power to change | business in community hands

Annual grantee survey

October 2016

Contents

Cover image: Homebaked, Community Bakery in Anfield.

Introduction

Hampstead Norreys Community Shop.

Power to Change is an independent charitable trust, set up in January 2015, to support community-run businesses across England. It seeks to do so in a number of ways, including grantmaking. This is the first in what will become a regular series of annual reports on the experiences of Power to Change grantees. It is based on a survey of all 54 organisations that received grant offers between January 2015 and May 2016. The survey was carried out between 7 and 31 June 2016. The response rate was 83%. (See Annex A for detail about the survey questionnaire.)

**Q1c.** Which Power to Change grant have you received?
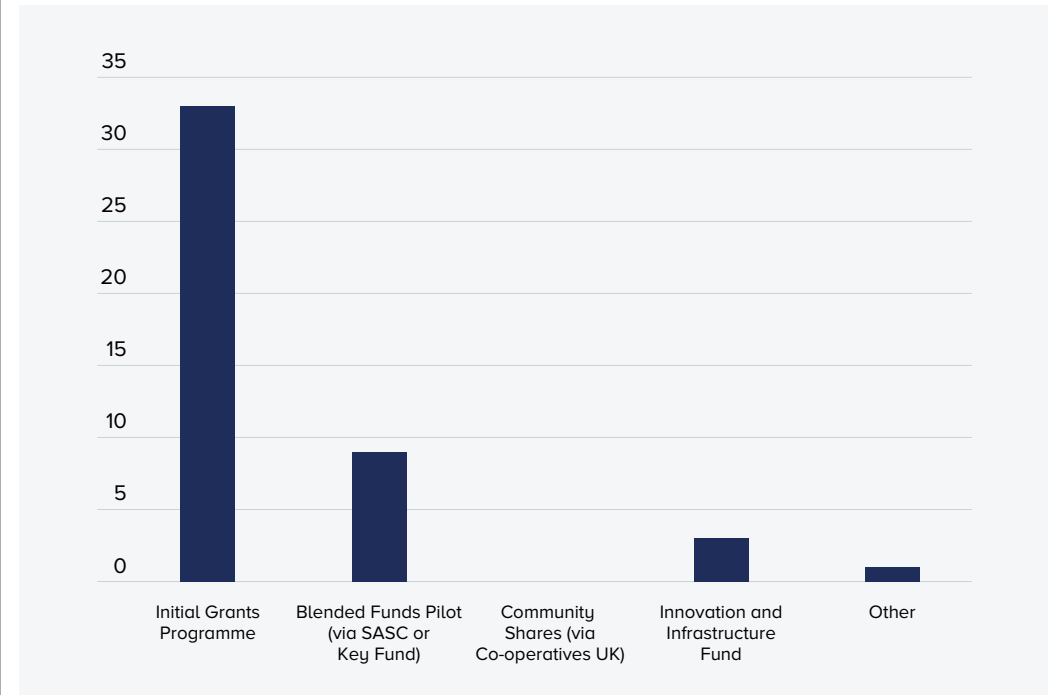
The majority (73%) of respondents had received funding through our Initial Grants Programme, which ran from May to October 2015.[1] Only one respondent reported receiving funding from more than one programme.

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1   See Research Institute Report No. 2 *Analysis of applicants to the Initial Grants Programme* (available here).

Introduction

Q1d. What effect has association with Power to Change had on the profile of your community business?
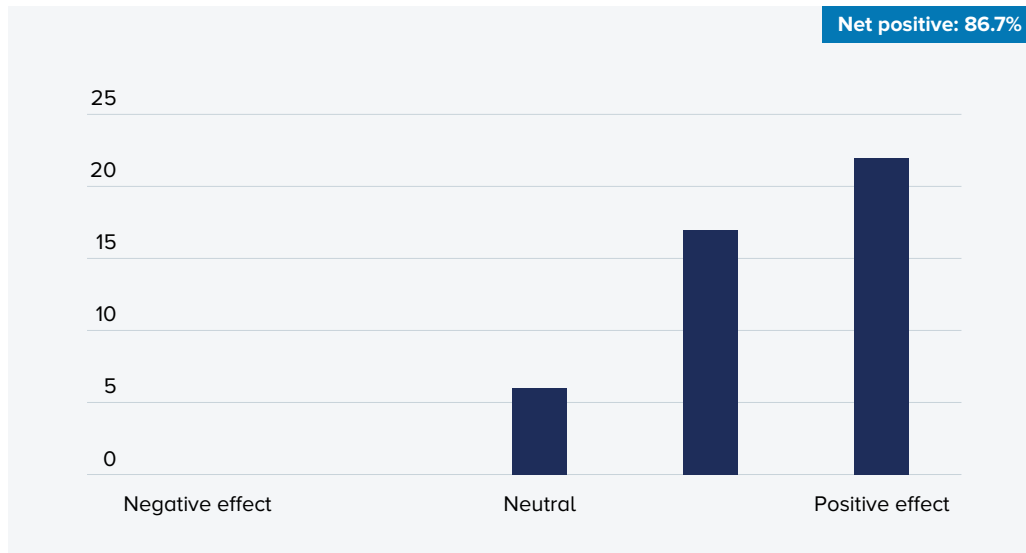
Net positive: 86.7%

