

Conversations with a Social Entrepreneur

By Philip Angier

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Contents

Introduction	3
Who wants to be a social enterprise? – Part 1	4
Who wants to be a social enterprise? – Part 2	7
Who wants to be a social enterprise? – Part 3	10
Sales may make headlines, but margins sustain jobs.....	13
Urgent! – the enemy of the important.....	16
Don't be a Blue Mango.....	19
Why do we hear so much about managers, and so little about coaches?.....	21
Optimism is a virtue – self deception is a vice.....	24
Does your accountant have a soul?.....	27
Maxim-umph!.....	30
Asking for help is not a sign of weakness.....	33
Not the Pantomime Horse!.....	36

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Conversations with a Social Entrepreneur

The twelve short articles which follow are based upon a series written for and published in Social Enterprise Magazine between 2002 and 2004.

They are drawn from experience, and intended to encourage us to use our best instincts, and all of our senses (especially our common sense and our sense of humour) when trying to set up or run a social enterprise.

I have given them the collective title *Conversations with a Social Entrepreneur*. They are best read one or two at a time over a cup of (fair trade) coffee or a glass of wine.

I hope that you enjoy them.

I hope that your enterprise brings you fulfilment and success.

Philip Angier

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About the Author

Philip Angier is founder of Angier Griffin, an independent consultancy practise in the social economy. He was formerly Chief Executive of Traidcraft.

Philip began his career in international banking. After 10 years in the City of London, he became Finance and Resources Officer in the Diocese of Liverpool under Bishop David Sheppard.

Philip joined the fair trade company, Traidcraft as Finance Director in 1987, and becoming Managing Director in 1991. Philip left Traidcraft in 2001 to found Angier Griffin.

Philip is Moderator of Shared Interest Society Limited. He is also chair of the Advisory Board of CapitaliSE and leads the Valuing the Difference project, based at the Sustainable Cities Research Institute, Northumbria University when he is a visiting fellow.

Philip and his wife, Elizabeth a teacher, live in Alnwick where they are active members of their local Anglican church.

Who wants to be a social enterprise?

PART ONE – ASK THE AUDIENCE



'Starting a new social enterprise can feel as daunting as trying to reach the £1 million question on the TV Quiz Show, 'Who wants to be a millionaire?' The first few steps may seem easy enough, but after that the choices become more bewildering, and the stakes get higher. Should I admit my ignorance and quit, or should I persevere?'

Don't forget that you have three lifelines to help you through....

This is the first of three articles tracking the progress of a local group in Arthur's Hill, Newcastle to establish a community cafe, and what we have learned along the way. My role has been to provide consultancy support as an associate of AnyBodyCan Limited.

In our context "Ask the audience". means asking the community what they want.

Beginning



To begin at the beginning... It's 18 months now since casual conversation over a cup of coffee introduced me to The CHAT Shop (see box).

Carol Harle, the project Administrator and her Trustees wanted to extend the reach of the project through the creation of a cafe. It took a little while to win over Newcastle Westgate New Deal for Communities. With the support of the Health Focus Group we were eventually awarded funding to undertake a feasibility and development study.

CHAT Shop

The CHAT Shop is a church-led community initiative which has been serving the people of Arthur's Hill, an area of multiple deprivation in the West End of Newcastle-upon-Tyne, for the past 10 years.



The CHAT Shop was originally established as a drop-in resource, offering information advice and guidance and a counselling service. Over time the drop-in has become a "social hub", and a café was developed to provide refreshments for clients when they called in.

The CHAT Shop now hosts a range of community services including ICT training, a workfinder service, a toy library, Citizen's Advice Bureau, the Benefits Agency, a Credit Union, Victim Support and a community Asian Safety Group. Residents groups and Alcoholics Anonymous also use the facility.



Locally driven

We were determined that our F & D study would not be one of those 'whizz in, whizz out, tick the boxes and file a report' exercises. To get close to the community takes time, and the best people to get close to the community are those who live in the community.

Carol recruited a steering group of local community activists. We planned and delivered the study with and through the active involvement of the Steering Group members.

We launched the study with a Community Meal - multi-cultural food, musicians, crackers - and gathered loads of feedback.

Three of the Steering Group members, and one member of the local Time Exchange were trained in participatory appraisal techniques by Northumbria University.

The consultation process involved both focus groups and street survey work led by the team who attended the training. We were very sensitive to the issue of consultation fatigue. The residents of Arthur's Hill has been on the receiving end of a host of government initiatives.

Listening & Learning

Our consultation feedback told us quite a lot of what we expected to hear.

The existing drop-in centre is valued for the services it hosts and the friendliness and helpfulness of staff.

Residents would like a wider menu choice, would like more access to ICT/internet, provision for children and younger people, music and community arts, etc.



What we had not expected was to discover that there are perceived barriers to using the drop-in: that is 'only for church members', for those in the immediate vicinity or for those who 'belong'. Also the restricted opening times exclude some user groups.

Health

A key objective of the cafe remains to offer a wide choice of affordable nutritious food and snacks and dietary education to local people on low incomes.

The consultation exercise told us that local users want freshly prepared and healthy food but they don't want a 'health cafe'. They want a welcoming place to meet and eat - that also happens serve fresh food and promote healthy living. . If local residents do not feel attracted across the threshold, then they will never access the services hosted by the café.

Taking Time



We presented our report at a Community Meal in May 2003. It had taken 7 months.

Could we have done it quicker? Certainly
Would we have learned as much doing it quicker? We don't think so. We believe that the time we took talking, consulting and planning as a Steering Group helped us to ask the right questions.

We believe that training and employing Steering Group members to undertake the survey work (members were paid on a sessional basis) helped to ensure that those asking the questions knew the community intimately and could ask the right follow-up questions.

One of our aims was that the F & D study itself should be an opportunity to provide training and build capacity in the local community - and we succeeded.

Our report has given encouragement that there is demand for an expanded community cafe. My next two articles will follow the process of negotiating funding and building the management and governance structures

Questions to think about:



If you have a vision to improve the services on offer to the community:

- Have you asked your target audience what they want?
- Have you thought who are the best people to ask the questions?
- What sort of training will they be offered?
- Is your market research trying find out what people really want, or collecting data to support your plan?
- How are you going to handle the answers?

