

From pear-shaped

The Community Action Network was a shining light for social entrepreneurship before anybody had heard of the term. But it took on too much and got into difficulty. Now, having gone through major internal changes, CAN is once more claiming its place at the forefront of innovation. Elliot Frankal reports

They kept it pretty quiet – but two and a half years ago CAN was going through difficult times. ‘We were in crisis management with real funding problems,’ admits its chief executive and co-founder, Adele Blakebrough.

The past 20 months, however, have seen a remarkable resurgence. Blakebrough has been awarded an MBE – which she picked up from Buckingham Palace in November 2006 – and CAN has joined forces with Permira, a giant investment firm which owns popular brands such as Gala Bingo, the AA and women’s fashion store New Look. Advising on funds totalling 22 billion euros, in raw financial terms you could say that Permira is bigger than countries such as Bolivia, Albania and Estonia.

Now, through its Breakthrough initiative, CAN is using the Permira partnership and its own experience to try and help some social enterprises become household names.

As reported in [socialenterprise](#) 50 (August 2006), Breakthrough is an ambitious, two-year pilot that hand-picks social enterprises and aims to provide them with the strategic support and financial resources they need to make themselves into ‘world-beaters’.

Breakthrough is already working with four social enterprises and, according to CAN, ‘after starting with an enquiry a week from social enterprises, we are now getting an enquiry a day’.

‘The demand is clearly growing and CAN is looking to scale-up the programme,’ says Blakebrough. She puts the story of CAN itself forward as a working model of how social enterprises can benefit from the Breakthrough philosophy. Since she became chief executive, CAN has trimmed its portfolio from 25 ‘projects’ – specific pieces

of work, often funded by grants, including programmes involved with health, sport and refugee support – to three, with staff numbers reduced from 30 to 16. Yet turnover has remained constant at £3.5m a year and is anticipated to rise to over £6m within a year.

‘What’s unique about CAN is we are walking the talk,’ she says. ‘We know how hard it is. CAN is a classic example of what happens in a business that has to turn itself around... we found out what it was we were really, really good at, focused on that and let go of the things that weren’t that promising.’

CAN’s ‘Mezzanine’ model – its managed, shared office cluster of charities and social enterprises – is also booming. Within months of opening in December 2005, the London Bridge Mezzanine was full and maintains a healthy waiting list of organisations. A second site, minutes from London’s Waterloo Station, opened on 5 February, with another expected to open in the capital later in the year. CAN expects its Mezzanines to be housing more than 200 organisations by this time next year and plans are afoot to replicate more outside London.

Permira’s managing partner, Damon Buffini, explains that CAN’s experience of turning around its own organisation was one of the factors that attracted him.

‘Although Permira have over 20 years’ experience supporting businesses in the commercial sector, CAN helped us understand how valuable our insights would be in helping the social sector,’ he says. ‘We also recognised CAN as an organisation that took the Breakthrough issue so seriously they were willing to commit to their own internal change.’

CAN’s story

CAN started in 1998, as a membership organisation, with the aim of finding and linking social entrepreneurs across the UK.

‘It was very typical social entrepreneurship,’ explains Blakebrough. ‘We didn’t sit there with a grand vision, it was opportunistic. [CAN co-founder] Andrew Mawson often used the phrase “let a thousand flowers bloom” and it was very much



to peachy!

like that. We didn't think in a more considered strategic way at that stage.'

By 2004 CAN was running health programmes, sports initiatives and many other projects, but was also running into problems.

'All these projects took our eye off the ball,' says Blakebrough. 'We never really tackled the fundamental question, which is what support do these social entrepreneurs need to get to the next stage.'

For Blakebrough – a trained Baptist minister – the problems were a blessing in disguise. CAN asked for help and was fortunate enough to attract highly-respected mentors from the business world. These included industrial psychologist Professor

not just social entrepreneurs but corporate leaders too.

In 2004 Permira was looking at how to get more from its corporate social responsibility efforts. It enlisted adviser Simon Milton, a communications and branding expert, to help find an opportunity within the social sector where it could apply its expertise in growing and transforming businesses.

'Permira is very much an organisation that wants to be judged by its performance and the benefit it brings to portfolio businesses,' explains Milton. 'It deliberately wanted to work with a partner that would drive the initiative and allow Permira people to get on and help the social enterprises.'

