

# INNOVATING SUPPLY CHAINS FOR SOCIAL VALUE

**BUILDING OPERATIONAL AND NETWORKING CAPABILITIES FOR SOCIAL ENTERPRISES OUTCOMES FROM WORKSHOP HELD ON JANUARY 28 2016**



45 people from academia, social enterprises, national and local government and private sector firms joined together on January 28<sup>th</sup> to explore the way in which social enterprises (and firms committed to social value) could effectively participate in private and public sector supply chains. The organizations represented at the meeting are listed in Appendix One.



Following contributions from Pamela Hartigan (Skoll Centre for Social Entrepreneurship), Nick Temple (Social Enterprise UK), Steve New (Saïd Business School), and Alex Murray and Alan Wood (London Borough of Croydon), participants were asked in groups to identify the key areas for research.

The first part of this deliberation was to consider whether the focus should be on what exists now (for example, studies which look at current best practice) or on research which sought to explore new innovations (e.g. action research or experiments with new innovations). This was combined by asking if research should focus on social enterprises themselves, their business customers (public or private), or the various agencies and government policies which might support them. Working in groups, the delegates ranked these possibilities, and the results are summarized in Figure One.

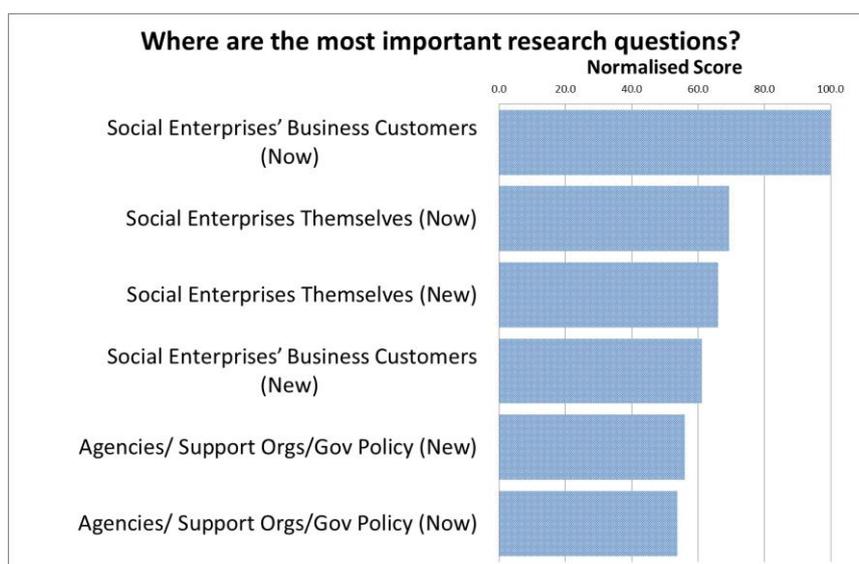
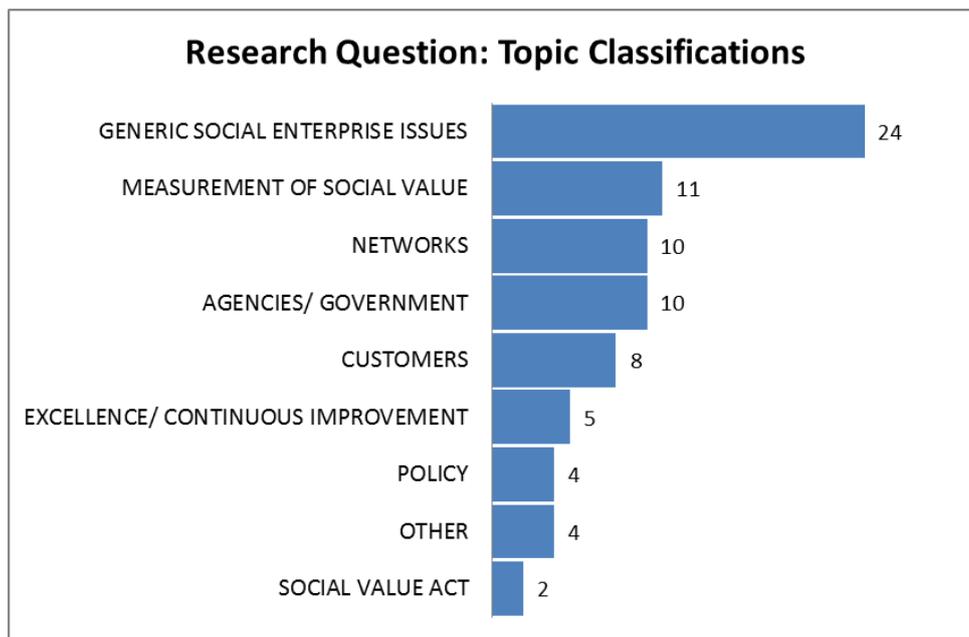