There was a very strong, positive impact on the profile of grantees as a result of their association with Power to Change, with a net positive score of 87%.
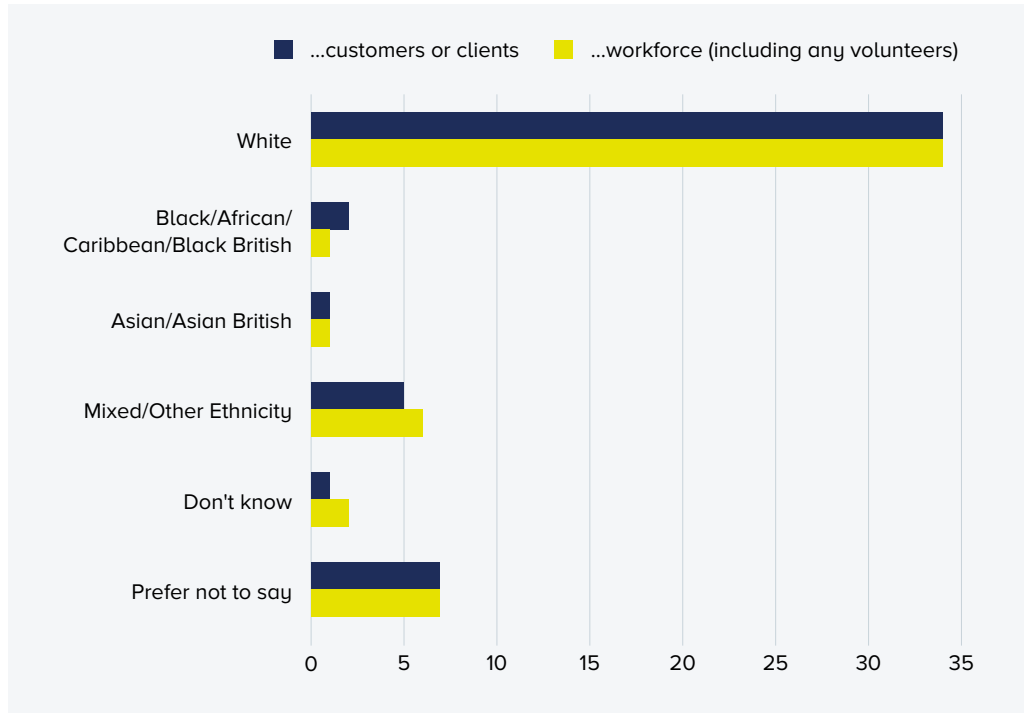
A note on methodology: The 'net positive' score
A number of questions in this survey asked respondents to answer across a five-point scale (two negative, one neutral, two positive). The net positive score subtracts the sum of the two positive scores from the sum of the two negative scores, ignoring any neutral scores. This provides a robust summary of overall sentiment.

Ensuring that grants reach a diverse, representative spectrum of communities is important to Power to Change. As a rough proxy for one of the key elements of diversity, grantees were asked about the 'predominant' ethnic group of both their customers/clients and their workforce (including any volunteers). By definition, responses to these questions will depend on a subjective assessment by the individual completing the survey and may not represent the actual spread of ethnicities.

Introduction

Q1e/f. Thinking about the ethnicity of your [...], are they predominantly...

Legend:
- ■ ...customers or clients (dark blue)
- ■ ...workforce (including any volunteers) (yellow)

Chart categories (vertical axis):
- White
- Black/African/Caribbean/Black British
- Asian/Asian British
- Mixed/Other Ethnicity
- Don't know
- Prefer not to say

Horizontal axis: 0, 5, 10, 15, 20, 25, 30, 35

Spacious Place – Community Contact Centre in Burnley.

On this basis, the majority of respondents appear to serve predominantly White customers/clients and employ a predominantly White workforce. Moreover, fewer than one in five grantees (17%) had a majority of the workforce that was different to the majority of its customers/clients.
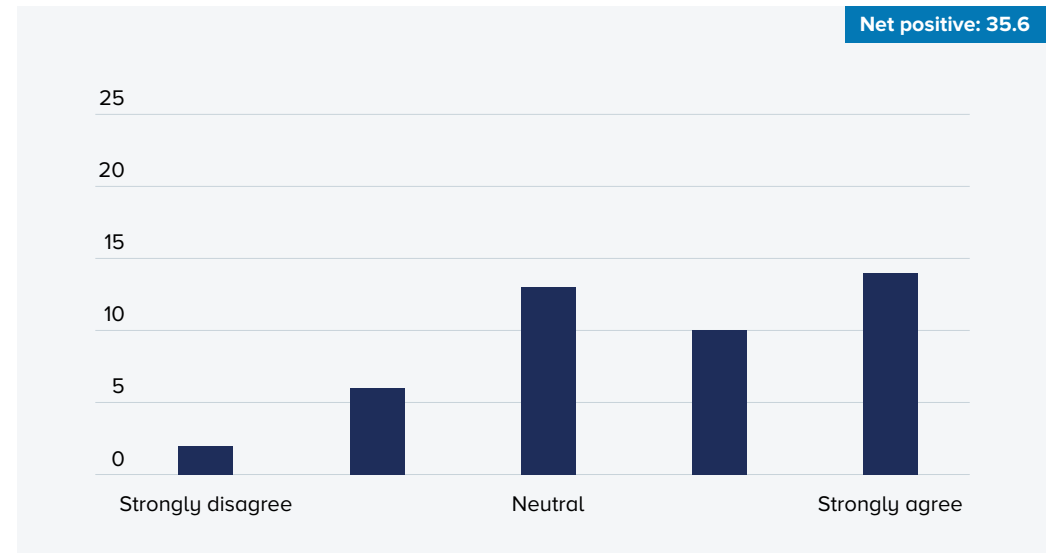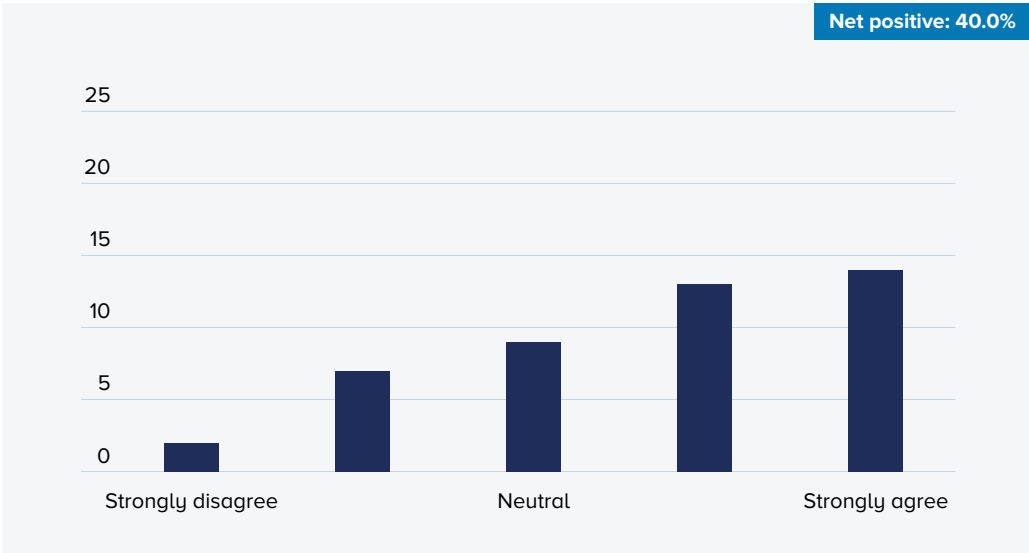
The grant administration process

