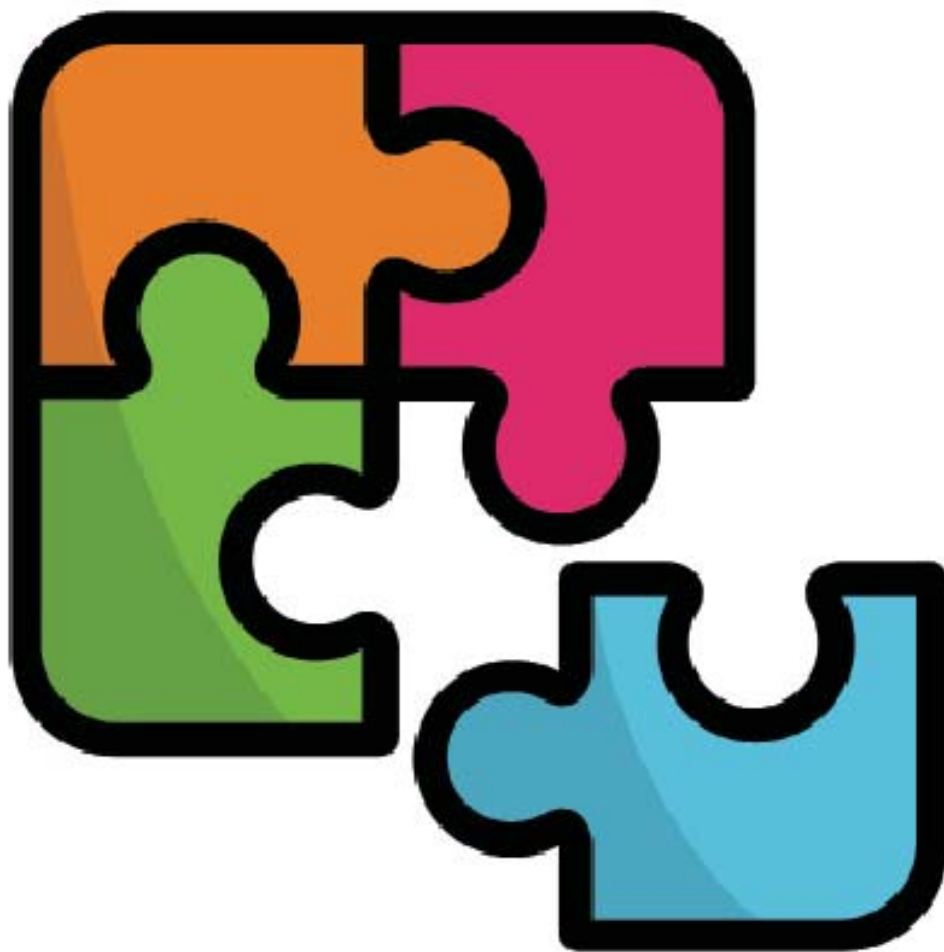


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# 4TH SECTOR ENTREPRENEURSHIP

How to grow sustainable, social impact  
... without losing your mind



**BEN FREEDMAN & CRAIG CAREY**

# 4TH SECTOR ENTREPRENEURSHIP

Grow sustainable social impact  
without losing your mind



**BEN FREEDMAN & CRAIG CAREY**

WRITING MATTERS

Thank you for downloading the first two chapters of this book. We hope you enjoy it!

Please get in touch if you'd like to know more about being a 4th Sector Entrepreneur who sustainably grows social impact.

We can also give you a complimentary copy of this book in full.

Best,

Ben Freedman

[benf@bubblechamber.net](mailto:benf@bubblechamber.net)

## **The 4th Sector Entrepreneurship**

Ben Freedman and Craig Carey

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## 4TH SECTOR ENTREPRENEURSHIP



## Introduction

*'In a world deluged by irrelevant information, clarity is power.'*

Yuval Harari, *21 Lessons for the 21st Century*

When it was suggested that we should write a book our coach Andrew Priestley gave us some very simple advice: Decide what you want to say, write for one hour every day but above all be very clear who you're speaking to.

So, who do you think we are?

In the fifty years that we have between us spent in running organisations and trying to create social impact, we have come to realise that we don't really fit into any of what would be considered by many to be the three key sectors of the economy – private, public and not-for-profit.

The business world is too focused on simply keeping score through money, government is too hierarchical and not-for-profit too stifling.

We feel we belong in a *4th Sector* where the enterprise of business mixes with the sense of service of government and the compassion of not-for-profit to create a fertile ground for innovation and the creation of lasting social value.

Over time we have each become adept at recognising fellow travellers, mentally ticking off a checklist of attitudes and beliefs

that make us all misfits from so much of traditional thinking, almost like members of a secret club.

People who have a clear sense of right despite the fact that everyone tells them that they're wrong.

People who don't like being told what to do.

People who are convinced there is a better way.

This book is written for you.

## Clarity of Leadership, Strategy and Culture

Without exception, every *4th Sector* leader is driven to make a sustainable difference to some key area of social deficit. However, again without exception, they experience a level of frustration at not being able to do enough.

So what gets in the way?

What we have understood as we have listened over the years is that almost every barrier can be grouped under one of three headings:

- **Confused Leadership** - a lack of clarity around *purpose, vision and values* (both personally and organisationally), their customers and how they're positioned in the market by the unique solutions they offer.
- **Confused Strategy** – a lack of clarity of how to plan to maximise value out of the key areas of strategy – marketing, sales, finance, operations, social impact, digital and talent.
- **Confused Culture** – a lack of a clear enterprise mindset and behaviour within their organisation that's so essential to *get sh\*t done*.

