Social Enterprise: Model Rules Case Study

This booklet contains case studies for use with Chapter 7 of *Understanding Social Enterprise: Theory and Practice*.

Case 7.1 – Stakeholder Model Ltd
Case 7.2 – Cooperative CIC
Case 7.3 – NewCo Model Rules
Case 7.4 – Surplus Sharing Model Rules

Each of the above cases describes the rationale, history and application of multi-stakeholder assumptions in the development of model rules for social enterprises and cooperatives.

Case 7.1 – Stakeholder Model Ltd

Available at Common Cause Foundation: http://www.commoncausefoundation.org/?q=node/4

Background

Stakeholder Model Ltd is a set of model rules published by Geof Cox[1]. The story of the rules starts in the mid 1980s when Geof started working for the Kermase Whole Food Collective and participated in discussions about the way the wholefood business should develop its relationship with its workers and consumers. Kermase – which derives from a Dutch word for 'festival' - was established by a group of students from Keele University.

Historical Development

As an 'alternative' business pioneering green economics and fair trade principles, Kermase depended on a loyal and committed customer base. Initially, the enterprise was based on a group of ex-students buying organic food together as a way of applying their social and environmental values. As time passed, and people moved away from the area, it fell on a core group to organise trading activities and expand the customer base. It slowly dawned on them that they were – in effect – 'running a shop' so the remaining founders formalised their practice as an Industrial and Provident Society (IPS) following a worker cooperative model.

The process of trading whole foods depended on a committed group of people who wanted to continue purchasing from sustainable 'fair trade' sources (see Chapter 5). As a result, the enterprise was constantly debating how to manage the relationship between those directly employed (organising the trading), those supplying produce, and customers (who sustained trading activity). A group colloquially called the 'friends of Kermase" was established. This group was eventually offered loan stock with limited rights: a specialised form of equity investment for supporters of cooperative enterprise.

The institutionalisation of worker and investor members in a single business coincided with ongoing debates in academic journals. Also, there were a series of online discussions in which Geof Cox and Charlie Cattell (at the Industrial Common Ownership Movement) corresponded about the merits of single and multi-stakeholder enterprise models. Charlie Cattell argued for the maintenance of a single stakeholder model (i.e. with only one class of shares that have common ownership characteristics). Geof Cox, however, started developing multi-stakeholder models to explore how classes of share might be adapted to reflect different relationships.

Further influences on Geof's thinking included the Clause 4 debates within the Labour Party, and the work of Paul Gollan and Anthony Jensen (2005). In the mid 1990s, Anthony Giddens (1998) influenced Labour thinking through arguments for a 'third way' that made social justice more important than common ownership. Gollan and Jensen, meanwhile, argued for a "corporate partnership model" in which a conventional share company could contract a worker cooperative to advance representation and involvement at all levels of enterprise activity.

Geof evolved his model while working with *The Renewable Energy Corporation Ltd* and Dave Tomalin at *Lippy People* (http://www.lippy.tv/associates.html). Together they produced a version adapted to the requirements of CIC legislation. The social entrepreneurs Geof worked with regularly wrestled with ways of enfranchising themselves, the workforce, customers, suppliers and

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[1] Geof Cox is an independent freelance consultant. For more information see http://www.geofcox.info/.

investors. They sought to share control of (and rewards from) the enterprise, but also wished to retain a strong voice in governance. In late 2006, Geof launched the *Open Social Enterprise Organisational Structures Bank* and published his model under a Creative Commons Licence.

Key Features

In Geof's consultancy work, he detected a pattern to the development of enterprises. Firstly, there were a core group of social entrepreneurs with specific social commitments. Secondly, there were groups of people who more frequently joined and left an enterprise (staff and customers). Lastly there is a third group who invest financial capital in the business. *Stakeholder Model Ltd* seeks to provide governance rights to all groups, and financial returns for "partners" and "investors". On this basis, the model sets out a capital structure that includes:

- Stewardship shares (to facilitate the 'trustee' role and protect social mission)
- Partnership shares (to attract and reward loyal staff and customers)
- Investment shares (to attract and reward member-owners and social investors)

Each stakeholder group has 1/3 of voting rights (see Figure 1) to institutionalise support for the development of social capital. In practice, Geof has found that *Stakeholder Model* provides a 'good starting point' for conversations about stakeholder involvement, but is seldom the end point. Tax and legal considerations weigh heavily in decisions about incorporation. For example, the *North East Music Co-operative Ltd (NEMCO)* eventually opted for a marketing cooperative model because under this arrangement members could be self-employed and obtain significant tax benefits. It also enabled members to exercise a collective voice to secure contracts with the local authority to provide music services. Similarly, worker-ownership choices were influenced by the Inland Revenue's decision not to give full tax concessions for Share Incentive Plans (SIPs) unless the workforce holds over 50% of shares. Legislative and tax regimes, therefore, act to reinforce existing *hegemonic* models (see Chapter 7) rendering stakeholder models less attractive.

