

# Building a 'Community Co-operative' at Hill Holt Wood

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This article documents the business history of Hill Holt Wood (HHW), a community-run social enterprise based in rural Lincolnshire. It argues that HHW is an example of a particular kind of co-operative, namely a 'community co-operative' (Somerville, 2007), and it aims to shed light on the issues and obstacles associated with developing a co-operative of this kind. To this end, face-to-face interviews were conducted with the venture's founder over a period of approximately five years. It was found that the motivation and persistence of the founder, in addition to key support networks that can be drawn upon when required, were critical to the success of this particular enterprise. The article concludes with a discussion of the future prospects for HHW and similar 'community co-operatives'.

## Introduction

Entrepreneurship is frequently portrayed as the driving force through which individual firms and, by extension, the economies within which they are situated, become more competitive (Harper, 2003). The focus of entrepreneurship research has, as such, tended to concentrate on exploring questions relating to how to improve levels of competitiveness within firms and across geographical spaces (Atherton and Frith, 2005). This theoretical lens has led to entrepreneurship being perceived by many as an individualistic pursuit in which the goals, qualities, and competencies of the founder are the critical components in determining whether or not a venture is successful (Shane, 2003). The entrepreneur has continued to be [re]presented as such ever since the writing of Schumpeter (1934:93) in which he suggested that the entrepreneur has

the dream and the will to found a private kingdom ... the will to conquer, the impulse to fight, to prove oneself superior to others, to succeed for the sake, not of the fruits of success, but of success itself.

The entrepreneur has, as a consequence, become synonymous with the maverick economic hero who, through determination and perseverance, is able to redraw the economic landscape in a fashion that is in accord with their own intentions.

A consequence of this theoretical approach to and wider understanding of entrepreneurship has been that the importance of co-operation and collaboration has often been discounted or even overlooked entirely (Rae, 2007). However, such a view does not fully accord with real world experiences in which the firm is socially

embedded and through which interaction occurs and benefits accrue (Svendsen and Svendsen, 2004). Collective action and voluntary co-operation have long been recognised as essential in the attainment of personal and business goals (see, for example, Coase, 1960; Putnam, 1993). Furthermore, co-operative and collaborative efforts between firms and local communities can occasion economic and non-economic benefits for both parties. This recognition has meant that many firms and their local communities now actively seek to discover and explore ways in which they might work together for mutual advantage. However, the establishment of productive relationships between firms and the communities within which they are situated is not always a straightforward process and can take considerable time and effort from both parties to develop.

## The Research

This case study is based on a series of field visits and semi-structured interviews undertaken between October 2003 and September 2008. Over this period, a total of seven formal interviews, lasting between one and two hours, were conducted with the founder of Hill Holt Wood (HHW), as well as numerous informal conversations. These interviews focused on critical incidents that had taken place in the development of HHW.<sup>2</sup> The semi-structured character of the interviews allowed the interviewer to follow the interviewee as important themes emerged that were not anticipated prior to the interview. This enabled the researcher to uncover and explore the challenges involved in establishing and growing a social enterprise that eventually became a community co-operative.

Interviews are often criticised within the social

science research community for their tendency to elicit one-sided and often biased account of events past. To offset this potential weakness, interviews were undertaken over an extended period of time to allow for variations in responses to be allowed for and analysed and interpreted. In addition, it is recognised that conducting interviews over an extended period of time provides the interviewer and interviewee with an opportunity to get to know one another and to develop a sense of trust towards one another:

an unusual degree of trust is likely to lead to willingness on the part of the subjects to answer the questions carefully and with validity. This is especially advantageous when the questions are of a sensitive nature (Lull 1990: 53).

Using relatively unstructured techniques seems to give interviewees opportunities to feel free to describe their experiences in some detail without putting them either under any pressure to respond in a particular way, as much is practicable, or indeed to push them in any particular directions (McElwee 2008:136).

To this end, one of the researchers worked on site for one month in a voluntary capacity, which allowed him to get to know the founder in a relaxed and familiar setting prior to the onset of interviews. In addition, as the nature and focus of the business developed over time, data collected at different points in the venture's development enabled the researchers to gain a sense of both the changing nature of the business founder's concerns and the continuity of certain themes.

