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IS IT FEASIBLE?

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WHAT'S YOUR MOTIVATION FOR SETTING UP A SOCIAL ENTERPRISE?

The motivation for setting up a social enterprise can be personal, social or political. This includes the desire to help other people, which for some people is a personal desire, for others a social need and for some a political necessity.

Before you start it is vital that you understand your motivations for being involved.

What are your reasons for being involved? List them in order of importance.

1: _____

2: _____

3: _____

4: _____

5: _____

What are the advantages and disadvantages of being part of this project?

1: _____

2: _____

3: _____

4: _____

5: _____

Think of the barriers you may face if the enterprise gets going.

1: _____

2: _____

3: _____

4: _____

5: _____

ASSESSING THE IDEA

Have You Got What It Takes?

- 1 : Why do you support this particular idea?
- 2 : What effect will it have on you life and that of your family/partner?
- 3 : Are you physically and mentally tough?
- 4 : Will you be able to keep going even if you feel like giving up?
- 5 : What sacrifices will you have to make to get the idea off the ground?
- 6 : Do you have the time to support the project intensively during the start-up period?
- 7 : Do you understand all the things involved in managing a business? What are they?
Do you need help/advice/training?
- 8 : Are you a natural organiser? Do you have strong nerves?
- 9 : Can you make difficult decisions?
- 10 : Have you worked out the hours you will need to commit to the project?
- 11 : Do you have advisers? Banker, Accountant or Solicitor? Do you need them?
- 12 : Do you see jobs through from the start to the finish?
- 13 : Can you work in a consistent way, juggling a lot of bits of information?
- 14 : Can you work under pressure? Can you work to a deadline?
- 15 : Are you good at managing your own finances?
Do you know what is in your current account?
- 16 : How good are you at understanding what other people want?
- 17 : Do you enjoy a challenge or do you fear the unknown?

Have you or your group got the skills you need?

You will need a variety of skills to provide the core product or service, manage the business day-to-day and control its financial and operational aspects. Each aspect of the business needs a separate set of skills:

The Product Or Service

- Do you have experience of buying and selling?
- Do you have experience of negotiating? Can you be persuasive?
- How good is the group at communicating - both verbally and in writing?
- Are you comfortable with both management and staff?
- Would you be able to write your own advertising copy?
- Do you have in-depth knowledge of the product/service? If not, where can you find it?
- Do you understand the principles of marketing?
- Do you know the best way to 'sell' your business idea to supporters and backers?

Managing The Business

- Who will be doing this? And what skills will they need?
- Are key people computer literate? If not, will this be a problem?
- Are there people involved who are methodical? Or who can plan well ahead?
- Is the group good at time management?
- Can the group be self-critical? Does it learn from its mistakes?

- Do you know the law as it relates to your business and to business in general?
- How easily do you find decision-making?
- How good are you at identifying and assessing risks?

Controlling The Business

- Are you good with figures?
- Can you keep your own books?
- Do you understand the principles of costing and pricing?
- How will you maintain and control the quality of your output?

Having thought about these, are there any areas where you need training or advice? A key task will be to find out where you can get this training.

What Do You Know So Far?

- 1 : What are your objectives in setting it up - for the business and for yourself?
- 2 : Have you set a target start date and thought of the timescales involved?
- 3 : Do you have a profile of your 'typical' customer group/s?
Do you know how to draw one up?
- 4 : Why will customers want your product and service?
Have you established that there is a demand from people who will pay for it?
- 5 : Have you clearly defined the products or services you intend to sell?
- 6 : Have you worked out why customers will buy from you rather than the competition?
What is special about you and your products and services?
- 7 : Have you thought how you will get your 'message' across to potential customers?
What methods of advertising and promotion will you use?
- 8 : Will you have to offer back-up services - delivery, accepting credit cards, long term support etc?
- 9 : Do you know who your competitors are?
Do you know what their strengths and weaknesses are?
- 10 : Do you know how much money you will need and where to get funds from?
- 11 : If you need stocks or materials, have you identified reliable suppliers?
- 12 : Have you worked out what you need to charge to cover all your costs?
- 13 : Are there likely to be any planning or legal problems with starting the business?
- 14 : What regulations or 'red tape' will apply to the business?
Do you know who can help you find your way?
- 15 : Are there any other barriers that could hold you back or delay your start up?
Have you made plans to overcome them?