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Who wants to be a social enterprise?

PART TWO – PHONE A FRIEND



We are getting closer to our goal of establishing a new social enterprise, but at each stage the questions are getting tougher. Sometimes the questions are about topics we know well, and sometimes...

Well maybe it's time we phoned a friend..

In this second article charting the progress of the CHAT Shop, a church-led community initiative in the West End of Newcastle, we look at the importance of setting up a Management Committee.

If you read no further, remember this: If you want a job done well, ask a busy person. Busy people are organised, enjoy completing tasks and are generally good managers of their time. They bring these attributes almost any project they are involved with. That is what makes them valuable members of a Management Committee. So don't be shy. If you think you know someone who would make an excellent committee member, phone a friend!



Let me recap the story of the CHAT Shop. After a feasibility and development study, the Trustees of the CHAT Shop decided to proceed with the creation of new social enterprise to develop and run the existing drop-in centre as a community café. Its aim would be to offer a wide choice of affordable, nutritious food and snacks, and some information on healthy eating, to local people on low incomes.



The Trustees knew that the project was likely to attract support from Newcastle Westgate New Deal for Communities and from ERDF through the City's European funding team. And they also realised that in order to establish the café as a free-standing social enterprise, they would need a strong and committed Management Committee to inform and oversee the implementation of the project.

Role of Management Committee

The role of the Management Committee would be to take the embryo business development plan described in the feasibility and development study, and to oversee its implementation. Crucially this involves recruiting three new members of staff including a Marketing and Development Worker whose job will be to develop and deliver a marketing plan for the café.



In addition the Management Committee would be responsible for evaluating and recommending the most appropriate legal structure for the new social enterprise, and in due course would assume financial and operational responsibility for the café and its staff.

Once the new social enterprise is incorporated the Management Committee will become its new board of directors.

Evolving Structures

The café project is extremely fortunate to have the support of the Trustees of the existing CHAT Shop initiative who have agreed to ‘incubate’ the new enterprise. So there has not been a rush to incorporate a new body in order to secure funding. Rather structure is being allowed to follow strategy... decide what you want to do first, and then choose the legal structure which will best allow you to do it.



But that should not be seen as a soft option. The Management Committee of 8 (more than half of whom also served on the Steering Group of the feasibility study) have a lot to get their teeth into – funding (and the different requirements of different funders), cash flow, legal duties, staff recruitment, management structures, filling in the holes in the business and operational plans, developing a pricing policy, the role of health education, relations with other community groups.



The project has been fortunate in attracting the skills of some very committed local residents. But it also relies heavily upon the drive and co-ordination of the CHAT Shop’s Project Manager. Will she be able to commit as much time once the new social enterprise is fully-fledged? Who should be responsible for managing the new staff?

Capacity Building

The members of the Management Committee recognise that the step up to becoming directors of their own company will be a big one. The project budget for the next 18 months includes a generous allowance for capacity building and training. In addition it is hoped that three members of the Management Committee will join the first in-take of the REGEN School North East.



What are the learning points? Social enterprise, like marriage, is not to be entered into lightly or hurriedly but reverently and responsibly – see Health Check. And, like marriage, it can also be a productive and fulfilling relationship. Who knows where friendship may lead? Make that call!

Points to Remember:

- If you want a job done well, ask a busy person
- Allow yourself time to get your structures right
- Structure should follow strategy
- Make good budget allowance and time allowance for training your management committee/board of directors
- Don't be shy – phone a friend

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Who wants to be a social enterprise?

PART THREE – 50:50

'A trouble shared is a trouble halved. So what about matched funding to develop your organisation...'



Matching funding streams can be very satisfying. Pulling together the different strands of a complex funding package is like doing a jigsaw puzzle – when you finish, you want to stand back and admire the result.

At best, matched funding can bring lots of benefits to your organisation:

- Most young social enterprises – at least in their early years – need some grant support.
- A mixed package of funding – perhaps a combination of grants, loan finance and trading income – enables each of those contributing to project to spread their risk. No one funder is bearing the full risk, and each shares in the wider potential benefits of the enterprise.
- Bringing a variety of funders together to develop your organisation also enables you to play to your best strengths and theirs. Your funders can support those aspects of your enterprise which best match their objectives – be it buildings, training outputs, job creation or environmental benefits. Your organisation can tap into the support and expertise offered by each funder – strengthening your governance processes and management skills.
- With matched funding, the whole can become more than the parts. Each funder draws confidence from the involvement of the others.



So is there a catch?

Not necessarily, if you make the right choices, going for matched funding can be a very sound management decision. But there can be pitfalls, and here are a few...

- Pulling together a complex funding package can absorb a great deal of management energy. Be careful that it does not cause you to lose focus on your day to day operations.

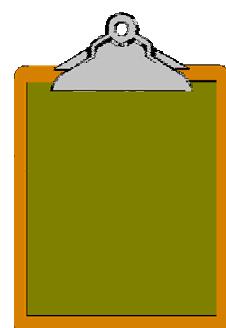
- Intricate funding packages can all unravel if the timing goes awry, or if one of the key funders pulls out late in the day. The more pieces to the puzzle, the more there is to lose until the puzzle is complete.
- We know that different funders have different priorities. Be careful that you don't find that your organisation is being pulled in different directions to meet the different requirements of different stipulations – and that the core focus of your enterprise is not compromised.



Example

- Your organisation has been set up to operate a community café
- Your funders are expecting variously health outcomes, community empowerment, training and jobs for local residents, and a vibrant community enterprise
- Are all of these different aims mutually compatible? Will some outcomes tend to dominate?

- More funders means more reporting. Don't forget to allow for this in your staffing plans.
- Some public sector funders have conditions which are hard to meet. For instance if part of your match funding is 'gap' funding, take care that you are not caught out (for instance if you spend less than the original project budget).



