
Our Potential Becoming: Enhancing Digital & Financial Capabilities in Community Businesses

Nissa Ramsay
May 2021

Contents

Introduction

1. Financial capabilities

- 1.1. [Actively addressing weaknesses in financial management](#)
- 1.2. [Moving from spreadsheets to cloud-based accounting](#)
- 1.3. [Accessing grant funding from national trusts and foundations](#)
- 1.4. [Reviewing the business model](#)

2. Digital capabilities

- 2.1. [Understanding digital and what's possible](#)
- 2.2. [Scoping digital solutions](#)
- 2.3. [Moving forwards with digital](#)
- 2.4. [Designing digital services for customers and communities](#)

3. Supporting community businesses

- 3.1. [How they feel](#)
- 3.2. [What they say](#)
- 3.3. [What they think](#)
- 3.4. [What they do](#)
- 3.5. [What they value about Power to Change](#)

4. Appendix

- 4.1. [About this research](#)
- 4.2. [Key reading](#)
- 4.3. [Acknowledgements](#)

Summary

This report outlines eight key opportunities to enable community businesses to improve their ability to manage their financial situation or progress with digital.

Each is grounded in the common scenarios, challenges and knotty problems community businesses are grappling with.

It is based on independent in-depth discovery research undertaken in March - April 2021 with 19 community businesses and grounded in wider research and learning.



Starting point

Financial and digital capabilities are proving vital to community businesses as they navigate uncertainty and adapt to COVID-19 ([Power to Change Report 28](#)).

Power to Change wants to continue supporting community businesses to develop these capabilities as they recover over the coming months and years.



“A capability describes something we can do or be. A capability also describes our potential becoming — what we might grow into with the right support.”

— Hilary Cottam

Scene setting

Community businesses are resilient, adaptive and hopeful. They have people, community and place at their heart.

Power to Change has a vital role to play in supporting them, particularly in light of the challenges they face following Covid-19. This is less about fixing or fixating on problems and more about understanding the context in which they emerge and the systems which need to change.

This report is informed by a [capabilities approach](#). It is a stepping stone to set a shared direction (within a [design process](#)), so that Power to Change can best support community businesses and an ecosystem in which they can flourish.



Orientation

There are four key sections in this report.

1

Financial Capabilities

Outlines four key opportunities to help community businesses to better manage their financial situation.

2

Digital Capabilities

Outlines four key opportunities to help community businesses progress with digital.

3

Supporting community businesses

Highlights key considerations when looking to design support for community businesses.

4

Appendix

Gives further detail about the research approach and key reading identified.

Section 01

Financial capabilities



Context

There are clear patterns in the challenges community businesses face around their financial capabilities.

Whilst their systems and processes are largely working well enough, many continue to rely on Excel to manage their finances and financial skills are often limited to one key person.

In the context of COVID-19 and financial uncertainty, finding grant funding is also a pertinent concern, with wider implications for sustainability.

Community businesses would benefit immensely from better financial insight and support to review their business model or identify new revenue streams.



Scenarios

Scenario 1

Rita is the CEO of a large community building and cafe, previously owned by the council. Over the pandemic, their bookkeeper was unable to work. They needed to produce regular financial forecasts to survive with limited cash flow and struggled to pick this up. They now use QuickBooks, but are finding this glitchy for grant reports.

Scenario 2

Samantha is a director of a community shop which has been running for five years and breaks even. The shop is largely run by volunteers and two part time staff. She and another director produce and review the accounts using Excel. They know it's not great and they want to switch to a cloud based package, but lack capacity and headspace.

Scenario 3

Ian is at a complete loss about what to do. His business generates some income, but not enough to pay himself a salary. He wants to deliver more community projects and spends most of his time writing funding applications, but keeps getting rejected. He suspects they should convert to a registered charity to access discounted building rates and funding.

1.1

Actively addressing weaknesses in financial management

Opportunity

During the pandemic, community businesses need to monitor cash flow, forecasts and financial reports regularly. Some have struggled to do this or found weaknesses in their systems and processes. Many only have one or two people with financial skills, some of whom were unable to work. They need to avoid these precarious situations in future.

Goal

Community businesses are able to identify and address weaknesses in their financial management, systems and process. They can take on grant funding and report on this effectively. Leaders, their board and key staff engage with their accounts, reports and financial forecasts regularly to make key financial and strategic decisions.

Current situation

Community business leaders and board members with a background in community organising and development may have limited experience engaging with accounts.

