

# Enterprise Version 2.0

## In a co-operative world full of social enterprises, the BBC creates a new Dragon's Den...

*To celebrate the United Nations International Year of Cooperatives, educator Dr Rory Ridley-Duff imagines a world where co-operation has superseded competition as the dominant paradigm of business. Fast forward 20 years and consider what the Dragon's Den will be like in 2032...*

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The four Dragons huddled together in a row waiting for the next candidate to arrive. They were discussing the pathetic offers they had been receiving, and hoping that at least one of the candidates would have some up-to-date knowledge of investing.

"Here he comes," commented Cliff. "He's not overdressed, at least."

Cliff was the most seasoned of the Dragons, a veteran warrior who had toured the globe with ideas and won the hearts and minds of people across Asia and Africa. More recently, his ideas had found favour in the UK and US and he was now something of a celebrity. In retirement, he contented himself with an occasional appearance on the BBC (British Broadcasting Co-operative).

"Let's hope he's better than the last one. Shocking presentation! Shocking financial offer," said Ed.

Adriana and Davina chuckled, remembering some of the crass and ludicrous statements from the last candidate. It was obvious she'd never seen the inside of a co-operative business school, or even a co-operative for that matter.

Draped in the aura of legitimacy that came from being repeatedly elected by peers and work colleagues to positions of influence, the Dragons waited to see what the new candidate had to say. Warren walked onto the TV set, looking as nervous as he felt intimidated.

"Good morning, Dragons", said Warren politely. "I've looked carefully at your four businesses, and I'd like to focus on Ed's, if I may."

"Social enterprises, Warren," corrected Ed. "Social enterprises, not businesses." Ed hated it when people used such archaic and imprecise words.

Ed was the elected delegate from *miMarket*, one of the UK's most highly regarded solidarity co-operatives. His social enterprise was now 20 years old, one of a new generation of retail empires that had decided to split equity and dividends 50/50 between workforce and consumer members. He was a seasoned professional with 14 years experience of organising community share issues and it never ceased to amaze him how investors were still living in the Dark Age (before 2018). This time, he was hoping for a sensible offer.

Warren got out his investment wallet and cheque iPad. A bead of sweat could be seen rolling down his right temple.

"My analysis, Ed, is that your business - sorry, social enterprise - is under-capitalised. I'd like to invest a billion pounds in return for a 30% equity stake."

The four Dragons laughed, and Ed settled back into his chair before addressing Warren.

"Do you know anything about my enterprise?" he asked.

Warren, somewhat perplexed, did not understand what he had said to amuse the panel. Ed asked the question again in a slightly different way.

"You do understand what type of enterprise I've been elected to manage," he said, with a small emphasis on 'elected'.

"Erm," said Warren nervously. "I think so, Ed. You're a co-operative."

"Yes that's right," responded Ed.

Warren's confidence momentarily increased. "I've been looking at your balance sheet," he continued, "and it says that you've got £3 billion in share capital. Your sales are so strong on the international market that I think you need more working capital for your localisation plans. But obviously, there's a risk involved, so I'd want 30% of your business."

Ed smiled and let the *faux pas* go uncorrected. Habits were clearly hard to break for investors.

"What exactly do you know about solidarity co-ops, Warren?" asked Ed.

He had to keep a straight face for the cameras, but inside he found it hard to stop falling off his chair and roll around with laughter. Cliff, Adriana and Davina were all smirking. This would be excellent TV for the viewers. They waited in anticipation for the humbling, and the moment of deep embarrassment.

Warren shuffled uneasily. What had he done wrong? Why was Ed looking so strangely at him?

Ed continued to play to the camera for the benefit of the audience.

"Warren," he said earnestly. "What did you learn about solidarity coops when you studied business?"

"Nothing," he replied. Warren had been to college in the years leading up to 2018 when the hubris of business leaders had been so great that they'd hardly taught students anything about co-operative and social enterprise values and principles. "I just studied business, Ed," continued Warren.

He immediately became conscious of a murmur cascading through the audience like a Mexican wave.