Your answers will highlight aspects of your business where you may need help and guidance. These are all topics (along with many others) which will need to be incorporated into your business plan.

WHAT IS A FEASIBILITY STUDY?

A feasibility study is designed to provide an overview of the primary issues related to a social enterprise/business idea. The purpose is to identify any 'make or break' issues that would prevent your organisation from being successful in the marketplace. In other words, a feasibility study determines whether the business idea makes sense.

A thorough feasibility analysis provides a lot of information necessary for the business plan. For example, a good market analysis is necessary in order to determine the project's feasibility. This information provides the basis for the market section of the business plan.

Because putting together a business plan is a significant investment of time and money, you want to make sure that there are no major roadblocks facing your enterprise idea before you make that investment.

A feasibility study looks at 3 major areas:

- Market issues
- Organisational/technical issues
- Financial issues

Again, this is meant to be an initial look at these issues. For example, a feasibility study should not do in-depth long-term financial projections, but it should do a basic break-even analysis to see how much revenue would be necessary to meet your operating expenses.

What Is A Business Plan?

If the feasibility study indicates that your business idea is sound, the next step is a social enterprise business plan. The business plan continues the analysis at a deeper and more complex level, building on the foundation created by the feasibility study. For example, the financial section of the plan would include estimated financial statements and 2-3 years of financial projections.

A business plan gives you an opportunity to find any weaknesses and reveal any hidden problems ahead of time. A good social enterprise business plan is a working document designed to analyse how well the business will work and is also necessary in order to obtain funding.

CONTENTS OF A FEASIBILITY STUDY

A Feasibility Study may be required whenever there is a proposal for change. This may be a proposal for new products or services or be a proposal for new ways of organising how something is done. It has the same basic aims as a 'Business Plan': to set out in clear terms how something is going to be done successfully and to convince those who need to be convinced that the proposal is sensible and workable.

A Feasibility Study should consist of:

The Proposal

A brief summary of the proposal, the reasons for the proposal and its aims: 'to provide a service', 'to increase efficiency', 'to help clients'.

Environmental Analysis

This lists the external factors affecting the proposal. It provides the justification for the proposal and places it in the context of the environment in which it will take place. For instance, introducing new machinery to a factory must be tested against the workforce's flexibility, attitudes to change and skill levels. It details the positive and negative factors that will influence it. Are there legal or political implications of the change?

It should detail:

- Who or what is going to be changed\assisted\improved
- How needed is the projected change

- What factors will assist the proposed change take place
- What factors will hinder introduction of the change

Details Of The Proposal

- What are the intentions of the proposal?
- What is it trying to achieve?
- What measurements are going to be used to test if the change was successful?
- Are there any preconditions for change, for instance finance, training equipment?
- What is the timetable for introducing the change?

Organisational Analysis

- How is the change going to be implemented?
- Who is responsible for initiating, implementing and monitoring the change?
- What will need to be changed to make the proposal work?
- What factors will assist or hinder introduction of the change?
- What are the short-, medium- and long-term implications for the organisation of the change?
- What other changes (for instance in skills) will need to be made to allow change to take place?

