



power to
change

CAN THE TRADE UP PROGRAMME MAKE COMMUNITY BUSINESSES MORE RESILIENT?

A summative evaluation report

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COMMUNITY
FUND

Can the Trade Up programme make community businesses more resilient?

ABOUT POWER TO CHANGE

Power to Change is the independent trust that supports community businesses in England.

Community businesses are locally rooted, community-led, trade for community benefit and make life better for local people. The sector owns assets worth £870m and comprises 11,300 community businesses across England who employ more than 37,000 people. (Source: Community Business Market 2020).

From pubs to libraries; shops to bakeries; swimming pools to solar farms; community businesses are creating great products and services, providing employment and training and transforming lives. Power to Change received an original endowment from the National Lottery Community Fund in 2015.

ABOUT RENAISSI

We're passionate about creating the conditions for strong, inclusive communities to thrive.

We're constantly learning from the different perspectives we see working directly with communities, with the providers of services and the investors in communities. It gives us a unique perspective on how systems work and how to improve places equitably.

The combination of our research and evaluation consultancy with employment & advice programme delivery, makes Renaisi a uniquely well-rounded learning partner for the voluntary and community sector.



Can the Trade Up programme make community businesses more resilient?

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1. INTRODUCTION



'More impactful and resilient community businesses' is one of Power to Change's three strategic priorities for 2021-2025. This will involve supporting community businesses' recovery post-Covid and equipping them for the future. As explained in the Power to Change 2021-2025 strategy, community businesses 'need to continually evolve and improve [...] to make their businesses more resilient', for instance by '[evolving] their business models, [refining] their leadership skills, and further [developing] how they use digital systems'.

In this paper, we explore whether the Trade Up (TU) programme – designed to support the growth of community businesses and being delivered between May 2017 to March 2022 – made community businesses more resilient.¹

In line with Power to Change's strategy, we define resilience in this context as a community business's ability to weather different challenges and thrive in the long run. Characteristics of resilient community businesses include: (i) good financial health – which might include having reliable cashflows, diverse income streams and adequate reserves; (ii) solid foundations with clear organisational objectives, strong contingency planning procedures and low staff turnover; and (iii) certain core skills and attitudes exhibited by their leaders and staff (e.g., grit, agility, optimism, etc.) that are less tangible but equally important.

¹ Whilst Renaisi's original two-year evaluation aimed to assess the impact of the Trade Up programme more broadly, findings have been reviewed to understand how the programme could support Power to Change's new strategy.

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1.1 Key findings

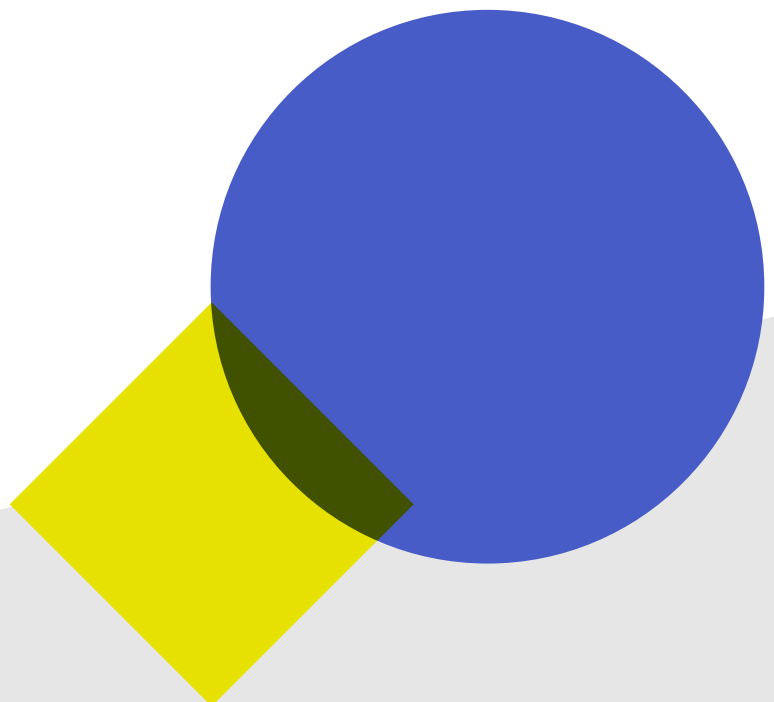
Findings from the Renaisi evaluation from April 2019 to August 2021 show that:

- **Trade Up makes community business leaders more resilient**, which can contribute to organisational resilience by refocusing the direction of their organisation, developing networks, and increasing their knowledge and confidence.
- **Embedding learning into their organisation can however prove difficult** for community business leaders due to time constraints, low wellbeing or high staff turnover, among other challenges.
- **While Trade Up fosters community businesses' financial growth, some community businesses still struggle** to increase their revenue, continue to rely on grant funding and struggle to get the necessary buy-in from external stakeholders.
- **More support is needed** to make them resilient in the long-term.

