

SOCIALTRADERS

A force for Social Enterprise



Support and Strengthen Green Social Enterprise - SSGSE

Report

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Sustainability
victoria



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Executive Summary

- This report provides an overview of research undertaken by Social Traders on behalf of Sustainability Victoria to map green social enterprises in Victoria and to understand the business support needs of identified green social enterprises.
- This report includes a summary of the list of green social enterprises identified and an analysis of needs based on interviews conducted. This report also includes opportunities and recommendations for supporting and strengthening green social enterprises in Victoria.
- Green social enterprises fulfill the following criteria:
 - Are led by an environmental mission or deliver environmental outcomes.
 - Engage in substantial trading activity to generate majority of its income.
 - Distribute profits towards the achievement of its mission(s).
- The methodology developed for this research identified 111 green social enterprises in Victoria. During the course of this research, a large group of social enterprise was discovered—charitable recycling organisations, also known as opportunity shops. It is believed that approximately 460 charitable recycling organisations exist in Victoria, bringing the total number of green social enterprises to approximately 570.
- More than a third of green social enterprises identified are involved in the waste industry, including recycling, e-waste, and waste collection. The food industry is another dominant group, comprising 15% of green social enterprise identified. The third dominant group comprises 23% of green social enterprises identified and work in the areas of land care, tree planting, gardening and landscaping.
- Interestingly, many green social enterprises identified have blended missions that include social and environmental outcomes. It is observed that ‘deep’ green groups are not engaged in enterprise and might even be ambivalent about the concept of income generation through trading.
- Based on research findings, there is a strong benefit and expressed need by green groups to learn about social enterprise as an alternative income generation model to achieve long-term sustainability.
- Our analysis revealed that opportunities to support and strengthen green social enterprises in Victoria exist in every social enterprise development stage. The recommended support for green social enterprises falls into three key thematic areas:
 - Building interest and capacity for green social enterprise.
 - Investment to start up green social enterprises.
 - Business development and coaching to help green social enterprise achieve profitability and financial stability.
- A further recommendation is the development of a plan to support and strengthen existing green social enterprises, whilst investing in the education and building capacity of existing green groups.

Introduction

With the objective of understanding the current state of social enterprises in Victoria, Social Traders Ltd (Social Traders) undertook research on behalf of Sustainability Victoria to identify social enterprises working within the sustainability and environment sector. The term Green Social Enterprises (GSEs) will be used in this report to refer to these enterprises.

The purpose of the project is twofold:

- (1) to identify and profile green social enterprises in Victoria, including the types of environmental goods and services offered, social and environmental outcomes, geographic location and spread, maturity of enterprise, industry trends; and
- (2) to understand the business support needs of these enterprises.

About Social Traders

Social Traders is an independent company established to facilitate, support and advocate for the development of social enterprise in Australia. Social Traders believes that a significant opportunity exists to develop a thriving social enterprise movement in Australia through a cooperative and collaborative network involving all levels of government, business, philanthropy and community sectors.

Since our inception in 2009, Social Traders have seen a strong engagement from green social enterprises, demonstrated through a number of projects. This includes the first Building Social Enterprise Trading Turnover (BESTT) project, where five out of the eight social enterprises were green social enterprises.

We also observed a strong interest from green social enterprise in The Crunch, a social enterprise development and investment initiative now in its second year. Of the 79 applications received in The Crunch 2010, 22% delivered an environmental outcome. Out of the nine participants selected, two had environment related missions. In the following year, the proportion of green social enterprises that applied to The Crunch 2011 increased to 32%. Refer to Appendix 2 for a description of green social enterprises that Social Traders have worked / is working with.

Social Traders was also approached to set up a Community Recycling Network and was involved in engaging initial members and continues to be presented on the Community. Additionally, Social Traders has also partnered with a number of successful green social enterprises, such as CERES, Green Collect, and Hepburn Wind, all who have appeared as guest speakers at Social Traders' forums and workshops.

Defining Social Enterprise

The term 'social enterprise' is generally used to describe an organisation that uses traditional business principles and market-based strategies to deliver social and community benefits through commercial activity. Social enterprise is a way of working to achieve community benefit and is defined by the presence of the following criteria:

- a) Are led by an economic, social, cultural, or environmental mission consistent with a public or community benefit;
- b) Trade to fulfil their community benefit mission;
- c) Derive a substantial portion of their income from trade; and
- d) Reinvest the majority of their profits/surplus in the fulfilment of their mission.

Many social enterprises have multiple objectives, including income generation. Social enterprise covers a broad range of organisational forms: for-profits, not-for-profits, mutuals and co-operatives. Refer to Appendix 1 for details on the various forms of social enterprise and their business models, keeping in mind that social enterprise often exist as a hybrid of these forms.

Social enterprise and profit

A key difference between social enterprise and personal profit (traditional) business is that social enterprises are established and operate to generate community benefit. However, unlike other forms of non-government community benefit organisations, the majority of their income to deliver community benefit comes through their trading activities, not from donations or grants.

Social enterprises are different from other not-for-profit, non-government organisations in that they do not rely on grants and donations for their ongoing sustainability and achievement of their social mission. It is the commercial activity of the enterprise that makes them sustainable and delivers their social and/or environmental mission. See Figure 1.

Social enterprises exist expressly for their community benefit mission; profit generation through commercial activity is the means by which that mission is achieved. As such, there is the potential for a strong strategic linkage between the community benefit responsibilities of local governments and social enterprises that also exist to benefit the communities in which they operate.