Potentially, *Stakeholder Model Ltd* provides a template for accommodating the altruistic motives of founders and supporters (using *stewardship shares*), transaction-oriented motives of staff and customers (through *partnership shares*) and the profit/philanthropic motives of social entrepreneurs and investors (using *investment shares*).

Limitations

Unless adopting a version adapted to meet CIC legislation, these model rules are unlikely to be attractive to providers of public or philanthropic capital (in the UK). They should be more attractive to social investment funds emphasising ethical employment practices, or those seeking to support employee ownership. Incorporation under CIC legislation, however, will make the model *less* attractive to some stakeholders (particularly the workforce and investors) who may be happy to forgo dividends in the short-term, but want long-term capital growth on their shares for retirement planning and future social investment. As with other stakeholder models (see cases 7.2, 7.3 and 7.4), tensions can arise between different groups. A working knowledge of mediation is necessary to manage conflicts of interests that may affect decision-making. Voting procedures are relatively complicated for small organisations, but should not pose major difficulties in larger organisations with experienced company secretaries. The model is likely to appeal mainly to larger (or evolving) social enterprises, and charities who want a *developmental model* for their trading arms that provides greater scope to develop staff and social capital in the community.

Sources: Interview with Geof Cox, 14th February 2010

Gollan, Paul J. and Jensen, Anthony (2005) What's next for IR in Australia: Reforming the corporation. In: Reworking work, 9-11 February 2005, Sydney

Figure 1 – Shares in Stakeholder Model Ltd

Stewardship Shares	*Partnership Shares*	*Investor Shares*
• Only one per member • Are non-profit (do not receive dividends) • Held by the founders, not-for-profit organisations and other trust people/bodies • Exercise up to 1/3 of the votes at general meetings • Up to 1/3 of the board of directors come from this group.	• One or more per stakeholder calculated on size of contract, length of service etc. • Participate in dividends (and capital growth if not a CIC) • Exercise up to 1/3 of the votes at general meetings • Up to 1/3 of the board of directors come from this group. • Must be sold when contract (stakeholding) ends	• One or more per investor, dept indefinitely • Participate in dividends (and capital growth if not a CIC). • Exercise up to 1/3 of the votes at general meetings • Up to 1/3 of the board of directors come from this group • Can be used to realise sweat equity if not a CIC (issued part-paid) • Can be used to support sponsoring bodies • Can be used to raise new equity investment.

Worked Example of Voting in a General Meeting

Unadjusted voting (before application of stakeholder proportional adjustments)

Share class	Total votes	For	Against
Stewardship	12	2	10
Partnership	30	10	20
Investment	90	60	30
Totals	**132**	**72**	**60**

Adjusted voting (applying the proportions in the constitutional documents)

Share class	Adjustment	For	Adjustment	Against	Totals
Stewardship	For 44/12 x 2 =	7	Against 44/12 x 10 =	37	44
Partnership	For 44/30 x 10 =	15	Against 44/30 x 20 =	29	44
Investment	For 44/90 x 60 =	29	Against 44/90 x 30 =	15	44
Totals		**51**		**81**	**132**

The example shows how stewardship shares can 'punch above their weight' should partners and/or investors seek to push through a resolution that would compromise the organisation's social mission.

Case 7.2 – Cooperative CIC (Critique)

http://www.cooperatives-uk.coop/Home/miniwebs/miniwebsA-z/legalServices/modelRules/co-operativeCic

Background

The Cooperative Community Interest Company (CIC) model based on a Company Limited by Guarantee is one of three CIC models available from Cooperatives UK. The CIC regulations were drafted and approved by the UK government during 2004, and came into force during 2005. The Cooperative CIC model was developed in response to enquiries from organisations that wanted to work co-operatively and incorporate under the CIC structure (Banks, 2010).