1.2 Recommendations

This leads to the following recommendations to Power to Change and other funders:

- Using their voice and reach to **influence the wider sector** and secure buy-in from external stakeholders.
- **Sustaining community business networks** to encourage continuous collaboration.
- Offering **flexible funding opportunities** that meet differing business needs.
- **Supporting community business leaders and their wider organisation** to benefit from the Trade Up programme.
- **Creating clear pathways** for community businesses to allow them to access the right support at different stages in their life cycles.



2. THE TRADE UP PROGRAMME

The Community Business Trade Up Programme (referred to as 'Trade Up' in this report), funded by Power to Change, and delivered by the School for Social Entrepreneurs (SSE), supports the growth of community businesses with a focus on increasing their sales and income from trading. The businesses targeted by this programme are either early-stage businesses planning to increase trading, or established businesses who are making significant changes to their business plan to refocus on trading or develop a new / additional trading income stream.

Businesses on Trade Up are provided with the following support:

- Action learning programme over a nine-month period, which includes eight one-day study sessions in groups of ten community businesses, and four action-learning sets. This learning programme was delivered by Learning Managers from SSE.
- A small group of grantees received a traditional grant of £10,000 (and acted as a control group). The remaining received a matched trading grant between £2,000 and £10,000 depending on their trading income growth.
- Access to a support network of other community businesses.

The aim of the learning programme is to help community businesses build their confidence, knowledge, and networks, with the matched grant incentivising participants to grow their earned income. Through this approach, it is hoped that community businesses become more innovative and adaptable as well as more financially sustainable.

In theory, meeting these outcomes will strengthen community businesses' resilience, preparing them to sustain their activity even when faced with new challenges and achieve lasting change. Based on the findings from our evaluation of the Trade Up programme, we illustrate below how this has been achieved in practice, and what else might be needed to effectively use Trade Up to boost the resilience of the community business sector.

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THE AIM OF THE LEARNING PROGRAMME IS TO HELP COMMUNITY BUSINESSES BUILD THEIR CONFIDENCE, KNOWLEDGE, AND NETWORKS, WITH THE MATCHED GRANT INCENTIVISING PARTICIPANTS TO GROW THEIR EARNED INCOME.

3.

KEY EVALUATION TAKEAWAYS



3.1 Trade Up makes community business leaders more resilient, which can contribute to organisational resilience

3.1.1 Trade Up makes community business leaders more resilient

Community businesses who took part in the Trade Up programme nominated an individual, or two individuals, from their organisation to attend the action learning programme, its activities being designed to allow these leaders to develop a set of core attitudes, skills, and knowledge. Research found that these learning sessions particularly helped community business leaders refocus the direction of their organisation, think strategically, develop networks and exchange ideas with others in their local area, as well as increase their own knowledge and confidence. As explained below, these benefits are likely to make them more resilient business leaders which in turn can contribute to the durability of their organisation.

Refocusing on mission

Taking part in the Trade Up learning programme helped community businesses to think about the why of their organisation. Community businesses developed purposeful mission statements and values for their organisation, which could help them with business planning or understanding the social impact or value of their businesses to their community.



Last week was about your mission, value and purpose. [The session] came at a really good time because we need to redo our business plan. [It] means we can look at it again and use some of the learning. [The learning programme] focusses you to do particular things and tasks.

Trade Up Participant

As evidenced by community businesses' resilience during the COVID-19 pandemic, being clear on your mission and how it relates to the needs of your community can allow you to respond effectively when a crisis strikes. By understanding your responsibility and being clear on how you can fulfil it can provide much needed direction when circumstances change. In addition, ensuring your mission and values are understood and shared across your community business also fosters shared ownership and a common sense of purpose required to manage organisational change successfully.



We were having weekly team meetings [...] with our staff members [...]. It was about our social impact goals. [...] I think a lot of it allowed us to really focus on our social mission a bit more because we were able to say, this is where we are, these are the reasons why we're doing this. This is what we want to do and where we want to grow to. These are the different aspects of growth. How successful are we in building that and how focused are we in terms of reaching those goals? So, I think it was quite helpful in allowing the organisation to grow.