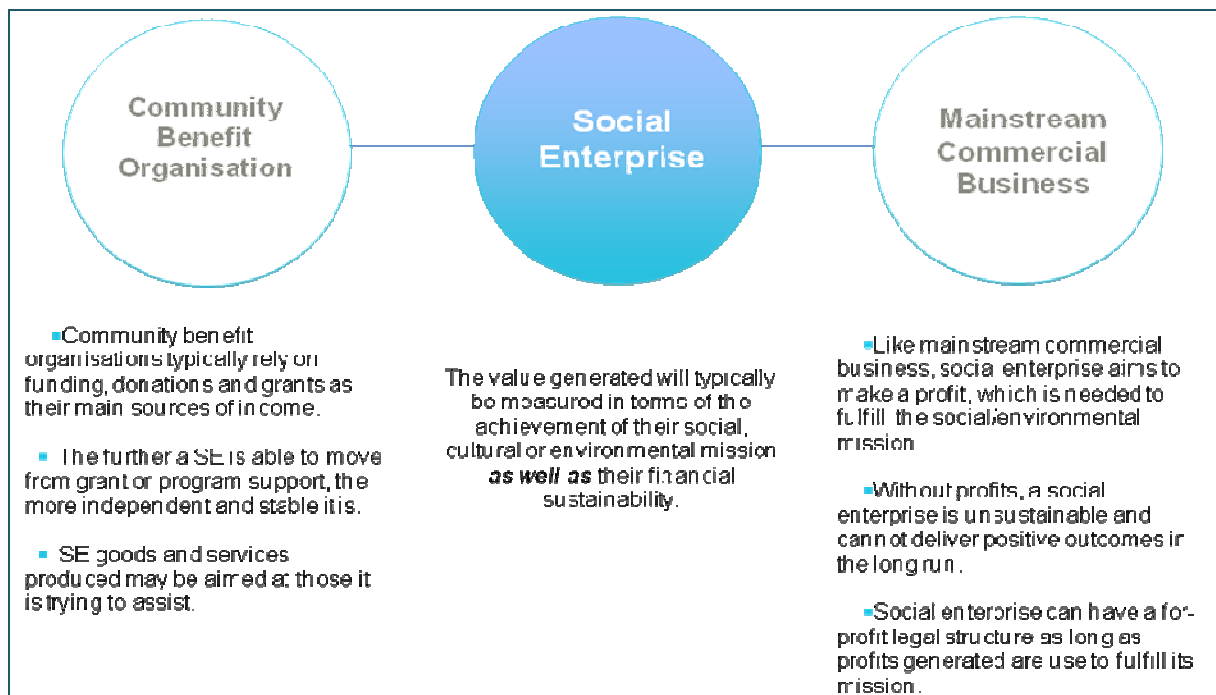


Figure 1: How social enterprise compares with not-for-profit organisations and commercial business

Emergence of social enterprise in Australia

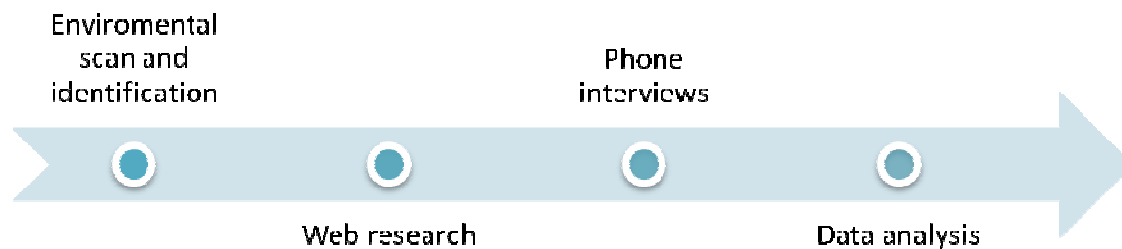
Australia has a strong history of social enterprise with a diverse range of activities and forms. A number of charitable organisations such as St Vincent de Paul and the Salvation Army have been involved in the production and retailing of goods as a form of revenue generation and employment support for as long as 60 years. Australia also has a rich history of consumer cooperatives and mutuals that have provided banking, insurance, childcare, groceries and other goods and services to communities and groups that would otherwise have been unable to access them.

Over the last five years Australia has seen an acceleration of the emergence of social enterprise as a way of delivering community benefit through trading activities such as job creation, community engagement and social innovation.

There is an emerging level of interest in social enterprise amongst Australian policy makers as a means of responding to issues of social inclusion. The Victorian government has been at the forefront of this policy shift with the investment of \$14 million since 2004 through the Community Enterprise Development Program and more recently, its financial support for the establishment of Social Traders. Since 2009, the Federal Government has invested \$80 million in almost 105 social enterprise projects through the Innovation Fund and the Jobs Fund as part of the Economic Stimulus Package. The Federal Government is currently running a tender process to invest \$20 million (matched by the successful bidders) into two or more Social Enterprise Development and Investment Funds.

Methodology

The purpose of the project is twofold: (1) to identify and profile green social enterprises in Victoria; and (2) to understand the business support needs of these enterprises. In response to the aforementioned objectives, Social Traders proposed a methodology based on the following key stages:



Stage 1: Environmental scan and identification of green social enterprises

Social Traders sought to identify as many organisations with an environmental mission as possible by undertaking the following activities:

- Nomination request and data collection at nine Social Traders events throughout the month of June. This includes a total of 8 workshops (4 in Melbourne and 4 in regional Victoria) and a forum at Melbourne Business School. Combined, these events were attended by more than 300 individuals interested in social enterprise.
- Identification via Social Traders' database of over 1,000 Victorian social enterprises.
- Call for nominations via Social Traders' website and e-bulletins.
- Requesting peak bodies and champions including Environment Victoria, Sustainability Victoria, Centre for Sustainable Leadership, National Association of Charity Recycling Organisations (NACRO) and Community Recycling Network (CRN) to disseminate the message to members, networks and contacts.
- Asking green social enterprises on the initial list to identify others.

