

Solving Employment Exclusion using Social Enterprises

Insight and recommendations from projects funded under Queensland Government (Queensland Inclusive Social Enterprise Project, Youth Enterprise Partnership project and Skilling Queenslanders for Work) and Federal Government (Supporting Social Enterprise Project).

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Introduction

There are estimated to be up to two million Australians who could have jobs and be contributing to Australia's wealth, but who for various reasons are unemployed or underemployed and have either endured long-term exclusion from the workforce or face the prospect of long-term unemployment or underemployment. They include many disabled people, people living in chronically disadvantaged circumstances, young people, refugees, Indigenous Australians.

Social enterprise is one way to create pathways to employment for these people. Employment-based social enterprises are businesses that concentrate on creating jobs for people who are excluded from the labour market. Social enterprise is attractive to funders, including government, because it:

- Creates jobs for those who are otherwise excluded
- Does so by creating businesses that are partially or fully funded from commercial activity
- Creates new economic activity.

This report reviews three initiatives by government that were focused on supporting employment-based social enterprises:

- The **Supporting Social Enterprise Project (SSEP)** was funded¹ through the Australian Government's Jobs Fund to create employment opportunities in NSW and South-East Queensland. SSEP ran from December 2009 to June 2011.
- The **Queensland Inclusive Social Enterprise Project (QISEP)** was funded through the Queensland Government's Department of Communities (Mental Health) to create employment opportunities for people who have been long-term unemployed due to mental health issues. QISEP ran from January 2010 to June 2011.
- The **Youth Enterprises Partnership (YEP)** was funded through the Queensland Government's Department of Communities (Youth) to create employment opportunities for young people aged between 15 and 18 who have either recently entered the youth justice system and are at risk of reoffending and/or are homeless or are at risk of becoming homeless. This project ran from February 2010 to December 2011.

These three initiatives were delivered by Social Ventures Australia (SVA), using their "investment plus support" approach to the creation, development and growth of social enterprise.

The three initiatives also received matched funding of approximately \$0.6 million from **Skilling Queenslanders for Work (SQW)** through the Queensland Government's Department of Employment, Economic Development and Innovation (DEEDI). This funding support pre-dated the projects, continued through the project timeframe, and enabled some of the social enterprises in the projects to get investment ready.

SVA invests in social change. Over the past decade we have worked with over 100 of Australia's most promising and innovative social ventures. Within employment, SVA has set itself the ten-year goal of reducing employment exclusion for 20,000 people. SVA has been supporting the development of social enterprises since 2004: the three projects reviewed in this report therefore built upon the previous work carried out by SVA. SVA's Employment Team commissioned SVA Consulting to develop this report in order to:

- Evaluate these three specific initiatives
- Offer observations and insights that could inform future project development
- Provide recommendations to both funders (including Governments) and intermediaries (including SVA) on how to develop social enterprises more effectively.

Results

The three projects reviewed in this report created **261 jobs** and **122 employment pathways** (work experience placements and internships). All three projects **exceeded their targets**.

Social return calculations on a number of the social enterprises demonstrated that all delivered "**value for money**" to those investing in them.

¹ The project also received matched funding from DEEDI, Department of Communities, Brisbane City Council, Logan City Council, Ipswich City Council, and SVA.

Recommendations

This report makes recommendations to both funders (including government) and to intermediaries who are supporting the development of employment-based social enterprises.

For Government and other funders, the recommendations are:

- **Further investment** is justified in supporting the creation of social enterprises, and in supporting them to succeed
- Carry out a comprehensive assessment of the **social return from investment** in employment-based social enterprises
- Support the establishment of **social enterprise intermediaries** in Australia, to ensure a continuing and growing supply of social enterprises to redress employment exclusion
- Recognise that the development of a social enterprise takes time, and that support may be required over an **extended period**.

For intermediaries, including SVA, the recommendations are:

- Intermediaries, including SVA, should **adopt the investment plus support approach** when working with social enterprises. This investment plus support approach is centred in ensuring there is a pipeline of investment-ready social enterprises being developed.
- The approach should include the following criteria:
 - Ensure that Relationship Managers have access to strong networks
 - Make investments contingent on the achievement of milestones
 - Invest time to ensure mentors are matched appropriately to entrepreneurs, particularly in terms of personality and relevant experience
 - Ensure access to appropriate pro bono support
 - Assist social enterprises to be clear about the social impact they are aiming for
 - Invest additional resources to support organisations to explore social procurement opportunities, and to develop the social procurement market
 - Incorporate access to support services as part of the funding agreement when targeting youth or other challenging population groups.

Conclusion

This report demonstrates that social enterprises can create jobs for people excluded from the mainstream workforce, particularly the long-term unemployed. This equity outcome is also efficient, as government investment in the creation of businesses is returned via taxation revenue, and savings in social security expenditure.

Creating a significant numbers of jobs will require a growing supply of employment-based social enterprises. This, in turn, requires an investment in intermediary organisations that maintain a 'social enterprise pipeline'. Significant investment in such a pipeline would ensure that Australia fully realises the potential for social enterprises to significantly reduce employment exclusion, in a way that is efficient for Government and productive for the economy.

1.1 Context

This report was commissioned by Social Ventures Australia (SVA) Employment team to evaluate the investment and support provided to employment-based social enterprises in Queensland and South West Sydney in the period January 2010 to December 2011, using funding provided by the Queensland and Federal Governments.

The Federal Government funding of \$1.62 million was channelled into the Supporting Social Enterprise Project (SSEP). The Queensland Government's Department of Communities provided funding of \$2 million into the Queensland Inclusive Social Enterprises Project (QISEP), and an additional \$0.76 million into the Youth Enterprise Partnership (YEP). These projects also had additional matched funding of \$0.6 million contributed through Skilling Queenslanders for Work (SQW).

- The **Supporting Social Enterprise Project (SSEP)** was funded² through the Australian Government's Jobs Fund to create employment opportunities in NSW and Queensland. SSEP ran from December 2009 to June 2011.
- The **Queensland Inclusive Social Enterprise Project (QISEP)** was funded through the Queensland Government's Department of Communities (Mental Health) to create employment opportunities for people who have been long-term unemployed due to mental health issues. QISEP ran from January 2010 to June 2011.
- The **Youth Enterprises Partnership (YEP)** was funded through the Queensland Government's Department of Communities (Youth) to create employment opportunities for young people aged between 15 and 18 who have either recently entered the youth justice system and are at risk of reoffending and/or are homeless or are at risk of becoming homeless. This project ran from February 2010 to December 2011.

The Skilling Queenslanders for Work (SQW) program was funded through the Queensland Government's Department of Employment, Economic Development and Innovation (DEEDI) with the aim of creating employment or employment pathways for Queenslanders marginalised from mainstream employment. This matched funding support pre-dated the above mentioned projects, continued through the project timeframe, and enabled some of the social enterprises in the projects to get investment ready.

The aim of each fund was job creation for people who were long-term unemployed within social enterprises. Within each project, SVA used their newly adapted 'investment plus support' approach to assist the social enterprises to develop.

² The project also received matched funding from DEEDI, Department of Communities, Brisbane City Council, Logan City Council, Ipswich City Council, and SVA.

The primary focus of this report is on assessing the approach used to identify, support and grow social enterprises. A full assessment of the outcomes of the projects for all stakeholders involved will require longitudinal data, garnered at 12 months after the completion of the projects (ie: June 2012 – QISEP & SSEP; December 2012 – YEP).

1.2 Structure of report

This report:

1. Describes the outcomes of QISEP, SSEP and YEP in creating sustainable employment for disadvantaged job seekers
2. Assesses the investment plus support approach which was used to develop, grow and sustain social enterprises
3. Makes recommendations to the project partners, Governments and SVA (but, more broadly, to other existing and potential intermediaries) to further support the development and growth of social enterprises in Australia.

Consistent with that scope and focus, the report is organised as follows:

Chapter 1 provides background to the three projects, including: the issue of employment exclusion they sought to address; how social enterprise addresses this and SVA's pipeline model.

Chapter 2 describes the objectives of each project, the project activities and the outcomes achieved.

Chapter 3 assesses the effectiveness of SVA's approach in achieving those outcomes,

Chapter 4 synthesises the results of the evaluation and makes recommendations to Government, funders, SVA and other existing and potential intermediaries on how to enhance and expand the development of social enterprises in Australia.

1.3 Methodology

This report was developed in three phases:

Phase 1: Preparation and planning

Information was gathered to understand project background. Stakeholders were identified and research questions were prepared for interviews.

Phase 2: Data collection

Relevant project documentation was reviewed, including:

- reports prepared by the project team for stakeholders including the Queensland Department of Communities and DEEWR
- social enterprise business plans
- social enterprise evaluations supported by the project.

Eleven interviews were conducted with the social enterprises, one interview with an employment support agency, as well as ongoing consultation with members of the SVA Employment team – including the Executive Director, Business Manager, Operations Manager and regional Relationship Managers. Appendix 1 outlines a list of people and enterprises interviewed, as well as analysis documents consulted.

Phase 3: Evaluation and Development of Recommendations

Observations were made in relation to the implementation of the approach. Recommendations for governments and other funders were developed in respect of future investment into the social enterprise pipeline. Recommendations for SVA were developed in respect of future implementation of the approach. Final documentation was prepared and submitted.

1.4 Research sample

Over the project period SVA supported 22 social enterprises. To ensure that observations and recommendations are as widely appropriate and useful as possible, evidence presented in this report has not been restricted to enterprises receiving funding only through QISEP, SSEP, SQW and YEP, since the approach used was identical in each project. Appendix 2 identifies the source of funds allocated to each social enterprise.

The social enterprises interviewed to support this evaluation were selected based on their ability to commit time and how prepared they were to openly share information. Interviews were conducted face-to-face where possible, and otherwise via telephone.

1.5 SVA

Social Ventures Australia (SVA) is a non-profit organisation that invests in outstanding programs and ventures to help break the cycle of disadvantage that traps too many Australians. SVA focuses on Education and Employment because research shows that these areas are fundamental to addressing systemic disadvantage.

Often, specific target groups are affected by lack of access to a good education, and employment exclusion. SVA channels its efforts to support the most disadvantaged communities, including Indigenous Australians, people with a disability or mental illness, refugees and young people 'at risk'.

