

Ignite Social Enterprise – Application Guidance Notes

Please read this guide in full before applying.

Ignite supports ambitious social enterprises by providing them with access to finance, business support and powerful connections to help them scale their business. Funding is available from Ignite and will take the preferred form of a loan which is convertible into equity but we will work with each business to determine the appropriate investment structure.

The businesses we work with can take on any legal form acceptable under UK law, they can be for-profit or not-for-profit, but they must be relentlessly focussed on creating sustainable, scalable, disruptive social impact and 50% of revenues must come from the activities the business undertakes.

This guide will enable you to understand what Ignite offers, your eligibility for the programme and the details of the application process – including information on the assessment process, and what happens next if you are successful.

1. What is Ignite?

Ignite is the UK's first impact investment fund with a focus on energy. At Ignite we believe that energy enterprises have a vital role to play in building a better society and we're here to help them achieve their potential. We invest people and money into emerging and mature organisations that have a clear vision of how they benefit society. By focusing on energy, we're driving innovation at every point of the energy chain – from sourcing and generation through to supply, service and saving energy. And by investing in social enterprises we're making a positive impact on employment, income, housing and local communities.

Ignite is backed by Centrica and will provide funding of £10 million over the next ten years, and will make investments of between £50k and £2m.

2. Who is eligible to apply to Ignite? Does my business need to be legally incorporated in a particular way in order to apply?

You can read the fixed eligibility criteria as well as broad guidelines on traits we are looking for. Social entrepreneurs with businesses of any legal incorporation form may apply – that includes charities, not-for-profit Companies Limited by Guarantee, Community Interest Companies or for-profit Companies Limited by Shares. What matters to us is a relentless focus on the social mission of your work – a clear evidence and explanation of how your work delivers meaningful, measurable, scalable social outcomes.

In addition you should recognise that investment is integral to what Ignite offers and a key assessment question. Some structures may be more limiting in the types of investment capital they are able to take on. For example, a Company Limited by Guarantee is unable to take equity finance as it has no shares but it can take on loans; a Co-operative cannot take more than £20,000 of investment from any one individual. We will consider organisations that are trading arms of charities or spin-outs from the Public Sector, but will expect to see evidence of real entrepreneurial attitudes.

Ignite seeks to take financially viable social business models to scale. Any applicant needs to consider whether they can demonstrate they have such a model – a revenue model that can make returns to investors.

3. What support do enterprises get?

Ignite supports ambitious social enterprises by providing them with access to finance, business support and powerful connections to help them scale their business. This means helping you to build a compelling growth story, making strategic connections and supporting you as an entrepreneur during the journey. Additional business support from Centrica will be made available based on the individual needs of your business and the availability of Centrica employees and will be managed between you and your investment manager.

4. What do you mean by “scalable/scaling up”?

Scaling up may be taken as another word for growth although it is generally understood that scaling up takes place on a large and rapid scale and requires strategic investment – as opposed to steady, organic growth using your own profits to build the business at a slower rate.

In broad terms we look to the following as indicators that a social enterprise is scaling:

- Increased geographical reach of services – to cover multiple local authorities, regions or countries
- Increased number of beneficiaries by at least a factor of 20% per year over three years
- Increased revenue by at least an average rate of 20% per year over three years
- Increased employee size by at least a factor of 20% per year over three years
- Social impact that scales in line with the organisation.

5. What do you mean by “investment”? Can it be a grant, for example?

In order to grow to scale rapidly, businesses normally require money to pay for extra capacity; for example, to invest in new employees, new systems or new stock in order to increase production, marketing or sales. For the purposes of Ignite we define investment as loan, equity or quasi-equity and not grant.

6. Is Ignite for start-ups as well as more established businesses?

Ignite welcomes applications from all stages of businesses – it is worth noting the aim of the fund is to provide capital where it would not normally be available and rapidly scale your social impact. Therefore, as a start-up business, to be a successful applicant you will need to show that you can convince our investment committee of the robustness of your offer – and move from nothing to significant social impact in a very short time. This would suggest that while not trading (or in the very early stages of trading) you have a strong personal track record in your field, a strong team in place, key delivery partners, an extensive network, you have piloted key aspects of the business model, have a business and operational plan based on extensive research and financial forecasts which will stand up to independent scrutiny.

Equally, if you are a well-established social venture we would want to understand the reasons behind your plan to scale rapidly now – as opposed to previously in your organisation’s life.