"No, Warren," contradicted Ed, "you just studied *private* business. Well, now you need to know about co-operative and social enterprises. You can't come to an event like this without doing your research. You can't come here and expect the Dragons to take you seriously if you don't understand mainstream models. Do you know how social value is created? Can you do a social audit? Can you read an SROI statement? Can you explain where the co-operative advantage comes from?"

Warren didn't know where to turn. Adriana felt that Ed was punishing Warren for his ignorance and she hated it when Ed became so pompous and judgemental. It wasn't Warren's fault: it was the way he'd been brought up. She decided to put Warren out of his misery.

"Warren. What Ed means to say is that you can't buy equity in his co-operative."

"Why's that?" asked Warren, deciding to play dumb so he didn't make another mistake.

Davina could not contain herself any longer.

"Because you're an investor," she said, as if it was the most obvious thing in the world. "Investors can't own equity. Only workers and customers can do that."

"What?" said Warren, who still clung to the memory of his father's lifetime as one of the world's top investors. He so wanted to make a political speech about the benefits of private investment. "You mean I actually have to do some work before I can invest?"

"Yes, of course," said Davina. "Or be a regular customer. What on earth are you thinking? You can't just give a co-op money and expect to take its profits without regularly contributing to it."

Warren looked perplexed. That's what he'd done all his life until his capital had been reclassified as unemployed in 2018. Now he had to live off his investments without being able to make any new ones. It felt like purgatory. His friends complained endlessly about the social enterprise movement. They said that this was where all the new capital had been going. Feeling that he had to know more, he responded positively when the BBC called him and asked if he'd like to participate in a programme to put unemployed capital back to work. He thought God was smiling on him and his fortunes were about to change. This was his chance. At last, his capital might be employed again. His nightmare would be over.

"Go back to co-operative school," said Adriana, conscious of Warren's need to get a proper education. "You need to understand what you're dealing with."

Adriana said this to him as kindly as possible, but underneath she felt sorry for him. Since the silent revolution, all these investors had been cut loose by the market. They wandered around, clustered on street corners, moaning about their unemployed capital. Nobody wanted their money any more, and it left them feeling depressed and hollow. Life made no sense. It was meaningless. Many turned to the petty crimes of casino gambling and scratch cards, and some desperate souls (realising they couldn't even give

their capital away) felt suicidal. The Samaritans had reported a 200% increase in calls from investors over the last 5 years.

"So what must I do?" said Warren, now feeling humbled.

"We do pay interest to investors who give us loans," said Davina.

Davina did this to help Ed, who she knew was the keenest to help investors out of work poverty. Davina's employer *The National Co-operative of Mediators* had replaced the *Employment Tribunal Service* after disciplinary and grievance laws had been repealed in 2020. She preferred to raise capital through community share issues. Ed, on the other hand, was prepared to accept loans from outside investors and pay them a small rate of interest.

"At what rate?" asked Warren hopefully.

"At the current bank base rate plus 2%", said Ed.

"So I'd get only 2.5%?" asked Warren. In times past, he had sometimes been able to achieve 20% return a week when short-selling a national economy. This was madness. This was hell on earth. This was a nightmare.

"Yes, 2.5% at the moment. It's not our fault you destroyed the banking system. You brought it on yourselves, you know," said Ed, with a hint of bitterness at the memory of losing his life savings in the crash of 2008.

"You could do some voluntary work," suggested Cliff, who had been staying quiet and biding his time. "We can't arrange a job until you've had a co-operative education, but voluntary work would be a start."

"Voluntary work?" asked Warren, even more perplexed.

"Yes, you could keep all your money and just invest your labour," suggested Cliff, maintaining his poker face.

"You mean, I work for you and get no ROI at all?" This seemed like the stupidest suggestion Warren had ever heard in his life.

"That's the pot calling the kettle black," whispered Davina to Adriana as she recalled the three times she'd been made redundant during the NHS 'reforms' of 2013-18. Now she was the proud co-owner of *Better Health*, the country's most respected designer of clinics and community hospitals. She was the only member of the workforce to have been elected three times to the organisation's parliament.

"You'll create social capital," said Cliff with positivity that he knew the audience would appreciate.

At this suggestion, Ed felt he had to step in.

