The relationship between large businesses and the rest of society is under intense scrutiny. Fundamental questions are being asked about what business is for, and how to ensure that it is a force for good. Government is revisiting corporate governance frameworks as well as exploring new models of mission-led business.

The most progressive large businesses are embracing this as an opportunity. They recognise that to attract talent, they need to be more than good corporate citizens. They want to be part of the answer to society’s challenges, not the cause. They wish to contribute to social innovation and a more inclusive economy. They aim to embed purpose in their culture and build impact into their core business.

Engaging with social entrepreneurship offers opportunities to do all of this. Social entrepreneurs represent a source of inspiration and learning for corporates. They also represent potential business and investment opportunities.

As the leading supporter of social entrepreneurs in the UK, UnLtd has worked with numerous corporates in recent years. We have seen corporates engage with social entrepreneurs and sector intermediaries like us in different ways.

**WHY DO CORPORATES AND SOCIAL VENTURES ENGAGE WITH EACH OTHER?**

Through collaboration, corporates and social ventures can make the most of their complementary assets: social ventures’ excellence in creating social innovation and new business models, and corporates’ effectiveness at delivering at scale. Partnerships combine the agility, risk-tolerance and in-depth insight of social ventures, and the resources, processes and know-how of corporates. Collaborations can bring multiple benefits to both partners across the whole spectrum of business activities, which explains the growing number of partnerships.

These collaborations often help contribute to solving social and environmental problems or to help corporates build their reputation to attract customers and talent.

Through our experience we have identified four main types of partnership: Skills, Supply Chain, Incubation and Sponsoring. In practice, corporates, intermediaries and social ventures can mix these different approaches to design the perfect partnership for their needs.

Below we set out typical reasons corporates choose to engage with social entrepreneurs through each of these types of partnership:

<table>
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<tr>
<th>Skills partnership</th>
<th>Incubation, investment and corporate social venturing</th>
<th>Supply chain collaborations</th>
<th>Strategic sponsorship</th>
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<tr>
<td>• Increase employee satisfaction, retention and loyalty</td>
<td>• Invest your capital and get both social and financial return</td>
<td>• Access new markets, develop distribution networks to access new or faster routes to market</td>
<td>• Find innovative and light-touch opportunities to deliver your corporate CSR strategy</td>
</tr>
<tr>
<td>• Develop staff into responsible, effective leaders</td>
<td>• Grow your business through product development, joint ventures and acquisitions</td>
<td>• Be seen as a leader on social value</td>
<td>• Build your portfolio of strategic partnerships delivering impact</td>
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<tr>
<td>• Create an entrepreneurial mindset in your company</td>
<td>• Build your innovation pipeline to be ahead of the curve, assess new trends at low risk</td>
<td>• Reduce risk in supply chain, increase quality, quantity and reliability of supply</td>
<td>• Convert your budget and resources into quantifiable social impact</td>
</tr>
</tbody>
</table>
What does it look like?

Staff from corporates and social ventures work together to learn from each other. Corporate employees provide mentoring, coaching, informal advice, or pro bono services (at no or low-cost). This can be short-term, working to tackle a particular business issue that the social entrepreneur is facing, or longer-term, acting as a mentor, a trustee or board member of the social venture.

Skills partnerships are often initiated or facilitated by a third party - within a support programme for social entrepreneurs, or by an organisation dedicated to matching mentors and mentees or ventures and advisers. A skills partnership can happen in the context of a corporate employee volunteering scheme, but when employees donate their time to help a social entrepreneur outside of the employee’s field of expertise, we wouldn’t classify this as a skills partnership.

What is the impact for partners?

The complementarity of skills, mindset and values brings strategic benefits to the businesses as well as personal development to the individuals involved. A skills partnership can enhance the corporate culture and develop employees’ sense of purpose, openness, inspiration, and skills (especially leadership, adaptability, empathy and communication). This contributes to increasing their wellbeing, motivation and productivity as well as job satisfaction levels and their loyalty to their employer. Talent attraction is a connected benefit, through the reputational benefit of the partnership or because the social ventures act as a talent pool to widen the recruitment pipeline. The social venture accesses expertise to help it deliver impact with increased efficiency and effectiveness without investing financial resources.

In practice – Hogan Lovells Business & Social Enterprise (BaSE) programme

Hogan Lovells’ BaSE programme launched in 2015 as a pioneering business skills training course, in association with Ashoka and UnLtd. The programme provides lawyers at the start of their careers with an introduction to the fundamentals of business and the importance of social impact. It offers lawyers a combination of practical business training and the opportunity to directly advise small businesses.

