



Event Summary: Mergers & Acquisitions Workshop at Voice10, Cardiff

Workshop Session – Mergers & Aquisitions	Workshop Format	Latest news	With thanks to speakers
<p>Title Should Mergers and Acquisitions (M&A) be in the culture of social enterprise?</p> <p>In the emerging social enterprise sector, maximising social impact through growth has been an increasingly prominent topic for discussions on the future of the movement. Yet in terms of <i>inorganic</i> routes to growth, social enterprise leaders are anecdotally cautious - for fear of mission drift; dilution of values; or inability to respond quickly and creatively to local needs.</p> <p>This session explores: What social enterprise can learn about inorganic routes to growth from commercial business; what the commonalities and the differences are between the two sectors; and what the benefits and pitfalls are for social enterprise leaders considering this route.</p>	<p>Format: Panel presentations followed by a Q&A session.</p> <p>Key questions/ areas explored: Experiences of mergers and acquisitions from guest organisations:</p> <ul style="list-style-type: none"> • What have been the benefits? • What have been the challenges and how have these been overcome? • Possible recommendations and general advice. 	<p>The next issue of the Social Enterprise Business Support Programme newsletter will be published in May Sign-up here.</p> <p>Included in the next issue will be a case study on how the Social Enterprise Coalition and RISE formed a Joint Venture to manage and develop the Social Enterprise Mark...</p> <p>More news on the Coalition's Social Franchising project to follow in the coming months...</p>	<p>Denise Holle (Chair) Ex-Social Investment Director CAN (Breakthrough Fund) http://www.can-online.org.uk/</p> <p>Dai Powell Chief Executive HCT Group http://www.hctgroup.org/</p> <p>Fay Selvan Chief Executive Big Life Group http://www.thebiglifegroup.com/the-big-life-group/</p> <p>Craig Dearden-Phillips Founder and Chair of Speaking Up http://www.speakingup.org/index.php/home/</p> <p>For information on SEC's Business Support Programme, please contact:</p> <p>Craig Carey Projects Manager craig.carey@socialenterprise.org.uk www.socialenterprise.org.uk</p>

Tips, areas to consider and comments from the speakers' presentations

Denise Holle: CAN	
	
Introductory points and comments as Chair	
<p>A survey conducted with 70 social enterprises in November 2009 showed that 69% of respondents favoured more mergers in the sector.</p> <p>If this is the case why are there not more M&As in the third sector?</p> <p>Potential barriers (in order of responses):</p> <ul style="list-style-type: none"> • Too little experience • Too attached to individual SE/charity • Fear of losing clarity of mission • Too difficult to quantify/deliver synergies • Fear on staff retention/motivation • Too much extensive risk 	<p>*full survey available at www.breakthroughfund.org.uk</p>

Fay Selvan: Big Life Group		
		
Why M&A?	Challenges	Lessons
<p>Had grown the business through an acquisition of a organisation of a similar size to create brand value (The Big Issue in the North).</p> <p>Entered into another smaller acquisition as wanted to break into an emerging market (primary care).</p>	<p>Due diligence – it was initially hard to find accountants and lawyers who really knew how to do due diligence , specifically in the SE sector.</p> <p>The loss of senior management continuity in the process (also impacted by changing commissioners).</p> <p>Counter cultural – Lots of initial criticism from partner agencies for trying to expand.</p>	<p>Whilst it is difficult at the start, what is wrong with world domination? If we really believe in what we have to offer, then why shouldn't we try to expand it?</p> <p>Be really upfront at the beginning of an acquisition about what the parameters are.</p> <p>Never pretend that an acquisition is a merger - be clear about who is going to be in control and what culture will dominate from the start. People who don't like it will leave anyway - it's just more painful if they have to take time to realise they don't like what you are doing with the business.</p>

Craig Dearden-Phillips: Speaking-Up



Benefits and Challenges	Will the merger fly?	Advice and thoughts
<p>Benefits</p> <ul style="list-style-type: none"> We now understand our organisation and markets better We are poised to hopefully amplify our social mission <p>Challenges</p> <ul style="list-style-type: none"> Distraction and stress Costs in both money and time Big investment before decision High risk– big stakes Key question: who gets to be CEO? 	<p>Affecting factors?</p> <ul style="list-style-type: none"> Success of new CEO, senior team and board The market holding up Successful rebranding/repositioning Integration going well culturally Cost and revenue synergies being realised Successful move into new space commercially 	<p>Before you even get a study done, answer the following questions:</p> <ul style="list-style-type: none"> Does 1+1 = 3? Really? Is this worth giving up a year to do? Does a merger address the other organisation’s problems? A merger will cost tens of £000s – can you find more in savings? Are you prepared to work much harder than usual for a while? How will your staff and customers react to a merger? <p>Mergers can be counter-cultural :</p> <ul style="list-style-type: none"> Lack of commercial incentives bring ego and identity issues to the fore Mission-driven organisations <i>should</i> merge where the mission benefits can be demonstrated. Make sure that those unfortunately facing redundancy get properly looked after Merge BEFORE you hit a crisis <p>Approach a merger as you would a marriage – with consideration, care for feelings and a lot of patience!</p>

Dai Powell: HCT Group



Why Merge? The HCT Group Story	Surprises	Three Key Questions
<ul style="list-style-type: none"> We have merged at the request of other organisations We have merged when there was a market logic; when scale was important to do good We have merged when a joint venture or partnership would help us enter new areas 	<ul style="list-style-type: none"> Cultural fit of the organisations Who owns the mission & vision Due diligence process Length of time involved to complete 	<p>Some difficult questions to answer:</p> <ul style="list-style-type: none"> Are you doing all you can to maximise the social impact that is the mission of your organisation? Do you have enough independent voices of calibre on your board to hold the organisation and its CEO to account? Are you and your board honest in your assessment of the organisation and its potential?

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