Stage 2: Data collection via web research to complete database

All nominated organisation were vetted based on the following criteria to be considered a green social enterprise:

- Is led by an environmental mission or delivers environmental outcomes
- Generates income from substantial trading
- Distributes profit to fulfill its mission

Web research was conducted on each nomination to firstly verify the existence of each enterprise and presence of an environmental mission or outcome. Organisations that did not have an environmental mission or outcome were removed from the list. Organisations that did not operate in Victoria were also removed.

Web research and data collection also included information about products and services offered, industry and contact information. Based on available information on the Internet, an evaluation was made on whether each organisation is considered a social enterprise according to the two remaining criteria.

A number of categories were developed to group green social enterprises based on their environmental mission or outcomes.

Stage 3: Data collection via telephone interviews to determine business stage and support needs

A total of 14 telephone interviews were made to select enterprise 'owners' or 'managers' with the objective of gathering additional information and understanding its business support needs. The sample of GSEs selected for interviews reflects the diversity of green social enterprise industries and environmental missions.

The questions asked during the interviews covered the following data points:

- Organisational purpose and environmental/social outcomes
- Organisational activity or products/services offered
- Industry of enterprise
- Maturity
- Location(s)
- Number of employees
- Annual Turnover
- Viability
- Near term goals
- Current business needs
- Types of support from government

Stage 4: Data analysis

An analysis of the data collected in previous two stages was made to inform recommendations to support and strengthen green social enterprise in Victoria. The categories of environmental mission and outcomes were also refined.

Research Findings

Identification of green social enterprises in Victoria

Due to the lack of uniform understanding of the green social enterprise definition, over 170 nominations were received, which included a number of organisations that did not fit the bill. After removing organisations that did not have an environmental mission or operate in Victoria, Social Traders identified 141 organisations with a clear environmental mission or that deliver an environmental outcome. Depending on the presence of significant trading activity and the purpose of profits generated, each organisation was further classified into one of three categories: green business, green social enterprise or green group.

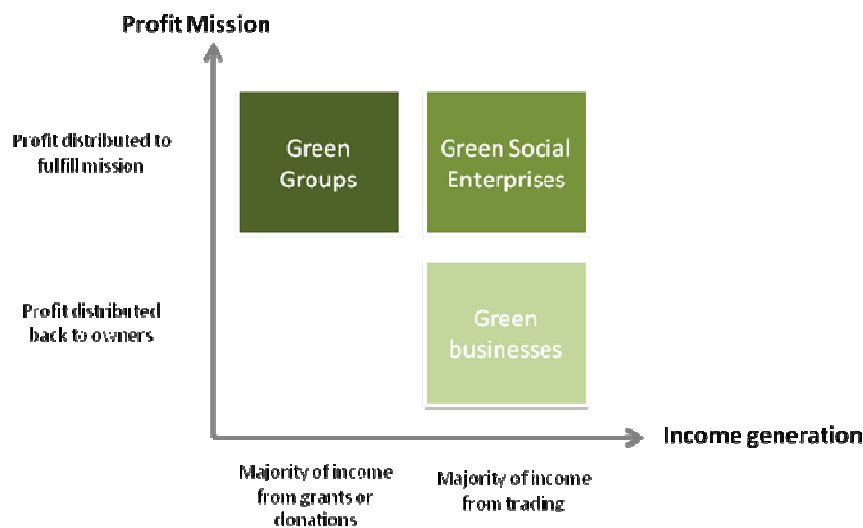


Figure 2: Definition of green social enterprise

Category 1: Green businesses – 15 organisations

Green businesses are organisations that have a clear trading activity, a clear environmental mission or outcomes and are set up to distribute profits back to owners. On this list, 15 organisations were identified to fit this category. These organisations were identified in this project because they were nominated as a possible social enterprise. Intuitively we know that a large number of green businesses exist, and we have not captured the breadth and depth of green businesses due to the scope of this project.

Category 2: Green social enterprises – 111 organisations

For the purpose of this project, we define green social enterprises as organisations that have substantial trading activity, a clear environmental mission or outcomes, and are set up to distribute profits towards the achievement of its mission. After applying these criteria, a total of 111 green social enterprises were identified through this methodology.

The identification of green social enterprises was a challenging stage of the project because of (1) the lack of publicly available information, and (2) the high level of discretion employed to determine if an organisation is a green social enterprise. Therefore, Social Traders has been generous when applying the identification criteria to include more green social enterprises on the list. We recognise the limitations of the methodology employed and understand that some of the 111 GSEs discovered may no longer be included when additional information about the organisation is obtained. On the other hand, we also believe that many GSEs have not yet been unearthed through this project.

Category 3: Green groups – 15 organisations

These organisations have a clear environmental mission and outcomes but lacked substantial trading activity and are therefore not considered to be green social enterprises. This category includes many community action groups and grant-funded organisations. Similar to green businesses, a large number of green groups exist and were not captured on this list due to the project scope.

The complete list of green businesses, green social enterprises and green groups are submitted as an Excel spreadsheet along with the final report.

Green social enterprise landscape in Victoria

Geographic spread

Of the 111 green social enterprises identified, 60% are located in the Metro Melbourne area. The remaining 40% are located in the regional or rural areas of Victoria.

Environmental mission and outcomes

To further classify the 111 green social enterprises identified in Victoria, a number of categories were developed to group green social enterprises based on their environmental mission or outcomes. Some of these organisations have multiple environmental outcomes, but are only counted based on their primary mission. The number of green social enterprises belonging in each category is listed below in Table 1, while the landscape of green social enterprises in Victoria is graphically presented in Figure 3.

