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Social Entrepreneurs Newsletter

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Social Enterprise of the Year 2011 (England) *Blue Sky Development and Regeneration*

The Social Enterprise Coalition has named **Blue Sky** as the Social Enterprise of the Year for England 2011. The Award presentation ceremony will be held on 30th March in London. Leader of the Opposition, Ed Miliband, will speak and present the Best Social Enterprise Award. More than 1,000 people are expected to gather at the evening reception.

Mick May, Founder and CEO of Blue Sky Development and Regeneration, said: “We are delighted to have received this award from the Social Enterprise Coalition. **We set up Blue Sky as a business with one, clear, social objective – reducing re-offending - which has driven us since day one.** It therefore means a great deal to us to be recognized as a successful social enterprise.”



The award comes at a time of growing recognition with Blue Sky winning at the **Charity Awards in 2010** and being named in January as one of two ‘**Social Action Partners**’ that staff from 10 Downing Street will be supporting during 2011. Blue Sky was selected along with **Street League**, an organization that delivers sports and educational programs to tackle issues including homelessness, substance addiction, crime and unemployment. Staff at the Prime Minister’s office will be able to pledge time throughout the year to support the work of these two organizations throughout 2011.

The **Social Enterprise Coalition** (www.socialenterprise.org.uk) is the UK’s national body for social enterprise. The Coalition represents a wide range of social enterprises, regional and national support networks and other related organizations.

What social issue is Blue Sky addressing?

In the UK, the re-offending rate of those released from prison is unacceptably high. England and Wales alone release 90,000 prisoners per annum and over 60% re-offend within two years. To Blue Sky, re-offending is a criminal waste of money; it costs the UK 12 billion pounds each year. Research has shown that a stable job cuts the probability of re-offending by up to 50%, yet, over 75% of ex-prisoners are unemployed on release.

Finding employment is an uphill struggle for most of them because of their past record, and the high unemployment rate in society in general. UK unemployment rate in 2010 was 8% and this was the overall rate. In some sectors and communities (where many offenders came from) the unemployment rate could be as high as 30 to 50%. Blue Sky attempted to offer a solution: **getting ex-offenders into employment and breaking the cycle of re-offending.**

What Blue Sky offers

Blue Sky works in London, Oxford, Slough, Manchester, Wakefield, Bristol and Gloucester providing six months of paid employment in the ground maintenance and recycling sectors. Employees work 37 to 40 hours a week in teams of between four and six. Each team has a supervisor, also an ex-offender who acts as a mentor.

As well as a paid job and mentoring, Blue Sky also offers its employees vocational training and practical help and advice – from how to set up a bank account to how to write a CV. Each member of staff has a tailored learning plan, laying out what they would like to achieve in their time with Blue Sky, and have access to a training budget.



What Blue Sky has achieved: statistics tell the story

- In 2010, over 2m square metres of land were maintained and improved by Blue Sky employees
- In 2010, 7,000 tonnes of waste were diverted from landfill by Blue Sky employees
- Only 15% of Blue Sky ex-employees have re-offended – a quarter of the national average.
- 46% of the employees moved into sustained employment once they left Blue Sky
- In 2009/10, 70% of the employees left Blue Sky with an accredited vocational qualification
- More than 350 ex-offenders have been employed on 6-month contracts since October 2005
- Year on year employment in Blue Sky has risen by 87%
- The average age of the employees is 28
- Half of the employees have had drug and/or alcohol issues in the past
- In 2009/10 the average months the new employees had served in prison was 26 months

Insights for HK social enterprises

There are a number of useful insights for us in HK. For example:

Insight 1 – From donation-based charity to self-sustaining social enterprise

Blue Sky started as a charity and received funding from two charitable foundations (which continues to this day) and the European Social Fund (ESF). But they did not stop as a charity and went on to create a business model that served directly the social mission and generated income at the same time. It took them a number of years to make the transition but they knew that it is the only way to sustain the organization and progressively increase its social impact. As of end of 2010, the proportion of commercial income to total income was still 60%, but the impressive growth in absolute amount had convinced the donors that they were doing the right thing.

The lesson for government-funded social enterprise is that it is alright to use government seed money to kick start a social enterprise but it must be able to leverage this capital to build up its earned income stream. A social enterprise does not necessarily need to be totally self-financing, but it must demonstrate that it is capable of generating income progressively which is actually a proof for doing the right thing. Indeed, the more income a social enterprise generates might enable it to attract more funding from foundations who would like to see a greater social impact.