### **1995-1997 – a private enterprise involving the community**

Hill Holt Wood (HHW), a thirty-four acre ancient woodland in Lincolnshire, was purchased by Karen and Nigel Lowthrop in 1995. The required purchase capital of £32,000 was raised through the sale of the Lowthrops' fencing company, which they had owned and managed for the previous ten years. HHW was in a very poor condition when Karen and Nigel first took ownership; the vast majority of the quality timber had been removed and sold, invasive rhododendron had taken hold of large tracts of land and the drainage system had been severely damaged, leaving much of the surface area of the woodland waterlogged and inaccessible.

However, Karen and Nigel felt that they had the knowledge and the motivation that they judged to be required to restore the woodland to its original ancient condition:

We knew that it wasn't going to happen overnight. My experience working for the Forestry Commission taught me that to take care of an ancient woodland can be a very difficult and time consuming process. But, at the same time, it taught me that with the right levels of determination and sensitivity to what is appropriate, it is possible to return a damaged woodland back to its original condition.

Karen and Nigel describe their approach as 'three-legged', with the enterprise having to be economically, socially and environmentally sustainable. Economically, the enterprise had to be a viable company; socially, it had to bring clear benefits to the local community and to society more generally; and environmentally, it had to put more (carbon) into the environment than it took out. Their first priority was to ensure that the enterprise would be economically viable, and they saw that, in order to achieve this, it was essential for it to have the support of the local community.

In 1996, Karen and Nigel sold their house and used the proceeds to purchase a thirty-foot American Winnebago. Within weeks, they had moved into the Winnebago and onto the woodland so as to save the morning/evening commute time to and from HHW. In addition, they felt that this move would demonstrate to their neighbours and the local community their commitment to the development of the site. Both of them felt strongly that the interest and support of the local community would prove essential if the project was going to succeed. Nigel's experience as a nature reserve warden in particular had taught him the importance of involving local people. However, early thoughts of a quick settling in period were soon dispelled:

When we first arrived there was a lot of suspicion with regards to what we were doing and why we were doing it. I think people thought that we were radical environmentalists and that the wood was going to be filled with 'tree-huggers!' We had to work really hard to demonstrate to our neighbours that we were genuinely interested

in making a difference, so we decided to try and include them in every step of the project.

It is not uncommon for communities to be wary of firms that locate in their midst, especially if those firms keep their doors closed and are perceived to be deliberately minimising interaction. It is equally often the case to find that firms themselves are wary of the communities within which they locate, as the communities can prove difficult and may, if provoked, seek to impede business activities. This mutual suspicion often acts to prevent the possibility of developing co-operative and collaborative activities between firms and communities, which can be beneficial for both sides.<sup>3</sup> Consequently, many firm owners and managers now actively seek to engage with community members, thereby allowing local knowledge and expertise to be brought into the firm and suspicion towards the firm to be reduced (Licht and Siegel, 2006).<sup>4</sup>

Reputational bonding (Siegel, 2005) describes the process involved in a firm embedding itself in a series of dense social networks where the future success of the business is dependent on an ongoing record of trustworthiness. Such bonds are particularly difficult to create and to develop, especially where there is a lack of historical precedent, as is often the case in the development of a new business. Aldrich and Zimmer (1986) argued that successful new ventures tend to be headed by highly social individuals who spend a great deal of time and energy embedding themselves within local social networks, which they can then draw upon if and when required. Furthermore, as suggested by Burt (1982), highly social entrepreneurs are able to use their developed networks to bridge structural 'holes' and identify opportunities and leverage resources in ways that less social entrepreneurs could not.

However, the extent of social interaction possible between a firm and the local community tends to be determined by or contingent upon the nature of the activities in which the firm is involved; a chemical refinery, for example, is less likely to be able to nurture a level of social interaction and reputational bonding equivalent to that achievable by a new wildlife sanctuary or community centre. There is, therefore, a firm/community fit issue that determines, to a degree, the level of interaction that takes place between firms and local communities. Furthermore, the degree of fit will determine, to a greater or lesser

extent, the scope for as well as the scale of the benefits that may arise as a result of interaction. Karen and Nigel recognised the possible benefits that could be attained as a result of expanded and enriched social connections and so actively worked to improve levels of interaction. This recognition is what finally led to HHW becoming a community co-operative.