"Shame on you, Cliff, for suggesting that we don't pursue a double-bottom line for Warren," he said as he winked at Cliff out of camera shot.

"Warren," he said, turning his attention to the increasingly bemused investor, "you obviously need a guiding hand to get back into investing. What you need is a mentor, and I think I can help you with that. How about we discuss how much of your billion we can sensibly accept as a loan, and you come to do some voluntary work for me as well?"

Warren started to feel desperate, and despite not wanting to work, he needed a chance to feel human again by making a new financial investment.

"At 3%?" he said, looking hopefully at Adriana and Davina.

"I'm out," said Davina, cutting Warren off immediately.

"Too steep for me!" said Adriana.

"You drive a hard bargain, Warren," said Ed. "For 3%, I'll not just want some of your billion and some voluntary work, I'd also want some free advertising from your private media empire and for you to complete your education at the Co-operative University."

Warren had always hated his media empire but it had made him a lot of money. He found it ironic that he kept it going given his grandfather's reclusive lifestyle. The offer of a university education seemed attractive, however. His father had always told him that he didn't need one, seeing as he was so rich. Things were different now. Completing his education would surely come in handy. Luckily they hadn't forced investors to give up their fortunes in 2018 so he still had a chance to make a new life.



Warren thought about the 3% return on investment – it was a bad deal, but at least some of his capital could get back to work. It was a hopelessly one-sided contract, but the best he was likely to get.

Ed could see that Warren was still hesitating.

"If your work and studies go well," said Ed, "you might even become a full member."

"And would I then be able to buy equity?" asked Warren.

"Non-transferable co-operative equity, yes," replied Ed.

That was good enough for Warren. It would diversify his portfolio.

"Deal," he quickly announced and shook Ed by the hand, hiding his resentment as best he could.

The camerawoman zoomed in to catch the apparent pleasure on both their faces while the music for the commercial break began to play.

After a few more seconds, the producer whispered 'Cut!' into the ear-piece of the camerawoman.

"Okay everyone, take 15 minutes while we prepare for the next investor," she shouted.

Cliff smiled. He'd worked all his life for a world in which labour hired capital rather than the other way around. This was heaven. This was justice. It was cruel justice at times, but justice nevertheless. And it was excellent edutainment. As the floor assistant brought him his customary fair-trade coffee, he let his mind wander back to 2012, the year that the United Nations in an act of wisdom that surprised all his peers, decided to sponsor the International Year of Cooperatives. That was when it had really got going. That was when his boat started to come in.

In 2012, there was a silent revolution, but a powerful one nevertheless. Following the *Occupy Wall Street* protests (in which financial districts were taken over by millions of people) governments responded by taxing speculative financial transactions and paying off national debts. It wasn't enough to quell the accumulation of grievances felt by the populace. In 2015, the *Members Direct* organisation – in which Cliff played a large role – organised the takeover of *Facebook* and *LinkedIn* through a buyout of private owners. Members immediately voted to end all cooperation with state surveillance authorities to restore freedom of association, speech and thought. By 2025, most social networks across the global had converted themselves into co-operative societies. The key year was generally regarded as 2018 when western governments became so afraid for their own futures that they passed laws to make stock broking a criminal offence. By 2030, social democratic values had reshaped laws on enterprise ownership and established genuine workplace democracy. Members of social networks collaborated to identify predatory investors and hedge fund managers and passed evidence to citizen courts empowered to issue ASBOs that banned them from making further investments of any kind. University lecturers created case studies of Enron, Worldcom and the financial crashes of 1997, 2008 and 2012 to teach students about the demise of private enterprise. Histories of *Facebook* and *LinkedIn* became required reading in a new core curriculum on Participatory Democracy (alongside Maths and English).

Cliff's thoughts were interrupted by the sight of two people dressed in black entering the TV studio.

A policeman and woman made their way across the room and walked over to talk to Ed and Warren.

"Mr Buffet Junior?" asked the policewoman.

"Yes," Warren answered.

"The TV station just received a call from a viewer. They claim you've broken the terms of your ABSO by attempting to make a banned investment. Please come with me."

Warren looked bewildered as he was escorted from the TV set. His nightmare was not over. In fact, it was about to get a lot worse.



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