Conducting A Feasibility Study

- 1 : People undertaking a feasibility study rarely have no other commitments. People involved must take a realistic attitude to the time it will take, likely problems (for instance holidays) and allow some overrun time.
- 2 : Support for the study from colleagues can only be given if they are aware of what is involved, support the aims of the study and are aware of the various stages and timetabling for the study. Time must be allowed for informing and briefing other people.
- 3 : Outsiders, experts and people who might be affected by the study should be informed well in advance so that they can give their input. They may need to be contacted or consulted quickly - don't involve them at the end of the process.
- 4 : Site visits and appointments for interviewing should also be made early in the study since there may need to be revisits/re-interviews.
- 5 : What you need to know or tell other people must be identified early, together with possible sources, allocation of responsibility and timetable for collating the information.
- 6 : If questionnaires are used they need to be targeted at the right people and places. Monitor initial responses so that the questionnaire or other information-gathering can be modified as required.
- 7 : Technical issues must be decided early: how will the study be analysed and presented? Who will produce it? Who will the study go to?
- 8 : Draw up a detailed programme of the stages to be gone through.
- 9 : Set deadlines for each stage. Allow for slippage.
- 10 : Allocate tasks, bringing in expertise as necessary.
- 11 : Anticipate problems, try to use tested methods.
- 12 : Discuss plans with everybody involved, then keep them informed.
- 13 : Begin preparations well before the 'official' start date for the study.
- 14 : Don't leave things to the last minute.
- 15 : The study probably has a high priority for those asking for it. This must be **your** priority as well.

CONDUCTING A FEASIBILITY STUDY

1 : Market Analysis Research

The key question that should be answered in the Market Analysis section of the feasibility study are presented below. In nearly all cases, research is required in order to obtain enough information to answer the questions. If these questions cannot be answered adequately, the project is not feasible.

- a) What is the current or projected demand for your proposed products or services? In other words, how many units can you reasonably be expected to sell each month?
- b) What are the target markets for this product or service? What demographic characteristics do these potential customers have in common? How many of them are there?
- c) What is the projected supply in your area of the products or services needed for your project?
- d) What competition exists in this market? Can you establish a market niche that will enable you to compete effectively with others providing this product or service?
- e) Is the location of your proposed business or project likely to affect its success? If so, is the identified site the most appropriate one available?

The market analysis should be conducted first because it is critical to the success of the enterprise. If you cannot substantiate through research that adequate demand for your product or service exists, or if you cannot obtain sufficient quantity to meet

expected demand then your project is not feasible. You should not continue to the next step in the feasibility study.

2 : Key Organisational And Technological Issues

Once market issues have been addressed, it is time to take a look at key organisational and technology issues that are relevant to your project.

Organisational Issues

Key questions to answer include:

- a) What organisational structure is the right one for your project? (Look at 7.1 Different Structures; Legal Structures)
- b) Who will serve on the board of directors/trustees? What are their qualifications?
- c) What qualifications are needed to manage this enterprise?
- d) Who will manage the enterprise (if possible)?
- e) What other staffing needs does the organisation have? How do you expect staffing needs to change over the next 2-3 years?

Because all subsequent decisions depend on the organisation's legal structure, the first question is critical and should be answered before you continue with the feasibility analysis. It is an important question and may take some research. Don't hesitate to call on a qualified business advisor or relevant development agency to help if necessary.

While you need not know the answers to all the other questions in order for the business to be feasible, they must all be satisfactorily answered before you begin operations. This is a good time to begin the process of identifying appropriate individuals for the board, management and other staff positions and to think carefully about what qualifications are necessary to manage this enterprise.

Technological Issues

The cost and availability of technology may be of critical importance to the feasibility of a project, or it may not be an issue at all. For example, a service organisation, such as a community café, may have a few equipment and other technology issues to address. A manufacturing enterprise on the other hand, may have a number of complex technology questions to analyse in order to determine whether or not the business is feasible. Key questions to answer include:

- a) What are the technology needs for the proposed business?
- b) What other equipment does your proposed business need?
- c) Where will you obtain this technology and equipment?
- d) When can you get the necessary equipment?

e) How does your ability to obtain this technology and equipment affect your start-up timeline?

f) How much will the equipment and technology cost?

Keep in mind that technology doesn't necessarily mean complex machinery; if your business simply needs a personal computer, printer and fax machine, those are your technological needs. However, making wise decisions on even simple purchases such as office machines may require some research. Obviously there are numerous types of personal computers on the market. Your cost estimates will get plugged into your financial projections.