Environmental Mission	Description of activity or outcomes	GSEs
Waste–recycling	Recycling organisations including tip shops, opportunity shops and other retailers.	26
Food–Local	Reduces food miles	15
Green consumables	Provides a greener option to a regular product or service	8
Green information	Provides information and resources to assist people to buy green	8
Tree planting	Encourages and facilitates tree planting (i.e. nurseries)	13

Land care	Land care or land management	12
Waste–e-waste	Recycling, re-use and proper management of e-waste	8
Energy–Renewable	Helps households or business take up renewable energy	6
Waste–management	Waste collection and disposal (SV to confirm)	5
Gardening and landscaping	Provides gardening and landscaping services	5
Capacity building	Education and training to equip people with green skills	2
Food – Organic	Promotes organic food	2
Energy – Efficiency	Helps household or businesses reduce energy use or improve energy efficiency	1
Wildlife conservation	Funds wildlife conservation efforts	1

Table 1: Classification of green social enterprise environmental mission and outcomes

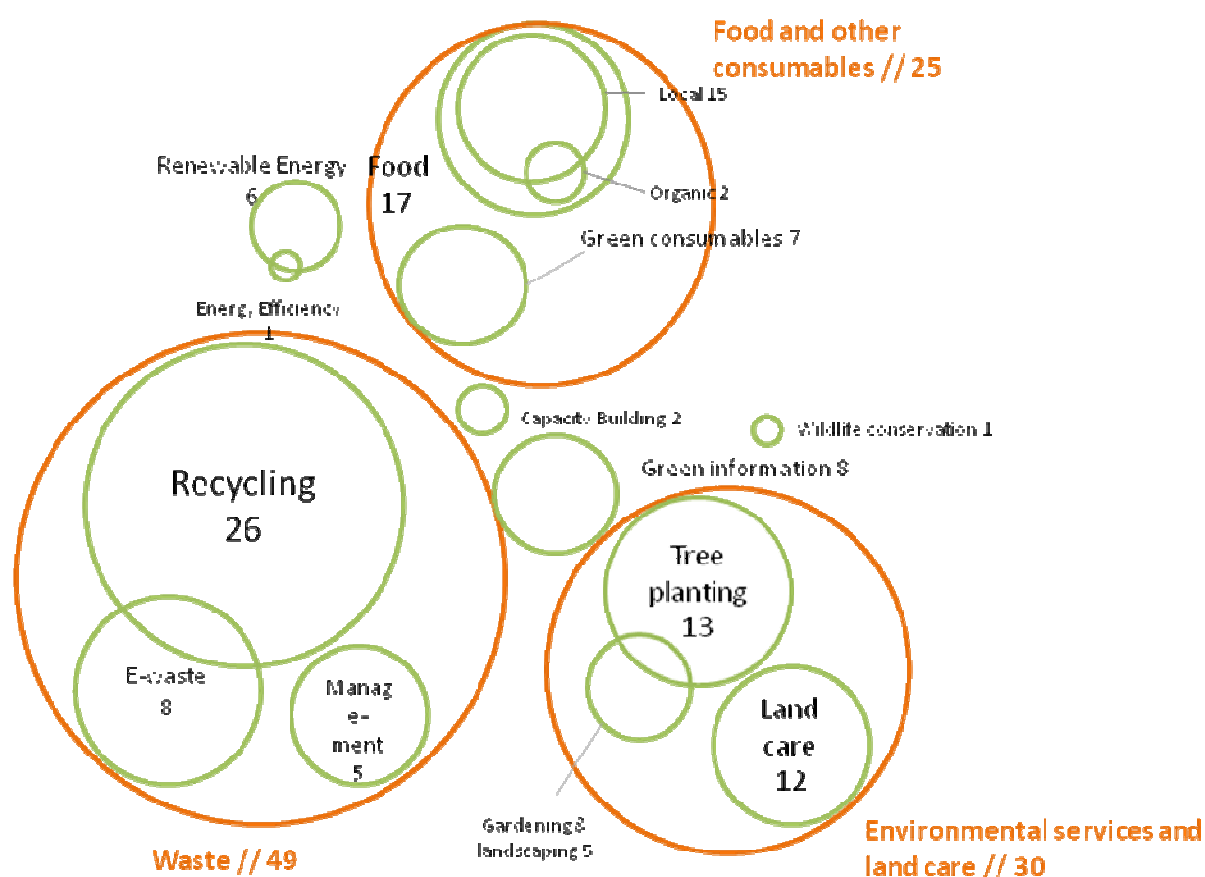


Figure 3: Landscape of green social enterprises in Victoria

Dominant green social enterprise industries and types

The mapping and classification of green social enterprises revealed the following dominant industries within the green social enterprise sector in Victoria:

- **Waste** – A large number of Victorian green social enterprises (49 out of 111) operate in the waste industry. Of these 49 organisations, 26 are involved in recycling, 8 in e-waste and 5 in waste management. Many recycling organisations also have blended missions such as job creation.
- **Food** – A total of 17 green social enterprises operate in the food industry, ranging from food co-operatives, farmers' markets and food retailers. An emerging trend of boxed food retailers aimed at reducing food miles and encouraging organic foods is also observed.
- **Green consumables** includes food and beverage, cleaning and accommodation providers that see green as a key selling point and beneficiary for their social enterprise.
- Combining the three categories of **land care**, **tree planting** and **gardening and landscaping**, a total of 30 organisations are involved in environmental management, which make up 23% of green social enterprises identified. We have also observed that many of these green social enterprises deliver an environmental outcome but are driven by other social outcomes, particularly employment creation.
- **Green information and renewables** are both significant categories that don't neatly fit into the broader categories
- **Charitable recycling organisations** – Opportunity shops represent the largest and oldest form of green social enterprise in Australia. While there are individual and privately owned opportunity shops, most are charitable trading arms set up to generate income for charities like the Salvation Army and St. Vincent de Paul.