Figure One: Research Focus<sup>1</sup>

The participants were then asked to (individually) suggest research questions, writing their ideas on Post-It notes and displaying them for discussion; in total 61 such proposed questions were made, and these were analyzed as follows (questions could be coded under more than one category).<sup>2</sup> The results are shown in Figure Two.



**Figure Two: Analysis of Research Questions 'harvested' from delegates.**

Perhaps unsurprisingly, given that the presentations and discussions were wide-ranging during the workshop, many of the proffered research questions were not directly relevant to the declared objective of the day. A large number of questions related to generic issues relating to social enterprises, and, in particular, to the measurement and communication of social value. (The questions and their classifications are presented in detail in the Appendix Two). This is a useful finding: even though a clear emphasis was given throughout the day to the issue of operational excellence for social enterprises, few delegates saw this issue as a priority for further research. Greater interest, however, was shown in terms of the question of networks – and how social enterprises might collaborate together or operate in some kind of consortia arrangements.

**We now think that we should explore the network issues surrounding SEs. To that end, we've constructed a very brief online survey (it should take only a few minutes) – and would be very grateful if you would be share your thoughts with us.**

<http://goo.gl/forms/vWSisYGdkK>

**We're operating to a tight deadline – and so would be very grateful if you could respond as soon as possible. Moreover, we'd be delighted if you shared this survey with anyone else who might have an opinion!**

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The questions on the survey relate to the following issues:

**What types of linkages exist between SEs in the UK?**

Organizations can be linked in a number of ways. Linkages include:

- Buyer-supplier links
- Formal partnership/ joint ventures
- Informal partnership/ joint venture
- Ownership
- Common directors/trustees
- Membership

**What types of collaboration exist between SEs in the UK?**

- Commercial collaboration (e.g. joint bidding for contracts, shared promotional activity)
- Knowledge sharing

**What pattern of customer relationships exists in the SE sector?**

- Who are the organizations customers and suppliers?
- What level of dependency exists in these relationships?
- What is the duration of the relationship?
- What is the contractual nature of the relationship?

Some relevant literature is listed at Appendix Three.

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## APPENDIX ONE

DELEGATES AT THE MEETING CAME FROM THE FOLLOWING ORGANIZATIONS:

- 2JEvents
- Accenture
- Activate Learning
- Age UK
- Amey Plc
- Aspire Oxford
- Cabinet Office
- Cherwell and South Northamptonshire
- City of Oxford College
- Collaborent
- Cook
- COOK Trading Ltd and B Lab UK
- cycle.land
- DHL Specialist Services
- Fair Share Thames Valley
- Fine Print Services Ltd
- Impact Bond Fund/SBS
- Jenks Group
- Johnson & Johnson
- London Borough of Croydon
- Neighbourly
- Open University
- Oxford Brookes University
- Oxford City Council
- Oxford Wood Recycling
- Oxfordshire Social Entrepreneurship Partnership (OSEP)
- Said Business School
- Scape Group
- Skoll Centre for Social Entrepreneurship/ SBS
- Smith School of Enterprise and the Environment
- Social Business Trust
- Social Enterprise UK
- University of Northampton
- UnLtd
- Waterloo Banking Project

