to export than we realised then!’

Staff have since completed UK Trade & Investment (UKTI)’s Passport To Export training programme and continue to develop international leads, selling play castles in Ireland and benches in Spain.

Sarah feels that the local chamber of commerce and UKTI have been largely supportive, but admits that specialist social enterprise support is not readily available

‘Our local chamber has the port of Felixstowe in its patch so is very knowledgeable around export; and the chap from UKTI just seemed to get what we were all about from the start.

It would have been helpful to have someone with social enterprise knowledge to advise us, or even advise our advisors, but I think the support is there, if you look for it.’

Export has opened new opportunities for disadvantaged people to be employed in supply chains too. One customer is local entrepreneur Jo Kerley, who appeared on the BBC TV programme Dragon’s Den with her PlayAway Cases for children.

‘The cases come off the ship from China and come straight to us to be packed and redistributed all over the world’, says Sarah, who, buoyed by export success and a visionary board, is considering exploring the potential to make and export shoes.

‘We’re talking to a potential partner in Amsterdam which owns the entire supply chain from cow to shoe. The margins aren’t great, but that’s where a social enterprise can consider the added value; someone’s going to get a job out of this and it’s going to change their life.’

www.realisefutures.org

5. Where do social enterprises export?

Europe is the region where most UK exporters have operated (79%), followed by North America at 46% and East Asia (including Australia) at 43%.

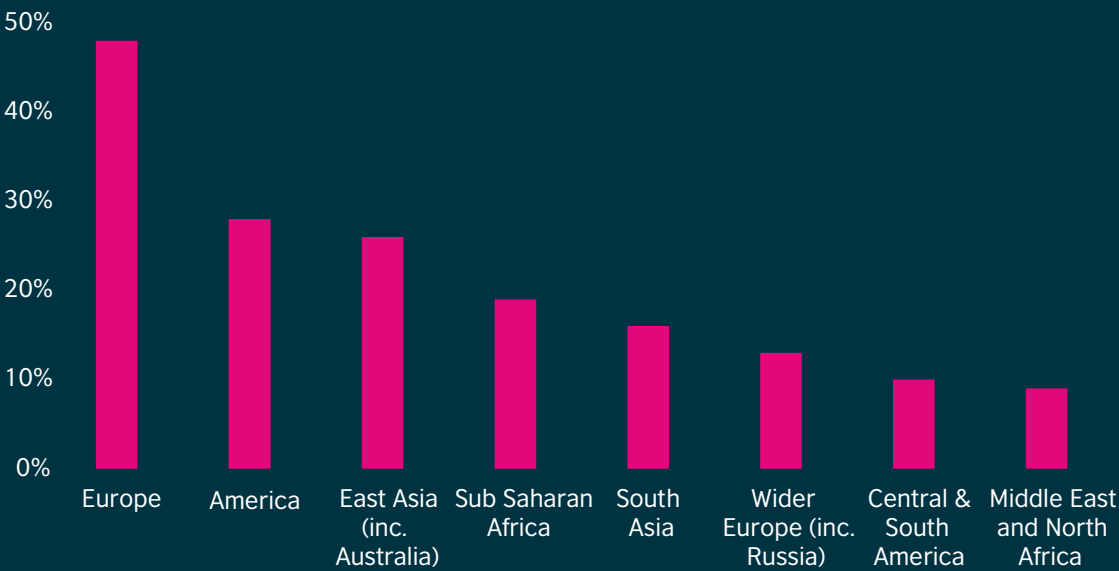
Social entrepreneurs were asked to select countries they had exported to or countries they would like to export to from a list which included countries where British Council actively supports social enterprise and the 20 countries identified as UK Trade & Investment (UKTI) priorities.

Canada was the single biggest export market (16%) as well as the country of most interest to exporters and potential exporters alike. China and India made up the top three most exported to countries.

After Canada, exporters were most interested in exporting to India, Italy, South Africa and Brazil.

On the one hand, this data reflects a globalised world: no one country is a long way ahead of any others, and there is coverage in every continent. Geographical proximity and EU funding may help explain the predominance of regional export in Europe, whilst the work of the British Council and others to develop links in Canada and China may have positively influenced connections there. What stands out most, though, is the broad spread of countries exported to and of interest to future exporters: from Italy to India to Indonesia.

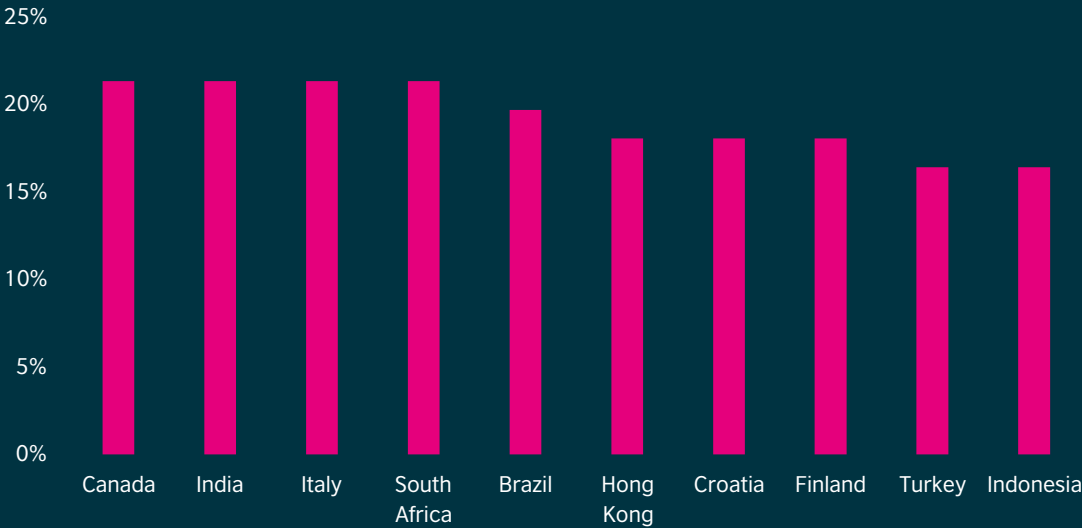
CURRENT EXPORT MARKETS BY REGION



CURRENT EXPORT MARKETS BY COUNTRY



MARKETS OF MOST INTEREST TO CURRENT AND POTENTIAL EXPORTERS



6. Influences and drivers

HOW DO SOCIAL ENTERPRISES DECIDE WHETHER TO EXPORT?