In addition to the 111 green social enterprises discovered, there are 461 opportunity shops owned by charities, church based or community organisations in Victoria not captured in this project¹. Including these 461 opportunity shops brings the total count of green social enterprises in Victoria to 572.

The geographic spread of opportunity shops is vast and is represented in Appendix 3.

¹ Victorian Charitable Recycling Industry Waste Impacts Study: 2008/09

Green social enterprise interviews

To further understand the needs of green social enterprises, 14 interviews were conducted with a sample selected to represent the diversity of types and industries.

After interviews were conducted, three of the organisations were determined not to be social enterprises. Refit 'N Save is entirely project-funded by the Victorian Government's Sustainability Fund. Bendigo Sustainability Group is a volunteer-run community group with very limited trading activity. Thank You Water is a successful social enterprise, but its mission is to support water projects overseas—it lacks an environmental mission or outcome.

Enterprise Name	Environmental Mission / Outcome	Metro or Regional/ Rural	Industry	Years	Annual Turnover	Profitability	GSE?
Prahran Mission Opportunity Shops	Waste—recycling	M	Retail	1.5	\$700,000	△	Yes
Bairnsdale Tip Shop	Waste—recycling	R	Retail	2.5	\$100,000	△	Yes
Welshpool Rural Transaction Centre	Waste—recycling	R	Retail	4	\$100,000	✓	Yes
Enhance IT	Waste—e-waste	R	Retail	8	\$30,000	✓	Yes
Green Fix ADE Alliance	Waste—e-waste	M	Retail	1	\$700,000	△	Yes
Mulgrave Farmers' Market	Food—local	M	Retail	2	\$100,000	✓	Yes
CERES Fair Food	Food—local, organic	M	Retail	1	\$1,000,000	✓	Yes
PepperGreen Farm	Food—local	R	Producer and retailer	7	\$40,000	✓	Yes
Sustainable Table	Green consumption	M	Publishing, B2B service	2	\$350,000	△	Yes
Ethical Consumer Guide	Green consumption	M	Publishing	7	\$70,000	✓	Yes
Dja Dja Wurrung Natural Resource Management Enterprise	Land care, education and training	R	Services	0.5	\$500,000	△	Yes
Refit 'N Save *	Energy—Renewable energy	R	Renewable energy	1	Grant dependent entirely	○	No
Bendigo Sustainability Group *	Energy—Renewable energy	R	Renewable energy (Solar bulk buy)	4	Volunteer dependent entirely	○	No
Thank You Water *	International development	M	Consumer product	3	\$250,000	○	No

- ✓ Run a profit
- △ Not yet at break even but plan to
- Entirely grant- or volunteer-dependent

Support needs

The support needs of green social enterprises are directly related to the challenges facing each organisation, particularly the challenge to grow and achieve profitability. Specifically, the need for various business skills and the need to access financing (grants/debt) are two main themes strongly articulated.

1) Business skills

- **Business development and planning (6)**

Based on the 14 interviews, strategic business planning and operations improvement is by far the most articulated need. Several organisations have new opportunities and ideas that they would like to get off the ground, but lack the business experience to do so. One organisation received seed funding to start up but lack the resources to conduct business planning. Some organisations expressed the need to conduct strategic planning to ensure the long-term sustainability of the enterprise.

“We would be the first to recognise what we don’t know. We don’t have the [business planning] expertise.”

“It would be great to have someone with business acumen to help us launch the community garden to be financially sustainable as soon as possible.”

While six organisations clearly expressed the need for business development, this is probably an unarticulated need for a number of other organisations. It is concluded that general business development support would greatly benefit most green social enterprises.

- **Marketing (6)**

As many as 6 organisations expressed the need for marketing and promotions support to increase the awareness and hence sales of product products and services. In addition to consumer marketing (i.e. advertising and promotions), there is an observed need for product development, which includes strategic market planning, market testing and refinement of existing product and service offerings. It is especially important for social enterprise goods and services to be properly developed and tested before it is marketed.

- **Legal advice (2)**

A couple of organisations expressed the need to receive pro-bono legal advice due to the inability to afford such services.

- **Project management (1)**

This is another skill needed to get help existing enterprises get new projects and ideas off the ground.

2) Financial / capital needs

- **Infrastructure capital (4)**

Four organisations expressed the need for infrastructure capital. This includes capital to secure office space, expand existing facility, set up the site for a new enterprise, and facilities upgrade.

- **Training and development needs (2)**

One organisation expressed the financial constraints of attending training, which includes the cost to attend courses, conference or workshops, travel expenses and the cost of backfilling staff.

The need for training and development ranged from up-skilling trainees into enterprise managers and increasing capability of existing managers to grow and scale the enterprise. Training and development can also take the form of mentoring, which could take place in a number of ways: external mentors working within the enterprise, or sending employees to receive mentoring in other organisations.

- **Administrative staff (2)**

Government investment in programs often does not include funding for administrative staff. Grant-funded projects are often subsidised by the social enterprise or the organisation because of the lack of administrative support.

3) Other forms of government support or assistance

- **Green or social procurement (4)**

Government should play a role to open markets for green social enterprise by greening their procurement systems and guidelines to evaluate vendors based on additional green or social dimensions. Government can play a role to educate other government departments on procurement practices.

Due to its massive purchasing power, a quick win for government is to award contracts to green social enterprises. One organisation suggested going one step further to support green procurement through regulation.

- **Engage local government (1)**

One organisation suggested that state government could engage local government to develop a waste management strategy, as there are currently a number of missed opportunities.