Our approach

SVA invests in social change through a three-pronged approach:

- **Build the capacity of the social sector** – Provide funding and skills into social ventures that are developing innovative approaches to education and employment for disadvantaged Australians.
- **Collaborative projects and partnerships** – Work collaboratively with key stakeholders across sectors on projects, and foster relationships to increase impact.
- **Practical insights** – record, analyse and identify 'what works' with ventures, projects and partnerships, building an evidence base to support sector development and advocate for systems change.

1.6 SVA Consulting

SVA Consulting is the consulting division within SVA and was established in 2007 to support Australian non-profit organisations and funders to address social issues.

SVA Consulting charges on a cost recovery basis and is also supported by Macquarie Group Foundation.

SVA Consulting design customised, results-driven solutions including strategy development, program design and review, funding strategies, boards and governance reviews, and measurement and evaluations including SROI (Social Return on Investment). Utilising skills in analysis, diagnosis, research and facilitated group work, they provide fact based guidance to support critical decisions. For more information see www.socialventures.com.au/consulting.

We appreciate the willingness of the social enterprises to openly share their experiences with us – including the outcomes, successes and challenges. We also thank the SVA Employment team for providing us with access to all necessary data, and for the time they took to work through our queries.

2.1 Unemployment in Australia and its costs

Despite high levels of employment, it has been estimated that there are approximately two million Australians who are currently unemployed, economically inactive on the Disability Support Pension or underemployed (working part-time but wanting to work more)³. For certain groups the situation is particularly stark:

- **Indigenous people** – as at 2008, the unemployment rate for Indigenous people was 16.6%, more than three times the national rate.⁴
- **People with disabilities or mental illness** – as at 2011, the number of people on the Disability Support Pension was 750,000; this has increased by 70% since 1994.⁵
- **Refugees** – as at 2006, 23% of the 14,000 refugees that had arrived in Australia on a humanitarian visa were unemployed.⁶
- **Young people ‘at risk’** – as at May 2010, there were 193,000 unemployed people under 25 on Youth Allowance or Newstart Allowance, of whom 94,000 had been unemployed for over 12 months.⁷

Costs associated with unemployment are incurred by individuals, communities and society as a whole, particularly because of its close relationship with wider forms of social disadvantage.

For **individuals and their families**, costs arise both in direct financial terms (immediate loss of income; reduced future employment chances and associated reduction in lifetime earnings; reduced superannuation) and in terms of personal wellbeing (reduced self-confidence and self-esteem; increased pressure and stress on family relationships; potential increase in health and mental health problems).

For **communities**, long-term unemployment is associated with a range of social problems, particularly when it becomes intergenerational. Associated costs include: increased crime rates, reduced social cohesion, and reduced community-wide health and education outcomes.

For **society**, long-term unemployment results in lost taxation, additional costs of direct welfare payments as well as higher expenditures on public housing, healthcare and other social wage services. Long-term unemployment decreases the economic productivity of the workforce, and can increase wage pressures arising from labour shortages.

While these costs arise for all unemployed people, they are entrenched for people with high needs. As indicated, these include: people with disabilities, people with a mental illness, Indigenous Australians, ex-offenders, young people at risk, homeless people, refugees, and migrants. These groups are effectively excluded from the mainstream workforce and require targeted intervention to gain access to jobs.

Whilst employment provision is a Federal Government responsibility, it can easily be identified that the impact of unemployment, and the costs incurred, are not solely Federal responsibilities. There is a strong impetus for State and Local Governments, and any other interested funders, to solve long-term unemployment.

2.2 Social Enterprises as a Solution to Employment Exclusion

Social enterprises are defined as businesses that trade for a social, environmental and/or cultural purpose⁸. Social enterprises which focus on creating jobs for people excluded from the labour market are described as ‘employment-based social enterprises’.

Often the target groups for employment-based social enterprises can include: people with disabilities, people with a mental illness, Indigenous Australians, ex-offenders, young people, homeless people, refugees, and migrants.

Social enterprises are an excellent solution to employment exclusion because they achieve:

- **An equity outcome**, by creating jobs for people, who are otherwise excluded from the mainstream workforce.
- **An efficiency outcome**, by using market-based business models to generate revenues, they reduce the costs of the programs. Also, Government investment in employment-based social enterprises is returned over time through taxation garnered from employees, through savings made in the provision of social security benefits and through reduction of other costs in areas including, but not limited to, health, criminal justice, and homelessness.
- **An economic outcome**, through accessing the productivity of people who would otherwise be unproductive. This is especially significant in a time of constrained labour market supply.

In addition, many employees of social enterprises move from the enterprise into the mainstream workforce over time, thus reinforcing the equity, efficiency and economic contribution made by social enterprises.

3 Speech by Prime Minister Julia Gillard to the Committee for Economic Development in Australia (CEDA). February 2011

4 Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey. 2008

5 Fowkes, Rethinking Australia’s Employment Services. 2011

6 ‘Economic, Social and civic contributions of first and second generation humanitarian entrants.’ National Centre for Social Applications of Geographical Information Systems, University of Adelaide. 2011

7 Australian Council of Social Service, Times are still tough for young unemployed people. August 2010

8 <http://www.sva.com.au/social-enterprise-development/sva-social-enterprise-development/>

2.3. SVA and Social Enterprises

SVA invests in social change. Over the past decade we have worked with over 100 of Australia's most promising and innovative social ventures. Within employment, SVA has set itself the ten-year goal of reducing employment exclusion for 20,000 people. SVA has been supporting the development of social enterprises since 2004: the three projects reviewed in this report therefore built upon the previous work carried out by SVA.

SVA began working with employment-based social enterprises in 2004. In partnership with Social Firms Australia (SoFA), a start-up cleaning business (Cleanable) and a bonsai tree retailer (Bonsai – The Imagination Tree) both employing people with a mental illness were launched. Through its venture portfolio, SVA invested in and continues to invest in the growth of many other employment-based social enterprises, such as Future Employment Opportunities, Fair Business and STREAT.

In 2006, SVA launched Australia's first Social Enterprise Hub in Brisbane, in partnership with Brisbane City Council (BCC) and PricewaterhouseCoopers (PwC), to provide place-based business support, expertise, advice and networks to assist social enterprises to grow and scale. Hubs have also operated in Ipswich, Logan, Parramatta and the ACT.

In 2009, SVA set itself the goal of reducing employment exclusion by supporting 20,000 Australians who are at risk of falling into employment exclusion or are already excluded from the labour market. Increasing the supply of employment-based social enterprises is viewed as a key strategy for achieving that goal alongside supporting innovative approaches to school to work transitions and developing new approaches to creating employment in the labour market.

In January 2010, SVA secured non-recurrent funding from both the Federal and Queensland Governments to support new and existing employment-based social enterprises. The Federal Government funding, of \$1.62 million, was channelled into a project called Supporting Social Enterprise Project (SSEP). The Queensland Government funding, of \$2 million, was directed to a project called the Queensland Inclusive Social Enterprises Project (QISEP) and an additional \$0.76 million was allocated to a project called the Youth Enterprise Partnership (YEP). The SSEP and QISEP projects operated from January 2010 to June 2011; and the YEP project from February 2010 to December 2011. The projects focussed on supporting the development of social enterprises to create employment for people who were long-term unemployed. Funding from Queensland Government Skilling Queenslanders for Work (SQW) programme pre-dated the above mentioned projects and continued through the projects' timeframes enabling some of the social enterprises in the projects to get investment ready.

2.4 The Investment plus Support Approach

In 2010, SVA revised its approach to social enterprise development. The revisions were grounded in SVA's extensive experience in the social enterprise sector, complemented by research commissioned into international best practice⁹. This research explored the approach used by 17 organisations in the USA, Canada, UK and Australia, and identified lessons transferrable to social enterprise development in Australia.

The revised approach was based on a deep understanding of the financial and non-financial needs of social enterprise. Social enterprises need access to capital investment or grants to grow, scale or develop. They also need access to high-quality, tailored business support to enable them to handle the challenge of meeting both social and economic objectives. Under the model these are provided through a unique cross-sector partnership that draws in corporate, public, community and philanthropic organisations to provide funding and support, tailored specifically to the stage of development of each social enterprise.

The model describes four stages through which a social enterprise passes, and how the needs of the enterprise vary at each. The first three stages in the model (dreaming, exploration and start-up) are considered the pipeline for development, out of which stable enterprises emerge. In the final (growth) stage enterprises are taken to scale. Specifically:

- In the **dreaming** stage awareness and interest in the social enterprise model is built – through workshops, seminars and other advocacy activities. As ideas emerge, low-cost support is provided (such as business planning guides and online resources) to help entrepreneurs mature their ideas into business propositions.
- In the **exploration** stage the business propositions are tested, refined and expressed in a business plan. Small grants and business planning advice are required as the burgeoning enterprise prepares to raise the capital and support required for launch.
- At **start-up**, finance is invested after due diligence, to build enterprise capacity and commence trading. In general, grant funding is required, as enterprises are not yet ready for other forms of capital, such as loan finance. Professional services are engaged to refine business practices, performance is evaluated, and continued business planning support helps the enterprise to remain on course. The enterprise moves from launch through survival to profitability as a stable, self-sustaining enterprise.

⁹ Hembrow, N & Sokonlnicki, K. 2009. 'Social Enterprise Support Models', Social Ventures Australia

- In the **growth** stage, stable enterprises are taken to scale – with expansion into new markets or new products. To do this they require growth capital, which can come in a variety of forms: quasi-equity, patient capital or soft loans. Deeper business support is provided alongside greater financial investment – including board-level intervention and strategic planning consultancy.

SVA's approach for enterprise development is illustrated in Figure 1. The QISEP, SSEP and YEP focused primarily on enterprises in the later part of exploration and in the start-up phase.