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## APPENDIX TWO

### CATEGORIZED RESEARCH QUESTIONS

#### **GENERIC SOCIAL ENTERPRISE ISSUES**

- How do you convince key stakeholders this is the right thing to do?
- What are the gaps - what's this based on?
- What's the number one quality of a social enterprise?
- How do you get excellent social enterprises to with scaleable models to grow to national scale/significance?
- Would increased clarity of what SE is increase engagement with SEs?
- Find systems to help companies offer skills-based volunteering to SE\_S
- How can we concentrate more attention on socially entrepreneurial thinking, not just the SE\_S?
- How can SE\_S ensure they are contributing to systemic change?
- If there is too much government involvement in the SE community, will that stifle innovation?
- How can the procurement regs/government help SE\_S not feel like a risk to businesses and make them as competitively sound as large companies?
- How can the private sector support the SE community better?
- In 10, 20, 30 years time -how will we know if we are successful? (nb this is a vision question, not a measurement question).
- How to you measure and then communicate the social value delivered by SE\_S in order to change consumer and corporate habits and behaviour?
- How to segment SE\_S so dissimilar organizations aren't lumped together?
- How can the awareness of SE be raised within the general public?
- What is the % level compliceance with the Social Value Act in public sector procurement?
- How to manage the potential tension between social and business goals?
- How can social enterprises be used to create demand and supply of 'social' products?
- What are the ownership and governance models for social enterprises?
- How is 'success' measured and what are the common characteristics of suuceesul SE\_S (beyond conventional measures)?
- What causes SE\_S to fail? What factors lead to success?
- How can we best attract yound people to the social business sector?
- What is a social enterprise? How would a large company recognise you and value the benefit?
- What evidence is there of the business benefits of SE? How can this be measured?

#### **MEASUREMENT OF SOCIAL VALUE**

- How can social value be measured in terms of environmental factors?
- How to bring social value theory to HR management in public and private sectors
- Which measuring theory can we use to assess the qualities of SEs (esp. Social Value)
- How can a commercial organization legitimately claim to provide social value?
- Can the Social Value Act make use of Bcorp's free online tools to measure Social Value?
- A standardized framework to measure social value across organizations?
- How do you stop the measurement people from taking over the community and adding cost through over-measuring social variables?
- How can SE\_S meaningfully measure and report their social value?

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- How do you measure and then communicate the social value delivered by SE\_S in order to change consumer and corporate habits and behaviour?
  - How is 'success' measured and what are the common characteristics of successful SE\_S (beyond conventional measures)?
  - What evidence is there of the business benefits of SE? How can this be measured?

## **NETWORKS**

- What support structure is available to help SEs thrive?
- Who can match SEs together so they can get medium/large contracts? What process/portal/networking/agent?
- How do you get excellent social enterprises to work with scaleable models to grow to national scale/significance?
- What models are there for gov/agencies to facilitate capability development to bid for larger contracts? (eg similar to ICRF for raising soc. Investment).
- How do small social enterprises with potential to grow access the support/resources/methods/contacts to help them grow?
- What works locally well and can it be replicated elsewhere?
- Is there scope for a network to promote SE best practice?
- When is 'supply chain' the right approach, and when should contracts be fragmented?
- How to make it easier to build supportive and useful networks (locally/nationally/internationally?)
- How do you manage to implement social values across confederated Local Authorities?

## **AGENCIES/ GOVERNMENT**

- How to bring social value theory to HR management in public and private sectors
- Should organisations be mandated by law to spend a fixed % of their procurement with social enterprises? Subdivided by enterprise size? (To avoid more developed SEs winning all the business)
- What support structure is available to help SEs thrive
- How can national government show leadership and provide funding to promote innovation and growth?
- If there is too much government involvement in the SE community, will that stifle innovation?
- How can the procurement regs/government help SE\_S not feel like a risk to businesses and make them as competitively sound as large companies?
- What is the role of SE\_S in contracting? (ie improving procurement practices?)
- What are the points of tension between what public sector bodies ask for and the innovative systems change that they may not realise they want yet?
- How can SE\_S find out what the need to do to become part of the public sector supply chain?

