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12

**GREAT  
QUALITIES  
OF A  
SOCIAL  
ENTREPRENEUR**

**CREATING  
SOCIAL  
ENTERPRISE**

My story and what I learned

# 12 great qualities of social entrepreneurs

In 40 years of working life I have set up 12 organisations, social enterprises, companies and charities.

Some of these were small and some of them were subsidiaries. Four of them did not successfully get off the ground, although they made some positive impact along the way. Four of them scaled up to various degrees and are still operating successfully today.

Before finishing this book, I've reflected on what I have come to see as great qualities of a social entrepreneur. These are by no means the only qualities. There are many more, but these are ones I worked at myself and have observed in others. They are in no particular order.

## 1. They look for inspiration close by

A social entrepreneur will be an innovator. Being innovative means doing things differently or doing things that have never been done before. There is a lot written about inspiration, enterprise and innovation. But how does innovation occur?

My experience is that the best ideas are already close by. Sometimes looking at something in an inquisitive way helps you to see the previously unseen. Sometimes successful innovations are completely original, although in my experience more often they're not.

The best innovations I have been involved in making happen are ideas that were 'just around the corner'. Such ideas are typically neither original nor do they stare you in the face. They are somewhere in between. They are ideas that are close by but not yet quite visible.

Often the idea is hinted at in a conversation. Or they may be an extension of what is already happening, just doing it slightly differently. They exist in a sort of mental and spiritual peripheral vision.

Three of the most successful enterprises I have grown were initially hinted at in a snippet of a conversation. All I had to do was to listen, discuss and then act.

Often the role of the innovator is less having the idea than listening for it and making it happen. It was Thomas Edison the great inventor who said, “Genius is one per cent inspiration, ninety-nine per cent perspiration.” He was right.

## **2. They reject the notion of ‘heroic leadership’**

When I started working in the early 1980s, the ‘heroic leader’ was a dominant leadership model. Heroic leaders are charismatic, make decisions unilaterally, are courageous and challenge the status quo. Heroic leaders have a tendency to undermine employee engagement by being inspiring rather than by involving them in making decisions. And they are almost exclusively men.

The financial crisis of 2008 probably put a temporary end to the era of the heroic leader in financial services, but there is plenty of evidence that this is alive and well in certain industries today.

I’ve always rejected the heroic leader model. And I certainly don’t think it works for social enterprise. I started out by co-founding a workers’ co-operative, which is the antithesis of heroic leadership, being based on a co-ownership business model.

In all my enterprises I have had a great business partner, and the success of each enterprise has always been in direct proportion to the strength of that partnership. My most successful enterprise was due to the extraordinarily strong partnership that my colleague and I built. I have been fortunate to have great partners in the other enterprises.

Every entrepreneur is different, but I know for me that when it comes to building a successful social enterprise, two is better than one.

I need a business partner to bounce ideas, to share the responsibility, to plan and dream with, to make better decisions, to challenge each other, to support each other through the tough times, to celebrate our successes and always to have each other's back.

I reject the notion of the heroic leader. I'm a dialogic leader who needs people to discuss, co-create and work together with.

### **3. They surround themselves with great people**

I have worked with a large number of quite extraordinary people. Perhaps because I have set up and worked in so many different enterprises, I've had an opportunity to encounter many people with different qualities, knowledge and experience.

The benefit of having a lot of minds on a challenge is something that I have learned over the years. For me, the best innovations and enterprises are ones that have involved plenty of dialogue in their implementation.

For the most part I have been privileged to work with a fantastic group of people who were highly aligned with the work and the clients we served. At my first enterprise in my 20s we were all passionate about vegetarian food and its impact on the environment. Building an ecovillage drew architects, engineers, builders, plumbers and others who were inspired to create a new type of housing and a new way of living. At my final enterprise the people I worked with were quite outstanding, speaking on the phone all day to people facing challenging and sometimes traumatic circumstances in their lives.

And then there were those on the outside who were key advisers and supporters of the enterprises.

I've learned over the years to build a network of experts who I know and trust. These are people whose experience and wisdom lie in areas

where my skills and experience end and who I know will be available to help at any time. Many of them were there to help at moments of risk.