Historical Development

The CIC model can be traced back to ideas that appeared in a UK Government report titled *Private Action – Public Benefit* (Cabinet Office, 2002). In this report, the idea of a Community Interest Company is outlined and a number of features are set out to protect assets for community benefit. Proposals for the new company form were published in March 2003. In response, Cooperatives UK (and others working in the sector, including a number of legal practices) argued that Community Benefit Societies (BENCOM) incorporated under the Industrial and Provident Society Act already provided the features proposed for the CIC. Despite this, the Government proceeded to create a new legal form to meet the needs of charitable trusts and public sector funders who wanted a company form that would not expose charitable or public funds to the perceived vagaries of member control (Ridley-Duff, 2007).

Following the consultation, Cooperatives UK started to receive enquiries from organisations who wished to work cooperatively but also incorporate under the new CIC regulations. At this time, a view had formed at the DTI Social Enterprise Unit that the CIC should provide a secure vehicle for public and charitable funding of social enterprises (Ridley-Duff, 2007). This increased the incentive to create a cooperative option that satisfied the CIC regulations.

The aims and regulatory structure of a CIC are not always compatible with principles established by the International Cooperative Alliance (ICA). Of particular note in the cooperative model is primacy of accountability to an organisation's membership (comprised of service-users, consumers and/or workers). The CIC model, however, not only requires that the enterprise should benefit people outside the organisation's membership, it has to permit outside directors (and even the Regulator) to take decisions without the consent of the community it is set up to serve. While this ostensibly protects the public interest, these provisions attracted strong criticism from members of the UK cooperative movement who objected to the loss of member control (CoopNet, 2009).

As part of this debate, Cooperatives UK Legal Services issued a statement in October 2007 citing international practices in cooperatives as a precedent for some of the more controversial aspects of the CIC regulations. The powers of the regulator were acknowledged, but also the upside of having a regulator who can intervene when company rules are ignored by powerful members. As the UK is one of only four EU countries not to have Cooperative Law (and therefore has no enforcement agency if cooperative members ignores cooperative principles), the CIC Regulator was considered the best available alternative. As stated on CoopNet:

"I would agree that co-operatives should be independent and autonomous; they should in addition operate as co-operatives and be bound by all the co-operative values and principles. Co-operatives in the UK are self-governing in this regard because there is no legislation or higher body to bring sanctions against them if they breach these principles. [This] is fine in theory, but what happens if this goes wrong and is manipulated by a powerful few?

Key Features

The basic CIC regulations require:

- Protection of assets against distribution to members or shareholders.
- Adherence to UK and European company law and guidelines, including rules on insolvency, accountancy and governance.
- Ability to issue preference shares with a fixed rate of return.
- Increased requirements in terms of transparency and accountability.
- A requirement to have a clause in the constitution setting out the objects of the company.
- A check at registration that the objects of the organisation are in the public/community interest.

The *Cooperative CIC* model goes further by re-enfranchising stakeholder groups that were marginalized at the CIC consultation stage (see Chapter 6). In Clause 8, there is a commitment to membership and stakeholder engagement (defined as employees, funders, suppliers and customers). This may also include consultation with representatives of the local community. As in Cases 7.3 and 7.4 (*NewCo Model* and *Surplus Sharing Model*), members have powers to participate and vote in regular General Meetings, and must have access to accounting records during normal working hours (Clause 63). Transparency and accountability, therefore, goes well beyond the basic requirements of a CIC and deploys a fully developed cooperative management model. Nor is eligibility to serve on the organisation's Board restricted by arbitrary rules: anyone accepted into membership is eligible to stand for election to the Board.

As a Company Limited by Guarantee (CLG), the liability of members is limited to £1, and is provided in the form of a members' guarantee. No shares exist so voting rights are a product of recognition as a member, and not a by-product of purchasing property rights. As a CIC, members acquire voting rights, but have no rights to the cooperative's assets and profits. Profits are reinvested in the organisation's activities. For those that want to allocate shares and distribute dividends, a Cooperative CIC model based on a Company Limited by Shares is available.