Many rely heavily on an accountant and one person to produce and interpret the accounts. This may only be once a year and this was not enough in the pandemic.

Those supporting community businesses are concerned that they do not understand their cash flow or business model and lack crucial insights to stay solvent.

Bookkeepers are often employed at a junior or administrative level and need training to grow their skills with the business, particularly on new software or grant reporting.

Failed funding applications due to a weak financial assessment and those taking on grant funding are realising that their systems are not fit for purpose.

Community businesses that have thrived in the pandemic have an engaged board with diverse skills, who prioritise financial forecasting and reporting.

How might we...

- Help community businesses assess and identify weaknesses in their financial set-up.
- Ensure community businesses have the systems and processes they need to produce financial reports and forecasts, particularly when managing a loss of income.
- Upskill community business leaders, board members and key staff to engage meaningfully with accounts, financial reports and forecasts.
- Encourage community businesses to recruit more board members with financial skills.
- Incentivise all board members to play an active role in scrutinising finances.
- Influence funders to cover more core costs to help resource financial management.

“With the best will in the world, we're in the middle of a capital build, we're recruiting staff and we had an accountant saying this is fine. So why would I have got more involved? It was only when that function fell apart, I realised I did not have the skills to pick it up.”

“We've always been income/expenditure, really simple to understand where our money was, but reporting on income from lots of different strands is complicated and we need to build in greater amounts of time. The grant reporting process for government support is so onerous.”

“We had a volunteer do our accounts which was great, but all the skills sat with him and eventually he left. That was a really big risk and it's been difficult to pick up, fumbling through Excel but we're nervous that our basic financial skills are not as strong as they should be.”

“We are a community business that’s housed within a charity and that’s part of the reason our finances are quite complicated.”

1.2

Moving from spreadsheets to cloud-based accounting

Opportunity

Many community businesses rely on Excel spreadsheets to manage their accounts. They know they should move to a cloud based accounting package, but find it easier to stay as they are. They are wary about upskilling staff, volunteers or their board and lack capacity to make the move. Some adopt cloud based accounting but struggle to make best use of this.

Goal

Community businesses adopt cloud based accounting software. They have the skills, confidence, computers and licences they need to use this effectively. They improve their financial management as a result and gain confidence in using digital tools.

Current situation

Those using spreadsheets to manage their accounts will typically have low digital skills and follow basic accounting practices.

There is limited motivation to change when their spreadsheet works well enough and there are more pressing challenges. There is no driver to change.

Taking on grant funding or growing is a key instigator for change. Accountants suggest moving but their advice is not always followed.

Community businesses look to make every penny count. Licences cost money and they want to be certain it will benefit them.

Many turn to QuickBooks but subsequently struggle with reporting for grant funding and making best use of this. They might need training or to move to a new option.

[Locality's pilot](#) found that support to adopt cloud systems can improve the benefits and outcomes for organisations involved.

How might we...

- Ensure community businesses can pay for cloud based accounting (and computers).
- Create capacity to review and implement the right option for them.
- Incentivise community businesses to make the move and implement this.
- Enable community businesses to upskill staff, volunteers and board members.
- Help community businesses to make best use of cloud based accounting.
- Partner with others offering [support programmes](#).

“We've got our accounts on one gigantic Excel spreadsheet. We email it to back it up. It gives me the heebie jeebies. We're thinking about Xero, but the other directors are nervous. It feels too much at the moment, there just isn't staff capacity. It's really archaic, but it works.”

“Our accountant unsuccessfully tried to put us into QuickBooks. We might end up doing that, but we are comfortable in Excel because we have been doing it that way for a long time.”

“I use QuickBooks but other people need to see the invoices to see what our prices are, so I print everything and a hard copy goes in the shop each month.”

“We were going to move to cloud based accounting and met with various people, but no one was saying this will do that, not that, this is why you would make a decision. They just wanted to sell us software, but didn't really understand what we were trying to do.”

1.3

Accessing grant funding from national trusts & foundations

Opportunity

More community businesses are turning to grant funding from national trusts and foundations. Their revenue model has shifted during the pandemic and funding helps support their community impact work. However, this will limit their ability to cover core costs. They lack capacity to approach this strategically and often get rejected.

Goal

Community businesses are able to access funding to deliver community impact work. They approach fundraising strategically, identify the right funders for them and write good bids. They are also exploring alternative revenue streams. More funding is accessible to community businesses and will provide a contribution towards core costs.

