



Nottingham
Business School
Nottingham Trent University

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Researching Community Interested Companies for Shop Zero Nottingham

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Meet the Team – CEP 60



**Mohammed Hatim
Kagalwala**
MSc Management &
Marketing



Rafat Sarfaraz
MSc Project Management



Alex Mottram
MSc Management



Reward Ojokolo
MSc Management



Anam Akram
MSc Management &
International Business

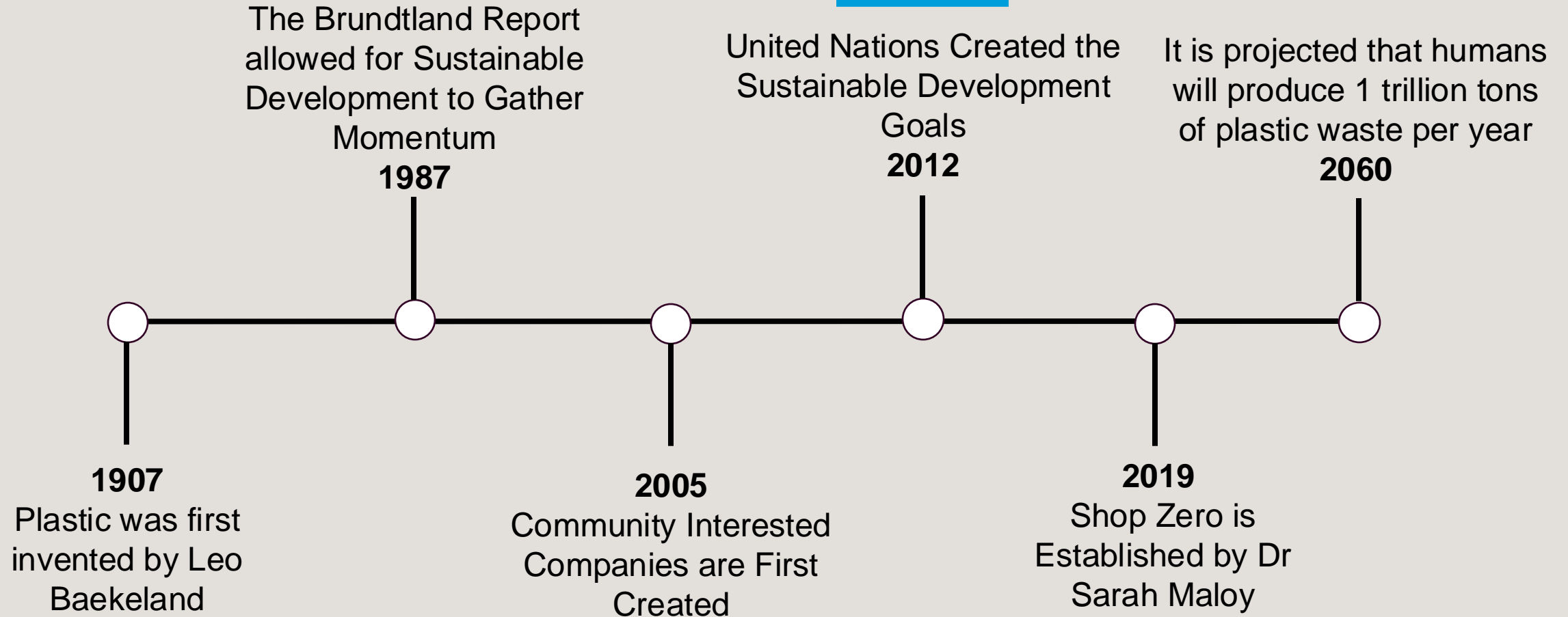
Overview of Presentation

- Purpose of client presentation
- Our task and brief
- Modes of research

Community Interested Company	Non-Profit Organisations
A CIC is special type of limited company which exists to benefit the community rather than private shareholders (UK Government, 2024)	A non-profit organisation is dedicated to operating non-profit than to make profit for the owners (BBC, 2024)



History



Pre-requisites for forming a CIC

Regulation and Reporting: Comply with regulations and submit annual reports to the Office of the Regulator of Community Interest Companies.

Incorporation Requirements: Register as a limited company in the United Kingdom by providing the relevant paperwork, such as the CIC36 form and articles of association.

Asset Lock: Ensure that any gains are reinvested in the business or used for community benefit.

Community Purpose: Shop Zero's primary goal must be to help the community by promoting sustainability and waste reduction.

Preparing Shop Zero to become a CIC

Define Community Purpose: Clearly state Shop Zero's goals for the community, such as promoting sustainable living and minimising plastic waste.

