

Black Boxes in the wreckage? Making sense of failure in Third Sector Social Enterprise. (Paper for NCVO/VSSN Conference, Warwick University, September 7-8, 2009)

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Summary: This paper has its origins in over 8 years contact with a former prize-winning Social Enterprise, which failed. I have begun to construct an account of `failure` both for myself and my friends who I met there. Its strengths and weaknesses may reside in these origins.

There are three sections:

- 1. Researching Failure-the dominance of `good practice` accounts has led to an underdevelopment of perspectives on `poor practice`.**
- 2. `Enterprise Action`-qualitative data, gathered before, during and after the `crash` represents the `Black Box` from which it may be possible to reconstruct perspectives on failure.**
- 3. Lessons in Failure-although the tensions between a Social and Commercial mission are prominent, consideration is also needed of the social, economic and political aspects of the wider operating environment.**

Introduction

Making sense of Third Sector Social Enterprise (TSSE) failure is complicated by what I term the `Double Halo` effect. Firstly, policy elites, both in government and the Third Sector, have tended to construct generally positive pictures of voluntary and community activities. When instances of unwitting incompetence or deliberate malpractice come to light, these are frequently explained in terms of individual and exceptional behaviour rather than being systemic and recurrent. A popular example asserts that although the Third Sector:

“---has its share of rogues and time-servers---, at its best it does wonderful things on tight resources.”(McRae, 2009)

Whilst most academic commentaries demonstrate a greater degree of scepticism about:

“---a certain romanticism about its inherent purity---”(Salamon, 1995, 15)

there are still academic studies of Third Sector scandals and mismanagement of resources which conclude that:

“The idiom: ‘a few rotten apples can spoil the barrel’, however, seems applicable.”(Gibelman & Gelman,2001,63)

There may (or may not)be only a few rotten apples, but the question remains as to whether they are the appropriate focus of attention in the first place.

A second ‘halo’ has surrounded much writing about TSSE; indeed, some authors have revealed a belief in its limitless potential:

“—at the moment (my emphasis)we don’t necessarily have the capacity to meet all the needs of mainstream society.”(Ahmed,2009)

Whilst on a world stage we are confidently informed that:

“---entrepreneurs, for some reason deep in their personality know ,from the time they are little, that they are on this world to change it in a fundamental way.(Bornstein,2007,125)

Much less common are voices questioning the promotional discourse surrounding social enterprise at conferences and in marketing material.(Foster & Bradach,2005).One such voice recognises the :

“Nice positive stories ,easily digested by politicians and policy wonks---(but raise the question)---do such comic-strip portrayals inspire anyone else, or do they leave the rest of us mere mortals feeling powerless?”(Greenland,2008)

There are indeed some exciting and positive examples of TSSE activity. But, closer attention to the everyday experiences behind the rhetoric reveals a much more mixed picture both of Third Sector agencies in general and their Social Enterprise variants in particular.

With these issues in mind this paper is divided into three sections:

1. Researching Failure-what perspectives predominate and what alternatives may be useful? How far do political and ethical considerations play a part in an underdevelopment of these different perspectives?
2. The case of `Enterprise Action`-its rise and fall. Two publications provide pre-failure clues(Pharoah, Scott & Fisher,2004; Russell & Scott,2007).These are the `Black Boxes` in the wreckage of the organisation. They have been augmented by a continuing dialogue with the original research-link person, as well as scrutiny of press materials and legal documents. It will be argued that, contrary to popular belief, hindsight is not easy. No single `explanation` has emerged, and the very complexity of the organisation and its operating environments may confirm such a view.
3. Lessons in Failure-how far and in what ways were individuals responsible for the chain of events that led to failure? What other influences are discernible, and do these provide the basis for a more developed `poor practice` portfolio?