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*Adele Blakebrough
chief executive, Community Action Network*

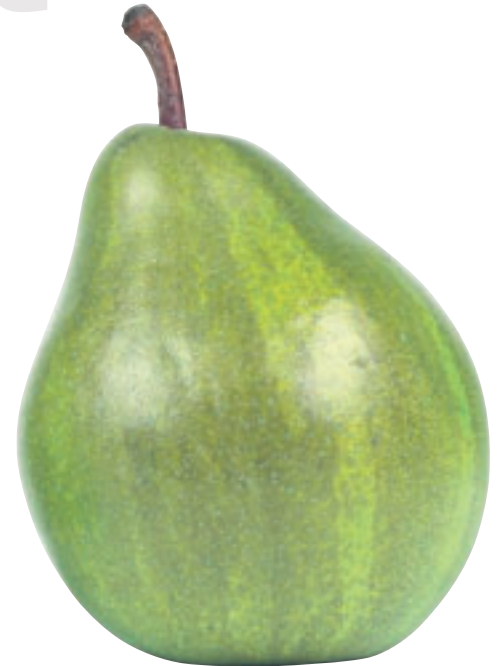
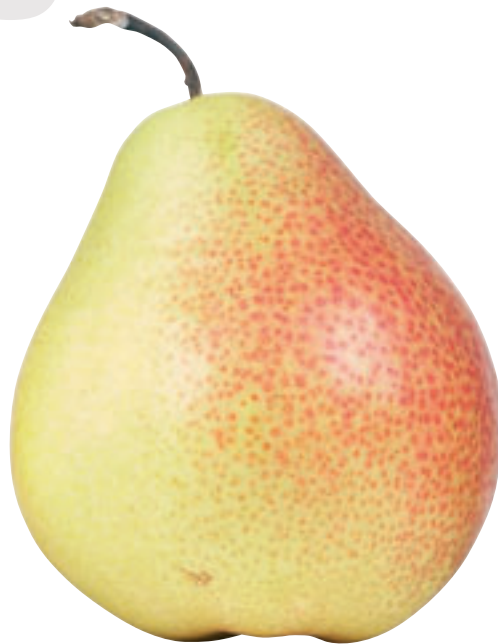
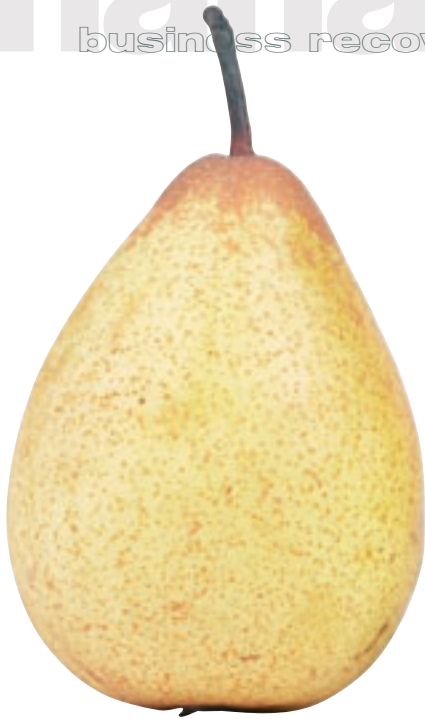
Gillian Stamp – who recommended that Blakebrough become chief executive – and management consultant Alan Hirzel, who now sits on Breakthrough's advisory board.

It was Mr Hirzel who convinced Blakebrough that the Mezzanine was the most important of all the projects CAN was running, coining the phrase: '*It's the Mezzanine, stupid.*'

Blakebrough believes her mentors' insights have been instrumental to transforming CAN. So it is no coincidence that mentors are a key element of the Breakthrough offering. The idea of deploying experts from the heart of the City into social enterprises was something that excited

Buffini adds: 'We were attracted by the boldness of the challenge and the energy of the CAN leadership team. We also warmed to the fact that our financial support was considered by CAN to be secondary.'

Blakebrough recalls: 'When Permira first approached us, we quickly saw that the skills they have in turning around companies were the same skills our social enterprises needed. So together we decided to create the Breakthrough project. Permira are passionate about business... and you can watch the magic. Their advisers show real enthusiasm and commitment to the Breakthrough enterprises, but their perspective often unearths critical management challenges.'