Current situation

Fundraising advice or fundraising strategy development was the most common financial support need identified by Power to Change Peer Brokers.

Community businesses spend a lot of time on bid writing. They struggle to identify the right funders (meeting eligibility criteria and priorities) and rarely get feedback.

Community businesses lack the capacity to develop a fundraising strategy and explore alternative revenue streams. This is crucial because grants rarely cover core costs.

Early stage and small community businesses rely heavily on volunteers. It is particularly difficult to employ a member of staff or for the founder to be a paid CEO.

Community businesses often feel excluded from the funding landscape. Funder priorities and programmes often do not align with their approach.

Funders rarely cover core costs (often restricted to under 10% of project costs). This will affect the sustainability of community businesses.

How might we...

- Help community businesses to identify the right funders and programmes for them.
- Support community businesses to write strong funding applications.
- Support community businesses to review their business model and revenue streams.
- Advocate for community businesses when national trusts and foundations design funding programmes, particularly for COVID-19 response and recovery funds.
- Influence national trusts and foundations to provide greater contributions towards core costs alongside project costs.

“Other funders that have just said, ‘we were only going to fund people who we funded before at this time’. That to us was a barrier because we'd never really needed support in that way in the past, we were penalised for being self-sustaining.”

“In the wider funding environment, funders are not prepared to accept that you do X, Y, and Z, so we cut our cloth accordingly. I describe who we are and what we do in different ways. They see running a community business as sniffy. They say the focus should be the charity.”

“I've got a £1 million refurb going on and I've got to raise capital to help do that. I would typically have used my reserves to help me bridge the gap but I can't because I don't know what the future holds 12 months down the line. So I'm nervous.”

1.4

Reviewing the business model

Opportunity

Over the course of the pandemic, many community businesses have responded to community needs. For some, this has led to a shift in how they see their business model evolving. They have limited financial insights, experience or capacity to assess the options objectively. As they take on more grant funding, charity models are particularly appealing.

Goal

Community business leaders make informed decisions about how to develop their business model. They review their business model based on reliable financial forecasts and explore grant funding options, alongside other revenue streams to deliver community impact.

Current situation

Community businesses feel like they are at a crossroads. They are grappling with difficult circumstances at the end of a challenging, stressful and emotional year.

Many are unlikely to see their trading income return to normal. They need to make significant decisions, but lack financial insight to make these.

Few are able to assess the state of the market or create financial forecasts. They are uncertain about their community business model in the medium and long term.

They have aspirations to deliver more community impact, but this is costly and of course does not make financial sense.

Those accessing emergency funding to deliver community work are now seeing funding as a viable revenue stream.

How might we...

- Support community businesses to identify potential revenue streams and assess their viability post-COVID (within a range of scenarios).
- Support community businesses to produce and review financial forecasts.
- Enable community businesses to make an informed decision about whether to convert to a registered charity and the simplest way to do so.
- Create capacity and headspace for community businesses to make key decisions about their business model and future.
- Learn from and build on similar support (see [Locality](#) and [Lloyds Bank Foundation](#))

“When the pandemic hit, everything stopped. That’s when we started to look for funding for the first time. This actually opened our eyes to go and look for funding to support our beneficiaries more, because the need has increased at the same time.”

“We've done pretty well in securing emergency grants and we've been operating as a community response hub with the local authority. But obviously, our main business model is not happening. We're uncertain how that will unfold.”

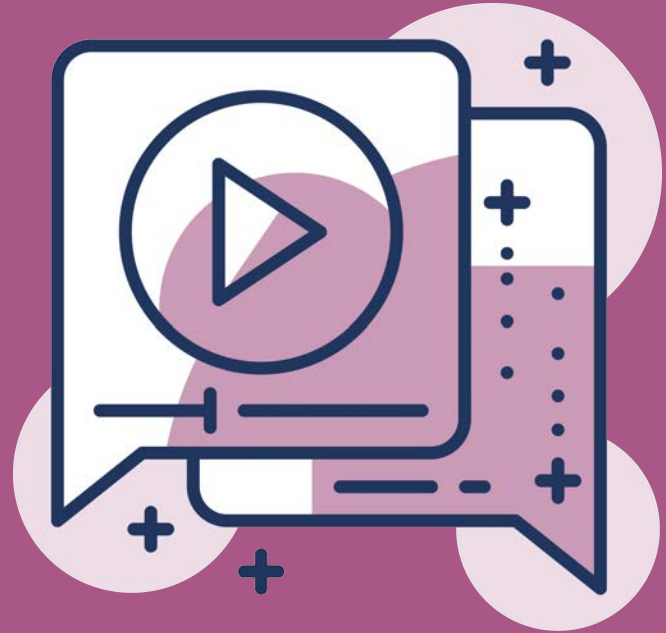
“We're desperate for funding and we need to spend more time looking but we don't have time and we're not experts in it. This is the first year that I've ever done anything like this.”