Relationships are key

The majority of social enterprises we surveyed are influenced by a collaboration with an overseas partner when deciding whether or not to export. Only 7% of respondents thought it was not influential to their decision.

This was confirmed by the social enterprises we interviewed, who also reported that personal relationships were key in determining whether to export, both to countries where relationships already existed and to places where trust could be quickly established on the ground.

Unsurprisingly, having done previous work abroad was also a major influence, as was furthering their own social aims, with 53% of respondents stating that it was either critical or very influential to their decision to export, and only 6% stating that it was not influential.

Responding to specific opportunities also seems to drive social enterprises, with specific policy initiatives and specific funding opportunities both influential amongst respondents. These were rated as either critical or very influential by 32% and 30% of respondents respectively. This may demonstrate that, whilst some social enterprises are pursuing international expansion proactively and strategically, others are responding more entrepreneurially to opportunities for income and impact.

HOW DO SOCIAL ENTERPRISES DECIDE WHERE TO EXPORT?

We also asked social enterprises what influenced their decision to export to a specific location over another (see figure). The most popular locations are detailed in chapter 5.

The ease of finding existing customers and agents/distributors was the third most influential factor. Perhaps related to this, whilst the existence of diaspora (for instance British expatriates) in a country was the least influential factor, it is interesting that only 42% of respondents did not think it was influential to their decision of where to export. This suggests that the majority of social enterprises are aiming to reach specific existing communities through their international activity.

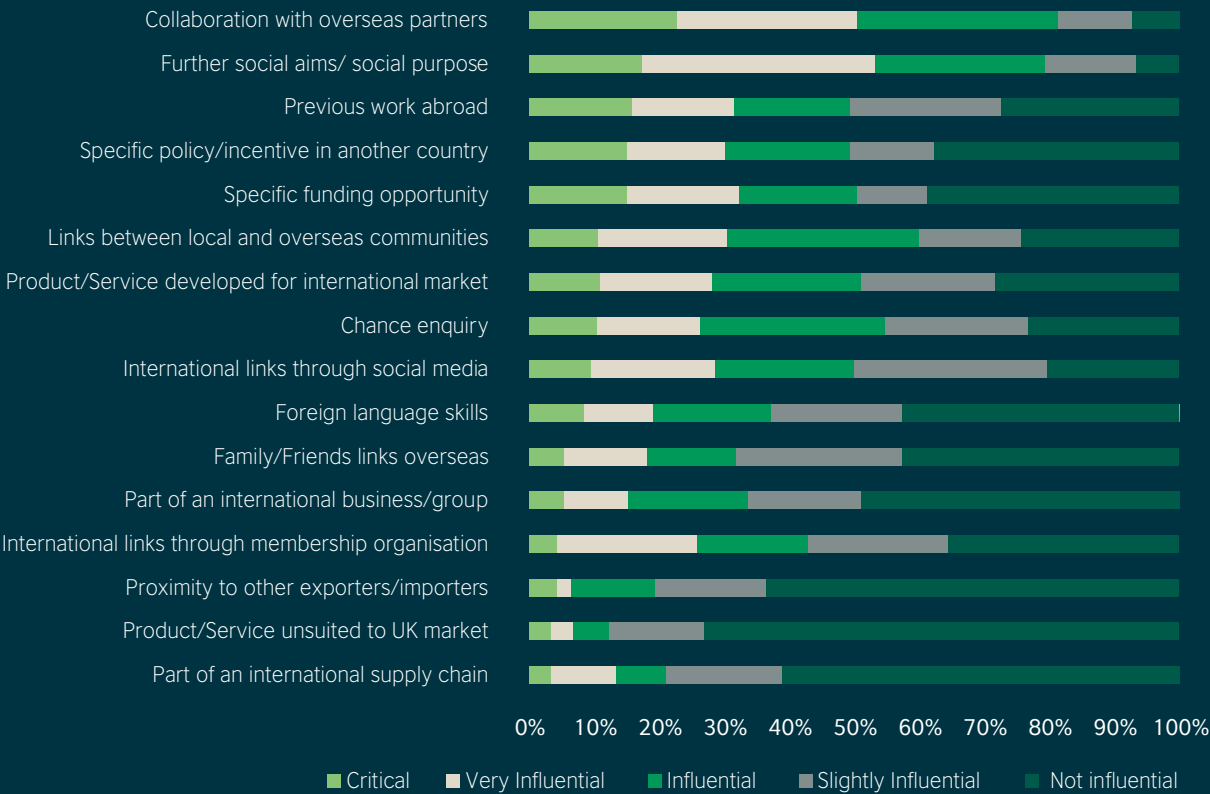
Theresa Burton, chief executive of Buzzbnk, a crowd funding and social lending platform, explains why her social enterprise opted to export to South Africa:

‘In selecting South Africa for our first export under licence, we’ve been able to overcome some of the usual export challenges. South Africa is in a similar time zone to the UK and most people speak English.

