

# The Social Firm Sector 2005

The Social Firm sector in the UK is young, vibrant and growing. In this leaflet we:

- ❖ explain what Social Firms are;
- ❖ outline the role of Social Firms UK;
- ❖ provide the results of the first comprehensive research of the Social Firm sector;
- ❖ share examples of Social Firms.

## About Social Firms

A Social Firm is a business set up specifically to create employment for disabled people, including people with mental health problems. All Social Firms subscribe to three core values: Enterprise, Employment and Empowerment.

❖ **Enterprise** - Social Firms are businesses that combine a market orientation and a social mission ('businesses that support' rather than 'projects that trade'). The 2005 businesses in the Social Firm sector earned over 65% of their income through the sale of commercial goods and/or services.

❖ **Employment** - Social Firms are supportive workplaces where the working environment is one that provides all employees with support, opportunity and meaningful work. In 2005 disabled people made up 55% of the workforce in the Social Firm sector.

❖ **Empowerment** - Social Firms are committed to the social and economic integration of disabled people through employment. A key means to this end is economic empowerment through the payment of market wages to all employees. In addition, a strong emphasis is placed on maximising the ability and potential of disabled employees. The specific criteria that underpin these values are listed in 'The Values-Based Checklist'.

## About Social Firms UK

Social Firms UK is a charitable company formed in 1999 to lead the development of the Social Firm sector in the UK. It emerged from a pilot Social Firm development programme run in 1997/8. With over 300 members, Social Firms UK works to:

- ❖ promote the development of Social Firms throughout the UK;
- ❖ provide support to developing Social Firms;
- ❖ represent members at government level and with the Social Enterprise Coalition;
- ❖ improve conditions for Social Firms;
- ❖ raise the profile of Social Firms;
- ❖ map the development of Social Firms;
- ❖ promote research into the sector;
- ❖ secure resources for further development;
- ❖ create new regional and national opportunities;
- ❖ maintain a Resource Centre;
- ❖ encourage best practice within Social Firms.

In 2005 Social Firms UK undertook a thorough analysis ('mapping') of the Social Firm sector in the UK. Detailed interviews with all known Social Firms and emerging Social Firms in the UK have provided a clear and interesting picture of the state and development of the sector. It has also provided a solid base from which to develop in future. The Values-Based Checklist was used as the basis against which businesses were mapped. Among those interviewed there was still an element of confusion about the description of a Social Firm. The mapping helped clarify definitions for respondents and its impact for their business. A snapshot of the mapping results is shown below.

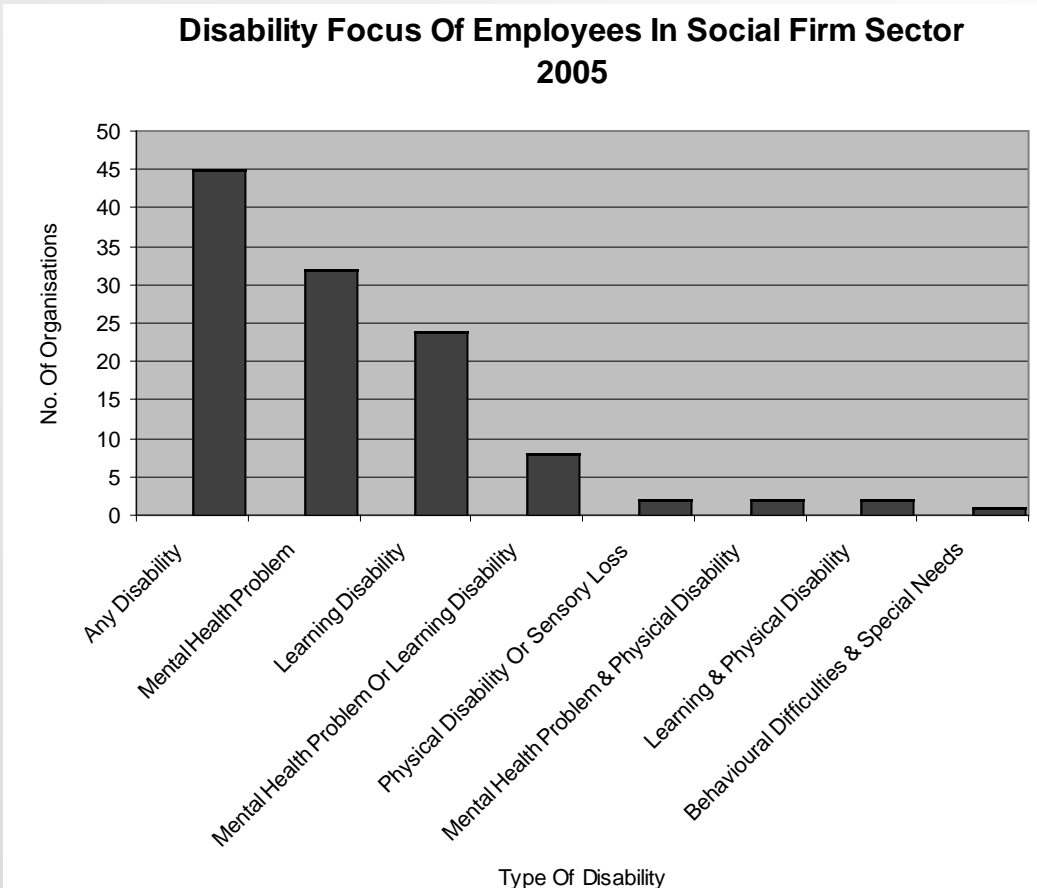
*(N.B. In this report, the term 'Social Firm sector' refers to both Social Firms and emerging Social Firms. Emerging Social Firms are organisations with a business plan illustrating how they will achieve the Social Firm criteria outlined in the Values-Based Checklist.)*

