

**THE WINSTON CHURCHILL MEMORIAL TRUST OF AUSTRALIA**

**Report by:**

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**2004 Churchill Fellow**

**To examine successful models of social enterprise that can be promoted  
within Australia**

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Original Signed: Matthew Jones

Dated: 22 August 2005

**Index**

Introduction	3
Acknowledgments	
Executive Summary	4
Program	5
Main Body	8
Lessons Learnt	26
Conclusions	27
Recommendations	28
Referemces	29

## **Introduction**

My fellowship was based around visiting leading organisations involved in these fields inclusive of practicing social entrepreneurs to venture capitalists to academic organisations. Additionally, I attended the Business in the Community Impact 05 conference held in Manchester, and the Community Action Network National Conference held in London, both during March, as well as the Skoll World Forum on Social Entrepreneurship held in Oxford, and the Social Enterprise Alliance 6 Gathering in Milwaukee, both in April.

My passion for this project grew during recently completed MBA studies, along with participation in the Sydney-based Benevolent Society's ten-month social leadership program addressing adaptive change in our community. Although my 'hands-on' experience is limited, my professional background of over 17 years service as an Australian Army Officer along with my passion for community regeneration provides me with a fresh perspective to conduct this Fellowship.

## **Acknowledgements**

I am most grateful for the enormous generosity of all the many people I met with and was assisted by during my recent travels. While the varying degrees of support varied in terms of time and contribution, every little piece of advice was of great assistance, and made the journey all the more stimulating. While I would prefer to list all of you here, space precludes it, but I look forward to writing individually with my thanks in the coming weeks to express my gratitude.

I am grateful for the assistance provided by the Winston Churchill Memorial Trust staff for their prompt attention to preparing me prior to my journey, and assisting to any requests I has while away and since returning. I am grateful to Ms Sue Pope from Qantas who provided nothing short of first-class service throughout my travels away.

Additionally, I am grateful to those members of the Trust who trusted me to travel so freely associated with the name of such a great man as Churchill. I am determined to prove this experience was well placed with me, and look forward to the ongoing contribution I might make to the Australian community resulting from this experience.

## **Executive Summary**

### **Matthew David Jones**

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Awarded a 2004 Churchill Fellowship to examine successful models of social enterprise that can be promoted within Australia

### **Highlights of people and places**

It would be unfair for me to single out individuals from my journey which over a three month period covered so much ground, experiences and opened the door to some many new friendships and acquaintances. The entire experience was an adventure I will benefit from many years to come, if not from the knowledge and the opportunities these bring, then the vast array of stories from a thoroughly enjoyable experience.

I was grateful to attend a number of key conferences, where I met more people than I could have hoped for, and was fortunate to hear big ideas discussed that I am confident will place a place in Australia.

### **Major lessons and conclusions**

- UK and USA differ in their organisation within the sector with the UK presenting a more institutional focus through government-partnered involvement, with the USA influenced by a strong business enterprise culture.
- The Australian context is different to the UK and USA experience. To think that ideas gained can be directly transferred is flawed in that first the conversation as to where ideas are being explored in Australia needs to be identified and joined.
- The power of networks and knowledge generation is vital to promote new ideas.
- A common framework for discussion of my Fellowship is not well established in Australia beyond academic circles and a handful of recognised authorities involved in social enterprise.

My part in introducing new ideas is to champion a theory of change based on my assumptions in this paper. I seek to join and enhance a dialogue that is underway already around community development, what this means and what our role in this is. I seek to take the ideas regarding social enterprise out of an academic domain and share them with a broader audience, and challenge an existing approach to how the corporate,, government and public sectors relate.

Improvements in Australia can come through appreciating the magnificent work many Australians already contribute towards community development, mapping what resources are used, how they are used, and to what effect, and looking for opportunities to present a new approach to understanding and engaging communities.

## Programme

Research was conducted over a three-month period, but proved to be insufficient to fully scope all activity in this sector to be found in the UK and US. This is a good sign of the wealth of knowledge and activity as an indicator of the viability of enterprise.

<b>Date</b>	<b>Location</b>	<b>Organisation</b>
2 March	Teleconference	CERT
3 March	London	Social enterprise coalition
	Teleconference	Social enterprise London
	Teleconference	COSMIC
4 March	Luton	Recycle-IT!
8 March	Manchester	Business in the community impact 05 conference
9 March	Teleconference	(Foster Parents, Suzanna Jacoby)
10 March	Edinburgh	SSEC
		RREUSE
11 March	Edinburgh	Six Mary Place
		The soap company
14 March	London	Economic partnerships
15 March	Teleconference	Pilot light
16 March	Teleconference	Cary Cooper
17 March	London	Community action network Annual conference
21 March	Oxford	Saïd Business School, Oxford University
22 March	London	Community action network
23 March	London	Coin Street community builders
		Winston Churchill Memorial trust-UK
		The risk forum, London School of economics
		CRASH
		DEMOS
24 March	London	Community banking, Andrew Robinson
		We are what we do
		Business in the community
27 March	London	Trade plus aid
29 March	Teleconference	Impact
		The passage
30 March	Cardiff	Pack-I T.
31 March	Oxford	Skoll world forum
1 April	Oxford	Skoll world forum
	Teleconference	Stephen Bubb
2 April	London	21st century leaders
4 April	London	Baring foundation
5 April	New York	Common ground

<b>Date</b>	<b>Location</b>	<b>Organisation</b>
7 April	New York	Edward de bono Australian consulate Spring reception
8 April	New York	The idealist
	New York	The Smith Family
13 April	New York	Robin Hood foundation Surgeons of hope
14 April	New York	The Aspen Institute
15 April	New York	Common ground
17-20 Apr	Milwaukee	Social enterprise Alliance 6 <sup>th</sup> gathering
24 April	New York	Bodanna
26 April	Boston	Aveda
27 April	Boston	Kennedy School of government, Harvard University
30 April	Philadelphia	The white dog café
2 May	Philadelphia	White William scholars
3 May	Philadelphia	Universal companies The white dog cafe
5 May	Tampa	National Center for Social Entrepreneurs Thrift Shop Girl Guide Conference Centre Elder Care, Ambulance Service TV Station Social enterprise Alliance Director Safe House
6 May	Tampa	Springboard Tampa Bay Park arts and business
8 May	Atlantic Highlands, NJ	LIT Global
9 May	New York	Karen Stephenson
10 May	New Jersey	Pepin, Tranquada, Baker & Associates
11 May	New York	Bridgespan
12 May	New York	Echoing Green
13 May	New York	Corporation for encouraging corporate philanthropy echoing Green
16 May	Washington, DC	Intentional communities
17 May	Washington, DC	CFED
18 May	Washington, DC	The Aspen Institute CPDC
19 May	Washington, DC	Partners that the common good Ashoka Grassroots business organisation, The World Bank

