



Social  
Enterprise:  
Doing  
business  
differently  
for a more  
inclusive  
society

A Manifesto outlining a vision and pathway to enable the growth of the social enterprise sector in Australia.

# Who supports this Manifesto?

This Manifesto is an initiative of the Social Innovation Entrepreneurship and Enterprise Alliance (the Alliance), and is supported by the following organisations:

**SOCIALTRADERS**



More information on the Alliance can be found on page 11 of this Manifesto.

# Introduction (why this is important)

→ 2020

**Social enterprise is a movement that has captured the hearts and minds of people from all sectors of the Australian economy. No longer a fringe activity at the margins, social enterprise has found its way into work and life in all industries and many communities from all parts of Australia<sup>1</sup>.**

Social enterprise activity can be found in small communities and large institutions; amongst cooperatives, public sector, community service organisations, large banking institutions and more. Each sector of the Australian economy has led initiatives that have laid foundations for what is an important and emerging sector.

Across the diverse approaches in the movement, the common thread of agreement is that **we need to move beyond a 'business as usual' approach** to tackling Australia's economic and social challenges. Australia's future requires new approaches to doing business, and social enterprise presents a vehicle for achieving this.

Social enterprises operate for more than profit alone; foster social and

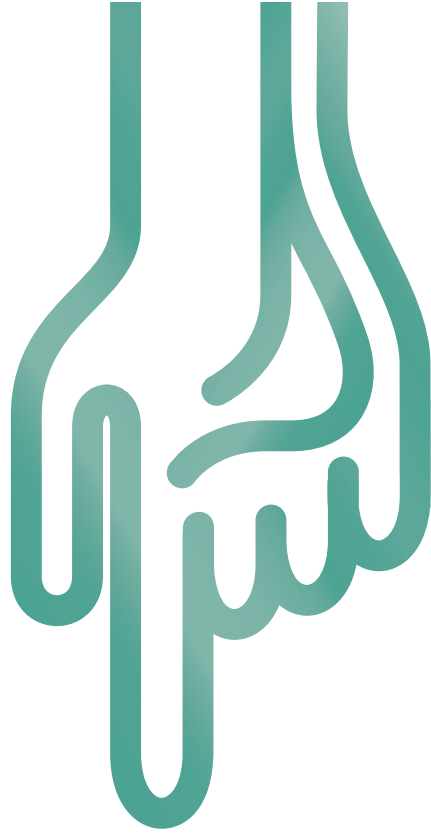
environmental innovation; and are accountable to their employees, consumers and communities. Social enterprise offers a business model where people can be given a direct voice in running their organisation; and where people can positively change their lives and the lives of those around them.

There are many opportunities in the broader Australian economy where social enterprise can have a significant beneficial impact. These include community investment in the green economy, the creation of jobs for people excluded from work, and local communities designing innovative solutions to challenges they face.

This manifesto does not advocate a one-size-fits-all approach to social enterprise. It is a plurality of models and approaches that makes an economy prosperous, sustainable and inclusive. The value of social enterprise can be seen beyond its economic contribution. It embraces the principles of mutualism, participation and community ownership, while being driven by competitiveness, productivity and sustainability. Social enterprise is an approach that brings together the best of business and community development.

**We are calling for a thriving social economy by 2020, where all social enterprises in Australia can access market opportunities and support services to grow to their full capacity, achieve scale appropriate to their business and fulfil their missions.**

1. Finding Australia's Social Enterprise Sector Report, 2010, Australian Centre for Philanthropy and Nonprofit Studies, QUT.



## Key levers for growth

To meet the potential of this movement, five key levers have been identified that will further the growth and development of social enterprises in Australia. These levers require involvement and investment from the public, private and social sectors.

1. Foster an enterprising culture
2. Resource effective capacity building support for social enterprises
3. Open markets and procurement channels
4. Enable funding, finance and investment across the business lifecycle
5. Invest in research, benchmarking and impact measurement

This is a critical time in the development of the sector. It's time to advance the value of the social economy, and invest in these growth levers. It's time for social enterprise to fulfil its economic potential and create a more inclusive society.