Figure 1 – SVA's model for enterprise development

	DREAMING				EXPLORATION			START-UP			GROWTH	
Description Stage	Building awareness and demand for social enterprise movement through workshops, websites, and seminars.				Researching market for social enterprise, testing feasibility, developing business plan and starting to raise the capital for launch			Revise business plan, build enterprise and management capacity, moving towards stability and success in initial market			Expansion to new markets or new products, additional equipment, capabilities needed	
	Motivation	Self Assess.	Idea Gen.	Idea Formation	Feasibility	Business Planning	Pilot	Launch	Survival	Profitability	Plan Growth	Implement Growth
	"Investing in the Industry"			Small grants	Small grants, tailored business support		Pilot grants	Seed capital	Patient capital	Quasi-Equity / Patient capital	Growth capital (quasi-equity, patient capital, or soft loans)	
	Low-maintenance support through provision of guides, online resources, etc. Research, advocacy, and lobbying needed on behalf of the entire industry				Occasional support or consultancy needed to get SE ready for launch. Support need can be mitigated with guide books, business planning guides, etc.			Engaged support required to carry out due diligence, evaluate performance and advise on how best to move forward.			Deeper levels of VC-type approaches to support including board-level intervention and strategic planning	

In delivering the model a variety of support strategies are adopted to maximise desirable outcomes. SVA's experience is that the following activities are critical:

- A Relationship Manager is designated to monitor and support the social entrepreneur
- Due diligence processes are conducted, to assess whether an enterprise is ready for investment
- Capital investment is sourced or provided to enterprises that meet due diligence requirements
- Funded enterprises are matched with mentors who provide support for planning and conducting the business
- Pro-bono professional services are sourced, particularly accounting and legal services, and training opportunities
- Enterprises are assisted to identify procurement opportunities and to tender for work contracts
- Connections with other entrepreneurs and support networks are facilitated
- Performance is monitored, including through the use of Social Return on Investment (SROI) where appropriate.

3.1 Queensland Inclusive Social Enterprises Project (QISEP)

Objectives

The objectives of QISEP were to:

- Create up to five sustainable social enterprises that provide employment opportunities for people with a moderate to severe mental illness who have experienced long-term unemployment due to mental health issues.
- Support social entrepreneurs and community organisations that have a plan to develop a social enterprise.
- Support existing social enterprises that are ready to expand their activities to employ more people with a mental illness.

To achieve these objectives \$2 million of funding was allocated by the Queensland Department of Communities, of which 77% was invested directly into fifteen enterprises and 23% was allocated to identify, select and support the enterprises. The project duration was 18 months, ending in June 2011.

Results

Through the project, four new social enterprises were established and supported on a path to economic sustainability.

Table 1 – New social enterprises established through QISEP

Name	Description of activity
Australian Indigenous Youth Academy (AIYA)	An indigenous enterprise that provides school-based traineeships to young people including those with or at risk of experiencing mental illness
Brothers Acts of Random Kindness (BARK)	A vegetation management and park maintenance enterprise providing employment primarily for Indigenous ex-offenders
Entekcom	A computer recycling and refurbishment enterprise creating employment opportunities for people with a mental illness
North Queensland Green Solutions (NQGS)	A community recycling venture providing employment for people with a mental illness, long-term unemployment and young people discontinuing schooling

A further seven existing enterprises were supported to expand employment opportunities for those with a mental illness. Four of these enterprises had been operating for less than two years prior to this investment; only two could be considered to be well-established.

Table 2 – Existing social enterprises expanded through QISEP

Name	Description of activity
Livingin Constructions and Livingin Landscapes	An enterprise constructing buildings and landscapes that meet the requirements of families with complex needs, employing people with a mental illness
Brothers Acts of Random Kindness (BARK)	A vegetation management and park maintenance enterprise providing employment primarily for Indigenous ex-offenders
Mu'ooz Eritrean Restaurant and Catering	An Eritrean Restaurant and catering service employing refugees from Africa, usually with limited English language skills and no formal qualifications
Nundah Community Enterprise Cooperative Espresso Train Café and Catering	A café providing employment for those who have been excluded from the labour market because of intellectual disability, learning difficulties or mental illness
People Power Cleaning (PPC)	An office and home cleaning service providing employment to members of Brisbane's African community, whose lack of English language skills and Australian work experience make seeking employment difficult
SEED Parks and Property Maintenance (SEED PPM)	A parks and property maintenance service, employing people in the local community who have been excluded from the labour market due to mental illness, disability, addiction or their status as refugees
Tasty Fresh	A catering service providing healthy, tasty, fresh food employing women who are carers for family or friends and providing valuable flexible paid work and social connection for their staff

At the end of the project (June 30th, 2011), three further enterprises were still preparing to launch (Baillie Café, Lagoon Creek Catering and Function Centre, Steps Ahead), and two (The Big Issue and Nundah PPM) were preparing to expand.

Table 3 – Enterprises readied to launch or expand by QISEP

Name	Description of activity
Baillie Café	A café in the Baillie Henderson Hospital providing employment and training to individuals with a mental illness
The Big Issue	Expansion into Ipswich for an independent current affairs magazine sold in cities and towns throughout Australia by people experiencing homelessness and/or long-term unemployment
Lagoon Creek Catering and Function Centre	A catering and function centre employing people with a mental illness
Nundah Community Enterprise Cooperative Parks and Property Maintenance (PPM)	A parks service providing employment for those who have been excluded from the labour market because of intellectual disability, learning difficulties or mental illness
Steps Ahead	A cleaning and property maintenance business that employs people with a mental illness

A total of 121 jobs were created through the social enterprises. Of these jobs, 90 were for people suffering from a mental illness. In addition, 92 employment pathways were created, including apprenticeships, traineeships, work experience placements and volunteer work.

The following table summarises the job outputs per enterprise.

Table 4 – QISEP job outcomes per enterprise (as of 31 June, 2011)

Enterprise	Jobs (target group)	Jobs (Actual)	Other employment pathways
AIYA	–	5	71
BARK	18	19	–
Entekom	4	6	–
Livingin Constructions and Landscapes	9	13	17
Mu'ooz	15	17	–
NQGS	12	14	–
Nundah Community Enterprise Co-operative Espresso Train Café and Catering	7	14	4
PPC	7	7	–
SEED PPM	14	17	–
Tasty Fresh	4	9	–
Total	90	121	92

Baillie Café, Lagoon Creek Catering and Function Centre, Nundah Community Enterprise Cooperative Parks and Property Maintenance and The Big Issue are expected to generate up to 32 jobs for people with a mental illness by the end of 2012. Steps Ahead is expected to launch in 2012, with potential job creation target discussions in progress at time of this report.

3.2 Support Social Enterprises Project (SSEP)

Objectives

SSEP focused on expanding SVA's existing Social Enterprise Hubs in Queensland and Parramatta. The objectives of SSEP were to:

- Create 100 long term jobs in social enterprises for disadvantaged job seekers in key priority areas (Canterbury Bankstown, South Western Sydney, Ipswich-Logan) and create 3 long term jobs to increase Social Enterprise Hub staff
- Expand the coverage of SVA's Social Enterprise Hubs to areas with high unemployment and special disadvantage (Canterbury Bankstown, South Western Sydney, Ipswich-Logan).

SSEP was funded through the 'Get Communities Working' stream of the Jobs Fund. The Jobs Fund was a \$650 million Australian Government Initiative to support and create jobs and skill-development through projects that build community infrastructure and social capital in local communities. The 'Get Communities Working' stream aimed to ensure that communities and families already suffering disadvantage are in the best possible position when times improve.

To achieve these objectives \$1.62 million of funding was allocated to this project, of which 71% was invested directly into 11 enterprises and 29% was allocated to identify, select and support the enterprises. The project duration was 18 months, ending in June 2011.

Outcomes

Through the project three new social enterprises were established and supported on a path to economic sustainability.

Table 5 – New social enterprises established through SSEP

Name	Description of activity
AIYA	An indigenous enterprise that provides school-based traineeships to young people including those with a mental illness
Career Trackers	An enterprise that creates private sector internships for Indigenous Australian university students, giving them the opportunity to become the business leaders of tomorrow.
Food Connect Sydney	An enterprise that distributes fresh produce that is locally and ethically grown, direct to households in Sydney – employing people who experience barriers to employment (based on the model of Food Connect Brisbane)

A further eight existing enterprises were supported to expand employment opportunities in the priority regions.

Table 6 – Existing social enterprises expanded through SSEP

Name	Description of activity
Fair Repairs	Fair Repairs is a maintenance, landscaping and cleaning business that provides jobs for long-term unemployed or those experiencing significant barriers to employment
Food Connect Brisbane	An enterprise, in operation for over seven years, that distributes fresh produce that is locally and ethically grown, direct to households, employing people who experience barriers to employment
Ipswich Healthy Hampers Co-operative	Ipswich-based enterprise that provides low cost food for families that are experiencing financial hardship, employing people who experience barriers to employment
Information and Cultural Exchange (ICE)	A provider of digital media and arts programs that engage, support and enrich the diverse communities and artists across Greater Western Sydney, employing people who experience barriers to employment
Livingin Constructions and Livingin Landscapes	An enterprise constructing buildings and landscapes that meet the requirements of families with complex needs, employing people with a mental illness
Brothers Acts of Random Kindness (BARK)	A vegetation management and park maintenance enterprise providing employment primarily for indigenous ex-offenders
Mu'ooz Eritrean Restaurant and Catering	An Eritrean Restaurant and catering service employing refugees from Africa, usually with limited English language skills and no formal qualifications
Nundah Community Enterprise Co-operative Espresso Train Café and Catering	A café providing employment for those who have been excluded from the labour market because of intellectual disability, learning difficulties or mental illness
SEED Parks and Property Maintenance (SEED PPM)	A parks and property maintenance service employing people in the local community who have been excluded from the labour market due to mental illness, disability, addiction or their status as refugees

A total of 173 jobs were created through the social enterprises, with 125 being long-term, 20% above target. Table 7 summarises the job outputs per enterprise.

Table 7 – SSEP job outcomes per enterprise (as of 31 June, 2011)

Enterprise	Region	Jobs created (actual)	Long-term	Short-term
AIYA	QLD	5	5	0
Career Trackers	WS	13	13	0
Fair Repairs	WS	58	52	6
Food Connect Brisbane	QLD	14	10	4
Food Connect Sydney	WS	9	2	7
Healthy Hampers	QLD	3	3	0
ICE	WS	8	8	0
Livingin Constructions and Livingin Landscapes	QLD	13	0	13
Mu'ooz	QLD	17	13	4
Nundah (Café & Catering)	QLD	14	3	11
SEED PPM	QLD	17	14	3
SVA	Both	2	2	0
Total		173	125	48

In addition, 122 other employment pathways were created - included apprenticeships, traineeships, work experience and volunteer work.

