



**BREAK**

**THROUGH**

Scaling up social enterprise

“ I find it hard to rest when I know that there are great solutions to problems which are only available if you happen to be lucky enough to live close by to one of these inspired social projects. The solutions exist, society needs them and we've got to commit to making them more widely available. I hope Breakthrough can contribute to making them bigger and better.

ADELE BLAKEBROUGH,  
CO-FOUNDER OF CAN AND CHAIR OF  
BREAKTHROUGH

”

“ Social entrepreneurship is a model of capitalism we need to encourage - capitalism with a conscience. We want to unlock the potential of our social entrepreneurs to improve more lives. They need capital and they need practical support and I congratulate Breakthrough in their attempt to deliver both

NICK HURD MP  
SHADOW MINISTER FOR CHARITIES,  
SOCIAL ENTERPRISE AND VOLUNTEERING

”

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## SUPPORTING SOCIAL CHANGE

“ This is an exciting time for social investment and despite the challenging economic climate, I believe there are opportunities to be seized. More and more people are seeking out ethical products and services, investors want to know that their investments will not only reap a financial return but will also deliver social benefits. There is a change occurring in the way we do business and social investment is at the heart of that change.

”

ANGELA E SMITH, MP  
MINISTER FOR THE THIRD SECTOR

**BREAKTHROUGH IS DEDICATED TO HELPING SOCIAL ENTERPRISES MAXIMISE THEIR SOCIAL IMPACT BY SCALING UP.**

The programme was founded by Permira and CAN to offer a combination of financial investment and business support to established social enterprises so that they can overcome obstacles to growth. It is the combination of equity-like capital and mentoring from private equity and social sector professionals that differentiates Breakthrough.

Launched in 2005, the first €1 million Breakthrough fund invested in four social enterprises: Green-Works ([www.green-works.co.uk](http://www.green-works.co.uk)), an award-winning social enterprise dedicated to recycling office furniture and providing employment to vulnerable people; Law for All ([www.lawforall.org.uk](http://www.lawforall.org.uk)), which provides high quality and cost effective law services to clients of limited means; TimeBank ([www.timebank.org.uk](http://www.timebank.org.uk)) a national organisation matching volunteers with charities in their communities; and Training for Life ([www.trainingforlife-city.org](http://www.trainingforlife-city.org)) which offers training and work to long-term unemployed people. All four achieved significant growth in income and social impact over the two years of the fund's life.

Breakthrough II was launched in 2007 with €2 million of committed capital. To date, the fund has made four more investments in outstanding social enterprises: FareShare ([www.fareshare.org.uk](http://www.fareshare.org.uk)) which distributes surplus food to organisations feeding disadvantaged people; Speaking Up ([www.speakingup.org](http://www.speakingup.org)), a leading support organisation for people with disabilities, learning difficulties, and mental health problems; Teach First ([www.teachfirst.org.uk](http://www.teachfirst.org.uk)) which recruits and trains top graduates to teach in challenging secondary schools; and a follow-on investment in Law for All ([www.lawforall.org.uk](http://www.lawforall.org.uk)), to support expansion of their services through collaboration with the Citizens' Advice Bureau. Breakthrough II also benefitted from financial support from SVG Capital.

Further information is available from the Breakthrough website ([www.breakthroughfund.org.uk](http://www.breakthroughfund.org.uk))

## A VISION FOR SOCIAL CHANGE

### WE WERE DRIVEN BY A DESIRE TO CREATE A NEW FORM OF INVESTMENT IN THE THIRD SECTOR.



When we came together to found Breakthrough in June 2005, we were driven by a desire to create a new form of investment in the third sector; investment that is long-term, high impact and that takes advantage of the combined talents of the for-profit and social sectors.

Since then the Breakthrough portfolio organisations have helped thousands of people through their diverse and innovative activities. Breakthrough is proud to support their talent, experience and dedication.

It is the nature of our support that differentiates Breakthrough. The combination of significant financial investment and operational support from experienced private equity and social enterprise professionals has been invaluable to the organisations we've backed. Our long-term commitment has allowed them to think more strategically and plan for the future.

Results matter. The revenue of the Breakthrough social enterprises has risen by more than 20% a year since 2005, while their social impact has increased by nearly 30% p.a.

#### So what does the future hold for Breakthrough?

First and foremost, we are committed to providing more investment and support to encourage the growth and innovation of the portfolio. As the social enterprises expand and their infrastructures develop, we anticipate providing more specialised advice and services. Speaking Up is an early example of this, having begun to explore M&A opportunities with its peers with the support of Permira professionals who have extensive experience in executing complex acquisitions.

For CAN and Permira, it has been a privilege to be involved in Breakthrough. For CAN, witnessing close up the challenges and ambitions of the social enterprises continues to provide valuable insights that will inform how we develop our support services to the

### THE REVENUE OF THE BREAKTHROUGH SOCIAL ENTERPRISES HAS RISEN BY MORE THAN 20% A YEAR SINCE 2005, WHILE THEIR SOCIAL IMPACT HAS INCREASED BY NEARLY 30% P.A.



wider sector. For the Permira executives, it has been inspiring to apply their business experience within a different context and work alongside leading social entrepreneurs. We believe the access to high level skill, coupled with vital capital, will leave a significant legacy as the social enterprises realise their ambitions of scale and social impact.

We both believe that Breakthrough represents a new model that shows how commercial business experience and social enterprise skill can be combined to combat the challenges faced by our communities.

As social enterprise takes on an increasingly important role in society, we are committed to continuing our support.