“We understand that we're not going to be successful with every bid that we write. However, the volume of bid writing that we've got to do in order to be successful and to sustain ourselves is just overwhelming.”

“I think the income from the business will absolutely help us to survive, but it won't allow us to survive in the format we're in now and to continue to keep our staff team employed.”

Section 2

Digital capabilities



Context

Digital capabilities in community businesses and the challenges they face vary hugely. The pandemic has pushed them to invest in new hardware, adopt new digital tools and move services online. However, they are still struggling to move forwards with digital.

Community businesses have a shared need for capacity and headspace to reflect on what they know, where they are and what they should do next.

Their priority is to ensure they have the tools and tech in place to generate income and run their business.

Very few community businesses are in a position where they can think more holistically about how they want to develop as a digitally enabled organisation and plan for this.



Scenarios

Scenario 1

Emeka knows his community business should go digital, but his staff are reluctant. Their website has not been updated for seven years and they have lost the password. Their accounts are in Excel. They use Zoom and offer digital support to their community. He feels digital change is important, but doesn't know where to start or how to change staff mindset.

Scenario 2

Karl runs an established hub at the heart of his community. When the pandemic hit they made a big investment in IT so that they could keep in touch with the families they support. They creatively blend their online and in person services. They have big aspirations for digital but also desperately need a CRM system. Using multiple databases is wasting a lot of staff time.

Scenario 3

Georgene needs a significant overhaul of her internal and customer facing systems. They are being ignored by their current supplier and cannot get basic changes made. They have a consultant who has helped them assess their needs and create a clear brief to rewrite the code and develop functionality but still need to resource this to the tune of £50,000.

2.1

Understanding digital and what's possible

Opportunity

Community businesses are struggling to move forwards with digital. Their staff, volunteers, board and community may lack digital skills and confidence. Few approach digital holistically, beyond the tools, tech and skills they need.

Goal

Community businesses appreciate where digital could help them. They understand digital terminology, what to consider and are motivated to get started. They are inspired by what others have achieved. They start to look at digital holistically across their services, ways of working, strategy, skills, people and board ([NCVO maturity matrix](#)).

Current situation

Those new to digital are often overwhelmed by the options and where to start. They do not understand key terminology or how to assess what's available.

Established community businesses may struggle with internal resistance to change.

Those advancing with digital focus on income generation, administration, systems, tools and tech. They may benefit from looking at what's possible beyond this.

Some community businesses struggle to see digital as a mechanism for delivering services to their community or customers. They need to see what works for others.

When there is a strong rationale not to invest in digital in one area (such as a shop deciding against online ordering) it can be hard to see benefits in others.

There is lots of advice and guidance available, but it is not tailored to the needs of community businesses. This prevents them from seeking support (or valuing it).

How might we...

- Provide inspiration and relevant examples of community businesses implementing and benefiting from digital approaches for their customers and communities.
- Help community business understand the jargon and scope of digital.
- Support community businesses to share their practice and learning with each other.
- Ensure that those who offer community businesses advice, guidance and support understand their needs.

“Our knowledge is a bit difficult and has probably hindered us because we were not really digital, but it depends what you mean. We have basic understanding of digital, like opening Zoom accounts is a digital knowledge, I think.”

“A challenge is sharing with the wider organisation because I know what's going on. I've got it planned, but I've got it written down on a bit of paper. It would be good to have a format where other people can access it and it makes sense, rather than it being in my head.”

“It's such a diverse sector but I would say all community businesses have the same digital needs, regardless of how big or small they are. They need to recognise what they need to get their things online. It's not just a digital tech thing. It's a marketing strategy, business plan and capital investment. It will ultimately be linked to their digital inclusion and sustainability.”

2.2

Scoping digital solutions

Opportunity

For most community businesses their absolute priority is to get the tools and tech in place that they need to run effectively. However, very few have the capacity to properly scope potential options, particularly whilst grappling with the impact of COVID-19 on their business. As a result, some are stuck in stasis or risk choosing solutions that don't meet their needs.