If you recognise yourself in any part of this we have structured this book in a way to help you address this confusion.

## Key Parts Of The Book

The book is broken down into six parts.

Part 1 considers the world of the *4th Sector*, why it's needed and the difficulties it creates for you as leaders in having to serve multiple masters. So, why would anyone choose to become a *4th Sector Entrepreneur*? We also offer some answers to that question.

Part 2 suggests some ways in which you can lay a solid foundation that allows you to work on your enterprise rather than in it.

Part 3 looks at how *Clarity of Leadership* is built on three principles:

1. A leader's clear personal *purpose, vision and values*, which are congruent with
2. The clear *purpose, vision and values* of their organisation and which are then fulfilled through
3. Clarity about what value you're providing for which customer's needs.

We then introduce a tool called *Strategy on a Page (SOAP)* which is highly effective first in helping you communicate this clarity to everyone involved with your organisation, internal and external; and then in helping you delegate responsibility for planning and execution throughout your organisation.

Part 4 covers *Clarity of Strategy*, giving an overview of the key areas you need to consider but then introducing our fourth principle, which is that Talent – hiring, developing and retaining the right people – is the most important strategy of them all.

Part 5, *Clarity of Culture*, looks at our final three principles – *Clarity of Measurement*, *Clarity of Execution* and *Clarity of Communication* - which together form the backbone of your organisational culture.

Finally, Part 6 introduces some meeting structures that bring everything together in a highly practical, day-to-day way.

Throughout the text we have also suggested a selection of simple exercises that you can do as you read – or you can come back to once you've finished reading the whole book.

Most of the exercises at the beginning of the chapters are intended to encourage you to consider the current reality of your enterprise today; while we hope those at the end offer valuable and practical application to drive action.

We look forward to hearing what you think.

**Ben and Craig**

**Part 1**  
**The 4th Sector**

## 4TH SECTOR ENTREPRENEURSHIP

## Chapter 1

# Why A 4th Sector?

*'We're doomed.'*

Corporal Fraser, *Dad's Army*

One of the few things that people can agree on at a time of so much fractious debate is that our society faces numerous major challenges. Climate change, health and social care, education, public welfare, housing, the criminal justice system and the world of work in general all seem to be under constant threat. It's difficult at times not to hear the voice of Corporal Fraser from the much-loved sitcom, *Dad's Army*.

In the continuous search for innovative solutions everyone has their favourite approach.

### Private Sector

For many, the key is business existing in a free and unregulated market, where individuals left to their own devices – i.e. once government gets out of the way – will naturally find the best answers.

*Harvard Business School professor Michael Porter argues that 'businesses acting as business - not as charitable donors - are the most powerful force for addressing the pressing issues we face.'*<sup>1</sup>

As David Cameron asserted in 2011, 'Most public services could be run by private firms, charities and voluntary groups ... Public services should be open to a range of providers competing to offer a better service ... Instead of justifying why it makes sense to introduce competition in some public services ... the state will have to justify why it should ever operate a monopoly.'<sup>2</sup>

Indeed, in a 2018 public letter<sup>3</sup>, described by the *Financial Times* as '*one of the most catalytic texts for the new era of purposeful capitalism*', Larry Fink, Chairman & CEO of *BlackRock*, one of the world's largest asset management firms, wrote that '*with governments failing to prepare for the future, people were looking to commercial companies to deliver not only financial performance but also a positive contribution to society, benefitting customers and communities, not just shareholders.*' Without social purpose, Fink contended, '*companies fail to make the investment in employees, innovation and capital expenditures needed for long term growth.*'

Yet, despite Fink's encouragement, too much of the business market remains driven by a desire for short-term gains for a very small number of its stakeholders.

As Andy Haldane, Chief Economist of the *Bank of England*, has noted, '*A majority of people do not trust business right now. One reason is a sense of fairness. For instance, if you look at the ratio of CEO pay to the pay of the average worker, in 1970 this ratio was around 20:1, whereas today in the US it's nearer 300:1.*'<sup>4</sup> And even the pro-business *Spectator* at times admits the private sector's shortcomings; for example, that '*Water firms promised efficiency. Instead they brought unsustainable debt. To use the words of the usually sedate Financial Times, they are an organised rip-off.*'<sup>5</sup>

Nor is business always the great innovator it's cracked up to be. For example, according to Professor Gill Kirton and Dr Cécile Guillaume, '*The privatisation of probation, carried out in the face of massive opposition from criminal justice experts, senior probation leaders... and the workers themselves, is unprecedented in terms of its scale and scope and has proven to*



*be something of an unmitigated disaster for professionals.*<sup>6</sup> The *FT* agrees. 'When the former Justice Secretary Chris Grayling decided to part-privatise the probation system six years ago he promised to inject *innovation and dynamism* into a struggling sector. The collapse of *Working Links*, a key provider, revealed the very opposite: a company crumbling under the financial strain of three loss-making contracts, managing ex-offenders so poorly that public safety was at risk.'<sup>7</sup>

## Public Sector

Others argue that at such a time of crisis, only government has the resources and value system to be trusted to make the key decisions needed. According to the Labour Party's John McDonnell, for example, "Building an economy for the many also means bringing ownership and control of the utilities and key services into the hands of people who use and work in them. Rail, water, energy, Royal Mail: we're taking them back."<sup>8</sup>

The economists Mariana Mazzucato and William H Janeway<sup>9</sup> both argue eloquently that the state plays a fundamental role in real innovation in a way that so-called *venture capital* can't even consider. In recent times, for example, both the UK government's *Behavioural Insights Team (BIT)* - nicknamed the *nudge unit* - and its *Government Digital Service*, with the award-winning GOV.UK, have shown the power of government's ability to bring together enterprising individuals and give them free reign to innovate.<sup>10</sup>

Yet government ownership is far from ideal, as innovation and creativity are consistently suffocated by the rigidity of a top-down approach and influenced by short-term election cycles, political feuding and nervousness about media criticism.