Limitations

The *Cooperative CIC* model meets the needs of a particular market for public and charitable funding. The structure is designed to maintain the confidence of public and charitable funders that their social investment will be retained for charitable or social purposes, and not used to increase the income of members (Ridley-Duff, 2007). For this reason, some cooperative supporters may prefer other cooperative models that give more decision-making power to members. Secondly, some sources of risk capital (e.g. social investment funds that offer equity) are harder to access, and funders who work primarily with the private sector (e.g. business angels or venture capital funds) are unlikely to invest. Borrowing from banks may also be harder where income is reliant on public/charitable grants as these usually do not meet the full economic cost of providing services. One way through these limitations is to establish a track record in trading and/or contract delivery. Contracts and trading activities can generate surpluses, generating confidence amongst lenders that the company can meet capital and interest repayments on loans.

Sources:

Banks, L. (2010) Personal Communication, interview dated 2nd February 2010. Linda Banks is a member of the legal team at Cooperatives UK.

Cabinet Office (2002) *Private Action – Public Benefit: A Review of Charities and the Wider Non-Profit Sector,* London: Cabinet Office (Strategy Unit Report).

CoopNet (2009) "CICs – Beware the Hype", http://www.co-opnet.coop/viewtopic.php?f=2&t=464&start=15, accessed 2nd February 2010.

Ridley-Duff, R. J. (2007) "Communitarian Perspectives on Corporate Governance", *Corporate Governance: An International Review,* 15(2): 382-392.

Case 7.3 – NewCo Model Rules

Available from: **www.newco.org.uk**

Background

NewCo emerged out of a collaboration between Bill Barker and Dave Thornett at the Sheffield Community Economic Development Unit (SCEDU) and Morgan Killick[1], the founder of ESP Projects Ltd. In the mid-1990s. Morgan was completing an MA in Political Economy while running a web-design business. His desire to combine social responsibility and entrepreneurial agency coincided with SCEDU's suggestion that he incorporate his business as a social enterprise. He accepted the offer and company rules were commissioned by SCEDU to his requirements, and these were then revised extensively in collaboration with Bill Barker.

Historical Development

The rules owe an intellectual debt to Polanyi's *The Great Transformation* and other texts that Morgan encountered during his MA in Political Economy. These conceptualised economic transactions in their wider social and cultural context, and rejected the naked 'self-interest' that modern day economists and business people claim underlies the economy. He saw that employees and the wider community stood to gain as much by enterprise as the entrepreneur so it was only right that they should be joint owners and backers of the business.

After a period of study, Morgan was left asking the question "*was there a structure available that could re-entrench these other interests within a business model?"* He found that there was not so he set about creating a corporate form that issued ordinary shares to three classes of shareholder: entrepreneurs and investors; employees (through an Employee Benefit Trust) and social economy customers. He felt strongly that these specific three 'voices' were needed in the governance of the organisation, so model Articles of Association were drafted accordingly. Where the costs of establishing an employee trust are prohibitive, shares can be offered directly to staff. The structure is designed to prevent deadlock by allowing employees to become members and have a decisive vote where entrepreneurial and social economy interests diverge. In early 2004, the model included three categories of ordinary shareholder:

Class A shares are offered to social entrepreneurs and private investors founding the enterprise
Class B shares are offered to social economy organisations (who may be customers)
Class C shares are offered to employees

In late 2004, the concept of *social equity* was introduced. The idea was to provide a mechanism for investors of patient capital. The rational for introducing a new class of share was to help overcome situations where ordinary shares have been issued, and existing shareholders are not willing to dilute their shareholding. *Social equity* was believed to provide a useful option to raise capital without offering full voting rights.

At present, pre-emption rights exist (allowing existing class B shareholders to decide which organisations they will recognise). This means that they can decide how new shares offered by the company should be allocated between existing and new shareholders (in their own category only). This can act to limit the development of the investment and customer communities. A new iteration of the model rules is planned to clarify (and perhaps limit) pre-emption rights, and also to review the definition of a social economy organisation for the purposes of membership. It is only recently that the EU (and some member states) started to define this in accounting practice and laws clarifying the nature of a social economy organisation. As a result of this, new iterations of the rules can provide the clarification needed to expand Class B membership.

Key Features (what is unique about them?)

The central feature of a NewCo is a tripartite power structure based on three classes of ordinary shareholder, supplemented by social equity shares to raise patient capital. Classes A, B, and C are treated equally (as a single group) for the purpose of paying dividends and disposing of assets, but – by default - have different powers in enterprise governance. Typically, Class A and B shareholders have more power to elect and remove directors, chair meetings, and must be present to achieve a quorum and transact business. Class C shareholders hold the balance of power rather than participating as an equal partner in decision-making, with the intention that their voice and vote is decisive when there is a conflict of interest between Class A and B members.