Researching Failure

“Reviewing cases of poor performance presents a stronger reality check for organisations than looking at good practice. This is because public organisations are now well used to playing the performance game and presenting their activities in the best possible light.”(Walshe et al,2009,33)

Walshe and his colleagues go on to note(ibid,34) that inspections, audits and public inquiries can provide rich material, derived from poor and failing performance, for organisational learning. This is both encouraging and just a little worrying. The positive point has been well made in their quotation-anything beyond impression management(the `Performance game`)must be an improvement. But, what remains under-researched are the processes of negotiation and disclosure, both internally and externally, that are surely needed to achieve what they call “---a greater sense of reality than good practice.”(ibid).As the following section attempts to describe, it is rarely

enough to rely on the data of external actors during regulatory and evaluative visits. Two examples illustrate the issues and dilemmas:

Example 1: `fabulous beasts` (DTA, 2002)

The Development Trusts Association (DTA) published `fabulous beasts` as a set of miniature case-studies in September 2002; one of the case-studies was Enterprise Action`. Despite the understandable brevity of the example, two commentary strands are identifiable. Firstly, there are positive remarks such as

- *“a network of social enterprises”*
- *“a cohesive network”*
- *“good reputation feeds its momentum”*
- *“visibly sustainable practice”*

Interwoven with the above are hints of a slightly different kind:

- *“grew creatively and chaotically”*
- *“turned serendipity into a coherent strategy”*
- *“a lot of bobbing and weaving”*

In the text the former are briefly illustrated, whilst the latter are not. No doubt the purpose of the whole publication was to accentuate the positive; meanwhile chaos, serendipity and a familiar textile metaphor lie just between the lines.

Example 2: Contradictory evaluations at an Academy for Social Entrepreneurs (Russell & Scott, 2007, 42-47)

“The course was very popular and there is strong case for continuing the work---.The most valued elements---were the regular weekly sessions with specialist speakers ,networking and peer support opportunities and intensive training sessions.”(External Evaluation of `Apprentice Enterprise`,2005)

“The weekly workshop format doesn` t really work---from what I` ve seen ,some of the work that people are doing as a result of the sessions isn` t that good .But, that could be resolved if we had more time to do individual work ,but we don` t---I think that the scheme as its set up just isn` t right for most of these people---“ (Internal Evaluation of Apprentice Enterprise,2004)

The first evaluation, by a professional evaluation team, had a lot of ground to cover: this included documentary materials, a focus group and 52 interviews (47 by telephone). The second evaluation, by the main actor in the Academy, was a private reflection not intended for public view. Different resources, different vantage points and contrasting evaluative commitments all combined to produce contradictory conclusions only when brought together. Ironically, the sponsoring agency did NOT continue the work, despite only having seen a totally positive account.

One (external) evaluator completely missed the negative (failing) elements, whilst his internal colleague kept reflections hidden, given their implications for funding. In the first example negative elements were spotted by an external author, but edited out or never developed in the first place. Decisions to include or exclude are sometimes overridden by an initial choice of perspective. What you don't assume, you won't see. For example:

"As business becomes a more pre-eminent organizational model and as increasingly wide swaths of human society become conceptualised as markets, then the businesslike hybrid face of social enterprise is legitimate--"
"(Dart, 2004, 421)

Here we move beyond the individual entrepreneur and organisation to encounter markets, society and legitimacy. Such a view can result in a conclusion that Social Enterprise is caught up in :

"---the need for the state to use local enterprise as both a distraction from and response to the significance of broader inequalities (societal and global) (and as a re-branding (and re-deployment) of resources rather than the creation of additional ones." (Pharoah, Scott & Fisher, op cit, 2004; see also Amin et al, 2002).

Case studies of failed TSSEs are few and far between, but even a small sample underline the dangers of mono-causal explanations.

Case-Study 1 (Aspire, Bristol) A participant observation study of a collapsed franchise venture employing homeless people. (Tracey & Jarvis, 2007).

This concluded that, whilst three-quarters of newly-established franchise systems in the Business sector fail within their first decade, a key feature of

social enterprise failure is its relation to tensions between social and commercial goals. Dual goals:

“---make goal alignment more complex and resource intensive than in business format franchising , leading to higher agency costs.”(Tracey & Jarvis, op cit, 668)

Case-Study 2:A consultancy report on the closure of `Youth Industry`, a San Francisco family of projects for homeless young people.(Lanzerotti,2002).This confirmed Tracey & Jarvis, using the metaphor of salad dressing; the oil and water need constant mixing, otherwise they separate. This appeared to be difficult :

“---to sustain, requiring a constant infusion of energy to shake things up and keep them in balance.”(ibid, 12).