*They include:*

- An outstanding crisis communications expert who helped with reputation management when we were in the media for perhaps the wrong reasons.
- Lawyers, quite a few of them, covering employment, commercial, property and other legal issues. I have worked with my employment lawyer for 20 years and made it through a few challenging situations as a result.
- For the last 11 years, I had an IT infrastructure adviser and data security consultant as the enterprise managed confidential data.
- I worked with two excellent corporate finance experts who helped me find investment and finance that I didn't know existed. They both gave me confidence to take sensible risks when borrowing and raising funds.
- I have always had a few trusted industry experts. I started at the Ecovillage with a corporate sponsorship adviser who knew the building trade. At Teacher Support Network I formalised this into an advisory group that meant all the key stakeholder organisations were 'inside the tent'.
- I have always had a great accountant, who has advised on a range of financial and commercial issues.

These people were happy for me to call their mobiles almost any time of day or night, and in some cases I worked with them for over 25 years and across multiple organisations.

## **4. They are straightforward**

Entrepreneurs typically spend a lot of their time communicating with other people. Early on I learned the art of communicating in a straightforward manner.

Being straightforward is about effectively communicating information that both you and the other person should find useful, important or worth conveying. It is polite rather than abrupt but does not avoid the point of the communication. Straightforward is not the same as blunt. It is certainly not rude, because that is likely to provoke unhelpful emotional responses. A polite yet straightforward communication is easy for other people to hear or read.

Difficult conversations are best had in a straightforward manner, such as tackling poor performance by discussing what success would look like or sharing bad news by being honest about the situation and how to turn it around.

When any of my enterprises has gone through inevitable difficult times, I have always been honest and straightforward with the staff. Even when the message has been uncomfortable, I've received feedback that people appreciated the manner of the communication.

## **5. They grow with the business**

One of the challenges of starting up more than one social enterprise was that for a while I found it hard to be anything other than a start-up entrepreneur. I'm by no means the only person who has had this problem. I just don't do corporate behaviour. If I'm not careful, I can get in the way of our colleagues who are trying to do what is necessary to scale up the enterprise.

A key element of success as a social entrepreneur is to grow with the business. I have found that the best way to do this is to empower others and get out of their way as much as possible.

Early in my career I received feedback that I was getting in the way of capable managers and interfering with their ability to do their jobs. I responded by backing off and paying little attention to what they were doing. This wasn't a good response as some of them complained about a lack of support.

Over time, I developed the ability to grow with the enterprise. It took me a while, but I changed my approach to leadership. I was probably a bit interfering from time to time, but I learned to stay out of things that I didn't need to get involved in.

But the main reason for growing with the business is that there are different skills required at each stage of growth. Early on I learned how to fundraise and do a great TV or radio interview. Later I needed to engage with government ministers and became an adept networker despite my inherent shyness. One of the great gifts of setting up and running a social enterprise is that you get to do new things, learn new skills, push yourself into previously uncomfortable situations and gain confidence.

Growing with the business is vital and comes with great benefits.

## **6. They are empathic**

When I started out I was not great at hiring staff. I was horribly impatient and expected our newly hired employees to work as hard and be as adaptable as me. Without anyone to coach my leadership style, I was ruthless and decisive but lacking in relationship skills and sometimes basic compassion. My mindset was typically that I could do most people's jobs better than they could – a classic entrepreneur failure for which my only excuse was that I was young and naïve.

Empathy is the ability to understand another person's thoughts and feelings in any situation from their point of view, rather than your own. It is not the same as sympathy, where we may be moved by someone's

thoughts and feelings while nonetheless maintaining emotional distance.

This is important with work colleagues, as it builds trust. My teams looked to me for leadership and reassurance, but most of all understanding and empathy. I sought to offer that most of the time and know of no better way to build a team that people want to be part of.

The same applies across all stakeholders. The success of my most successful enterprise was down to our empathy for prospects, customers, employees, suppliers, colleagues and even departing customers. We extended that to our relationship with the environment by setting ourselves standards.

When we were meeting a prospective new customer, we didn't pitch what we could do. Rather, we actively listened to what their challenges were, what problems they needed to solve, entering into a co-creative dialogue to find solutions. This was exactly what most of our customers were looking for.

Empathy was a core behaviour of the enterprise culture and what we looked for when recruiting. Customers, suppliers and even departing customers commented on the empathy that they felt from the business as a whole

Empathy is a leadership superpower.