*Damon M. Buffini*

Damon Buffini,  
Chairman of Permira

*Adele Blakebrough*

Adele Blakebrough,  
co-founder of CAN and Chair  
of the Breakthrough  
Advisory Panel

“ The social impact of the Breakthrough organisations grew by 29% between 2005 and 2007. ”

“ It is thrilling to be part of such a high quality team, like Teach First, with an impressive drive to carry out their mission of change. ”

MAX BIAGOSCH  
PERMIRA EXECUTIVE AND MENTOR TO TEACH FIRST

**BUSINESS FOR  
SOCIAL IMPACT**



## SOCIAL ENTERPRISE: BUSINESS SOLUTIONS TO SOCIAL PROBLEMS

### SOCIAL ENTERPRISES ARE BUSINESSES THAT TRADE FOR A SOCIAL PURPOSE.

The four years since Breakthrough's launch have been an exciting time for social enterprise. There has been tremendous growth in numbers and impact. Social enterprise has responded with innovative and cost effective solutions to the rising demand for support services addressing unemployment, debt, health care, the environment and education. The movement's concrete achievements have brought it into the mainstream political landscape – with all parties acknowledging its important and growing role in society.

Among the developments supporting and shaping the growth of social enterprise during the past four years, we highlight the following:

**The demand for greater innovation in public service delivery,** coupled with the tightening of the public purse, has placed great expectation on social enterprise. Politicians and policy makers refer to social enterprise as 'the preferred supplier' of public services.

**Funders and public service commissioners are placing increasing pressure on social enterprises to provide greater transparency around their long-term social impact and sustainability.** New initiatives in social impact measurement, such as Social Return on Investment (SROI), are fast becoming common reporting mechanisms for social enterprises.

**Attitudes to growth are changing,** with arguments that 'small and local is good' now often countered by social entrepreneurs advocating the benefits of replication – either alone or through inorganic routes such as mergers or franchising. There is also some evidence that mergers are becoming an accepted route to growth rather than a response to crisis.

**Earned income has become increasingly important to the broader social sector** – rising from 43% of charity revenue in 2001/2 to 51% in 2006/7 (Source: UK Civil Almanac 2009). This has been driven by a rise in the number of social enterprises, as well as the increasing desire among traditional charities to become more independent and flexible in the wake of decreasing levels of certainty around government funding and charitable donations.

**A new legal form has been established to foster further growth in social enterprise.** In September 2005, the UK Government launched the Community Interest Company (CIC), a new type of limited company designed specifically for businesses that operate principally for the benefit of the community rather than shareholders. Designed to provide a clear legal vehicle for social enterprise and raise public awareness, there are now over 3,000 CICs in the UK.

**The outlines of a capital market for social enterprise are developing** and attracting funds from private investors and philanthropists, foundations and government. A government risk capital fund has been launched, while consultation has begun on the establishment of a social investment bank and a social stock exchange. Other institutions facilitating the flow of information and capital, such as financial advisors, brokers and research houses dedicated to social enterprise, are also being established.

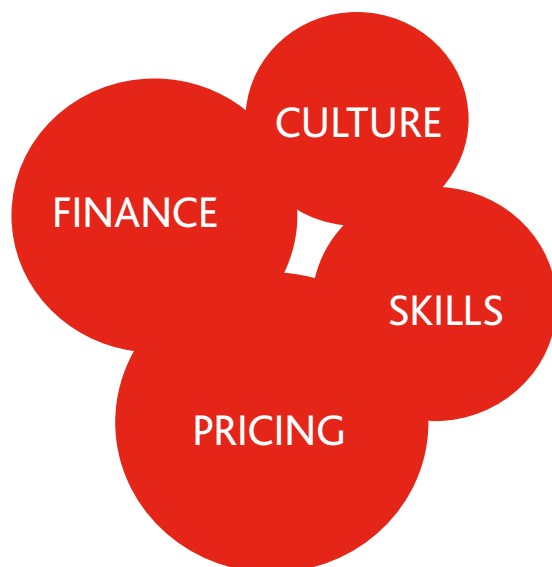
**Social sector banks have recorded unprecedented lending.** Whilst less affected by the recession compared to mainstream lenders, time will tell if ethical banks can maintain this trend and if the sector will have an appetite to borrow.

**Equity, hybrid equity and loans are a growing part of the funding base for social enterprise.** This is partly driven by a trend in philanthropy to give more effectively by "recycling" funds. Increasing interest from mainstream investors seeking a new asset class also has contributed.

The structural changes listed above, along with the immediate pressures of navigating a more complex and challenging environment in the current economic downturn, increase the demand for professional and commercial skills in the sector. As a result, we believe that high engagement funds like Breakthrough have a crucial role to play in the near and long-term development of social enterprise.

## THE GROWTH CHALLENGES

DURING BREAKTHROUGH I (2005 – 2007) WE IDENTIFIED FOUR SPECIFIC GROWTH CHALLENGES FOR SOCIAL ENTERPRISES. AS THE SOCIAL ENTERPRISES HAVE ACHIEVED THEIR AMBITIONS TO SCALE UP, OUR UNDERSTANDING AND APPROACH TO THESE CHALLENGES HAVE DEEPENED.



### Growth Culture

Whilst there remains, in some cases, resistance to scaling up (sometimes due to lack of confidence, risk aversion or caution from trustees), there is also greater evidence of a new desire for growth. Competition will become a driver for this, particularly for those social enterprises competing against the private sector and/or for public sector contracts. Competition will require greater collaboration among smaller organisations that don't want to miss out. For those organisations that have scaled up, maintaining values and culture, as well as quality of service and outcomes are vital.