Naturally, the more complex the technology you need, the more research that will be required to make good decisions about it. Don't skimp in this footwork; you may regret it.

3 : Financial Issues

Once your analyses of marketing, organisational and technology issues have been completed, the third and final step of a feasibility analysis is to take a look at key financial issues. Answer the following questions as well as you can at this point and identify key issues that will require additional research.

Note that some of the questions below - specifically revenue projections - are directly based on your market analysis (the first step in the feasibility study) in which you estimated the number of units of product or service you could sell. If you didn't do that part of the feasibility study thoroughly, you won't be able to do the financial analysis adequately.

- a) Start-Up Costs :** These are the costs incurred in starting up a new business, including "capital goods" such as land, buildings, equipment etc.
- b) Operating Costs :** These are the ongoing costs such as rent, utilities and wages that are incurred in the everyday operation of a business.
- c) Revenue Projections :** How will you price your goods or services? Assess what the estimated monthly revenue will be.
- d) Sources of Financing :** If your proposed enterprise needs start up funding, you may need to research potential funders.
- e) Profitability Analysis :** This is the 'bottom line' for the proposed enterprise. Given the costs and revenue analysis above, will your business bring in enough money to cover operating expenses? Will it break even, lose money or make a profit? Is there anything you can do to improve the bottom line?

Conclusion

Your feasibility study should give you a clear idea whether the proposed enterprise is a sound business idea.

THE SWOT ANALYSIS

A SWOT Analysis is a way of understanding and organising information about both your organisation and the environment. It focuses on what is important and excludes what is not. Unlike Market Research it requires you to make decisions about information: what is important and what is not, what affects you and what does not, what weight you will give to particular problems or situation, what you will do about them.

A SWOT Analysis is also used to assess information about competitors. What are their strengths and weaknesses? What opportunities are they able to make use of? What are the threats to your competitor's business and how would they be able to respond to these threats. What threats could you generate? The kinds of information you need to collect and analyse are:

Strengths

- Product quality and customer appeal
- Product range
- Market mix: price, product, promotion, place
- Personnel: skills, costs, flexibility,
- Location/accessibility
- Reputation and customer loyalty
- Market position
- Resources: money, skills, information, communication

Weaknesses

- Can you exploit poor quality or low appeal? Why do these conditions exist? Is low quality a weakness (check quality-price relationship)?
- Is there demand for different products? Does the range match demand?
- Is the price too high or low? Is the pricing strategy per product correct? Does promotion strategy match the profile, product and price? Where is the product sold and is it an effective and accessible location?
- Is purchasing casual? Has poor availability, quality or reliability affected customer loyalty?
- Is the competitor well-known? Does it dominate?
- Is it cash-rich, or have a strong asset-base? Can it raise money easily? How well does it use resources?

Opportunities

- Can you introduce new products or remarket existing ones to seem new? Is there a gap in the market?
- Can you sell more cheaply? Can you offer a better product-price mix? Are your costs lower? Or production methods more efficient? Do you have spare capacity?
- Do you have resources that can be used or used more efficiently?
- Are there opportunities to co-operate? Or joint market?
- Is the political, economic, social or technological environment changing to your advantage?

Threats

- Can your competitor offer better quality, lower price, better marketing or a higher 'added value'?
- Will legislative, political, economic, technological, commercial, personnel, resource level, or financial changes threaten your market?

The SWOT Analysis

S : Strengths

- The things you are good at e.g. marketing or teamwork
- The things on which the business relies e.g. good design skills or lower prices
- The advantage you have over competitors
- The resources available to you

W : Weaknesses

- What you don't know or don't do well
- Things which hold you back e.g. lack of certain skills
- Poor marketing or sales techniques
- A poor or over-priced product
- Lack of experience in business or this business

O : Opportunities

- Changes in the business environment giving you an advantage
- Market opportunities e.g. a rival business closing
- Untapped demand for a product or service
- A possible new business relationship

T : Threats

- Sudden changes in the business environment e.g. price rises or new regulations
- Inability to respond to/cope with change
- New competitors or better products you can't compete with
- Relying on one or only a few customers for your income

SWOT Analysis

Date: _____

Under each heading list the main things that apply to your proposed business today.