Trade Up Participant

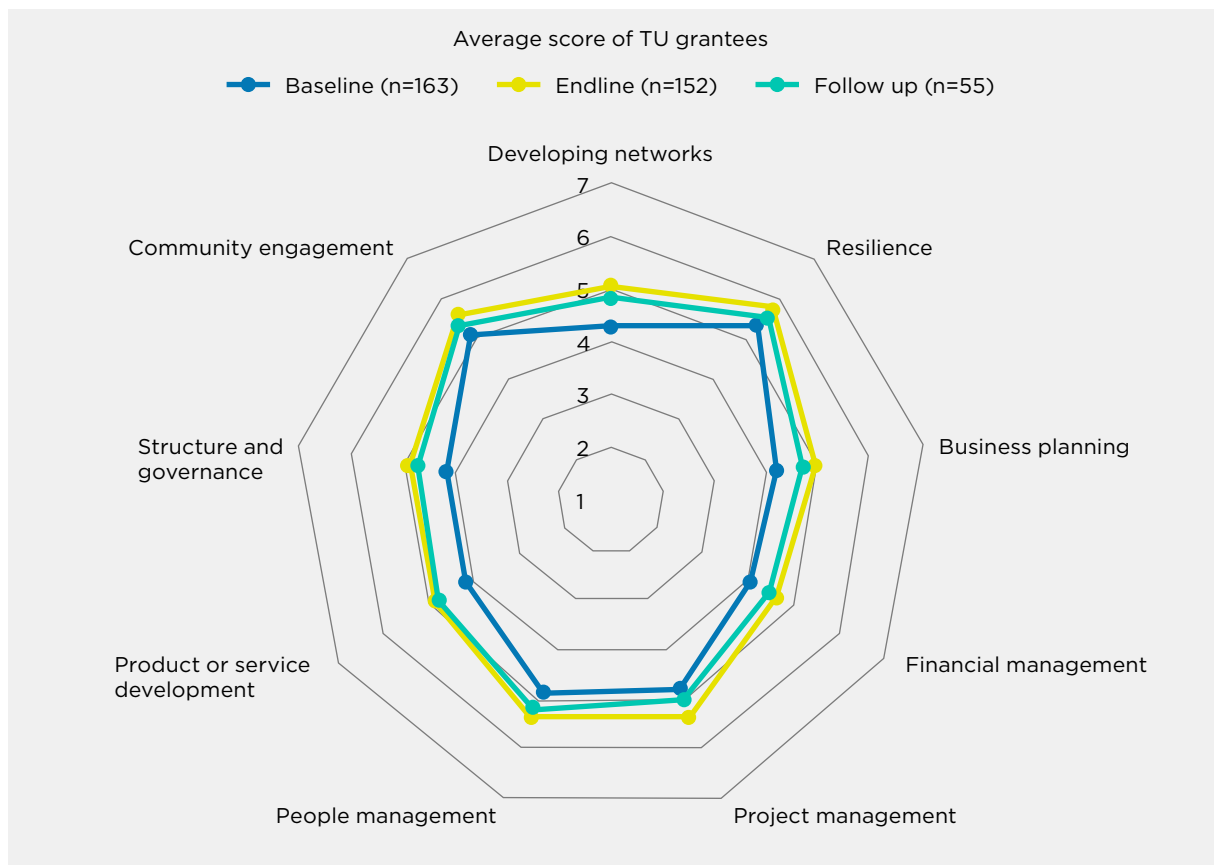
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Space for strategic planning and organisational development

The Trade Up learning programme also helped community businesses reprioritise the future direction of the organisation by giving them the space to focus on strategic planning and helping them to put processes in place to support future growth. As measured through a pre and post survey², Trade Up participants saw the largest improvement in their business planning, product or service development, and structure and governance (an increase of 0.7 for each area).

Improvements in survey scores were echoed by community business during interviews; they indicated that the learning programme gave them the tools and knowledge to develop in these areas. Community businesses noted that because of the support they received from Trade Up, they could put time aside to implement strategic changes within their organisation. The combination of the learning programme and grant supported community businesses to prioritise organisational development, rather than simply focusing on day-to-day operational responsibilities. These strategic developments continue even after completion of the programme.