Power to Change aspires to be an exemplary grant maker. The lessons learned from its Initial Grants Programme in 2015 have fed into a much-improved application process for its core Community Business Fund, launched in April 2016. The challenges faced in 2015 are reflected in respondents' views about grants administration and assessment, with only slim majorities agreeing or strongly agreeing that the process was explained clearly or that queries were responded to in an effective and timely manner. That majority disappears entirely when grantees were asked whether Power to Change had referred them to other potential sources of support.

Q2a. The grant application and assessment process was explained clearly at each stage...
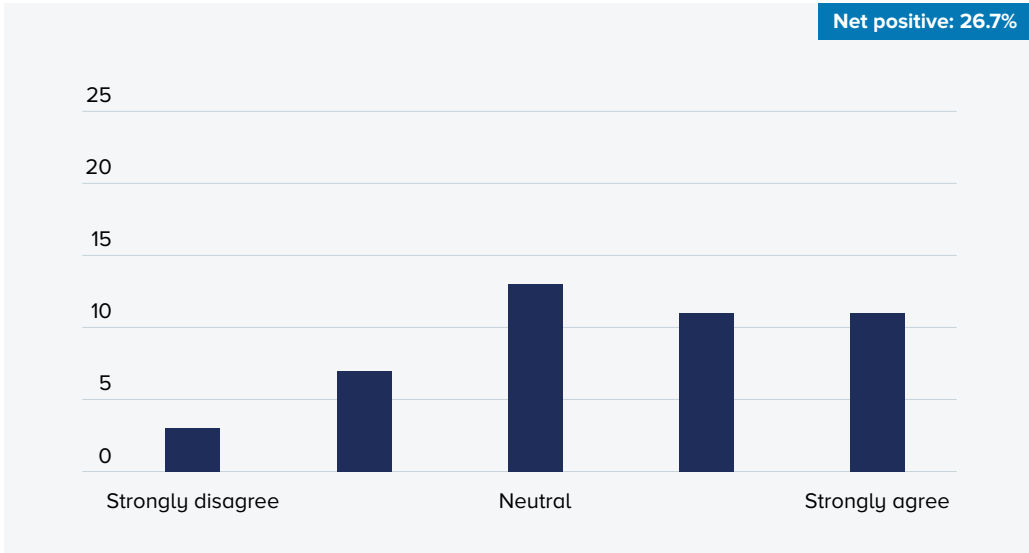
Net positive: 35.6

The grant administration process

Q2b. Power to Change or its grants administrator responded to your queries effectively and in a timely manner...
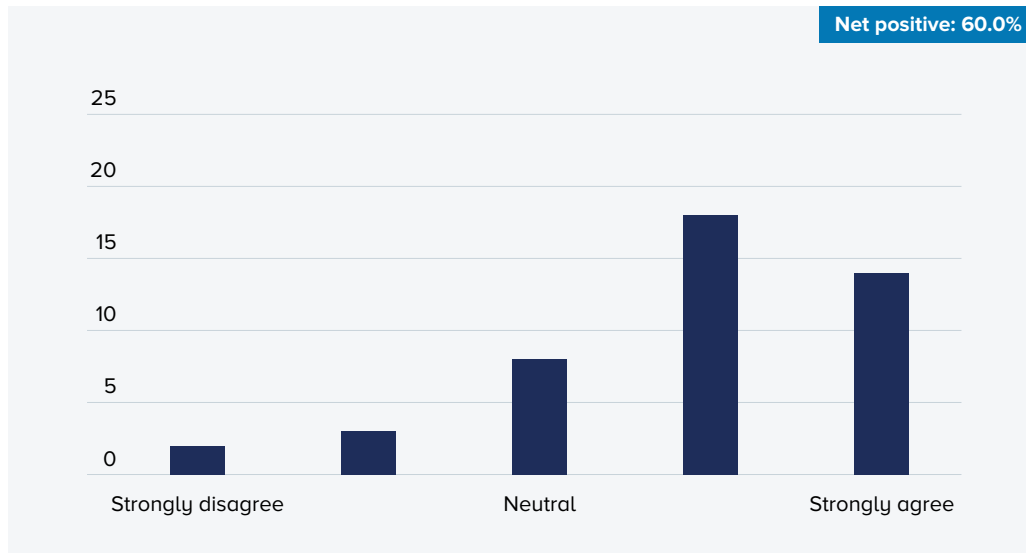
Net positive: 40.0%

Q2c. Power to Change or its grants administrator referred you to other potential sources of support that were useful to you...