S : Strengths

W : Weaknesses

O : Opportunities

T : Threats

SETTING UP A BUSINESS

Reading through the following guide will help to prepare the ground for setting up your business.

Essentials

You will need:

- Commitment and the support of key people involved in your business idea
- People with the skills needed to operate the business successfully
- A product or service that people want to buy
- Premises to operate from
- A business plan to show that the business is viable
- An estimate of the amount of money needed to start and run the business

1 : People

- a) Before starting you should be clear about the work that needs to be done and who will be doing it - are you clear about this?
- b) Can all the work be done and managed well? Do you need extra people?
- c) More preparation usually means a more successful enterprise.
- d) If more than one person is involved are you clear about each person's ambitions and needs?
- e) Do you know who has authority to do what without discussion with others?
- f) You should know what each person involved is expected to put into starting the business and what each person can expect out of it.
- g) It's not a bad idea to list where you want to be in one year, two years, five years and so on, to give you something to aim at and for future reference.

2 : Skills

- a) You must identify the range of skills needed to run your type of business. Do the people involved have these skills?
- b) If not, or the business would be more successful if people got training for work, do you know where to get advice?
- c) It is important to be fully aware of the various aspects of the business and to break them down into areas of responsibility. You will then be aware of the skill gaps.

3 : Product Or Service

a) Look at:

- Skills available
- Potential markets

b) You need to work out:

- If you have the skills to make the product/provide the service
- How much it will cost to make the product/provide the service
- The volume of sales over a given period
- Whether or not the calculations show that the business is viable

4 : Marketing

- a) Is there a market for your product/service
- b) Why should customers buy your particular product/service
- c) Who are your customers likely to be?
- d) What aspects of your product/service are important to customers?
- e) What can you provide that customers can't get elsewhere?

f) Is the demand for your product/service likely to be long-term?

g) Is the market for your product/service expanding or contracting?

h) Does the success of your business depend on one product/service only or will you need a broader range?

5 : Market Research

a) Look at the overall market for your product/service to discover its size

b) Look at your specific market to find out exactly who is likely to buy your product/service.

c) Market information can be found in local reference libraries but you should also make use of any other information you can find

There is information about specific markets to be found in market research publications like 'Mintel Reports' and trade magazines, to be found in the business section of your local library - it can be a very useful resource.

A useful way to find out about competitors is to pose as a customer: this way you can find out about prices, delivery methods and times, quality of product or service, after-sales services and so on. Bigger competitors may be featured in trade magazines or you could even look at their published accounts via Companies House.

Otherwise, specific local market information could be obtained by contacting potential customers in person or by conducting a market survey. This is no easy task and requires careful planning and organisation. A temptation will be to use friends and family as focus groups for your business idea. This isn't a bad idea if they are representative of your target customers but any feedback they give you needs to be treated sceptically.

6 : Pricing

- a) Find out what the market will bear in terms of price and delivery arrangements
- b) How much will your customers pay?
- c) How much will your suppliers charge you?
- d) What are your overheads?
- e) Can you match or undercut the prices of your competitors?
- f) Remember that, if you're intending to sell at prices lower than your competitors, you will have to cover all your costs and inflation, as well as making enough to invest in the future of the business.
- g) It's a bad idea for a new business to rely chiefly on lower prices than established businesses since they may have more funds and be able to undercut you temporarily, driving you out of business. A better idea is to focus on higher quality products and services for the same price or new products which can command a higher price.

7 : Selling And Advertising

You need to look at the best, most cost-effective ways of promoting your product/service and of reaching your customers. **There are several options open to you:**

- Local papers
- National papers
- Trade journals
- Telephone sales
- Direct mail-outs
- Press releases

8 : Costs

Start up costs must be looked at in detail. You will have **fixed costs** - rent, rates, insurance etc which are not affected by how much you produce or sell.

