

**DELIVERING HOSPITALITY SERVICES IN THE NOT FOR PROFIT  
SECTOR: CHALLENGES AND OPPORTUNITIES FOR SOCIAL  
ENTERPRISES**

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# **DELIVERING HOSPITALITY SERVICES IN THE NOT FOR PROFIT SECTOR: CHALLENGES AND OPPORTUNITIES FOR SOCIAL ENTERPRISES**

## **Abstract**

Ireland has one of the most active not for profit sectors in Europe. Incorporating groups as diverse as sporting organisations and residents associations to specialist medical research groups and high profile charities, the not for profit sector has seen demand for its end-user services increase during the recession. With such a sizeable number of people either consuming services or delivering them, it is no surprise that hospitality planning is an important management function in many charitable organisations in Ireland.

Charitable organisations have a number of options that they can pursue in satisfying their hospitality requirements; the opportunity to contract out hospitality functions to private sector businesses being just one of them. Using the Carmichael Centre for Voluntary Groups as a case in point, this paper suggests that not for profit organisations (specifically social enterprises) can realise significant revenue and job creation opportunities from the delivery of hospitality services in-house. In realising the opportunities that exist, social enterprises will have to successfully address a number of challenges, particularly in the areas of governance, branding, sales and staff deployment.

## **INTRODUCTION**

Ireland has one of the most active not for profit sectors in Europe. Referred to as the community and voluntary sector in Ireland, it incorporates groups as diverse as sporting organisations and residents associations, along with specialist medical research groups and high profile charities. It is estimated that there are as many as 25,000 community and voluntary organisations in Ireland (SIPTU, 2007).

Though the large number of community and voluntary groups is testimony of the country's active civil society, it too faces difficulties during these recessionary times. In profiling the likely challenges to be faced by the community and voluntary sector in Ireland during 2010, Harvey (2010) indicates that from an estimated full-time equivalent workforce of 53,098 people, 4,778 jobs are expected to be lost. This occurs at a time when rising levels of unemployment have generally contributed to an increased demand for services such as those providing food services or aid in kind (e.g. Capuchin meal centres; Society of St Vincent de Paul). Harvey (2010) also indicates in his analysis that the value of the community and voluntary sector to the economy is €6.5bn, with state funding to the sector being in the region of €1.89bn. These statistics indicate the extent to which Irish society has become dependent on the community and voluntary sector for the provision of a myriad range of services and supports.

In addition to facilitating the sizeable number of people consuming its collective services, community and voluntary organisations must also manage and organise the delivery of services and promote their organisations to a wider stakeholder audience. This in turn creates demand for different types of meeting space, conference style facilities and related catering facilities; all of which can prove a significant cost to a community and voluntary organisation. Hence, hospitality requirements planning for such types of hospitality services, i.e. meeting rooms, conference facilities, training facilities and related catering services, features as an important management function in many charitable organisations. When referring to hospitality services, this paper limits its scope to these types of services specifically.

Charitable organisations have a number of options they can pursue in satisfying their hospitality requirements; the opportunity to contract out hospitality functions to

private sector businesses being just one of them. Croke Park Convention Centre and four star hotels in Dublin and nationwide have benefited greatly from the need of many community and voluntary sector organisations to host meetings and conferences in comfortable and spacious surroundings. This is typified by the running of the “Partnering for Success Conference” in Croke Park Conference Centre in November 2008, so that over 220 participating delegates from the community and voluntary sector could be adequately accommodated (Carmichael Centre Annual Report, 2008). However, as funding constraints impact on these organisations, alternatives need to be considered and acted upon. It is one such alternative, the “social enterprise”, that is the focus of this paper. The opportunities for community and voluntary organisations to generate additional revenue and create employment and training opportunities through delivery of hospitality services will be discussed, using the experience of Carmichael Centre for Voluntary Groups (hereafter referred to as Carmichael Centre) as a practical case study. The paper draws on a limited literature review and the personal work place experiences of the author who is employed as Training and Development Manager within Carmichael Centre.

## **SOCIAL ENTERPRISE**

Creating a universally accepted definition of what constitutes a social enterprise has not been easy, as the fragmented and diverse nature of the community and voluntary sector makes the task more problematic. This is further exacerbated by the varying purposes for which social enterprises are set up. As Defourny (2004) points out, initially in the United States, social enterprises were looked upon as an “innovative response to funding problems of non-profit organisations”. A classic example of this approach in Ireland is “Restaurant Ten Fourteen” based in Clontarf, Dublin. Though the restaurant operates on a commercial basis as an upmarket classic bistro with a professional and highly trained team of managers and staffs, all profits from this business enterprise is re-invested back into the charity Caring and Sharing Association (CASA). This restaurant was set up specifically to provide a revenue stream for the charity and is wholly owned by CASA (Restaurant Ten Fourteen, 2010). Hence the social objectives of CASA provide an ongoing rationale for the running of the restaurant.

