

Nesta...

# Setting up a venture

Delivering and implementing



**RESOURCE**

### What

Implementation is all about putting the innovation into practice permanently.

### Why

For innovation to create real impact, it has to get beyond the prototype.

### How

How you take forward your innovation will differ depending on what your innovation is and where you are located. Your options for implementing a new venture will be different to implementing an innovation within a large organisation, especially if it is in the public sector. A key decision regardless is whether your innovation can be grafted onto an existing organisation or whether it is so different (in methods, values, culture) that it requires its own structure.

## SETTING UP A VENTURE – ORGANISATIONAL FORMS

<b>Informal structures</b>	Organisations which have no legal basis or formal governance arrangements. This option is more suitable for small ventures in their earliest stages or community-based initiatives with no requirement to hold assets.
<b>Private companies</b>	Provide a legal constitution and a mechanism for shareholding and the distribution of profits. They also limit your liability should your venture fail. Adopting this organisational form allows you to raise equity investment. If you are establishing a community venture, you can operate within this framework by putting in place restrictions on dividends to ensure that the organisation works to further its social mission rather than the financial interests of shareholders.
<b>Limited liability partnerships</b>	This type of structure will provide you with the same protection as a private company, but allows you to adopt the internal governance and structures of a traditional partnership. This more flexible structure has been adopted by a number of housing associations and advisory organisations.
<b>Cooperatives and associations</b>	Coops and associations exist to further the interests of their members. Establishing your new venture as a cooperative or association has the benefit of generating high levels of commitment and engagement amongst employees and the communities you serve. Well known examples include the John Lewis Partnership and the Mondragon Coop in Spain.
<b>Mutuals</b>	Mutuals encompass a range of organisational forms that are owned and managed by their employees.
<b>Charities</b>	Charities are legal forms of organisation that exists for public benefit. Charities generally don't have to pay corporation tax, capital gains tax or stamp duty and they can get special treatment in relation to VAT and are able to fundraise. However, the rules and restrictions that apply to charities are complex, and you should get advice from an expert when considering whether this is the right organisational form for you.
<b>Community interest companies (CIC)</b>	These are a special form of limited company. They are particularly appropriate if you want to operate for the benefit of the community, rather than for the owners of the company. Community interest companies must be registered with the CIC Regulator and have an 'asset lock', which ensures the assets and profits of the company are used for the benefit of the community and not for individuals. By adopting this organisational form, you can benefit from the ability to raise capital in the same way as a private company while ensuring that the organisation retains its social purpose.

## IMPLEMENTING YOUR INNOVATION – PUBLIC SECTOR OPTIONS

### Dedicated unit

Establishing a dedicated unit can be useful when the innovation is discrete or when the skill set needed for the innovation is not widely found across the organisation. Dedicated units are also good for emergent innovations, which require further development at a small scale before it can be more widely adopted or deployed.

### Commissioning

Commissioning can be used to develop markets: either in creating greater licence for new approaches to be adopted, or by opening up the field to different players (including the NGO, social enterprise or private sector) to develop new solutions.

### Procurement

Procurement can also be used to drive better outcomes. Changing procurement rules, such as the changes brought in by the recent Social Value Act, can expand the considerations procurers must take into account and can create space for more innovative responses.

### New rules/laws

Emerging innovation can be made more mainstream by changing the rules or laws to compel their use. Examples of this include the introduction of the mandatory requirement to wear car seatbelts or to install household smoke alarms, introducing can recycling deposit schemes or even banning plastic shopping bags.

### Mutualisation

If you work in the public sector and your innovation involves delivering an outcome more effectively, it may be possible for you to 'spin out' and establish a public service mutual. UK Government introduced legislation to encourage people to establish public services mutuals in a drive to deliver more efficient and effective services; there are currently around 45,000 people delivering public services through mutual organisations.