Each *social equity share*, by default, is sold for £2,500, and is redeemable after 99 years. Unlike ordinary shares, it does not rise or fall in value and takes the form of a fixed-dividend preference share. In one implementation, a fixed dividend of £125 per share (5%) is paid to social equity shareholders before dividends are paid out to ordinary shareholders.

A key benefit of the corporate structure is its attractiveness to potential social economy customers who immediately take a greater interest than may be the case with a traditional private sector supplier. Trust is established through the offering of shares, and there is recognition that the founders seek to share trading benefits to foster productive collaboration. Another benefit is the scope for entrepreneurial agency. By default, the quorum requirements are modest (for a General Meeting it is three people, of which one must be a Class A shareholder; for a Board Meeting one Class A director and Class B direct must be present). Day to day decision-making is relatively free of bureaucracy, and does not suffer unduly from the need to coordinate meetings with large numbers of stakeholders.

Limitations

After the start up period, it has proved easier to engage Class C, rather than Class B shareholders in governance. This is interesting in light of experiences in the Mondragon Cooperatives (see Case 2.1), where secondary cooperatives have revised their governing institutions to accommodate similar issues. Class C shareholders have a direct interest in most activities through their employment rights and obligations, while Class B shareholders are interested to the extent that dividends strengthen their own social economy enterprise.

As profitability increases, Class B shareholder interest increases, but a tension also grows between Class B and C shareholders. As Class B shareholders have more power to appoint directors, and can receive dividends without contributing labour effort, some resentment from Class C shareholders can develop. Discussions are underway to consider how this might be resolved in future iterations of the model rules, and how pre-emption rights might be amended to enable increases in the shareholdings of Class C shareholders after profitable years of trading.

In practice, social equity shares have proved less attractive than anticipated due the length of the period of redemption. Few investors are willing to tie up capital for so long – so a review of the interest rate, and its link to the bank of England base rate (perhaps with annual opportunities to redeem) may prove more popular with various funders. The presence of 'private' shareholders also means that NewCo companies sometimes fail to meet investment criteria for social enterprise funding because of variations in the way funders understand and recognise social enterprise.

[1] Morgan Killick was awarded Social Entrepreneur of the Year in 2008 at the Yorkshire and Humber Social Enterprise Awards.

Sources: Based on interviews with Bill Barker, 2003 and Morgan Killick 2010. Additional information retrieved from ESP Projects Ltd incorporation documents, Memorandum and Articles of Association 1999, 2004 and 2008.

Case 7.4 – Surplus Sharing Model Rules

Available from: http://www.scribd.com/doc/14113137/

Background

Surplus sharing model rules for social enterprise have been created by Dr Rory Ridley-Duff at Sheffield Business School. They evolved initially as a result of debates at Computercraft Ltd (a London-based worker cooperative) after it was unable to secure loan or equity finance for the redevelopment of its primary software product. The rules made it possible to retain cooperative management while making the company more attractive for member investment and external funders. Over the last 10 years, new iterations of the model rules have evolved to reflect further research findings and practical experience of corporate governance and organisation development.

Historical Development

The rules are rooted in the work of Gavin Boby and Guy Major. In the mid-1990s, Guy Major published papers in cooperative journals on the need for *voting shares* (which determine who controls the enterprise) separate from *value-added shares* (used to determine the distribution of financial surpluses). Guy Major teamed up with Gavin Boby (a barrister from Bath) to form a company called Democratic Business Ltd. Their model rules created a structure that operated on the basis of one-person one vote for decision-making, but distributed surpluses according to percentages agreed during incorporation (normally 50% each to workers and investors).

Their contribution was part of a debate in the cooperative sector on differentiating voting and investment rights (leading also to the Blue 3 rules introduced by ICOM in 1997). The directors of Democratic Business Ltd argued that withholding profits from shareholders (by allocating them directly to reserves) was a subversion of the cooperative principle that capital should be democratically controlled by members. They preferred to follow more closely the practice at Mondragon (in Spain) by which profits are distributed to both individually and collectively owned investment accounts. This way, a board of directors would not be able to ignore company members: they would have persuade members (on an annual basis) to reinvest capital in the business. The company's capital belongs to members in a practical rather than theoretical sense.