Example

- Your organisation negotiates a project budget of £100,000, with 50% ‘gap’ funding from a public sector provider
- You terminate the project early because it is failing to achieve its outcomes – say after 60% of the budget has been spent
- Your decision will have saved the taxpayer more than you might expect. Because the public sector contribution is ‘gap’ funding, you will still be expected to contribute your 50% share of the original project budget in full. The ‘gap’ funding will only meet the remaining balance (in this example 10% of the original project budget)



- Some funders appear to have an ambivalent attitude towards trading surpluses. They want to support sustainable enterprises but are concerned lest their funding is seen to boost your enterprises profits.

Good match funding deals can contribute immensely to the success of your enterprise – just be aware that going 50:50 usually means some give as well as take.

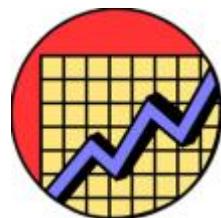
Points to Remember:

- Be clear about your core organisational objectives and stick to them
- Allow enough time for negotiation the package and for reporting to funders
- If you accept ‘gap’ funding, be aware of the risks
- Enjoy the benefits – the whole can be greater than the parts

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Sales may make headlines, but margins sustain jobs

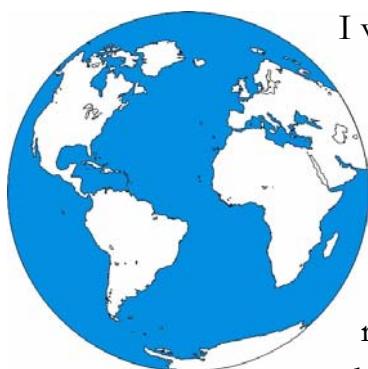
'Great news! You've been asked by Megastores International to quote for a really big order. It could double your turnover next year! This opportunity could transform your business.



When you are a young social enterprise, and a prestigious large business wants to place an order with you (often for the right reasons, they want to support you), the temptation is to think that a big order must make the business stronger and help to secure more jobs. Sorry, but sales growth without adequate profit margin is more likely to make both the business and the jobs of your workers more vulnerable.

Bags of Hope

Let me share an example from my time at Traidcraft:



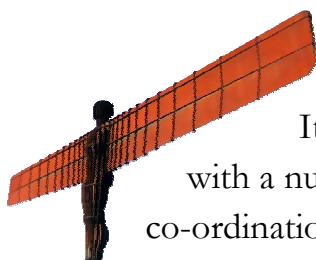
I was asked by a big American trading company if we could supply a large quantity – some tens of thousands – of jute shopping bags. The order would have more than doubled our handicraft purchases from Bangladesh at a time when we were cutting back on our orders to many suppliers. But.... this would be a one-off order with little prospect of repeat business, it would have involved developing a new product and a new supply chain, and they wanted the bags at close to cost price and quickly.

The headline would have been – 'Huge order for jute bags creates xxx jobs in Bangladesh.' The reality would have been that both Traidcraft and its Bangladesh partner needed to invest significant management time and financial resources to build capacity to fulfil one exceptional order, with no offer of continued work for the Bangladeshi women who would have been trained up to make the bags. It would have cost money and only given very short term jobs.

We discussed our concerns with the buyer, and mutually agreed not to proceed with the order.

Eventful Marketing

Another example, closer to home:



A social enterprise on Tyneside was invited this year to tender for the co-ordination of a large community event.

It would be high profile, and this company's first contact with a number of influential customers. But it was also clear that the co-ordination role was not clearly defined, and the expectations of what could be achieved within the budget were very ambitious.

The social enterprise team decided that it was important to define clearly the boundaries of the service they could offer and to quote a price which would give full cost recovery, even at the risk of losing the tender.

The decision paid off – and the event proved a great success (even the weather was good!). But the decision would have been good even if they had not won the tender, because few businesses can afford too many 'loss leaders'.



Looking behind the headlines

I'll finish with a positive example from Traidcraft:



Traidcraft as a fair trade organisation is concerned to create sustainable livelihoods in the developing world. Through the mid-1990's Traidcraft plc realised that its sales mix and its UK operations were failing to do that effectively, and trading losses in the UK were in fact impairing its effectiveness as a channel of fair trade.



The remedy was a painful process of re-organisation whereby Traidcraft plc reduced its UK workforce by 40%, discontinued some activities, out-sourced others and focused upon the sales channels and product ranges which contributed most to its fair trade aims.

60%

The headline might have read – ‘Fair Trade company slashes jobs as sales stagnate’.

The reality behind the headline was that whilst sales turnover only grew in line with inflation and the UK workforce was reduced, between 1990 and 1999 the real value (ie inflation adjusted) of Traidcraft plc’s trade with developing country producers increased by 60%.

It's margins that create and sustain jobs

Ask yourself...

- Do you know what profit margin you are making on your key activities, and what it costs to deliver them?
- Do you allow for your fixed overheads as well as your marginal costs when quoting for new business?
- If you are planning to increase your turnover, how much are you setting aside to increase your organisational capacity to handle the growth?
- If the other indicators are positive, have you got the cashflow to support the deal?

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Urgent! – the enemy of the important

Full diary, overflowing e-mail Inbox, need to keep your mobile on? When you're building a business there's just so much to do. So what do I mean by 'the urgent being the enemy of the important'? Let me set the scene.

Setting the Scene

You've survived your first 18 months as a social enterprise. You've got three staff, a contract with the local authority, the offer of some free promotion from a local business, you're being encouraged to take on two new trainees (fully paid for 6 months), you need more space, one of your staff will soon be going on maternity leave, you need your accountant to finalise the year end accounts before you can complete the funding proposal on your desk, etc. etc. Your project, which you have nurtured and brought to life, is now starting to run your life. [You can draw parallels with home life if you like – it's like discovering you've now got a toddler in your family, not a newborn baby].



What's happening? You and your enterprise are becoming 'event driven' – you are responding not initiating. Don't get me wrong, we need to be responsive – to our staff, to the local community and the economic climate, to customers' and to funders' needs. But we need to respond with a sense of who we are and what our aims are.