Net positive: 26.7%

The grant administration process

Q2d. Power to Change or its grants administrator explained clearly any decisions it took with respect to your grant application...

Net positive: 60.0%

Respondents were significantly more positive about Power to Change explaining its decisions about grant applications and being responsive and understanding when plans or circumstances change.

Q2e. Power to Change is responsive and understanding when plans or circumstances change...

Net positive: 73.3%
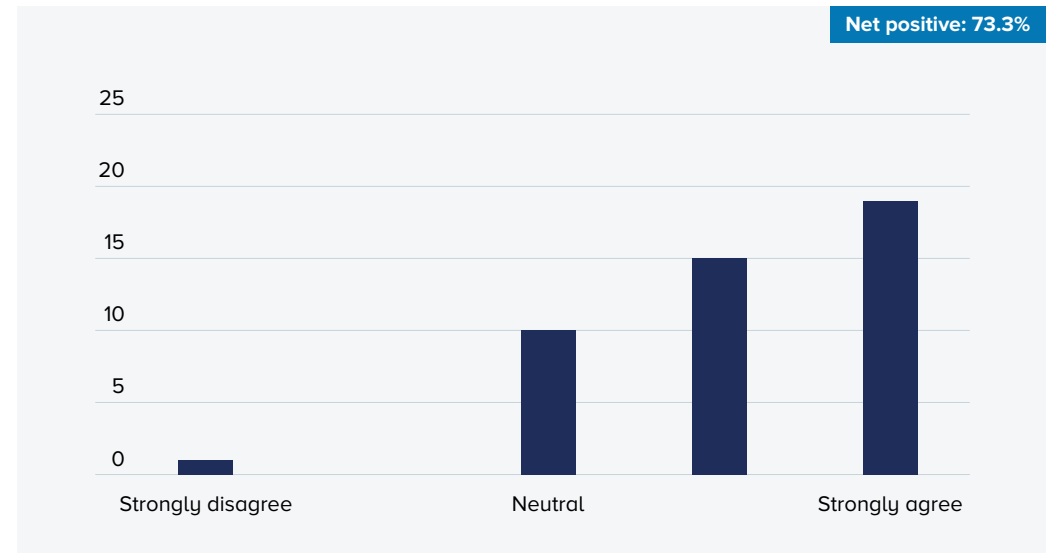
Power to Change does not administer it grants application processes directly; this work is done by third party contractors on its behalf. Nevertheless, it seeks to build close working relationships with its grantees. On this measure, two thirds of respondents (67%) said that they both knew who their key contact at Power to Change was and that they had met them face-to-face on at least one occasion.
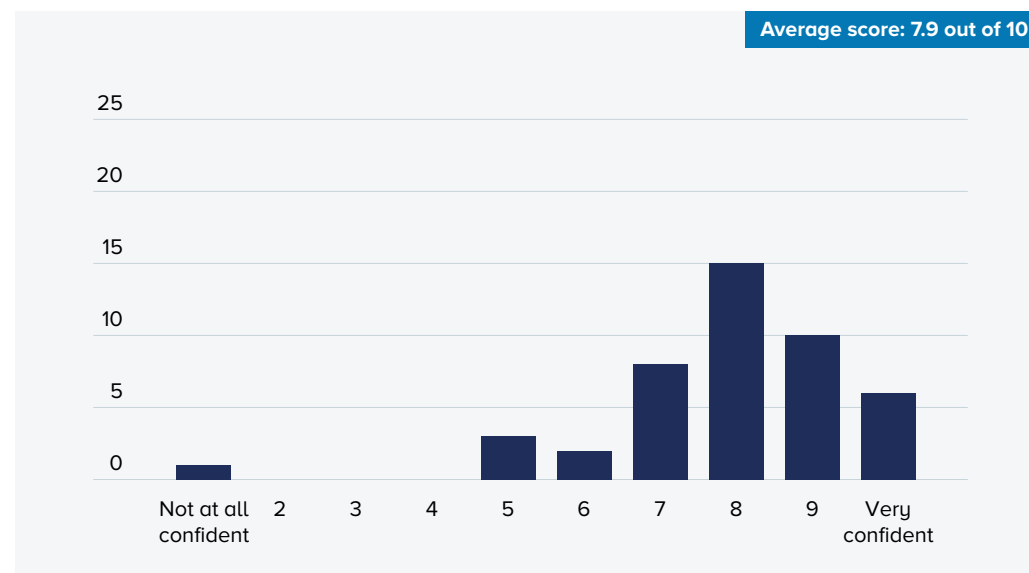
Social impact and sustainability

Power to Change wants to see better places through community business. It has identified ten long-term outcomes that it wants to achieve, ranging from reduced social isolation to increased community cohesion. Understanding the social impact made by grantees is therefore very important. Four out of five respondents (80%) reported that they already measure the social impact they have on their local communities. When asked to provide examples of how they were doing this, respondents focused primarily on ways to improve their offer to customers or on new offers based on a better understanding of local needs.

Specific examples included changing trading hours to better suit customers and adding school holiday childcare provision to an existing service offer. Impact evidence is also being used to support funding bids. Some grantees reported that they had consciously amended their business models to increase social impact, for example by scaling up their use of volunteers to secure more of the benefits that volunteering can create.