A precursor of the publicly available model rules was developed by First Contact Software Ltd in 2000 with the help of Sheffield Cooperative Development Group and Democratic Business Ltd. These acted as a springboard for discussion with School Trends Ltd, one of the companies featured on the website of the Employee Ownership Association (EOA, 2007, 2009). Two features influenced School Trends conversion to employee-ownership: the first is legal membership for all permanent staff. Each member acquires one vote after a year's service. Staff members elect a Governing Council empowered to appoint the Managing Director. The second feature is the allocation of individually and collectively owned shares ('free shares') in proportion to the profitability of the company each year. A minority of shares are individually owned, while others are collectively owned (and allocated to an employee account in an Employee Benefit Trust).

The first public domain version of the rules followed a period of advice to a company established by Dr Poonam Thapa. She wanted to establish a fair trade company with cooperative management and a secure way of preventing "mission drift". To accommodate this, Founders shares were introduced that allow those founding the social enterprise to convert an ordinary resolution (requiring a simple majority of votes) into a 'special resolution' that requires majority support from founders, workers and investors separately. Founders, therefore, can prevent proposals created by the workforce, or by investors, from subverting the social objectives of the organisation. These model rules were published by the Common Cause Foundation under a Creative Commons Licence in 2007.

Key Features

The rules provide for three classes of share: **Founder**, **Labour** and **Investor Shares**. *Founder Shares* are self-explanatory. *Labour Shares* are issued to represent the labour investment of workforce members, and can be issued to contractors and suppliers as well as employees who provide *continuous* labour contributions for more than a year. *Investor Shares* are issued to represent the financial contribution of the workforce, customers, and others acknowledged as partners in the enterprise. *Investor Shares* can also be used to support social investment by issuing them to an employee or charitable trust, or other social economy organisation.

Investor Shares are similar to ordinary shares: they are tradable and can rise and fall in value reflecting the asset strength and future prospects of the company. An important provision is a mechanism to distribute an agreed proportion of profits to the workforce in the form of new shares, so that all members of the workforce gradually increase their shareholding as a reward for good financial performance. Similar mechanisms have been used in other social enterprises (e.g. Sunderland Care Home Associates) to help the workforce acquire ownership over time from another organisation, creating a stable and gradual way to effect a succession plan.

There are some key similarities to Geof Cox's *Stakeholder Model Ltd* (see Case 7.1).

- Founders Shares are similar to Stewardship Shares.
- Labour Shares are similar to Partnership Shares.
- Investor Shares are similar to Investment Shares.

What makes the arrangements different, however, is that all shareholders have one vote in General Meeting. This makes the running of General Meetings easier, and provides all stakeholders with an opportunity to make proposals, speak and use their vote, irrespective of the nature or size of their shareholding. Only if two or more members want a 'poll', or a class of shareholders converts an 'ordinary resolution' to a 'special resolution', are more complicated voting procedures invoked. A poll for an ordinary resolution still limits the influence of Labour and Investor Shareholders (normally they are each allocated 50% of the voting rights). This means that controversial proposals must be supported by members of both groups to secure a majority. Secondly, if one group of shareholders converts a proposal to a 'special resolution' then all groups must vote in favour separately, and 75% of all shareholders must vote in favour.

Limitations

These rules are not appropriate if the goal is to secure grants and donations from charitable sources. Some difficulties were also experienced explaining them to Business Angels (who disliked the one-person, one vote provisions). As a result, they are suitable mainly for employee and community ownership through direct share allocations, and are likely to attract support only from specialist social enterprise and employee-ownership investors willing to purchase equity (such as the Key Fund, Baxi Investment Trust or Triodos Bank). Charitable and philanthropic investors typically insist on a more conventional 'asset lock' arrangement through a CLG or CIC because they believe sharing surpluses with the workforce through dividend payments is tantamount to supporting private enterprise. As investor shares are tradable and dividends are uncapped, this business form may be attractive to *equity* investors interested in supporting social entrepreneurship.

Lastly, as the rules have been in the public domain under a Creative Commons Licence – rather than from a specialist provider - it is not known how widely they are used.

Sources: Academic articles by Guy Major and Gavin Body; Model Rules of Democratic Business Ltd; Articles of Association retrieved from Companies House: First Contact Software Ltd, Social Exchange Ltd, New Horizons Music Ltd; Documentation online at http://www.scribd.com/doc/14113137/