Case-Study 3: A qualitative case-study of a counselling and social support non-profit (`Community Service Organisation`)in southern Ontario.(Dart,2004a).Here the goal alignment dilemma is more sharply defined; the conclusion being that:

“---business goals may be compatible with only a specific and narrow cluster of traditionally understood non-profit organizing values.”(Dart, op cit,303)

Case-Study 4: A consultancy report on the closure of two social enterprises in northern California(Twersky & Lanzerotti,1999).Two main conclusions appear to contradict Lanzerotti in Case Study 2 above. Firstly, they suggest that business goals should have received the same level of commitment as the social mission(without a strong sense that this might be problematic),and secondly that if this had been effectively pursued then social mission opportunities would inexorably follow.(ibid,82)The jury is still out on this one, tempted in one direction by what has been called the “unrealistic expectations” derived from a constant re-telling of a small core of success stories.(Foster & Bradach,2005,94).In the other direction are a small number of `failure stories`, not yet agreed about whether the key element is goal alignment.

It is likely that much will depend, as is so often the case, on what is meant by Social Enterprise. One approach offers a simple spectrum, with two polar types

of `Philanthropic` (=core Third Sector) over and against `Commercial` (=core market orientation), divided by that old chestnut `Mixed`. (Dees, 1998). All that is achieved here is the wrenching apart of the term to the point where the core of Social Enterprise must be mixed because only this recognises the necessary interdependence of social and enterprise. All else is marginal i.e. traditional voluntary sector with a minority income-generation capacity and traditional commercial with an ethical edge. We will find that Enterprise Action was essentially a traditional mission-driven Third Sector agency, which convinced sponsors (for a time) that it was something else i.e. a social enterprise, because this seemed to be a new way of getting funds. In practice it then obtained funds via the double halo effect without sufficient regard for an income generating strategy which depended more on its trading than impression management activities.

The rise and rise and fall and fall of Enterprise Action (EA)

Alliterative headings have two purposes—one to catch the ear and the other to signal an analytic story-line. In this case the theme is of sudden spurts of fortune (up and down) often with only an uneven connection to organisational capacity or competence. As EA neared its 10th anniversary it gained prominence with two Royal visits and one from the Home Secretary. Yet, within a few years it experienced police intervention and liquidation. This section will, therefore a) outline the origins and growth of EA; b) identify the characteristics of its fall; c) Open the Black Boxes in the wreckage (Pharoah, Scott & Fisher, 2004; Russell & Scott, 2007) in an attempt to chart the different dimensions and causes of failure.

Origins and Growth

EA emerged in the early 1990s as a church/community response to sudden mass unemployment in the dominant local industry. Several key staff (including the two top managers) have been ever-present and share professional backgrounds in youth work. Local churches have supplied several Board members since the start, and reinforced the strong commitment to a social mission. The original ingredients of this mission were two-fold i.e. 1) to enable young people “take their places as valued, contributing members of the community”, and 2) assist young people “into full employment” (EA Annual

Report: 1993-4) Ten years on, as part of its `discovery` of Social Enterprise, there were 12 aims and 58 objectives across 13 A4 pages. (EA Strategic Plan: 2003-8).

Key dates in EA's 14 year life are outlined below.

Enterprise Action: Key Dates

- ***1993 May - Established from Church-Community base***
- ***1993 June - First worker (Later became Chief Executive)***
- ***1995 - First Independent projects***
- ***1998-2001 Strategic Plan listed 12 EA projects***
- ***1998 April - Charitable Company limited by Guarantee***
- ***2000 - Chief Executive appointed Deputy Lieutenant of the county***
- ***2001 - 18 projects listed, with 102 employees; First Royal visit***
- ***2002 June - £400k grants for Furniture Workshop; November - Community Hall project (£1.5m) launched***
- ***2003 April - Second Royal visit; Chief Executive awarded MBE and Regional Social Entrepreneur of the Year; October - visit of Home Secretary***
- ***2004-6 - mounting losses, debts, non-payment of VAT, but not in the public domain until early 2007***
- ***2006 - Chief Executive awarded Regional Social Entrepreneur for a second time***
- ***2006 Nov - 2007 (Jan) - Suspension/Resignation of Chief and Deputy Executive; Police investigation***
- ***2007 April - Liquidation begins***
- ***2008 July - Closure of Community Hall; Late in year sale of Community Hall to property developer***

NB a) Apparent project `inflation` -12 after 3 years; 18 after 6 years (from 1995)

b) High recognition 2000-6 i.e. two Royal visits, one Home Secretary, £2million grants, four awards to Chief Executive. (See text)

c) Coincident with recognition and growth - below the radar losses, debts.