- **Legal structure for social enterprise (1)**

Current legal structures available to social enterprise prevent organisations from optimising taxation and financing options.

- **Unlocking investment in social enterprise (1)**

Investment in social enterprise can be increased through direct investment, provision of DGR status, and the encouragement of patient capital or other innovative financing options.

- **Networking and promoting alternative models to community groups (2)**

One green group felt that there is interest among community organisations to explore alternative income generation models to grant-funding but lack the information and general understanding. Government can play a role to provide information and promote alternative models. Another green social enterprise is very interested to network with other green social enterprises.

- **Invest in capacity building (1)**

There is tremendous momentum within communities to undertake actions that deliver positive outcomes. Government should invest in capacity building for communities to organise themselves and support models that have worked in other communities, such as Hepburn Wind.

Recommendations for supporting and strengthening GSEs

Based on the strong and consistent needs expressed in the interviews—business development support and capital investment, the opportunities for government to support and strengthen green social enterprises are vast and exist across all stages of social enterprise development. See Figure 6.

In Social Traders' experience, an organisation can fit in any one of the following development stages:

- **Unconverted** – Organisations that have a clear and strong mission, but is unaware or wary of social enterprise.
- **Explorers** – Organisations that are interested in social enterprise but do not yet have an idea to pursue. The needs for this group include achieving social enterprise readiness, idea generation and idea testing.
- **Implementers** – Organisations that have started trading as a social enterprise, but are within the first few years of trading, and have not achieved profitability and financial sustainability.
- **Mature** – Social enterprises that have been trading for a number of years and enjoy stable profitability. The aim for these social enterprises is to scale their enterprise or to scale their impact.

Support opportunities for each development stage

Unconverted

There is foremost an opportunity to increase the awareness and understanding of the social enterprise concept among the green groups. In speaking with community groups such as Bendigo Sustainability Group and grant-funded projects such as Refit 'N Save, an ambivalence towards 'business' and 'profit' amongst green groups is observed. Conversation with the Bendigo Sustainability Group confirmed the instability and rigidity of project funding, but the frustration with project funding interestingly does not automatically translate to being strategically enterprising.

An organisation that is able to achieve financial sustainability through trading will typically exist longer than a grant-funded project, hence delivering more impact in the long run. See Figure 5.

For the Unconverted, there is an opportunity to champion the merits of income diversification and financial sustainability through positive case studies of successful green social enterprises such as Hepburn Wind, CERES, Outlook Environmental, and Green Collect.

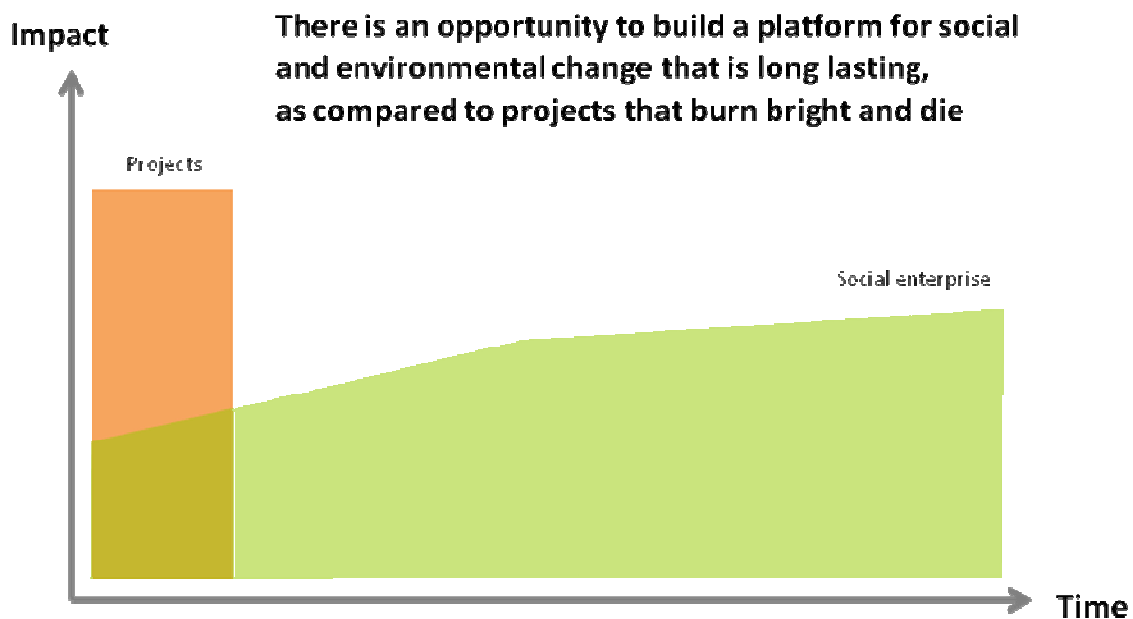


Figure 5: The long-term impact of a project vs. social enterprise

Explorers

For organisations that are considering social enterprise, there is an opportunity to provide support in the form of organisational planning and management, while at the same time getting the organisation ready for social enterprise. Early Explorers spend a lot of time understanding markets and generating enterprise ideas. Organisations who are Early Explorers would benefit from business coaching to generate and develop ideas.

Investment in terms of start-up capital is another dimension of support for social enterprises. Fortunately for green groups, access to project funding has been readily available in recent years. The Victorian Government's Sustainable Fund alone provided more than \$166 million to over 250 projects, including a number of organisations and projects interviewed for this project.

In fact, a number of organisations receiving funding from Sustainability Victoria due to their deep environmental missions have acknowledged their lack of business nous and experience. This is a great opportunity to provide another layer of support to ensure that environmental outcomes of previous funding are being delivered, if not magnified.