Hogan Lovells’ BaSE has provided legal advice to more than 40 UK social ventures from the UnLtd Big Venture Challenge (BVC) programme. This has helped the ventures to attract £4.1 million of investment and create 84 jobs. In Hogan Lovells’ London office alone, BaSE enables 70 lawyers each year to work with social enterprise clients and helps the lawyers to see the importance of social impact as a business driver. Hogan Lovells and UnLtd are now replicating this programme internationally with Global Social Entrepreneurship Network (GSEN) international partners and local Hogan Lovells offices around the world.

Success factors

The key ingredients to achieve great impact are:

- **Partnership** – Strategic fit between organisations, clear aims of the partnership, open communication about roles and responsibilities, buy-in of the project across the organisations
- **Mentor-mentee matching** – Accurate assessment of the level of need and proportionate support offered, right fit between individuals based on skills, experience, network and attitudes. A third party organisation can help maximise the effectiveness of matching
- **Delivery of the mentoring** – Clear but flexible aims of the relationship, listening and openness, commitment of employees and entrepreneurs over time
- **Infrastructure** – Training, light touch but systematic follow-up and guidance available to the participants on both sides.

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1 Three-way partnership between an employer, employee and beneficiary that is carried out in work time/hours; induced or enabled by the employer and having a social benefit (Brooks and Schlenkhoff-Hus, 2013).
What does it look like?

Collaboration can range from incubation to investment, product co-development, joint venture and acquisition.

Incubation is an umbrella term to describe techniques to help entrepreneurs pilot their idea, de-risk ventures for investors and scale up. Typical models of incubation include co-working spaces, accelerators, social venture academies, competitions, and impact angel investor networks. Corporates can offer incubated social ventures a range of support from finance, training, mentoring, expertise, to office space, access to networks and opportunities to raise profile.

The investment landscape is broad; corporates can provide finance to the social venture in the form of debt, equity, convertible loans, or first loss capital. Intermediaries can help corporates invest in social ventures and reduce risks and costs, through delivering investment-ready social innovations, co-investing and due diligence or portfolio management support.

What is the impact for partners?

This type of partnership combines the risk tolerance of social ventures with the resources of global corporations to co-create innovative products, services or business models. Collaboration brings tangible business benefits to the corporate, such as financial return on investment, an innovation pipeline, and business development. Usually corporates target social ventures in areas that they want to explore in the future, such as new technologies, business models, products and services in a specific sector. The social venture benefits from the infrastructure, know-how and resources of the corporate.

In practice – Telefonica and Wayra

Wayra UnLtd was a seed accelerator for social tech ventures launched by Wayra UK, Telefónica’s start-up incubator, and UnLtd in 2013, with support from the Cabinet Office’s Social Incubator Fund. The programme was designed to address key challenges facing social entrepreneurs who wanted to scale up their social ventures, such as access to appropriate finance and lack of capacity. It offered three cohorts of 8-10 social ventures an 11-month programme providing work space, seed funding of £40,000, business support, mentoring and opportunities to raise their profile. The programme has been an effective model supporting social ventures to raise external funding and grow. It created a pipeline of investment-ready social ventures, of which several went on to run pilot projects with Telefonica. The unique element of the Wayra UnLtd programme, namely supporting commercial and social ventures simultaneously, encouraged peer support, learning and the cross-pollination of ideas.

Wayra UnLtd Staff Member: “Wayra UnLtd has been a successful Academy, it has been one of the most successful academies that we’ve run worldwide”.

Success factors

• Develop and integrate ventures within the core business of the corporate, in terms of business operations and strategy
• Find ways to effectively leverage partners’ respective strengths
• Ensure both parties are aligned regarding the balance between financial return and environmental/social impact, or innovation and impact, as well as the decision-making process
• Have a legacy in mind from the beginning of the partnership, to build a model that embeds expertise and benefits over the long term.

And for incubation specifically:

• Find a good fit between the ventures’ needs, the incubation model and the resources and expectations of the corporate
• Balance flexibility and standardisation of the support / streamlining of processes
• Focus on impact rather than outputs and business models
• Build robust learning loops allowing constant adaptation and improvements.
What does it look like?
Partners enter into a trading relationship, acting as suppliers or buyers for each other (or as intermediaries). Together, they build sustainable and responsible value chains, combining the infrastructure and resources of corporates with the in-depth customer insight and networks of social ventures. Corporates can find social ventures to partner with either directly or through an intermediary (membership organisation, or support organisation like UnLtd). They may also sign up to sector initiatives such as the Buy Social Corporate Challenge, run by Social Enterprise UK.