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<b>Date</b>	<b>Location</b>	<b>Organisation</b>
20 May	Washington, DC	Guidestar DC Central Kitchens KaBOOM!
24 May	San Francisco	Benetech
25 May	San Francisco	Global Philanthropy Forum
26 May	San Francisco	Jane Wales Consulting
27 May	San Francisco	Giving Global
31 May	Palo Alto	Stanford University Georgia Bennicas Project Hired
1 June	Palo Alto	Stanford University
1 June	San Francisco	Delancey Street Foundation
3 June	San Francisco	Project Homeless Connect
6 June	Los Angeles	Cori Stern Pamela King
7 June	Los Angeles	Kathy & Amy Eldon

**A reference point for discussion: A definition for social enterprise**

The term social enterprise is made up of two words, which alone are readily understood and unambiguous, but when placed together create a dynamic tension that might seem to be a paradox in light of the responsibility of business to make a profit. In the last decade, a change has emerged in the perceived belief that business entrepreneurs make money, and governments and charities provide welfare. Core values addressing environmental, social and community needs have influenced the behaviour of a new breed of entrepreneur. Social enterprise has a proven track record of creating value:

- economically
- building social capital toward greater social inclusion
- breaking the cycle of disadvantage

Referred to as “the third way” and “the fourth sector”, social enterprise presents promising visionary alternatives for addressing social change issues and engaging communities within Australia.

Social enterprise has two key characteristics:

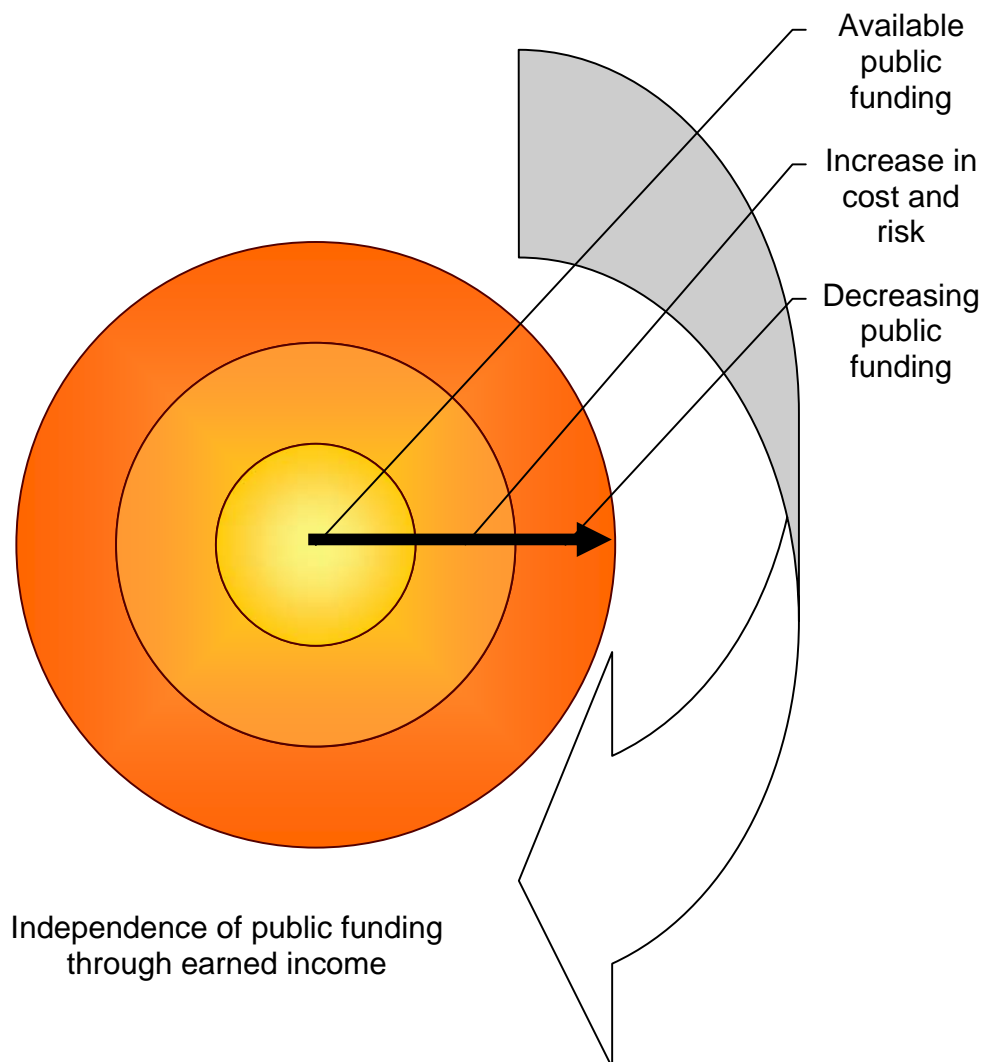
- does not measure success on profit alone unlike traditional business
- operates in pursuit of a social purpose

A barrier to clear understanding of social enterprise comes from the broad range of differing definitions that are used. A discussion about social enterprise is further made difficult in Australia because no clear reference point for definition exists.

A business that generates its earned income in pursuit of its chosen social purpose can be defined as a social enterprise. If the income required for an organisation to pursue this purpose is not sourced through grants, charitable giving or government funding, then typically this would be seen as a social enterprise. A charity or not-for-profit organisation may derive some of its earned income through activity that is aligned with its social purpose, but may still account for the majority of income required through more ‘traditional’ sources such as grants, welfare and fund-raising. In this case, the organisation can be seen as engaged in the practice of social enterprise, but might still be recognised as a charity or not-for-profit community organisation. This conveys a sense that social enterprise can describe both a type of organisation within its own ‘sector’, or an activity to generate income. Ideally, social enterprise describes an organisation that achieves self-sufficiency through its own income to work towards addressing a social purpose such that it is not dependent on charitable contributions, government funding or philanthropic subsidies from private and corporate supporters. The strength of this, aside from allowing independent pursuit of its social purpose, is that public funding that it might have received is able to be distributed towards the benefit of reliant community organisations.

Figure 1 shows how social enterprises provide public benefit by being self-sufficient beyond the sphere of public funding available. The circumference of the sphere in this model defines public funding available including charitable giving, government funding, welfare and grants. Self-sufficiency through earned income places social enterprises outside of this sphere, resulting in a number of consequences:

- Independence to pursue own social purpose is enabled by the strength of the business, and less influenced by cost and level of political risks which public funding might be sensitive towards.
- Potentially allows increased distribution of public funding to not-for-profit organisations reliant on public funding.
- Promotes an exponential growth in social benefit far beyond the financial.
- Paradoxically, develops a perception of being less 'needy' and potentially reduces ability to receive public funding in future.



**Figure 1: Sphere of public funding- social enterprise increases benefit**

My research convinced me that social enterprise cannot be 'stove-piped' into a rigid category by definition, but rather is best understood as a type of activity generating earned income that achieves social change for good. Social enterprises fall within a broad continuum of economic activity that contributes toward community development.