(Research note: Enterprise Action agreed in 2001 to be one of four intensive case-studies of Social Enterprise, in a national study, directed from the Charities Aid Foundation by the then Director of Research, Cathy Pharoah and Duncan Scott. EA was chosen as one of the `vanguard` Third Sector Social

Enterprises(TSSE),because of its project portfolio of such activities as a Furniture workshop, gardening, homelessness, catering, cycle repair, furniture/white goods restoration etc. The three phases of research which lasted from 2002 to 2009 constitute the `Black Boxes in the wreckage`.

- 30/5/02 - 5/6/03 : 12 day visits for intensive semi-structured taped interviews and observations. A Field Diary recorded each visit as well as an observational visit in October. In July 2003 this data formed the basis of a 49 page report to CAF and EA (Scott,2003).Sections of this report were then incorporated in a subsequent publication (Pharoah, Scott & Fisher,2004).
- 18/3/05 – 12/5/05 : Two day visits for further interviewing (See Russell & Scott,2007)
- 2006-9 : Correspondence, informal discussion and exchange of press cuttings and documents with the original research gatekeeper.)

The Fall

The demise of EA made its truly public `debut` with a front-page spread in the local evening paper:

“Charity Bosses Suspended :Probe into how funds were used”(11/1/07)

Within EA , demise moved beyond gossip with a legal struggle between the two Executive officers and the Management Board from late November,2006.By January 22nd,the former had resigned, later to be dramatically arrested(*“Charity Bosses Arrested”,7/2/07*).A view from inside added to the quasi-criminal flavour:

“What a day yesterday ,once again we are front-page news. The police arrived in numbers yesterday and arrested X and Y. They are now out on bail without charge. My filing cabinet (as with all the others)is now empty. Hard drives were removed or copied .So we are just waiting to see what happens next.”(EA Research gatekeeper,7/2/07)

From January 11th to August 20th there were at least 10 articles in the local press plus one or two in a national magazine. At the heart of the stories were references to financial mismanagement. Two themes held it all together i.e.

personalities and their probity (or alleged lack of it) on the one hand, and the fate of the organisation on the other.' Closure` took place at different rates and with uneven detail both in the press and in the experience of EA staff, volunteers and trainees. On May 24th, 2008 front page headlines announced "*Pair Cleared*". This was, however, qualified by the emphasis in the article on insufficient evidence, plus references to the paperwork being handed on to the Official receiver. The implication of all this was clear-smoke is normally associated with fire. About six months later the Community Hall project, EA`s jewel in the crown, was sold to a property developer at a tiny fraction of its refurbishment cost. No public analysis of EA`s contribution has since been forthcoming except via references to fragments about subsequent sub-project closures. Failure had been defined in personal and financial terms, and was well and truly complete by the end of 2008. The ironies of a liquidator charging between £70 an hour for a junior clerk (£240 for a partner), and the purchaser of the Hall boasting on his web-site of his suitability for any regeneration being related to his recent experience of seeing his capital decline from £40 million to zero in a month were not visible.

Opening the Black Boxes

When a plane crashes a search begins for the black box, in the hope that it will contain real-time information about the circumstances preceding the event. In this case-study the initial boxes (the first two phases of research) have been augmented with the help of someone who not only walked away from the wreckage but was also committed to generating a more rounded picture of failure. It soon became clear that aeronautical imagery was useful in drawing attention to the fact that much post-crash commentary (about EA) was about the `plane` (EA) rather than the air/weather conditions through which it had been flying. It may well be that the main contribution of commentary on EA`s failure is to pull these dimensions together. Don`t always blame the pilot and the plane.