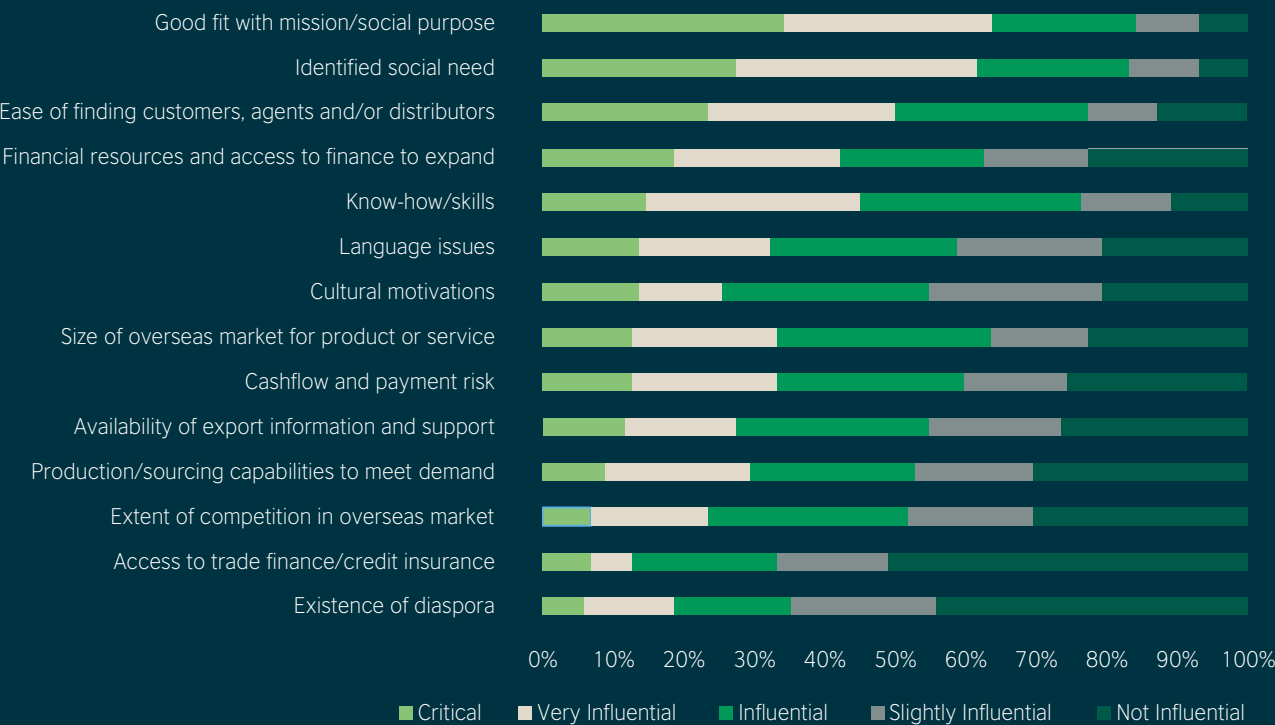
As we sell a web-based product, these factors have been helpful in enabling us to manage everything 100% remotely once the original relationship was established.’

www.buzzbnk.org

FACTORS THAT INFLUENCE WHETHER A SOCIAL ENTERPRISE EXPORTS



FACTORS THAT INFLUENCE WHERE A SOCIAL ENTERPRISE EXPORTS



HOW DOES THIS COMPARE WITH NON-SOCIAL ENTERPRISES?

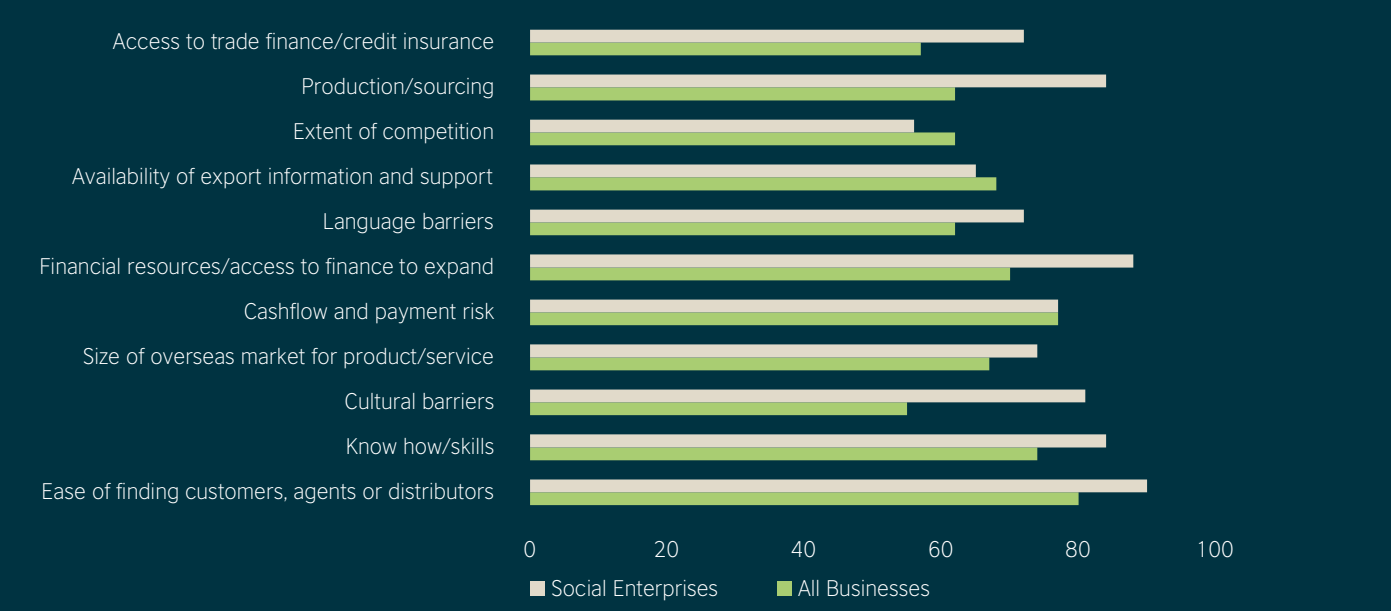
It is difficult to make direct, substantive comparisons with the mainstream business sector, due to the fact that drivers and influences are subjectively experienced and will therefore be interpreted by different sectors and communities in their own way.

Nevertheless, it is possible to make some minor comparisons between the social enterprise sector and the wider business community using the British Chambers of Commerce's International Trade Survey (ITS).

Using figures from the 2013 ITS, we find that the factors influencing where social enterprises export are not dissimilar to those that influenced by other businesses (see figure below). The most notable divergence is 'cultural barriers', which is more likely to affect social enterprises' decision-making. This is likely a result of the focus on locally-designed solutions in the social enterprises sector, indicating that social enterprises are more sensitive to cultural barriers through a desire not to "parachute in" with top-down solutions.

Issues around access to finance and production/sourcing are also more likely to influence social enterprises, perhaps because of the relative lack of market infrastructure for social enterprises outside of the UK.