John Kingston, from the UK Venturesome, speaks of a collision of worlds with the creation of blended value organisations through social enterprises combining sound business practice with social purpose, where income generation is inextricably linked to a social aim. Jeff Swartz, CEO of Timberland has described this trend marking the intersection between commerce and justice, and in his renowned passionate vision sees it as "the alchemy of business and saving the world". As such, this describes behaviour that is beyond that of responsible business practice, as reflected in the trends of Corporate Social Responsibility (CSR) which combine profit with principle so as to strengthen the reputation of those organisations.

Pattern-changing, holistic thinking is required for an effective social enterprise, rather than what might be described as a traditional, reductionist approach to problem-solving. There is much more to a social enterprise than merely a name change and a new set of language. The Skoll foundation identifies a distinguishing feature of social entrepreneurs as the ambition to create systemic change by introducing a new idea and persuading others to adopt it.

**DC Central Kitchens:** Robert Egger, founder of the Washington D.C based D.C Central Kitchens, trains people who he feels society throws away, liberating them from a cycle of need and dependency<sup>1</sup>.

**Six Mary Place:** Empowerment and inclusion of disadvantaged and marginalised communities is often reflected through a social purpose, to address a need in the community. Through their involvement with a social enterprise as customers, consumers or employees, opportunities emerge for inclusion above being passive recipients of charitable or government aid. Doug Tully, Manager of Six Mary Place in Edinburgh, among the most comfortable and hospitable bed-and-breakfasts as one might find elsewhere in that city, relates a story of one of their employees, all of who are living with mental health illness, who confided in him that twice weekly he would stand proud at the bus stop knowing that "like anyone else, he too was going to work and had a place in society". This is not to suggest it is only through work that a person feels a sense of inclusion in society, but for many people who because of disadvantage or illness would otherwise be excluded from the workforce, paid employment is one way they can have a meaningful involvement in their community.

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<sup>1</sup> Egger, p. 15

**Recycle-IT!:** Recycle-IT, based in Luton, UK, is an example of a social enterprise addressing market failure where traditional businesses will not operate because of perceived risk or regarding financial rewards as too low. They dispose of unwanted computer hardware equipment, recycling it into usable units for affordable sale to disadvantaged customers, around the UK and more recently supplying an international demand.

**Operation Hope:** John Bryant founded Operation Hope after realising the importance of addressing financial literacy within education, having identified the fastest growing group of bankrupts in USA as 18 to 25 year olds, and with a concern for the level of financial independence of the African American community. He termed the phrase "Silver Rights", which he identifies as a movement beyond the movement for Civil Rights which was of great prominence during 1960s through until 1990s. Through his passion, he strives to combat the disabling condition of poverty among African Americans through wealth generation.

### **A context for this fellowship- Sustainable Civil Society**

The last five years have shown a trend towards active citizenship, or civil society, including a distinctive public expression of philanthropic spirit. This is marked by:

- United Nations Millennium Goals
- the biggest ever street demonstrations in UK designed to change government policies on issues as diverse as world debt, fox hunting and the war against Iraq<sup>2</sup>
- support to victims of the 2004 tsunami
- the global Make Poverty History movement
- United Nations 2005 Year of Microcredit
- Queensland Government sponsored United Nations Conference *Engaging Communities* held in August, 2005

Triple-bottom-line reporting alone is inadequate to describe a social enterprise, as this tool provides a relative measure for any organisation as to how they perform on financial, ethical, socially responsible and environmentally sustainable business practices. The language of business through accounting, with its 'bottom-line' perspective to measure profit, is not adequate to communicate the complexity of social benefit and how this affects a community. Social enterprise suggests that not only are alternative business models required, but also alternative ways of expressing how social purpose is combined with business practice so that 'a solution' is not seen as another 'imposition' and rejected, inadvertently alienating those it seeks to help. The continued growth in interest in financial models which take into account issues relating to ethical responsibility at the impact of investment decisions on the quality of life and environment of people affected is seen as a positive trend. The emergence of

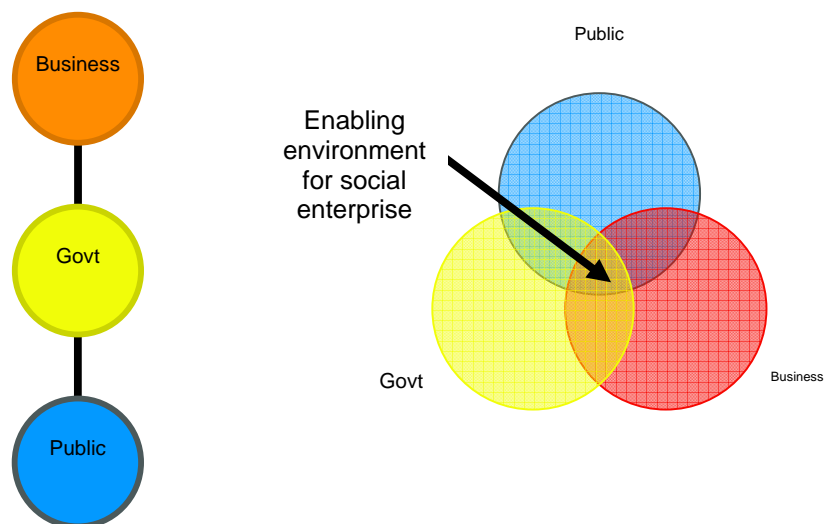
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<sup>2</sup> Harvey, et al, Introduction

social enterprise is an indicator that the future is likely to mark a blurring of distinction between traditional business activity, and what is largely recognised as a separate public sector.

David Cameron, UK Tory MP, stated the idea of three pillars describing the traditionally recognised government, business and public sectors, is dated and essentially flawed. He argues that social enterprise presents a challenge for policy, providing the context for a diverse sector, in which the government and businesses sectors have a place to contribute.

At the common intersection of the three traditional sectors, as shown at Figure 2, an enabling environment is formed, that supports the emergence of social enterprise. It is at this point that exponential benefit might be realised for community engagement and development, rather than through the previous separate 'stove-piped' arrangement. One question raised through my research for an Australian context was where and how can new forms of activity best benefit our community, and what can be done to enhance and foster this to its fullest potential.



**Figure 2: Dated view of 'three-pillars', compared with intersecting sectors creating an enabling environment for social enterprise**

The enabling environment for social enterprise will increase as driving forces increase an overlap of the three traditional sectors. This is regarded to create a stronger civil society, inclusive of sound corporate citizenship. As the trend towards an increasing awareness of environmental sustainability has been seen in the last decade, a move towards a sustainable civil society supported by the emergence of new business systems such as social enterprise is considered likely.

## Assumptions and theory of change

This need for this fellowship was based on four assumptions:

**Firstly, social enterprise is not well recognised in Australia:** Community development in Australia is largely recognised as achieved through charity, philanthropy, government policy and funding, CSR and volunteerism. Unlike UK and USA, the value of social enterprise to contribute towards a stronger community is not well recognised.

**Secondly, social enterprise is not well understood in Australia:** Evidence to demonstrate and debate the value of social enterprise is rarely found outside of academic circles, excepting a handful of examples usually cited. Aside from lacking a reference point for definition, insufficient detailed information on the number and health of social enterprises is available. This limits an understanding of social enterprises in Australia to information gathered from foreign examples.