In Europe, Defourny (2004) suggests that the emergence of social enterprises would appear to have been driven by needs being only partially met or largely unmet by public services. In Ireland this trend is typified by the creation of initiatives such as the Capuchin Day Centre for Homeless People on Church Street in Dublin. Six days a week, this centre provides over 400 people with breakfasts and lunches and has to contend with many of the same issues as a commercial enterprise catering for hundreds of people almost daily (Capuchin Day Centre for Homeless People, 2010). Yet full-cost recovery for this service most likely is achieved utilising a range of funding sources, rather than recovered from the beneficiaries of the services.

This paper looks to a definition of social enterprise that clearly incorporates an organisation's business orientation with its social objectives. In line with this, we prefer the definition articulated by Community First (2010) which defines social enterprise as "a business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners". It should be noted that in the charity sector, the word "surplus" and not the word "profit", is used to denote a positive margin obtained when revenues exceed costs.

## **SOCIAL ENTERPRISE AND THE DELIVERY OF HOSPITALITY SERVICES**

In Ireland, there are a number of organisations that are engaged in the delivery of hospitality services in the community and voluntary sector. Most are in receipt of multiple sources of funding. Thus, "core statutory funding" is not always in itself sufficient to run these enterprises. This in turn has led to a more "business like" presentation of service offerings to paying "clients" or client organisations. Axis Ballymun could be seen as a case in point. It has been developed as a centre of excellence for the arts within the Ballymun area of north Dublin. Its impressive facilities include a theatre, dance studio, recording studios, conference centre suite, café and events bar (Axis Ballymun, 2010). The facilities can be utilised by many different types of community and voluntary organisations and not just those dedicated to the arts.

Another organisation, the Carmelite Community Centre, provides meeting rooms catering for up to 100 people in its premises on Aungier Street in Dublin (Carmelite Community Centre, 2010). In addition to meeting space, the availability of a coffee dock facility also enables a basic catering facility to be offered to clients and community groups utilising facilities. Whilst MACRO Markets Area Community Resource Centre provides meeting rooms, training facilities and a catering service (Macro Resource Centre, 2010). The Centre's T-Dock Café is open to the public and serves breakfasts and lunches.

Though the above named organisations might not readily refer to themselves as social enterprises, they do actively compete with other community and voluntary organisations for clients seeking to use their meeting rooms and catering facilities. It should also be noted that these organisations are also competing directly with hotels offering similar facilities at commercial rates. Whilst surpluses generated from "trading activity" is reinvested back into the organisations to further their social objectives.

Another such organisation offering hospitality services in the not for profit sector is Carmichael Centre. Established in 1990, Carmichael Centre was the first (and is the largest) shared services centre for community and voluntary groups in Ireland. Given its scale of operations, it more readily demonstrates the challenges and opportunities to be had by social enterprises wishing to deliver hospitality services in the not for profit sector.

### **THE CASE OF CARMICHAEL CENTRE**

Carmichael Centre provides shared services to the 48 member charities headquartered in its two buildings on North Brunswick Street and Coleraine Street in north inner city Dublin. In addition, services are provided on both an outreach and reach in basis to more than 90 external associate member charities and a further 300 organisations located throughout Ireland. The range of services delivered is extensive including office space, reception and shared administration facilities, training and organisational support, accountancy services, information and communications technology support and hospitality services (See What We Do, 2010).

## **Evolution of Hospitality Services**

Carmichael Centre initially developed its hospitality services in response to demand from internal member charities. Many charities run support groups, organise network meetings, and hold press briefings and board meetings on a regular basis. If charities were to pay for adequate meeting room space on a commercial basis, the cost would prove prohibitive and negatively impact on the frequency that such meetings could take place. Minimising the frequency of meetings simply to reduce costs would have a detrimental impact on the capacity and effectiveness of organisations. Hence, over a number of years, Carmichael Centre built up the necessary infrastructure to enable resident member charities to satisfy their requirements for meeting rooms, training facilities and catering on-site in Carmichael House and Coleraine House. These facilities are provided to member charities at a substantially lower cost than if obtained in a commercial setting.

Just as resident member charities needed access to low cost, accessible meeting rooms and training facilities, it became apparent from associate member feedback that charities external to Carmichael Centre also needed to avail of such facilities. Hence, a “reach in” strategy was devised that enabled associate members to access the meeting rooms and catering facilities in both houses as and when required and on a par with resident members. Non-associate members could also utilise the facilities, but at a greater cost.