Social Enterprise UK (SE UK), the national membership body for social enterprises, launched the Buy Social campaign in 2012, which aims to boost trade with social enterprises. SE UK created a directory of thousands of social enterprises to buy from, including the Big Issue, Divine Chocolate, Belu Water and Better Leisure centres. In 2016, SE UK took a step forward and created the Buy Social Corporate Challenge, a group of high profile businesses aiming to spend £1 billion with social enterprises by 2020. The founding members include UnLtd partner Santander, as well as Interserve, Johnson & Johnson, PwC, RBS Group, Wates, and Zurich. To support corporates in the process of including social ventures in their supply chains, SE UK provides Corporate Challenge partners with a supply chain review, training and support, and advice on impact measurement.

What is the impact for partners?
A value chain partnership is anchored in the core business of the corporate and contributes directly to business objectives. On the purchasing side, social ventures can offer competitive quality, delivery and pricing, as well as a ‘feel-good’ factor for employees. On the selling side, social ventures can provide access to markets that the corporate had not identified as a viable business opportunity (for example, customers with limited buying power and high risk aversion) or could not reach easily with regular marketing strategies. For the social venture, accessing the infrastructure and customers of the corporate can enable them to reach new markets and scale up.

In practice – PwC, Barclays and Change Please
Corporates like PwC and Barclays are contributing to reducing homelessness by purchasing coffee from Change Please, a social venture supported by UnLtd in the Big Venture Challenge programme. Change Please provides a professional barista service for festivals, corporate functions, marketing events and more. They also specialise in selling premium quality, ethically sourced coffee for consumers or businesses. All their baristas are formerly homeless people, referred through a partnership with The Big Issue. Through the Change Please programme, they receive training, help to secure housing, banking, and earn the London Living Wage. They can also receive further job opportunities with Change Please partners. Change Please is still in its first year, but has already received an SEUK ‘one-to-watch’ award. They operate a number of coffee carts around London including Borough Market, Canary Wharf and The Shard, all staffed by formerly homeless people.

Success factors
- Have a clear business case for the collaboration, where each partner can help solve the other’s problems and create opportunities
- Be mindful of the differences in work culture; communicate to understand what the other partner values and why
- Be patient and build enough lead-in time for the partnership to be effective before expecting results
- Be aware of the difference in size and infrastructure of the two partners, which has consequences for the processes in place, the capacity, the staffing structure, the geographic reach.
What does it look like?

Some corporates support the development of the social entrepreneurship sector by sponsoring programmes of support, research or innovation. They usually contract an intermediary like UnLtd, who manages delivery. This ‘impact sponsoring’ demands relatively little time commitment from the corporate as there is no requirement to directly design or deliver the project. The level of commitment is flexible and the partnership can include elements from other models - for example, the corporate can sponsor an incubation programme and provide mentors to supported social entrepreneurs, or sponsor research, policy work or communications campaigns.

What is the impact for partners?

For corporates, this type of partnership is a way to collaborate to create social impact. The corporate provides funding, which the social entrepreneurship partner ‘converts’ into social impact in line with the corporate strategy. The social entrepreneurship sector as a whole can benefit from sponsored research or support. Social ventures supported through corporate-sponsored support programmes will receive the same benefits as they would through any support or incubation programme.

In practice – JP Morgan, UBS and Coutts

Several corporate partners have sponsored UnLtd programmes which find, fund and support social entrepreneurs. Each of these programmes has focused on a specific area or sector, in line with the corporate’s vision, activities and strategy to address a social need. JP Morgan and UBS are dedicated to upskilling young people in disadvantaged areas to have better life chances; they did so through supporting social entrepreneurs in the London Boroughs of Hackney and Tower Hamlets. Coutts, a private bank and wealth manager, sponsored the UnLtd programme Solutions for an Ageing Society to explore the role that social entrepreneurs can play in dealing with the opportunities and challenges of an ageing society. This work often takes place in the context of a strategy contributing to a bigger change. UBS for example are sponsoring several programmes in the Hackney borough and are a member of the Hackney Champions, a working group set up to develop the social entrepreneurship ecosystem in Hackney.

Sarah Craner, Director, Corporate Responsibility & Community Affairs, UBS explains; “At UBS we recognise that our company’s success depends on the health and prosperity of our local communities. By supporting Hackney Connect we have been able to combine our long-term focus on the neighbouring London Borough of Hackney, with our established and growing programme of supporting social entrepreneurship. We know that careful funding can go a long way towards achieving impact, but by focusing at a local level, we are also able to utilise the skills and expertise of our employees through volunteering opportunities to work closely with aspiring Hackney social entrepreneurs.”