7. How do I apply? Can you provide support on completing the application materials?

In order to apply, please complete the application available on the ‘how to apply’ page of our website www.ignitesocialenterprise.com and send through to ignite@centrica.com for reviewing. We will acknowledge receipt of your application promptly.

8. What are the key stages for the application?

We take applications all the time and depending on the volume of applications we prioritize those that we believe will be the most successful ventures. We also run the Big Energy Idea which offers additional investment readiness support over and above the general application process.

Stage 1: Assessment: Each application will be reviewed by at least two members of the Ignite team

Stage 2: Assessment: We will shortlist applicants to undertake an initial review which will include meeting with you and your team

Stage 3: Assessment: We will recommend to our advisory panel which businesses will progress to due diligence

Stage 4: Assessment: We will conduct due diligence and make a recommendation of investment to the investment committee

Stage 5: Loan Terms Agreed: We will work with you to agree terms of investment and any business support and award this to you

Stage 6: Post Investment Management: We will work with you to continue to build your business and monitor the performance of the business

We aim to assess each application equally and fairly; several members of the Ignite team will assess your application at the initial stages and applicants who reach the later stages of assessment will be assessed by the investment committee.

9. What is expected of those enterprises accepted onto the programme?

Enterprises who receive funding must, in addition, comply with the Ignite reporting requirements, including, but not limited to, providing regular management accounts and impact metrics.

We expect that you and your organisation are committed to achieving your plans to scale up the social impact of your social venture. This is not a trivial ask, as the “day job” of running the existing business must go on and the work required to secure finance and prepare for and deliver growth will not be insignificant. We are able to provide support and you will need to be ready to absorb and use that support to grow the business and associated social impact.

10. What happens if my application is unsuccessful?

We consider all applications and we know that you will be disappointed if we decide not to offer you investment.

If your application is not successful at any stage of the selection process, we will write to you to inform you.

We aim to be efficient, polite and supportive in everything we do. You may be disappointed if we turn down your application but our decision is final.

11. What do you mean by ‘necessary employee policies and procedures’?

We want all social ventures we work with to commit to meeting all laws regulating the way they operate, the work they carry out, the people they employ or the goods they buy, including (but without limitation):

- Employment legislation
- Health and safety legislation

- Child and vulnerable adult protection legislation
- An equal opportunities policy that is implemented and reviewed regularly

12. What questions should I expect to be asked during due diligence

- Have you thought about how your personal role might change as the business grows?
- What are your biggest personal strengths and weaknesses?
- What obstacles have you already faced and what reasons kept you going?
- What will you do if you don't get funding or support from us?
- Tell us about a mistake you have made with the business and what you learnt from it?
- Why are you doing this now? What's the current opportunity?
- What is the one biggest reason people buy from you? What reasons do customers give for not buying from you?
- Tell me about key trends in the market? How are you adapting to these?
- How does your company compare to other competitors?
- Talk me through an average sales cycle. What is the average conversion rate from leads to customers?
- How do you set sales targets and what are they currently?
- Explain your social impact. Why are social outcomes important to you?
- What are the current skills gaps on your team?
- Who are your current strategic supporters and who else are you talking to?
- What value do your board/trustees/advisors add?
- Is your board in agreement with your growth plan?
- What is your breakeven point for each product or service line?
- What is your gross profit margin for each product or service line?
- Who prepared the financial projections? Do you have a financial director on your team? If not, who looks after the finances?
- How else do you know if your business is doing well? What key performance indicators do you pay close attention to?
- How often do you review your key performance indicators / how do you access this information?

- What social impact have you delivered to date?
- How do you measure your social impact?
- How are you going to rapidly scale your organisation? Which potential strategies have you explored and why have you settled on the one outlined?
- What are the 'pieces of the jigsaw' that need to be in place to scale?
- How do you ensure the impact scales in line with the organisation?
- What are your key social impact targets over the next three years?
- How will you know you are achieving your targets for social impact?
- How much of your time will you need to dedicate to growing the business and how are you going to free up your time from other tasks?
- Do you know how much finance you will need to scale up / deliver your growth plan?
- What do you need finance for – what is the purpose? When will you need it?
- What is your attitude to either taking on a loan or giving away equity? Have you decided what kind of investment is best suited to grow the business? What do you think the implications of this will be?
- What other funders / investors / support providers are you working with / applying to work with?

13. I still have further queries – is there anyone I can ask for further clarification?

You can email ignite@centrica.com and we'll come back to you soon.