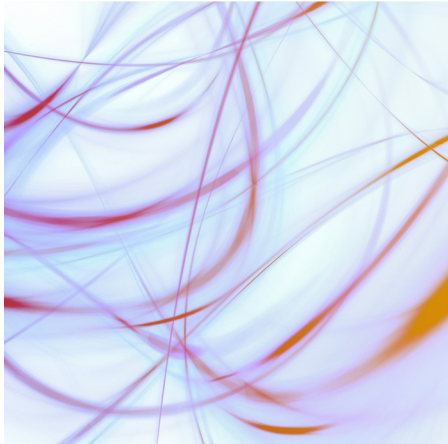


Scaling up the social economy



“Social enterprises show us what the future of business can look like. These are credible businesses, competing in the open market but set up in a way that addresses some of the biggest issues we face.”

Lord Victor Adebowale

Recent estimates indicate that there are now around 100,000 social enterprises in the UK, employing over 1.5 million people, and collectively worth £59bn to the UK economy, and even more if ‘profit with purpose’ companies are included.

Social enterprises and ‘profit with purpose’ companies are therefore now a significant element of the UK economy and the numbers continue to grow rapidly. Until recently an under served area, funding is becoming more widely available as the sector matures.

As of yet we are not seeing the widespread investment in social businesses expected. Some social businesses are now reaching the limits of their organic growth, and in many cases would benefit from external capital in order to expand, and create more social good in a profitable manner, more quickly.

The focus on scaling up

There is mounting evidence that social values and profit generation are compatible. A virtuous cycle can be created in which businesses help solve social problems whilst making profits. The natural progression

for the effective and efficient businesses to scale up and increase the benefit brought to society.

The next steps towards maturity

The growth rate of brands identified as socially responsible is nearly double that seen with conventional brands, and 58% of social enterprises are anticipating an increase in turnover in the next 12 months. However there remains a mismatch within investor and investee dialogue, which is slowing the provision of capital to businesses ready to expand and take the next step forward.

How we can help

Having worked across the business spectrum, and with extensive experience within the social economy, Buzzacott know the stress-points for businesses stretched by a lack of capital and are well placed to assist organisations in sourcing the right finance from the right investor.

[Further detail on the services we provide can be found on the next page.](#)

Helping the social economy step forward.

Scaling up the social economy

Our involvement and support of the social economy has been long standing, and we have developed a specific corporate finance service line to help organisations combine financial return with measurable social impact. We offer extensive experience in corporate finance and the social economy to enable them to proceed confidently, whether they are a social enterprise or simply aim to combine profit with social good.

Fundraising

Our fundraising services are split between assisting with investment readiness and sourcing funds. We help a wide variety of social businesses raise funds, from earlier stage start-ups looking for alternative forms of finance or grants, to mature businesses looking to raise funds for development capital. Our relationships with established investors in the social economy mean that we know the investments that they would like to make and can help clients access that money efficiently and at the right price.

Investment readiness

We work closely with clients to help shape their business plans, investment proposals and financial forecasts as well as challenge them on the “softer” issues in their businesses to make sure that they are in the best shape to raise the right capital for your organisation. On occasions we can access grants to support us in supporting organisations getting investment ready.

Debt advisory

We help clients identify the right capital structure balance, advising them on the most appropriate form of debt for your business, and guiding them through the process to help them successfully raise debt finance.

Due diligence

Typically financial due diligence is provided to investors, but it is also crucial for businesses looking to expand via acquisition or looking to merge with other like minded organisations. We offer a fully bespoke diligence service. Either raising the key issues that may be an obstacle to a merger or acquisition, or looking at the full detail, so boards and trustees are armed with full information to help them make transactional decisions.

Impact measurement

Recent years have seen a shift away from quantitative impact measurement towards a more qualitative approach. Simply put, if an organisation is able to demonstrate the effectiveness of their work in creating social benefit, then this can be used. We provide assistance in creating meaningful systems for measuring social impact, which can be presented to potential investors. We are also able to latterly provide assurance regarding social impact reporting against stated targets in many areas.

If you have any questions, please get in touch:

Matthew Katz, Partner

E : katzm@buzzacott.co.uk

T : + 44 (0) 20 7556 1306

Edward Finch, Partner

E : finche@buzzacott.co.uk

T : + 44 (0) 20 7556 1411

Calum Mitchell, Executive

E : mitchellc@buzzacott.co.uk

T : + 44 (0) 20 7556 0942