**Thirdly, with limited recognition and knowledge of the value of social enterprises, resources are underutilised to benefit community development:** With large charities in Australia reporting in the wake of the tsunami donations that their projected incomes from fund-raising may fall short, earned income through social enterprise could be a significant alternative in finding future revenue. The greatest resource that is underutilised to its fullest extent in Australia is that of intellectual capital.

**Fourthly, an ageing demographic and increasing demand on a limited welfare budget may require investigation for alternative forms of generating future income to support community development:** A longer term perspective of meeting social needs with an older population combined with a shrinking workforce, presents social enterprise as a option worthy of prudent consideration. At the same time, it is likely that cross-cultural community engagement will be increasingly important in a domestic security climate that is influenced by distrust, fear and alienation.

With considerable information available through the internet and printed material pointing to established networks across parts of Europe, Canada and USA, as well as regional examples documented through Ashoka, I sought to investigate successful models in UK and USA, to inform these assumptions, as these countries provided a culture that was at the same time both similar and distinct to Australia and each other.

Following my research, I intend to champion a theory of change which tests the validity of my assumptions in Australia having gained experience overseas. The outcome I seek (which is beyond the scope of this report) is to either reject my assumptions based on a cultural, social or economic distinction in Australia, or to

define and foster the establishing of a suitable enabling environment to promote the emergence of social enterprise as an alternative business model.

### **Exploring the landscape-a review of the historical background**

The UK-based Social Enterprise Coalition finds an origin to social enterprise in all but name in 1844, when workers from Rochdale opened their own shop forming the beginning of the modern co-operative movement<sup>3</sup>. While similar origins are found in the USA experience, social enterprise is a trend that has come to emerged significantly in the last decade.

In both contexts, the motivations behind social entrepreneurs taking action to form social enterprises can generally be identified as either:

- reaction to a market or social failure (which may include initiatives to address social exclusion, homelessness and poverty)
- acting to address a commercial opportunity to benefit social wellbeing
- public service delivery privatisation initiatives, (which might also be linked to addressing a form of market failure associated with the delivery, distribution or availability of public service

In both contexts, concern for community wellbeing through community regeneration in neighbourhoods affected by a worsening decay in social and economic conditions, through the such events as closure of industry, civil rights unrest or increase in homelessness is a driver for social enterprise. Disturbing trends of the cancer-like 'urban blight', failing education standards and alcohol and substance abuse in disadvantaged areas are factors towards developing an inclusive society and active citizenship.

The British Government is supportive of social enterprise, although how this occurs differs between England and the devolved administrations. Prime Minister Blair presented his views on social enterprise in early 2002 saying: "social enterprise offers radical new ways of operating for public benefit. By combining strong public service ethos with business acumen, (it) can open up the possibility of entrepreneurial organisations- highly responsive to customers and with the freedom of the private sector- but which are driven by a commitment to public benefit rather than purely maximising profits for shareholders. (While) currently only a small part of the economy, (the UK aim is to provide a more enabling environment) to build on this foundation and create an environment in which more people feel they are able to start and grow such businesses."<sup>4</sup>

In USA, entrepreneurial interventions by visionary leaders has provided strong examples for further such activity. A philanthropic and entrepreneurial business culture adds to an enabling environment. The enabling environment in USA is

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<sup>3</sup> Social Enterprise Coalition, p. 7

<sup>4</sup> Social enterprise Coalition, p. 4

supported by a taxation system, investment regulations and legal definitions supporting the operation of not-for-profit organisations.

### **Benefits of social enterprise**

I have grouped the many benefits of social enterprise into four categories outlined below:

- **Community regeneration through greater social inclusion and strengthened economic conditions:**
  - Social enterprise provide a means of generating and retaining wealth within local communities often involving the creation of employment opportunities, where less favourable social and economic conditions are experienced. Social enterprise provides a vehicle to cross-community engagement.
  - Where a local economy thrives, studies have shown circulation of money is retained in the community for longer, to the advantage of those in the community.
  - Address market failure by bringing services and affordable products to communities with no or limited choice. This may result from, or provide, training and skills development activities.
  - Through the strengthening of a local economy, social enterprises can assist to 'build a mesh' to preserve and maximize the impact of other initiatives towards community development.
  - Community regeneration through social inclusion involving social enterprise building social capital create an environment take ownership and responsibility for their neighbourhood, influencing behaviour and attitudes. This leads to a cycle which builds trust and tolerance, and greater cross-community/ cross-cultural participation.
  
- **Creates greater efficiency optimising resources available:**
  - Finds alternative funding streams to address an identified social need when traditional public funding sources are insufficient or not dependable.
  - Provides unrestricted income within limits of what can be earned to pursuit a social purpose.
  - Methods employed will often compliment environmental sustainability, and encourage ethically and socially responsible trading practices.
  - Ability to maximise the budget available to address a desired social purpose.
  - Provides a productive alternative for public funding to be used as seed capital or loan arrangements with the potential for longer lasting impacts instead of costly regeneration initiatives that often drain available resources.

- Combined with other initiatives, presents exponential results beyond what can be measures in financial terms.
- **Promotes values strengthening active citizenship and community involvement**
  - Has the potential to increase tolerance and trust between different groups within a community, which is important to overcome cultural divides.
  - Stimulates further community involvement through success of programs
- **Tames capitalism for good**

### **Establishing an enabling environment**

An enabling environment for social enterprise can be established by maximise those factors that provide support and overcoming limiting barriers.

Supporting factors that promote social enterprise include:

- Networks promoting learning, knowledge generation, and support to community involvement.
- Participative culture, encouraging creative and innovative initiatives. Social enterprise is values driven through the pursuit of social purpose, and requires both competitive a mindset towards enterprise, while remaining open and socially responsible.
- Technology is used both a tool and an enabler.
- Zeal for greater wellbeing through community involvement.
- Media can be used to promote efforts of a social enterprise, and provide a positive counterpoint to present social purpose.
- Dissatisfaction with an identified unsatisfied demand within the community due to market or social failure, combined with the right team, the power of ideas and knowledge generation.
- The changing nature of work and opportunities stemming from maladaptive pressures to look for new approaches to social challenges.
- Willingness to participate in finding a common ground through appropriate language and actions for identified social purpose.
- Recognition of the complexity and diversity involved in addressing community needs.

Limiting barriers to overcome include:

- The NIMBY factor (Not-In-My-Back-Yard).
- Sensitivity towards exploring cultural or social differences, or accept a degree of political risks.
- Absence of a legal framework and taxation arrangements to support social enterprises that generate their earned income, but remain not-for-profit

organisations. Since July 2005, UK has introduced a new form of legal structure to support this activity, known as Community Interest Companies (CICs).

### **Pitfalls to avoid- lessons from UK and USA experience**

**Cautious optimism:** Pamela Hartigan, Managing Director of the Schwab Foundation, cautions that social enterprise should be treated with cautious optimism, as while it is fashionable the complexity required may be lost, should it be regarded as a label as opposed to a form of activity. She cautions that not everyone is a social entrepreneur, with an ability to challenge established models. Appreciation of the vast amount of work involved is required, otherwise the best intentions may result in disappointing outcomes.