Make time to reflect

To do that we need to take time to reflect about aims, to think about the difference we are trying to make and how we might best achieve it, to consider what sort of an organisation we want to be. Some people are cynical about 'mission statements' – and at worst they can be mushy and insincere. At best they sum up who we are and what we seek to do (therefore importantly who we aren't and what we aren't seeking to do).



Its not just a question of having a set of planning documents. What I am emphasising here the importance of using them.

The best strategy against becoming event-driven is to have a strong sense of your own strategic purpose. If you are confident in your purpose you can respond to the urgent (and constant) demands on you time:

'Yes, that important. I must prioritise that';

'No, that's a nice idea but it's not part of our strategy. I'll drop that';

"This is a management detail. It needs dealing with but it's not part of our core aims. Maybe I can find a third-party provider to do it for me".

And hey presto – the important is starting to assert priority over the urgent! And you will find you have a much better chance of realising your aim.

Walking the talk?

I've worked with some organisations which have managed the 'important' well. For instance:-

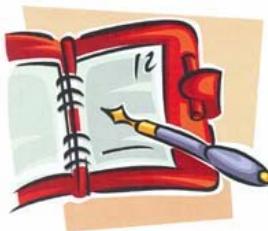
- **Jesmond Swimming Project** has taken time-out regularly for Staff and Trustees to work together on future priorities – even finding time just 10 days before Christmas for an Awayday. There's no blurring of responsibilities between the non-executive Trustees and staff and management team, but a sharing of ideas and rekindling of our shared purpose
- **Cafédirect** – in its early years involved Board members in a residential strategy meeting which helped to shape the development priorities for a pioneering fair trade brand



I've worked with others who have found it difficult to escape from the urgent. For instance:-

- **The Fair Trade Movement** has seen a golden period with rising interest in fair trade and ethical consumerism in the UK – and has achieved individual brand success. But for a number of years it failed to address successfully the important challenge of collaborating effectively to increase the size of the market. The important goal of increasing the fair trade market was constrained (and still is sometimes) by the urgent need for financial success for the individual fair trade brands.





- **Outcome and Process** – In other organisations there can be an unresolved tension between outcomes and process (is it what we do or how we do it which matters most?). If you can't all agree about the main aim of the organisation, the 'urgent' agenda is likely to be the one which dominates.

It takes nerve to take time out of the busy-ness of life to reflect – but it's how to make sure that we deal with the important things right and keep the urgent things in perspective.

How you can prevent the urgent becoming the enemy of the important

- Have you got a clear mission statement, or statement of aims?
- Do you stick to it?
- Do you take time out with your staff and Directors/Trustees to review how you are succeeding in delivering your aims and how you plan to respond to the main challenges ahead?
- Do you try to do everything yourself? What can you delegate or out-source?
- Have you ever tried looking at your competition as potential partners?
Maybe you all share the same social aims

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Don't be a Blue Mango!

I am not often given to quoting Baroness Thatcher, but today I want to make an exception. When visiting Merseyside in the early '80s she delivered a speech with the repeated refrain "Customers create jobs"

It's a phrase worth repeating to yourself regularly. Social enterprises, and those whom we employ, depend just as much upon satisfied customers to sustain our jobs as any other business.



The Blue Mango restaurant - see box - maybe an extreme example of the triumph of social values over customer care, but I am pretty sure that you can think of some of your own examples.

Our social values matter. It is important to remain faithful to those values - even when it costs us to do so. But we cannot afford to enjoy *our* values at the expense of *must* says customers needs..

The Blue Mango

These are true stories about a real restaurant in Southern California. This was a worker's co-operative taking to an unhealthy extreme the interests of its co-operators

- The Blue Mango restaurant did not allow customers to make table reservations, because they thought reservations are 'elitist'. They even refused to accommodate a visiting Chinese delegation on a fact-finding mission about the worker co-operative movement in the US
- The Blue Mango closed for an hour at midday so that the staff could have their lunch... Remember this business was a restaurant!
- One day when a customer ordered a dish from the menu, the waitress returned to say: 'Chef does not feel like making that today. Would you like to choose something else?'

Here are some examples of how it works, or it doesn't work:

The first fair trade instant coffees sold in the UK were powdered coffees processed in Tanzania and Nicaragua. They were great on fair trade values (fair prices and value added in the developing world) but hard on the taste buds. Many people tried them and didn't buy again. Cafedirect, a quality fair trade coffee, sells many times the volume of those first products. Cafedirect processed in Europe but it supports the livelihoods of many more coffee farmers. However, after 10 years of success, Cafedirect still encounters the response - 'Oh. Fair Trade coffee. I tried that once but I didn't like it.'



- The Big Issue is a magazine sold by homeless people. It combines content with a clear link to social objectives - the vendor you buy from is also the beneficiary of the social enterprise. The Big Issue and the vendor alike recognise that next week's sale depends upon your satisfaction with both content and service (and yes - there's still room for improvement in both)

- Hannah Anderson, children's clothing business, emphasises the quality and



durability of their products by running a scheme called "Hannah-me-downs". Customers can return clothes when their children have outgrown them. They are cleaned and passed on to family support projects. It's a great idea for customers who feel good about recycling the clothes, for staff who have built up links with the family projects, and for the families who get second-hand clothes – often hardly

worn – of a quality they could not afford. And, of course it's great for the product's brand image.

Be a Blue Mango if you must - but prepare to join Fawlty Towers in annals of businesses who died at their own hands. Better to ask yourself how your social values can enhance how your social business serves its customers.



To Ponder

- Satisfied customers will buy from you again and will tell others about you. Word of mouth is a great way of expanding customer base
- A dissatisfied customer will not buy again, and will tell even more people about their bad experience
- Design your product offering so that your social values enhance customer satisfaction
- It takes a long time to build a good reputation, and even longer to repair a damaged one
- Listen to the Lady - Customers create jobs!

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Why do we hear so much about managers, and so little about coaches?