### Access to Skilled Resources

Smaller social enterprises continue to struggle to recruit skilled staff. This difficulty is compounded by a common underestimation of the expertise required to grow. Larger social enterprises typically have skilled executives who specialise in areas such as finance, HR, sales and marketing. For these social enterprises, the challenge has shifted from funding and recruiting skilled managers to maximising the potential of those executives. Breakthrough has been particularly effective at assisting in this area.

### Pricing of Product or Service

Social enterprises regularly undervalue their product or service. This often reflects the imbalance in scale and skills between the social enterprise and their customer, as well as a values gap. Correct pricing will be a critical issue for sustainability and requires an investment in the analysis of delivery costs, value proposition to customers and cost and pricing position relative to competitors.

### Appropriate Finance

When Breakthrough launched, the range of funding instruments readily available to social enterprises was principally confined to grants and asset-backed loans. An entrepreneur's main challenge was to convince funders to back his or her organisation and vision. Four years later, the difficulty of deciding the optimal funding mix is added to the ongoing requirement to sell the story. Social enterprises need a greater awareness of what is available and most importantly, what is appropriate for their business.

# BREAKTHROUGH IN ACTION

## THE APPROACH

Breakthrough invests expertise and money into established social enterprises with the ambition of scaling up and maximising their social impact.

The high level of interaction between the social enterprise and the Breakthrough team is a critical part of the support. The mentoring, mobilising of business support and networking have proven as valuable as the capital – they help the social enterprises get to the heart of the issues holding back growth.

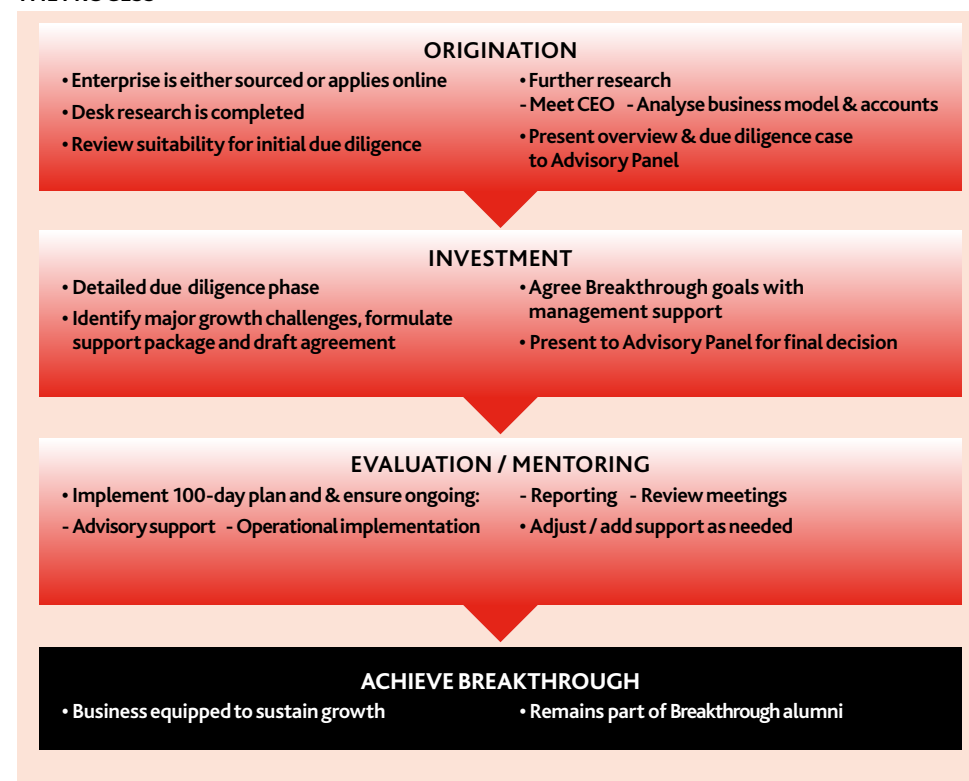
Breakthrough draws on the combined strength of its founders. CAN has a deep and practical understanding of the issues faced by growing social enterprises (it runs the successful social enterprise, CAN Mezzanine) and has been engaging corporates into the social enterprise sector for more than a decade. One of Permira's core competencies is to develop senior management and teams and help them deliver optimal results. They are able to apply some lessons from the commercial world in their work with the Breakthrough portfolio. The firm brings a 20-year record of supporting growth and transformation in the businesses they own.

Breakthrough does not provide start-up funding, but concentrates its efforts on supporting established social enterprises. Criteria for eligibility are:

- £500k minimum turnover
- Three years' minimum trading history
- Profitable, scalable business model
- Strong leadership and management who are ambitious to grow and willing to face challenges

This blend of providing a mix of capital and management support is what makes Breakthrough stand apart and, we believe, is the reason for its continuing appeal and success.

## THE PROCESS



The Breakthrough Advisory Panel provides strategic direction and advises and approves candidate organisations. They are supported by the Breakthrough team at CAN, which also mobilises external resources and monitors the performance of the portfolio social enterprises. The Panel includes:

Adele Blakebrough - Co-founder of CAN and Chair of the Breakthrough Advisory Panel

Damon Buffini – Chairman of Permira

Tim Curry – Senior Partner, Ernst & Young and CAN Trustee

Alan Hirzel – Partner, Bain and Co

“

Breakthrough's support of FareShare has been invaluable; the financial support helped us employ a specialist team that has taken the business forward to a position where it has the respect and support of government and the food industry. Equally, the specialist advice and mentoring support from Breakthrough has helped

develop a robust and radical business strategy which will aid FareShare in its next stage of its development. Without Breakthrough's support FareShare would have not have achieved the enormous social impact it has over the past two years.

