What is Match Trading?

Developed by our member, [The Social School for Entrepreneurs](https://www.the-sse.org/), back in 2017 Match Trading is an innovative way of delivering grant-funding to social enterprises, whilst helping them grow their business. At it’s core it’s ‘grant funding that pound-for-pound matches an increase in income from trading’.

The aim is for Match Trading grants to ‘incentivise social organisations to develop their trading base, so they can build stronger futures’ by rewarding sales growth. This allows the organisations to become ‘stronger by selling more and not depending on traditional grants’, allowing them to become sustainable in the long term

Match Trading helps social entrepreneurs to:

* Enter new markets
* Test out new products and services
* Make more money from sales

Alastair Wilson, Chief Executive of SSE, states that Match Trading can also benefit funders as well as social enterprises. He’s said that “the broken finance market currently assumes that social enterprises need either 100% (traditional grants) or 0% (investment) subsidisation. But most social enterprises need something in between: they can cover a percentage of their operating costs through trading revenue, and can be incentivised to increase that percentage without risking pure investment or relying purely on grants.”

SSE haven’t worked in isolation on these grants either, a Match Trading task force was set up of over 20 funders, the UK Government, corporates, research and advocacy partners, which included ourselves at London Funders. This group met to discuss specific topics, conducted research and data analysis to learn “how and when Match Trading works well”.

Alongside this they worked together on ‘experiments and collaborations’ to inform their research, resulting in training and best-practice manuals for grant makers. Alastair goes on to say that “although the concept is simple, implementing Match Trading grants and proving impact has been more complex. This is why collaboration has been extremely valuable - indeed, necessary. The Task Force has allowed funders to share the risks of experimentation, problem solve together, collectively build enough data to generate useful insights and join forces to exert more sector influence.”

What is the impact of Match Trading?

So far over 900 Match Trading grants have been awarded to voluntary, community and social enterprises through the SSE programme since 2017.

Looking at the latest [impact report](https://innovationwm.co.uk/wp-content/uploads/2022/03/Match-Trading-an-innovation-in-funding.pdf)[[1]](#footnote-2) we can see that there was a 2.5x trading increase of Match Trading grants recipients vs. ‘traditional’ grant recipients. This resulted in a 40% median increase from income and a 100% median increase from trading.

The movement has also grown from £80,000 in grant commitments in 2017 up to £11.6m in 2020.

In October 2020, Power to Change, partnered with SSE to run the ‘Community Business Trade Up’ programme, a five year £6.5m support programme aimed at strengthening community businesses. The aim of the programme was to help participants increase their trading income, build an entrepreneurial mindset, reduce grant dependency and be financially sustainable. This programme provided 279 participants with a transformative nine month learning programme, up to £10,000 Match Trading grant and the support of a network of other community business leaders. In their [Impact Report](https://www.the-sse.org/wp-content/uploads/2020/11/CBTU-Impact-Report-Oct-2020.pdf) they state that:

1. **Incentivised grants work**

The average increase in annual income from trading that can be attributed to receiving the Match Trading grant is £9,190. Trade Up participant businesses achieved this increase in trading income despite the fact that over half (54%) of them are based in the most deprived areas in the country.

1. **Incentivised grants reduce grant dependency**

The use of Match Trading grants is shown to drive an increase in income from trading as a proportion of total revenue. A 9.5% point shift in this ‘trading ratio’ is credited to the Match Trading grant mechanism.

1. **Entrepreneurial mindsets**

The learning programme gives participants the business skills, confidence and peer support to develop a truly entrepreneurial culture. All this contributes to an organisation’s chances of long-term sustainability via more diverse income streams, greater social impact and the ability to adapt to future crises.

Danny Dawes, Grandads Front Room One, of the grantees of the programme commented that:

“I like that the Match Trading grant is empowering and enabling. You don’t feel beholden. If you don’t step up your trading you don’t get the money. The Match Trading money also has given us a cushion. We have managed to do so much more. We now have a bigger van and we are a month ahead on rent. We now have proper signage. It has upped awareness about us and enabled us to reach more sales.”

The report goes on to ask how effective Match Trading is and concludes that “Match Trading has a large and significant impact on trading performance above and beyond traditional grants. Indeed, it is worth emphasising that is does so despite costing less than traditional grants. The average grant in the Match Trading cohort was just £9,350, whereas the average grant in the control cohort was £10,000 by definition.” And importantly that “Match Trading contributes to an important change in the mindset of participants – from grant-dependency to a more sustainable business model with a greater diversity of income streams.”

Further reading

Match Trading impact stories, Social School of Entrepreneurs - <https://www.the-sse.org/match-trading-case-studies/>

What is Match Trading, Social School of Entrepreneurs - <https://www.the-sse.org/about-school-for-social-entrepreneurs/match-trading/#CTA>

Match Trading - <https://www.matchtrading.com/>

Trading Up: Match Trading® for Community Businesses as a powerful incentive for regeneration post-COVID, Power to Change - <https://www.the-sse.org/wp-content/uploads/2020/11/CBTU-Impact-Report-Oct-2020.pdf>

Match Trading and the Behaviours of Community Businesses and Social Enterprises , LSE - <https://www.lse.ac.uk/marshall-institute/research/projects/Match-Trading-and-the-behaviours-of-community-businesses-and-social-enterprises>

1. Data bases on 304 organisations from 2017 – 2020 from all MT programmes - <https://innovationwm.co.uk/wp-content/uploads/2022/03/Match-Trading-an-innovation-in-funding.pdf> [↑](#footnote-ref-2)