# About Social Enterprise (better ways to do business)

We believe that businesses with these characteristics are better for society, better for the economy and better for communities. Social enterprises pursue sustainable business models to achieve commercial success, and common characteristics include<sup>2</sup>:

## DRIVEN

by an economic, social, cultural or environmental mission for public benefit

## PLACE

people at the centre of their business

## TRADE

profitably to fulfil their mission

## RE—INVEST

profits/surplus in the fulfilment of their mission

## ENGAGE

a wide group of stakeholders in governance and decision-making

## OPERATE

with transparency

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<sup>2</sup>. There is no definitive classification for social enterprises, and some enterprises place different emphasis on these principles

Many social enterprises have been operating as thriving businesses for a number of decades. Examples of the diverse forms of social enterprise that are contributing to the Australian economy include:

- **Businesses** developed to employ people who are excluded from the mainstream workforce.
- **Charitable business ventures** run by not-for-profit organisations to raise income and fulfil their mission through enterprise.
- **Community Development Financial Institutions** that provide products and services to individuals, organisations and

communities who have difficulty accessing mainstream finance.

- **Community enterprises** developed by locals to address local issues or community needs.
- **Cooperatives** – member-benefit businesses that form to meet defined social needs of members.
- **Employee-owned companies** – where employees share ownership. This can include employee-buyouts of struggling businesses to sustain jobs and ensure business continuity.
- **Fair Trade businesses** that exist to benefit producers and workers in developing countries by paying

fair prices for products and commodities which they on-sell in developed countries.

- **Intermediate Labour Market organisations** that create a bridge to the open labour market for individuals experiencing long-term unemployment.
- **Social Firms:** not-for-profit businesses in which 25–50% of employees have a disability or mental illness.

These diverse business forms can be found across all industries and sectors including but not limited to manufacturing, retail, hospitality, health, housing, alternative energy, agriculture and mining.

## Investing for growth

A dynamic, competitive and prosperous sector requires enabling organisations to advocate for, support and attract investment for its growth. As enabling organisations, we share these characteristics:

- **DELIVER** tailored services to social enterprises and entrepreneurs
- **COLLABORATE** within and across sectors
- **INVEST** in research and evaluation
- **INNOVATE AND LEARN** from international best practice
- **OPERATE** with transparency to share learning and best practice

Investment in these organisations is crucial for the development of this sector.

# Levers for Growth

## 1.

### Foster an enterprising culture

**This manifesto outlines five key levers for growth, that if engaged would significantly reduce barriers to entry and enable stronger and more sustainable growth in this sector.**

1. Foster an enterprising culture
2. Resource effective capacity building support for social enterprises
3. Open markets and procurement channels
4. Enable funding, finance and investment across the business lifecycle
5. Invest in research, benchmarking and impact measurement

The Alliance will raise the profile of social enterprise and the opportunity it presents. Raising awareness and understanding of the plurality of business models and how they are tackling important social and economic challenges, is critical to opening markets and growing the sector.

Specific initiatives required to create an enterprising culture include:

- Awards and Ambassador programs to recognise excellence in the field and share best practice
- Create platforms at local, national and international levels for social enterprises to be networked and share practice
- Information dissemination and exchange.

## 2.

### Resource effective capacity building support for social enterprises

One of the challenges for social enterprise is the diversity of models and approaches. The size and complexity of the social enterprise market means that enabling organisations need to develop the scale, depth or reach to effectively respond to the sector's needs.

Specific initiatives required to support and enable social enterprise include:

- Increase access to high quality business support for early stage social entrepreneurs and all forms of social enterprise
- Communities-of-practice for social entrepreneurs and social enterprise practitioners, to support their ongoing personal and professional development needs
- Develop social enterprise hubs and local business services
- Expand existing business services to support social enterprise
- Provide capacity support for organisations shifting business models
- Build the capacity of people in management and governance.