Figure 1: Average score of TU grantees (n=163) in years 2 and 3 of the programme. Follow up includes scores from year 2 grantees only. Scoring system:1=not at all skilled, 7=highly skilled



2 The star diagrams for TU are drawn from the baseline, endline, and follow up surveys completed by the individual taking part in the programme. The surveys cover three main areas: networks & networking, emotional resourcefulness, and business skills and entrepreneurialism. Community businesses are asked to self-report on how skilled they are on each indicator.

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Because of the support I received from Trade Up, I was able to look at the business model and a lot of what came out of it was being able to sit with the staff and directors and do some planning. We found time to do that to make sure we were going in the right direction and obviously the money supported that as well... So, it helped us re-evaluate, refocus and prioritise where we would like to go.

Trade Up Participant

By supporting community business leaders to further develop their organisation and think strategically about how they can achieve their mission, Trade Up has allowed them to create an environment in which the impact of external shocks can be more easily managed. It strengthens the foundation of their organisation, thus better preparing them for the future. It also teaches the importance of taking the time to evaluate one's options and making strategic, cohesive decisions rather than acting rashly or failing to respond at all.

Developing networks for practical and emotional support

Trade Up brings community businesses of different sizes, sectors and ages together in regional 'schools', allowing participants to meet like-minded organisations in their local area and understand how they work. This brought three main benefits:

- Community business leaders were able to learn from peer organisations that had more experience in certain areas;
- They were inspired by their peers to try out new ideas; and
- They were able to address some of the challenges they faced by drawing on the range of skills, experience and expertise in the cohort.



I'm a big believer that, you know, bringing one of the very clear benefits of learning about different topics and speaking to experts, and various things like that. But also, the collaboration that can happen and the learned experiences by different organisations working together, all with the aim of trying to maximise and improve their trading income, I thought was a really, really valuable opportunity.

Trade Up Participant

As a result, this format facilitated the development of strong peer networks, which community businesses often maintained after the end of the programme. Even when it was not possible to meet in person during COVID-19, some community businesses made plans to network with others as part of their planning for reopening.



So, it was just that sharing and gaining confidence and ideas and feeling part of something. I stay in contact with a couple of [the other community businesses in my cohort] and I follow a lot of them on Facebook and I can just watch what's happening with their organisations as well. But I know if I needed to ask them, I could just ring them. I've also done some work; I've bought trade off another organisation. There's a wood recycling place in [the area] and she did the sign for me for our mobile bar.

Trade Up Participant

Being able to draw on a peer network for ideas and support can be particularly helpful when faced with a new challenge and trying to meet a community's changing needs. This increased collaboration thus provides community business leaders with a useful resource that increases their resilience.

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Trade Up Learning Managers also mentioned that these relationships provided not only practical but also emotional support. Throughout the programme, it was helpful for community business leaders to share their concerns and hear that they were not alone in their struggles. This often resulted in a boost in confidence and renewed energy to tackle emerging challenges and bounce back from setbacks. Likewise, hearing others' success stories empowered community business leaders to take risks and become bolder in their actions – often a necessary step to ensure the durability of one's business.

Increased knowledge and confidence through Learning Managers and peer learning

Finally, throughout the programme, community businesses benefited from the expertise that Learning Managers brought in terms of signposting and resources. Learning Managers also facilitated peer-learning and built on participants' own expertise. This democratic and equitable approach to training also helped build community business leaders' confidence.



In most cases, it is about sharing knowledge within the cohort, rather than having a specialist come in and deliver 'top down' training. [I] frame it that we are all experts, we all have knowledge, and the specialists come in and supplement our knowledge.

Trade Up Learning Manager

Encouraging Trade Up participants in this way to recognise their expertise, build on it through peer as well as specialist support, and use it confidently can enable community business leaders to be more resilient and see their organisation through uncertainty.

3.1.2 Resilient leaders can strengthen their businesses' performance – but it comes with challenges

Individuals can influence organisational success...

As outlined above, by embedding certain attitudes and structures within the business itself, resilient leaders can shore up their wider organisation. As such, through developing Trade Up participants' skills and supporting them to become self-aware, resilient and confident leaders, the programme can have a wider impact on the community businesses themselves and ensure they are better equipped to see through change whilst delivering value for their communities.

The Trade Up model reflects a belief that one person can cascade their learning and implement ideas gained from the programme in the wider organisation, influencing the community business' overall success. During the evaluation workshop, Learning Managers expressed that community businesses were more likely to be successful if they shared learning with others in their team and embedded them within their organisation.