”

TONY LOWE  
CEO OF FARESHARE

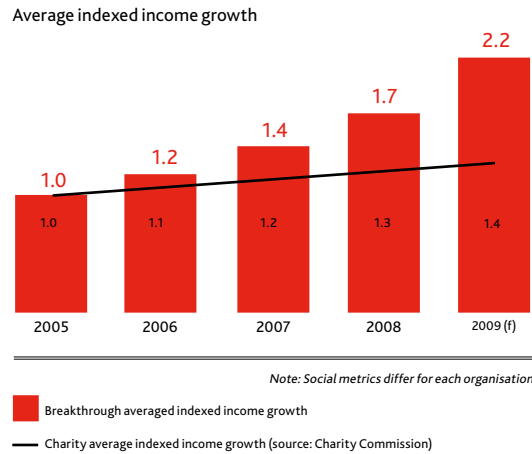
**BREAKTHROUGH |  
RESULTS**



## BREAKTHROUGH THE RESULTS

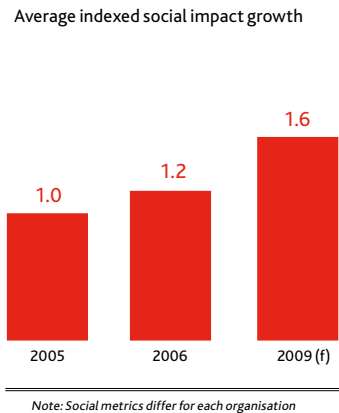
**BREAKTHROUGH SOCIAL ENTERPRISES IN THE PORTFOLIO HAVE CONTINUOUSLY ACHIEVED DOUBLE-DIGIT ANNUAL GROWTH IN BOTH THEIR FINANCIAL TURNOVER AND SOCIAL IMPACT.**

In 2005 – 2009, income of the Breakthrough organisations grew at an average annual rate of 22%, compared to an 8% average for all uk charities (source: uk civil almanac 2009).



**Critically during the same period, the social impact of the Breakthrough organisations grew by an even higher average rate of 29% per annum.**

**The average investment since 2005 is £142,406**



“ I applaud the Breakthrough social investment fund as a visionary innovation that will enable more social enterprises to flourish and improve the lives of countless people. ”

PHIL HOPE, MP  
MINISTER OF STATE, DEPARTMENT OF HEALTH

### VALUABLE LESSONS

- REAL SCALE DEMANDS A LONGER ENGAGEMENT PERIOD. When Breakthrough began, the average engagement period was intended to last two years. However this has proved an insufficient timescale to support the ambitions of national reach and financial sustainability for some of the portfolio enterprises. In response, Breakthrough has extended its support for the organisations beyond the original agreement – in some cases through additional funding, but in most cases with ongoing management support.

- THE EXPERIENCE ACROSS THE PORTFOLIO ILLUSTRATES THE IMPORTANCE OF PREPARATION FOR GROWTH. Without such critical preparation around infrastructure, personnel and systems, valuable management time will inevitably be consumed by reacting to growth, rather than directing it.

- GREATER TRANSPARENCY WILL BECOME STANDARD PRACTICE. With increased competition in some sector industries as well

as greater need for capital investment, social enterprises cannot underestimate the need for sound evidence of their social impact and financial strength. Such transparency, however, should not be at the expense of frontline activity or demand a diversion of already tight resources.

- CORPORATE SKILL AND INVOLVEMENT CAN HAVE A POWERFUL IMPACT ON SOCIAL ENTERPRISE when it is structured, focused and results orientated.

- THE FEEDBACK FROM THE PORTFOLIO SENIOR MANAGEMENT CONTINUES TO ACKNOWLEDGE THE POSITIVE IMPACT that business mentoring has had on their team and the growth of their business. Our original premise still remains true – that we can positively influence the social impact of social enterprises by deepening and adding to their business skills.

## CASE STUDY: SPEAKING UP



FOUNDED IN 1996, SPEAKING UP SUPPORTS AND EMPOWERS PEOPLE WITH LEARNING DIFFICULTIES, DISABILITIES AND MENTAL HEALTH PROBLEMS TO SPEAK UP FOR THEMSELVES. IT IS ONE OF THE LARGEST PROVIDERS OF ADVOCACY IN THE UK.

WWW.SPEAKINGUP.ORG

Speaking Up enables people who experience learning difficulties, mental health issues or other disabilities to find their voice and shape their own lives by creating positive choices for disabled people, helping organisations to understand their needs and representing their views or supporting them to speak up for themselves.

Speaking Up have a proven business model and have shown considerable growth over the last few years. In 2008/9 Speaking Up reached over 3,000 people through its advocacy services and over 5,500 people in total. Twenty per cent of Speaking Up staff are disabled or former users of its mental health services.

### Growth Challenges

As the organisation scales the organisational structure and communications become critical. Further challenges include the expansion of established regional operations, replication of services in new areas and building social impact measurement capabilities.

