



# Introduction to Social Enterprise

Presented by Mark Chaffey, Social Enterprises Sydney

# Focus of the morning

Hopefully by the time we finish today you will have:

- A basic understanding of the concepts of social enterprise
- Some familiarity around key considerations relevant to establishing a social enterprise
- Started to gain insights into the general feasibility of your social enterprise idea

# Who is Social Enterprises Sydney?

- Social Enterprises Sydney established to support the social enterprise sector's sustainability
- Allowing social enterprises to realise their social purpose and assisting to reach their outcomes
- Learning environment, support program and connections
- Filling a gap in business advice and support service for the social, community and not for profit enterprise sector

# Who is Social Enterprises Sydney?

Development program:

- Designed with unique focus on Social Enterprise needs
- To provide sustainable practices for social enterprise practitioners
- A broad program for many stages of journey of the enterprises
- Ever evolving, following pilot program rollout
- Core business knowledge instilled to help enterprise be long-term
- Building a sustainable social enterprise model in Social Enterprises Sydney – practicing what we're teaching

Workshops

Mentoring

Coaching

Peer2Peer  
Networks

Communiqué

Pro Bono  
Legal

# What is Social Enterprise?

A social enterprise is a business that trades for a social and/or environmental purpose. It will have a clear sense of its 'social mission' which means:

- it will know what difference it is trying to make, who it aims to help, and how it plans to do it;
- it will bring in most or all of its income through selling goods or service; and
- it will also have clear rules about what it does with its profits, reinvesting these to further the 'social mission'.

Commercial businesses exist to make profits for owners and/or shareholders. Social enterprises exist to meet a social purpose.

# What is Social Enterprise?

## Social Enterprise:

A business or business model that trades for a primary social, cultural or environmental purpose and reinvests their profits.

# Why do Social Enterprises Exist?

Social enterprises exist for public or community benefit and trade to fulfill their mission.

Some of the reasons they exist are:

- Opportunity to participate in a community.
- New solutions to social, economic, environmental and cultural issues;
- Responding to service gaps;
- Create employment opportunities;

# What form do Social Enterprises take?

Social enterprises take a variety of legal forms. They can operate in both the non-profit and for-profit arenas and they are not supported or regulated by any one body. This makes it difficult to identify the number of social enterprises in Australia, and to accurately measure the social and economic contributions that they make.



# The Social Enterprise Sector

## Social Enterprises Types

Social enterprises can be classified into different types, although most are hybrids borrowing from two or more types. Some of the enterprise types include:

- **Intermediate Labour Market Companies**
- **Social Firms.**
- **Australian Disability Enterprises (Australian Government term).**
- **Cooperatives, Associations and Mutuals.**
- **Community Enterprises.**
- **Community Development Finance Institutions.**
- **Fair Trade Organisations.**
- **Charitable Business Ventures.**
- **Pty Ltd companies**
- **Sole Traders**
- **Partnerships**

# The Social Enterprise Sector

**Social enterprise is not a new phenomenon.**

- It is estimated that there are up to 20 000 Australian social enterprises.
- 29% of not-for-profit organisations have some kind of business venture.
- Current data suggests that Australia has approx 59,000 economically significant not-for-profit organisations

# The Social Enterprise Sector

- Social enterprises operate across variety of industries, with more than 73% of survey respondents trading for at least five years, and 62% for more than 10 years. Suggesting that social enterprises are more successful than many other forms of business startup.
- The sector ranges from small to large with respondents to a 2010 survey having annual turnover ranging from \$0 for start-ups to in excess of \$65 million.

# The Social Enterprise Sector

- Social enterprises are involved in all forms of economic production, including retail, wholesale, and manufacturing. With the majority (58%) involved in service delivery for a fee.
- Social enterprises seek to meet the needs of a diverse range of beneficiaries, with young people the most commonly targeted beneficiaries

# The Challenges Faced by Social Enterprises

Social enterprises tend to generate a business model that is more difficult to run than community sector organisations or for-profit businesses but:

No profit; no mission.

Like mainstream, commercial businesses, social enterprises need to be sustainable over time in order to deliver lasting social outcomes. In this way, social enterprises can become foundations and building blocks for communities.

# The Challenges Faced by Social Enterprises

- The real challenge for social enterprises that deliver social outcomes directly is finding the balance between the social and financial objectives of the business.
- There is an inherent tension between a social enterprise's social and financial aims, and keeping the two in balance is a constant challenge.

# The Challenges Faced by Social Enterprises

- Sometimes, delivering social outcomes compromises the profitability of a business.
- Make no mistake, your competitors in the market place are generally not concerned with social needs; they want to win your market share and maximise their financial returns.

# The Challenges Faced by Social Enterprises

- While you are committed and passionate about your social objectives, it is critical to establish a solid market and business platform at the outset to ensure the enterprise is viable and capable of delivering your social mission.
- This ensures that your enterprise is sustainable in the long term in order to deliver social outcomes.
- This is the reality of the open market.



# The Challenges Faced by Social Enterprises

## The impact of social mission on costs

Lets look at an example:

	Cleaning Business – conventional	Cleaning Business – employment-motivated social enterprise
Cost of wages (The cost of wages incorporates recruitment, training, and productivity differences)	10 skilled workers (@ \$60,000 each) \$600,000	6 skilled workers (@ \$60,000 each) \$360,000  9 unskilled workers (@ \$40,000 each) \$360,000
Support costs		\$80,000
Cost of materials	• \$100,000	• \$100,000
Cost of overheads and equipment	• \$110,000	• \$110,000
Contract income	• \$1,000,000	• \$1,000,000
Wage subsidies	• \$0	• \$30,000
Profit/loss	• \$200,000	• \$20,000

## Examples of social enterprises and how they achieve social impact

### Fitted for Work (NSW & VIC)

Since 2005, Fitted for Work has transformed the lives of 10,000 women. As a not-for-profit organisation and the first of its kind in Australia, their mission is to assist women experiencing disadvantage to get work and keep it. They provide free interview appropriate clothing at their “Personal Dressing Services” located in Melbourne, Parramatta and Morwell and through their mentoring and transition to work programs.

Through mutual respect, compassion, integrity and trust, their dedicated staff and trained volunteers help women gain the self-esteem and confidence to achieve their goal of sustainable employment. Their most recent Melbourne survey revealed that 75% of the women they dressed were employed within three months of their visit to Fitted for Work.

## Examples of social enterprises and how they achieve social impact

### MadCap Café (VIC)

MadCap offers work opportunities for people recovering from mental illness by providing a welcoming place in the community and opening doors to a better life.

MadCap is a safe, flexible and understanding work environment in which people can take a risk, and even stumble. MadCap also has a very public face in the community, where it is changing attitudes and behaviours, and breaking down stigmas attached to mental illness.

The idea was born when Anthony Cheeseman, a cafe owner, and Peter Waters, from ERMHA (Eastern Regions Mental Health Association), met to find a way to combine a for-profit company and not-for-profit organisation to help people recovering from mental illness get back into mainstream employment. Anthony is passionate about the cause, having witnessed his sister's struggles with mental illness from a young age.

## **Examples of social enterprises and how they achieve social impact**

**We will now hand over to two of our guest speakers from Sydney based social enterprises and let them inspire you with their stories.**

- 1. TASTE Food Tours, Zizi Charida**
- 2. The Street University, Matt Noffs**



**Thank you!**

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