KEY EXPORT FACTORS: SOCIAL ENTERPRISE AND MAINSTREAM BUSINESS



Case Study: The Social Enterprise World Forum

Key learning points

- Government support can drive growth in the sector
- A growing international community is an opportunity for UK social enterprises

Founded by CEIS (Community Enterprise in Scotland), the first annual Social Enterprise World Forum was hosted in Edinburgh in 2008, with the aim of sharing knowledge and raising awareness of social enterprise internationally. The first forum was attended by over 400 social enterprise practitioners and support agencies from around the globe. Since then, the forum has grown exponentially each year, and the most recent forum, hosted in Seoul, South Korea in 2014 welcomed over 1000 delegates from 50 countries.

The UK has been central to this success. As well having conceived and hosted the first forum, Scotland has continued to play a co-ordinating and support role in each subsequent year, and sits on the 13-member steering committee along with representatives from Canada, USA, Germany, Korea, Hong Kong, UK, Italy, South Africa and Australia.

The Social Enterprise World Forum would not have been possible without the generous support of the Scottish Government. Funding and support from the Scottish Government has enabled SEWF to develop its website; put capacity into campaigns and promotions; and build a membership in advance of the 2013/14 events in Calgary and Seoul.

In 2012, the Scottish Government launched the International Social Enterprise Programme to encourage international social enterprises to base themselves in Scotland. The programme includes three main elements: a headquarters grant of up to £20,000 per year; ministerial ambassadorial support; and referral to appropriate business development support. Since launching two years ago, the programme has supported social organisations with an international reach, such as the Homeless World Cup, International Network of Street Papers, Challenges Worldwide and Assist Social Capital - as well as supporting the sustainability of the World Forum.

As well as promoting knowledge and awareness, the World Forum also provides a space for networking and building international relationships, which our research suggests is a key factor determining success in the export market.

Gerry Higgins, CEO of CEIS: *'Around the world the social enterprise movement is growing. While social enterprise looks different in every country there is a common desire to work together internationally to accelerate the growth and impact of the movement. Scotland has played an important formative role in this growing global social enterprise movement and is ambitious to develop its international reputation and leadership in this area.'*

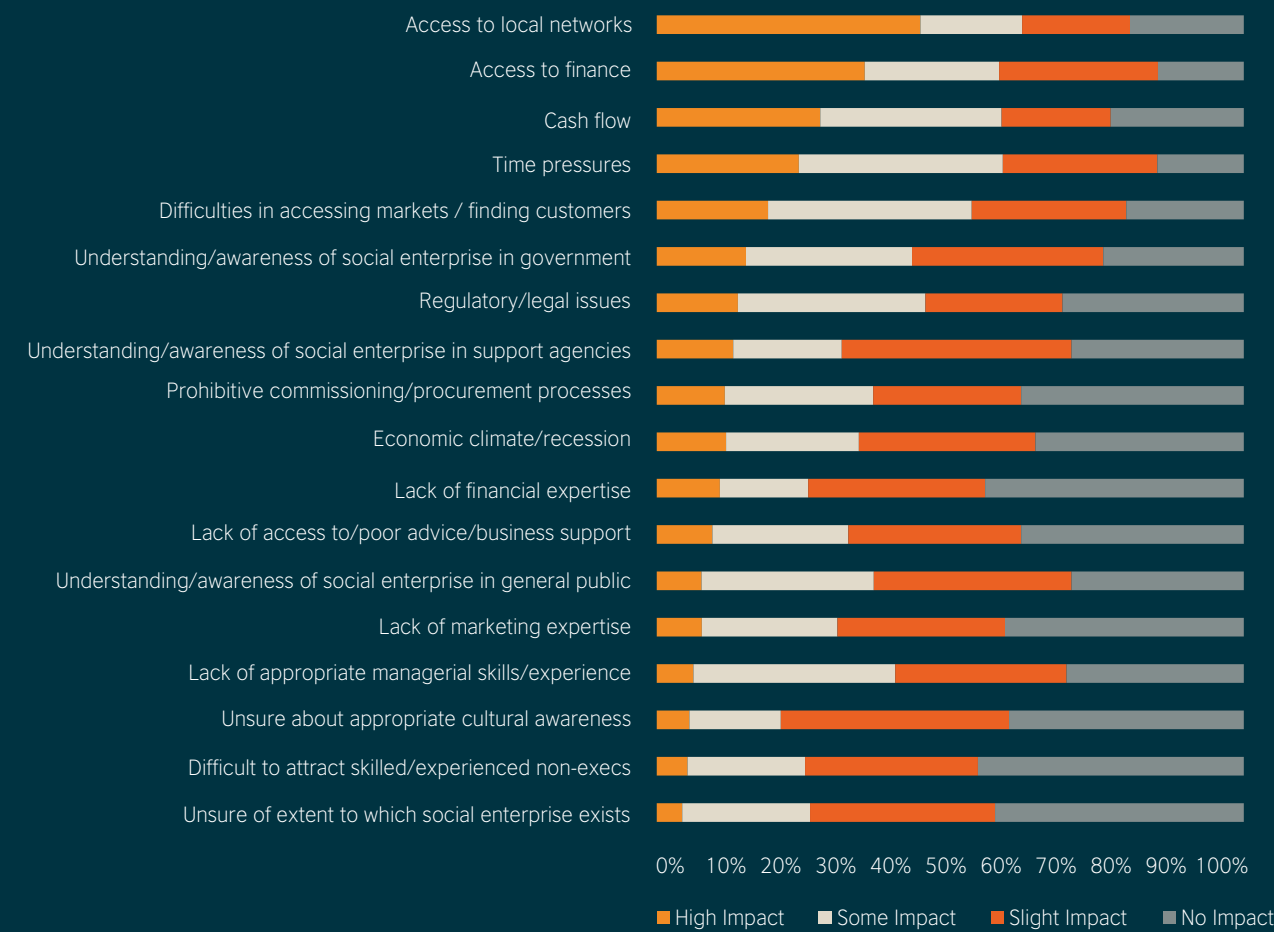
www.socialenterpriseworldforum.org

7. What challenges do exporters face?

Our survey asked social enterprises what challenges they faced that impacted on their ability to export.

There was a wide range of responses, with all factors affecting at least 50% of respondents to some extent, and little correlation between high impact and low impact factors. Access to local networks is the biggest challenge, with 45% of respondents stating that it impacted highly on their ability to export, whilst access to finance came second, being selected by 35% of respondents.