Martin Wolf of the *FT* has summed up the case against public ownership. 'Contrary to Mr McDonnell's rhetorical flourish, nationalised industries were most definitely not in the hands of the people who used them. They were in the hands of ministers and civil servants who controlled them and the

people who staffed them. They were chronically overmanned and heavily politicised. They either under-invested or made poor investment decisions. Not least, they treated users with indifference. This form of ownership didn't wither because it worked. It withered because it did not. That said, theory and experience demonstrate that privatisation is no panacea.<sup>11</sup>

And too often government innovation ends badly. As a recent article on public sector IT disasters observes, *Time and again, when the public hears of a grandiose new IT scheme from government, it's matched by well-deserved scepticism from the old hands that have seen it all before.*<sup>12</sup>

To give just one example, a 2018 *Public Accounts Committee* report on the IT modernisation of the Disclosure and Barring Service described it as *a masterclass in incompetency... Another example of a Home Office project marred by poor planning and contracting, delays, spiralling costs and a failure to understand what service users want.*<sup>13</sup>

## **Not-For-Profit Sector Charity And Voluntary Sector Solutions**

Finally, many people still focus on the role of *Not-For-Profits* to fill the gaps left by the limitations of both the market and the state.

The power of the charity sector is based on the recognition that giving to those in need seems to be a fundamental part of the human condition. As the *Charities Aid Foundation (CAF)* says, *'Charity makes you feel good'* and a lot of people in the UK seem to agree. They gave some £10.3bn to charities in 2017, while the *Charities Commission* at the beginning of 2018 listed more than 168,000 charities on its register, with a collective income from all sources of over £75bn – a record amount.

In the USA the sums are even greater. Bill Gates, Warren Buffet and others launched the *Giving Pledge* in 2010 to encourage billionaires to donate at least half of their wealth to

charitable causes, during their lifetime or in their wills. A 2018 report from financial research company *Wealth-X* predicts the pledge may be worth as much as \$600 billion by 2022.

Too often, however, the not-for-profit sector fails to drive innovation. There tends to be a fraught relationship with risk, arising from a lack of confidence in a consistency of income and a concern about respecting the trust placed in it by its donors. This in turn is compounded by underinvestment in talent development, coupled with rigidity within often bureaucratic governance structures managed by under-qualified trustees.

The net result is that good leadership and ideas can be stifled, while at times disaster can strike when decisions are taken without a robust risk-management process.

A prime example can be seen in the collapse in 2015 of *Kids Company*, an innovative organisation that ultimately imploded under the weight of its inadequate governance and underdeveloped management.

## **A 4th Sector....**

So, three sectors of our economy are fighting their corner. All offer something of merit, yet with something in their DNA that inhibits the critical mass and quality of innovation that's essential to create the solutions so desperately needed in the gaps these sectors don't serve.

Meanwhile, sharing attributes of each of its bigger three siblings and sitting slightly outside the debate with its nose pressed against the window, is a fourth sector. Called variously the *Social Enterprise*, *Social Business*, *Profit with Purpose*, *Beyond Profit* or *Impact-Led Business* sector, it offers a vital and vibrant additional ingredient to the debate.

## What Is A 4th Sector Organisation?

The idea of an enterprise driven by more than simple financial profit has been talked about increasingly in recent times – but what does it actually mean? What makes the sector unique? For *Social Enterprise UK (SEUK)*, the leading membership body for social enterprises in the UK, they're organisations that:<sup>14</sup>

- have a clear social and/or environmental mission set out in their governing documents
- generate the majority of their income through trade
- reinvest the majority of their profits
- are autonomous of the state
- are majority-controlled in the interests of their social mission
- are accountable and transparent

To qualify for the *Social Enterprise Mark* from the international accreditation authority, a social enterprise needs to meet the following criteria:<sup>15</sup>

- Be primarily dedicated to social objectives
- Be an independent business
- Be planning to become sustainable through trading income
- Be committed to dedicating a majority of any annual profit to social purposes
- Have an asset lock clause or similar
- Have a vision of how social objectives will be achieved

The *B Corp*, who offer a worldwide transparent best practice certification process, takes a wider view to include:

A new kind of business that balances purpose and profit ...

legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment.<sup>16</sup>

It's our view, however, that a *4th Sector* organisation is as much about attitude and intent as a legal definition.

SEUK's 2018 report, *The Hidden Revolution*, states that *while any business can make claims about values, in a social enterprise those commitments are cultural and structural. Social Enterprises have to reinvest profits and have to put their social purpose above the pursuit of short-term financial gain... We are businesses that can be relied upon. To pursue always sustainable and inclusive growth... stay connected to our communities, pay our taxes and consider value over the wider longer-term.*<sup>17</sup>

Karen Lynch, Chief Executive of *BELU Water* in her interview for this book, sums it up well. "What I love about social enterprise is the joining together of people around positive intent. Every problem can be an opportunity. Rather than telling people they are bad, we align people around the good that can happen."