In order to get the community involved in their project, Karen and Nigel realised that they would have to open the woodland to the public. However, recognising that simply making the woodland accessible to the public would not be sufficient, they worked, as a first step, to build a footpath through the wood that could then be used by visitors as a dog-walking route. Once the path had been completed, they began attending local events, meeting their neighbours and generally trying to spread the word regarding their new dog-walking facility. Over the next three to four months, the numbers of visitors to HHW began to increase steadily. Karen and Nigel worked to ensure that one or other would be at the woodland during opening hours, thus helping to make people feel welcome as well as creating the opportunity to get the views of the people who were visiting.

The feedback to Karen and Nigel suggested that people thought the woodland would make a pleasant picnic venue and that, given the necessary facilities, ie, a clear area of ground and some seating, a broader range of people might begin to take advantage of their hospitality. Karen and Nigel took this suggestion on board and spent the next couple of months, amongst other things, making a small clearing at the edge of HHW and building a number of seating areas where people could take and enjoy their picnics.

I think this really helped ingratiate us with the local community, you know, they saw that we were willing to listen to their needs and to spend our own private resources in providing them. In addition, this allowed us to get to know many of our neighbours, to find out what they did and, of course, how they might be able to help us. I know that sounds a bit calculating, but it really wasn't. Once we got to speaking with people, I think our enthusiasm for HHW just caught on and people began to get interested in finding ways in which they could help us out.

Following these rather small-scale developments, Karen and Nigel continued to

work on the woodland. Now, however, they were no longer entirely on their own because the local community arranged 'help days' in which a group of people, usually around 20-30 individuals, would gather together and spend the weekend camping at the woodland and helping Karen and Nigel in the restorative activities. Both the dog-walking and picnic facilities that were offered at HHW, free of charge, meant that HHW became increasingly important within the local community as more and more individuals and groups of people visited the woodland to see for themselves the developments that were taking place and to take advantage of Karen and Nigel's hospitality.

Nigel started the enterprise by drawing up a long list of income-generating activities concerned with woodland, which he sent to the Director of what was then the Countryside Commission. Subsequently, he selected suitable items from this list for implementation, such as selling firewood. The opportunity to use the woodland to provide training for young people arose in 1998. The social enterprise Groundwork in Lincolnshire, (GiL) won a contract from the government to run its New Deal for Young People programme but found that it lacked capacity to deliver the programme successfully so the management of GiL contacted Nigel and requested his assistance. The numbers of learners gradually increased through 1999 and, within 18 months, Hill Holt Wood had taken over the Groundwork contract for Lincoln. Karen gave up her job to manage this contract. This marked the start of HHW's journey towards becoming a community co-operative. It seems clear that Groundwork would not have contacted Nigel had it not been for the efforts that he and Karen had made to build links with the local community.

### **1997-2002 – becoming a *social* enterprise**

Two years after the purchase of HHW, Karen and Nigel established a management committee for Hill Holt Wood, which included representatives of the local community, local politicians and business people. The purpose of this was threefold: to reflect the growing importance of the relationship that had developed between HHW and the local community; to demonstrate formally to outsiders the commitment of HHW to the local community; and to help overcome some of the liabilities

associated with informal relationships, for example, unspecific obligations, uncertain time horizons, and the possible violation by one or other party of reciprocity expectations (Licht and Siegel, 2006). Committee members were asked to act in an advisory capacity to assist in the development and growth of HHW. In addition to this input, Karen and Nigel felt that the establishment of the committee would help to:

- Improve the overall transparency of the project.
- Establish the groundwork for making HHW a social enterprise.
- Create a sense of shared ownership within the local community.
- Validate (internally and externally) the relationships that had developed over the previous two years.

I use those words [transparency, openness, trust, inclusiveness] in reports that I write, and use them to explain how we developed the trust of the local community and how we managed to get the support of the community. That's why I'm always telling people everything about the business and involving as many people as possible, you know, I'm sticking to my principles, I'm saying that we are open and transparent and we will tell people how much the site is worth, how much we earn, how much the business turns over, anything, everything!