3.3 Youth Enterprise Partnership (YEP)

Objectives

The objectives of YEP were to:

- Improve economic and social outcomes for young people “at risk” by empowering them to participate in sustainable employment opportunities that support greater stability and independence in their lives
- Establish one social enterprise to create employment opportunities for young people in each of the two target locations, Brisbane and Townsville
- Work with selected support service providers in each location who would prepare young people for participating in social enterprises and sustaining their involvement

The investment was targeted at young people aged 15 to 18 years with multiple and complex needs who have recently entered the youth justice system and who are at risk of further offending as well as those who are experiencing homelessness or at risk of experiencing homelessness (including young people transitioning from care).

This project was unique within the Australian context. First, it used social enterprise as a means to address unemployment of a highly disengaged group: young people from severely disadvantaged backgrounds. Secondly, recognising that this group faced multiple barriers to employment, it incorporated intensive ‘wrap-around’ support for young people by facilitating connections between social enterprises and local support agencies (e.g. social housing and counselling services).

To achieve these objectives \$766k of funding was allocated by the Queensland Department of Communities of which \$764k was spent on the project - 79% was invested directly into seven enterprises and 21% was allocated to identify, select and support them. The project duration was 23 months, ending on the 31st of December 2011.

Outcomes

The initial goal of the project was to establish two brand new enterprises. However, given the tight project timeframe SVA sought to identify existing organisations or those well-developed along the pipeline that could adapt to meet YEP’s objectives. Most of the enterprises that received funding through the YEP project also had co-investment from DEEDI, QISEP and SSEP funding (see Appendix 2 for detail).

Through the project, five new social enterprises were established and supported on the path to economic sustainability.

Table 8 – New social enterprises established through YEP

Name	Description of activity
Australian Indigenous Youth Academy (AIYA)	An indigenous enterprise that provides school-based traineeships to young people including those with a mental illness
Brothers Acts of Random Kindness (BARK)	A vegetation management and park maintenance enterprise providing employment primarily for indigenous ex-offenders
Entekcom	A computer recycling and refurbishment enterprise creating employment opportunities for people with a mental illness
lowercase	A youth-centred social enterprise focusing on developing positive outcomes for young people and the wider community through a range of creative arts-based projects
North Queensland Green Solutions	A community recycling venture providing employment for people with a mental illness, long-term unemployment and young people discontinuing schooling

A further two enterprises were supported to expand employment opportunities for young people.

Table 9 – Existing social enterprises expanded through YEP

Name	Description of activity
Food Connect Brisbane	An enterprise, in operation for over seven years, that distributes fresh produce that is locally and ethically grown, direct to households, employing people who experience barriers to employment
SEED Parks and Property Maintenance (SEED PPM)	A parks and property maintenance service, operating for close to two years, employing people in the local community who have been excluded from the labour market due to mental illness, disability, addiction or their status as refugees.

A total of 85 jobs were created through these social enterprises. Of these jobs, 27 were for young people aged 15-18 years with multiple and complex needs who have recently entered the youth justice system or were at risk of future offending, are homeless and/or are at risk of homelessness. In addition, at least 82 employment pathways were created, including apprenticeships, traineeships work experience placements and volunteer work.

The following table summarises the job outputs achieved by each enterprise.

Table 10 – YEP job outcomes per enterprise (as of 31 December, 2011)

Enterprise	Region	Jobs (target actual)	Jobs (Actual)	Other employment pathways
AIYA	QLD	1	6	71
BARK	QLD	4	23	0
Entekcom	QLD	3	3	0
Food Connect Brisbane	QLD	8	15	11
lowercase	QLD	4	19	0
NQGS	QLD	5	17	0
SEED PPM	QLD	2	2	0
Total		27	85	82

3.4 Summary

Using SSEP, QISEP and YEP project funding, SVA created 261 jobs and 122 employment pathways (work experience placements and internships) in 24 months between January 2010 and December 2011. Table 11 summarises the outcomes for all supported enterprises.

Table 11 – Summary of employment outputs

Enterprise	Jobs created (Jan'10-Jun'11)	Jobs created (Jul-Dec'11) ¹⁰	Total Jobs (Jan'10-Dec'11)	SSEP target group ¹¹	QISEP target group ¹²	YEP target group ¹³	Employment pathways ¹⁴
AIYA	5	1	6	5	-	1	71
BARK	19	4	23	N/E ¹⁵	18	4	-
Entekom	6	3	9	N/E	4	3	-
Livingin	13	N/A	13	-	9	N/E	17
Mu'ooz	17	N/A	17	13	15	N/E	-
NQGS	14	3	17	N/E	12	5	-
Nundah (Café and Catering)	14	N/A	14	3	7	N/E	4
PPC	7	N/A	7	N/E	7	N/E	-
SEED PPM	17	2	19	14	14	2	-
Tasty Fresh	9	N/A	9	N/E	4	N/E	-
Career Trackers	13	N/A	13	13	N/E	N/E	N/E
Fair repairs	58	N/A	58	52	N/E	N/E	1
Food Connect Brisbane	14	1	15	10	N/E	8	11
Food Connect Sydney	9	N/A	9	2	N/E	N/E	11
Healthy Hampers	3	N/A	3	3	N/E	N/E	7
ICE	8	N/A	8	8	N/E	N/E	N/E
lowercase	5	14	19	N/E	N/E	4	-
SVA	2	N/A	2	2	0	N/E	N/E
Total	233	28	261	125	90	27	122

10 Note that YEP continued longer than the other two programs. This column identifies only incremental impact

11 SSEP target group is long term jobs in social enterprises for disadvantaged job seekers and to increase Social Enterprise Hub staff. SSEP ran from January 2010 to June 2011 and reporting reflects this period only

12 QISEP target group is people who have been long-term unemployed due to mental health issues. QISEP ran from January 2010 to June 2011 and reporting reflects this period only

13 YEP target group is young people aged between 15 and 18 who have either recently entered the youth justice system and are at risk of reoffending or are homeless or are at risk of becoming homeless. YEP ran from January 2010 to December 2011 and current reporting reflects this period only

14 Includes apprenticeships, traineeships, work experience placements and volunteer work. Employment pathways for Food Connect Sydney and Healthy Hampers were created during SSEP project however have previously not been reported on, as they were outside contractual terms of the project

15 Not evaluated

This chapter details observations and insights from this review regarding how the model was implemented. Suggestions are made for strengthening practice.

It is organised under five headings:

1. The value of the model. The support given through all three projects to implementing the approach has enabled social enterprises to develop and grow employment for those who otherwise would be excluded from the workforce
2. The need for long-term, comprehensive support. These projects have achieved their objectives, but they are at a relatively small scale, and more could be achieved through ongoing long-term support for the development of social enterprises using the approach. This investment can offer returns to society, and potentially to Government
3. The role of the intermediary (in this case SVA) is critical. A highly skilled, well networked intermediary plays a vital role in ensuring the success of the approach
4. The support offered under the approach (including business analysis and planning, access to funding, enabling mentoring relationships, support in accessing social procurement contracts, performance monitoring and links to other support services) is crucial to the success of the enterprises
5. Access to other pro-bono resources (mentors, financial and legal services) also plays a vital role in the success of the enterprises.

4.1 The value of the approach

SSEP, QISEP, SQW and YEP have created new, valuable employment opportunities

As noted above, these investments in social enterprise using SSEP, QISEP, SQW and YEP project funding have contributed to creating 261 jobs and 122 employment pathways (work experience placements and internships) in 24 months between January 2010 and December 2011.

The focus of this report was on the approach used to foster employment-based social enterprises, rather than on the value created by the enterprises. Nevertheless, several observations were made:

- Enterprises clearly create value; that is, they bring people who are excluded from, or highly marginal to, the workforce into economically productive, paid jobs
- There are clear costs associated with creating this value; that is, with providing support in the work place to people with high needs and assisting them to move to paid employment outside the enterprise.

In the past, enterprises struggled to evidence the value they were creating, or measure the marginal costs they incurred in achieving that value. The methodological difficulties associated with those tasks have now started to be addressed, through the use of the SROI¹⁶ approach (for measuring the cost effectiveness of value creation) and the associated development of the Employment Support Cost Analysis (ESCA)¹⁷ tool (for measuring employment support costs).

The next step is to examine the value created by enterprises at an aggregate level. This information would be of immediate value to governments in designing employment programs for people with high needs, and would provide hard evidence to justify budgets. As part of this effort, further refinement of the application of the SROI approach and ESCA tool to employment-based social enterprises would be warranted.

4.2 The need for long-term, comprehensive support

It was challenging to achieve the project outcomes in the timeframe.

Some enterprises were only approved for investment very close to the end of the project timeframe (Baillie Café, Lagoon Creek Catering and Function Centre, Steps Ahead, The Big Issue, SEED PPM, AIYA). Also, elements of the support package for some enterprise (e.g. conducting an SROI and ESCA analysis) had to be pushed beyond the project end date to fit in with the enterprises' competing demands. SVA staff indicated that some enterprises (such as PPC, Tasty Fresh, NQGS) will require further ongoing support from SVA before they are confident that the enterprises will be stable.

Extending the project timeframe would have avoided these problems.

A key finding of this report, based on the experience of the projects and having regard to SVA's prior experience and knowledge of work in other areas, is that:

- Up to two years of support is often required to transform ideas for social enterprises into start-ups
- Between two to four years of support and investment is usually required to transform start-ups into self-sufficient social enterprises which are ready for growth.

Projects with an extended timeline of at least four years would help deliver more sustainable impact with the potential for significant long-term benefits to the Australian economy.

¹⁶ For more information, see the "Social Return on Investment – lessons learned" (2012) report, authored by SVA Consulting. This explores Social Return on Investment (SROI) and Employment Support Cost Analysis (ESCA) methodologies, and particularly how they have been used in employment-based social enterprises.

¹⁷ Ibid.

This is further supported by the experience of the UK group KibbleWorks. KibbleWorks use a similar investment and support approach, providing support for an average of four years to each enterprise. They have successfully grown their own social enterprise portfolio to 15 self-sustainable businesses (see case study on KibbleWorks p 31).

It was challenging to identify enterprises

SVA's existing networks were vital in identifying enterprises that were emerging through the dreaming phase.

This observation underscores the need for a comprehensive social investment pipeline, one which supports the dreaming and exploratory phases, as well as start-up and expansion. If the provision of support is limited to the provision of patient or low-cost loans to well-established social enterprises, the overall size of the sector, and thus its impact, will remain small.

4.3 The role of the intermediary is critical

The combination of practical advice and personal support provided by the Relationship Managers was critical.