### **Yes, That's Nice, But...**

What about all the stakeholders involved – customers, suppliers, staff, regulators, funders (often) and end-users? It really isn't possible to achieve a lot when running an organisation if you have to keep so many stakeholders happy, is it?

Well, the reality is that, in fact, it is.

*Nationwide Building Society* is the largest building society in the world and the world's seventh largest co-operative financial institution, with over 15 million members. *The Co-operative Group* is the largest consumer co-operative in the UK, with more than 4.5m active members and over 70,000 employees in some 4,200 locations.

In our opinion, both are *4th Sector* organisations.

As *The Hidden Revolution* notes: *'The social enterprise sector is worth £60bn to the UK economy and employs two million people. This represents 3% of GDP, three times the size of the agricultural industry and 5% of employment - as many jobs as the creative sector... Britain's top five co-operatives pay more tax than Amazon, Facebook, Apple, EBay and Starbucks combined.'*<sup>18</sup>

In addition, SEUK's analysis of the sector's impact on *NHS England* states that *'Social enterprises in health and social care are consistently outperforming both public sector and private sector counterparts when it comes to patient feedback ratings, staff engagement and service user feedback, national patient surveys and financial performance.'*<sup>19</sup>

The *4th Sector* is also remarkably innovative. As SEUK notes, *'The number of social enterprises introducing a new product or service in the last 12 months stands at 50% compared to SMEs overall, which is 33%.'*<sup>20</sup>

### **But It's Not Easy ...**

While the *4th Sector* undoubtedly offers a real, vibrant and productive alternative approach, it can often be hard to find a balance between so many competing demands, particularly when it seems that the alternatives are much simpler.

A recent study – *Can prosocial motivation harm entrepreneurs' subjective well-being?*<sup>21</sup> – found that prosocial motivation negatively affects the life satisfaction of social entrepreneurs via increased levels of stress.

At the core of the paper is an argument that the desire to help others while running a social business can lead to entrepreneurs *'pursuing too many activities, which can deplete personal resources that are important in achieving both organisational and personal goals.'*

In other words, being a *4th Sector* entrepreneur can negatively affect your physical and mental health.

This book is focused on laying out some thoughts on how an individual leader might address this conundrum. But first we want to explore a crucial question - so why do people do it? Why do they take on the myriad challenges of being a *4th Sector* entrepreneur? This is the subject of the next chapter.

## Summary

Society is faced with a host of what can at times seem insurmountable problems.

Innovation is essential.

Many advocate for the private sector as the way to find solutions, while others promote the role of government and nearly everyone agrees that there is a role for not-for-profits.

We argue, however, for the need to recognise a 4th Sector of the economy, a place where the enterprise of business is mixed with the sense of service of government and the compassion of not-for-profits, to create an exciting space where innovation for social good can thrive.

We believe that this sector is defined as much by the attitude and intent of its leaders as any legal definition.

But being a *4th Sector* entrepreneur is hard. The need to balance returns for all the stakeholders of an organisation is stressful and can seriously impact on the well-being of its leader.

The rest of this book explores how – as an individual leader – you can address this.

## 4TH SECTOR ENTREPRENEURSHIP



## Chapter 2

# The Uniqueness Of 4th Sector Entrepreneurs

### Introduction

In this chapter we look to get a better sense of the people behind the label of *4th Sector* entrepreneurs. How they form a distinct leadership group facing distinct issues. How they might not only differ from traditional entrepreneurs but also from other leaders in the public or charitable sectors; and how this in turn might influence the way they can successfully negotiate their lives in a healthy and productive way.

### **What Does It Mean To Be A 4th Sector Entrepreneur?**

It's lonely being an entrepreneur - but it's even lonelier being a *4th Sector* entrepreneur!

Entrepreneurs have to focus on only one thing – making money. *4th Sector* entrepreneurs always have to focus on two – money and social value.

Entrepreneurs have a universally agreed way of keeping score, of measuring success – accounting, established over 500 years ago. *4th Sector* entrepreneurs can use accounting but must also struggle with the multitude of ways of measuring social impact,

none of which are as clear cut or as universally accepted.

Not only that, they then have to pay two sets of auditors for the privilege of getting them to sign off two reports – their financial accounts and their social impact report.

When someone asks you what you do as an entrepreneur it's simple to answer – I do this to make money. As a *4th Sector* entrepreneur the chances are they will have fallen asleep by the time you start to explain your *Theory of Change* or the assumptions that go into your *Social Value Index*.

When an entrepreneur asks someone to invest money the transaction is simple, the options for an investor to exit long established and easy to compare with other options. A *4th Sector* entrepreneur has to balance all the various stakeholders, starting by educating the representatives of capital who have to get their heads around a whole new way of thinking.

When you ask an entrepreneur about *exit* it's easy to talk about selling for a multiple of earnings and walking away with a pocket full of money as a reward for all the hard work and sacrifices. When you ask a *4th Sector* entrepreneur, such terminology is often considered to be off-limits, obscured by a feeling of guilt, the need to protect vulnerable people and to live up to the original inspiration.

If someone is lucky, all the 70-hour weeks - the grit and determination and financial and emotional sacrifices essential to build any enterprise - might generate a little bit of money and maybe a few awards. But as a wise man once asked us, *Why would anyone choose this path?*

When we set up *Bubble Chamber* as a *4th Sector* enterprise, we had a hypothesis that we could help leaders of other *4th Sector* enterprises gain the clarity and courage they needed to grow their social impact.

So, who are these people we thought we could help? What motivated them to become *4th Sector* entrepreneurs in the first place? Why didn't they choose a *sensible* way of life?