**Numbers of Social Firms**

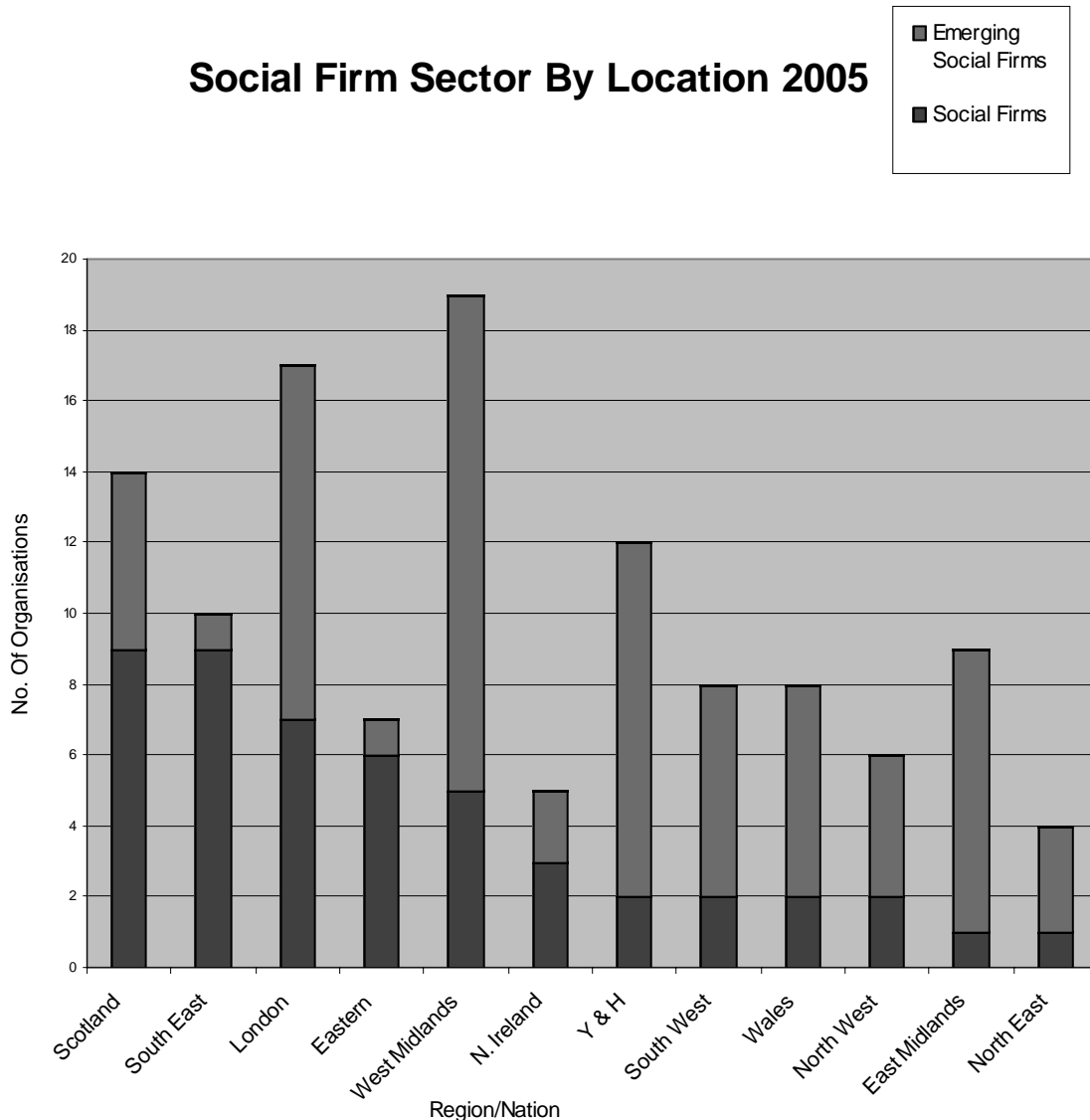
❖ For the 2005 mapping 221 businesses were contacted. From this, 49 were identified as Social Firms and 70 as emerging Social Firms. In 1997 there were just six known Social Firms. The number of Social Firms in 2005 was just one fewer than in the previous year. However, the number of emerging Social Firms identified dropped by 45% from 2004. This is likely to be due to the greater clarity afforded following the publication of the Values-Based Checklist and the clearer expectation of a time-limited commitment to setting up a Social Firm.