SVA designated a Relationship Manager to each of the social enterprises, to monitor the enterprise, facilitate liaison with SVA, and broker support and financial assistance. Every enterprise spoke about how their Relationship Manager was approachable and understanding. They valued both advice provided in practical matters, and the supportive relationship established.

For example, PPC's Relationship Manager was able to help their board members understand their governance role. Career Trackers appreciated having a Relationship Manager who believed in the enterprise, was able to provide straight-forward advice, and didn't "force [them] into a template for reporting". At Tasty Fresh, the Relationship Manager provided both practical answers "on the fly" and regular personal support - "someone who understood".

SVA's involvement added credibility to the enterprise, and enterprises reported that it increased their ability to secure contracts.

Enterprises found their credibility in the market place was enhanced as a consequence of their affiliation with SVA.

For example, NQGS appreciated having their Relationship Manager attend meetings with Townsville City Council. They reported that SVA's attendance increased the likelihood of securing the contract. "To have an organisation that says 'we think they're worth supporting' is really important". Similarly, Nundah Community Enterprise Co-operative did not expect much success through normal procurement channels. They highlighted the importance of SVA's advocacy on their behalf: "it's great having a body providing legitimacy and putting forward the case for social enterprise".

SVA was effective at helping enterprises secure contracts by connecting them to potential clients.

SVA's work with social enterprise over many years has resulted in many connections amongst business and government, which Relationship Managers were able to leverage on many occasions to support enterprises.

For example, SVA assisted BARK to secure a contract with Townsville City Council, enabling them to commence operations. Nundah were introduced to a potential client in Q-Build through SVA's social procurement forum. SVA facilitated a procurement relationship for SEED PPM with the Urban Land Development Authority.

SVA's established local presence was important for attracting enterprises.

Half of the enterprises who participated in the projects had an existing relationship with SVA prior to the commencement of the projects. Many of these organisations (such as Mu'ooz Eritrean Restaurant and Catering, Food Connect Brisbane, Fair Repairs, SEED PPM, Nundah Community Enterprise Co-operative) had already been supported by the hub during their Dreaming and Exploration phases. Despite this advantage, staff in SVA hubs noted that it was still "incredibly hard" to find enough enterprises that were appropriate for the project, due to the short time constraints.

Entrepreneurs appreciated the opportunity to meet other entrepreneurs. They felt less alone and were able to learn from one another.

Many entrepreneurs described the loneliness and uncertainty of starting a social enterprise, and reported on the benefit they gained from spending time talking to and observing others in similar situations.

For example, SEED PPM's Business Manager spent time with the founder of Nundah Community Enterprise Co-operative. He pointed out that social enterprises "do better business when [they] share information." Tasty Fresh's Business Manager also valued the chance to spend a day observing how Nundah Community Enterprise Co-operative operated. In addition, the team from NQGS were able to make connections through various events they were invited to by SVA staff, including being flown down to Melbourne for a relevant conference. "Now we've got this network of people all able to help each other...you know you're not alone".

4.4 The support offered through the approach is crucial

4.4.1 Business analysis and planning (and due diligence)

Significant effort was required to prepare social enterprises for due diligence

Due diligence is undertaken when enterprises have developed a business plan and case for investment. The conduct of due diligence marks the end of the exploration phase, and if the enterprise secures funding, leads to the start-up phase.

Significant support was provided to prepare organisations for due diligence. Much of this work was undertaken prior to the commencement of the projects: half of the social enterprises that participated had received support and investment from SVA beforehand. Other organisations were provided with this support during the course of the projects. For example, SVA spent six months working with AIYA, reviewing their cash flow predictions and producing a clearer budget, prior to investment. BARK was given extensive support to shape their business plan and produce a compelling pitch that secured their contract with Townsville City Council, before investment. Similarly, before Lagoon Creek Catering and Function Centre was approved for funds, SVA supported them to conduct market research to develop a better pricing package.

The Commerce Panels (provided as part of the due diligence process) were valued for the rigour and clarification that was brought to business planning.

As part of due diligence, social enterprises were given the opportunity to submit their business plan to a Commerce Panel. The panels comprised a network of four to six people with financial or legal expertise, or experience in the business field of the enterprise.

All enterprises agreed that the commerce panels were an excellent forum in which to be challenged, to learn, and to enhance their network. For example, the Business Manager at SEED PPM reflected that it forced the organisation to review their business plan so that it was more realistic. "It was wildly ambitious and we appreciated it being pulled apart – you have to be challenged." Similarly, the Manager at Entekcom reflected that "the biggest impact is that [the commerce panel] makes you realise you have to consolidate your thoughts".

Financial forecasts should be conservative.

Although the process used for developing business plans, and associated revenue forecasts, was careful and considered, in some instances revenue assumptions were too optimistic.

For example, at Livingin Constructions and Livingin Landscapes, contracts were secured at a much slower rate than the business plan had predicted. With hindsight, SVA staff commented that Livingin may have overestimated their ability to secure contracts.

PPC also achieved slower growth in commercial income compared to that predicted in their forecasts.

Business Managers tended to get tied up in management responsibilities to the detriment of business development.

One of the significant reasons commercial revenue did not meet forecasts in some enterprises was because the Business Manager within an enterprise spend time managing employees at the expense of sourcing new customers; (they were working 'in the business' rather than 'on the business').

For example, the PPC Business Manager found that the support requirements of his employees took a lot more time than anticipated. As a result he was unable to find enough time for customer development and consequently the growth rate in contracts was slower than planned. A similar situation was observed at Mu'ooz Eritrean Restaurant and Catering, where SVA funded the wage of a Business Manager whose primary focus was business development. However, because the business lacked a capable supervisor, the Business Manager spent a large part of her time running the kitchen rather than seeking new patrons. Consequently Mu'ooz Eritrean Restaurant and Catering ran into financial difficulty because of slow customer growth. The extent of their difficulties was only fully realised when they sought further funding to fill a looming financial hole, at which point they were supported by SVA Consulting to develop a recovery plan. At Nundah Community Enterprise Co-operative, the Business Manager could not find sufficient time to invest in promoting the enterprise. To redress this, a pro-bono marketing consultant was sourced, who managed to secure some excellent promotional spots in media outlets. The resulting upsurge in publicity drove an increase in patronage, and the café was able to break even for the first time.

Organisations had not understood the true nature of the costs associated with achieving their social objectives. Employment Support Cost Analysis (ESCA) was able to illuminate this for them.

ESCA is a tool for measuring the additional costs associated with supporting employees with high needs. Over the project period, SVA conducted ESCA studies in six enterprises, and were able to demonstrate that in each case there were substantial costs over normal business activities involved in supporting the employment of people who were otherwise excluded from the workforce. ESCA provided a platform for business planning, validated management's assumptions about support costs, and justified the need for additional funding in the form of wage support, support costs etc.

For example, after ESCA outlined the nature of the support costs for Nundah Community Enterprise Co-operative, they decided to run their first fundraiser. In the case of PPC, the support costs validated the need for funding to support an additional employee in the business, rather than this being viewed as a consequence of poor business practice. Tasty Fresh's management explained that "we will be able to use this tool to assist with our funding requests. The numbers are consistent with our estimates; however it is helpful that the analysis has been conducted from an independent source."

4.4.2 Access to funding

Grant funding is required by start-up social enterprises.

SVA originally intended to trial a range of forms of capital investment e.g. loans and quasi-equity, in addition to grants. In practice, it was observed that enterprises at the start up stage were rarely ready for any form of investment other than a grant. This was because no cash flow had yet been established, which could evidence the capacity of enterprises to repay loans or achieve returns for equity investors. In addition, in most instances, an asset base to secure loans was either absent or insufficient. Moreover, many of the entrepreneurs lacked an understanding of the differences between financing options, and the obligations that loans and quasi-equity would impose.

Accordingly, a key finding of this report is that access to grants is required by start-up employment-based social enterprises.

Where enterprises are well-established and engaged in growth into new markets or new products, then the provision of loans or quasi-equity may be appropriate. For example, SVA provided a patient loan, to North Queensland Green Solutions, a well-established community organisation (see Appendix 3) as part of the funding package.

Making financial investment contingent on milestones incentivised performance and ensured accountability.

In a number of instances SVA made payments and support contingent on a specific activity or milestone, as a way of incentivising performance and ensuring accountability.

For example, SVA made their payment to NQGS contingent on the organisation completing a financial analysis, because of concerns about their cash flow predictions. As a result, the enterprise avoided financial difficulty. This support was described as not only being invaluable in ensuring the economic sustainability of the organisation but also in building organisational skills and capabilities in financial management – an area they recognised as a weakness. Similarly, SVA were concerned that PPC would not track progress towards their goal of supporting the manager's wage entirely through commercial

income after 12 months. It was decided to make grant payments on a monthly basis so that the need to achieve self-sufficiency was always clear; PPC's resulting monthly reports demonstrated that this continual awareness was achieved.

4.4.3 Enabling mentoring relationships

Mentors not only provided guidance but were able to reassure entrepreneurs, and hold them accountable to their own action plans.

The mentors provided strategic guidance and re-assurance as well as concrete advice and assistance - this was highly valued by the managers.

For example, Entekcom's Manager identified the value of someone to run ideas past: "Sometimes you think you're doing the right thing, but you're not really sure." He also believed that regular check-ins ensured the enterprise stayed on track with its plans. Similarly, the Manager at Food Connect Brisbane appreciated having a mentor that understood the non-profit sector as well as the corporate sector, and found their mentors' advice particularly relevant because of the mentor's ability to "translate ideas into the world of social enterprise". Nundah Community Enterprise Co-operative spoke about the value of an "outside point of view" to challenge ideas and financial assumptions. Sometimes, accountability was achieved through 'group mentoring sessions', where an entrepreneur would meet with the mentor as well as the SVA Relationship Manager, and sometimes another person with relevant experience.

Mentoring relationships were stronger when a good fit was achieved in terms of personality and relevance of experience.

The mentors who provided the most valued support were those who built a rapport with the entrepreneur and secured their trust, and whose own business experience enabled them to provide practical advice and assistance relevant to the enterprise.

For example, NQGS's mentor was described by them as a "perfect fit", as the mentor had run a similar enterprise, and also had experience in local government. They still contact their mentor via Skype two to three times a week. Their mentor brought knowledge and experience, and helped them write policy and procedures. "If we were to put a dollar value on the support he has provided, we wouldn't be able to afford it". Not all mentor matches are accurate; one enterprise found their first mentor frustrating because he seemed unable to grasp the realities of small businesses, and over time their contact with him fell away.