FACTORS IMPACTING ON ABILITY TO EXPORT



It is notable that the top five factors are not exclusive to the social sector and could apply to any type of business, indicating that the experiences of social enterprises are similar to other organisations seeking to export.

We explored this question further through structured interviews with key social enterprise exporters.

This revealed more of a focus on insufficient resources, with interviewees highlighting money and time as the main challenges. Interviewees noted that whilst establishing yourself overseas takes time and cash (to be able to research demand, develop a local approach, establish infrastructure, etc.) access to funding in the UK is often predicated on being able to deliver services immediately.

For some, distance alone was the main difficulty as it impacted on the ability to create relationships. In the UK, it may take a few face-to-face meetings to establish trust in a new partnership. It's harder to do this via email or on Skype with partners in different time zones and limited human interaction.

Difficulty in entering markets was cited as a challenge by the majority of survey respondents, but some interviewees also suggested that maintaining customers after finding them is the real challenge, especially after the first sale.

A key export challenge is that the support services and infrastructure that surround social enterprises in the UK are not replicated overseas to the same extent.

Organisations like British Council and UnLtd work internationally and can provide some support, but exporters reported a sense of isolation and described 'starting again.'

Tools to assist social enterprises in measuring their impact and social return on investment are also lacking internationally, although existing tools and support structures are increasingly international.

QUOTES FROM INTERVIEWEES

'We need to understand customs and duties charges, how they vary between countries and states, and what to do about it.'

'We need country specific information on mental health and unemployment – what are the stats, what are they doing about it?'

'I engaged with UKTI and they were helpful. They recommended Passport to Export, which is a great course but not well known.'

'We need advice about using our Intellectual Property overseas, including how to find partners and how to assess the market.'

'We have contacts in 60 countries but we need access to development funds, social franchise expertise and time to develop.'

'We need more strategic discussions about aligning our strategy with others rather than tendering for ad hoc opportunities.'

'We're too small to take on the full horror of EU funding, but charity funders don't understand our project (big open data). We need a less convoluted EU small fund.'

'We need to find centres of Irish diaspora.'

'We need support with local regulatory issues, such as visas and work permits'

Dan Berelowitz is chief executive of the International Centre for Social Franchising whose mission is to tackle issues of scale by helping the most successful social impact projects replicate. He suggests that one of the challenges for UK social enterprises in the domestic market is an expectation, usually from funders, that they will start delivering immediately. This could be a potential advantage internationally, where other cultures allow more time to develop new ideas. He says,

‘It’s very different in China, for example. If they replicate an activity 30 times they still call it a pilot, whereas in the UK we only call the first replication the pilot. If you manage to achieve 30 replications in the UK we say you’ve reached scale!’

www.the-icsf.org

Jeremy Nicholls is chief executive of the SROI Network (now Social Value UK and, with SIAA, Social Value International), a leading international social enterprise which aims to change the way society accounts for value by supporting social enterprises to manage, measure and understand social, economic and environmental outcomes.

They are active in 45 countries and works through 7 affiliated networks, a structure which Jeremy says is critical to their model of export as it enables the organisation to divest ownership of its products and enable it to meet local needs.

Jeremy says that “letting go” of some established practices is a key challenge for social entrepreneurs looking to export. This may not be easy for the social entrepreneur who has invested a great deal in their approach, but his preference is to be more relaxed, as he explains:

‘If we go to Australia and Canada and train new trainers to deliver our courses, both countries will go on to deliver the training in different ways; but that’s good because that means they’re listening to local needs and it’s not about the UK parachuting in with an approach that works well here, but may not there.’

www.thesroinetwork.org

Case Study: Young Advisors

Key learning points

- Systems and processes need to be fit for purpose
- Digital-based expansion carries less risk and is less resource-intensive

A chance phone call led to Manchester-based Young Advisors chasing their very own American Dream. After considerable success in the UK, replicating their unique model of youth engagement overseas felt like an obvious next step for the agile, young-people-led social enterprise. One morning chief executive Gary Buxton took a call from a potential partner in the USA.

‘They were working with American kids in the “looked after” system and ticked all our boxes in terms of social and commercial impact. They had a corporate sponsor on board and we said come to the UK, we’ll show you how we do it here.’

The Americans liked the model, which trains young people to train decision makers to engage young people. Young Advisors were all set to visit the USA to train their peers when the corporate sponsor had to pull out.

‘These things happen in business so it was a learning curve. At the time, we were more concerned about the impact on our young people who were excited about visiting the USA than we were about the impact on our business’, says Gary, who feels that experience wasn’t entirely in vain.

‘Exporting our product forced us to look at it in a whole new way; getting advice on intellectual property, getting a trademark. We learned how funding works in the US, at state level, federal level and through corporates and adapted our systems and processes to work internationally.’

For Young Advisors, who also worked in Tanzania (until their young advisors were adopted by another organisation which tried to replicate their model) their export experiences have shaped their strategy.

‘We’re looking at exporting our digital products as it’s less resource-intensive. If anything goes wrong, you flick a switch in Manchester to turn it all off. We made huge improvements to our IT infrastructure as a direct result of our international experience so, in some ways, it feels like we’re still benefiting from it now.’

Gary says Young Advisors would never rule out international opportunities but can still see a real need for their product in the UK.