Over the years we have developed a sense of who they might

be. An instinct that the people who would be interested in what we had to offer had a view of the world that made them distinct from other leaders in the economy.

In the business sector, entrepreneurs operate in a world where money reigns supreme. In the public sector, leadership takes a long view in their aim (we hope) to make the world a better place. While charity leaders exist within a world of strict rules and conditions that limit risk.

The people we came across, however, exhibited a relationship with money that clashed with traditional commercial entrepreneurship; a restlessness that made them ill-suited to the public sector; and a willingness to embrace risk to achieve their aims that clashed with the charity sector.

Our sense was that they were, indeed, unique. But who better to ask than the people on the front line.

## Research

We had an idea that just as *4th Sector* enterprise demands its own sector of the economy, *4th Sector* entrepreneurs can and should be recognised as a very particular grouping – as individuals with a shared worldview but one that differs from leaders in business, the public sector and charity. Writing this book gave us the opportunity to begin to test this.

We interviewed a selection of people we admired in the sector and asked them three very simple questions:

1. Why did you choose to become a social entrepreneur?
2. What have been your three biggest challenges/frustrations?
3. What three pieces of advice would you give to someone considering going down the same path?

Their responses to the second two questions have helped inform the key principles we outline in the rest of the book. But it is the answers we received to the first question that have given us a clear context for our whole project. And while our research is by no means definitive, we are confident that it shows a pattern that would stand up to robust scrutiny.

Our conversations highlighted four characteristics shared by everyone in our sample group:

1. A commitment to social justice
2. A strong self-belief that it was possible to do things better
3. A strong desire to control their own destiny
4. A drive to make profit not for personal gain but for reinvestment in their social mission.

Here are some of their answers relating to each characteristic.

## **Commitment To Social Justice**

*A strong sense of commitment to social justice, in many cases focused on a specific beneficiary group.*

**June O’Sullivan (Chief Executive, London Early Years Foundation – provides quality childcare services in 37 nurseries across London)**

‘When I was working as a psychiatric nurse as a single parent I had a bad experience finding a nursery for my son given the hours I was working. It made me think that there must be a better way of enabling someone who wanted to work and become independent.’

**Kresse Wesling (Co-Founder *Elvis & Kresse* - crafting reclaimed materials into sustainable luxury lifestyle bags and accessories)**

‘There is no way I can ever repay what I owe to nature and its people.’

**Craig Dearden Phillips (Founder, *Social Club & Social Minds* – a unique business club for leaders who want to grow their impact and are ambitious about social change)**

‘It started as a response to a series of traumatic events in childhood and early adulthood, which meant I was attracted to working with people who were vulnerable as it made me feel useful and validated. Without these events I doubt I would have become a social entrepreneur.’

**Susan Aktemel (Founder, *Homes For Good* – social enterprise letting agency)**

‘My values were really shaped by my experiences between the ages of 16-21 where I was exposed to other cultures by travelling abroad. Especially important was 9 months I spent in

Germany while at University where I did a lot of research into the Nazis and spent time with a number of Holocaust survivors. This made me more receptive to justice and human kindness.'

**Rod Schwartz (Founder and CEO, *ClearlySo* - Europe's leading impact investment bank)**

'I didn't really decide at any one point. I just made many slight shifts towards it, driven by a sense of doing something meaningful and ultimately something that my children would be proud of.'

**Celia Hodson (Founder, *Hey Girls* - tackles period poverty in the UK)**

'Setting up a SE was very personal. Period poverty had great resonance as I had brought my kids up on benefits and found it really hard... and I had an overwhelming need to do something about it. I started teaching adults and I realized I really enjoyed being able to help change the way people felt about themselves'

**Andrew Preston (Founder, *Exchange Supplies* - supplies products, information and services to improve and prolong the lives of people who inject drugs)**

'I have a strong sense of social justice, I think starting from the experience of failing the 11+ exam and experiencing the social exclusion that *the secondary modern kids* had. And then following a re-assessment (because my parents were middle class and appealed the result) being told I had now passed and was going to grammar school. I knew intuitively that it was unjust and had only happened because my parents had different jobs to my friends who were destined for secondary modern school... I saw nursing and health care as political because inequality drives so many health problems. I moved into working with people who use drugs because they have one of the highest levels of morbidity, mortality and social exclusion of any group.'

**Rose Marley (CEO, *SharpFutures* – supports diverse young people into employment in the creative digital and tech sectors)**

‘Being brought up in Manchester, I always had a sense of civic history and duty. I had a lot of pride in being a Mancunian, with a sense that being brought up in the city I was expected to do something to contribute.’

**Niall McShannon (Founder and MD, *CCI Scotland* – empowers individuals to make a tangible contribution to their local communities)**

‘I was always passionate about social justice so got into social work after I realised the law was primarily about defending the system.’

**Lea Esterhuizen (Founder & *Wider* – gives tools to companies to engage directly with workers along their supply chain)**

‘As a white South African I grew up in the 1980s living in an environment full of social injustice, so the best defense for me was to focus on what I could do. I came to the conclusion that a sustainable society needed strong data – you need to know what’s needed and where - so I trained up as a data scientist. My subsequent career focused on designing systems to gather sensitive data from scared populations.’

**Jack Farmer (Co-Founder, *LettUs Grow* – designs aeroponic irrigation and control technology for indoor and vertical farms)**

‘I have had a love of nature and plants since I was five and even then all the news coverage was telling me that everything I cared about was dying.’

**Heidi Fisher (Founder, *Make An Impact* - supports organisations to become sustainable, grow, and report on the difference they make in society)**

‘It’s in my DNA. My parents and grandparents have always done something to help the community and society.’