Create a Business Plan: Describe the mission, objectives, strategy, and financial predictions, emphasising the community benefits.

Legal and structural setup: Draft the Articles of Association and fill out the CIC36 form to ensure compliance with CIC requirements.

Governance and Management: Create a strong governance framework, including a dedicated board of directors.

Marketing Benefits of a CIC for Shop Zero

Improved Brand Image Establish Shop Zero as a socially responsible and community-focused business, attracting environmentally conscious customers.

Increased Engagement: Encourage community engagement and loyalty through sustainable projects and participation opportunities.

Collaborations and Partnerships: Establish strategic alliances with other environmentally friendly organisations, nonprofits, and local governments.

Transitioning Shop Zero to a CIC

- Funding and legal registration are crucial to transitioning. This guarantees the store prioritises communal benefits above private shareholder interests.



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Funding Sources:

- Grants: National Lottery Community Fund
- Social Investment: Big Society Capital
- Crowdfunding: Crowdfunder, Kickstarter

Registering a CIC

Steps to Register a CIC:

- Unique Company Name
- Community Interest Statement
- Articles of Association
- Form IN01 Submission
- CIC Regulator Approval



Legal and Regulatory Considerations for a CIC



Key Considerations



- Asset Lock: Ensures assets benefit the community



- Annual Reporting: Transparency in operations



- Taxes are only corporate tax and VAT



- Office of the Regulator of Community Interest Companies (ORCIC) oversee CIC's and ensures they comply with regulations

Stakeholder Communication Plan for Shop Zero's CIC Regulations



Customers: Information through in-store signage, social media updates, and email newsletters.



Suppliers and Local Producers: Partnerships and collaborations, shared values of sustainability and community impact, potential supplier diversification.



Employees and Volunteers: Organise meetings or workshops to explain the CIC structure, job security, compensation, or working conditions, encourage feedback.



Local Community and Stakeholders: Engage with local community groups, councils, and organisations to raise awareness about Shop Zero's CIC status.



Investors and Funders: Company's commitment to transparency, accountability, and community benefit, Provide clear information on the asset lock and profit distribution restrictions.

FOR STAKEHOLDER ENGAGEMENT



Risks & Uncertainties

- **Regulatory Compliance:** CIC regulations, reporting requirements, and asset lock provisions.
- **Governance Challenges:** Governance structure and decision-making processes within the CIC framework.
- **Funding and Investment:** Securing adequate funding and investment opportunities aligned with the CIC's community interest objectives.
- **Operational Efficiency:** Maintaining operational efficiency and profitability while balancing community benefit goals.
- **Stakeholder Engagement:** Effectively communicating the CIC transition and addressing potential concerns from stakeholders.



Case Studies and Implications into Community Interest Companies (CICs)

The Big Lemon

- Background: Bus company in Brighton and Hove, using waste cooking oil and electric buses.
- Transition to CIC: Became a CIC in 2017 to focus on community and reinvestment.
- Social Business Model: Reduce carbon emissions, provide affordable transport, reinvest profits.
- Implications: Increased community support, access to funding, transparent governance, reinvested profits.



NBS

Real Junk Food Project

- Background: Intercepts surplus food for 'pay as you feel' meals, started small, grew large.
- Transition to CIC: Became a CIC to formalize social mission and enable growth.
- Social Business Model: Food waste reduction, 'pay as you feel' cafes, sustainability education.
- Implications: Enhanced mission focus, access to funding, regulatory compliance, increased community engagement.

Business Models & CIC Failure Reasons

Business Models for CIC Transformation

- Social Enterprise Model: Address social/environmental issues, revenue from trading, mission-focused governance.
- Cooperative Model: Member-owned, revenue from contributions/trading, democratic governance.
- Hybrid Model: Combine profit/non-profit elements, mix of income sources, and flexible governance.



Reasons for CIC transition failures

- Legal and Regulatory Requirements:
Complex and rigorous documentation can be significant barriers.
- Financial Management:
Ensuring financial viability while meeting community obligations requires careful planning and substantial funding.
- Stakeholder Buy-In:
Gaining support from investors, employees, and stakeholders is crucial.
- Governance and Compliance:
Establishing governance structures and maintaining compliance are challenging tasks.

TOWS SWOT Analysis

- Strengths - Opportunities (SO) strategies a sustainable business strategy to attract eco-conscious consumers
- Strengths & Threats (ST) Strategies : Use the loyal client base
- Weakness-Opportunity (WO) Strategies: Reduce reliance on foot traffic by improving digital marketing and e-commerce skills.
- Weaknesses-Threats (WT) Strategies: Focus on developing a strong online community.