However, **variable costs**, such as the costs of your raw materials will be affected by the volume of sales; that's common sense, isn't it?

Your prices should take into account the fact that you need to sell the number of items required to make your business profitable at a price the market will pay.

You need to look at all your costs in detail in order to be able to set the right price on your product/service.

9 : Premises

You need to decide what kind of premises (if any) you will need: Shop premises, office or industrial unit? What kind of facilities do you need to carry out your business?

You will need to work out or check:

- Is the location and size right for your proposed business?
- Size of working, loading, storage areas
- What facilities does it have e.g. a kitchen or meeting room?
- What laws apply? Does it comply with the Disability Discrimination Act?
- Drains/electricity/gas/water/ventilation/sound insulation
- Parking access?
- Stairs/lifts/hoists/fire escapes? Does it comply with Health & Safety regulations?
- Will you buy or rent?
- Long lease or easy in/easy out licence?
- Who pays for repairs, improvements, insurance etc?
- Sole occupier or share with other business(es)?
- How much does it cost per sq ft in comparison with similar premises?
- What will the rates bill be?
- How much will it cost to heat and light the premises?
- Is there a service charge? What does it cover?
- Are there any planning restrictions?

10 : Borrowing Money

Having looked at all these issues, you may decide that you need to borrow money to get started. The Business Plan can be very useful in this situation. It should contain all the information that a Bank Manager or other potential lender needs to know about your business. **A Bank Manager or other lender will want to know:**

- Whether the venture is likely to succeed. Will the loan be repaid?
- Do the group's members have the necessary skills and experience to operate the business successfully and do they inspire confidence that they can achieve what they plan to do?
- Are the financial reports/ budgets and cash flow projections sound?
- Has a realistic appraisal of the market been carried out? Can the business sell in the market at realistic prices?
- Will the business structure allow for effective commercial decision-making and management?
- Will the business be able to change its product/service range, if the market changes?
- What is the ratio of finance requested from the bank/lender to the finance raised by group? The more than can be raised elsewhere, the lower the risk to a commercial lender.
- What are the principal risks to the business' survival as a going concern e.g. changes in personnel, price rises in raw materials etc.
- What contingency plans does the group have for such eventualities?
- What security can be offered for any loan? What security has the group already pledged to other lenders?

11 : What Will You Need To Get Started?

List the essential items required to start the business and assess the list item by item. Do you need it immediately? Can you get it for nothing? Can it be borrowed or hired? Can you buy it second-hand or on credit? When will you need it? Do you have to buy it?

A basic list could include the following:

Item	Is It Really Needed?	By When?	How Can It Be Obtained?	Cash Needed?
Place to work in				
Place to sell from				
Transport				
Advertising				
Equipment Materials				
Professional Fees				
Insurance				
Furniture				
Sundry				
Expenditure				
Total Cash Needed				

12 : Legal Structures

Social businesses need to incorporate as a legal entity for these reasons:

- a) The members of the business are protected by limited liability. In the event of the business ceasing to trade and being unable to pay its debts, the members will only be liable for a nominal sum and their personal assets will not be put at risk.
- b) The business will have a legal status in its own right and will be seen by the world as a separate entity distinct from its individual members.

The best type of legal structure will reflect the principles of the people involved and their aims and aspirations, rather than forcing principles to adapt to a particular structure. It will:

- Define how the business is to be organised in terms of management structures, meetings, voting procedures and quorums etc.;
- State the democratic principle of one person-one vote;
- State how profits earned by the business can be distributed;
- Say what can be done with the assets of the organisation;
- Explain what happens to remaining assets on dissolution;
- State criteria and procedures for becoming and ceasing to be a member

COMMUNITIES AND BUSINESS - CAN IT WORK?

