

# Outside the Box



**Private equity has a poor reputation, but it's worth looking at the good some firms and staff do before criticising too broadly, says Adele Blakebrough**

**A**t a recent *Guardian*-sponsored conference someone asked me whether the private equity firm Permira was an odd bedfellow for CAN (since 2005, CAN and Permira have run Breakthrough, an investment initiative for social enterprises). It reminded me of the age-old debate in the third sector about acceptable and unacceptable financial support from the corporate world.

I was raised by my social entrepreneur father, with the story of William Booth, the founder of the Salvation Army, ringing in my ears. He was criticised, as the leader of a teetotal organisation, for accepting a substantial donation from Charrington's Brewery - 'tainted' money.' William Booth's legendary reply was: 'I don't know about tainted money - all I know is it ain't enough.'

During my childhood there was also a belief that we in the social sector could 'liberate' money. So, over the years, I haven't lost too much sleep about putting money to good use.

Like most, I suspect, I have limits in my own mind about where money should come from - most of us have ruled out the arms trade and tobacco companies, for example.

So back to private equity, a part of capitalism that has generated much media attention in the past few months.

I had never heard of Permira or private equity before we launched Breakthrough. The person who introduced us had to spell out just how large Permira was and that it owned many household brand names, such as New Look and Homebase.

Until recently, of course, private equity was precisely what it said on the tin - private. Permira (both the firm and the individuals running it) felt that it was increasingly important for it to give. It was keen to do something more innovative, something that aligned with its own values and skills.

What struck Permira about CAN was our passion for social enterprise and our 'beef' with the sector. Namely that there are thousands of fantastic social solutions to the intractable problems of our day but most of these remain one-offs and appear to get stuck at a certain stage of their growth.

So, together, we explored how to help social enterprises overcome their barriers to growth. From the outset, Permira wanted to give both money and the time of its senior staff to the selected social enterprises.

Two years ago Permira committed 1m euros and staff time to Breakthrough - five senior staff are now working alongside the CEOs of social enterprises.

Damon Buffini, the managing partner, myself and Tim Curry (a trustee of CAN) formed the core of the advisory board, which acts a bit like *Dragons' Den*.

We committed to working with two to three social enterprises during this two-year pilot, but last month we agreed to take on our fifth.

It's been a fascinating journey, driven in part by Permira's strong commitment and overriding desire to see the social enterprises succeed.

Recent comments from the GMB's Paul Maloney in *Third Sector* magazine ('Should charities care about the motivations of their funders?' 7 March, 2007) suggested that organisations like CAN shouldn't accept money from companies looking to bolster their public image.

He is right to demand that charities and social enterprises make informed choices about sources of income. But what his comments deny is an increasing number of organisations dissatisfied with traditional charitable giving who want to deploy their talent to assist long-term social change.

As Max Weaver, CEO of Community Links, said in the same *Third Sector* article, many people in private equity have a strong desire to give something back and we should encourage such benefactors, not vilify them.

It reminds me of the debate about the Lottery when it was first launched. I'm not a great fan of gambling, but there were many who said they would never take funding from the Lottery. Today there are hardly any charitable organisations, including churches, who don't apply.

Law for All, a legal support service for disadvantaged people, is one of the organisations funded by Permira through Breakthrough. Last year its legal caseloads increased by 65% and its telephone support reached 1,100 calls a month (up 23%) culminating in resolving or preventing severe hardship for more than 14,000 people.

Debate and informed decision making are tremendously important - but not at the expense of generating real social change. That's something we should all welcome.

**Adele Blakebrough MBE is chief executive of Community Action Network**  
[www.can-online.org.uk](http://www.can-online.org.uk)