## **7. They continuously develop themselves, personally and professionally**

After slightly less than three years, I impulsively left my first enterprise, one that I was passionate about. At the time, my decision to leave just felt instinctive. It had been triggered by a massive computer disaster the night before. On reflection, I was burnt out.



This is not the first time this has happened to me and typically there is a signal that I just need to slow down or stop for a while and regroup. I didn't recognise this at the time, but I now understand that I needed to do some personal and professional development to become more self-aware as a person and more mature as an entrepreneur and leader. Announcing my departure that morning was a first step on that journey, although I did not know that at the time.

I've been on that journey of self-development ever since. In my mid-20s I worked in an environment where personal development was a core value. In my early 30s I started seeing a psychotherapist. This continues to play a significant part of my life. I have become more compassionate, reflective, insightful and hopefully a nicer person to be around.

I have also taken the time to develop myself professionally, particularly in the area of leadership. While I have not gone down the route of qualifications in this area (although I do respect those who have), I have been fortunate to have done some really excellent leadership development in conflict resolution, innovation and much more. I received coaching for the last 20 years of my working life and additionally had some incredible mentors who led me through challenging situations, helping me learn much along the way. Eventually I trained as a coach.

Most social entrepreneurs and charity leaders I know take professional development very seriously. Perhaps fewer of them take personal development as seriously. If you don't, I encourage you to do so.

## **8. They have a coach**

I have had a leadership coach since the late 1990s. Since then coaching has been at the heart of my professional development. I typically had a coaching session about every six weeks or so.

I worked with a small number of coaches to help me to improve my performance and that of the enterprise. They were all focused on the ‘here and now’ rather than on the distant past or future. I got feedback, challenge, support and a place to share the un-shareable.

One of the things that I most liked about my coaches is that they believed that I had the answers to my own problems. Their skill was to help me to find the solutions to my challenges myself, which means that I was far more focused on and capable of implementing those solutions successfully.

All of my coaches were people who at some point in their careers had worked with organisations with social values. I don’t actually think that is essential, but it was just the way that I found them. I did like that there were times when they understood the issues I was dealing with.

If you don’t have a coach, please get one. I can’t imagine being a leader without this.

## **9. They can sell**

Social enterprises are businesses with a social purpose. They sell their services and products, sometimes to individual customers, sometimes to other companies and charities, sometimes to government, local or national bodies. Sometimes they have to raise grants or loans. Whatever the enterprise, a social entrepreneur has to be able to sell.

This can be a challenge, particularly if you have previously only worked in charities or public services, which is often the case and where much of the recent growth in social enterprise has come from.

One of the challenges can be moving from a fundraising or grant-finding mindset to a sales mindset. Actually, I don’t think it’s that different, but I am forever meeting people, including experienced fundraisers, who say that they ‘don’t like to do sales work’ or feel intimidated by the prospect of ‘selling’.

In my career I have sold products and services, raised funds for charities and submitted endless grant applications. In my experience, selling products and services is very much like fundraising. It's about building great relationships with people. It's about the ability to communicate clearly, in person, on paper and online. The part of my job I most enjoyed was meeting customers and potential customers, finding out about them, their customers or service users and their organisations.

At my first enterprise our customers were mostly small shops run by people and collectives with whom we shared the same passion for vegetarian food. It we never really felt like we were selling. But we were.

Later on my customers were teachers, headteachers and local authority managers. They were typically socially motivated people who were dedicating their lives to the education of young people. They were people who I generally shared values with. I wanted to find out about them, why they did what they did, what their challenges were and, most importantly, what made them passionate about education. What was 'sales work' felt like an opportunity to have really interesting conversations rather than selling something.

I spent the last 12 years of my career selling services to charities, and I loved it. I got to visit between three to five charities a week. I got to understand what their challenges were, I got to understand about their service users, and in many cases the people I met along the way have become colleagues and friends, regardless of whether they purchased from me or not.

If you believe in what you have to offer, you like meeting new people, are interested in learning about other people and organisations and can articulate the value you can bring to them, you'll be great at sales.

## **10. They have a strong handle on the finances**

Since responsibility for the company finances was thrust upon me when I was in my early 20s, I have mostly taken responsibility for the finances the enterprise I've worked in.