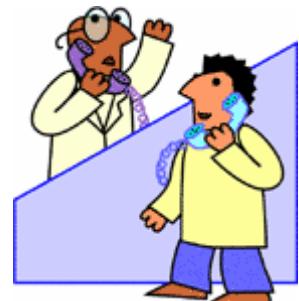
'The football season is over (God be praised) – and it's been a bumper season for appointing, blaming and sacking club managers. At least football is a simple business to understand – success means more TV revenue for the club to spend, failure means more time you to spend with your family...'.



I wonder why it is in football that all of the attention focused upon the manager? Is not the team coach just as important – more important – to the skills development and personal confidence, and thus the performance, of the players? It's good to have a figurehead who is prepared to take charge. But ask yourself, do I learn more when I am being managed, or when I am being coached? So what has coaching got to do with successful social enterprise?

Strengths & Weaknesses

Businesses have strengths and weakness, and so do the people who lead them. We are appointed to our jobs because of our strengths... but then our colleagues have to cope with and compensate for our weaknesses. It's hard to discuss your weaknesses with your boss, harder still to discuss them with the people you manage.



A good coach can help you to be more self-aware about your impact on others in the workplace – to do what you do well, to involve others in tasks which don't match your strengths.

Personality Types and Management Styles

Have you ever wondered why some meetings 'click' and others fail? Good chairing helps, but what about the personality types of the people involved.



I am a great fan of Myers Briggs, but there are other ways of looking at our preferred working styles (eg Belbin, NLP). Don't get hung up on the brands or the labels – they are tools to help us look at how we prefer to interact with one another.

If I am someone who likes to come to meetings with background papers and follow a pre-agreed agenda, I am unlikely to be at my best if there are no papers and the group tackle the problem by brainstorming solutions. Most likely I will be out of sorts in the meeting and doubt the validity of any outcome. But equally my extrovert colleagues may find that my preference for a structured approach lacks creativity and imagination.



You don't have to change your preferred style. Why should you? Every style has strengths. But developing a better understanding of the preferred working styles of your colleagues can do wonders for the strength and cohesion of a team

Work/Life Balance

I am not sure that I dare show my wife this article - 'Work/what balance?', she would ask!

In my experience social entrepreneurs are very driven people – not only do they have a demanding job, but they also have a passionate desire to make the world a better place. The result can often be an excessive workload.



If you enjoy your work and like to work hard, that's fine, but ask yourself. How is your behaviour affecting those around you? What sort of an example are you setting

to others? Do they feel similarly obliged to work long hours? Are all of your hours really productive and necessary? What about family and friends?

These are not easy questions to ask yourself. You may benefit from working with a coach.

Growing with your business

Maybe you set up the social enterprise you now work in. If it is growing it will make fresh and unfamiliar demands on your skills. You may have to give up parts of the work which you really enjoy doing. You will need to master new skills, relate in new ways to the organisation.

Who is going to help you master those new skills and to succeed ? Do you need a manager, or a coach?



Ask yourself

- Who is helping you to improve your skills and performance?
- How well do you understand the preferred work styles of your team members?
- Are you satisfied with your work/life balance?
- When did you last discuss your learning needs?
- If you haven't got a coach and would like to find one, try an internet search. Type in 'life coaching' or 'executive coaching' into a search engine and you'll get plenty of reference sites. But you can't beat personal recommendation, so better still, why not ask around?

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Optimism is a virtue – self deception is a vice



'Where's your magic dust?' I was asked the other day. No, I was not at a 60's style hippy reunion... my questioner was referring to a particularly successful planning exercise which I and my colleagues from AnyBodyCan had facilitated for a local community resource centre.

We too had been struck at how quickly attitudes had been transformed (and the budget transformed) between our first and our second meeting. Like many community organisations they are trying to manage the transition from (quite generous) core funding from the local authority to operating with service level agreements, and taking a more enterprising approach to the use of their resources and assets.



We concluded that the 'magic dust' (if there was any) which we had sprinkled was optimism.

Optimism rather undersells what I mean – it is a belief in the power of the human spirit to triumph over disadvantage, disappointment and disaster. It is the imagination and the desire to transform what is not working, and to seize new models and a new vision which will inspire and engage others. This is what our colleagues at the community centre did for themselves as a result of being invited to work in a context in which they could explore the potential for transformation.

But optimism and self-belief is more than just desire. As a former sportsman I always enjoy the Olympics. There were some interesting discussions in Athens about athletes who had reached or passed the zenith of their careers. The commentators talked about the fine line between the steely determination and utter self-belief which makes a true champion, and the potential for self-deception which persuades the same athletes to try to match their best when they injured or when age is clearly catching up with them. Some have the wisdom to quit when they are at their peak. Others continue and we witness the rather sad spectacle of a past hero trailing the field.



We who work in the social economy have a passionate desire to heal a broken world. In my time I have been guilty of shrugging off advice and pursuing a dream which may have been compelling in its simplicity, but actually stood a very poor chance of success (Trying to defy the fundamental laws of a market economy in the same way as those athletes which I referred to are trying to defy the laws of physiology). At one time, in a period of rapid organisational change at Traidcraft, I wanted to offer our staff a pledge of employment security. The Traidcraft Board (reluctantly) backed me. But the result was not empowering for staff as I had hoped. There was an instinctive reaction from them that we were just postponing the inevitable. And after an uncomfortable 12 months the inevitable happened in the form of compulsory redundancies.

On another occasion I asked my employers to release me part-time to work on a project responding to an acute drought in Zimbabwe. It was a neat idea to sell branded T shirts made and printed in Zimbabwe to raise money for the relief work – thereby creating a flow of both trade and aid. Together with a colleague, in 5 weeks we had secured the supply chain including air freight space from Harare, had won commitments to underwrite the budget, and had a number of media personalities willing to offer their endorsement. But we did not have the marketing outlets and – despite a design competition – we failed to get the right visual image be sure that the shirts would sell.



Fortunately on this occasion my colleague and I had defined a number of critical success factors which had to be satisfied for the project to go ahead. Painfully, we took the decision to call a halt.

Smart organisations are ambitious and visionary – but they are also self aware, which means knowing when to cut your losses.