A number of broad explanatory possibilities are sketched out in response to the data available. The first of these goes along with the dominant discourse and is termed `Weak systems: Strong Leaders`. Then the question is posed `To what extent are failing organisations the product of failing towns`? There is some evidence that Steeltown`s social structure, economy and political

infrastructure(both of the local state and civil society)have played a part in the organisational failure. Dare the subsequent question then be asked as to whether EA`s executives were operating relatively sensibly given the weaknesses in the local political economy? Their friendly, accessible but frustratingly fluid style sought to bring in income partly via reputation rather than(but not to the total exclusion of)income generation by trading.

Finally, the question must be asked about how the failing town thesis affected the political and financial experience of EA. For example, the Chief Executive was always clear that he would “deal the cards I`ve been dealt”, by which was meant that a particular social status and sets of connections would be put to use, even if this risked alienating dominant political forces in the town. In addition the organisation appeared to struggle without sufficient local political support to release periodic financial log-jams. Monies promised did not arrive on time and the subsequent delays weakened an already weak financial infrastructure.

The very first diary entry touches on a theme which was to recur:

“Met the Director and assistant. Friendly(instantly),informal. Sat round a rickety table, door still open, lots of interruptions. The walls were covered in flip-chart ,felt-tip and `strategic columns`-none had been filled in.”(30/5/02)

Nearly a year later, I noted:

“---a new `In-Out` notice-board by the main door, neatly positioned below an equally new `Investors in People` plaque. It contained 17 names ,all designated as out, although I had seen at least half within the hour;”(27/3/03)

Between the two dates I attempted to identify the basic structure of EA. By June 2003 the Strategic Plan was talking of 18 projects. A month later my report described project inflation, turnover and disappearance. A newly-appointed `Information and Systems` manager drew attention to :

- An active project count of between 10 and 13(dispute continued as to what constituted a project)
- A staff count of between 44 and 50
- A trainee count of 97 active and 217 on file

- A volunteer count of 23 with 40 on file (Scott,2003,12)

The manager concluded:

“This is probably the first time that EA management have had real figures regarding the ratio of staff to trainees. This is very serious stuff.”(ibid)

From the perspective of the management Board the provision of detailed information might have been a mixed blessing. The most active member (who visited EA two or three times a week)complained :

“We never have enough time---to discuss what I`d call the really important points.”(Pharoah, Scott & Fisher,2004,41).

More important than information systems were personalities. For example:

“EA`s last Finance manager was meant to solve all our problems. The post was advertised nationally ,handled by Hays Management Recruitment Consultants, and candidates from all over were put forward for interview. In the end a local candidate was chosen at around £30k,with a recruitment cost of £7k+.My personal view is that whilst being a very nice person, his personality did not stand up to X and Y ,who seemed to continue regardless.”(EA research gatekeeper,14/6/08)

A picture emerges of poor systems and two managers who kept much of the detail to themselves. Even whilst staff heard about court orders, letters from bailiffs, the telephone being cut off, little collective action ensued until individual wages became systematically at risk. The sub-projects fragmented internal coherence, many staff kept their heads down hoping their job would be safe, and a prevailing view that protest would be ineffective. Closer scrutiny of the `Strong Manager` thesis reveals a more complex picture. The very pleasantness and informality of the two executives constituted both a flexibility in a constantly shifting environment and a defence mechanism in the face of mounting staff/Board concerns. This style operated at three levels:

1. In a one to one interview with the Chief executive

“We have got strange collection of structures---I`m less concerned with the structure questions-they`re mostly healthy. If you`re going to challenge people,

be socially inclusive and so on ,then you`ve got to have something like this pre-historic swamp as a seed-bed to grow these things.”(Scott,2003,18)

Not the first time a biological image featured; Chameleon was as popular as swamp.

2. A group meeting for project managers-I noted a degree of formality in that minutes were taken, but two thirds of the coordinators stayed away, and few of those who attended had brought copies of previous minutes .Because the two executives ducked in and out of the 53 minute meeting, three chairs were needed. Eighteen items were introduced but little evidence of discussion or action points.(Diary notes and Scott,2003 op cit)
3. The public launch of EA`s Strategic Plan-The Chief executive closed the meeting with a 14 minute declaration of vision and values. The speech contained no explicit references to the Strategic Plan, a copy of which had been given to every guest; there were no detailed references to social enterprise.