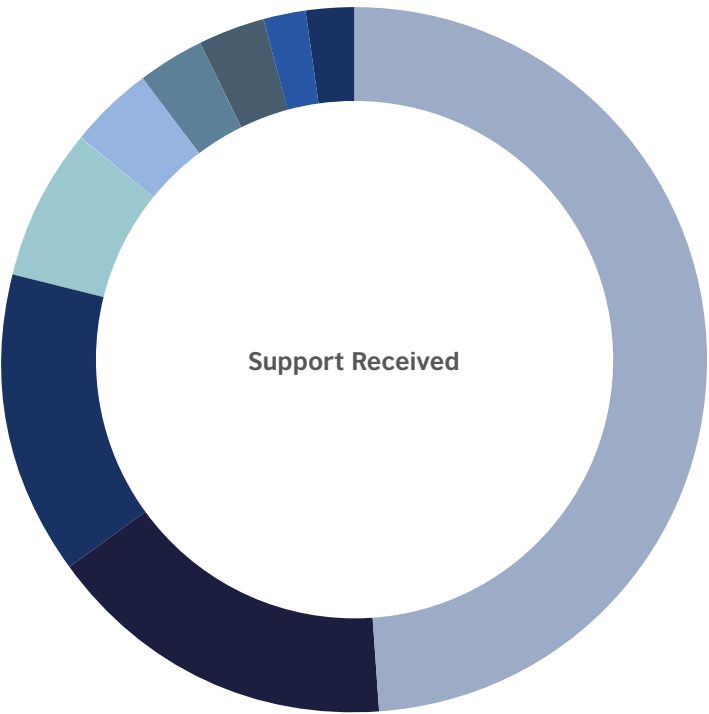
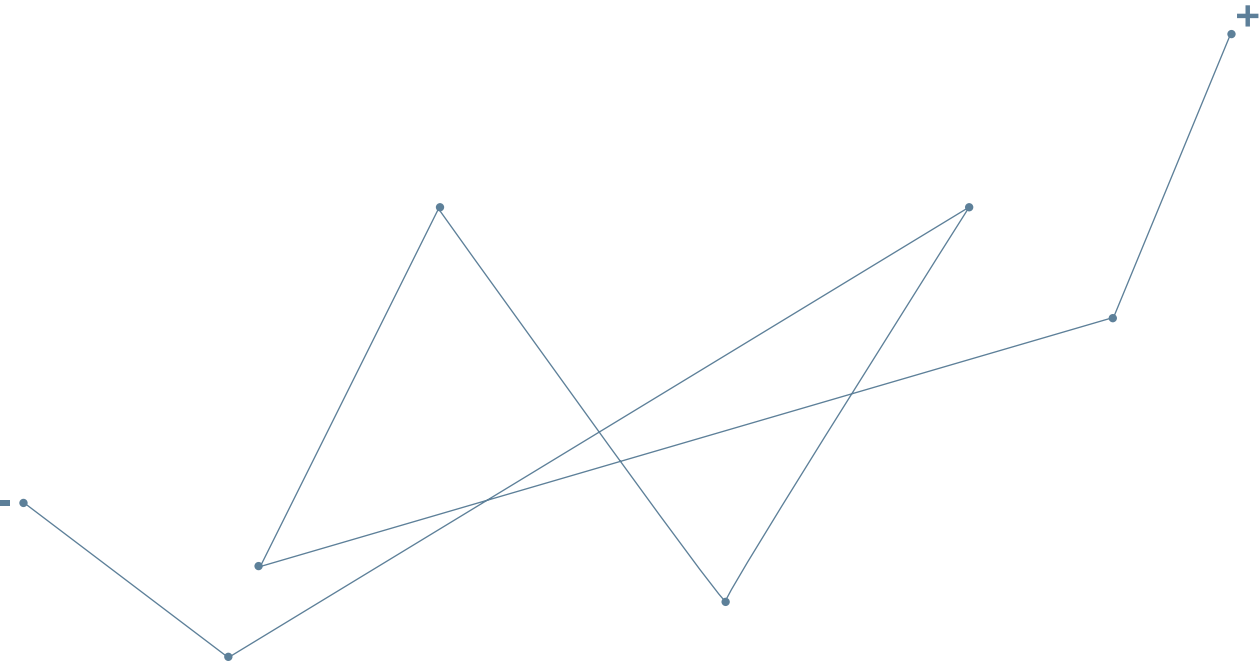
‘We have more understanding of how much time and resources we’d need to make it all work overseas to the same UK standards. With so many plates spinning, you need to focus on your quick wins. Why go to Canada if they’re crying out for you in Wales!’

www.youngadvisors.org.uk

8.

What support is available to exporters?

Many social enterprises are blazing their own trail with 49% of exporters receiving no support at all.



49%	None
16%	British Council
14%	UK Trade & Investment (UKTI)
7%	British Chamber of Commerce
4%	Department for Business, Innovation and Skills
3%	Social Enterprise UK
3%	Shipping company
2%	Local Chamber of Commerce
2%	Local social enterprise support agency
0%	UK Export Finance

We asked survey respondents whether they had received any support to undertake their export activity, and if so, from whom. Of those that also said they were currently exporting, or had previously exported, 49% said that they had received no support.

Others suggested various sources of help, including the British Council and UK Trade & Investment, whose services had been accessed by 16% and 14% of respondents respectively. Other suggestions for support included universities, NESTA, and other social enterprises.

Many support organisations were only referenced by one or two respondents, but it is not yet clear whether this is due to a lack of awareness or a lack of appropriate support.

The non-sector support organisations we interviewed demonstrated a genuine willingness to engage social enterprises, but many also suggested that social entrepreneurs did not typically seek out their support as they may not be aware that help is available to them, if requested.

We interviewed a number of organisations that can support social entrepreneurs to export, globalise or internationalise, and a selection of their comments follow:

Institute of Export

Lesley Batchelor

Director General

‘We see a lot of organisations fall into exporting when the right opportunity comes along and social enterprises are no different.

We can support social enterprises to target certain markets and develop an understanding of how to do business there through our range of programmes and support for small businesses.

We also advise on practical issues, such as getting your pricing right, making sure you get paid and other issues specific to different regions, such as personal security.’

www.export.org.uk

Federation of Small Businesses

Chris Walker

Policy Advisor

‘Our own survey in 2012 revealed that 25% of our 200,000 members trade outside the UK and about 50% of those were aware of UK Trade & Investment support and advice. On a practical level, members tell us that finding leads internationally can be an issue, or maintaining relationships with overseas customers after that initial sale.

We certainly have a sense that the domestic market is picking up, so the international market is likely to follow and we’d be happy to support social enterprises to join our branches, events or trade missions’.

www.fsb.org.uk

Global Social Entrepreneur Network - Unltd.

Krisztina Tora

International and GSEN Manager

‘There is huge scope for UK social enterprises to work globally; but there’s also scope for the UK to learn from other countries in equal measure. We take a world view; supporting social innovations to be exported to South Africa or India is as important to us as importing them into the UK, creating more room for change.

For example, one of our GSEN members is in touch with a social entrepreneur in Thailand who wants to export to the UK but is finding it difficult to establish a distribution network, so they’ve asked others in the network for advice.