Nigel and Karen first organised an open meeting in 1997, advertised in two parish magazines, which was attended by six people, and one person agreed to act as Chair of what subsequently became the HHW management committee. The idea was then publicised in other parish meetings, with four parishes initially agreeing to nominate representatives to the committee, growing to eleven parishes by 2000, covering a population of about 8,000. Membership of the enterprise was open and free — members only had to sign their agreement with HHW's aims and objectives.

Once the trust of the local community had been gained, it was essential for the long-term sustainability of the business to involve other, and possibly more powerful, stakeholders — in particular, the local district council, because of its planning powers, and the Forestry Commission. Nigel also admitted to a streak of arrogance in being eager to tell government how

it could do a better job! However, the challenges of involving such stakeholders were far greater, for a number of reasons. Firstly, the further away from the site these stakeholders were, the more difficult it was to convince them to visit the site. Secondly, the nearer they were, the less like stakeholders they felt and so the less interest they had in the project. Nevertheless, as far as Karen and Nigel were concerned, these individuals and organisations were stakeholders and presented perhaps the biggest obstacle in terms of securing the future of Hill Holt Wood. Consequently, Karen and Nigel spent a great deal of effort in trying to contact these stakeholders and in trying to communicate to them the benefits of adopting the HHW approach to woodland management.

It was like pulling teeth, we were just dismissed and nobody wanted to talk to us, let alone to come and visit the site ... it's very difficult as a small project to get recognised, to get seen. You know, it's one thing getting people from the local community involved, though that was hard enough, it's quite another to get people from far away to come and visit — especially if the people you want to attract are senior managers in government departments.

In addition to trying to contact individuals from government organisations, Karen and Nigel were becoming increasingly aware that, for them as a family and for the business more generally, it was vital that they find ways to make HHW economically sustainable. They were reluctant to start charging people for the use of their woodland, as they felt that was not in accord with their aims of providing a social service and might damage the long-term prospects of HHW. They thought that they were in a very difficult position, however, as they had no clear idea for taking the business forward.

It was tough. We had this really beautiful woodland that we were working so hard to restore to its natural ancient condition, we had people from all over the county coming to use the woodland, but we just couldn't think of a way of making it pay and our money was beginning to run out and I was starting to have to take on part-time fencing contracts to keep money flowing into the household.

However, through contacts developed within the

local area, Karen and Nigel soon discovered that there was an opportunity to provide on-site training courses for young offenders who had been excluded from mainstream education. In exchange for working with these young people and teaching them basic life skills such as teamwork and responsibility, HHW would receive financial support from their local education authority. In order to make this new opportunity work, Karen and Nigel felt that they needed to employ other people on site to provide the core of the training whilst they continued the activities needed to further develop the woodland. In discussion with the local education authority, they discovered that they could combine the teaching and training of these young people with the vision that they had developed for HHW, that is, the restoration of HHW to its original ancient woodland condition. The result was a series of courses, accredited to key stages 3 and 4, designed around improving, managing and maintaining the learning environment, ie, the woodland itself. The first group of learners arrived at HHW in 1998. This new, and originally unplanned, development created a number of new opportunities which, in turn, brought the project to the attention of a wider range of individuals and groups than they had previously been able to gain access to:

I think this really put us on the map, so to speak, for the first time. You know, we were now in the position of providing a service that no-one else could cater for and so we were given attention from people that we'd been trying to contact for ages, as well as from organisations that we hadn't even considered previously. I don't want to sound clichéd, but it seems to me that it's more important to demonstrate to others how you can help them than it is to demonstrate how they can help you. I think you need to be able to strike the right balance between pursuing your own ambitions as well as the need to help others resolve their own problems. It can be a win-win situation in some circumstances.

The numbers of learners arriving at Hill Holt Wood grew steadily, as did the numbers of staff employed as rangers (the term used to describe employees, both teachers and carers, working on the woodland) and as administrative assistants. In recognition of the work being undertaken at HHW, it received a number of local, regional and national awards for its

achievements not only for enterprise and entrepreneurship but also for its contribution in developing new approaches to helping young offenders find ways of working, team-building and responsibility sharing:

Lincolnshire Police has had a long and successful relationship with Hill Holt Wood. We commend any initiative that engages with young people and diverts them away from antisocial or criminal activities. Hill Holt Wood has repeatedly demonstrated its ability to do this with individuals who have not responded to more recognised and conventional types of engagements. Furthermore the young people from the Lincolnshire area who have experienced Hill Holt Wood have generally stayed out of the offending and anti-social cycle. They have gone on to contribute positively towards society with the skills they have obtained and become an asset, rather than a drain on their local communities.