Not all the Black box data related to phenomena within EA; after all, EA had come into being in response to the dramatic downturn in the fortunes of the dominant employer. Therefore, it is reasonable to explore how far economic trends have affected both the social structures of the town and the shifting fortunes of EA. With low percentages of professional and managerial groups and male unemployment more than three times the national average, it is likely that these characteristics impacted on EA`s Board recruitment difficulties, as well as its struggle to build local markets for its products.

Given the size of the economic problems much could have been expected of the local authority and civil society. From the early 1990s Steeltown council had attempted to bend job creation and regeneration towards the poorest, yet its 1999 Strategic Plan announced that they had only just begun to even prepare a Borough-wide strategy for community-based economic development.(A Strategic Plan for Steeltown Borough, January 1999,26)Nearly four years later, one of the consultancies hired to facilitate these initiatives concluded(as part of its evaluation of a £5.6 million Single Regeneration

Budget)That whilst there is a great deal of commitment to the voluntary and community sector:

- The different stakeholders couldn't agree what constituted a community enterprise
- New jobs from within the Third Sector were few in number
- The hard to reach unemployed were not being reached (SRB Evaluation,November,2002)

Moreover, the aforementioned `commitment` needed considerable qualification. The local authority's own plan noted that:

“---there is much evidence that this sector is under-developed .According to the rule of thumb adopted by the Community Development Foundation, Steeltown should have about 180 community groups or organisations-the actual figure is probably half that.”(Strategic Plan, op cit,26)

Other commentators claimed that the local policy makers didn't take the Third Sector seriously, local political leaders did not `appreciate` EA's income generation strategies, and allegedly that `cut-throat` competition existed within the larger Third Sector agencies(Scott,2003,34).EA's Chief Executive tended to corroborate much of this:

“I think they(policy makers and politicians)regard us with suspicion ,possibly as threatening because we don't necessarily work in traditional ways. We're relatively uncontrollable because of our extra-local resourcing.” (ibid,35)

It is clear that social entrepreneurs operate at a number of levels, and therefore that a `Failing Town` thesis needs to be extended.

EA's Chief Executive was part of Steeltown's tiny upper middle class(with links even higher).There were social relations into local landed gentry and thence to very senior Royals, whereas Steeltown's political culture had grown out of the hierarchies and union solidarities based on the dominant employer. The Chief Executive kept the councillors at arm's length, whilst they perceived EA management as “a law unto themselves “Overlaid on these social layers were personal antagonisms. When, therefore , funding was sought or influence

needed, help from within the local political and policy worlds was less forthcoming than might have been the case.

A second extra-local source of difficulty proved even more intractable, especially when the prestigious Community Hall project got under way. In its first decade, EA management juggled finances relatively adeptly, if not without periodic crises; they operated in a low-cost building and were edging into new `markets` relating to service delivery agreements with different fragments of the public sector. The Community Hall proved to be several steps too far. Weak systems might have prevailed if a)the local authority had been fully behind the project, rather than watching it slide into the private sector for a trivial sum, and b)if cash flow crises could have been more nearly averted:

“One` running sore `throughout the whole period was the £180k(approx)owed by the Government Regional Agency for completed European Social Fund contracts during 1999-2001.After 9 audits and dealing with some 23 different desk officers some of the money was paid in 2006,by then it was too late.”(EA research gate-keeper,1/5/08).

There are clearly a number of overlapping explanations of failure. Moreover, there are also a number of obstacles to making sense, not least those same haloes that persuaded the award of a second Regional Social Entrepreneur of the Year even as the financial foundations were crumbling. On top of all this, Black Box data can only provide uneven insights into the dynamics of failure. Weak systems, Strong Leaders, Failing Towns, Political relationships and Social Class, and Financial feedback loops all threaten to pull down the Social Enterprise. Whilst failure may not have been inevitable, given improved systems, it was not a surprise. In the light of recent Banking failures, the story of Enterprise Action more nearly resembles a triumph!

Lessons in Failure?

At an early stage in the fall of EA a worker from the regional office of the Development Trusts Association(DTA)was deputed to provide assistance. In a telephone interview(21/2/07) he identified three key dimensions of failure i.e.