The one exception was when I was a charity chief executive where, like most charities of a certain size, there was a finance director. Don't get me wrong, I have a great respect for accountants, but one of my complaints about some of the finance directors I worked with is that it could be a tussle about who was ultimately responsible for the financial and commercial strategy.

Financial and commercial strategy go hand in hand. Whoever is making the important commercial decisions for a social enterprise needs to have a keen understanding of the financial position and future forecasts. Decisions such as pricing of services and products, investment in technology and assets, setting salaries and the like require a strong financial understanding.

In the early days of any social enterprise, it is likely that the financial management will be undertaken by a founder. As the enterprise grows, you may need someone else to manage the finances, but never lose a good and very current understanding of the financial position. This is particularly important when either growing or shrinking the enterprise, where quick but sensible financial decisions are vital.

I enjoyed managing the finances of all the enterprises I set up. As they got larger, I had a bookkeeper to do the day-to-day jobs of managing invoices, making payments and so on. I kept a detailed forecast on a line-by-line spreadsheet that showed the income per customer, costs by item, salary by individual and every other financial item month by month for the year. Even when staff numbers were into the hundreds I operated at this level of detail.

I compared this against each month's profit and loss line by line. I made changes to the forecast for the month just completed and readjusted the year's forecast on the basis of that information.

Even with an enterprise turning over £5 million and with 150 employees, this would only take two to three hours per month. Not a great investment of time given that I would then know everything there was to know financially about the business.

This detailed knowledge helped me keep all the enterprises on a steady and sustainable track, as well as know immediately what to do when there was a need to invest, the loss of a contract or another financial surprise.

## **11. They take sensible risks**

A lot is said about entrepreneurs being people who take risks. Much of it is true and it's as true for social entrepreneurs. But the real quality of a good entrepreneur is the ability to take sensible or measured risks.

Borrowing money is always an area of risk, and one that in my experience many social entrepreneurs find difficult. Will the enterprise be able to borrow in the first place? And then repay the interest and loan?

I first met a corporate financier when I first pitched for commercial funding. When I didn't secure funding, he approached me and helped me to put together a loan funding application. I went to see him with a three-year forecast with an investment requirement of £500,000. We went through the numbers in detail and he asked questions about every row on the spreadsheet. Then he gave one of the best pieces of business advice that I have ever had:

“Find a way of doing everything you need to do for half the money, and I guarantee you'll get the investment.”

We raised £250,000. It was enough. The enterprise took off and we managed the repayments easily. Sensible risk-taking.

## **12. They focus on the work**

As a social entrepreneur it's important to focus on the work and its impact, rather than all the logistics of doing it.

Too much time can easily be spent on strategy, management and governance. While this is important, it does not on its own get the work done.

A focus on the work is not the same as doing the work. It probably will be at the start, but if you are successful and grow it won't be. You will soon need to spend your time working on the business, not in the business.

A focus on the work is about making sure that you and everyone else are clear what the work of the enterprise is. The clearer the work is defined, and the simpler it is, the more successful you are likely to be.

In business strategy language this is often called the vision or the mission, but I prefer to call it simply 'the work'. This feels more down to earth, more something everyone working for an enterprise can relate to.

At my first enterprise the work was changing the world by getting vegetarian food to more people. Our work was rooted in what we now call green politics and was clearly growth orientated.

My next involved building an ecovillage. That was both a massive undertaking but also a political statement about how humans can live more lightly on the planet. That was also growth orientated.

In my early 40s and running a charity I set to a counselling service to support teachers in their vital task. The charity's work had always been about supporting teachers, but it had lost its way and by the time

I arrived it was only helping 700 teachers a year, most of them retired, and in the process it had become disconnected from the teaching profession.

My job was to turn that around, which we did, both with huge numbers of teachers seeking our support and our reconnection with the profession as a whole. And again, given that there were over 500,000 teachers in the UK, growth was required to do the work.

At my last enterprise we had a clear vision of what the work was. We had started with ten employees on a mission to create jobs in the Welsh Valleys. We had a vision of creating helpline services fit for the digital era. We became the UK's leading outsourcer of charity helplines and a specialist in supporting members of the public facing challenging circumstances in their lives. It is still going strong and remains a significant success story in the Welsh business landscape. We did this by focusing on the work.

Focusing on the work makes the work happen. And happen well. And at scale.

*Creating Social Enterprise: my story and what I learned*

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