



Scenario 1: Bringing in an external provider to operate a café within your premises.

This is the first in a series of scenario sheets led by the contributions of SEN members with experience of community café type activity. They are designed to facilitate peer-to-peer learning across the SENs to smooth out any bumps in the road ahead for a range of common scenarios. Thank you to all of the local SENs and SEN members who have contributed to these publications.

Introduction

A wide range of experiences were shared from social enterprises who brought in external providers to operate a café within their premises. The roads travelled to reach this decision varied greatly, including:

- Unsuccessful attempts to operate the café themselves.
- Wanting a café on-site but acknowledging a lack of skills and capacity.
- Seeking a new external café provider to replace a previous one.

The one thing that they all shared was the importance of having a café service available within their premises as part of their social enterprise offer. For some, the café is the link that connects all the different activities, as food/café is a primary way of engaging with customers who do not distinguish between operations.

“For many of our customers, the café can be the first or most consistent point of contact”



Common Challenges

A number of challenges were frequently mentioned in relation to the scenario of bringing in an external provider to operate a café within your premises, including:

- Café provider does not understand the values of the social enterprise.
- Café provider's commercial focus places additional pressure on the host e.g. extending opening hours, staffing, pricing.
- Overlapping of activities can lead to clash of identity between café provider and host.
- Ensuring continuity of service.
- Maintaining compliance with health and safety and food hygiene regulations

Key Considerations

A rigorous planning process should be undertaken to help guard against the many pitfalls that can catch organisations off-guard. See below for a number of key considerations before undertaking the process:

- Are you clear on the purpose of the café?
- Have you identified a suitable partner to operate the café?
- Is it crucial that the café provider understands your values and operates in a way that reflects this?
- Is it important that both you and the café provider each have your own identity?
- Are you putting the opportunity out to tender?
- Are you confident that the café is commercially viable to be worthwhile for an external provider?
- Are you going to charge the café provider rent?
- Can you access legal advice to assist with writing a contract or lease?
- Does the lease/contract address the needs of both yourself as the host and the external provider?
- What scope is there within your organisation to adjust opening hours etc. to increase business?



Top Tips



Investigate business models in advance and see what will work best for you.



Speak to other social enterprises that have experience of this and work in partnership if possible.



Be clear about the purpose of the café and your vision for it.



Regular and clear communications with the external café provider.



Solicit and heed feedback from café customers and discuss this with the café provider.



Ensure there is a clear allocation of responsibilities for things like health & safety, food hygiene etc.



Identify a suitable partner to operate the café that fits with your values and activities.



Consider affordable rent so that the café can afford to focus on its social goals.



Sell your social purpose as part of the café's offer.



Seek references from previous clients of café providers & check their record at Companies House.



Address accessibility with the external provider.

Atlantis Leisure Centre

Purpose

The café primarily acts as the heart of the Atlantis Leisure facility, sharing its values and ethos. The café promotes and provides access to affordable food and also connects different activities provided by Atlantis and other organisations, such as Healthy Options.

Experience of different providers

The previous café provider who operated a café for a 10 year period gave early notice to leave their current 3 year contract due to a new business opportunity. Atlantis used this as an opportunity to review the ethos and values of the future contract.

The provider was very commercially driven which at times did not fit with the Atlantis ethos and could create tensions. The provider also ran an outside catering business from the premises which put a strain on day to day running of the café.

Under new management, the café is now much more community minded – in line with Atlantis' core values.

Morale and engagement among café staff is much improved, while Atlantis members and locals alike have been welcomed to enjoy the space as a community hub.

Produce has improved and there is an agreement built into the contract not to sell fried food on the premise and to promote healthy eating habits, with fresh soup cooked daily at an affordable price.



Business Model

Atlantis' recent experience has taught them that while the operation needs to be commercially viable to be attractive to prospective providers, this cannot be at the expense of Atlantis' core values.

The current agreement sees Atlantis rent out the kitchen and café space to a commercial business, which pays rent. The lease is set at a minimum three-year term to provide security, and the lease also sets out to protect the interests of both Atlantis and the provider.

Atlantis makes a small profit renting the café but makes sure to leave plenty of breathing space to ensure the café is a viable business. They do not ask to see the café's books, assuming that if the provider remains happy with the terms then the café must still be viable.

Atlantis pays for and maintains the equipment using a capital investment programme, with planned spend.

Responsibility for food hygiene and other regulations lies with the provider – this is written into the contract.



Increasing customer base

In 2014, Atlantis built a three-tier soft play area to guarantee a regular flow of customers. Previously, the café provider relied on external catering to make a profit. With profitable external contracts taking priority the quality of the internal café suffered as a result.

It is now built into the contract that external catering can't be provided from within the Atlantis café kitchen, but that the café will remain the sole caterer for all events held at Atlantis to make up for this.

In terms of identity, the café has its own brand, but this is closely connected with Atlantis. An Atlantis member of staff also provides regular support in terms of marketing the café.

Finally, Atlantis has shown that it is open to investing in the café where necessary. For example, one previous instance of negative feedback related to a lack of salad options. Having ascertained that this was due to a lack of fridge space, Atlantis agreed to purchase new refrigerators to help with the café's offer of salad options - leading to a happy outcome for both customer and café provider.



What makes it work?

At the heart of the relationship between Atlantis and its new café provider is a strong and clear line of communication. Weekly meetings were set up to identify issues and explore new initiatives, with this changing to monthly as everything is going well. This means problems can be identified as soon as possible and acted upon by both management teams.

It has also been hugely beneficial for the café that all members of the 60 strong Atlantis Leisure workforce choose to buy their lunches from the new café provider. This followed a new offer of 25% off all prices to win back staff business. The previous provider did not value their business and missed out on their purchases and recommendations due to a very commercial attitude.

This success has largely been down to the café understanding Atlantis' ethos and values, meaning staff from both the café and leisure centre are sending out the same messages to customers, creating a more enjoyable café experience.

Regular customer forums are also hosted, where feedback is analysed by both the café and Atlantis in order to draw up a list of suggested improvements to service and produce.

If you would like more information or to be introduced to a social enterprise with experience of this scenario, please get in touch with Mary at Senscot mary@senscot.net

Useful Resources

Just Enterprise

<https://justenterprise.org/>

Partnership for Procurement (P4P)

<https://p4p.org.uk/>

Local Social Enterprise Networks

<https://senscot.net/network/local/>

Local Third Sector Interface

<https://www.gov.scot/publications/third-sector-interfaces-contact-details/>

Companies House

<https://www.gov.uk/get-information-about-a-company>

Senscot Legal

<https://www.se-legal.net/>

Food Standards Scotland

<https://www.foodstandards.gov.scot/contact-us/local-authorities>

Ideas for Ears

<https://www.ideasforears.org.uk/project-support/>