**Jonathan Parsons (MD, *Chime* – provides NHS Audiology Services for NHS Devon)**

‘As a clinician with a passion for delivering what’s right for the service and our patients, I learnt very early the importance of fighting for my specialty and that if you are willing to accept a sub-optimal service, you get nowhere.’

**Sophi Tranchell (Group CEO, *Divine Chocolate* – first *Fairtrade* chocolate bar aimed at the mass market)**

‘I came from a family of social activists who were always campaigning and I was very involved in the anti-apartheid movement, which showed the power of the purse to effect change. My faith gave me a strong sense of social justice and that I should call things out, as well as introducing me to a number of very inspiring individuals.’

**Matt Stevenson Dodd (Founder, *Trust Impact Ltd* – builds trust through transparent impact journeys)**

‘I was adopted at seven days old and grew up in a happy, loving family. I have always been motivated by the fact that things could have been very different.’

**Lucy Marks (Former CEO, *Compass Wellbeing* – providing community health services to improve quality of life including talking therapies and school nursing)**

‘I had a passion and vision to focus on the quality of care delivered to local people and a passion to innovate and achieve this.’



**Matt Wilson (Founder and CEO, *Fuse Events* – delivers socially responsible, world changing events)**

‘Like many others, I’m sure, my choice was based on my experiences... I was lucky enough to travel around the world. Quite often I’d be staying in 5-star hotels but regardless of the destination, and even in developed countries, I’d only have to walk a few metres out of the hotel to witness real poverty, homelessness and crime borne out of desperation. The contrast between the experience that I was having, and that of many of the local people, was unbearable. Over time I realised the power of live events and how, bringing like-minded people together, we could fight problems like these together to make real, long-lasting positive change.’

**Lucy Findlay (Founder and MD, *Social Enterprise Mark* – international accreditation authority)**

‘My mother did a lot of volunteering through her church and instilled the same ethos in me to try and make the world a better place.’

**Kevin Davis (CEO, *Vine Trust Group* – engages in economic and social regeneration)**

‘I was born and bred in the Black Country and I’m committed to reforming the system so it is open to all people from all backgrounds in the area. I’m driven by spirit/faith, by wanting to make lives better for young people and increase social mobility.’

**Neil Woodbridge (CEO, *Thurrock Lifestyle Solutions CIC* – dedicated to empowering the disabled)**

‘I was brought up around the caring professions but in big institutions. I have always hated unfairness and I was also impacted by the fact that my second cousin, who had spina bifida, died at the age of eight.’

**Kathryn Uche (Former CEO, CAYSH providing specialist advise, support and accommodation for vulnerable young people and Director of CAYSH Enterprises CIC a Safeguarding Concierge service)**

‘I don’t like the commercial sector’s grip on delivering public services for shareholder profit and the voluntary sector’s limiting beliefs don’t best service those most in need either.’

**John Montague (Director *Big Issue Invest* – strives to dismantle poverty through creating opportunity for people in poverty)**

‘I worked in the PLC contracting world and was frustrated about society and how we treated people. Clients only cared about making money. My motivation is treating people properly and giving them an opportunity, not seeing them through a preconceived lens.’

**Vinay Nair (CEO and Co-founder, *Lightful* – a technology for good company building digital products and services for the social sector)**

‘The sense of social injustice drives me. A lot of this comes from my broader family. We have a strong matriarchal line. My grandmothers and grand-aunts were freedom fighters in Kerala and politicians fighting for social justice.’

**Poppy Jarman Founder *Mental Health First Aid England***

‘I was driven by discrimination right back to childhood. As an Asian woman who experienced both gender and race discrimination, I remember feeling that’s not right, I’m going to do something about it.’

**Alisha Fernandez Miranda CEO *IG Consulting* and Trustee *B Lab***

‘I also had a strong sense of justice - that things should just be fair.’

## **Doing Things Better**

*A strong self-belief that it was possible to do things better and that, no matter how difficult, they would figure out some way to make things happen.*

### **Andrew Preston**

'I was a harm reduction activist and there were things that needed doing. I decided that as no one else was going to do them, I should - because I could. The products we originally developed were technically illegal to distribute and the company was set up because we couldn't get anyone to supply the products that were needed to prevent drug related harm.'

### **Lucy Findlay**

'I came across a number of community-based regeneration schemes. I saw a particular scheme that had a more sustainable approach at a Welsh Mining community called Ystalyfera, where I met a very inspiring woman. She explained how to set up a Community Development Trust where the regeneration grant was used to invest in assets that created an income and carry on regenerating the community, compared to other projects where the grant was spent and then regeneration finished'

### **Niall McShannon**

'I felt that a person-centred, asset-based approach was the right way to help people.'

### **Kresse Wesling**

'In 2004, I started researching the UK waste situation at the *British Library*. We sent 100 million tonnes of waste to landfill in that year. I went to landfills specifically to get a better understanding of exactly what was ending up there, to see if there was anything I could do. That is when I saw my first fire-hose.'

**Brendan Martin (Founder and MD, *Buurtzorg* Britain and Ireland – provides holistic community care through self-managed teams)**

‘There is manifestly a crisis in home care services, job quality and resource use and I became convinced that our approach could contribute to the solution. I was convinced that small, self-organised neighbourhood teams – operating in flexible, holistic ways that cut out the management layers and inefficiencies that resulted from a command-and-control system – was the way to go. It would enable the front line to apply their vocational commitment, common sense and, to the extent they have it in home care, professional training.’