Too often our friends in the social economy see the closure of a project as failure – and so struggle on in defiance of signals to the contrary.



If we are to heal the world, we need to wisdom. It's all summed up in this exquisitely framed prayer from theologian Reinhold Neibuhr.

*“God grant us the courage to change the things we can change,
the serenity to accept the things we cannot change,
and the wisdom to know the difference.”*

Questions to Ponder

- Where do you go to get a regular dose of ‘magic dust’?
- What transformation are you trying to achieve? How will you know when you have succeeded?
- How do you respond to advice from others?
- Smart organisations believe in themselves, but also know when to cut their losses

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Does your accountant have a soul?

'Recently a colleague described me as a 'social accounting anorak'. That description does not do justice to my passion for the subject – 'social accounting arctic-survival-bag' would a more apt metaphor.'



Does your accountant have a soul? Theologically speaking, I am sure that s/he does...but most accountants, most of the time aren't allowed to reveal their souls professionally. Their work is governed by necessary but dry practices and standards which are designed to give a consistent account of the disposition of financial and physical assets, and the solvency of the enterprise. To lay people the accounts may be consistent, but they are often impenetrable, and feel like a poor way of describing the worth and impact of an organisation.

Cue social accounting.

You've probably already heard quite a lot about social accounting (or social audit). I want to concentrate upon just one aspect - how it can help you to make better decisions (and in the process put your accountant with her/his soul).

Just a word about terminology first. I will talk about 'social accounting', meaning the whole process of developing measures of an organisation's social and ethical performance. Some people use the term 'social audit'. Strictly, social audit refers to the independent verification of your social accounts (in the same way as a financial audit refers to the independent verification of your financial accounts).

How can social accounting help you to make better business decisions?



Imagine that you are learning to pilot a plane, but the only navigation tool that you have is a magnetic compass. You will be able follow a map, and set a bearing to reach your destination, but you will have to work out your height by guesswork.... and you will probably not want to fly in cloud or at night, especially near hills. To navigate three dimensionally, you need an altimeter as well.

Social accounting is like that crucial navigational aide. If you are running a three dimensional business – one that is concerned with its social and ethical impact – you need three dimensional business tools to help you plan for and deliver that impact.

I cut my social accounting teeth with Traidcraft, the fair trade organisation. Traidcraft first commissioned a study of social accounting as a management tool, to help us more effective in our fair trade impact with limited resources. Only later did Traidcraft decide to make its social accounts a public document.

Examples of better decision-making:

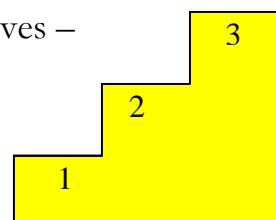
- Traidcraft thought that the price it paid was the most important element of fair trade. Producers told Traidcraft that sharing forward purchasing plans and continuity of orders were more important to them. Traidcraft learned how to improve its fair trade impact.
- SBN Bank in Denmark faced a conundrum – its staff wanted more family friendly working hours, its customers wanted the bank open later and at week-ends. SBN used its social accounts to convene focus groups of staff and customers to work out a solution which benefited both.
- Furniture Resource Centre, The Body Shop and others have published social reports ‘warts and all’. It takes courage to publish openly critical data, but bringing problems out into the open also allows an organisation to say what it is going to do about it. A problem shared is a problem halved.



Often when I am waxing lyrical about social accounting, people will ask ‘but can we afford it?’. I reply ‘Can you manage without it?’.

Three steps can get you started on the path:

- Be clear about your social aims (I mean SMART objectives – Specific, Measurable, Ambitious, Realistic and Time Specific)
- Set targets and agree how progress will be measured
- Appoint someone to set up the reporting systems



This is where your accountant becomes soulful, because s/he is likely to be the best person to set up your measuring and reporting system. Reporting against non-financial indicators may seem a little strange to begin with (like moving from two dimensions to three) – but when s/he realises how you can improve organisational effectiveness, you will have a convert in your midst. (The DTI’s Social Enterprise Strategy looks to social accounting to prove the worth of social enterprise and to improve the performance/impact of the sector)

You could try to implement social accounting on your own, but it will be better to tap into some of the experience and expertise that's around. A number of regions are running training events.

Here are some useful web addresses:-

Social Audit Network – www.socialauditnetwork.org.uk

Furniture Resource Centre – www.frcgroup.co.uk

Valuing the Difference – www.sustainable-cities.org.uk

New Economics Foundation – www.proveandimprove.org

Co-op Bank – www.co-operativebank.co.uk

Traidcraft – www.traidcraft.co.uk

Social Appraisal Toolkit – www.socialappraisal.org



Ask yourself

- Are you flying blind? Get yourself an altimeter
- Who sets your social targets?
- How often do you report against them?
- Find your accountant's soul. Ask her/him to prepare your social impact measures

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Maxim-umph!

'Anyone who has heard a talk by Andrew Robinson, Head of Community Banking at NatWest Royal Bank of Scotland, will know that he is the doyen of the well-placed quotation. Here are three favourite maxims to give your business leadership more umph!'

Whoever would do good, must do it in minute particular
- John Stuart Mill

The 21st century version of this quotation from Mill might be: 'the devil is in the detail'. But that shortened version misses part of what Mill is telling us. The detail is not a tedious obligation, a necessary evil that comes with being a value-driven organisation. The detail is what makes us different.

It really does matter how you follow through your values into your organisational policies: recruitment, reward structures, workplace democracy, customer relations, stakeholder communications, branding and public relations. I have been working with a community centre which, having agreed its aspirational vision and values, is taking time to work out the practical policy implications for human resources, for governance and for its relationships with a very culturally diverse community. The Management Committee understands instinctively that a dissonance between its values and its policies risks undermining its credibility with its supporters.



I have worked with church-based organisations which have wrestled with how to apply the principles of Christian forgiveness in staff disciplinary matters.



Stakeholders realise that we live in the real world, and that resource constraints or human nature sometimes frustrate turning policy into reality. But that should not weaken our commitment to (strive to) live up to our values.