Goal

Community businesses properly scope digital solutions. They identify what they need, undertake research and test various options. They assess the costs and benefits of choosing a solution. They are able to write a clear brief, assess proposals and develop a strong working relationship with a supplier.

Current situation

Community businesses can be nervous and indecisive about adopting new digital tools. They want reassurance that they are investing wisely.

Those leading on digital needed time to engage and upskill staff. When they did this well, they had a better understanding of what they wanted from digital solutions.

A number of community businesses are looking to choose, build or redesign a CRM system. This is expensive and hard to resource. It was common to get it wrong.

Some tools and providers have complex implications for accounting integration, IT, broadband and wifi. It takes time to navigate various contracts.

Community businesses may not consider off the shelf solutions or be making the most of their current technology and tools.

Community businesses struggle to write a clear brief for suppliers. They don't know how much to spend and lack confidence navigating the tendering process.

How might we...

- Create capacity and headspace for community businesses to identify what they need, undertake research and test various solutions.
- Ensure community businesses have considered various options such as developing a bespoke solution versus an off the shelf version.
- Build confidence that they are investing in the right solution for them.
- Support community businesses to scope and assess solutions effectively.
- Enable community businesses to better navigate the commissioning process, from writing a clear brief to choosing the final provider and contracting with them.

“I built the original website and implemented the original CRM system. So we just did it off our own back and learned a lot doing it. Now we're in a better place and we know exactly what we want, because we've done it before and realise the limitations.”

“Cloud based accounting is something we're looking at and I'm not sure where to start. One of the directors has her own business that uses Xero, so that's probably what we'll do. We're not necessarily strategic, maybe because of our size.”

“One community business I support has all their data spread across different places. It was problematic for their operational day to day work and is a real limitation in terms of growing and thinking about the business. They just didn't know how to move forward with it.”

2.3

Moving forwards with digital

Opportunity

When community businesses want to move forwards with digital they need to free up staff time, bring in expertise or find significant investment. This is hard to resource internally or seek funding for. They worry about moving forwards with digital and want reassurance that they are investing wisely.

Goal

Community businesses have capacity and resources to implement a digital solution or approach. They are confident that this meets their needs. They have staff capacity to lead on digital change or implementation in their organisation. They are developing their business plan and strategy to integrate digital and resourcing this.

Current situation

Community businesses were prioritising digital when it became business critical. This might include a new CRM system, database, website or appointment booking tool.

They recognise where digital could help (social media or cloud based accounting were common) but lack capacity, money or urgency to adopt new solutions.

For larger businesses, outdated legacy systems and IT are wasting a lot of time. Replacing these is expensive and hard to resource.

Community businesses have less reserves now and would typically use these to resource digital. Funding is particularly hard to find for systems and upgrades.

Support can help them to move forwards. It helps them understand and prioritise solving a problem, giving reassurance that they are addressing it in the best way.

Community businesses may not have revised their business plan and strategy to incorporate digital and the costs or skills they need to resource this.

They seek support when they are uncertain about moving forwards and want reassurance that they are investing in the right things in the right way.

How might we...

- Enable community businesses to undertake an assessment of their digital needs.
- Give access to trusted guidance around common needs such as a website, internal system (CRM or MIS), payment systems and cloud based accounting.
- Encourage community businesses to integrate digital costs into their business plan.
- Explore how funders could better support organisations with the costs of digital, systems upgrades or staff time to lead on digital.
- Create capacity for a key member of staff to lead on digital change and upskill staff.

“Two of us did a social media course just a little over a year ago and it was fascinating. But ultimately, we’re really busy with other things that we do and nobody else wants to know.”

“The community businesses I support may have a business plan and a marketing strategy but it will be dated. It won't have COVID in there or the fact that everything's going digital. There's a cost associated with that capital investment and maintenance.”

“Ideally, I need a wad of money for a management information system. I need an advisor to help put the scope together. I need an IT tech company to assess what we've got and how they would make it better. I need to understand the savings and what's the importance of this. Then I need a tech strategy and somebody to hold my hand right the way through!”

2.4

Designing digital services for customers & communities

Opportunity

Community businesses have been forced online in difficult situations, without time to plan. Some have not been in a position to explore digital options for their customers or communities whilst they provided essential services or worked around restrictions. They are worried about whether digital will work well for them or their communities.

Goal

Community businesses design services that work well for their customers, communities, staff or volunteers. They undertake research with their user group and learn from other community businesses and digital experts. They take time to reflect on what they've learnt, what's working well and what to stop doing.