### Breakthrough Support

- £175k in unrestricted grant to be used for core capacity building including:
  - Social impact measurement capabilities
  - Recruitment of a new Director of Income
  - Regional operations management
  - Development of earned income capabilities within
  - Merger feasibility study

### Active Voices

- Management support from the Breakthrough team and specialist consultancy from Permira
- Networking from Breakthrough contacts

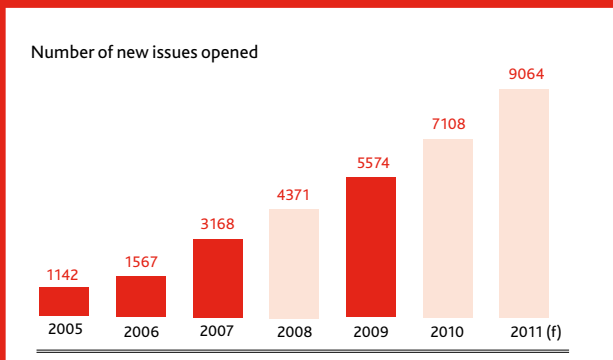
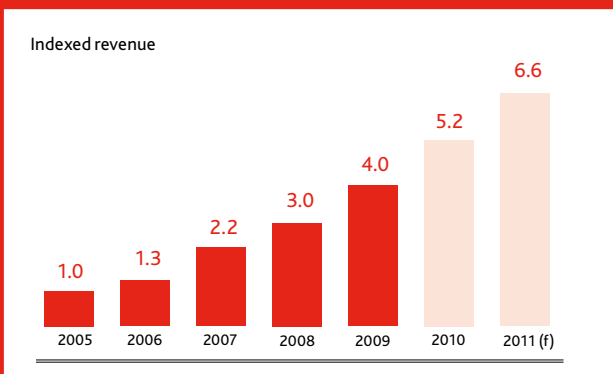
“ The investment will be used to build core capacity to support services expansion to the East Midlands, Yorkshire and Humberside and Eastern regions.

CRAIG DEARDEN-PHILIPS  
CHIEF EXECUTIVE AND FOUNDER OF SPEAKING UP



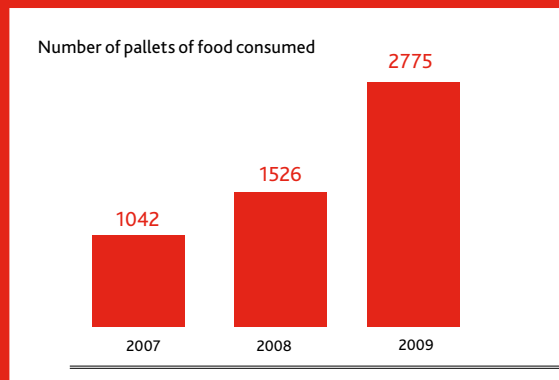
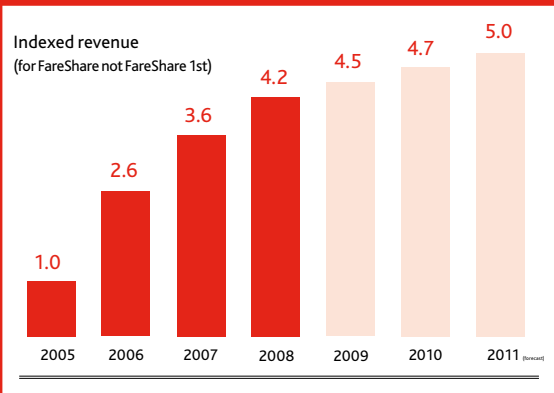
## THE RESULTS:

- Supported the recruitment of a new business development manager
- Reviewed strategic options and supported Speaking Up in proceeding with merger discussions
- Provided marketing and communications support on positioning and messaging



## THE RESULTS:

- Strengthening of cash flow management
- Increase in the number of customers served
- Increase in national awareness of consumption as a disposal alternative; and reduction in waste associated CO<sub>2</sub> release.



## CASE STUDY: FAIRSHARE



[WWW.FARESHARE.ORG.UK](http://WWW.FARESHARE.ORG.UK)

### FARESHARE RELIEVES FOOD POVERTY BY REDISTRIBUTING SURPLUS FOOD FROM THE FOOD INDUSTRY TO ORGANISATIONS WORKING WITH DISADVANTAGED PEOPLE

FareShare is a national UK charity supporting communities to relieve food poverty. By working with food producers and retailers to manage their surplus, FareShare is able to direct a proportion of this fit-for-purpose product to organisations working with disadvantaged people in the community. FareShare also provides warehouse employability training, and education around the essential life skills of food preparation and nutrition through its 'Eat Well Live Well' programme. The Charity is supported by FareShare 1st, a social enterprise set up in 2006 to manage the commercial offering around food disposal, and provide a more structured revenue stream to FareShare distribution centres.

FareShare has an incredible social impact record. Last year, FareShare helped businesses to reduce their CO<sub>2</sub> emissions by 14,000 tonnes and diverted 3,100 tonnes of quality food from landfill. This contributed to over 7.4 million meals, and every day 29,000 disadvantaged people benefit from the FareShare service. FareShare also provided 310 work and volunteer placements.

#### Pre-Breakthrough Growth Challenges

- Limited access to growth capital to build management team, and develop logistics management capability
- Necessity to provide a single-point-of contact to customers, and comprehensive disposal solution

#### Breakthrough Support

- £150,000 pounds during 2007-2008 to support growth plans
- Management support from the Breakthrough team and specialist consultancy from Permira
- Introductions to potential corporate clients



Breakthrough's support of FareShare has been invaluable; the financial support helped us employ a specialist team that has taken the business forward to a position where it has the respect and support of government and the food industry, and equally importantly, the specialist advice and mentoring support directed to us by Breakthrough has helped develop a robust and radical business strategy which will help FareShare in its next stage of its development.

TONY LOWE  
CEO OF FARESHARE



## CASE STUDY: TEACH FIRST



**TEACH FIRST'S MISSION IS TO ADDRESS EDUCATIONAL DISADVANTAGE BY TRANSFORMING EXCEPTIONAL GRADUATES INTO EFFECTIVE, INSPIRATIONAL TEACHERS AND LEADERS IN ALL FIELDS.**

[WWW.TEACHFIRST.ORG.UK](http://WWW.TEACHFIRST.ORG.UK)

Teach First was launched in July 2002 to encourage top graduates, who would not normally enter teaching, to teach for at least two years in challenging secondary schools in London, North West and the Midlands. With tailored leadership training developed with over 100 employers, Teach First aims to develop the leaders of the future.