Implementers

Implementers are relatively new social enterprises that have been trading for a few years. The aim for these organisations is to achieve breakeven or to become more financially viable. Many Implementers also have new opportunities or ideas to expand the enterprise in terms of its economic or environmental/social impact. The business support needs of Implementers include strategic planning, business and market development, marketing and promotions and business training.

Social Traders has successfully tried and tested the business coaching model through the BSETT (Building Social Enterprise Trading Turnover) project, where a business professional with social enterprise experience works *with* the enterprise over an extended period of time (18 months) to increase trading turnover, while improving business health. This model allows the business coach to provide or broker specific skills to meet the varying needs of each enterprise.

Mature

The aim for mature green social enterprises is to scale their business to achieve greater impact. Many organisations would have already established a stable base of customers and contracts and are enjoying stable profitability. The needs for these organisations are in tender writing to win large contracts or to expand the number of locations. While mature organisations tend to have greater financial stability, these organisations can still benefit from business coaching.



Figure 6: Opportunities for green social enterprise business support

A platform for investment

There is also an opportunity for government and philanthropy to leverage the impact of their funding by investing in social enterprises, which is a platform to create long-lasting and sustainable impact. Social enterprise does not have a definite project or funding expiration, which is the reason for programs coming to an early end. While social enterprise is not for everyone, investment in social enterprise is an investment in long-term outcomes and the creation of organisational platforms in community that can be built.

Double or triple bottom line investing

Traditionally, decisions for grant- or project-funding are based on environmental, social or cultural outcomes. There is the opportunity to screen funding based on the additional dimension of financial sustainability. Many refer to this as social investment, which often generates greater return in the long run.

Capacity building and post-investment support

If the decision is made to invest in social enterprise, a number of ways exist to enhance or increase the return on investment. Capacity building prior to investment is important to support Explorers and convert Unconverted to Explorers. Capacity building increases the supply of quality green social enterprises entering the investment stage.

On the other end of the investment pipeline, post-investment support such as coaching, training and networking can improve the health of enterprise and to help them achieve profitability and financial stability.

Conclusion

GSE's are significant in terms of their number, their environmental and their social impact. They provide a powerful platform for the delivery of long term social and environmental outcomes. They provide community and environmental platforms that allow them to act independent of government programs whilst delivering on their mission, and they can also double as delivery arms for government funded projects.

They operate across the spectrum of environment related industries with high concentrations in waste and recycling, environmental services, landcare and food production. There are a range of needs that green social enterprises face which often relate to the balancing act between the social or environmental goal of the organization and the commercial realities of running a business. The research identifies that the greatest need is in the area of business skills with a focus on business planning and building the market, followed by capital for plant and equipment and training up staff to be able to take on greater responsibility. It appears that while many GSE's have developed sustainable businesses despite their business deficiencies, there is a strong belief that they could generate much more value from their GSE. Whilst we did not speak to explorers as part of this process, evidence from Social Traders experience indicates that without support many ideas with potential are never able to grow into GSE's.

The support opportunities identified in this report identify that different people and organizations need different supports at different stages in the process. Investment in green social enterprises needs to incorporate building a pipeline of new social enterprises and getting greater impact out of those that already work well by scaling or improving them. We would suggest that any approach to supporting green social enterprise work at more than one point in the pipeline.

We have outlined the five areas identified for government support:

1) Increase the awareness and understanding of the social enterprise concept

- Develop 4-5 social enterprise case studies which capture a diverse spread of size, industry and geography
- Engage the GSE champions as ambassadors to act as reference points for those seeking to establish GSE's.
- Run workshops on social enterprise for green groups and those interested in establishing GSE's

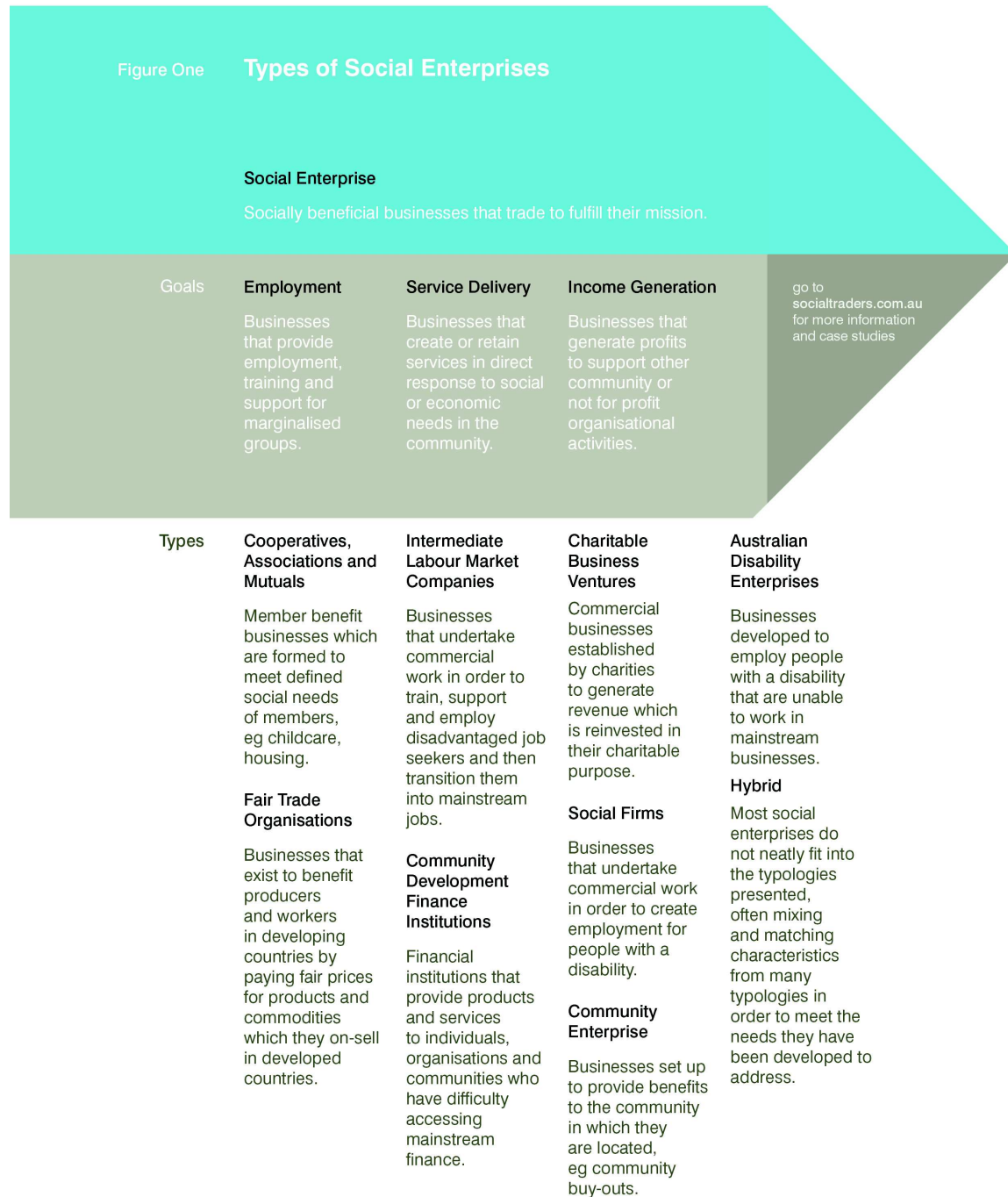
2) Develop strong GSE ideas and prepare them for investment