Relatedly, an interviewee shared an example of the impact individuals can have when sharing learning with younger generations of community business leaders.



It [has given the] young people a lot more confidence. [...] I go to all the meetings, do all the planning with young people, then they go and do their own thing and come back to me. It's so rewarding to see these young people want to do something and actually running a business... [now] they're clued up, they know what's going on. And that's all come from those programmes and having them getting involved.

Trade Up Participant

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This interviewee went on to reflect on the long-term impact of getting younger people involved in their organisation to learn from the programme and how this can increase the sustainability of the organisation:



We're all just really happy because this programme has [sic], you know, enabled the business to get to a point where we can let it run itself with the local young people from this area. I'm not a local young person anymore. [...] You know, the next generation are picking it up and running with it. And that's the best thing that could happen.

Trade Up Participant

... but the model comes with its challenges

However, putting the onus on individuals to drive substantial organisational change comes with its challenges. It requires the individual leaders to commit time and focus to embedding new attitudes and processes, which can prove difficult, particularly when emerging priorities divert their attention. Learning Managers agreed that a lack of space to reflect and embed learning in the wider community business can present a barrier to success for Trade Up participants.

Similarly, they explained that it is important for business leaders to look after their own wellbeing, which can be particularly affected during turbulent times that put a lot of pressure on them as business figureheads. Whilst the Trade Up programme tries to build business leaders' capacity to deal with these challenges, it is an area that will require continued focus even when the programme ends.

In addition, due to the fact that the Trade Up learning programme is attended by one or two community business leaders, turnover of staff or capacity issues can prevent learnings from being integrated into the organisation. Similarly, insufficient buy-in from the wider team or leading an organisation that is run by a large group of people can complicate this change management.

This last point suggests that the conditions need to be favourable to allow business leaders to embed their learnings. Community businesses on Trade Up, which either started the programme having already well-established organisational processes and structures, or were able to develop these through the programme, were more likely to succeed. Organisations with more capacity were also better able to use the programme to implement changes in the business.

This underlines that it is a challenge for the programme to meet the needs of a diverse group of community businesses, particularly where the content is aimed at newer community businesses. Their focus tended to be on more early-stage process such as developing a detailed business plan, generating income and growing. More established organisations, however, tended to use the opportunity to take stock and refocus on strategic priorities.

These findings suggest that Trade Up does not provide a one-size-fits-all solution to the variety of community businesses that engage with the programme and not all organisations will emerge from the programme equally equipped to face and recover from emerging challenges.

In summary, the action learning programme is designed to foster certain behaviours and attitudes within individual business leaders that can pave the way for organisational resilience, but certain barriers remain.

Similarly, the incentivised grant Trade Up participants received was a useful tool to increase financial resilience, but this support might not have been enough to ensure an organisation's long-term sustainability – as explained below.

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3.2 Trade Up fosters community businesses' financial growth, yet more is needed to make them resilient in the long-term³

3.2.1 Trade Up fosters community businesses' financial growth

Match Trading – grant-funding that pound-for-pound matches an increase in income from trade – has emerged as a valuable tool to support community businesses to improve their resilience. In a recent paper, Power to Change has demonstrated that it can increase businesses' trading income, foster an entrepreneurial mindset and reduce overall grant dependency, thus making community businesses more sustainable in the long-term.⁴

Findings from the Trade Up programme evaluation support this. The incentivised grant participants received supported them to grow their earned income, invest in their business (including their financial systems), diversify their income streams, and become more entrepreneurially minded. This has allowed community businesses to grow financially and ensure a certain level of stability.

Growth in earned income

Findings from qualitative research suggests that the programme did indeed incentivise some participants to focus on their business' earned income:



It was a blessing, getting the funding and the support to be honest, because you're all coming together and talking about your ideas and seeing other people who would in similar situations to you. And so, it's a safe space to talk about that type of thing... I'm trying to boost [our] earned income anyway. I think if we didn't get it, I wouldn't put as much effort into the earned income. It was a good motivator.

Trade Up Participant

An analysis was conducted in partnership with MyCake to evaluate the financial impact of Trade Up on grantees and understand whether this incentive translated into higher trading income. This was published in Renaisi's second annual evaluation report.⁵

Out of the 280 Trade Up grantees, there was a constant cohort of 57 organisations for which financial data was available across three years: the year before their involvement in Trade Up (Year -1), the year that they participated in the programme (Year 0) and the year after their involvement (Year +1). By using an approach that compared Trade Up grantees' financial situation at baseline and at endline, it was found that Trade Up organisations' median earned income percentage dropped from 81% in Year -1 to 68% in Year 0 before rising again to 74% in Year +1.