**Employment**

- ❖ The 2005 mapping indicated that the Social Firm sector had generated more than 1,550 jobs. Of these, 55% were held by disabled people. However, over a fifth of disabled people working in the sector were working less than 16 hours per week.
- ❖ The level of employment retention in the sector is high. In 2004 just 7% of all staff left to work outside the sector and just over half of the staff leaving were disabled. Managers said they are keen to retain staff and that staff are happy to stay.
- ❖ There were over 1,100 trainees in the sector, many of whom are likely to go on to be employed in the sector.



## Social Firm Sector By Location 2005



❖ Whilst 40% of employers said that they employ people across the full range of disabilities, these tend to be people with either a mental health problem or a learning disability. Thus, overall, people with mental health problems form the largest disability employment group.

### Business Sectors

❖ Just over 80% of organisations operating in the sector are in service industries. The sector is dominated by a wide variety of niche market businesses, e.g. image consultancy, student café, aquarium design and maintenance. More mainstream businesses include furniture and double glazing manufacture.

### Business Growth

❖ In 2003/4 just over half (58%) of Social Firms had an income from sales of between £100,000 and £1 million. Typically of most businesses in the UK, Social Firms operate very much in the small business sector.

### Legal Structures

❖ Over a third of businesses in the sector are companies limited by guarantee, and a further third are companies limited by guarantee and charities. In future the new Community Interest Company (CIC) structure is likely to become increasingly popular since it encourages private investment and discourages an over-reliance on grant funding.

### Supporting The Sector

Social Firms UK plans to do more research in 2006 (that will help with government lobbying) on the amount of benefit money saved when disabled people are in work and the healthgains from employment.

*“Social Firms UK is working hard to promote the importance of quality in the sector from both the employers' and employees' perspectives. We appointed a Quality Support Manager in 2005 to carry out the mapping and keep in close touch with organisations in the sector. As part of this, an accreditation system is being developed for the sector from 2007.”*

**Sally Reynolds, CEO**

The following business examples, taken from Social Firms UK members, illustrate that Social Firms are not just a concept, but real, market-led businesses, operating in a wide variety of market sectors.

### Aquamacs

Based in Cornwall, Aquamacs was founded by social entrepreneur Stuart Mackenzie in 2002. The organisation leases and maintains award-winning aquariums, both cutting-edge and traditional, for business customers to provide a therapeutic stress-relieving environment. Customers include GP surgeries, health centres, nursing homes, hotels and private companies. Primarily trading in the south west region, Aquamacs is able to offer installations on a national basis.

Aquamacs, a multi-award winning operation, employs two full time staff, one of whom is disabled, and three part-time staff, two of whom are disabled. Stuart had the idea for Aquamacs while recovering in hospital from an accident that left him unable to do a manual job. **Says Stuart:** "As with a lot of people who have gone through a period of rehabilitation, I am keen to assist others who have/are experiencing similar problems.

*There is no reason why people who are disabled should be penalised in terms of getting employment or being paid a fair wage. I hope I have successfully combined a commercial business with the aims and ideas of Social Firms. Everyone enjoys working for Aquamacs."*

#### **Customer comment:**

"I could not recommend Aquamacs highly enough - from the initial visit to the end product of the fish tank, and the after care service given. The service received throughout was excellent and the tank has transformed and enhanced the lounge area of the hotel. Nothing is too much trouble for Stuart and his team."

**General Manager, Land's End Hotel**

**See: [www.aquamacs.co.uk](http://www.aquamacs.co.uk)**



### Pack-IT

Pack-IT Product Promotions Limited was established in 1988 by Cardiff City Council as a small enterprise providing training opportunities and permanent paid employment for people with learning disabilities, carrying out light industrial packing services. It successfully separated from the council and is now a thriving three-pronged business. Operations include supplying mailing, storage & distribution and on-line fulfilment, with an enviable reputation as a fast turn-around specialist. As a Social Firm and community business, Pack-IT employs 21 staff, half of whom have Down's Syndrome, are profoundly deaf or have behavioural and learning difficulties. Yet everyone at Pack-IT is paid above market rates and works full-time. This committed, long-serving workforce has played a vital part in the business's success story.