Demands for these hospitality services have grown and the service offerings provided by Carmichael Centre has grown in tandem. For example, a full service catering menu is provided. This menu can be adapted to suit the needs of individual meeting participants. The facilities team can provide refreshments and working lunches, hot dishes, buffet and vegetarian meals and coeliac approved menus as required (Meeting Rooms, 2010). In addition to being equipped with LCD computer and wireless, remote control presentation equipment, Internet access, and inbuilt projector screens, meeting rooms are wheelchair accessible and have an audio loop system for hearing aid wearers.

## **Delivering Hospitality Services**

Building up the infrastructure to deliver hospitality services is one part of the equation. Providing staff to manage and physically deliver the services is another key element. As charities cannot afford to pay commercial rates for services obtained, Carmichael Centre has a limited income from service charges to pay staff salaries. Hence, Carmichael Centre devised a staffing solution that would be in keeping with its mission and values, whilst at the same time ensuring that professional and low cost hospitality services could be delivered to charities. This solution entails the planning and delivery of hospitality services being managed by a team of professional and experienced managers, with the delivery of services carried out by a team of part-time employees recruited through the Community Services Programme (CSP) and part-time trainees recruited through Community Employment (CE) Schemes. This innovative approach has proven integral to the Centre's ability to deliver low cost hospitality services to organisations in the community and voluntary sector. Low cost delivery is possible as the salary and training costs associated with the CSP is funded by the Department of Community Rural and Gaeltacht Affairs under the Social Inclusion chapter of the National Development Plan 2007 – 2016 (Community Services Programme, 2010). Employment and training costs associated with CE schemes are funded through FAS.

Delivering hospitality services has enabled Carmichael Centre to create a significant number of employment and workplace training opportunities for people. In 2010, Carmichael Centre hospitality services are managed by two full-time experienced facilities managers, with considerable input and oversight from two FAS supervisors. Overall responsibility for the development of hospitality services rests with the Operations Manager who has both an international hotel management and facilities management background. Currently, the Community Services Project has 16 part-time employees, the majority of whom are assigned to hospitality services duties. The Community Employment Schemes combined have 32 trainee participants (though not all trainees are assigned to hospitality services.) Carmichael Centre is open for 86 hours per week to cater for charities who wish to run activities in the evenings as well as at weekends and during weekdays. It should be noted that were it not for the contribution of Community Services Project and Community Employment Scheme participants, it would not be possible for Carmichael Centre to deliver its hospitality services as extensively as it does and to the volume of charities that it caters for.

Currently, internal room booking data suggests that Carmichael Centre delivers hospitality services to in excess of 200 community and voluntary organisations per year.

All CSP and CE participants are fully trained in their hospitality service roles. For example, each CE trainee (working with their supervisor) develops and implements an Individual Learner Plan as per FAS requirements (FAS, 2008). Equally, CSP staff also complete all the training necessary to enable them to comply with job responsibilities as well as with the health and safety requirements associated with hospitality services delivery. This training ensures that participants of both the CE and CSP are suitably prepared to work in a commercial hospitality setting. This is one of the key aims of the CE scheme as it seeks to integrate or re-integrate long-term unemployed or marginalised people into the labour market (FAS, 2008). The CSP has a number of aims including promoting social and economic development within communities and providing employment for people distant from the labour market (Community Services Programme, 2010).

Carmichael Centre has established a visible presence in the delivery of hospitality services in the community and voluntary sector. Its low cost pricing strategy has enabled it to compete with commercial service providers and help cash strapped charities to access its hospitality services as required. Hence, a clearly identifiable business strategy is evident in its development and delivery of services. The Centre has achieved this while holding true to its values and ethos.

## **DISCUSSION**

Undoubtedly, the current recession provides opportunities for community and voluntary organisations to utilise their infrastructure in a way that generates additional non-statutory funded income. Hospitality services provision is already being carried out to a greater or lesser degree by many charitable organisations who would not describe themselves as social enterprises and who would not think of themselves as hospitality service providers. By altering their mindset so that the “business opportunities” inherent in the delivery of hospitality services can be grasped, additional revenue streams (and employment opportunities) can be created. The

additional revenue can then be reinvested back into the organisations to support activities in keeping with their social objectives or community mandate.

If the opportunities to compete as hospitality service providers are to be realised (with organisations delivering their offerings through a social enterprise model) a number of challenges will have to be addressed. The experience of Carmichael Centre would suggest that four key challenges should be addressed related to staff deployment, governance, branding and sales.