**Lea Esterhuizen**

‘Business can deliver sustainable impact and businesses, as clients, can also really scale positive impact – if you can harness the opportunities, listen well and engage your clients to help you continuously up your game.’

**Gillian Holdsworth (Founder, *SH:24* – provides free and confidential online sexual and reproductive health services 24 hours a day)**

‘I was brought up in a family where it was always a matter of questioning if something was the best way of doing things and of looking for the next challenge. So I have always been a person who looked for solutions rather than problems. Setting up outside of the process-driven nature of the *NHS* has been incredibly liberating.’

**Neil Woodbridge**

‘In 1996, I wanted to get experience working in local government, so applied to Thurrock. Over time I came to believe that we could do this better ourselves and so we developed a user-run approach, where we moved from people being passive recipients of care to active citizens in control.’

### **Rose Marley**

‘My mum, who was widowed at 31 and left to bring up three small kids, went on to get an *Open University* degree and had a very successful career. She always told us there was no such thing as *can't*.’

### **David Schluter (Founder, Fluid IT – offers tailored IT support)**

‘I was outraged to see charities being mis-sold IT solutions. I was then offered the opportunity by one of the charities I was supporting to re-train ex-offenders on the job and my faith compelled me to try.’

### **Gina Rowlands (MD, Bevan Healthcare – offers an integrated GP model of health and wellbeing within primary care for the homeless, asylum seekers and refugees)**

‘I believe that all nurses have the potential to be entrepreneurial and change the way services are delivered’

### **Jo Morrell**

‘I wanted other people to experience volunteering and community in the way that I have experienced. I wanted to share that feeling.’

### **Rod Schwartz**

‘I was the Chair of a large national charity which I found inefficient, bureaucratic, with poor governance and focused on its own existence rather than creating impact - so I quit. At the same time I became Chair of a company called *Just Giving*, which was making an impact by channelling money to charities (it raised over \$6 billion over time) and was disruptive. It reduced the cost of giving money to charity from 23% to 5%, and looked likely to be very successful as a business (investors made twenty times their money). So I thought I could use my skills to create a hundred businesses like it.’

**Ben Lane (Acumen Academy UK – seeks to change the way the world tackles poverty by investing in sustainable businesses, leaders and ideas)**

‘I was driven by an interest in the power of market forces to solve problems of poverty.’

### **Controlling Their Destiny**

*A strong desire to control their own destiny, often arising from a frustration with hierarchy and bureaucracy and the courage to take a risk to follow this through.*

#### **June O’Sullivan**

‘Working within the Local Authority limits you at every level.... they are so slow it does your head in.’

#### **Jack Farmer**

‘Business was also ideal for bringing people together behind a desire to do something positive as opposed to the charity/protest sectors which tend to be about opposition.’

#### **Susan Aktemel**

‘I rejected the idea of being a charity or a limited company as I wanted to be completely accountable for making the money I needed to survive.’

#### **Kresse Wesling**

‘I had nothing to lose so I decided to set up my own company ... I would rather fail at doing something spectacularly good than carry on in a job which was associated with all kinds of destructive processes ... I think that entrepreneurship is an interesting option for new arrivals. I didn’t know the business landscape in the UK or what kinds of companies might hire me. In a way it was easier to start something myself’

### **Lucy Marks**

‘When the opportunity to spin out came up, I already had that mindset - so it seemed obvious. In fact, it seemed riskier to me to stay within the system. I would have just got bored, because it would have been so difficult to create the changes that needed to be made. My view was if we screw up, at least it will be our own fault.’

### **Ben Rick (Founder and MD, SASC – funds organisations that support communities and improve people’s lives)**

‘I would never have considered myself to be an entrepreneur and it’s only recently that I’ve admitted it – begrudgingly. I was always comfortable being a cog in a big organisation. In fact, I liked it more than working in a smaller organisation. So, I was never desperate to set up my own business.

But I now realise that I enjoy running a small business, above all the ability to be guided by my own belief system.’

### **Gina Rowlands**

‘We were a small general practice with a unique cohort of patients. They are often described as *hard to reach*. We take the view, they are easy to ignore. The unwieldy bureaucratic system of the NHS re-enforced this view. It was incredibly frustrating and demoralising for the staff and patients.’

### **Nial McShannon**

‘I found it very frustrating to work in a system where outputs were imposed, with the best intentions, by the bureaucracy. I realised that the best way to go was to do it myself.’

### **Illana Taub (Co-Founder, SNACT – makes wholesome snacks to create more taste and less waste)**

‘I saw my role in making the world a better place as being in business and to this day can’t see an alternative route.’

**Tom Kay (Founder, *Finisterre* – designs functional and sustainable products for sea-lovers)**

‘I have always forged my own way.’

**Neil Woodbridge**

‘People in local government often describe me as a maverick.’

**Vinay Nair**

‘When I stepped across from a non-exec role to be CEO of *Lightful*, I was really attracted by the opportunity to shape something. I get energy from others and really enjoy team-building as well as having the chance to change things.’

**Dai Powell (CEO, HCT Group – provides bus services, social services transport, school buses, minibuses and more across the UK)**

‘I liked *having a go* and I thought this offered an exciting opportunity to do a lot more differently and better.’

**Profit for Reinvestment**

*A drive and enjoyment of making profit, not for personal gain but for reinvestment in their social mission.*

**Sophi Tranchell**

‘I was entrepreneurial from a young age and used to buy bread and bring a toaster to school to make toast to sell - but I was never interested in making money for money’s sake. I was much more interested in how it could be used for good.’