When seen alongside the increase in fixed asset values and the drop in Fixed Asset Turnover (FAT %), we hypothesise that the rise in revenue income in Year 0 may have been used to fund fixed asset purchases (albeit probably not buildings) and that the return on this capital investment started to appear in Year +1. Based on the FAT %, we might expect median revenue and median earned income to increase in Year +2 as the assets are further leveraged into earned income.

3 See Year Zero methodology paper for further information on the methodology: <https://icstudies.org.uk/repository/better-understanding-financial-impact-funding-programmes-through-year-zero-approach>

4 Power to Change, the School for Social Entrepreneurs and Renaisi. (October 2020). *Trading Up: Match Trading® for Community Businesses as a powerful incentive for regeneration post-COVID. Trading-Up-Report_PTC-SSE-Renaisi_Oct-2020FINAL.pdf* (powertochange.org.uk)

5 Renaisi (2021), [Power to Change Community Business Fund, Trade Up and Bright Ideas Evaluation](#)

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Median values	Year -1	Year 0	Year +1
Total revenue income (n=57)	£110,447	£115,079	£134,218
Contribution to reserves after interests and tax (% of turnover) (n=55)	4%	1%	5%
Earned income % (n=57)	81%	68%	74%
Working capital % (net current assets as % of turnover) (n=56)	13%	14%	12%
Total long-term liabilities (excluding defined pension scheme) (n=9)	£110,000	£59,230	£28,791
Fixed Asset Value (n=43)	£13,146	£15,876	£26,810
FAT % (turnover/fixed assets) (n=43)	1033%	824%	517%

This increase in community business' average earned income from trading after finishing the Trade Up programme suggests that the incentivised grant fulfilled its purpose. Whilst this arguably strengthens organisations' long-term financial sustainability, we will discuss below that more support might be required to address variations in financial growth.

Investing in the business

The Trade Up grant more generally enabled community businesses to invest in the business, for example by developing their marketing, covering the costs of hosting volunteers which added capacity to the community business, creating employment opportunities including for people who might otherwise struggle to find work, and purchasing equipment.



The initial cash injection that we've been given has allowed us to buy some equipment for marketing stuff and podcasting and some technical stuff that we that were after, which is really helpful.

Trade Up Participant

A key area in which Trade Up grantees invested was their financial planning and forecasting capabilities. Community businesses on Trade Up were able to access

an additional grant to help them improve their financial systems, enabling them to collect more accurate information about trading and consistently review their grant income against earned income.

For example, one community business that received the additional grant upgraded their fresh produce sales project from cash-based to using a point of sales system. The community business noted that this would enable them to more easily track and benchmark the viability of the project.

These investments are important to create a solid foundation and professionalise the community businesses' operations. This will set them up well for the future, increasing their ability to respond to and recover from crises that require them to adapt.

Diversifying income streams

In addition, community businesses expressed that the incentivised grant motivated them to generate ideas about ways to increase trading income and explore what works well and less well for their business.

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I think it's made a difference. It's made a difference to the business with regards to turnover, we might not have been eligible for certain funds if we didn't get that match funding. And by boosting our earned income, it's made us diversify.

Trade Up Participant

Increasing earned income and moving away from an over-reliance on grant funding directly strengthens a community business' resilience. Through having more control over their income, they can act more independently and stay true to their mission. Having a variety of income sources also increases their flexibility and ability to be bolder in their actions, even if times are tough.

Fostering an entrepreneurial mindset

While these practical changes can have a crucial impact on a community business' sustainability, dealing with uncertainty and bouncing back from challenges also requires certain personal attributes as touched on in the section above. Not only does the Trade Up learning programme instil these skills and attitudes in the community business leaders, but the incentivised grant also fosters an entrepreneurial mindset. It does this by challenging grantees to consider new income streams and try out new trading ideas, which contributes to community business' chance of long-term sustainability.



[The matched grant model was] enough of an incentive, not getting [the grant] in a lump sum, to kind of encourage you to think, well, I've at least got to look at these financial forecasts. And I've got to take the time to at least fill this form in and think about these things. So, it was good in that sense, because it forced you to look at your finances and think 'where are the different streams of income coming from?'