Another social entrepreneur wants to export their model from the UK and is looking to evidence the need, so network members on the ground are offering help and support.

gsen.unltd.org.uk

Ashoka UK

Caroline Guyot

Partnerships Manager

‘Globalizer helps Ashoka social entrepreneurs move beyond organisation-focussed growth by challenging them to scale their impact through innovative pathways.

This often means scaling through partnerships, open sourcing, smart networks, learning curricula and be ready to have others replicate your idea.’

uk.ashoka.org

Social Enterprise UK

Peter Holbrook,

Chief Executive

‘In my experience, most countries would like to unleash the power of social enterprise and the UK social enterprise sector is well-respected and well positioned to export.

Not all social enterprises know how to go about developing international opportunities, and it’s not right for everyone, but that’s where Social Enterprise UK can support them to explore new market opportunities and develop their export offer.

It’s the right time to be having conversations about export. Take the NHS, for example, a powerful and trusted brand worldwide. 20 years ago, you wouldn’t expect to see it work internationally but now parts of it have become social enterprises in their own right and have the freedom to explore export.

We have a responsibility to support member social enterprises of all sizes to develop international opportunities and impact.’

www.socialenterprise.org.uk

The Young Foundation

Greg Winfield,

Ventures Team

‘Social entrepreneurs tell us that making those first international connections can be one of the main challenges to exporting.

Our social enterprise exchange platform provides opportunities for social entrepreneurs to engage with and learn from their peers internationally.

Our EU-funded Transition programme supports social innovation and brings people together to share best practice across regional centres in Finland, Spain and the UK with more planned during 2014.

Capacity can be another challenge for social entrepreneurs, many of whom are already working to full capacity and simply don’t have time.

The Young Foundation can connect social entrepreneurs with peers in other countries who can advise on local challenges and opportunities to assist them in making informed decisions about export.’

youngfoundation.org

Open to Export

Anthony Cooper

Team Leader

‘Open2Export is an independent community interest company delivered in partnership with the Federation of Small Businesses, Institute of Export and digital services provider hibu, supported by UK Trade & Investment.

Essentially, Open2Export is a web-based portal for advice and support on all export matters with over 250 partners contributing to the site and over 5000 registered users.

Social entrepreneurs using the portal will find case studies and articles about export. They can ask questions, search previous export topics or take part in webinars.

Our thinking was that putting all the information about export in one place would make it easier for all businesses, social enterprise or otherwise, to access high quality information about export and develop international opportunities.’

opentoexport.com

9. The future of export

Where next for social enterprise exporters?
We asked social entrepreneurs to offer their perspective on what the future held for social enterprises looking to export their product overseas:

Impact Hub Westminster

Alex Soskin
Managing Director

‘We’re one of the largest global networks of locally owned collaborative working spaces, with over 50 global hubs on all continents and over 8000 members in the network.

Internationalisation is intrinsic to our model and our own research suggests that 30% of our members are engaging with other countries, so we provide a platform for social entrepreneurs to collaborate with international partners, if they want to.

It’s hard to apply export to our model and I think we’ll see more global organisations like ours in future, where what you do is more relevant than where you’re based.’

westminster.impacthub.net

Stepping Out

Craig Dearden-Phillips
Managing Director

The UK has seen a recent surge in social enterprises emerging from the public sector, or “spinouts” as they’re commonly known. What international opportunities await them?

‘Spinouts from the UK public sector mainly service domestic markets, but we’re seeing international interest in areas where the UK has recognised leadership and greater potential, such as healthcare services, education and the creative sector (e.g. Realise Futures and Albion Care Alliance CIC.)

In the case of Albion, they are already working internationally, training thousands of Chinese healthcare workers and running new intermediate healthcare facilities there.

stepping-out.biz

Groupe SOS

Anne-Sophie Do
Programme Director

With a \$900 million turnover and 11,000 employees in 20+ countries, Groupe SOS is one of Europe’s foremost social enterprises.

Anne-Sophie shares her recent experience of developing in the UK:

‘In France, we perceive the UK as one of the biggest markets in Europe with a forward-thinking approach to social enterprise.

The UK appears to be less afraid of failure than those on the continent and more open to innovation and trying new approaches, which is supported by the growth of social investment such as Big Society Capital.

We’re interested in identifying potential UK partners and looking at what we can learn from them, in addition to how our own health and social care services can complement theirs.

It feels very much that the UK is an exciting place to be for social entrepreneurs. The UK pre-empted the European market for health social enterprises, for example, and our perception is that social entrepreneurs are taken more seriously in the UK, where the infrastructure is more established than ours.

We look at where we can help, where we can add value and we build new relationships. It takes time, but the end result improves our social impact.’

www.groupe-sos.org

School for Social Entrepreneurs Australia

Celia Hodson
CEO

Celia is something of an export herself, having relocated from SSE in England to head up their Australian franchise:

‘It’s exciting to discover Australian social enterprises that would do so well in the UK, as well as see the opportunities for UK social enterprises out here in Australia’, she says.

‘Australia feels a little more laid back than the UK, which makes space for innovation. I often see social enterprises doing well here and wonder how they would fare in the UK.’

Who Gives a Crap is just one example of such a social enterprise. The company produces toilet paper and donates 50% of its profits to WaterAid to improve sanitation in developing countries in Africa.

‘They raised start-up capital by crowd funding’, says Celia, ‘one of the founders sat on a toilet in their warehouse and refused to move until they’d raised enough pre-orders to start production; I’m not sure I can imagine anyone doing that back home!’

Hello Sunday Morning is another example of Australian social enterprise export. The organisation encourages people to take a short break from alcohol and share their experience with others; a simple model which has received worldwide acclaim.’

In terms of UK social enterprises doing well in Australia, Celia suspects that shared history plays an important role,

‘Britishness seems to sell well. Anything with a Union Jack on it will fly off the shelves. Products originating in the UK are perceived as having prestige and quality; I think there’s also a sense of a shared history.

I’ve noticed a tendency to benchmark ourselves against the UK: mutuals, social impact bonds, if it’s happening in the UK it’ll be happening in Australia before long.