Communities Of Interest

As long ago as the 1960s, black community activists began to organise businesses specifically aimed at their own 'community'. This may initially have been geographical (the 'ghetto') but quickly spread to embrace the entire community of black people. Being black was more important than where you lived. It was the 'bond' that glued the community together and it spread across already recognised borders and physical boundaries.

In Britain there are similar 'communities' of people organised along ethnic or religious lines, but there are also groups who organise because they have an interest in common, for instance raising money for the Third World or campaigning for Plain English. These groups may be very similar in age or outlook but geographical communities include all age groups and interests. This means they may struggle to meet the competing demands of all sections of the community. But people in a 'community of interest' may already share a common outlook, philosophy and set of priorities.

The 'community of interest' may know exactly what it needs: for instance, a group of disabled people will know the tools and adaptations they need to live independently. If such a group set up a business dedicated to meeting their needs, the only problem they would have to worry about was whether it was viable. Are there enough customers out there to enable the business

to prosper? Also, are they committed enough to our community to buy from us, rather than an outside business?

A good example is that a group of pensioners were hit hard on their estate when the local launderette closed down, as most of the old people did not own washing machines. Although their need was great, the business had found that there were simply not enough customers in that area to keep the shop open. The OAP's needed washing facilities, but re-opening the launderette would not have been viable. The only solution was to look for a 'non-commercial' solution, such as applying to charitable trusts for funds to buy each old person their own washer, or asking the local Church to install a pair of washers in the Church Hall for use by elderly people.

Sometimes there is a great need, but meeting that need cannot be done from a purely 'business' angle.

In the above example, if the Church had set up the facility as proposed, it would have been a non-profit making activity, perhaps run by younger volunteers. It would not have been a community enterprise or community business. If there was any way of setting up a community laundry that made a profit - perhaps by taking in work from outside the estate - as well as offering to wash the clothes of the pensioners, it might perhaps have been a 'community business', especially if there had been a role for the old people, some way in which they could have contributed.

Communities In Business

In recent years there have been a growing number of groups setting up businesses to promote their own interests: every steam railway society now produces its own badges or tee-shirts. The group trying to relieve Third World poverty may set up their own shop, the 'world shops' we see in so many high streets.

In Manchester there is an area with streets filled with restaurants and shops devoted to Chinese products, 'Chinatown'. Some of the businesses (for instance restaurants) primarily serve the wider community. Some businesses such as travel bureaux or food wholesalers primarily serve the Chinese community. And some businesses, for instance herbalists, serve both.

When thinking about where the income to support a business comes from, it's important to consider whether the business would benefit from serving just one market or whether it needs to target other markets as well.

People considering a social enterprise need to decide:

- What social benefit are they trying to deliver?
- Will this be a direct social benefit (for instance, re-opening a launderette) or indirect (making profits from some other business that could be used to buy washing machines for pensioners)?
- Who are its customers (not beneficiaries)?
- Is there sufficient demand and money amongst customers to make the business viable?

Promoting Business To Communities

To encourage communities to go into business, there are questions that need to be answered:

a) What Do Potential Customers Need?

The Chinese restaurateurs mentioned above need supplies of food products as well as services such as accountancy. Could any or all of these be supplied by the community or would they have to buy them from the wider business community?

b) What Products Would Actually Sell, And Where?

Can the products and services needed by a local community be sold outside? For instance, a joinery co-op may need to make basic, low-cost furniture to meet local needs but couldn't sell it in more affluent markets. They would need to upgrade their product in order to sell it. Alternatively, the pottery and jewellery that Chinese communities import or make locally to meet their own needs may also have a market among people looking for an 'exotic' gift.

c) Is the Business Sustainable Long-Term?

Does the community have the resources within itself to start making goods or providing a service? If the community can start a business from within its own resources, then it is obviously stronger and more likely to survive later if the business comes under pressure.

d) What Skills Are Needed?

It is important that before identifying real skills needs that you have a solution to hand. This could be a business skills course, training bursaries or a mentoring program. People will need a structured program of personal and vocational development to enable them to manage a new community business.