Power to Change is keen to help community businesses to better measure their impact. The Research Institute is undertaking significant work on this, including the development of an online platform that will be available to grantees and others in 2017. When asked about other ways that Power to Change could support community businesses, grantees said they would welcome support with specifics such as choosing indicators and survey questions. A desire for simple, practical tools was also mentioned by a number of respondents.[2]

Q3d. How confident do you feel in the sustainability of your business over the next three years as a result of your Power to Change grant?...

A healthy community business sector needs sustainable, financially viable organisations that are able to meet immediate challenges but also to face the future with confidence. Nearly all respondents reported a great deal of confidence in their sustainability over the next three years as a result of their Power to Change grant.

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2   This is consistent with Figure 4.7 in Research Institute Report No. 2 *Analysis of applicants to the Initial Grants Programme* (available here). Social impact measurement was identified as the most helpful form of business development support that could be offered by Power to Change.

Innovation and market development

A note on methodology: Benchmarking

Questions in the second half of the survey were based on a similar set of questions developed by UnLtd for its annual survey of Award Winners.[3] Doing so allows the results here to be compared against a meaningful benchmark. However, care is needed when interpreting the results. Some question categories were modified, in particular to reflect the different audiences: individual early stage social entrepreneurs as opposed to community-run businesses.

" UnLtd are excited by the opportunity to share benchmarking data with Power to Change, as we believe it is a powerful way to build a deep and rich pool of shared knowledge to continue to improve the support we offer for social entrepreneurs and community businesses across the sector.

Hannah Stranger-Jones,
Head of Research and Design, UnLtd

Respondents were asked whether they had introduced new products, services or processes over the previous 12 months. Most had (78%), and in many cases they reported that these innovations were completely new to the market. In this regard, community businesses appear to be quite similar to traditional early stage social entrepreneurs.

No
5.7%
12.9%

Don't know
2.9%
0.6%

Q4b. Have you introduced new or significantly improved **products or services**?

Yes
91.4%
86.5%

No
37.5%
11.5%

Don't know
18.8%
41.8%

Q4d. Are these completely new to the market? (i.e. not introduced by anyone before you)

Yes
43.8%
46.7%

Q4e. Have you introduced new or significantly improved **processes**?

No
8.6%
4.3%

Don't know
5.7%
18.3%

Yes
85.7%
77.4%

Q4g. Are these completely new to the market? (i.e. not introduced by anyone before you)

No
51.7%
18.1%

Don't know
17.2%
49.0%

Yes
31.0%
32.9%

Power to Change
UnLtd

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3   With kind thanks to UnLtd for supplying details of their Award Winners survey, January 2016 – July 2016. The survey was sent to 333 Award Winners with 219 responses. (Some questions are not applicable to all respondents, so totals may vary on each question.) Data correct as of 20 July 2016.
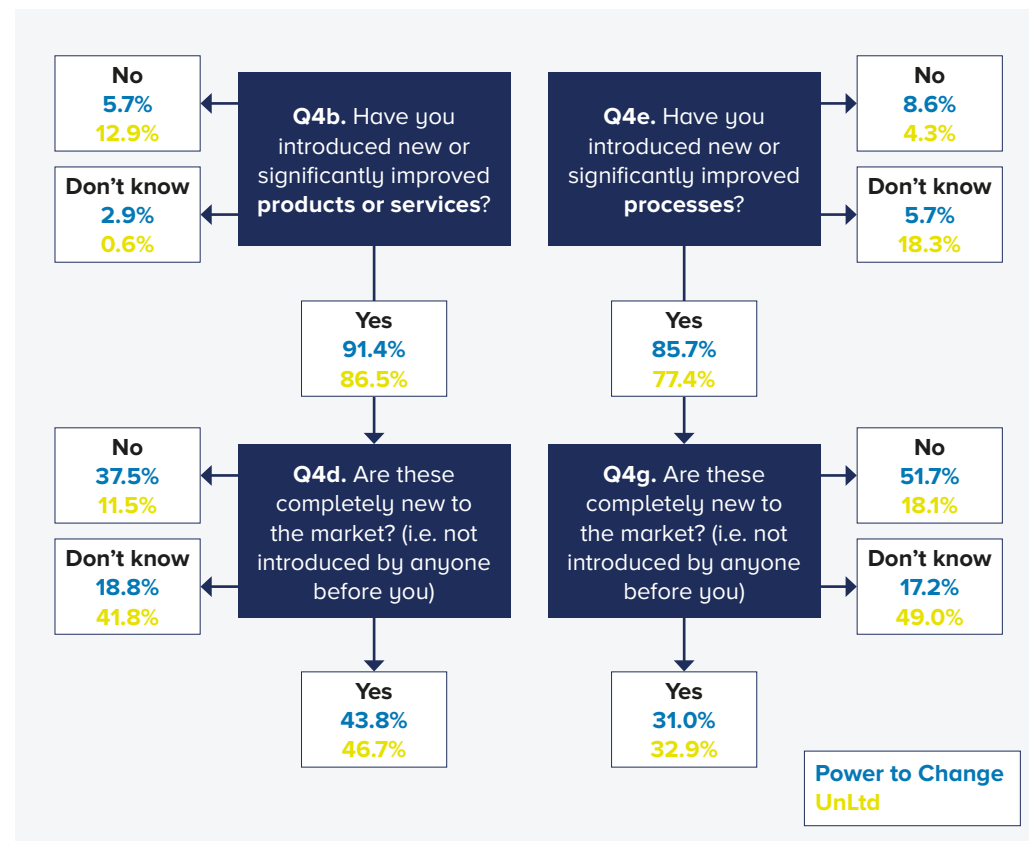
Innovation and market development

Examples of new products and services introduced include:

- cafés and catering services, sometimes alongside conference or venue hire facilities;

- the expansion to existing training opportunities on offer;

- the delivery of commercial contracts involving volunteers from local communities, and the delivery of services for the local council;

- expanded childcare provision;

- new and expanded sports club offerings; and

- shared desk spaces for business incubation, start-up maker spaces and community event spaces.