Socially, Australia has similar needs to the UK and environmentally the need is even greater, so the potential impact alone would be a real reward for any UK social entrepreneurs who make it over here.’

sse.org.au

10. Recommendations

The following recommendations have been drawn from our survey findings and interviews with respondents and support organisations:

1. Social enterprise support organisations should work more closely with one another to develop **shared online and offline resources** for social enterprises seeking export support, advice and information.
2. **Greater collaboration** is needed between support organisations who serve social enterprises and support organisations who serve exporters. At the moment there is little signposting or joined-up working between the two, which means social enterprises often do not get the support they need
3. More resources should be put into **developing networks within the social enterprise sector**, so that social enterprises who wish to export can learn from those that already do. Social Enterprise support organisations could support this by developing their understanding of who the 'export experts' are.
4. **Social investors** should recognise the potential of international trade for social enterprises and offer support and funding for overseas trade and franchising.
5. Support organisations and government should focus **market-building activity**, like trade missions and delegation hosting, where there is greatest potential for social enterprise export.
6. Finally, **further research is needed**. This report aims to be a first step towards addressing the evidence gap in this area, but as the sector and export market grow, more extensive and exhaustive research will be required to ensure that we are doing all we can to help it thrive.

11. Further information

This export research was funded by the British Council and delivered in partnership with Social Enterprise UK.

ABOUT THE BRITISH COUNCIL

The British Council is the UK's international organisation for cultural relations and educational opportunities. We create international opportunities for the people of the UK and other countries and build trust between them worldwide.

Our Global Social Enterprise programme supports the development of social enterprise and social investment in the UK and around the world to help build a more inclusive, sustainable and prosperous future for all.

Launched in 2009 and currently run in 24 countries, the programme provides aspiring and practising social entrepreneurs with skills training, consultancy and access to funding opportunities.

The programme delivers a range of initiatives designed to showcase UK best practice and innovation in the sector. These support leaders to create ecosystems in which social enterprise and social investment can thrive and build connections across borders between social entrepreneurs, intermediary organisations, investors and policy makers.

Find out more at
www.britishcouncil.org/society/social-enterprise

ABOUT SOCIAL ENTERPRISE UK

Social Enterprise UK is the national body for social enterprise. With and for its members, SEUK runs campaigns, carries out research, seeks to influence policy, builds networks between social enterprises, brokers business opportunities and raises the profile of social enterprises and the movement as a whole.

SEUK's international work has included:

- Designing, hosting and organising delegations from politicians, decision-makers and leading practitioners from across the world to share with and learn from the UK
- Helping steer the direction of the Social Enterprise World Forum
- Providing insight and expertise through our role on the European Commission's Expert Group on Social Business
- Undertaking bespoke consultancy to individual organisations, including similar national organisations around the world
- Licensing our own products and initiatives (like Buy Social) to partners in different countries
- Connecting individual social enterprises to international peers

Social Enterprise UK believe that social enterprise is our best chance of creating a fairer world and protecting the planet.

Find out more at www.socialenterprise.org.uk

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This report was written by Steve Allman and Benjamin Brown, with support from Adam Pillsbury, Nick Temple and Paula Woodman. The research was designed by Steve Allman.

Steve Allman is an associate consultant of Social Enterprise UK with an extensive background as a social entrepreneur, chief executive and independent consultant

www.steveallman.com

Appendix 1:

List of survey respondents

1944 Ltd.	Federation of Small Businesses	Organised KAOS Youth Circus Ltd
32 Points Ltd	Fossbox CIC (formerly Openhead CIC)	Patient Opinion
Abela Publishing	Freeset Ltd	People & Places
Account3	Gama Access Areas CIC	People-Centered Economic
Addictions UK	Gauge NI	Development
Aid Works	Get Hooked on Positive Activities	Public World
Ala Mairi CIC	Global Indigo CIC	Pulp Friction Smoothie Bar CIC
Alpha Studio	Global Social Entrepreneurship	Real Ideas Organisation CIC
Ashoka	Network (UnLtd)	Realise Futures CIC
Autism and ADHD CIC	Groupe SOS	Recyke y'Bike Ltd
Baker Brown Associates	Hao2.eu	Red Ochre
Balloon Ventures	Heb Ffiniau	School for Social Entrepreneurs
Belu Water	Hip-Pose Ltd	Australia
Big Bang Lab	Hub Westminster	Sensory Leeds
Boxford Build CIC	International Centre for Social	Shakespeare Birthplace Trust
Buzzbnk	Franchising	Small Axe
Cabinet Office	iDID Adventure	Social Audit Network
Cause4	Inklusive	Social Enterprise Acumen CIC
Change Agents UK	Innovation Experience	Social Enterprise Mark
Citizen Coaching CIC	Institute of Export	Social Enterprise Solutions CIC
Citizen Engagement CIC	Institute of Local Television	Social Indigo
Cockpit Arts	ISTAG cic - Invest Somalia	Social Return on Investment Network
Cognition Matters	Transformation Action Group	Steve Turner Innovations CIC
Cognitionsys Ltd	ivo (do-it.org.uk)	Strong Roots CIC
Common Room Consulting Ltd	Katarsis Ventures Limited	Surplus Rescue CIC
Community Catalysts CIC	Landward Research Ltd	The BeatBullying Group
Community Enterprise in Scotland	London Early Years Foundation	The Diana Award
COPE LTD	MakeBelieve Arts	The DoNation
Cracks Housing Co-operative Ltd	Meanwhile Space CIC	The Hidden True Love Project
Croqqr	Media Co-op	The Indigo Childcare Group
Cycle Training UK Ltd.	Media Cultured CIC	The Reader Organisation
Earth Health & Sensibility Ltd	Media Trust	The Walking Theatre Company
Elatus Sports C.I.C	MindFood	The Young Foundation
Elvis & Kresse (Eako Ltd.)	My Life Social Enterprise CIC	UK Trade & Investment
Enabled UK	Naked Bison	Uncle-Aug CIC
Ennerdale Hub Limited	No Offence! CIC	Unlimited Potential
Enterprise and Skills	Norfolk Industries for Disabled People	UnLtd
Ethical Brand	NOW	V4 Services
Ex-Cell Solutions	Ogunte CIC	Wasps Studios
FACT2006 Ltd	OnlyMums & OnlyDads CIC Ltd	Worldview Impact
FC United of Manchester	Open to Export CIC	Young Advisors Charity