Current situation

Community businesses are concerned about digital exclusion. Some are offering services to address this, but few identify it as a challenge where they need support.

Some worry that face-to-face contact is integral to their impact and that digital could undermine this.

When developing a digital service, community businesses value advice to identify and assess the best way to do this. They want to see how others approach this.

Key barriers to offering digital services include a lack of staff capacity, limited digital skills and confidence in volunteers, as well as poor systems and IT to run them.

User research and service design approaches are relatively new to the social sector. Community businesses follow some principles implicitly and could build on these.

Community businesses offering digital services over the pandemic need time to reflect on what's working and create a better experience for those involved.

Some community businesses are at a point where they can consider monetising and growing digital services. They need to explore how to approach this.

How might we...

- Support community businesses to follow a service design process to develop new digital services for community impact.
- Create capacity to review where existing digital services for customers and communities need improvements.
- Enable community businesses to develop their business model for customer facing digital services.
- Ensure community businesses have the devices, wifi, systems and tools they need to offer digital services.
- Provide inspiration on where digital can help in communities with low digital skills (e.g. digital processes behind face to face service delivery, low tech options).
- Create a space for community businesses to share digital learning and practice.

“We’re trying to think about what we want. It’s difficult because it’s all new, I don’t know how many people will sign up. We’re doing a bit of research and looking at what other organisations do. I’ve contacted the guy that does the website but I don’t know what to ask.”

“The whole point of a community shop is face to face interaction. It's a hub to meet people, to volunteer, to offer services, reduce isolation. Going digital is a risk to that. Although there's aspects of digital which might support and help us, that's not what the business is about.”

“We want to digitise our business service. At the moment we have an actual hard copy form which we fill in when a client calls us. We want them to be able to book online and have it send them an email. This would help our processes a lot.”

Section 03

Supporting community businesses

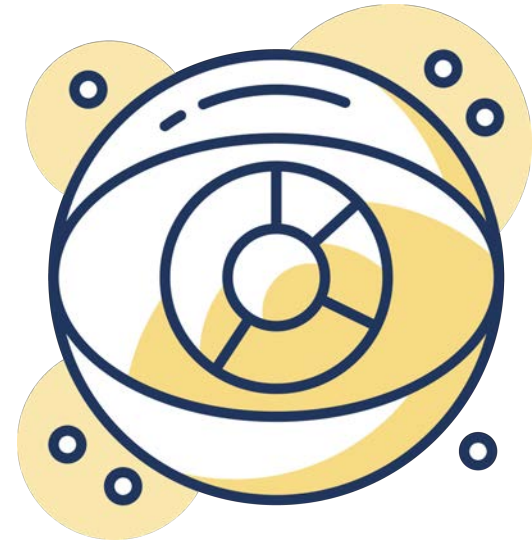


Overview

The following slides highlight key design considerations when creating support initiatives.

They offer a starting point to understand and prioritise what community businesses need from support, based on:

- How they feel about their business and situation
- What they say they want from support
- What they think about their skills and capabilities
- How they currently solve problems



How they feel

There are distinct variations between those who feel cautiously optimistic whilst opening up and those who are nervous about the difficult road ahead.

Those who would value support are feeling:

- Incredibly motivated and passionate about what they do and why
- Emotional about the uncertain future of their business
- Worn out after an incredibly hard year
- Proud and protective of their staff, volunteers and their board
- Worried that everyone has been stretched for a long time
- Committed to making their business work for their customers and communities

What they say

Community business leaders are very clear when they talk about how they could benefit from support and what this would look like.

They say they want:

- Support designed specifically for community businesses
- Guidance and advice tailored to their type of business
- Specialist input from someone who understands their businesses
- Direct advice and support from other community businesses
- Mentoring from someone who appreciates their business model
- An expert assessment of where they are
- Trusted objective guidance on key options and considerations
- The option to choose their own path or provider
- Access to a pool of trusted providers

What they think

When they do not see a need to change:

- “We have strong skills”
- “We are happy as we are”
- “It’s not great, but it works well enough”
- “Digital is not what the business is about”
- “We’re only just viable, but we’re still here”
- “It’s not really practical for our size or community”
- “Our staff/volunteers don’t have the skills”
- “We don’t have capacity”

When they want to develop their skills:

- “We’re lagging behind”
- “I need to fix this”
- “This is costing us a lot of time”
- “We know we should do this, but we haven’t”
- “Grant funders will expect this”
- “What are the costs and benefits?”
- “I know we need to, how do I convince others?”
- “Am I approaching this in the right way?”