Success factors

- Focus the programme by targeting a specific geography or sector, but keep this target flexible enough to guarantee a wide pipeline of quality applications
- Ensure clear and regular communication between partners regarding roles, responsibilities and commitments
- Accept that the social impact expected may not be created within the timeframe of the project and may happen afterwards. This means that a leap of faith may be needed to start the project, and that impact monitoring and measurement processes should be designed accordingly.
When UnLtd was established fifteen years ago, we were one of the only sources of support for early stage social entrepreneurs. Since then, the ecosystem has changed beyond recognition, with many more players getting involved – including many corporates. We expect this evolution to continue, and predict two main trends in the next five years:

**CORPORATES HELPING SOCIAL ENTREPRENEURS TO START UP AND THRIVE IN NEW WAYS**

As social entrepreneurship goes mainstream, support will be delivered through new mechanisms and channels, and corporates have an important role to play in pushing the boundaries. One promising avenue is building social entrepreneurship support into mainstream skills provision. From 2017, corporates will be able to support social entrepreneurs through a new, dedicated apprenticeship for entrepreneurs and social entrepreneurs. This responds to the increasing interest among young people to start their own business as well as the desire of employers to attract entrepreneurial talent.

For more information, go to [www.unltd.org.uk/apprenticeships](http://www.unltd.org.uk/apprenticeships).

**COLLABORATION AROUND PARTICULAR SOCIAL ISSUES OR IN PARTICULAR PLACES**

We predict that corporates will increasingly engage with social entrepreneurs around a particular social issue, particular community or particular place. This will mean a greater emphasis on direct, measurable social impact, and the benefits of specialisation and focus. We have already seen some examples of corporates investing in social impact that is directly related to their core business, such as Centrica’s Ignite programme. We expect this trend to deepen. Some examples of impact areas with opportunities for corporates include:

- **Resilient communities** - In developing their ventures, some social entrepreneurs work in ways that can transform the fortunes of their community and place. They cannot achieve this on their own - they need like-minded peers, influential allies (connectors) and well established links to the wider world (networks). These social entrepreneurs have the talent to mobilise people and assets to build a resilient community. Corporates can contribute hugely to this work, not only through offering support and resources to social entrepreneurs in a particular community, but also through raising awareness and advocating for social entrepreneurship as a means of delivering change within the context of place.

- **Employment** - All over the UK, there are passionate people committed to transforming the job market, and building an inclusive and productive economy and society. Corporates can help these social entrepreneurs to start and scale. Corporates can provide training, volunteering or employment opportunities for the beneficiaries of social entrepreneurs. They can also buy from social entrepreneurs who employ people who face challenges entering the labour market.

- **Ageing** - The UK’s ageing population is placing unprecedented pressure on the healthcare system at a time when austerity is affecting quality of life for older people and reducing the health and care system’s ability to innovate. Innovations that can improve services and reduce long term costs are unable to reach the market and older people miss out on potentially life-changing services. Corporates with expertise, networks or interest in innovation for the ageing sector can help social entrepreneurs develop their ideas, find routes to market and scale their impact.

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2 Backed by energy and service company Centrica, Ignite is a UK impact investment fund with a focus on energy. They are providing £10 million in funding over 10 years to support social entrepreneurs in addition to offering mentoring, networking and the support of Centrica’s employees.
Thanks to all the corporates who have collaborated with social entrepreneurs so far.

TO GET IN TOUCH WITH UNLTD, PLEASE CONTACT:

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“Our partnership with UnLtd allows our lawyers to support worthwhile and innovative businesses in a way that aligns with our firm expertise and values. We are extremely proud of the work of our volunteer lawyers … and truly appreciate the opportunity to help social enterprises achieve real positive impact in the communities in which they, and we, work.”

Amy Heading
UK Pro Bono Manager & Counsel, DLA Piper LLP

“I think the mentoring programme with UnLtd has a big follow through into Actis in terms of providing us with examples of how we can think about the world in not completely straight commercial terms. We think about the planet, we think about people and we think about profit and this is definitely when we are thinking about people and their impact in societies.”

Paul Fletcher
Executive Chairman, Actis

“Working with UnLtd provides Deutsche Bank employees with the opportunity to witness first-hand the enthusiasm and creativity of early stage social entrepreneurs, whilst providing invaluable business discipline and mentoring support. It has definitely helped me develop professionally and brings a great deal of satisfaction seeing an entrepreneur’s idea develop into a sustainable business.”

Jill Humphrey
Director, Human Resources, Deutsche Bank AG London

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