**Andrew Croft (CE, CAN – provides premises, finance and skills for the Third Sector)**

‘I had seen enough of *shareholder value* and came across the concept of social enterprise, which was an opportunity to run a business for the stakeholders, not the shareholders.’

**Rose Marley**

‘When I got pregnant with my first child I started to ask myself what kind of world was I bringing my child into and whether there was a better way to earn a living than running after celebrities in the music business.’

**Ben Rick**

‘I wanted to challenge the idea that wealth could only be created for one person at the expense of everyone else. Having worked for so long in a business where success was all about money I wanted to show that it was possible to make money in a fair way.’

**Jonathan Parsons**

‘Becoming a social enterprise gave us a certainty of budget and crucially the opportunity to reinvest our own money in making the service better for the patients.’

**Karen Lynch (CEO, *Belu Water* – supplies low carbon-footprint water to the hotel, restaurant and catering sector)**

‘My family would always say I was an entrepreneur. I think I had my first car-wash business at eight and I was always making things to sell. I wasn’t motivated by money though. I just like making people happy and from an early age really hated waste.’

**Neil Woodbridge**

‘My wife thinks I’m not earning enough but I think I’m paid too much.’

**Matt Stevenson Dodd**

‘I needed to do something that was entrepreneurial but never wanted just to make money for other people.’

**Lea Esterhuizen**

‘I worked in the international development space but didn’t want to rely on donor funding as donors can change their minds on funding priorities, which makes cash flow unreliable. I felt I had an obligation to address this and at the same time ensure we were not donor-reliant and could sustain our growth and impact over time.’

**Tom Kay**

‘From the beginning I wanted the brand to have a wider remit than just existing as a business; to stand for something and have a real purpose. We have always stood for three points of commitment - people, product and the environment - and I wanted to inspire people to have a relationship with the sea.’

**David Schluter**

‘I didn’t want to make rich people richer.’

## Summary

In this chapter we considered the uniqueness of the *4th Sector* entrepreneur.

We reflected on the difficulties they face in serving two masters – money and social impact.

We then presented a hypothesis of the key characteristics of these entrepreneurs, developed through our experience and then tested through a series of interviews we undertook with current leaders in the sector.

We summarised our conclusion by defining four key characteristics and illustrated them through direct quotes from our interviews:

1. An active commitment to social justice.
2. A strong self-belief that it was possible to do things better.
3. A strong desire to control their own destiny.
4. A drive to make profit not for personal gain but for reinvestment in their social mission.

The next section of the book considers how to lay the groundwork for addressing the challenges these create.

Thank you for downloading the first  
two chapters of this book.

We hope you enjoyed it!

Want to know more? Let's have a talk.

Whatever your goals are as a leader, Bubble Chamber's solutions can help you channel the good in your enterprise into good that profits everyone. This is our specialism.

Our approach is collaborative and tailored by understanding your needs as an individual. We will then supportively challenge you to achieve more.

We can also give you a complimentary copy of this book in full.

We look forward to making your acquaintance,

Ben Freedman

[benf@bubblechamber.net](mailto:benf@bubblechamber.net)

## About Ben Freedman and Craig Carey

Ben Freedman and Craig Carey set up *Bubble Chamber CIC* in 2014. Contact them at: [www.bubblechamber.net](http://www.bubblechamber.net) or *LinkedIn*.

The purpose of *Bubble Chamber* is to help leaders of *4th Sector Enterprises* gain the clarity and courage they need to grow their social impact.

Ben helped found two national charities, *Aspire*, the UK's leading *Spinal Injuries Charity* and *Breakthrough Breast Cancer*, now the UK's largest *Breast Cancer Charity* and was a founding participant member of *Pilotlight*. He is also the owner of the *Prince Charles Cinema* in Central London as well as *Singalonga Productions* that produces film and theatre events worldwide.



Craig has 20 plus years' experience working as a business coach, consultant, non-exec and advisor across a range of different sectors – charity, social enterprise, NGO, SME and finance (specialising in insolvency and business turnaround).



Craig has previously worked at *Social Enterprise UK* and *Pilotlight*. Craig has an MBA and a degree in Economics and is an accredited practitioner for *Strategy on a Page*, *Harrison Assessments* and *Talent Dynamics*.

<https://www.linkedin.com/in/craig-carey-5103b11a/>



## Praise for *4th Sector Entrepreneurship*

"Wow - what a book! It is so comprehensive. I see it as *the definitive guide to help and support the creation of a successful enterprise.*

**Raoul Pinnell**, *Chairman, Bromley Healthcare CIC*

"... a great resource for social entrepreneurs helping them to build more successful social enterprises more quickly to address the increasing social and environmental challenges we face today."

**Sophi Tranchell**, *Group CEO Divine Chocolate Ltd*

"... I really enjoyed the book. It provides a clear and logical framework of guidance for both new or more experienced leaders. If only I had it when we first spun out!"

**David Osborne**, *Managing Director Catalyst Choices CIC*

Readers will gain immense clarity on *Leadership, Strategy and Culture*. It unpacks seven *Clarity Principles* for sustainable social impact:

- Clarity of personal purpose and values
- Clarity of organisational purpose, vision and values
- Clarity of Market Position
- Clarity of Talent Strategy
- Clarity of Measurement
- Clarity of Execution
- Clarity of Communication



**Ben Freedman** and **Craig Carey** are co-founders of *Bubble Chamber CIC (UK)* that offers strategic coaching and consultancy to help *4th Sector* entrepreneurs and leaders grow their social impact world-wide.