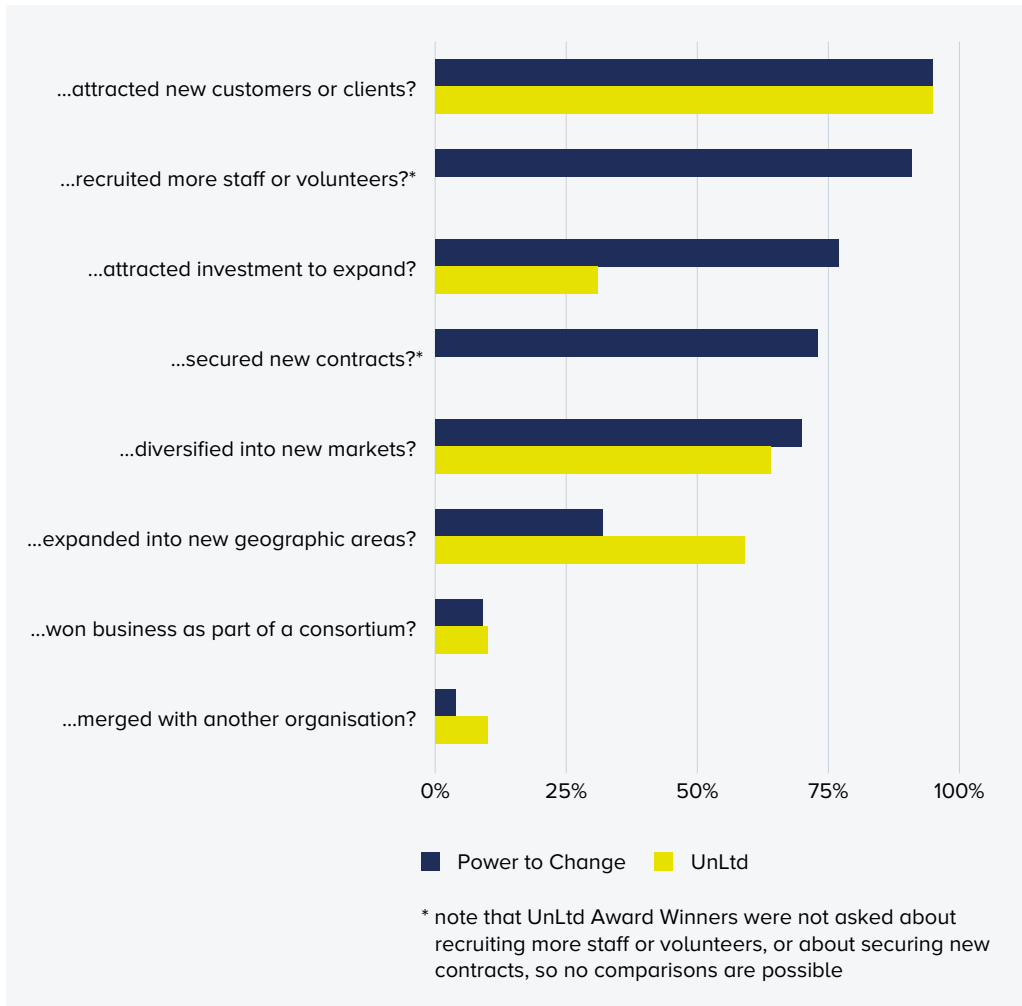Examples of new processes include:

- the introduction of online booking and payments systems;

- strengthening monitoring and evaluation processes to support potential service commissioning; and

- the improvement of general business processes such as customer relationship management, internal communications, performance management, health and safety management, departmental business planning, and in some cases, formal systems such as Lean and PRINCE2.

Community business respondents also appear to be broadly similar to traditional social entrepreneurs along a number of other measures, including their ability to attract new customers/clients, diversify into new markets and win new business as part of a consortium. Not surprisingly, community businesses were significantly less likely to expand into new geographical areas. On the other hand, they do seem to be significantly more capable at attracting investment to expand.[4]

4   This may be a reflection of the UnLtd dataset, which is predominantly made up of early stage social entrepreneurs, the majority of whom are not actively seeking investment to expand.

Innovation and market development

Chart categories (top to bottom):
- ...attracted new customers or clients?
- ...recruited more staff or volunteers?*
- ...attracted investment to expand?
- ...secured new contracts?*
- ...diversified into new markets?
- ...expanded into new geographic areas?
- ...won business as part of a consortium?
- ...merged with another organisation?

X-axis: 0%, 25%, 50%, 75%, 100%

Legend: ■ Power to Change ■ UnLtd

* note that UnLtd Award Winners were not asked about recruiting more staff or volunteers, or about securing new contracts, so no comparisons are possible

SAFE Regeneration, Community multi-use facility in Bootle.

Obstacles to success and support needs

Previous research into the support needs of community businesses[4] has identified:

- 'vital gaps' in the availability of small grants;

- a wide range of operational support — from self-help websites to specialised support organisations — but a dearth of one-to-one or bespoke support; and

- business planning and revenue generation as key areas of need.

Certainly respondents to the survey didn't feel that there was a shortage of talent or the skills needed to run their business successfully. The three largest obstacles facing community businesses (and UnLtd Award Winners) were:

- the fact that everything takes longer than anticipated;

- the ability to access appropriate finance; and

- the operational capacity of their staff and systems.