What they do

Community businesses are very self-reliant and do not typically access much formal support or training beyond Power to Change (although some do of course).

When they want to solve a problem or seek external advice they:

- Search online to identify and test options available
- Look to what other community businesses do
- Ask other community businesses
- Ask a contact at Power to Change or Locality
- Watch video guides and tutorials on YouTube
- Talk to suppliers and look at reviews
- Post on Facebook Groups for similar community businesses
- Sign up to (and read) trusted newsletters and mailing lists

What they value about Power to Change

Community businesses took part in this project because they value their strong relationship and positive experience engaging with Power to Change. They want to help other community businesses and all offered to provide further input. Any solutions should build on why they value this relationship.

- “Brilliantly sympathetic”
- “They’ll take a risk”
- “How they’re helping us network with other community businesses”
- “They give us incredibly useful feedback”
- “Flexible”
- “They have got real enthusiasm and commitment”
- “The first and only national organisation that actually takes us seriously”
- “Very good at adapting and listening to our feedback”
- “We have a very strong relationship”

“When I support other businesses I say I’m here to hold your hand, one Chief Exec to another. I look like you, I sound like you. We’re like minded people. I’m not a corporate business advisor coming in and talking in a language that we don’t speak or understand.”

“I do think Power to Change providing expertise to work alongside community groups is a brilliant idea. We were just very lucky to have the expertise we do, but some don’t”

“Hard nosed business expertise passed from one community organisation to another, I think it's something that's much more achievable now than it probably was before the pandemic.”

“Support which really recognises that distinct offer of community businesses, specifically based on the income models we are trading around.”

“I want a consultant who is local to us, that can come in, have a look at the systems, have a look at the venue, understand who we are and then take it forward.”

Section 04

Appendix

This section gives further detail about the research approach and key reading identified.



4.1

About this research

The following slides describe the discovery research process followed and methods used. It also details the user research undertaken with community businesses

Discovery Research Approach

This [discovery research](#) intends to guide the design of future support interventions. It was designed to be broad and contextual.

We set out to:

- Learn how community business leaders see their situation
- Understand the problems they want to solve
- Review widely accepted good practice
- Explore when and how support can help

Goal: Identify where and how Power to Change and others can best support community businesses with their digital and financial capabilities.



Research methods

This research took place in March - April 2021 and included:

- 19 interviews with community businesses (including two Power to Change Peer Brokers)
- Five interviews with leading researchers
- Collating and reviewing current literature (see [this Google Sheet](#))
- Analysis of Power to Change support requests
- Input from Power to Change Peer Brokers and Link Workers



Community Business User Research

The 19 community businesses were recruited by Power to Change. Those who opted in represented the diversity of their grantees. They range in size, location, business type and composition. We actively monitored participants to ensure the sample included:

- Very large and very small community businesses
- Those at various different stages of digital (self-assessed)
- Community businesses with different business models
- BAME Led community businesses
- Deaf and disability Led community businesses

Whilst this breadth makes it difficult to compare support needs for key groups (due to the small sample), we did see a lot of consistency. Size looks to be the biggest influencing factor on capability and capacity.



User Research Questions

We asked community businesses how they:

- Feel about their situation
- Experience the impact of the pandemic
- See their digital or financial skills
- Actively solve the problems they encounter
- Describe their priorities and pressing needs
- Solve problems
- Experience support and funding
- See a role for Power to change, their hopes and fears

We also asked for more detail about:

- **Digital:** Service development, digital exclusion in their community
- **Financial:** Online accounting, systems and processes, reporting to the board, their accountant

4.2

Key reading

The following slides highlight key reading which has informed this research and gives further context to the opportunities outlined in this report.

All the literature has been collated on [this Google Sheet](#).

Key reading on digital skills

Digital skills and challenges are well evidenced in the charity sector.

- [The 2020 Charity Digital Skills Report](#) found that charities want to develop their website, online presence and digital fundraising. Moving services online was a concern in lockdown.
- [The Lloyds Bank Digital Business Index 2019](#) reports 37% of charities do not understand which technologies they should invest in and only 2% took up free digital training.
- [Catalyst Digital Journeys](#) outlines three stages of digital change with distinct skills and funding needs: curious, starting out and advancing. One person can play a crucial role.

Key reading on digital support

Digital support needs are relatively well understood and there are many [digital maturity frameworks](#), although none tailored to community businesses. They focus on the need for time, funding and a strategic view of digital.