Focus on performance management may tempt us to choose the expedient path to results. Don't just settle for the easy option. Supporters are usually quick to recognise which organisations genuinely embody their values in their work practices.

**Dream no small dreams.
They have not power to move men's minds.**
- **Goethe**

This quotation packs a punch. I don't understand it to mean that everyone must have a dream to Save the World. Some of our politicians believe that they have the answer, and see what trouble it brings! But it does say – be bold, be imaginative, nurture your dreams.



Much of our formal education is just that – forming and shaping us to slot in – square pegs for square holes, round pegs for round holes. Maybe we shouldn't be pegs at all, but smooth balls able to roll about and explore.

If you are reading these articles, it is probably because you have an ambition to make the world a better place for others. Goethe urges you – don't be shy with your ideas, share your passion and excitement.

Some of those I meet in my work are reticent about asking others for help with their projects.

Don't be! There are more followers in this world than there are leaders... if you hold back on your idea out of (false?) modesty you are not just depriving yourself of the satisfaction of giving it a try. You may be depriving others of the satisfaction of working alongside you, and others still of the benefits your scheme might bring. As a mentor few things are more rewarding than to see one of my clients begin to build up a band of enthusiastic supporters and co-workers. It's proof that they have honed and refined their idea, such that it does have the power to move others to become involved.

Moderation in all things
- **Aristotle**

Am I about to contradict myself? Of course.



My first two maxims offer extreme positions – a bold vision of the future and an obsession with detail. Very exceptionally, one person manages to embrace both – Brunel for instance. But even he had his weaknesses – visionary engineer, hopeless with budgets.





Aristotle recognised that extremes of anything usually ends in tears, and that fulfilment lies in understanding the value of the extremes, and steering a middling course between them. Let's try an analogy of which I hope Aristotle would approve.

Leading a social enterprise is a bit like tackling a ski slalom course...it's about knowing when to go right, and when to go left and maintaining an overall sense of balance and rhythm. The course is not straight, but the goal is clear.



Lest I sound complacent this is written by someone who has taken plenty of tumbles on the ski slopes of life. But I have watched with admiration my more accomplished peers flash by, reading the course, adjusting their balance, suddenly digging in their skis and leaning against the slope, changing direction, accelerating and preparing for the next gate. Balancing the extremes, conscious of the ultimate goal.

To Ponder

- Be aware of the opposite poles – an inspiring vision, fanatical attention to detail
- Are your organisational policies aligned to your values? If not, your supporters may drift away
- Are your thoughts too small? Challenge yourself to be bolder
- Maintain a balance – read the path ahead, adjust your stance and prepare for the next turn
- Changing direction at the right time may be part of staying on the right course

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Asking for help is not a sign of weakness

'Things will go wrong – that is inevitable. When things go wrong, are you the type to grit your teeth and work harder (and longer), or do you share your problem and ask for help?



Nine times out of ten, asking for help is the smarter approach. But because we social entrepreneurs relish a challenge, we don't always choose the smart way. That's a shame because as a result, our behaviour becomes no more effective than that of the stereo-typical image of the Englishman abroad; if you're not making yourself understood, wave your arms and speak louder.

Let me give some examples drawn from a rich career working harder when I could have worked smarter!

People Problems

We are not all natural managers. Sooner or later we will find ourselves in a situation where we are struggling to understand how best to manage a particular employee. What are we going to do?

a) Avoid the problem? - We do our best to minimise our management contact with that employee, protect them (and ourselves) from the issues that are causing difficulties, take on extra work ourselves that should properly be delegated to that employee.

b) Confront the problem? - Screw ourselves up to be very direct and present the employee with a list of the challenges and difficulties we are experiencing with them as their manager.



How do we think the employee feels in each of these scenarios? Marginalised by one, and demoralised by the other.

c) What if we ask for help? Maybe we will discover that there are some management skills which we haven't yet mastered? Maybe we will find that the employee has some concerns or difficulties which s/he doesn't know how to share with a busy boss like us. Maybe we need an 'interpreter' to help us communicate better.

As many former colleagues at Traidcraft will testify, I have done a lot of avoiding, and some pretty inept (and unproductive) confronting in my time.

Typing Errors

I was well into my management career before I was introduced to Myers Briggs personality types.... but I have been a keen student of them since.



I enjoy challenges - both in and out of work - which means that I often put myself under stress. Under stress, natural work styles become more exaggerated. Since I am an 'NTJ' (for those familiar with Myers Briggs), the bigger the challenge at work, the more I became dogmatically attached towards seeking out a single business model - apparently inured to people's feelings or to detailed criticism. Colleagues felt shut out, yet I thought that I was inviting ideas and participation.

It was as if I was tuned only to FM, and they were trying to communicate with me on medium wave (their preferred behaviour pattern under stress).



Once I had learnt (quite successfully I think) to recognise that my colleagues - when experiencing the same stress as me - needed to use their preferred frequency and could not always adapt to mine, our management dialogue, and hence our team performance became greatly enriched.

It won't surprise readers to know that I have worked recently with two women chief executives who learned in a matter of months these key management skills. Gender stereo-types can be superficial, but the caricature that I referred to above is of an Englishman abroad, not an Englishwoman.

When the cash doesn't flow

Perhaps it is because I began life as banker, the one area where I haven't been afraid to ask for help is in finance.

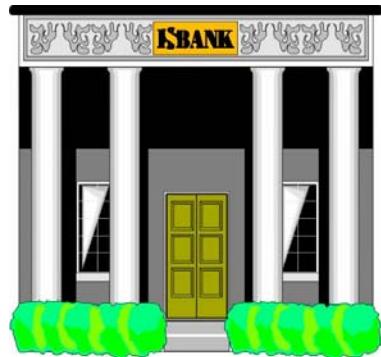
Whether it's personal finances or financing a business, when the cash starts to flow the wrong way, many people don't want to admit it. For fear of what, I ask myself?

For fear of getting their wrists slapped and told (possibly fairly) that they have been careless? Well, eating a bit of humble pie is not so bad.