Alongside the challenges of accessing funding and bidding for contracts, respondents also mentioned the difficulties of cashflow management and anticipated burden of Living Wage increases and pensions auto-enrolment.
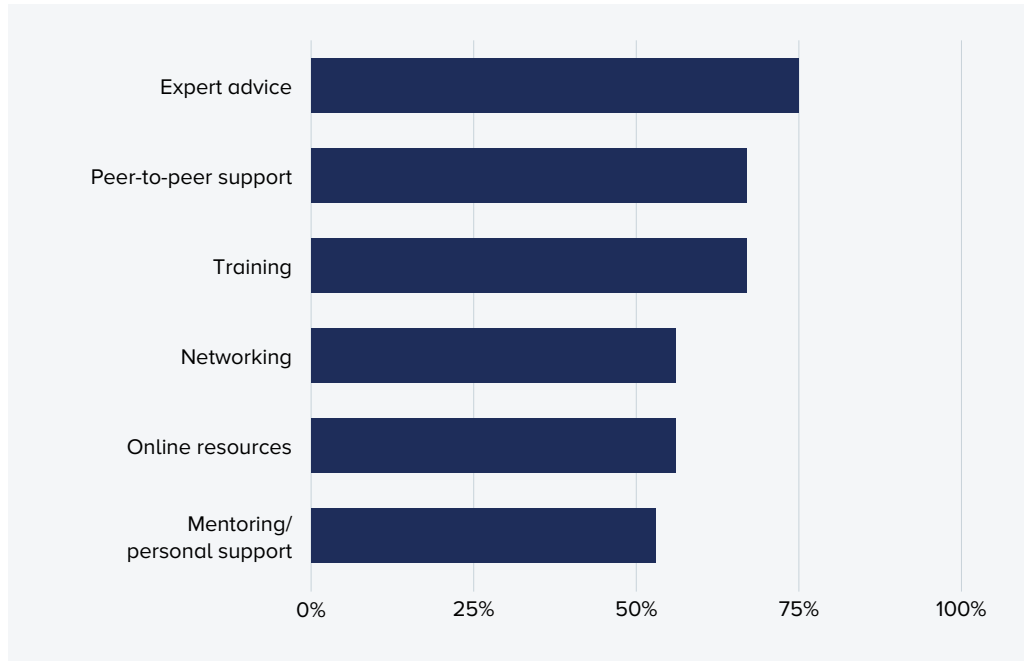
Q6a–j. How far do you agree or disagree that these factors have proved to be an obstacle to your community business...
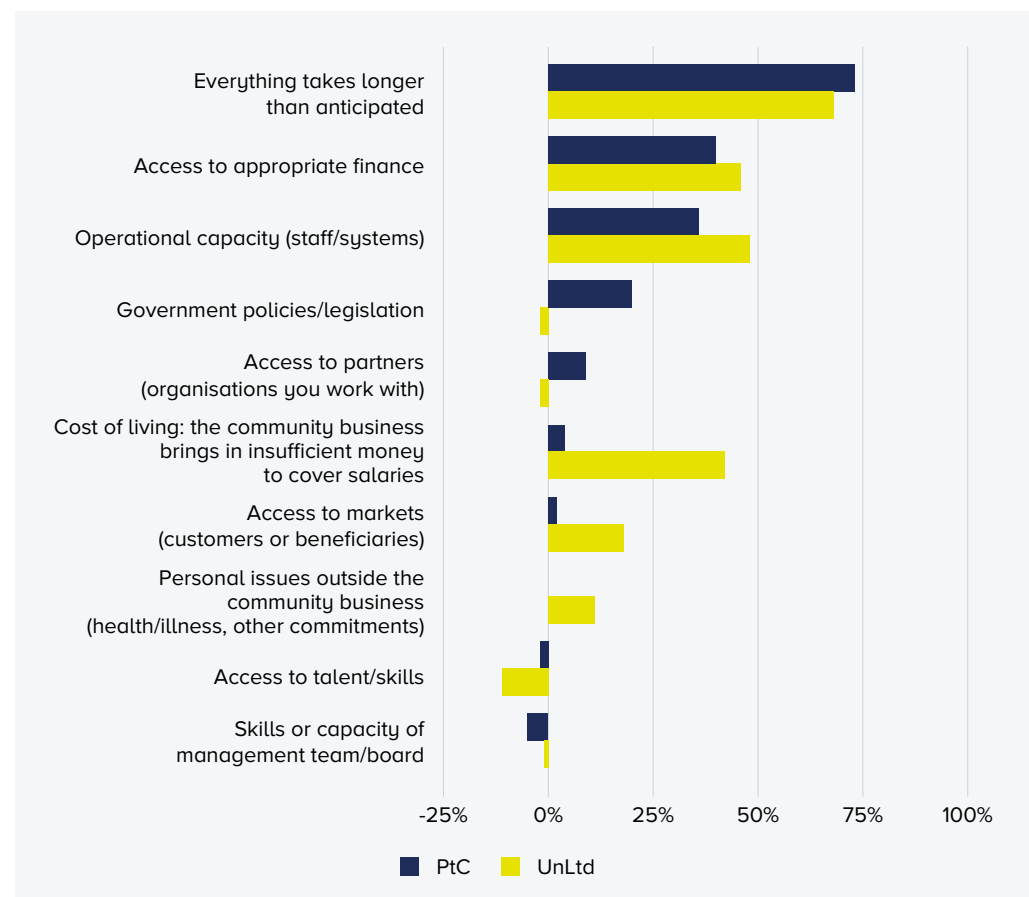
4   See Chapter 3 of Research Institute Report No. 1 *The community business market in 2015* (available here).

Obstacles to success and support needs

Q7a–f. Which of the following types of support would you find most helpful?