## **CUSTOMERS**

- How can public sector agencies engage SEs to help position themselves to win contracts?
- What part does the Customer play in the (social) programme?
- Do we know what the customers actually want?
- Is there value in the University of Councils setting up their own SE arms and inviting other SEs to join as consortium members?
- Should SE\_S be judged on the same terms as private sector enterprises in contracts?
- How can commissioners help ensure good supply chain management?
- What should large companies be doing? And how can they justify it to the board and shareholders?

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- How can SE\_S find out what the need to do to become part of the public sector supply chain?

### **EXCELLENCE/ CONTINUOUS IMPROVEMENT**

- Is there provision to drive continuous improvement within the individual SE? How is this being implemented?
- How can you define 'best practice' and what standards would that be measured by across different sectors?
- How to improve operational processes within social enterprises?
- How to manage the potential tension between social and business goals?
- How are Toyota approaches applied in sharing economy companies like Airbnb, uber etc?

### **POLICY**

- Should organisations be mandated by law to spend a fixed % of their procurement with social enterprises? Subdivided by enterprise size? (To avoid more developed SEs winning all the business)
- How can national government show leadership and provide funding to promote innovation and growth?
- If there is too much government involvement in the SE community, will that stifle innovation?
- What is the role of SE\_S in contracting? (ie improving procurement practices?)
- What support structure is available to help SEs thrive

### **OTHER**

- If the community focuses on 'new stuff' what hot button issues will arise that will 'distract' people?
- How do you make employee ownership a priority within the SE community?
- In 10, 20, 30 years time -how will we know if we are successful? (nb this is a vision question, not a measurement question).
- How to increase funding opportunities for new companies?

### **SOCIAL VALUE ACT**

- Should organisations be mandated by law to spend a fixed % of their procurement with social enterprises? Subdivided by enterprise size? (To avoid more developed SEs winning all the business)
- What's preventing greater leverage of the Social Value Act?

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## APPENDIX THREE

### Some relevant literature

- Aldrich, HE and Zimmer, C. 1986. "Entrepreneurship through social networks". In *The art and science of entrepreneurship*, Edited by: Sexton, DL and Smilor, RW. 3–24. Cambridge, MA: Ballinger.
- Audia, PG, Freeman, FH and Reynolds, PD. 2006. Organizational foundings in community context: Instrument manufacturers and their interrelationship with other organizations. *Administrative Science Quarterly*, 51(3): 381–419.
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- Dufays, Frédéric, and Benjamin Huybrechts. "Connecting the dots for social value: A review on social networks and social entrepreneurship." *Journal of Social Entrepreneurship* 5, no. 2 (2014): 214-237.
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- Mindlin, SE and Aldrich, HE. 1975. Inter-organizational dependence: A review of the concept and a re-examination of the findings of the Aston Group. *Administrative Science Quarterly*, 20(3): 382–92.
- Ruskin, J., Seymour, R. and Webster, C.M. "Creating Value for Others: An Exploration of Social Entrepreneurial Motives" *Journal of Small Business Management*, (accepted for publication February 2014)
- Webster, C.M. and Ruskin, J. 2012. "Applying Network Analysis in Social Entrepreneurship Research." (pp. 150-169). In *Handbook of Research Methods on Social Entrepreneurship*, edited by R.G. Seymour, Edward Elgar: London.

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<sup>1</sup> Delegates worked in self-assigned groups and were asked to rank each of the domains from 1 (most important) to 6 (least important). Results were averaged, and the figure shown on the chart shows reciprocal of the average rank, normalized to make the top-scoring option equal to 100. One group, rather than scoring the options 1 to 6, gave three options a score of 1, and the three others a score of 2; these were converted to scores of 2.3 and 4.6 to allow unbiased combination with the other scores.

<sup>2</sup> These questions have been transcribed as faithfully as possible. No questions were discarded, but a small number (5) required a significant degree of interpretation/guesswork to translate what was written to a coherent question.