It should be noted that a significant aspect of the support costs for the project was in relation to mentor matching and management. Whilst this required funding, the enterprises valued the pro bono support and mentoring, and indicators are: the cost of support outweighed the cost of management.

4.4.4 Support in accessing social procurement funds

Social procurement – while underdeveloped – was seen to have the potential to be a significant market for Social Enterprises

The public and private sectors are becoming increasingly receptive to securing services from social enterprise, known as ‘social procurement’. Over the period of these projects we observed Brisbane City Council and Townsville City Council commit to procuring services from social enterprises based on the social outcomes that would be achieved. However, social procurement is yet to find widespread adoption, with many potential clients unsure of whether they should use social enterprises.

As above, to develop social procurement strategies takes time and resources from within intermediaries.

4.4.5 Performance monitoring

*Social Enterprises became increasingly aware of the importance and benefits of measurement and evaluation.*¹⁸

Increased pressure is coming from funders around the need to measure and evaluate the impact they create. Through their interactions with SVA, enterprises appreciated how measurement and evaluation could be of benefit to them.

For example, SEED PPM spoke about how their Social Return on Investment (SROI) analysis strengthened their relationships with potential and existing clients: “When he saw the two-page summary of the SROI report I had brought along he told me that it is exactly this type of report that developers and large corporations are looking for to confirm their views on the benefits of working with enterprises”. Livingin Constructions and Livingin Landscapes appreciated a better understanding of their impact: “At first I was sceptical [about the analysis] until I saw the outcomes of the interviews, and then I realised that engaging with the stakeholders formed an integral part of understanding the value we create”. As part of a renewed interest in measuring their impact, the team from Tasty Fresh developed internal processes that could track growth in the capabilities of employees, which is the outcome they are most interested in.

Social Enterprises see Social Return on Investment (SROI) analysis as a very useful tool for securing support from funders.

SROI tells the story of the change created by the enterprise, from the perspective of stakeholders. Each enterprise that had an SROI analysis found the report very helpful for seeking funding.

For example, Food Connect Brisbane distributed out their SROI to their whole VIP network and subscribers, and put it up on their website. They commented that: “It’s been really important for our investment strategy”. Career Trackers’ SROI was viewed as: “Really beneficial in improving our credibility” – by demonstrating rigorous attention to impact evaluation, which potential funders regularly ask about. They “throw it on the table at every meeting”.

4.4.6 Links to other support services

Establishing links between a social enterprise and a local referral or support agency is important when providing training/employment to young people from disadvantaged backgrounds

Under the YEP project, social enterprises were required to provide training and employment opportunities to young people from disadvantaged backgrounds between the ages of 15 and 18. All enterprises interviewed believed the social enterprise model was more successful in achieving outcomes for this group when they worked in partnership with referral or support agencies. That is agencies that could provide young people with assistance associated with job readiness, housing, counselling, legal matters, health issues etc.

Social enterprise managers stated that they did not anticipate nor were they prepared to deal with some of the challenges associated with employing young people from disadvantaged backgrounds. They acknowledged that while they were keen and ready to teach young people the ‘skills of the trade’, they were often lacking the skills and experience required to respond to needs associated with instabilities in the lives of the young people; for example: insecure housing, drug and alcohol dependence, and mental health issues. Furthermore, managers expressed difficulty in getting young people to commit to more than a couple of days of work per week and reported high absenteeism.

In contrast to the QSEP and SSEP projects, under the YEP project additional money was allocated by the Queensland Government to support agencies to assist social enterprises in alleviating some of the challenges associated with working with the target group. Managers of social enterprises believed that the support young people and the social enterprise received from these agencies was critical to successful outcomes. Support agencies had the necessary skills and capabilities to prepare young people for work, help them find secure housing, monitor their emotional state, prepare them for court appearances and respond to other personal concerns.

For young people, employment within a social enterprise can be the stepping-stone they need prior to transitioning into other employment opportunities. In such instances, the support provided by caseworkers at the support agencies was essential in helping them plan for the future and understand the steps necessary to achieve their goals.

¹⁸ For more information, see the “Social Return on Investment – lessons learned’ (2012) report, authored by SVA Consulting. This explores Social Return on Investment (SROI) and Employment Support Cost Analysis (ESCA) methodologies, and particularly how they have been used in employment-based social enterprises.

In addition, evidence suggested that in order to achieve the best possible outcomes for young people there had to be a clear separation between the support provider and place of employment. SEED PPM's manager explained that when his support agency closed for school holidays he had to hire a youth support worker internally. He observed that the young people would not open up and share their issues with the internal worker. His understanding was that they felt sharing their issues would influence the way they were treated at work, which could result in termination.

Clearly define and document roles and responsibilities of the social enterprise and support agency

Feedback from enterprises that worked with support agencies indicated that the level of support varied considerably. For example, as mentioned above, after two people were placed into roles at SEED PPM, the support agency closed for a long school break. Unable to adequately support the young people and their needs, SEED PPM were forced to recruit someone internally with skills and experience in dealing with young people with complex needs. Furthermore, AIYA's experience illustrated that the support agency they worked with had not been able to identify the right people for the roles they had available and were not very proactive in their search. In contrast, a clear understanding of roles and responsibilities enabled Food Connect Brisbane to establish a close relationship with their support agency. At one point the case worker from the support agency was spending 2.5 days per week working at Food Connects office with young people.

Support agencies raised similar concerns. Lack of clarity about what the social enterprises expected of them led to staff frustration and poor resource allocation.

Both support agencies and enterprises believed that more clarity around roles and responsibilities would have enabled them to increase efficiencies and achieve better outcomes for young people. They also commented that being realistic about the time it will take to get through these initial organising stages is important. It takes time to create an effective relationship that allows parties to work together.

Engagement of the support agency needs to be in line with social enterprise's resourcing needs

Knowing when to allocate resources and engage a support agency was equally important. The YEP project was focused on supporting the development of new social enterprises. This resulted in SVA spending a significant amount of time working with the social enterprise to help them move from exploration through to start-up. The time required to develop an enterprise seems to have been overlooked when allocating funding to support agencies. Support agencies were often brought on board at the same time as engagement with new enterprises began. As a result, significant resources were expended by support agencies well before the enterprises were ready to recruit. A Brisbane support agency reported that having resources "just sitting there with nothing to do was demoralising to its staff". They felt that they had let down some of the young people who were prepared to start employment but had to be "left out in the cold when the jobs they were promised never became available."

Bringing support agencies on-board once enterprises are clearer about their resource requirements would allow for better resource allocation and a more meaningful relationship between the social enterprises and the support agencies.

4.5 Access to other pro bono resources is also vital

Enterprises valued pro bono financial advice, as many did not maintain sophisticated financial records despite understanding the need to do so

Like many start-up SMEs, social enterprises attributed their inability to maintain excellent financial records to the fast-pace of the workplace, and an unwillingness to commit to additional processes. However, they recognised that good financial records were important in demonstrating their legitimacy as a reliable business to prospective clients and supporters, as well as being an essential business practice.

For example, Food Connect Brisbane stated they "need to get more sophisticated in financial reporting", because their records "don't really reflect reality". They received pro bono financial advice from a large accounting firm, and reported that they valued its "stamp of authority", as well as the resulting improvement in their financial record keeping. Entekom spoke about how they struggled to maintain good financial records, and that they believed this made it difficult to attract large clients, who often ask to see the books. This was redressed through access to pro bono financial advice.

Enterprises valued pro bono legal advice, because it helped them to understand and manage business risks

Typically, enterprises were focused on the task-at-hand and underappreciated the legal risks they may have been exposed to. Pro bono legal advice mitigated these risks at no cost.

For example, one enterprise was not equipped to address a claim made by a former employee, because they had not maintained adequate documentation. In another instance, an enterprise received advice on the appropriate form of constitution it should adopt, to enable it to operate a commercial business in a non-government legal structure.

Entrepreneurs valued the pro bono training provided, despite the time commitment required.

In each case, entrepreneurs described how training helped them run the enterprise more effectively, and recognised that the time invested in training was well spent. Although they were time poor, they did not see training as an imposition, although they accepted that they probably would not have pursued it themselves.

For example, the Business Manager at Tasty Fresh was able to grow in ability and confidence as a result of courses in mental health issues, finance, and marketing. The Business Manager at SEED PPM benefited from a Cert IV course in business administration.

These recommendations have been developed to capitalise on the solid foundation created through the project in order to promote and stimulate the growth of social enterprises in Australia.

5.1 Recommendations to Government and other funders

5.1.1 Further investment is justified in supporting the creation of social enterprises, and in supporting them to succeed

This work has demonstrated success, but on a very small scale.

There is a strong argument that more investment is needed, over a sustained timeframe to ensure ongoing and sustainable impact. Investment needs to be in developing a pipeline of opportunities, and in supporting them to succeed, as highlighted in this report

5.1.2 Action a comprehensive assessment of the social return from investment in employment-based social enterprises

Along with this investment in supporting employment-based social enterprise, funders should consider a more comprehensive review of the financial effectiveness of existing and new funding of employment-based social enterprises, including the SROI achieved.

5.1.3 Support the establishment of social enterprise intermediaries in Australia, to ensure a continuing and growing supply of social enterprises to redress employment exclusion.

To ensure a viable and growing social enterprise sector in Australia, funding to support the nurturing and development of social enterprises is necessary. A laissez faire approach will result in few new social enterprises, and the impact on employment exclusion made by social enterprises will be significantly reduced.

This recommendation is supported by the observation that half the social enterprises that participated in the projects had received support and investment from SVA prior to the start of the projects. Few, if any, of the seven new start-ups, and four enterprises readied for start-up, would have emerged in the timeframe without the support and investment provided by the projects.

In particular, it is necessary that emphasis be placed on directing funding to the Dreaming, Exploratory and Start-up phases. While the provision of low-cost loans to social enterprises in the Growth phase is also important, this form of support is suitable only for well-established enterprises with strong cash flows and/or security. Without investment in the prior phases, 'deal-flow' in relation to social enterprises will be small.