Trade Up Participant

3.2.2 More is needed to make community businesses resilient in the long-term

Whilst Trade Up strengthened community businesses' financial growth and durability, more support is required to ensure these changes are long-lasting and shared across the cohort.

Growth in revenue income varied by participants

While the financial analysis conducted together with MyCake⁶ showed that Trade Up grantees on average increased their earned income, this did not translate into a linear financial growth trajectory for all participants:

- About half of Trade Up community businesses were experiencing positive growth before receiving Power to Change funding and continued that way afterwards (from 33% growth at baseline to 31% at endline). While this growth was coupled with an increase in earned income from a 74% median in (Year 0) to a 85% median in (Year +1), the group experienced a drop in total fixed assets by 10%.
- About a third were experiencing negative growth before receiving Power to Change funding yet shifted to experiencing positive growth after receiving funding (from an 8% decrease at baseline to 15% growth at endline). In addition to the growth in total revenue income, total fixed assets value grew by 55% alongside earned income increased (from 60% to 65%).
- About a fifth were experiencing positive growth and shifted to experiencing negative growth after receiving funding (from 65% growth at baseline to a 25% decrease at endline). Despite this decrease in total revenue income, fixed assets values increased by 81%, and earned income rose from a 57% median in (Year 0) to a 68% median in (Year+1).

This is illustrated in Table 1 below.⁷

⁶ This analysis was conducted for 57 organisations out of 280 on the programme (i.e., about 20%).

⁷ The third group is too small to allow for meaningful conclusions.

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Table 1: Trade Up total revenue income median by growth trajectory at baseline versus endline

#	TU Total Revenue Income (TRI) Median	Count	Y(-1)	Y(0)	Y(+1)	Baseline Ratio	Endline Ratio
1	Baseline (+), Endline (+)	27	£77,141	£102,762	£134,218	33%	31%
2	Baseline (-), Endline (+)	17	£140,968	£129,763	£148,868	-8%	15%
3	Baseline (-), Endline (-)	3	£308,002	£102,217	£76,947	-67%	-25%
4	Baseline (+), Endline (-)	10	£82,556	£136,415	£102,049	65%	-25%

This data shows that community businesses on Trade Up may not experience growth in all financial metrics at the same time, and that the impact of the programme on a community business's financial situation is not straightforward. This is likely driven by the varying financial strategies they adopt at a given time, and by the fact that both the financial and learning support provided were short-term, leaving participating organisations open to be influenced by external factors. This also calls for different types of support depending on community businesses' needs at different points in time.

Many Community Businesses continue to rely on grant funding

Additionally, some grantees have been able to exploit the Trade Up support to catalyse further growth through receipt of additional grant funding. This seems to be counter to the overarching aim of Trade Up, which is to increase income from trade and decrease reliance on grant income. However, these organisations often apply for grant funding to buy capital equipment or to sustain salaries and overheads for long enough to develop areas of their business, with the aim of diversifying their income streams and ultimately fund growth in revenue income in the long run.



And so, we're trying to move away from grant income, but we need the current income to get the tools and resources we need to do that. Which is really odd. So that's what we're focusing on at the moment, which seems really, really backwards, but that's enabling us to deliver more trading opportunities.

Trade Up Participant

Based on the financial analysis, it is reasonable to suggest that community businesses on Trade Up are less likely to have the working capital to invest in organisational development. That may be why some community businesses continue to pursue grants after completing their Trade Up programme.

Furthermore, whilst in some cases the COVID-19 pandemic has showed the importance of a diversity of income streams – such as not solely relying on specific spaces or assets to be able to generate income, it has also highlighted how being over-reliant on trading income can be detrimental in the context of a widespread economic crisis. In fact, projects that were more grant-dependent or funded through public sector contracts were better able to continue delivering services during this time.

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This suggests that additional funding sources may be required to future proof these community businesses.

Instilling and maintaining an entrepreneurial mindset is challenging

While developing an entrepreneurial mindset is an outcome of the Trade Up programme, achieving this can be challenging. Trade Up Learning Managers reflected that an entrepreneurial mindset is something they actively seek when recruiting participants onto the programme but that community business leaders' appetite for risk still varied. In addition, having to operate at pace in an uncertain context, like the one presented by the COVID-19 pandemic, might lead them to act with less intent despite their entrepreneurial spirit and prior strategic planning.