(Chief Inspector and Acting Community Safety Officer, Lincolnshire Police Authority)

In late 2001, Karen and Nigel were granted planning permission for the building of an eco-house in the grounds of HHW and the local council (North Kesteven District Council) also accepted that the existing buildings on the site did not need planning permission. Planning permission for a new building in a woodland environment is not given very often, and so was considered as a reward or token of local recognition for the contribution that Karen and Nigel had made within the local community in terms of on-site activities as well as the care and rehabilitation of youth offenders. The planning permission was, however, granted on the condition that the building would be eco-friendly and that the carbon footprint of the building would be as low as possible. Karen and Nigel felt and suggested that the planning permission they were granted for the building of their house would not have been given without the hard work and support of their application that the local community had provided, particularly through parish council representatives.

In 2002, Nigel was advised that it would be beneficial for HHW if it defined itself more clearly as a social enterprise. He passed this advice on to the management committee, who were enthusiastic about incorporating it in HHW's

articles of association. Thus HHW became a fully-fledged social enterprise.

### **2002-2005 – becoming a *community-owned* enterprise or ‘community co-operative’**

In 2002 HHW had about 40 members and, according to Karen and Nigel, it was close to its maximum operating capacity, leading to the need to find ways to develop it without compromising its aim of environmental sustainability:

We want to be sustainable and part of that involves knowing the maximum capacity that the woodland can support. We've got more than twenty people working here full time now and we've got more than that working here on one or other of our learning programmes. There's a danger that we could overdo things on the site that would be detrimental to our overarching goal of restoring HHW to its ancient state. We want to expand, but not necessarily on this site. The way I see it is that we have two choices — to move up the value chain and concentrate on our highest earning projects, or to look for other sites to develop. I think we're all reluctant to concentrate on our highest earning projects as that would entail losing some of the traditional activities that we have going on site such as craft work and furniture making both of which we feel are central to our identity.

Karen and Nigel both felt that the overall sustainability of HHW, at least in social and environmental terms, was contingent upon making the business independent of themselves and fully owned and managed by the local community. Following the independent advice mentioned above, the business was transferred to the community on 1 June 2002, with Nigel and Karen becoming employees as project director and training manager. All assets of the business were valued and this was re-paid from the profits of the business over the following two years. An independently valued rent of £5000 was paid by the business for the use of the wood. Also, the site needed to be developed, eg to provide housing for staff, but they thought it would be wrong for all this housing to be owned by just one couple. Consequently, in early 2004, and at the insistence of Karen and Nigel, the Volunteer Board of Directors (VBD) took over

ownership of HHW. Taking full control involved the VBD using retained profits and a loan to buy the wood. One condition that the VBD made was that Karen and Nigel be allowed to apportion a small area of the wood for their own private residence. The wood was independently valued at £200,000, but a price of £150,000 was agreed, on condition that Karen and Nigel remained in their Winnebago for a further 12 months.

This change in control meant that HHW effectively became a 'community co-operative' as described by Somerville (2007). A community co-operative is defined as a membership-owned enterprise in which the opinions of the members carry equal weight and the membership as a whole is identified with a particular community. Typically, the governing body of the enterprise is mostly elected by the entire membership (at HHW, this was around 120 in 2008) at an annual general meeting on the basis of one member one vote. In the case of HHW, members are elected to the governing body according to various categories: corporate members (3), staff (2), individuals (7), faith (1), and funders (2). Members can be individual residents or local organisations such as businesses or parish councils.