# 3.

## Open markets and procurement channels

Trends in recent years demonstrate that consumers in all sectors have changing expectations in their purchasing decisions. From individual consumers to private and public sector procurers, a strong desire has emerged which balances economic value with broader social impact and public value.

In developing a market, both supply and demand need to be addressed with equal attention. For social enterprises to compete, they will meet the same demands regarding quality of their products, and timing of supply to fulfil their markets' expectations.

Specific initiatives required to open markets and procurement channels include:

- Provide procurement and market development capacity building for social enterprises
- Collaborate with government at all levels along with the private sector to inform the development of effective procurement policy that acknowledges the economic, social and public value of alternative business models, and enable greater opportunity for social enterprises to contract with its entities.
- Create an accreditation and certification model for social enterprises
- Explore the development of a mechanism to support the matching of supply and demand
- Develop new models of ownership that can transform the way in which we design, commission and manage public services, while addressing barriers to entry for social enterprises to deliver public services.



# 4.

## Enable funding, finance and investment across the business lifecycle

Social enterprises require a diverse range of finance and investment mechanisms depending upon size, risk profile and stage of business growth. There are considerable gaps in the finance and investment landscape, especially in regard to funding for innovation, transition and early stage enterprises.

Specific initiatives required to enable finance and investment include:

- Establish and expand funding programs for early stage ventures, or increase provision within existing funding programs to include all forms of social enterprise
- Increase awareness of existing funding mechanisms such as crowd-funding, and the role that they can play in enabling early stage ventures and social innovation

- Increase awareness of community investment and community share options as an alternative to grant funding
- Improve access to information about legal models that facilitate community investment streams of funding
- Build capacity through the business lifecycle
- Collaborate with philanthropy to promote granting and investment opportunities in both social enterprises and enabling organisations
- Unlock barriers and create incentives for social investment
- Invest in community capacity, intermediaries and enabling organisations
- Continue to increase access to debt and equity finance.

# 5.

## Invest in research, benchmarking and impact measurement

Competitive and prosperous industries and economies invest in research, benchmarking and impact measurement. This helps inform more effective public policy, design appropriate solutions and ensure the right areas of the sector are being targeted. The Alliance seeks to advance collaborative research that is industry-led, with strong partnerships across leading Australian universities. The Alliance seeks to establish benchmark data that can evidence the efficacy of enabling strategies over time.

Specific initiatives required to enable research include:

- Establish a Cooperative Research Centre
- Coordinate existing research and evaluation initiatives
- Engage in longitudinal studies to understand impact
- Disseminate existing knowledge and learning.

# About the Alliance

The Social Innovation, Entrepreneurship and Enterprise Alliance (the Alliance) is a network of fifteen organisations that have been meeting quarterly since early 2010. These meetings facilitate the exchange of knowledge and practice of CEOs and senior leaders of organisations that are committed to the development of social enterprises, and mechanisms for supporting the growth of the social economy in Australia. Each organisation focuses on specific dimensions of the social economy including social finance and investment, capacity building, promotion and research.

A major strength of the Alliance is that it facilitates diverse views and approaches to social enterprise development. Participating organisations unite around the need and desire to grow social enterprise in Australia, while placing different emphasis and focus on each aspect of this Manifesto.

It is this plurality of views and approaches that has led to the Alliance's success to date, and will continue to enable a diverse and prosperous social economy.

# How the Alliance will achieve this

**Participating organisations of the Alliance are already engaged in a number of activities to achieve these goals.**

In the coming three years, we will:

Undertake research to better understand market opportunities, challenges and gaps

Collaborate with Government to inform the development of effective policy

Promote social enterprise across the wider economy.

The Alliance will:

Act as a forum and learning exchange for key stakeholders to discuss, plan and progress initiatives outlined in this Manifesto

Facilitate partnerships between member organisations to address the key levers and needs outlined in this Manifesto

Attract and facilitate sufficient resources to meet its goals.