**Avoid strategy overload:** Sven Desai, from the UK Social Enterprise Coalition, warns against strategy overload. John Bennett, CEO of Cardiff based Pack-IT, agrees, stating that this becomes a limiting factor impeding those who have a vision of what is required.

**Succession of charismatic leaders:** Matt Smerdon from the London-based Baring Foundation cautions against the vacuum that is often left after a charismatic leader departs an organisation if their vision is not transferable to a successor. Organisations reliant upon their leadership of an individual as is often the case in the not-for-profit sector, may find it difficult to continue with bold plans. This can result in a service that was established for a community ceasing to exist while the need continues.

**Realistic appraisal of the need for public funding:** Matt Smerdon is quick to note that social enterprise is not a silver bullet, and does not remove the need for fund-raising, grants, welfare and charity for other forms of not-for-profit organisations. If such organisations that meet a need within the community turn their attention towards earned income, it is often at the expense of their efficient operation.

**Growth within limits:** A strength of social enterprises is that they are able to start small, and scale to meet their own limitations. This may require reliance on external funding initially, and it should be recognised that the work is challenging (hence the original market failure) and can take time to grow due to business skill and talent found within the not-for-profit sector.

### **Models to support the promotion of social enterprise in Australia**

Information about social enterprise, particularly with detailed case studies of past examples, is widely available through internet search. I visited many impressive organisations each having a real difference in their communities, as well as the opportunity to talk to literally hundreds of people at a number of conferences

while researching this fellowship. Given that the wealth of information is significant, and information is freely available on the internet, I have included links below to a couple of sites that convey a sense of the UK and USA experience towards social enterprise:

- Case Studies:
  - Social Enterprise Alliance: [http://www.se-alliance.org/resources\\_case\\_studies.cfm](http://www.se-alliance.org/resources_case_studies.cfm)
  - Social Enterprise Coalition: <http://www.socialenterprise.org.uk/page.aspx?SP=1483>
  -
- Recommended reading:
  - Social Enterprise Alliance: [http://www.se-alliance.org/resources\\_publications.cfm](http://www.se-alliance.org/resources_publications.cfm)
  - Social Enterprise London: <http://www.sel.org.uk/upload/resource/SEBibliography.pdf>
  - Seedco: <http://www.seedco.org/publications/>
  -

Models present a new way of seeing, and are a useful tool to better understand how social enterprise might support an Australian context. These models should be considered along with the earlier framework explaining social enterprise, and referring to case studies at the listed links.

Two models are presented:

- Behavioural model, after Dees, Boshee and McClug
- Inter-relating components of social enterprise, through reflecting on my research.
- Thirdly, a table showing elements of business models is represented

**Behavioural Model:** Professor J Gregory Dees in 1998 outlined five factors to explain social entrepreneurship, and with comments from Jerr Boschee and Jim McClug added in 2003 provides a model explaining behavioural traits required. While these relate to social entrepreneurship, I believe it is indicative of what is of importance for a social enterprise.



Figure 3: Behavioural Model for Social Enterprise, after Dees, Boschee and McClurg<sup>5</sup>

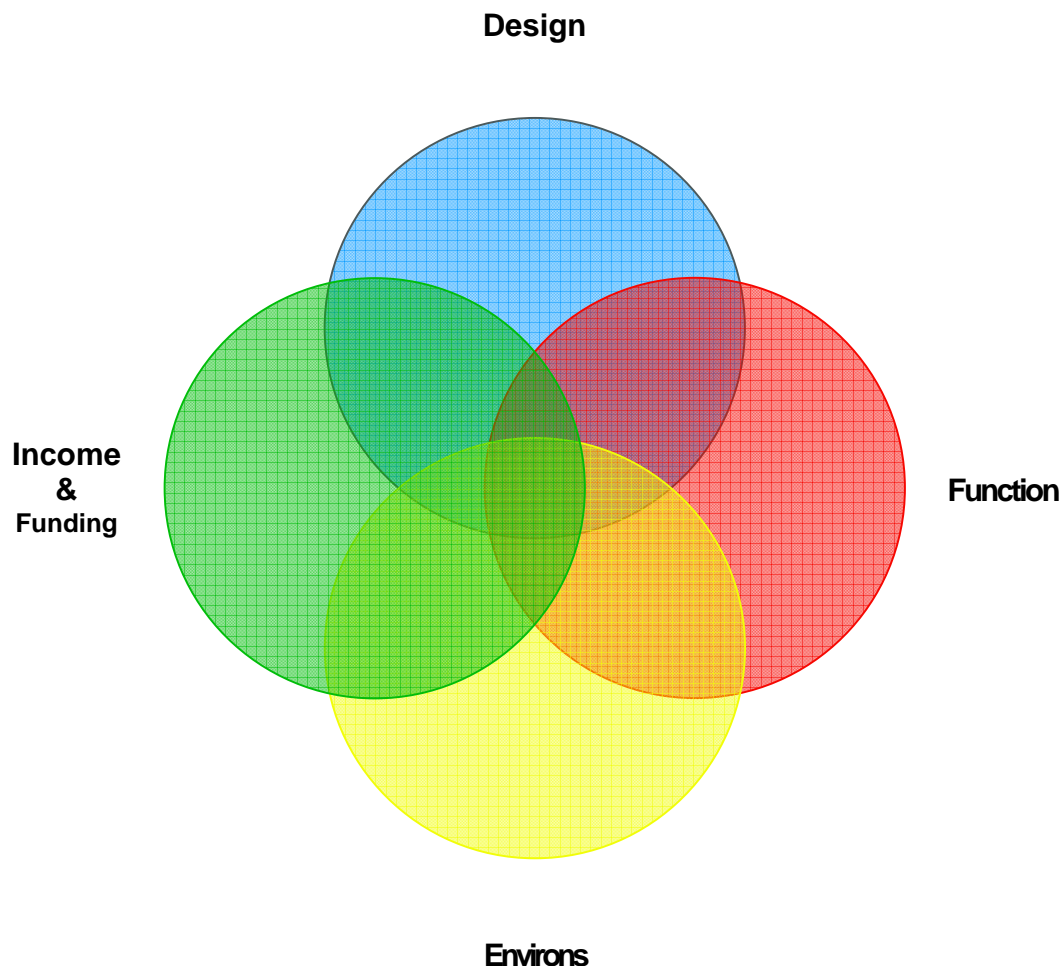
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<sup>5</sup> Boschee and McClurg, p. 2

**Inter-relating components of social enterprise, through reflecting on my research:** My research indicated social enterprise could be supported in design and function through taxonomy of the inter-related components. Figure 4 indicates how these components inter-relate and define aspects of a social enterprise.

- design
- environment
- function
- financial and economic/funding

Each component is subsequently displayed displaying its composition as a way of designing a new organisation, refining a known enterprise, or comparing enterprises with like characteristics.