## **2005-2008 – sustaining a 'community co-operative'**

Selling HHW to the community was, according to Nigel, a key factor in ensuring the long-term sustainability of the project:

People thought we were barmy when Karen and I gave up the business and gave it to the community but we've actually done better out of it personally than if we'd stayed running it. It's interesting that the executive committee actually argued with me in favour of my salary going up! The move into becoming a social enterprise was driven by considerations of sustainability; it helps to make the business more sustainable, it helps to make the community link more stable. The real difference is how the business is becoming less dependent on us; it won't be long now until it is totally independent. I think it could survive without us ... If Karen and I both left, it would be too difficult at the moment but, I guess, in another year or so I think it would be fine, it might even do better!

In 2005, the VBD suggested that there was a

need for a social audit, for two reasons: internally, to assess current performance and suggest areas needing improvement; and externally, to raise support, generate awareness, and to provide an evidence base that could be used to assist in funding applications for future developments and possible spin-out projects. The audit involved surveying staff, visitors, and the young learners working on the site, and was conducted by one of the authors in late 2005. Responses were generally very positive but also identified a number of areas needing improvement.

For example, the core revenue generating activity undertaken at HHW is education. This involves the training of teenage children who have been excluded from mainstream education as well as education-to-employment training for older youths and young adults with learning difficulties. Since attending HHW is mandatory rather than voluntary for the learners, who therefore cannot be expected to share the aims and objectives of the organisation, the challenges associated with keeping them involved and interested in HHW are very different from those experienced with other stakeholders. It is the responsibility of the rangers and management team to ensure that learners understand the core values and mission statement of HHW as quickly as possible so as to reduce the potential for disruption and conflict. In order to achieve harmony and a shared sense of purpose, however, the rangers and management team have had to listen to and accept the views of the learners whilst simultaneously ensuring that key required learning outcomes are achieved. The notion of mutual respect has been credited as pivotal in the achievement of common aims and the shared sense of trust needed to overcome a degree of initial suspicion.

Since 2005, convincing an ever-increasing pool of external stakeholders and organisations of the benefits of HHW's approach to woodland management has been a high priority for its owners and managers:

It's the underlying idea. I'm trying to win people over to the idea, to the underlying concept of sustainable development, and to the benefits that can be gained by linking the urban with the rural. It's great to be involved in a whole string of meetings now about that and talking at conferences and being sought out to speak

at conferences and to share our experiences that have been gained at HHW.

This change of focus has drawn the attention of a diverse group of organisations to the positive contribution being made by all those involved in activities at HHW:

We've now had visitors coming to the site from any number of different agencies including DEFRA [The UK government Department of Environment, Food and Rural Affairs], the DTI, [The UK government Department of Trade and Industry] the Office of the Deputy Prime Minister, the Forestry Commission; we've even had visitors from the royal family. That's what's so great about what we're doing, once people are aware of what we do, it appeals to so many different people and organisations on so many different levels. The more stakeholders we've got interested, the easier we've found it to do things – the difficulty was in getting them here in the first place!

Gradually, over time and on the crest of the 'green wave', more and more individuals and from across the UK have visited and become involved in the Hill Holt Wood project, including a visit from the Earl of Wessex. The visits of such key individuals have made a significant difference in terms of Hill Holt Wood's ability to open the doors to other key stakeholders, to get them interested in the business and to encourage them to contribute to the business in ways that they previously were reluctant to do so.

Not everyone seems to be convinced of the benefits of HHW's approach, however:

... the farmers union still don't see it and they still don't understand it and they still don't listen to it, they still dismiss it as a one-off, you know, they don't see how it could impact on other sites. They always say that you might do one per county, that's always been the argument, now, if I can get a mirror project set up two miles to the east of us and another one two miles to the west of us, one of which is bigger than Hill Holt, and, erm, if, if they work to the level that I think they can work, then in three years time the total jobs employed on those three sites could be eighty, possibly ninety, with a turnover of £3,500,000, maybe £4,000,000

... now if we can do that, then they can't argue with it, they can't argue that this is an approach that they can't apply to an awful lot of farmland, to a lot of sites around the country.

Indeed, Karen and Nigel acknowledge that it is not easy to replicate what HHW has done:

'It's now taking that and saying that it can happen all over the country. It will be difficult to set up more projects like this along the same sort of lines; the element of community control, the element of environmental lead and the different approach to the countryside, it's difficult to win people over in the short term but we've proven that if you persist, it can be done'.

