

Earned Income in Partnership

Case Study: Leeds and Moortown Furniture Store

The Challenge:

To seek sustainability through earned income, particularly in partnership with other like-minded organisations. Key markets for trading are the local authority and housing associations.

Summary Points:

- A successful partnership has enabled the organisation to grow in a way that would have been difficult to do alone.
- The aims of the limited company and partnerships have been very clear and kept separate from the charities' activities.
- An informal partnership arrangement, whilst posing some risk has worked well for both parties.

What and Why:

• **Expand on what the challenge is and the activities associated with it.**

The challenge is to operate in partnership with a like minded organisation to cover a broader geographical area and to deliver a wider range of services.

Day to day they generate revenue (or items needed) to enable the provision of furniture for socially and economically disadvantaged people, the running costs of the building and the dedicated team of staff must be supported.

• **How does the activity align with the organisation's mission / values / aims / objectives?**

Recycling furniture and white goods is the main objective of the parent charity. Furniture sales are a related new activity of the trading arm that generates income.

The partner organisations are like minded faith organisations and the informal partnership they have formed supports equally the activities of both charities.

• **How will the activity improve the financial sustainability of the organisation in the short, medium and long term?**

The mix of donations and sales is a healthy way to sustain both businesses. By working in partnership both organisations are able to share both costs and profits. The balance of sales to donations should shift from year to year so there is less dependency on gift giving and the ability to grow through increased sales.

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? • How?

- **What were the key steps in establishing the activity?**

To build a reserve of items and make contact with social services to be able to offer a service on a formal agreement.

If the department agrees a contract is sent out stating the criteria to be met.

More recently contracts with housing associations have been negotiated in partnership with another group as a development of existing recycling activity. They were approached by housing to see if they could supply new furniture. Delivery and set up of new pieces is shared equally with their partner.

- **What additional resources / skills were identified as being needed by the organisation to progress the activity?**

Financial: The delivery organisation is an informal partnership supported by the two organisations that exist behind it. The agreement works well as labour, costs and profit are shared equally. There are no plans at present to change the arrangement unless problems or major developments arise.

Personnel (staff, volunteers, board / trustees): The management committee is aware of new business being sought and gets updates on existing contract activity. The management of both organisations meet regularly to discuss operational issues, sales progress and planning. A new showroom was opened recently to showcase new furniture and furnishings.

IT: An online catalogue is being developed to enable further growth in the sale of furniture and white goods.

Assets: Large premises are needed for furniture storage, a retail showroom has recently been opened and a fleet of delivery vans require regular maintenance.

Monitoring and evaluation: The quality of the items supplied is tested such as white goods, cookers, washing machines etc, and new items of furniture are carefully checked for marks. All goods are guaranteed.

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Who's Involved?

• How were stakeholders identified and brought on board?

Staff: Staff are both full time paid, or provided from a training provider as an intermediate labour market. They run the business from administration to deliveries and repairs. They are costed into contracts as a contribution to overheads.

Volunteers: Not normally used in day to day business

Board: There are two separate boards. Chairs meet occasionally to discuss potential areas of development. This was how the showroom progressed.

Funders: Mixed funding of local authority and sales income sustain the businesses.

Service Users: Over 20 organisations ranging from Leeds City Council to Housing Associations to charity support groups.

Local Community: Items of furniture sought through local press, Councils for Voluntary Service networks etc.

Commissioners: The housing associations are approached by an account manager who takes care of sales enquiries.

Contact with local authorities is from the manager who has established longstanding relationships with key people. The manager will also complete tender documents where necessary.



Why Not?

• What risks were identified in establishing activities?

Personnel: Rapid growth in the sale of new items has stretched staffing capacity.

Financial: Rapid growth has not kept pace with internal development of the infrastructure, in particular cash flow issues.

Existing provision: Capacity is pushed to the limits due to the success of new business activity.

Partners: There is a risk of the informal partnership agreement breaking down as it depends on the two lead managers co-operating. A formal agreement would force the two different organisations to change which would also present a risk.

• How were these risks managed?

Planning: Working in partnership with another organisation requires consultation and agreement. Everything is shared equally. The work costs and staff commitment are shared equally by both organisations and as such there are no apparent risks. However, this does limit the potential for major growth which may require more resources than can be easily drawn on by both organisations.

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Moving Forward:

The opportunity for the new trading arm to grow is encouraging and the organisation is already considering expanding into new geographical and service areas.

Key Facts:

- **Organisation's name and trading subsidiaries:** The Leeds Furniture Stores Partnership consists of LMFS Trading Ltd and SVP Trading Ltd. The respective trading arms of Leeds and Moortown Furniture and St Jude's Furniture Stores.
- **Organisation's mission:**
 - The distribution of furniture, as a practical demonstration of Christian commitment to socially and economically disadvantaged people.
 - To ensure that individuals and families, who are clients of statutory, charitable or voluntary agencies are aided in a non discriminatory way.
 - To promote efficient and courteous furniture collection and delivery services.
 - To manage the operation of The Partnership in a cost effective and efficient manner.
 - To work in partnership with other statutory, charitable and voluntary agencies.

FYE 2004 / 05 Turnover: £450,000 No. of paid staff: 6

% Income grant v trading: 100% No. of volunteers: *None*

Status: Company Limited by Guarantee Date of Inc. 1st July 1997

Background:

The Leeds Furniture Stores Partnership is a voluntary partnership between Leeds and Moortown Furniture Store and St Jude's Furniture Store. Both stores have worked together for many years to provide free second hand furniture for economically disadvantaged people in Leeds. Through existing links with a number of referring agencies, the stores were approached to provide new furniture for the Gipsil and Archway projects. The word soon spread about the quality and cost effectiveness of the service and subsequently Leeds City Council made contact to ask if new goods could be provided for asylum seekers coming into the city from Kosovo.

With customs and excise requiring VAT registration for trading over £50,000 the two stores established trading companies to specifically deal with increased levels of turnover. It is the trading arm of the two charities: LMFS Trading Ltd and SVP Trading Ltd that work together as the Leeds Furniture Stores Partnership.

Researched, collated and compiled by the Y&H Regional Forum, 2006 on behalf of the CIB.