**Figure 4: Inter-relating components of social enterprise, through reflecting on my research.**

Figure 5: Characteristics of Design Component of Social Enterprise

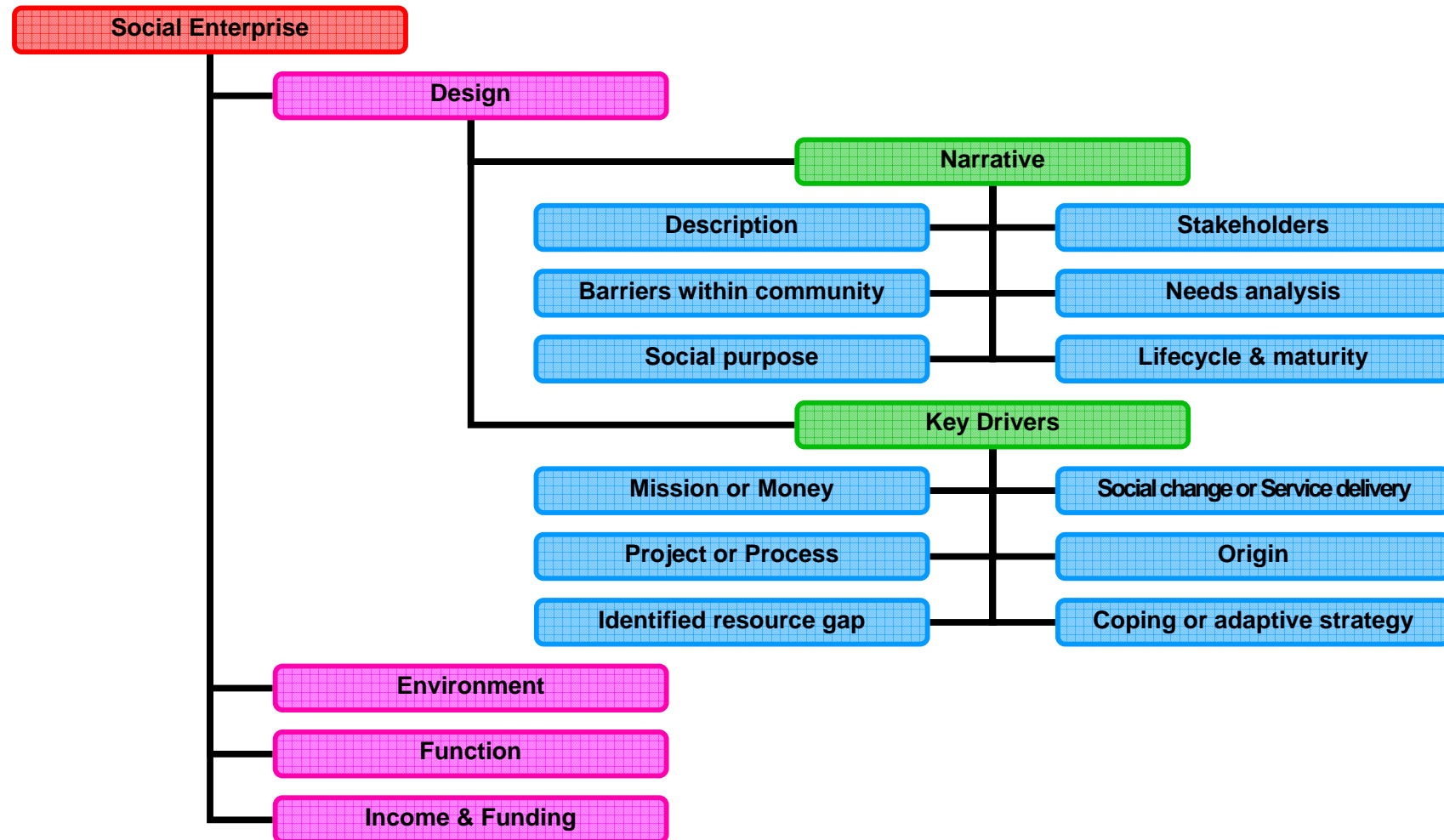