## Conclusion

The challenges facing new and innovative businesses such as HHW are often acute. Even where the social benefits appear obvious, strong resistance tends to occur when old patterns, routines and established ways of working are questioned. Karen and Nigel attempted to overcome this resistance by taking an inclusive approach, involving as many people as possible in their project so as to build up a critical mass of support that they could then use to demonstrate to a wider range of stakeholders the benefits of their approach to woodland management. However, including local stakeholders in the project involved more than simply allowing them to walk around the woodland, it required full and on-going communication between both parties. This approach allowed Karen and Nigel to develop strong relationships with the key stakeholders in the area, to gain the trust that was so important for the development and expansion of HHW and to identify new opportunities that perhaps independently they would not have thought of or been able to access. Over the years the role of HHW within the local community changed substantially, in terms of both the founders' original intentions and the local community's understanding and potential interaction with the enterprise. Beginning as a local leisure facility, HHW evolved into a teaching facility for local school children and young adults with social or learning issues and into a provider of a range of local services.

What lessons can be learned from HHW for



co-operative enterprise both now and in the future? First, the innovative character of HHW is striking. Most recently, it has set up a separate VAT-registered trading company (HHW Ltd), wholly owned by HHW, which now has charitable status. HHW now provide countryside services for North Kesteven District Council, contracted by the council's Environment Department to collect litter, maintaining gardens for older people, working for local parish councils on managing pieces of land, etc. They are developing the concept of 'care farming' in the context of community forestry.<sup>5</sup> Current understanding of rural innovation seems to be exclusively concerned with new technology (see, for example, Mahroum et al, 2007), but HHW's strength lies in its *social* innovation (see James and Faizullah, 2007). Its turnover last year was £540,000, with a surplus of £70,000.

Second, HHW seems to be a typical community co-operative in a number of ways: its involvement in a wide range of activities, its emphasis on regeneration (in this case, of ancient woodland and rural life), its productive struggles with local authorities, its rapid growth without relying on traditional forms of external investment, its reliance on the ownership of a valuable asset base (in this case, an ancient woodland), and its exploitation of opportunities to deliver public services. HHW is also similar to other community co-operatives in using non-co-operative institutional forms such as a charitable trading company in order to gain tax advantages. HHW is therefore not alone — there are clear patterns to the development of such

community co-operatives from which more general conclusions could be drawn.

Third, HHW is committed to evaluation in terms of Social Return on Investment (SROI) (see Aeron-Thomas et al, 2004; Lawlor and Nicholls, 2006:34; Lawlor et al, 2008). This is an approach, developed by the New Economics Foundation, which assesses an enterprise on the basis of the benefits it produces not only for the economy but also for society and the environment. It is argued that the significance of social enterprises such as HHW is not fully appreciated because standard forms of accounting and auditing do not take account of the unquantified contribution such enterprises make through the social and environmental effects of their activities. For example, the contribution that HHW makes to diverting young people from anti-social and criminal activities, and providing them with useful skills, is not measured in any way. It is possible, however, that randomised control trials would show that such a contribution is enormous, taking account of the costs to the taxpayer that might be incurred by not achieving such diversion and not developing such skills. At its simplest, SROI is a technique for comparing the subsidy towards such activities of a social enterprise with the long-term benefits for the exchequer. This shows that community co-operatives such as HHW can accept government subsidy without compromising their independence while also providing important services for the general public. This is more than can be said for some more traditional co-operatives.

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## Notes

- 1 Corresponding Author
- 2 Cope (2005) suggests that interviews that explore critical incidents in the development of a business venture offer a useful means for exploring the important stages or phases that a business owner must progress beyond if their venture is to be successful.
- 3 Network theory (Granovetter, 1973), for example, has suggested that the development of networks between a firm and their local community serve a variety of purposes in facilitating a firm's development and helping the firm to achieve its aims.
- 4 As Licht and Siegel (2006: 525) have put it: "in all environments, entrepreneurs must build reputation-enhancing relationships with the outside resource providers ... entrepreneurs require social contacts who can share the best leads on suppliers and customers".
- 5 Care farming is defined as: "the use of commercial farms and agricultural landscapes as a base for promoting mental and physical health, through normal farming activity" (Hine et al, 2008: 6).