Survey respondents reported that often very technical and specific expert advice is required. However, general business support is also valued, such as building a business model, product development and marketing, and general management support. Opportunities to learn from others who are running similar businesses, such as visiting the businesses or having access to detailed case studies, are also sought after.

Annex A: Annual grantee survey questionnaire

Annual grantee survey

Thank you for taking part in this survey.
There are seven sections:

1. **About you**
2. **How we administer our grants**
3. **Making a difference**
4. **Innovation and market development**
5. **Growth**
6. **Obstacles to success**
7. **Support needs**

*Please answer all questions marked with an asterisk (*).
Other questions can be skipped.*

1. About you

Please tell us something about your community business. We are particularly interested in the diversity of your organisation and the people you serve.

Q1a.	What is the trading name of your community business?	
Q1b.	What is the best email address for any follow-up questions?	
Q1c.	Which Power to Change grant have you received?	Initial Grants Programme
		Blended Funds Pilot (via Key Fund)
		Community Shares (via Co-operatives UK)
		Innovation and Infrastructure Fund
		Other
Q1d.	What effect has association with Power to Change had on the profile of your community business?	1=Negative effect
		3=Neutral
		5=Positive effect

Annex A: Annual grantee survey questionnaire

Q1e.	Thinking about the ethnicity of your customers or clients, are they predominantly...	White
		Black/African/ Caribbean/Black British
		Asian/Asian British
		Mixed/Other Ethnicity
		Don't know
		Prefer not to say
Q1f.	Thinking about the ethnicity of your workforce (including any volunteers), are they predominantly...	White
		Black/African/ Caribbean/Black British
		Asian/Asian British
		Mixed/Other Ethnicity
		Don't know
		Prefer not to say
Q1g.	Are there any other relevant factors about the diversity of your business or the communities it serves?	

2. How we administer our grants

Please tell us about your experiences of the grant application process and subsequent support.

Q2a.*	The grant application and assessment process was explained clearly at each stage...	1=Strongly disagree 3=Neutral 5=Strongly agree
Q2b.*	Power to Change or its grants administrator responded to your queries effectively and in a timely manner...	1=Strongly disagree 3=Neutral 5=Strongly agree
Q2c.*	Power to Change or its grants administrator referred you to other potential sources of support that were useful to you...	1=Strongly disagree 3=Neutral 5=Strongly agree
Q2d.*	Power to Change or its grants administrator explained clearly any decisions it took with respect to your grant application...	1=Strongly disagree 3=Neutral 5=Strongly agree
Q2e.*	Power to Change is responsive and understanding when plans or circumstances change...	1=Strongly disagree 3=Neutral 5=Strongly agree
Q2f.*	You know who your key contact at Power to Change is and you have met them face-to-face on at least one occasion...	1=Strongly disagree 3=Neutral 5=Strongly agree

Annex A: Annual grantee survey questionnaire

3. Making a difference

Power to Change wants to see better places through community business. Our grants are intended to have a positive social impact on local communities and enhance the sustainability of community businesses.

Q3a.*	Do you measure the social impact you are having on your local community?	Yes No
Q3b.	Can you provide an example of how you have used evidence about your social impact to change the way you do things?	
Q3c.	How could Power to Change help you to develop your impact measurement in the future?	
Q3d.*	How confident do you feel in the sustainability of your business over the next three years as a result of your Power to Change grant?	

4. Innovation and market development

Power to Change wants to create the right conditions for take-up and expansion the community business model. Your responses will help guide our investment in systems, processes and infrastructure.

Q4a.	Within the last year, have you introduced any (a) products or services, or (b) processes that are new to your community business and/or new to your market?	Yes No
Q4b.	Have you introduced new or significantly improved products or services?	Yes No
Q4c.	What products or services have you introduced?	
Q4d.	Are these completely new to the market? (i.e. not introduced by anyone before you)	Yes No
Q4e.	Have you introduced new or significantly improved processes?	Yes No
Q4f.	What processes have you introduced?	
Q4g.	Are these completely new to the market? (i.e. not introduced by anyone before you)	Yes No

Annex A: Annual grantee survey questionnaire

5. Growth

Power to Change wants to grow the community business sector, with a greater number of sustainable community-run businesses delivering significant social, economic and environmental impact.

In the last 12 months have you…

Q5a.	…secured new contracts?
Q5b.	…diversified into new markets?
Q5c.	…expanded into new geographic areas?
Q5d.	…attracted new customers or clients?
Q5e.	…recruited more staff or volunteers?
Q5f.	…attracted investment to expand?
Q5g.	…merged with another organisation?
Q5h.	…won business as part of a consortium?

6. Obstacles to success

Power to Change wants to work with national and local government, and with other stakeholders, to remove the barriers that get in the way of successful community business.

How far do you agree or disagree that these factors have proved to be an obstacle to your community business…

Q6a.	Skills or capacity of management team/board
Q6b.	Operational capacity (staff/systems)
Q6c.	Access to markets (customers or beneficiaries)
Q6d.	Access to talent/skills
Q6e.	Access to partners (organisations you work with)
Q6f.	Access to appropriate finance
Q6g.	Government policies/legislation
Q6h.	Everything takes longer than anticipated
Q6i.	Personal issues outside the community business (health/illness, other commitments)
Q6j.	Cost of living: the community business brings in insufficient money to cover salaries
Q6k.	Other (please specify)

Annex A: Annual grantee survey questionnaire

7. Support needs

Power to Change is considering how best to support its grantees.
Which of the following types of support would you find most helpful?

Q7a.	Expert advice
Q7b.	Mentoring/personal support
Q7c.	Networking
Q7d.	Online resources
Q7e.	Peer-to-peer support
Q7f.	Training
Q7g.	Other (please specify)

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