5.1.4 Recognise that the development of a social enterprise takes time, and that support may be required over an extended period

Although QISEP, SSEP and YEP were effective in supporting start-up enterprises and expansion of existing enterprises, the timeframe for each of the projects was an insufficient period in which to ensure outcomes could be secured in all cases. At project completion, seven start-ups were potentially left without ongoing support, and four new enterprises that were being readied for start-up or expansion had received no grant funding. In addition, the ten extensions to existing enterprises also needed ongoing support¹⁹.

Up to two years of support and investment is often required to transform ideas for social enterprises into start-ups, and between two to four years of support and investment is usually required to transform start-ups into self-sufficient social enterprises that are ready for growth.

5.2 Recommendations to SVA and other intermediaries

5.2.1 Intermediaries, including SVA, should adopt the Investment plus Support Approach when working with social enterprises

The projects have provided strong evidence of the efficacy of the approach: strong employment outcomes were achieved by facilitating seven new start-ups, growing ten existing enterprises, and readying five new enterprises for start-up or expansion, in a short time period.

5.2.2 The pipeline model should include the following criteria:

1. Ensure that Relationship Managers have access to strong networks

One of the most important ways an intermediary such as SVA can support social enterprises is by providing connections – to clients, funders, service providers and other supporters. The ability of the intermediary to provide connections for an enterprise was observed to be contingent on the strength of the personal networks of the relevant regional Relationship Manager. Relationship Managers found it difficult to provide connections in areas where they had not yet established networks.

SVA and others should ensure Relationship Managers are able to access existing SVA networks, as well as devote a substantial period of time to growing their own network.

¹⁹ It should be noted that ongoing support was provided by the Queensland Government through the funding of a follow-on project to the Queensland Social Enterprise Project.

2. Make investments contingent on the achievement of milestones

Due to their fast pace and limited discretionary time, social enterprises often fail to prioritise activities that are critical to their long term sustainability, such as seeking new clients or completing capital investment projects. We observed that staggering support payments and making financial investment contingent on milestones is an effective way to incentivise projects and hold them to account. Accordingly, intermediaries should establish milestones as part of all investment packages where possible, and stagger payments accordingly.

3. Invest time to ensure mentors are matched appropriately to entrepreneurs, particularly in terms of personality and relevant experience

Mentoring is highly valued by entrepreneurs – particularly for business planning guidance, industry-specific advice and to promote accountability. However, when mentors were not the right fit, they were not able to add much value and the relationship often fell apart. Time must be invested to ensure that mentors are a good fit for an enterprise. This is a function that could be performed by Relationship Managers, who will usually both understand the needs and nature of the enterprise, as well as hold relationships with potential mentors. In particular, we recommend finding mentors from the appropriate field where possible, and prioritising mentors with small-business experience.

4. Ensure access to appropriate pro bono support

As a result of the fast pace of the start-up environment, as well as the complexity associated with addressing both social and financial goals, many social enterprises do not give adequate attention to maintaining financial records. This problem is compounded in social enterprises which lack the expertise to develop appropriate legal structures, and mitigate potential legal risks. In addition to being a matter of sound management, we observed that sophisticated financial records are often demanded by potential funders, and that exposure to legal risk was a distinct possibility due to the challenging working environment.

Intermediaries should prioritise the provision of pro bono accounting and legal support to these enterprises. We observed that every enterprise valued this support when it was received. Many other enterprises expressed a desire to receive this support in the future. We recommend investing in growing existing and establishing new relationships with professional service firms to provide low –cost and/or pro bono services which address the unique needs of social enterprises.

5. Assist social enterprises to be clear about the social impact they are aiming for

There are significant costs involved in supporting the social purpose of an employment-creating social enterprise over usual business activities. SVA conducted ESCA analyses on six enterprises, showing that although they differed by industry, support costs ranged from between 10% and 47% of the total costs of running the business.

We observe that the majority of these enterprises will require ongoing funding to cover these additional operating costs. Ongoing funding and support can come from government, local community organisations, public fundraising or philanthropists.

In order to attract external funding, social enterprises must have the ability to measure and communicate the scale of their social impact, and the cost of delivering it. Tools such as Social Return on Investment tell a story about the change created by an organisation, including case studies, as well as qualitative and quantitative information. The results of an SROI can communicate value in terms which are compelling for investors. Employment Support Cost Analysis (ESCA) identifies the costs of supporting a social purpose, evidencing to potential funders and supporters that their investment is being used to redress employment exclusion, rather than covering for a poor business model.

In order to implement this recommendation, intermediaries should:

- Conduct SROI analysis wherever an enterprise's scale justifies the investment
- Conduct Employment Support Cost Analysis when the nature and scale of the additional costs of pursuing a social purpose need to be measured
- Through the due diligence process, ensure each social enterprise has projected funding requirements which take proper account of employee support costs, and has an action plan for building funding support to meet those costs.

6. Invest additional resources to support organisations to explore social procurement opportunities, and to develop the social procurement market

We observed how SVA were able to provide credibility and legitimacy for the enterprises supported through the project. SVA were also able to provide introductions to potential clients, and enable connections through events such as social procurement forums. Accordingly, SVA and others should continue to find opportunities to promote social procurement.

7. Incorporate access to support services as part of the funding agreement when targeting youth or other challenging population groups

Access to support services is not only critical to social enterprises when working with challenging population groups but also has the potential to facilitate better outcomes. As evidence in working with young people demonstrated, sometimes access to paid employment may not be enough to help achieve enduring change. Being able to provide support on and outside the job for some population groups could be the only way to move them out of disadvantage and set them up on a positive pathway. The type of support required varies depending on the needs of the different groups with whom the social enterprises are working, and therefore should be tailored specifically to each situation and in consultation with relevant parties.

The relationship between a social enterprise and a support agency should clearly define roles and responsibilities of each party to make sure adequate support is being provided to the target group and the enterprise. This includes the social enterprise and the support agency spending ample time upfront defining processes and procedures especially related to incidents, and describing the roles of each party and respective resource requirements.

The authors of this report wish to acknowledge the contribution made by the following individuals who agreed to be formally interviewed for this project:

Social enterprises supported by SVA:

- Australian Indigenous Youth Academy (AIYA)
- Career Trackers
- Entekom
- Food Connect Brisbane
- Livingin Constructions and Livinin Landscapes
- Mu'ooz Eritrean Restaurant and Catering
- North Queensland Green Solutions (NQGS)
- Nundah Community Enterprise Co-operative
- People Power Cleaning (PPC)
- SEED Parks and Property Maintenance (SEED PPM)
- Tasty Fresh

Support agency:

Annemarie Callander (CEO), Brisbane Youth Service (BYS)

Members of the SVA Employment team:

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Report authors:

- Kateryna Andreyeva
- Olivia Hilton
- David James
- Duncan Lockard
- Duncan Peppercorn

20 social enterprises were supported concurrently by funding managed by SVA from four government sources:

- Queensland Inclusive Social Enterprises Project (Queensland Department of Communities)
- Supporting Social Enterprise Project (DEEWR)
- Youth Enterprise Partnership (Queensland Department of Communities).
- Participate in Prosperity Project (Queensland DEEDI)

In the following table we outline the Government projects from which each enterprise received funding.

Table 11 – Funding received by supported enterprises from each source

Enterprise	QISEP	SSEP	YEP	SQW
Australian Indigenous Youth Academy (AIYA)	X	X	X	X
Bailie Café	X			
Big Issue	X			
Brothers Acts of Random Kindness (BARK)	X		X	
Career Trackers		X		
Entekom	X		X	X
Fair Repairs		X		
Food Connect Brisbane		X	X	
Food Connect Sydney		X		
Information & Cultural Exchange (ICE)		X		
Ipswich Healthy Hampers Co-operative		X		X
Lagoon Creek Catering and Function Centre	X			X
Livingin Constructions and Livingin Landscapes	X	X		X
lowercase			X	
Mu'ooz Eritrean Restaurant and Catering	X	X		
North Queensland Green Solutions (NQGS)	X		X	
Nundah Community Enterprise Co-operative Espresso Train Café and Catering	X	X		
Nundah Community Enterprise Cooperative Parks and Property Maintenance			X	X
People Power Cleaning (PPC)	X			X
SEED Parks and Property Maintenance (SEED PPM)	X	X	X	
STEPS Ahead	X			
Tasty Fresh	X			X



North Queensland Green Solutions (NQGS)

Who are they?

North Queensland Green Solutions (NQGS) is a community recycling venture, operating near the Hervey Range landfill on the outskirts of Townsville. Providing a program to 'reduce, reuse and recycle', NQGS diverts domestic waste before it enters landfill, and sells reusable items to the public.

NQGS serves as an innovative solution to the pressing issue of landfill, while at the same time addressing rising unemployment, a pressing need with Townsville having recorded the highest increase in Centrelink benefits in Australia. NQGS creates jobs and provides training for those who experience barriers to unemployment, including Aboriginal and Torres Strait Islanders, people with disability, those with mental health issues, the long-term unemployed and vulnerable young people.

They are a subsidiary of North Queensland Competitive Employment Service, established in 1989 to support people with a disability into open employment. NQCES has since expanded to provide both pre-employment and employment services within the whole Townsville region, has assisted 1,250 disadvantaged jobseekers since its inception, and currently employs 25 staff.

What did SVA do?

Through the exploration stage, SVA supported NQGS to develop a feasibility plan and secure the contract to access the landfill site.

After many months searching unsuccessfully for funding, a government source recommended that NQGS attend SVA's social enterprise road show in Townsville, April 2010. Following initial discussions with SVA staff, they pitched their idea to the Commerce Panel in June 2010.

SVA connected the team with a mentor who had run a very similar enterprise. They also flew the two project managers down to Victoria to visit the site of that enterprise, and also attend the Community Recycling Network conference, where they made key connections and further reinforced the validity of their business plan.

SVA's staff accompanied the team to meet with Townsville City Council, reinforcing the research NQGS had done on the business plan, and the support, guidance and potential funding available from SVA. As a result, the Council provided a letter of offer to NQGS to access the landfill, and run the recycling shop.

As they entered the start-up phase SVA provided NQGS with critical support and capital investment.

After completing due diligence, SVA secured the necessary funding required for the enterprise to launch. This was sourced from the Department of Communities Queensland Inclusive Social Enterprise Project (QISEP) and Youth Enterprise Partnership (YEP), as well as additional funds from philanthropists in the form of a soft loan. In particular, this enabled NQGS to purchase

the shed that the shop would operate out of. Funding was contingent on NQGS working with SVA to develop their financial forecasts, since SVA had identified a number of weaknesses through the due diligence process. A team of SVA Consulting staff worked to assist NQGS to clarify the forecasts, and leave NQGS with a better financial perspective on the enterprise.