There was a sense among the Learning Managers that this is something to bear in mind when designing the Trade Up model, and that the programme needs to support community businesses to both understand where they are at in their entrepreneurial journey and support them to develop and apply the related skills. There is also the question as to how much this entrepreneurial mindset will be adopted by other members of the community business.

“**Some of it is about people understanding what an entrepreneurial mindset is and what that looks like, and also their own personal entrepreneurial style and also that of their organisation and understanding it both are aligned.**

Trade Up Learning Manager

Community businesses need to get others on board, as a lack of support may undermine their resilience

Trade Up Learning Managers highlighted the lack of faith in community businesses as a barrier to success. They shared that people outside of the sector, both service users and corporates, often did not understand a community business's potential, which can lead to a lack of support from the community. In addition, Learning Managers felt that community businesses often lacked confidence or did not take enough pride in their own work (e.g., thinking of themselves as 'only a community business') to challenge these preconceptions.

A key message from the Learning Managers was that all parties need to believe that community businesses are a viable alternative (or at least a competitor) to corporate businesses and provide a social benefit while at the same time being innovative and profitable. Similarly, buy-in from local government and sustained commitment from enough volunteers are crucial for many community businesses to deliver their services and exist in the long-term.

Getting these external stakeholders to have confidence in one's business is key to embedding oneself as a long-term contributor to the community. These structural issues appear to be particularly difficult to address by a single community business support programme and might require a more holistic intervention.

4. CONCLUSION AND RECOMMENDATIONS



This paper shows that the different components of the Trade Up programme – both the learning programme and the incentivised grant – directly encourage resilience, but that most community businesses will require further time and support to continually strengthen their resilience after the Trade Up support comes to an end. Power to Change and other funders can play an active role in building resilience across the sector, and the feedback from both Trade Up participants and Learning Managers suggests different potential avenues through which this could be achieved:

4.1 Influencing and advocacy

Securing external buy-in was highlighted again and again as a major challenge by community organisations and there is a need to widen the understanding of what community businesses are and the value they bring to people and their communities.

Power to Change and other funders are in the unique position to use their voice and reach to influence the wider sector. This could involve encouraging or funding community businesses to spread the word themselves in their local area. Stakeholders like Power to Change – which have a good understanding of community businesses' needs and the challenges they face – could also advocate on their behalf. For instance, they could advocate for investment from government and encourage local authorities to support community businesses in the same way as private SMEs.

4.2 Sustaining networks

The research also highlighted the value of linking community businesses up with their peers and encouraging them to exchange ideas and support each other through challenging situations. In order to ensure these networks are sustained after formal training sessions come to an end, Power to Change and other funders could continue to convene community groups and link projects up with others in their sector or area. Power to Change's [Patchwork Hub](#) provides an example of a forum that could be built on further.

4.3 Offering flexible funding options

As demonstrated by the financial data, not all community businesses reach the same level of financial stability by the end of the Trade Up programme, and their growth trajectories greatly vary depending on their financial strategies and operating model. In addition, many community businesses will continue to need grant funding to buy capital equipment or to sustain core activity for long enough to develop areas of their business. Offering different funding opportunities that can be tailored to community businesses' needs at different points in their journey seems essential to ensure long-term stability.

Can the Trade Up programme make community businesses more resilient?

4.4 Supporting community business leaders and their wider organisation

Trade Up participants often have difficulties transferring their learnings to their wider organisations and changing internal practices. Future iterations of the Trade Up programme should actively equip participants to meet that challenge and could even allow for more community business staff to get involved directly in the learning programme. Further questions worth exploring include:

- How can funders help create sufficient time and focus for community business leaders to embed the changes necessary to their organisation's growth?
- How can funders support business leaders to look after their own wellbeing?
- How can funders help community business leaders retain staff and gain buy-in from the wider team?

4.5 Providing holistic, long-term support that can be tailored to individual needs

Additional follow-up support could also be offered to further build on learnings from the Trade Up programme. Research participants mentioned the need for increased coordination of support programmes to create clearer 'pathways' for community businesses as they move through different stages in their life cycles. In essence, support should ideally be long-term and flexible enough to meet community businesses' individual needs.

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FUTURE ITERATIONS OF THE TRADE UP PROGRAMME SHOULD ACTIVELY EQUIP PARTICIPANTS TO MEET THAT CHALLENGE AND COULD EVEN ALLOW FOR MORE COMMUNITY BUSINESS STAFF TO GET INVOLVED DIRECTLY IN THE LEARNING PROGRAMME.



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