- For fear that the bank/lender will pull the plug on the project? The bank is likely to suffer a loss if the project fails, so they are much more likely to

want to work through the problem with you if possible. It may mean giving up a bit of control to your lender, but is that as bad as losing everything?

- For fear of losing everything? Will ignoring the problem and hoping for the best, save your bacon? If 'something is going to turn up', that piece of good fortune is scarcely likely to be annulled by asking for help or advice. Indeed I would suggest that you are much more likely to find it if you are actively seeking solutions.



Pride and loss of face may have a lot to do with our reluctance to ask for help. But you may be holding back the very organisation you are seeking to protect, by insisting on going it alone.

Rising to the challenge

The winning team University Challenge in 2004 was Magdalen College Oxford. What distinguished them throughout the competition was the way in which the team captain consistently encouraged and affirmed her team-mates, even when they failed to give the right answer.



There may have been sharper minds on the other teams, but there was no smarter team than the one that knew how to ask for and give one another help. The team captain, you might guess, was a woman. 'Nuf said.

Some questions to ponder

- Ask yourself honestly how good you are at asking for help
- Do you have a board of non-executive of Trustees whose advice you can seek? If not, how about recruiting some
- Ask yourself honestly how willing you are to listen to receive and act on advice
- Are you only attuned one 'wavelength', or are you able to receive feedback across the spectrum?
- Do you only work harder? Can you learn to work smarter?

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Not the Pantomime Horse!.....

Don't take yourself and your work too seriously. Laughter, we are told, is good for our health, and surely a bit fun can liven up the working day.

When I first joined Traidcraft as Finance Director I was somewhat annoyed that my accountant was regularly excusing himself - "I've got to go to a pantomime rehearsal". We were just coming to the end of the pre-Christmas selling season, we had a rather shakey accounts system (the Diablo! - yes that was it's name) and I wanted to get figures to the Board.



Not until I attended the panto two weeks later (Bill, the accountant, played Scrooge like a natural, and Betty the cleaner made her stage debut) did I realise that his priorities were right.

After a tiring year, when not everything had gone to plan (that's an understatement!) the panto allowed a cathartic release of frustration. Senior executives were mercilessly ribbed, some of our less wise policies and decisions were gently ridiculed, and we had fun together in a party atmosphere.

Money can't buy you love, but you get a better class of enemy
- Spike Milligan

If you work in a values-based business, work can get awfully serious! Poverty and social exclusion are the cruel consequences of a seriously unfair marketplace. But you don't need to give up your sense of humour in the cause of social justice. Far from it...if your work takes you to the threshold of ethical discomfort, all the more reason to be able to chuckle about the situation and to prick the bubble of your own self-importance.

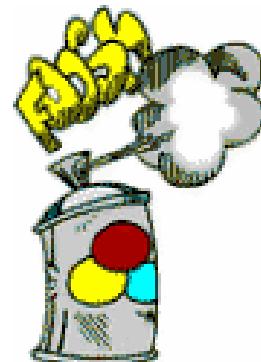
Full marks to Comic Relief who understand this perfectly and are able to juxtapose the most moving stories of loss, pain and abuse with slapstick and sketches which teeter on the edge of bad taste.

Can you manufacture humour in the workplace? No. A good friend of mine published a paper on humour and management for a personnel journal. It was well argued but awfully dull (I said it needed a few jokes to liven it up - which is why I've included some here)

They laughed at Joan of Arc, but she went right ahead and built it.
- Gracie Allen

You can't manufacture humour at work, but you can allow it to flourish. Here's some examples:

- What's your attitude to graffiti on staff notice boards - it can help you see the funny side of those circulars
- If a friend forwards a really witty e-mail, do you share the joke with colleagues – or does e-mail protocol hold you back?
- If you've had a bad week, or you've taken part in a really difficult project meeting, do you take the angst home with you, or do you and your workmates look for the funny side?



All those who believe in psycho-kinesis, raise my hand

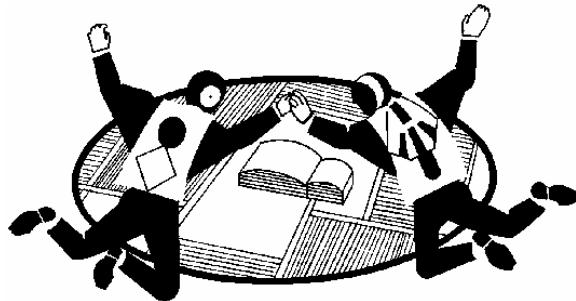


- Do you make the most of chances to let your hair down - Red Nose Day, Children in Need, Wrong Trousers Day, April Fool's Day, etc. Not everyone is comfortable letting their hair down to begin with but it can be infectious. (I personally recommend travelling to work, on public transport, in a parrot costume, eg on Red Nose Day)
- If your team is big enough to put on a revue or a panto, give it a try. It involves a lot of work for sure, but well worth the effort And it's surprising what talents you unearth besides those on the stage - scenery, costumes, make up, programmes, music, special effects)

The early bird gets the worm, the second mouse gets the cheese

Of course there are pitfalls – Taste's differ and one person's belly laugh, can be offensive to another. I recall that one year a Red Nose Day flier which I had written with a colleague had to be 'withdrawn'. We had written something right on the edge of good taste (so we thought). Others found it offensive and we risked spoiling the event. My workmates were right to over-rule me.

If at first you don't succeed, skydiving is not the sport for you.



Humour about colleagues can also be insensitive (at worst it can be bullying). My rules of thumb is –

- pretty much anything goes if you're poking fun at the boss;
- think carefully about humour at the expense of your peers (who is game for a laugh, who is more sensitive and reserved?); and
- if you want have a joke about a junior or younger member of staff, don't unless you have checked it out with a couple of trusted colleagues first

Why the reference to the pantomime horse? An early Monty Python sketch involved a Merchant Bank making one of its two pantomime horses redundant – well it was funny in 1968!



Lighten Up!

- Take your mission seriously, but tackle your work with a sense of humour
- Prick that bubble of self-importance that surrounds you
- Have a joke with your colleagues, but not at their expense
- Have fun, and have it often

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