► Social enterprises themselves just couldn't hope to find – let alone afford – this kind of expert help without a programme like this.

Breakthrough's progress

Back in 2005, Permira committed one million euros (£670,000) and the time of senior players to Breakthrough. CAN is acting as 'marriage broker' for Green-Works, TimeBank, Law For All and Training for Life, which are all receiving a combination of high-level management support from Permira staff and capital to help grow their organisations.

So does CAN's alliance with the owners of Gala Bingo mean these social enterprises have hit the jackpot?

Gordon D'Silva, CEO of Training for Life – which runs Hoxton Apprentice restaurant in London, and a variety of other training and employment initiatives – is enthusiastic. 'It is a remarkable experience,' he says. 'Permira's contribution is incisive, challenging, but with a lightness of touch that makes the work very accessible. Breakthrough has a vital part to play in taking our business to the next stage.'

Another organisation working in this area, the Impetus Trust, is similarly effusive about the potential for third sector bodies to scale-up.

'There are approximately 12,000 small to medium-sized charities in the UK, but only a handful which are ready for the step change to sustainability which Impetus can support,' says Nat Sloane, co-founder and vice-chair of Impetus. 'Yet for those which are willing to embrace our intense, in-depth approach, the proposition is an extremely exciting and rewarding one.'

Blakebrough welcomes bodies such as Impetus Trust and UnLtd alongside her own Breakthrough programme.

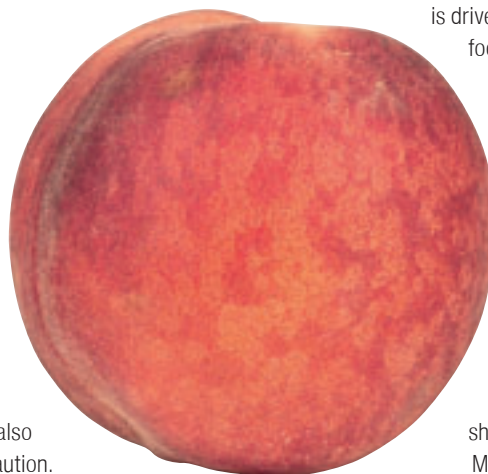
'In the past, social enterprises wanting growth have been held back and held down by the lack of financial vehicles,' she says. Now, she believes, a social investment marketplace has emerged. 'Just as in the high street you need different mortgage providers for your individual circumstances... the fact that there are players emerging with different criteria is good.'

Again, Blakebrough is speaking from experience. CAN funded its Mezzanine expansion with £350,000 from the government-backed Adventure Capital Fund.

Roger Cowe, director of specialist corporate social responsibility consultancy Context dubs the rise of initiatives like Breakthrough and Impetus part of the 'second age of philanthropy'.

However, he says he understands why some social entrepreneurs have also sounded a note of caution.

In May last year, for example, the GMB Union led a picket outside Damon Buffini's local church in protest at job losses suffered by the AA motoring organisation after it was taken over by Permira and fellow venture capitalist CVC. More than 50 MPs signed a parliamentary motion accusing the private equity firms of 'greed' and 'blatant asset stripping'.



Cowe says: 'I can understand that some social entrepreneurs might be nervous. The great advantage of social enterprise is that it's grounded and near to the people it wants to help – and there is a danger with expansion that you can lose that closeness. Personally, though, I'm sure the organisations working with Permira and CAN are well aware of this and will keep the proximity to their customers.'

Adele Blakebrough is also quick to reassure her fellow social entrepreneurs about Permira's intentions.

'This money is ultimately given as a grant with performance incentives and that's a fundamental principle of the Breakthrough initiative,' she says. 'Permira is driven by helping build stronger, more focused businesses, and, like CAN, this might mean having to undergo considerable change in order to sustain future growth. Through Breakthrough, Permira is helping these social enterprises to multiply their social impact. The lessons learnt could resonate profoundly throughout the sector.'

If anyone is equipped to steer a course through such changes it should be CAN.

Many commentators and analysts still doubt whether the social enterprise sector has the ability or the capacity to increase its size in the way Breakthrough and its counterparts envisage, arguing that the current trend is neither new nor different from what has come before. They may yet be proved right. But the partnership at the heart of Breakthrough is one of the strongest reasons yet for optimism. ●

Further information

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