Figure 6: Characteristics of Environment Component of Social Enterprise

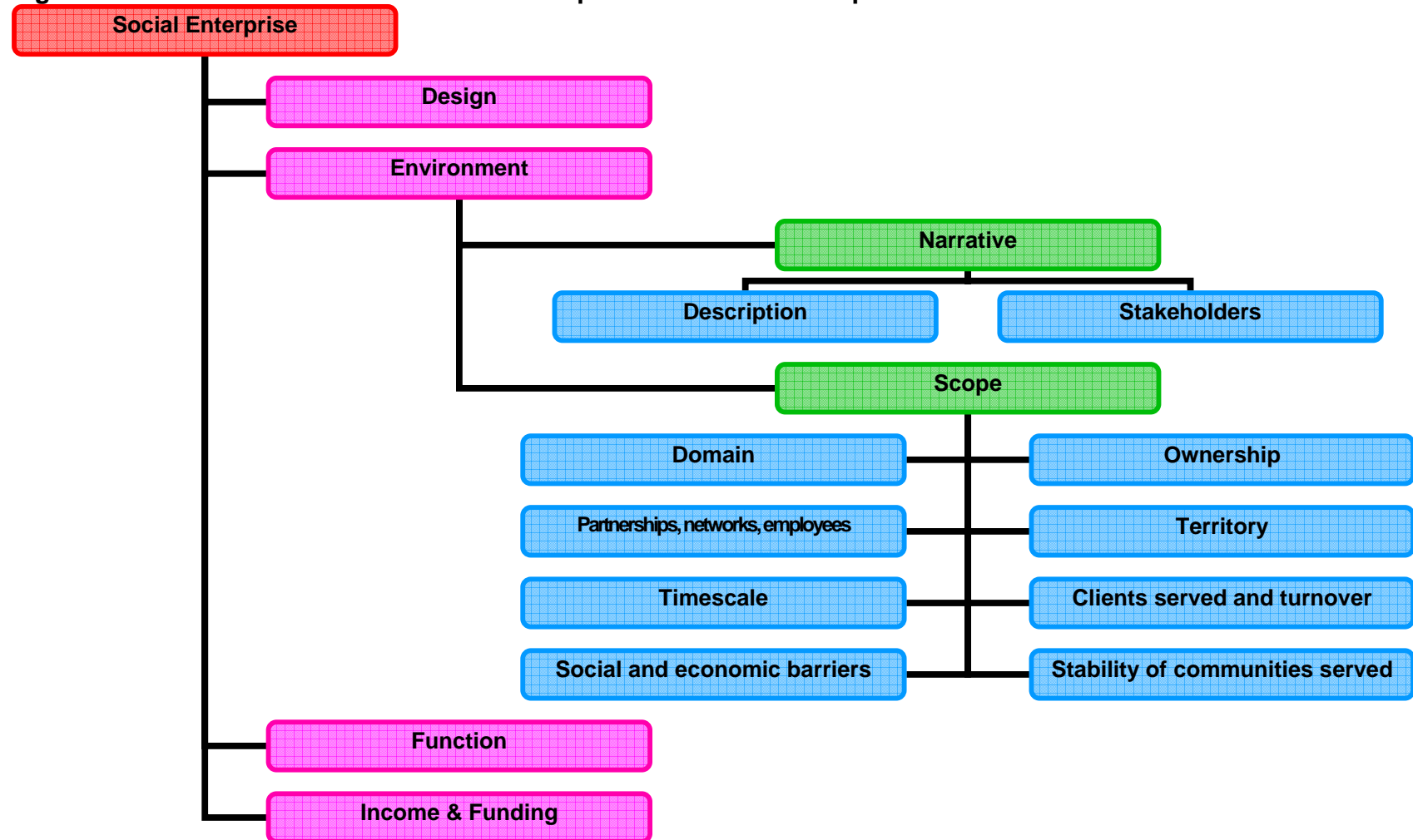
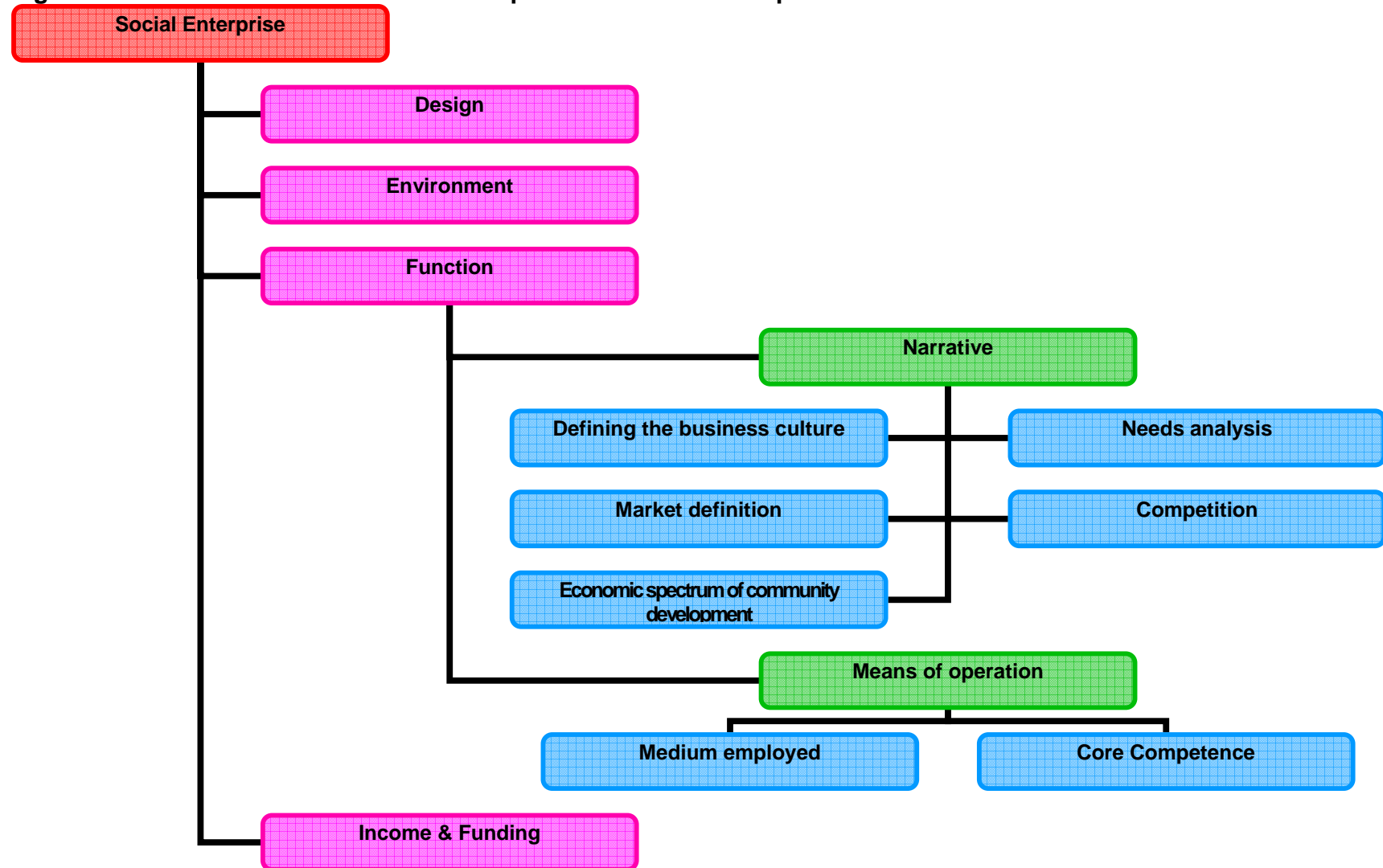
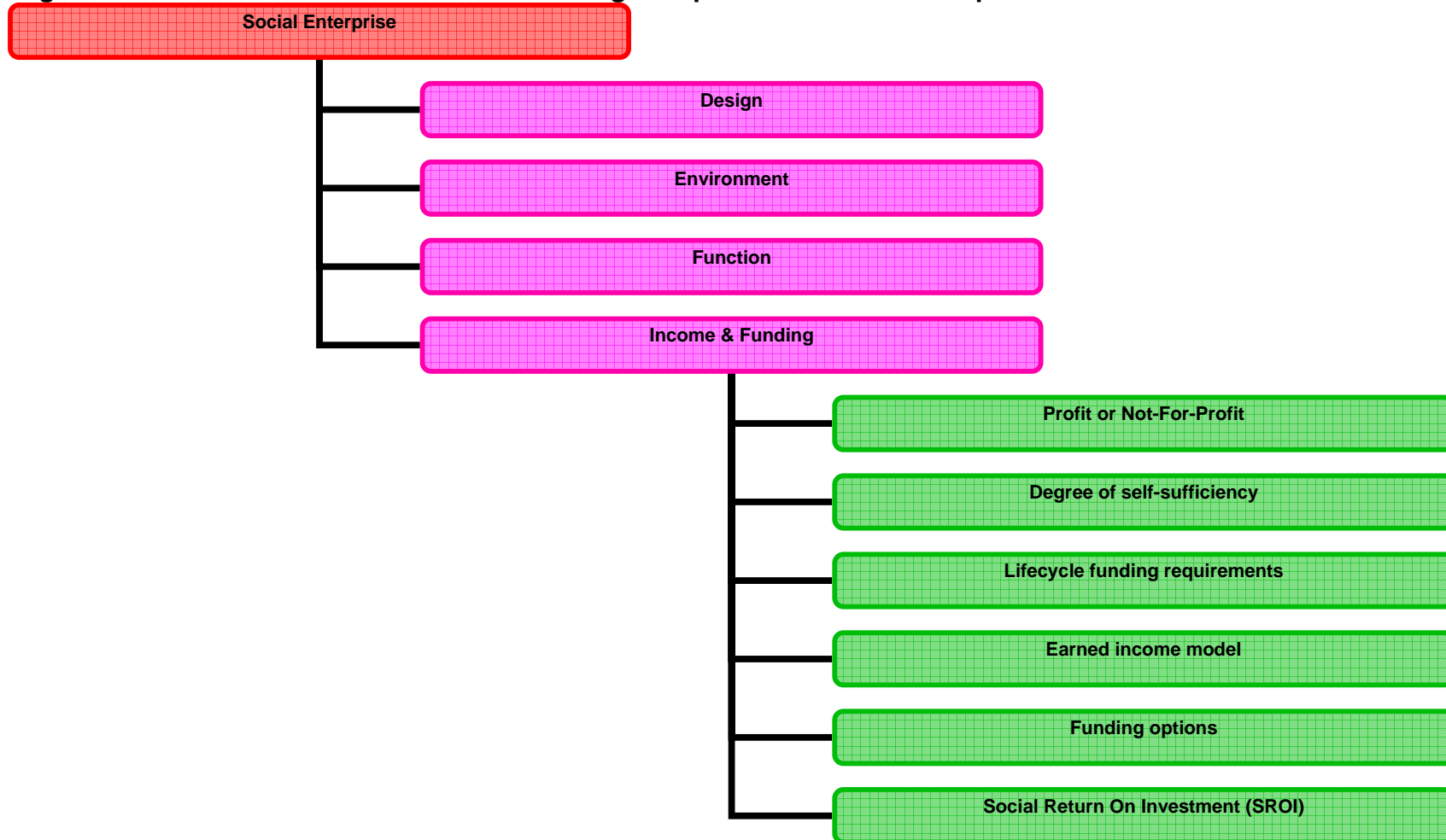