Since John Bennet joined as Manager in 1994 turnover has increased from £70,000 to £1.2m in 2003. Accrued profits stand at £121,000 and these are ploughed back into the business and invested in people and machinery. In 2003 it won the UK Social Enterprise Award for "Enterprising Solutions", a DTI-sponsored award which celebrates the success, innovation,

and unique nature of businesses that display both entrepreneurial flair and a commitment to social change. Also, In 2005 Pack-IT won the European Social Firm of the Year Award. **Says John:** *"I am proud of the unique tag that Pack-IT carries and equally proud of the staff that are fully involved in the day-to-day business of Pack-IT.*

*However, I want all businesses and organisations with whom we work to recognise that, despite our commitment to being a Social Firm, we are a commercial business in our own right and we want to be judged on our business rather than the people we employ".* **Customer comment:** *"We thank Pack-IT for providing a complete fulfilment solution for Australis Distribution and help in breaking into the UK market. We have been particularly impressed by their seamless operation from product check-in through to storage, inventory management and despatch. Their customer service was excellent with almost instant turn-around on our queries and innovative solutions to our problems. We feel Pack-IT has been an instrumental factor in making Australis Distribution a success, and I would not hesitate to recommend them to anyone seeking a fulfilment solution ."* **Simon Golding, Director, Australis.**

**See: [www.pack-it.com](http://www.pack-it.com)**



### Six Mary's Place

Six Mary's Place is an extremely comfortable and beautifully refurbished Georgian town house with a warm, friendly ambience, based in the heart of Edinburgh. It offers Bed and Breakfast accommodation and Private Business Meeting Room Hire. It has a three star a rating from VisitScotland and four diamonds by the AA. The hotel recently won the prestigious Scottish Thistle Award for Outstanding Customer Care, was the only new entry in Edinburgh in the Which 'Guide To Good Hotels 2004' and has won a Green Tourism Silver Award. Four full-time staff and twenty trainees are employed at the hotel, some of whom have mental health problems. Six Mary's Place has an annual turnover of £157,000. Says **Sales Manager, Ruari Wilson:** *"I feel that the success of this business is due to three main factors: its excellent location, outstanding customer care and the ongoing market support it receives from its parent company, Forth Sector. Guest surveys show that people choose Six Mary's Place initially because of our location, but come back time and again because of the warm, relaxed atmosphere they find."* **Customer comment:** *"Thank you for making our stay so comfortable and enjoyable, the hospitality of the staff will never be forgotten. I have never been to any hotel where the stay has been so homely, lively and friendly."*

**See: [www.sixmarysplace.co.uk](http://www.sixmarysplace.co.uk)**



Resources & Support

A range of easily accessible, practical resource tools has also been developed to help people understand, set up and run Social Firms:

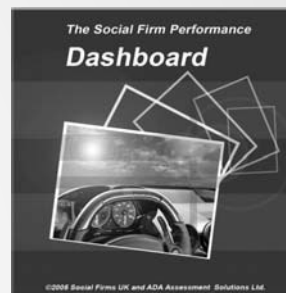
❖ **The Values-Based Checklist.**

❖ **The Extra Elements:** A Social Firm Trainer - is a free guide to setting up and running a Social Firm. The trainer focusses specifically on the difference between Social Firms to other types of businesses.



❖ **The Social Firm DIY Feasibility Toolkit** - enables people to assess how far the Social Firm model would suit their business idea and organisation.

❖ **The Performance Dashboard** - is an integrated performance management tool that can be tailored to either Social Firms or social enterprises in general.



❖ **Template Social Firm Guarantee Company** - this is a template Memorandum and Articles for Social Firms wanting to register their business as a company limited by guarantee.

❖ **Sample Social Firm Manager Job Description.**

See the Resource Centre of our website [www.socialfirms.co.uk](http://www.socialfirms.co.uk) for more details.

Contact Us

For more information please contact:

**Social Firms UK**  
Furness House,  
53 Brighton Road  
Redhill RH1 6PZ



T: 01737 764021  
F: 01737 766699  
E: [info@socialfirms.co.uk](mailto:info@socialfirms.co.uk)  
W: [www.socialfirms.co.uk](http://www.socialfirms.co.uk)

**Date For Your Diary**

**Social Firms UK Annual Conference  
2006**

*“Supportive Business -  
Successful Business”*

**26 - 28 June 2006**

Warwick University