Insight 2 – Entrepreneurship makes the difference

No social enterprise would flourish without a strong dose of entrepreneurship. This is amply demonstrated again in Blue Sky's case. Mick May, founder and CEO, used to work in the financial services industry. He has held a number of senior positions, including Managing Director of NationsBank and GNI Fund Management.

Mick joined Groundwork Thames Valley, a charity focused on community development projects, as Executive Director in 2003. He was shocked by the fact that ex-offenders were not having the chance to rebuild their lives resulting in an alarmingly high re-offending rate which in turn costs the society billions of pounds each year in terms of prison costs. He could not accept this and became 'unreasonable' – in George Bernard Shaw's sense. (*"The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man."*) He set out to create Blue Sky in 2004 with the mission of creating proper jobs for ex-offenders as a bridge to a new life. The rest is history.



This should be a great lesson for HK. We have seen that most, if not all, of the better run social enterprises in HK are founded by people with entrepreneurship. But among the government-funded ones, on the other hand, it might not be an exaggeration to say that entrepreneurship is conspicuous by its absence. What is more, the government grant-making bodies do not seem to realize this simple fact and continue to pour money into social enterprise 'projects' where no trace of entrepreneurship exists.

Insight 3 – 'It's all about quality!'

From day one, Mick knew that it is quality of service that counts in running a social enterprise. He acknowledged the importance of having a first class team of permanent employees with first class systems and processes. He firmly believes that customers would not buy their service just because their employees are ex-offenders; they buy only because of proven track record of excellent service. No effort was spared to screen, train and manage the front-line teams to deliver a level of service at par, if not better, than other service providers. It was not an easy task but the persistent efforts have paid off. Customer satisfaction level of Blue Sky contracts are consistently high and this proved to be the most powerful marketing tool.

The lesson for HK social enterprises is loud and simple: focus on quality and no tolerance of mediocrity. It is a business after all.

Insight 4 – Scaling up for greater impact

By all account, Blue Sky is still a small business but it has great ambition to scale up its operation. After six years' operation, it has perfected its basic business model to enable it to launch a franchise system. There are now two franchisees in place and both have been very successful – all down to their shared ethos and the quality of teams. While franchising is an attractive proposition in their growth plans, Mick wouldn't do more than one a year due to quality being the critical factor. The core team at the headquarters has been very involved in setting up the franchise – they sat on recruitment panels, helped them understand the ex-offenders market, helped build the first team and monitored their performance. The 'one franchise per year' strategy is working out nicely and it will take time to beef up the process. Blue Sky is patiently ambitious to expand its coverage.

In Hong Kong, we do not seem to have any example of franchising in the social enterprise sector yet. But it is certainly an option worth considering when a successful social enterprise attempts to accelerate the process of scaling up for greater social impact. At the same time, aspiring social entrepreneurs should also consider becoming franchisees of internationally proven models (such as Dialogue in the Dark) which has the obvious advantage of being able to leverage on other people's experience. A word of caution: being a franchisee requires entrepreneurship all the same, as Dialogue in the Dark in HK has also demonstrated.

Quote of the Fortnight

名句精選

“A life spent making mistakes is not only more honorable, but more useful than a life spent doing nothing.”

George Bernard Shaw

Website of the Fortnight 精選網站

Blue Sky Development and Regeneration



<http://www.blueskydevelopment.co.uk/news/>

Book of the Fortnight

新書精選

Awakening the Entrepreneur Within: How Ordinary People Can Create Extraordinary Companies

By Michael E. Gerber

Foreword by Ken Blanchard

Harper paperback 2009

“I’ve read countless books on business. No business author has touched me as deeply as Michael Gerber.”

John Canfield

“I was greatly impressed and inspired by this book. If you witness me doing extraordinary things in the next few years, the chances are they are the direct result of my learning from this book.”

K K Tse

I have ordered 50 copies of this book for my friends, if you want to buy one please contact Nancy at nancy@genesismarketing.com

Video of the Fortnight 錄像精選

The Passion Test

<http://www.thepassiontest.com/offer/ptprofile/freevideos/>

Watch this video and respond to the 7 soul searching questions and you will receive a report on how passionate you are living your life.

“Chris and Janet Attwood have provided a clear, simple, and effective method to help you identify your core passions”.

-- John Gray, #1 NY Times author