Once they had been provided with the funding, SVA provided a range of business support services. Ongoing mentoring continued, and personal support was provided through a dedicated Relationship Manager. SVA also provided introductions to other entrepreneurs to enable them to establish a personal support network. As part of the package, SVA Consulting were commissioned to evaluate NQGS' performance through an SROI Analysis and Employment Support Cost Analysis.

What was the impact?

The mentor provided was regarded as tremendously valuable, particularly because his time running a recycling social enterprise himself, as well as his current work as a local government councillor. Amongst other things, he was able to bring them knowledge and experience, help them write policy, procedures, and job descriptions.

NQGS valued the opportunities to attend events and be introduced to other entrepreneurs, explaining that "now we've got this network of people all able to help each other...you know you're not alone". They described the support of their Relationship Manager as 'very professional but very human'. They were accommodating of the struggles of the enterprise, and never dampened their enthusiasm. Support in the negotiations with Council was regarded as very important, and greatly improved their ability to secure the contract.

SVA were required to be flexible due to unforeseeable circumstances. The building of the shed was delayed due to a cyclone and they were forced to commence operations without it, leading to sales growth that was slower than expected. Originally they predicted that the enterprise would be financially self-sustaining by the end of 2011, but the goal has now been pushed back to the end of 2012. Looking forwards they have built strong training partnerships and ongoing funding sources, particularly from the Queensland government, and don't foresee any financial difficulties.

Originally NQGS committed to 22 jobs in total, with 17 of those for people all from disadvantaged backgrounds. By end date of the project, NQGS had employed 14, 12 of whom were from disadvantaged backgrounds, which is very impressive given the delayed start. Although frustrated by the delays, all major stakeholders (including NQCES, Townsville City Council, Employees, local community members) are very happy with what currently is a mutually beneficial partnership.



Nundah Community Enterprise Cooperative (Nundah Co-op)

Who are they?

Nundah Co-op was formed in 1999 out of the Community Living Association (CLA), a local community organisation well established in the area. It sought to create sustainable part time employment and training opportunities for long term unemployed people with intellectual disabilities – through a park and village maintenance business and the operation of a café and catering service.

Nundah Co-op was able to commence operations “on a shoe string” due to the support of Foresters Community Finance (who offered free premises and secured a couple of small loans), donations from a local church and a few small grants. In 2000, CLA funded a coordinator position, and in 2000 Brisbane City Council agreed to contract Nundah Co-op for maintenance of three parks. The parks maintenance now holds contracts to 22 parks, and Nundah Co-op breaks even, with 95% of gross income coming from trading.

What did SVA do?

SVA provided investment plus support for Nundah Co-op Espresso Train Café and catering to expand and employ more people with a mental illness. Funding was secured through two government projects, SSEP and QISEP. This was used to refit their kitchen (to provide flexible work places to better cater for workers with disabilities), improve décor, increase the capacity of equipment to enable the production of take-home meals and fund the employment of a new supervisor for one year.

Alongside this financial investment, SVA provided the following support:

- Allocated a Relationship Manager to monitor progress and provide ongoing professional and personal support
- Commissioned SVA Consulting to conduct a ESCA analysis for the organisation to understand the nature of the costs involved in running their enterprise, and the true cost of meeting their social purpose
- Secured pro-bono marketing support
- Matched Nundah with a mentor from Brisbane City Council.

What was the impact?

As a result of SVA's support, Nundah was able to recruit seven new part-time workers with a disability or mental illness and also increase the hours of employment for existing workers. In total this is estimated at an additional 60hrs of work per week. Business revenue rose by \$20,000 from the previous year, with catering now providing a third of the commercial income. This is particularly important because catering provides valuable flexibility for those working in the kitchen. Following the project, the café is now breaking even for the first time.

Furthermore, based on advice from the Marketing Consultant Nundah were able to promote the enterprise (including a spot in the Courier Mail and ABC TV), leading to an increase in customers. The ESCA demonstrated the costs involved in supporting the disadvantaged workers, which led them to run their first fundraiser. At SVA's social procurement forum they were introduced to a potential new client in Q-build.

Finally, Nundah were also able to advise other new enterprises including Sandgate Enterprise for Economic Development (SEED PPM) and 'Tasty Fresh', who appreciated the opportunity to observe how they operated.





Livingin Constructions and Livingin Landscapes

Who are they?

Kyabra Community Association (Kyabra), founded in 1975, is an incorporated not for profit body that works with marginalised groups in the community with a commitment to strengthening individual, family and community life. Livingin Constructions and Livingin Landscapes was created in 2009 as a registered business builder by Kyabra to progress their vision of affordable and accessible housing. By 2010 they had renovated five houses, and secured \$1.3million in contracts to start working with three more houses.

After 12 months of working in collaboration, Kyabra purchased Livingin with a goal of turning it into a social enterprise – providing employment opportunities for people marginalised from the mainstream workforce.

What did SVA do?

SVA supported Kyabra initially to explore the idea for Livingin. Kyabra pitched Livingin to the Commerce Panel in May 2010, following which SVA committed to supporting them to develop the plan for the business. They were matched with a mentor to support the development of their business plan, and provided with legal advice from Mallesons to determine their governance structure.

Five months later, SVA provided a tailored package of financial investment and support for Livingin to launch. SVA funded the wage of an Employment Support Manager – to manage and support the placement of staff. It also provided working capital for the wages of newly employed staff.

Alongside the capital investment, SVA provided a range of business support services. Pro-bono legal support continued, a PwC Director was brought onto their Steering Group as an advisor, and also a dedicated relationship manager monitored and supported progress. SVA Consulting was commissioned to conduct an SROI analysis to determine the social impact created, and a ESCA to illuminate the cost of supporting their social impact.

In May 2011, discussions with Livingin highlighted the need to engage a marketing and sales person to secure the contracts still in the pipeline, and a further \$75k was invested to provide six-months wages for a marketing, sales and administration role.

What was the impact?

Livingin has been established as a sustainable enterprise that will provide employment to disadvantaged persons into the future, with a target of 10% of their employees coming permanently from a disadvantaged background.

During the project timeframe 13 people from disadvantaged backgrounds were provided with short-term employment and a pathway into the labour force, according to an Intermediate Labour Market model. It was originally hoped that the jobs might be sustained, but they were unfortunately not able to be. This was due to contracts being secured at a much slower rate than forecast.





International Case study: KibbleWorks (United Kingdom)

Who are they?

KibbleWorks is an enterprise and employment hub of Kibble Education & Care Centre in Scotland, UK. It offers a spectrum of training and employment opportunities for young people who are in care/preparing to leave care, or whose needs cannot be met within their own communities.

The young person works within a structured environment alongside an enterprise co-ordinator, picking up a range of skills particular to the job at hand, as well as transferable skills such as team work, how to behave and how to expect to be treated in the workplace, time management, punctuality and customer service.

At the end of 2011, KibbleWorks comprised of 15 social enterprises that offered work experience, training and employment opportunities to young people between the ages of 16 to 24. Enterprises offer experience in industries ranging from construction, waste collection and recycling, manufacturing, gardening and horticulture, picture framing, multimedia services, and catering.

In addition, all young people are provided with peer mentoring support which encourages youth leadership and development and aims to strengthen future job prospects for all participants. Participants are also provided with considerable ongoing support to secure further employment and assistance is offered with CV production, mock interviews, job searches and completion of application forms. This activity will be further enhanced by running a series of job clubs.

What was the impact?

Between April 2010 and July 2011, KibbleWorks supported placement of 117 young people into training or employment. Out of these, 84% of young people have completed their placements receiving the necessary industry training and certification. Almost half of the participants (55 young people), have gone into other employment after completion of their training with KibbleWorks.

What can be learned from their experience?

In November 2011, the government of Scotland had conducted a review of social enterprises in Scotland which identified KibbleWorks as one of the most "successful" social enterprises.

Success of KibbleWorks' social enterprises can be linked to a specific operational design of its programs:

- Young people were brought on-board after SEs were established and had appropriate work available;
- Based on an intermediate-labour market model, social enterprises provided young people with a qualification with the young people having to commit to a specified period of time to the organisation (1 or 2 years);
- Young people were linked with a mentor within each business;
- Young people were provided support by a social worker/ councillor during their training & employment;
- Young people participated in peer mentoring program, where more senior trainees trained new recruits;
- Young people were provided extensive support in helping secure a job after young people complete their placement within KibbleWorks SE.

DEEDI – Department of Employment, Economic Development and Innovation. Queensland. The Department of Employment, Economic Development and Innovation (DEEDI) brings together specialist knowledge, networks and services to work with significant businesses and industry sectors to help deliver an economy and way of life to benefit all Queenslanders.

DEEWR – Department of Education, Employment and Workplace Relations. The lead Federal Government agency providing national leadership in education and workplace training, transition to work and conditions and values in the workplace.

SQW – Skilling Queenslanders for Work. A programme of DEEDI

PIP - Participate in Prosperity Project. A project funded under SQW by DEEDI that provides opportunities for long term unemployed people wishing to re-enter the workforce.

QISEP – Queensland Inclusive Social Enterprise Project. Project funded by the Queensland Department of Communities that supported the development of 15 Queensland based social enterprises that employ people who have been long-term unemployed due to mental health issues.

ESCA – Employment Support Cost Analysis. An analysis tool developed by SVA that seeks to understand an employment-based social enterprise's non-commercial costs and avoided expenses to understand the additional investment required to deliver on a social purpose.

SROI – Social Return on Investment. An internationally recognised tool for understanding and measuring the impact of a project, program, organisation, business or policy.

SSEP – Supporting Social Enterprise Project. Project funded by DEEWR that supported 11 social enterprises that create employment opportunities for people who are excluded from the labour market, in priority regions such as South Western Sydney, Canterbury-Bankstown and Ipswich-Logan.

SVA – Social Ventures Australia. A non profit organisation that supports the foundations for social change, by removing sector-wide challenges that impede it. SVA was the intermediary organisation that managed the funds and delivered the projects

YEP – Youth Enterprise Partnership. Project funded by the Queensland Department of Communities that supported the establishment of at least two social enterprises that specifically target young people aged between 15 and 18 who have either recently entered the youth justice system and are at risk of reoffending or of becoming homeless.