Teach First has achieved incredible scale in its short history and its social impact has been far-reaching. The organisation is poised for significant growth over the next few years and has already placed nearly 1,500 graduates into in challenging secondary schools.

### Growth Challenges

In order to meet the demand for their services and their ambitious growth plans, Teach First needs to strengthen its operational platform. Maintaining their historic impact while achieving significant nationwide scale will also require both strategic input and funding for core managerial roles.

### Breakthrough Support

- £230,000 unrestricted grant funding towards the costs of hiring a Director of Operations, Financial Controller and other finance staff
- Designed and help implement an operations strategy oversight group of management and external advisers
- Providing support for the measurement of the social impact of various programmes



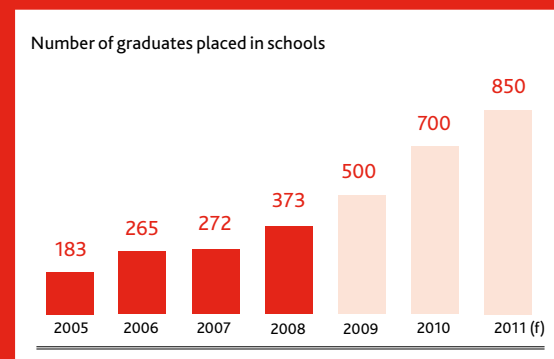
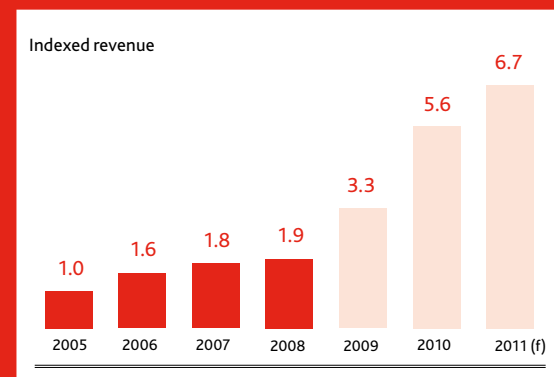
The relationship with Breakthrough will allow Teach First to manage our expansion and ensure our impact is sustained. Such managerial support and funding is invaluable to social enterprises like Teach First who want to unlock their potential and achieve significant scale.



**BRETT WIGDORTZ**  
CEO AND FOUNDER OF TEACH FIRST

## THE RESULTS:

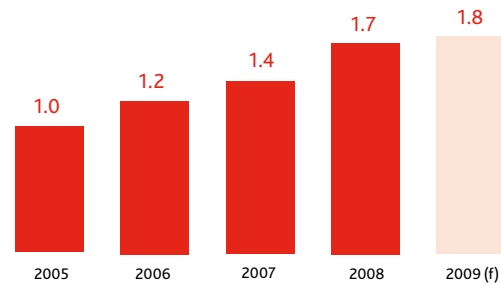
- Provided management and strategic support during the recruitment of a new Finance Director / COO
- Created a broad based operations support group to drive and manage the development of the organisational platform needed to support a more than doubling of graduate intake
  - Recruited mentors for five operational managers
  - Helped formalise process for managing organisational and operational development
- Social impact studies underway



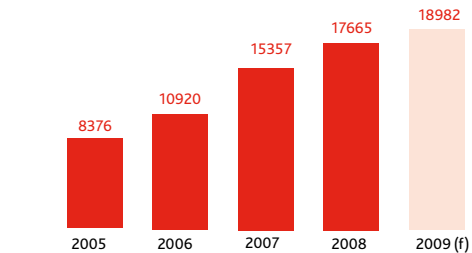
## THE RESULTS:

- A quality management system now in place
- Processes changed and improved as a result of Breakthrough advice
- A new LFA office in Cambridge is up and running on site in the CAB and the level of legal help provision is significantly exceeding expectations
- Have recently launched new operations supporting CAB work in Staffordshire and Northamptonshire

Indexed revenue



Number of people receiving legal advice



## CASE STUDY: LAW FOR ALL



[WWW.LAWFORALL.ORG.UK](http://WWW.LAWFORALL.ORG.UK)

### LAW FOR ALL PROVIDES HIGH QUALITY AND COST EFFECTIVE SOCIAL WELFARE LAW SERVICES TO CLIENTS OF LIMITED MEANS.

Law for All (LFA) delivers on contracts from the Legal Services Commission (LSC), advising on 12,000 social welfare legal cases per year. LFA is notable for its culture, operational efficiency and success at delivering legal aid in "unattractive" areas of law. It has established a robust operating model which has potential for national roll-out.

#### Growth Challenges:

- Limited access to growth capital to pay for recruitment and training of additional lawyers
- New quality requirements in LSC contracts
- Delays in securing LSC contracts to take advantage of an opportunity to provide legal services in Cambridge in conjunction with Citizens' Advice Bureau (CAB)

#### Breakthrough support (including early Breakthrough II support):

- Mentoring from Permira partner (former Clifford Chance partner)
- £171k to cover costs of providing legal services in Cambridge during 2007 in lieu of LSC contract
- Lobbying LSC regarding delays in awarding of contracts for legal services

“ We are very grateful for Breakthrough's support. We couldn't have expanded as we have without them. ”

ULLA BARLOW  
MANAGING DIRECTOR, LAW FOR ALL

### TIMEBANK



TIMEBANK IS A NATIONAL CHARITY FOUNDED IN 2000 WHICH TACKLES SOCIAL ISSUES BY FINDING WAYS FOR PEOPLE TO GIVE THEIR TIME THAT INSPIRES THEM AND MATCHES THEIR LIVES.