### **Staff Deployment**

Given the level of job losses expected in the community and voluntary sector in 2010, the issue of how best to deploy staff in the organisation is a critical one. It may not be possible for managers and staff to be redirected (fully or partially) away from their existing core duties to facilitate the organisation operating as a social enterprise. In addition, managers may also have to contend with the role stress that may be experienced by staff who attempt to reconcile business objectives with social objectives when carrying out their work in the organisation.

This paper proposes that there is increased potential for CSP and CE participants to augment the hospitality services provision capability of social enterprises. Working under the guidance of managers who have hospitality industry experience, a capable workforce can be developed, not just for the social enterprise, but for commercial hospitality businesses in general. Furthermore, where appropriate, social enterprises should develop a coherent volunteer management and engagement policy that can help recruit specialist skills into the organisation on a voluntary basis and in a way that complements the work of paid staff.

### **Governance**

In the community and voluntary sector, board governance revolves around several themes including providing better accountability for organisations and responding to and understanding stakeholders (Hudson, 2009). It should be noted that charity trustees and directors of companies whose share capital is limited by guarantee serve in a voluntary capacity and are unpaid in their roles of trustee or director. This in turn can impact on the composition of a board of directors or trustees. Some organisations

find it difficult to recruit board members. Hence, not all organisations may have a pool of directors or trustees with the level of business acumen needed to provide the strategic direction required to guide development of a social enterprise.

This paper proposes that organisations wishing to position themselves as social enterprises should recruit at least two board members who possess appropriate financial skills and business acumen. Such business skills at board level would help to facilitate effective planning and decision-making by boards on business related matters.

### **Branding**

At its regional conference in 2009, Carmichael Centre set about exploring the issue of branding as it applies to the community and voluntary sector in Ireland. At this conference, Carmichael Centre first defined marketing as “*the process that enables an organisation to identify, communicate and deliver the changes needed for its community* (Carmichael Centre, 2009).” This definition accommodates a key difference between business enterprises and not for profit organisations; a business enterprise is typically managed to expand and grow its profits whilst a not for profit organisation’s ultimate aim is to eliminate the need for its existence altogether. This fundamental difference has profound implications for how community and voluntary groups are managed particularly with respect to marketing activities. Specifically, marketing in the community and voluntary sector is typically concentrated on fundraising activity for those organisations that can afford to employ professional fundraisers. Thus, even though the potential for community and voluntary groups to create distinctive organisational brands is significant, the lack of suitable marketing skills in many organisations impedes the ability of charities to realise their full brand potential. It is also worth noting that social enterprises will have to overcome any perceptions that may exist about whether an enterprise with a “charitable” ethos can deliver hospitality services at on a par with commercial hospitality providers. A distinctive and clearly communicated organisational brand would be invaluable, in helping to overcome any negative perceptions that may exist in the minds of potential community and voluntary sector clients.

This paper proposes that if social enterprises are to successfully position themselves as hospitality service providers, they will have to access the marketing skills necessary to enable them to create organisational brands.

### **Sales**

Though the requirement to present a professional image to stakeholders is the same in all sectors, Hudson (2009) argues that a different model of transactions applies in the community and voluntary sector. This is as a result of the weak or indeed non-existent connections between the provision and payment for services. In many instances the payment of services is made in whole or in part by donor organisations or statutory bodies, rather than the service beneficiaries. This in turn has impacted negatively on the number of business development/marketing/sales roles created in charitable organisations. As service beneficiaries are not always considered to be “customers” by organisations, these organisations see little need to “sell” what they offer to these service beneficiaries or donor/funding agencies. As a result, organisations may not have the marketing/sales skills in-house to generate the sales revenues necessary to effectively operate as social enterprises.

This paper suggests that without dedicated staff assigned to sell and promote hospitality services to organisations in the community and voluntary sector, the full market potential of a social enterprise cannot be reached. Hence, social enterprises must ensure that business development activities are incorporated into the organisations management function.

### **CONCLUSION**

The positive experiences of Carmichael Centre in developing hospitality services for delivery in the community and voluntary sector is an encouraging sign of the potential that exists for other likeminded organisations to follow suit. Though challenges must be overcome, the rewards for those that do are very worthwhile both in terms of additional revenue generated and the additional employment and training opportunities created within the community.

It is evident that further research is merited, particularly with respect to evaluating the potential and readiness of social enterprises or community and voluntary organisations in Ireland to deliver hospitality services at the present time. It would also be beneficial to research the job creation potential of social enterprises particularly with respect to helping long-term unemployed or marginalised people gains the skills and experience necessary to access mainstream employment opportunities in the hospitality sector in Ireland.

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