- [IVAR reports](#) that small voluntary organisations face distinct practical barriers (time, money and capacity) to resourcing and implementing digital change.
- [The Evaluation of the Media Trust Digital Skills Training Programme](#) found that free training is incredibly valuable but hard to implement because of time and capacity.
- [NPC](#) believes that unrestricted funding is needed because digital skills needs are different for every organisation. This would enable more digital innovation.
- [The Charity Digital Code of Practice](#) helps charities to think strategically about digital
- [NCVO's](#) new site provides guidance on digital tools and ways of working
- The [NCVO Maturity Matrix](#) and [SCVO's Digital Check-up](#) offer self-assessment tools.

Key reading about the shift to digital during the pandemic

There is much written about how organisations have moved services online, adapted to remote working and provided digital support to their communities during the pandemic. Concerns and responses to digital exclusion are also well documented.

- [This report for Power to Change tracks how community businesses adapted during COVID-19](#). It highlights the need for additional investment in their IT and training on digital.
- [A report by University of West England](#) found that community businesses were able to develop new digital services if they had: internal infrastructure; staff with digital skills; external expertise; financial support and customers or communities with digital skills.
- [A report from The Black South West Network](#) highlights that digital infrastructure and skills have proved vital in the pandemic and should be a priority area for funding.

Key reading on the impact of the pandemic

The impact of the pandemic and responses to this have been well documented and tracked in a range of ways.

- Nottingham Trent's [Covid-19 Voluntary Sector Impact dashboard](#) provides regularly updated statistics on financial composition and likelihood of survival.
- [This report for Power to Change tracks the experience of community businesses during COVID-19](#) concludes that the resilience of community businesses is determined by the strength of their social capital, not their access to financial capital.
- [Ubele](#) documents the impact on BAME groups. Most are small and struggling with limited financial reserves.
- IVAR's [Covid-19 briefings](#) from sessions with small voluntary sector organisation leaders outline how best to support them.

Key reading on organisational support

This report has focused on individual organisational development needs. However, there is much more to learn from others providing support and emergent thinking on organisational development.

- Locality's ['Waving not Drowning' Report](#) outlines learning from their 'Lifeboat Service' for organisations reaching financial crisis. This is tailored to their needs.
- [NPC](#) believes that unrestricted funding is needed because digital skills needs are different for every organisation. This would enable more digital innovation.
- [New Local's 'Shifting the Balance' Report](#) sets out a series of proposals for VCSE organisations to work differently, including a collaborative effort to share resources.
- ['Patterns for Change'](#) outlines a way of thinking about organisational development, as something personal, relational, equitable and collective.
- [Catalyst Service Recipes](#) offer a clever format to share digital approaches.

4.3

Acknowledgements

Acknowledgements

This report has been written and researched independently by Nissa Ramsay, Think Social Tech, with generous guidance from Stephen Miller and Ed Howarth of Power to Change.

First and foremost, we would like to acknowledge the community businesses who took part in this research and the brilliant work they are doing. We are incredibly grateful for their time, honesty and enthusiasm whilst contributing to this project. They are a great asset to Power to Change.

Secondly, we would also like to thank Vica Rogers of Co-operatives UK, Mandy Gardner from the University of West England, Sarah Thelwall of My Cake and the Peer Brokers and Link Workers who support community Businesses on behalf of Power to Change. Their experiences have proved invaluable in sense checking our findings.

Finally we'd like to thank Shanice Blair, an intern from [Collaborative Future](#) who provided brilliant insights and support to complete this research.

Research participants

[Hawkchurch Community Shop Ltd](#)

[Elswick Community Pool and
Leisure Centre](#)

[Furness Broadcast Media Ltd](#)

[My Outdoor Classroom CIC](#)

[Adrenaline Alley](#)

[One Planet Accrington](#)

[Artspace Lifespace](#)

[St Werburghs Community Association](#)

[Ardagh Community Trust](#)

[Friends of Stretford Public Hall](#)

[The Bevy](#)

[YES Brixham](#)

[Bradford Organic Communities Service](#)

[Art B&B CIC](#)

[Rotunda](#)

[Bramley Baths and Community Center](#)

[Cardigan Centre](#)

[Clubhouse Business Enterprise](#)

[Other Perspective CIC](#)

Thank you.

Nissa Ramsay
nissa@thinksocialtech.org
thinksocialtech.org
@nissaramsay

Design by TWB Design
thomaswbarnett.com