TOWS	Strengths (S): <ul style="list-style-type: none"> • Strong local brand • Loyal customer base • Open 7 days per week 	Weaknesses (W): <ul style="list-style-type: none"> • Need to recruit an additional DO • Need to get extra Optom cover
	Opportunities (O): <ul style="list-style-type: none"> • Agreement with local employer to provide eye examinations and glasses to employees exclusively • Include more eco-friendly frame brands in the frame range 	Strengths/Opportunities (SO): <ul style="list-style-type: none"> • Opening times can be extended to include a late night to capture people who can't come in during the working day. • Appeal to a new demographic with the eco-friendly offer
	Threats (T): <ul style="list-style-type: none"> • Utility costs are high • Local parking charges are increasing 	Weaknesses/Opportunities (WO): <ul style="list-style-type: none"> • Offer flexible working to attract professional staff who cannot work 9-5 • Train a DO by identifying a team member who is enthusiastic about developing and capable
	Strengths/Threats (ST): <ul style="list-style-type: none"> • Promote Sunday opening when car parking in town is free of charge. • Investigate alternative suppliers of utilities before current agreements come up for renewal 	Weaknesses/Threats (WT): <ul style="list-style-type: none"> • Promote the current professional team via your website and marketing • Promote career opportunities with your business

Personalised Legal Aspects for Shop Zero



Choose an appropriate business structure to define liability and tax obligations



Obtain necessary businesses licences and permits to operate legally



Comply with employment regulations, including hiring practices and wages



Protect brand and products through trademarks, patents, and copyrights



Adhere to consumer protection laws

Grants & Schemes for CIC's

There are no government schemes devoted specifically for Community interested Companies

Different ways of finding funding

Crowd funding - This would allow for Shop Zero to raise capital from a large pool of investors online

Individual investors – There may be individual investors looking to invest in a shop/organisation dedicated to sustainability and zero waste

Grants for Social Impact:

- National Lottery Community Fund – Supports a wide range of community projects, including those ran by CIC's
 - Trusts & Foundations – Offer grants to organisations working towards positive social impact and sustainability
- Local Authority Grants – Nottingham City Council are offering grants for projects dedicated to the community

Pros & Cons of CIC Status for Shop Zero

PROS

Investment Attraction

Flexibility in Operations

Limited Liability

Quicker start up times

Access to certain forms of finance

Clear Social Purpose

PROS

CONS

CONS

No Tax Breaks

Limited public awareness

Ongoing Compliance

Limited access to certain funding

Recommendations

Legal Advice - Seek legal counsel to ensure all changes comply with CIC regulations and to help draft the Community Interest Statement.



Consultation & Feedback - Gather input from stakeholders to incorporate their perspectives and address any concerns they may have regarding the transition.



Join Networks - Engage with networks and associations of other CICs and social enterprises to share best practices and gain support.



Governance Structure- Establish a governance framework that supports the CIC's community-focused mission. Consider having some community representatives.



Mentorship- Connect with experienced CICs for mentorship and gain advice on navigating the transition and establishing effective community benefit practices.

Recommendations

Budgeting for Transition- Allocate sufficient resources for the transition process, including legal fees, application costs, and stakeholder engagement activities

Marketing Strategy- Shop Zero should put some money towards marketing the transition and dedications of becoming a CIC



Drafting Statements- Clearly articulate how the business's activities benefit the community. Highlight past achievements and future plans that demonstrate community impact

Informing Staff/Volunteers - Provide information to staff/volunteers on the implications of becoming a CIC, focusing on the company's renewed mission and community impact objectives

Future Commitments- Outline specific, measurable objectives for community benefit that the CIC will aim to achieve

Recommendations

Our Recommendation:

Transition Shop Zero into a Community Interested Company. **Hybrid business model.**

Unfortunately, there is no way for Shop Zero to be half non-profit and half CIC, the whole store must be one or the other.

SDG's Recommendation:

SDG 3: Good Health & Wellbeing – Promote health & community health initiatives

SDG 12: Responsible Consumption & Production - Workshops and promotion of sustainable practices

SDG 14: Life Below Water – Ocean friendly products & support ocean conservation

SDG 15: Life on Land – Biodiversity preservation & wildlife conservation projects

SDG 17: Partnerships for the Goals – Collaborative efforts & community partnerships



CommunityCompanies
A Company Law Solutions Company

Community Companies offer services to assist in the transition into a Community Interested Company. They charge £750 - £1000, and they offer to do all the paperwork and the whole registration process.

Thank you!

Questions?

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