#### Growth Challenges

- TimeBank had a high level vision for where it wanted to be in 2010 but no specific action plan for achieving this
- As part of its aim to diversify its income stream, TimeBank wished to increase the number of corporate partnerships
- TimeBank did not have a clearly defined corporate product or pricing policy, limiting its ability to negotiate with potential corporate clients

#### Breakthrough Support

- £14k for an independent consultant to work with TimeBank to lay out a plan for achieving the 2010 vision
- Facilitation of opportunity for CEO to present to audience of CSR representatives at Impact conference in 2006

#### The Results

- Independent consultant helped TimeBank refine its vision for 2010 and identified key areas of organisational change required for realising this vision
- Raised awareness of TimeBank in private sector
- TimeBank now has a structured corporate pricing policy enabling the organisation to maximise its income generation from new product development

### GREEN-WORKS



GREEN-WORKS IS AN AWARD-WINNING SOCIAL ENTERPRISE RECYCLING OFFICE FURNITURE AND PROVIDING EMPLOYMENT.

#### Growth Challenges

- Incomplete finance team
- Launching new joinery project to remanufacture and sell on furniture
- Pressure on cash flow due to expansion of business

#### Breakthrough Support

- Retail specialist recruited to mentor CE
- £50k for first year salary of a Financial Director
- £35k for first year salary of a Project Manager for the joinery
- £15k towards marketing budget
- Initial financial advice provided by Permira executive

#### The Results

- Provided management and strategic support during the recruitment of a new Finance Director / COO
- Growth in turnover and greater business resilience to changing market
- Social impact studies underway

### TRAINING FOR LIFE



ESTABLISHED IN 1995 TRAINING FOR LIFE (TFL) IS A LEADING UK SOCIAL ENTERPRISE SUPPORTING LONG-TERM UNEMPLOYED PEOPLE TO RETURN TO WORK.

Training for Life is known for its high-quality support services and Prospect Centres, providing training and employment using a combination of Government training contracts, social enterprise profits and charitable income. It has supported more than 13,000 people moving into full-time education or employment.

#### Breakthrough Support in 2007

- £175 working capital reserve placed in a specially created bank account
- CEO mentoring from Permira executive
- Peer support for CEO from CEO of CAN
- Advice from Permira IT expert on upgrading of accounting system

#### The Results

- Organisational restructure has taken place, separating the business development team from operational management team to optimise management resources.
- The organisation has shifted its emphasis from vocational training to intensive practical training in the workplace through apprenticeships.
- 2008 saw the launch of two new Prospect Centres: the organisation's first outside London, in Dartmouth, with a social enterprise restaurant, the Dartmouth Apprentice, and onsite hostel accommodation for homeless people; and a large health and well-being social enterprise in Southwark, developed in partnership with the Downside Fisher Youth Club.
- Development plans are in place for three new centres in Barking and Dagenham, Shepherds Bush and Hammersmith and Fulham, including the organisation's first social enterprise training hotel.

“ The biggest lesson so far is not to be afraid to strip back to basics and uncover what we are really about.

”

MOIRA SWINBANK  
FORMER CEO TIMEBANK

“ As a result of Breakthrough support, our business is becoming more responsive, more professional and is planning its future from a stronger base.

”

COLIN CROOKS  
CEO GREEN-WORKS

**A PIONEERING  
PARTNERSHIP**



## THE POWER OF ENGAGEMENT

### THE BENEFITS OF PRIVATE SECTOR ENGAGEMENT IN SOCIAL ENTERPRISE – THE PERMIRA EXPERIENCE.

Much is said today about the need for corporate social responsibility (CSR) from private sector organisations. But far too often CSR efforts feel remote and unrelated to an organisation's day-to-day activities or indeed the organisation's skills, vision and values.

**Breakthrough** is about engaged giving. Funding is teamed with the principles and tools of venture capital investing. The combination delivers a considerable impact on the supported organisations, the Permira staff involved and on the firm as a whole.

By Permira partners committing to the **Breakthrough** initiative as a firm-wide objective, and supporting a cause intimately aligned with their passions and core skills, they have taken an action that speaks far louder of the firm's values than a thousand mission statements. Some 20% of the Permira staff in the London office have in some way contributed to the design or delivery of **Breakthrough**, allowing them to deploy their expertise as a driver for social change in the third sector.

An external evaluation of the employee benefits gained by Permira from taking part in **Breakthrough** found numerous positive impacts. The initiative reinforced the importance of Permira's values. It demonstrated the partners' desire and commitment to provide both funding and expertise to sectors of the community not touched by its 30-plus portfolio businesses. **Breakthrough** also helped to reinforce the social and economic value of its core private equity business model.

And lastly, it provided an important development opportunity for Permira's future leaders.



Every day at Permira, we are working to build stronger and more sustainable businesses. Being a successful business means much more than growing sales and making a profit, it means being genuinely embedded within local communities. Breakthrough's model of 'engaged giving' represents an excellent way for businesses, large and small, to give something back.

