

Stakeholders

When setting up a social enterprise you will need to ask, “who are the stakeholders and how will they be involved in the running of the social enterprise?”. The answer will help you to decide what structure to adopt and the specific content of governing documents that lay out how the enterprise will run.

What are stakeholders?

Stakeholders are individuals, groups or organisations who will have an interest in the enterprise. Stakeholders could have an interest through being potential owners, members, directors, employees, beneficiaries, users, customers, donors, financiers or suppliers or a combination of these.

You will need to assess how different people and organisations will relate to the enterprise, how they will be involved in decision making, what they will contribute, what responsibility they will have and the benefits that they will receive. For instance, a self-help approach will see members running the enterprise mainly for their own benefit whereas a philanthropic approach will see one group running the enterprise mainly for the benefit of another group (the beneficiaries). Once you have thought through these questions you will be better able to choose a structure for your enterprise, see sheets 6 and 7.

Some forms of stakeholder involvement

Formal members

These members have rights written into the constitution. They can attend and vote at an annual general meeting (AGM) and elect the governing body. The constitution may establish specific membership criteria or broad criteria such as all people supporting and agreeing with the objects over a certain age (generally 16 for companies or IPSs and over 18 for charities). Advice should be sought on restrictive criteria to ensure no unlawful discrimination.

Associate membership - These have no formal voting rights but can be involved in many ways in the enterprise

‘Ex officio’ - An automatic appointment to a governing body due the individual holding a particular office

Advisory group and committee members -

These may or may not be formal members but are engaged to offer advice that does not bind the official decisions of the enterprise (advisory groups) or be delegated the role of discussing issues or following up activity by the governing body (committees).

Stakeholder analysis

The following questions should assist you in thinking through who your stakeholders will be and how they will relate to each other.

Beneficiaries

- Who are the intended primary beneficiaries of the enterprise? Define them in some detail including types of people, geographical location and so on
- Who are any secondary beneficiaries?
- What benefits will they receive, such as services or social benefits?
- Has a need for these benefits been expressed and how important will the benefits be to them?
- Who will have the right to benefit from the sale of assets if the enterprise is wound up?
- Who may receive surplus profits or benefit from any surplus profit indirectly?

Customers

- Who will the customers (anyone who pays for your goods or services) be?
- Will they be members as well or if not will they be encouraged to have any involvement in the enterprise?

Membership

- Who are the intended owners or members of the enterprise?
- Who will be eligible for membership and how will you define eligibility?
- What is the maximum number of members that you want to start with? (Some organisations may grow quite large eventually)
- What benefits will members gain?

Employees and volunteers

- If you require them, who will employees and volunteers be?
- Will they be members as well?
- What policies and strategies will you adopt to encourage loyal, happy, committed staff who deliver excellent service to the customer?

Finance

- Who will provide funding?
- Who will invest?
- Will members be willing to buy shares and if so how much will they pay and will there be a maximum number of shares? Will there be a restriction on the transfer of shares?
- How will you ensure that funders or financiers are servants and not masters of the enterprise?

Leadership and accountability

- Who will start the enterprise and who will lead it in the future?
- What will the relationship be between members, the board and management?
- How will directors be chosen? Will directors need to be members?
- Who will be responsible for meeting the enterprise's objectives and to whom will the enterprise be accountable?
- How will the leaders of the enterprise be held to account?

Support

- Who will support the enterprise externally or as partners, such as local councillors or partner organisations?

For each stakeholder think about

- What they want from the enterprise
- What they will be able and willing to do for the enterprise
- Are there any conflicting interests?
- What is the relationship between the different groups?
- What possible risks are there with each stakeholder group?

All information was correct at the time of going to print and consequently Enterprise Solutions Northamptonshire cannot be held accountable for any losses sustained from the use of this pack.

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