- The competence of The Management Board

- The nature of professional advice from lawyers(contradictory)and accountants
- The overambitious strategy, epitomised by the Community Hall project

Just over a week later another regeneration professional from the region was quoted in a national magazine (as part of a post- mortem on EA)as emphasising how:

“It’s important to have good financial planning and clear objectives to manage the difficult balance between running a business and a social benefit organisation.”

Fair comment, in view of the research remarks about goal alignment dilemmas in the early section of this paper. But, clarity may not be enough-some tasks are inherently complex. Presumably that would be the explanation/excuse of the Directors of Steeltown`s largest employer, when it was reported to be running 4 years late and £1billion over budget on its latest construction project(national broadsheet,12/5/07)?

The ultimate problem for researchers of failure is getting close enough long enough to be able to peel off some of the layers of assumptions and impression management. EA has been visited and written about by journalists on numerous occasions, but the visits usually take one or two hours with a phone call. Longer research can dig a little wider and deeper, but we are still left with tentative sign-posts for further research.

- The fall and fall of EA wasn`t planned either by the staff or this researcher; inevitably the account from a Black Box in the wreckage and a survivor is incomplete. One can at least be confident that a more plural perspective should be useful. Individuals, their organisations and systems are embedded in bigger pictures. Some of these may confirm the Failing Town thesis, but Steeltown is not everywhere; all one can ultimately say is that here is an example that suggests that the traditional focus on individuals and their organisations may not be enough.
- EA managers were over ambitious, and they did fail to confront the lack of fit between their social mission and the weak potential of the income

generation strategy, but their failure in a failing town was not unique. During the period of EA's final demise(2006-8)a further handful of small projects collapsed, a major infrastructure organisation went into administration amidst inquiries into financial irregularities, and the local Social Enterprise Network concluded its three year programme(on a £600k grant)by announcing that it had established only 20 new jobs. Finally, the EA liquidator turned out to be the very same person who only a few years previously had overseen the liquidation of the town's semi-professional soccer club.

- If EA were to be magically brought back to life, several changes would be necessary, ideally at more or less the same time. The Development Trust professional perspective would demand planning and monitoring systems. One cautionary note concerns the ability of agencies like EA, in Steeltown-like contexts, to recruit and reward the `right` people. Even then, questions would have to be asked about the ability of the organisation to absorb, digest and apply all the rational advice being made available.(Walshe et al op cit,2009).A key lesson from qualitative research is that prescriptions for change risk their own versions of failure if they don't begin with the realities of the people charged with carrying daily life forward. Too often the business plan is drawn up without a sufficiently sensitive understanding of the contexts within and beyond the agency.
- The issue of mission is central. For EA this became so dominant that some trainees entered projects primarily to underline the inclusivity of the organisation. At the same time, they threatened its financial viability ,because no fees or income were attached to their presence. It is time for agencies to stop calling themselves Social Enterprises just because they think some short-term funds can be obtained. It is also time to confirm that some agencies cannot call themselves Social Enterprises if it is clear that their main client groups do not attract adequate funding. In short, EA became seduced by its exploitation of the double halo, and believed (at least for a time) that with those client groups in that town it could be a financially viable Social Enterprise. It could not.
- Was it all worth it? One local view(among some councillors and some Third Sector actors) is totally negative:

“---it rode on the back of 10,000 redundancies for too many years and got away with it.”

On the other hand at least 8 micro-businesses, employing about 20 people, are direct results of EA. Some hundreds of trainees have, in the words of its first mission statement, been helped to become “valued, contributing members of the community”. Assisting them into full employment, the second part of the original mission has been harder, not least because of economic circumstances way beyond the control of EA.

The very least that can be said is that many people had positive experiences, not otherwise available in a failing town. Failure then becomes not one monolithic state at the end of something, but multi-layered and wrapped up in qualitative experiences along the way. To have attempted as much as Enterprise Action may even constitute a success in the midst of failure.

References

NB A degree of `disguise` concerning the location and identities of `Steeltown` and `Enterprise Action` has been carried forward from earlier research. This has meant that specific references to the town and the agency are not listed here, even though indicated (in a general way) in the text.

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