- Run workshops that assist individuals and organisations to develop and explore social enterprise ideas

- Provide business coaching to assist people to develop good ideas into feasible ideas and business plans. Social Traders currently runs the Crunch which provides coaching, mentoring and access to finance for this group, as well as providing separate fee for service individual and group coaching for GSE's at this stage.
- 3) Investment in social enterprises directly or through intermediaries like Social Traders to enable social enterprises to start up and grow**
 - 4) Provide business coaching with existing GSE's to improve their sustainability and/or scale**
 - 5) Support networks and events that make sense.**
 - Support larger social enterprise networking events to ensure that the green theme is given space on the agenda,
 - Support large 'green' events to make sure that social enterprise is on the agenda
 - Support specific networks that provide clear benefits to members such as the Community Recycling Network and NACRO.

Appendix 1

Social Traders' social enterprise typology



For more detail see

Appendix 2

Green Social Enterprises that participated in the first BSETT project

BSETT (Building Social Enterprise Trading Turnover) is Social Traders' social enterprise business coaching initiative, where a business professional with social enterprise experience works with the enterprise over an extended period of time (18 months) to increase trading turnover, while improving business health. The first BSETT initiative started in August 2010.

Five out of the eight selected enterprises deliver an environmental outcome. These organisations are:

- Welshpool's Rural Transaction Centre (RTC) is located in the rural Victorian township of Welshpool. It also owns and operates an opportunity shop and nursery. As a result of working with Social Traders, RTC has recently gained an agreement to receive donations from the local tip.
- Cultivating Communities has been running weekly fresh fruit and vegetable product markets in inner Melbourne since 2002. These markets were initiated in response to evidence that residents of these suburbs, and particularly those on Public Housing Estates were situated in "Food Deserts". They also run the Edible Classrooms Program assisting schools to develop sustainable food gardens.
- Flash Drive Beyond the Classroom is a social enterprise located in Ballarat providing training in an environment that promotes positive relationships and hands on experience. Revenue is raised through the sale of refurbished computers and IT recycling.
- Mornington Peninsula Youth Enterprises is a wholesale nursery social enterprise providing a range of education, training and support services to young people from Mornington Peninsula and surrounding areas in Victoria.
- Magic Green Clean is a social enterprise set up by AMES to provide cleaning contracts in Kensington and Melbourne's South East with the purpose of delivering traineeship to disadvantaged people. Magic Green Clean delivers an environmental mission by providing a "greener" service to its customers.

Green social enterprises that participated in the Crunch

Social Traders also had the opportunity to work very closely with two green social enterprises in the first round of The Crunch, a social enterprise development and investment program where a number of promising social enterprise ideas are selected to undergo an intensive and supportive business planning process. Enterprises are teamed with experienced business mentors and an MBA student to develop their business idea and write a business plan before they pitch for potential investment from the Social Enterprise Development Fund.

The two green social enterprises are:

- Energy Innovation Co-operative began in 2009 as a registered trading co-operative to encourage and develop additional renewable energy capacity in the Gippsland region. Energy Innovation Co-operative also provides information on energy efficiency and renewable energy and promotes a carbon-neutral business ethic.
- Our shed Community Resource Centre was established as a response to the Black Saturday Bushfire. The kindling enterprise was built with the purpose of engaging men and women from the local community in healthy activities aimed at building confidence and skills through positive social interaction and creative outlets. The enterprise uses wood from discarded wooden pallets to make kindling, which is resold to generate income and help the organisation become more financially sustainable.

Appendix 3

Distribution of opportunity shops across Victoria

Map of Victorian opportunity shops from www.orgshop.org

[ALL](#) | [Victoria](#) | [Ballarat\(18\)](#) | [Baw Baw\(6\)](#) | [Bendigo\(15\)](#) | [Geelong\(29\)](#) | [Melbourne\(332\)](#) | [Mornington Peninsula\(30\)](#) |