DAMON BUFFINI  
CHAIRMAN, PERMIRA



## PAUL ARMSTRONG PERMIRA EXECUTIVE

### A PERSONAL EXPERIENCE OF BREAKTHROUGH.

"I first got involved with Breakthrough while working on the due diligence of Speaking Up. Speaking Up is a charity which enables people who experience learning difficulties, mental health issues or other disabilities to find their voice and shape their own lives. My work during the due diligence was to make sure that they were a genuine social enterprise that we could work with. I also had to assess whether our financial contribution and mentoring would actually be able to affect real beneficial changes to the organisation. After examining Speaking Up and its business model at length I strongly believed that we could make a difference and I helped them secure £175,000 of funding from Breakthrough to develop their structure further.

When Breakthrough first invested in Speaking Up the key challenges were to help them secure more contracts with local authorities, improve their operational management and equip them with the right tools to measure success. We offered funding and mentoring to recruit new contract officers, improve the management of their spread-out regional centres and we also helped them put in place the right key performance metrics (KPIs) to analyse their success.

While we were doing all this, an opportunity came up to merge the business with another outstanding charity specialising in providing advocacy services. This would greatly accelerate the growth of the organisation and help it maximise its social impact by becoming the largest provider of advocacy services in England. This was a great opportunity but Craig Dearden-Phillips, the chief executive, and the rest of his team were feeling slightly daunted at the prospect of a merger having never actually gone through such a process before. I, along with my Permira colleague Jane Gilbert, was able to provide guidance and become a key focal point in the merger negotiations, spending time meeting the trustees of both organisations and keeping the costs and timing of the operation under control. *At the time of printing this booklet, the merger was well underway and is a key milestone in Speaking Up's development.*

Working with the Speaking Up team is immensely enjoyable and rewarding. It's a real partnership and I feel that I have learned so much from them. I now know what it is to run a small business with such a hugely important, and not always very sexy, social mission. I have become an indefatigable advocate for the organisation as I have had the chance to gain firsthand experience of the positive impact that Speaking Up services have on people's lives.

In my view the smallest thing that Breakthrough has done was to give £175,000. The time, energy and commitment that the team has put into supporting Speaking Up's expansion is what really matters. Working with them is an integral part of my week at Permira and it says a lot about our firm that we are encouraged to get involved by the most senior people at Permira."

## MAX BIAGOSCH PERMIRA EXECUTIVE

### A PERSONAL EXPERIENCE OF BREAKTHROUGH.



I was keen to get involved with Breakthrough and the opportunity arose when we started considering investing in Teach First. While doing the due diligence I was immediately struck by how good the business was and the quality of the overall management. They were an extremely well funded business and had just secured a £10m grant from the government. It seemed like they were already doing everything right and in fact one of the key issues for the Breakthrough team was to decide whether/how we would be able to add any value at all to that enterprise.

After discussions with the CEO, we realised that having grown so quickly and so successfully they had not had the time to manage the development of their operations as well as they would have liked. They needed support to recruit a high quality COO to develop the operations strategy and put in place the infrastructure needed to handle future growth. This is where we could help. We assisted them in recruiting the right COO and also were able to provide a network of operations professionals to advise on their needs relating to adding office space, new hardware, and personnel. Other Permira colleagues were drafted in to lend their expertise in IT, operations and finance. We also held a strategy day to discuss the next steps for the business which led us to the conclusion that they needed to create a risk management function.

I find the business extremely inspiring as I believe they have a real win-win business model. The service they are providing is great for the children that are being taught, great for the teachers, for the schools and the many businesses that lend their support to the initiative along the way. I also believe that they are creating real macro change which will become very evident over time. Drafting some of the brightest students to teach underprivileged children creates many advocates for the need to reform the education system in Britain. These graduates are likely to be in position of influence and more likely to take up that cause later on in their life.

I spend a lot of time with Teach First and have regular weekly contacts with them. I regard the mentoring as a full part of my job and enjoy it enormously. Having had teaching experience in South America myself when I was younger I do relate personally to their mission but beyond that it is thrilling to be part of such a high quality team with an impressive drive to carry out their mission of change.

## FOUNDING PARTNERS



CAN's vision is of a social economy buoyed by a thriving social enterprise market. Our mission is to help social entrepreneurs achieve it. CAN provides business support, experience from peers and office space (CAN Mezzanine). CAN Invest and CAN Engage deploy a range of business support into social enterprises and include the pioneering Breakthrough programme. We work with the corporate and finance sectors to lever capital funds and strategic growth support into leading social enterprises.

CAN Mezzanine provides high-quality shared office accommodation for social enterprises and charities in prime locations. To date we house over 120 social enterprises and charities. CAN Mezzanine is an award-winning, self sustaining social enterprise providing space, services and products to support the third sector.

For further information visit [www.can-online.org.uk](http://www.can-online.org.uk)



Permira is a European private equity firm with a global reach. Our funds, raised from pension funds and other institutions, make long-term investments in companies with the ambition of transforming their performance and driving sustainable growth. Our professionals work with management teams to help them build better businesses, to create value and deliver strong and consistent returns to our investors.

Permira was founded in 1985 and has made over 190 private equity investments. We raised our first pan-European fund in 1997, investing out of four offices in Frankfurt, London, Milan and Paris. Since then we have continued to grow steadily and today are present on three continents. We have an international team of investment professionals with a wide range of backgrounds and experiences. Today, the firm's teams advise funds with a total committed capital of approximately €20billion (US\$28 billion).

For further information visit [www.permira.com](http://www.permira.com)



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Breakthrough funding made a big difference to our business. Support with working capital reserves is scarce today. But the opportunity to work with individuals with the level of expertise that Permira have is just as valuable.

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GORDON D'SILVA  
CHIEF EXECUTIVE TRAINING FOR LIFE

**NOTES**

**NOTES**



**THROUGH**

Scaling up social enterprise

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[www.breakthroughfund.org.uk](http://www.breakthroughfund.org.uk)