Figure 7: Characteristics of Function Component of Social Enterprise



**Figure 8: Characteristics of Income and Funding Component of Social Enterprise**



Elements of a Business Model	Questions for All Business Models
Customer Value	Is the social enterprise offering its customers something distinctive or at a lower cost than its competitors?
Scope	To which customers (demographic and geographic) is the social enterprise offering this value? What is the range of products/services offered that embody this value?
Pricing	How does the social enterprise price the value?
Revenue Source	Where do the dollars come from? Who pays for what value and when? What are the margins in each market and what drives them? What drives value in each source?
Connected Activities	What set of activities does the social enterprise have to perform to offer this value and when? How connected (in cross section and time) are these activities?
Implementation	What organisational structure, systems, people and environment does the social enterprise need to carry out these activities? What is the fit between them?
Capabilities	What are the social enterprises capabilities and capabilities gaps that need to be filled? How does a social enterprise fill these capability gaps? Is there something distinctive about these capabilities that allows the social enterprise to offer the value better than other organisations and that makes them difficult to imitate? What are the sources of these capabilities?
Sustainability	How does the social enterprise sustain its competitive advantage? How does the social enterprise keep generating earned income to support the business? How does the social enterprise make it difficult for other organisations to imitate it, or work to benefit from collaboration?
Overarching social purpose	How is the community benefit considered in the implementation of these elements of a business model when considering components of a social enterprise? How does a participatory culture and success measured in ways other than profit differentiate a social enterprise from other organisations, and allow it to operate as a viable going concern?

**Figure 9: Elements of a Business Model<sup>6</sup>**

<sup>6</sup> Afuah, p. 49

## Lessons Learnt

Prior to departing on the Churchill Fellowship, I could not have imagined the wealth of experience I would encounter. The privilege to undertaking this venture brought great insights into a field of endeavour.

My planning before departure was hampered by my involvement in tsunami relief assistance, and effectively I lost a significant amount of time I had set aside for preparation. This impacted on the longer term plans I had for my travel, but I found the people and organisations I visited incredibly hospitable and supportive of my work.

The key lessons I learnt were:

- UK and USA both present a more advanced social enterprise sector, where information is easy to access and networks are readily joined.
- UK and USA differ in their organisation within the sector with the UK presenting a more institutional focus through government-partnered involvement, with the USA influenced by a strong business enterprise culture.
- Within UK, distinctions between England and the devolved administrations was significant. Consideration of UK trends must take into consideration a nation-wide experience, and not be limited to sites visited in London or England.
- Experiencing a culture takes time. Allow time to travel and to understand how others see themselves. It wasn't until probably one month after arriving in USA that I recognised the alarming state of urban blight in some neighbourhoods. Take time to wander.
- Be prepared to take on and use new ideas and information. The range of ideas I collected was far broader than the scope of my fellowship, and will support the implementation of my findings.
- Be prepared to use innovative ways of communicating with others when time is short or the ability to meet does not present itself.
- Learn to be selective in what information you find, and how to filter through it.
- Be bold in approaching organisations and seeking support.
- Visiting people and organisations far exceeds any amount of research that could be done through reading, internet search, email or phone exchanges. There is no substitute that to hear what is happening from those directly involved.
- Maximum opportunities to visit as broad an array of organisations and practitioners supports research and conveys a more complete view of activity.

- The requirement to remain organised and maintain simple records of day to day activities cannot be overstated when travelling for a lengthy period of time.
- Technology, like any tool, must be adapted to the situation. Ensuring you are always equipped with the right tools for the task is essential to thorough research.
- Even when travelling alone, find a confidant to bounce ideas off to confirm the direction your research is heading in.

## Conclusions

My Fellowship experience has led me to the following conclusions:

- The Australian context is different to the UK and USA experience. To think that ideas gained can be directly transferred is flawed in that first the conversation as to where ideas are being explored in Australia needs to be identified and joined.
- The power of networks and knowledge generation is vital to promote new ideas. Australia enjoys a different social, political and economic situation to both UK and USA, but can still benefit from dissemination of new ideas.
- A common framework for discussion of my Fellowship is not well established in Australia beyond academic circles and a handful of recognised authorities involved in social enterprise.
- Communicating new ideas that challenge an established system can present difficulties. Arguments need to be well-thought through and presented into a ripe environment for discussion to progress ideas forward.

I intend to disseminate my ideas through correspondence to a wide audience within Australia, UK and USA to encourage further dialogue on the advancement of social enterprise.

Additionally, I will work with a number of organisations in Sydney specifically to workshop implementation of social enterprise further.

Any interested people wishing to join this conversation should contact me through email at [matt.jones@fusemail.com](mailto:matt.jones@fusemail.com).

## **Recommendations**

The Australian context is fortunate not to have experienced the same level of trauma through civil unrest, industry closure, urban decay and regional unemployment. In some areas of both UK and USA (to differing levels) homelessness and poverty is found to an extent that would not be imagined possible within Australia.

With an changing security environment based around fear, alienation and distrust, now is a time for increases in building communities to strengthen and share the values and quality of life we are fortunate to enjoy.

My part in introducing new ideas is to champion a theory of change based on my assumptions in this paper. I seek to join and enhance a dialogue that is underway already around community development, what this means and what our role in this is. I seek to take the ideas regarding social enterprise out of an academic domain and share them with a broader audience, and challenge an existing approach to how the corporate,, government and public sectors relate.

Improvements in Australia can come through appreciating the magnificent work many Australians already contribute towards community development, mapping what resources are used, how they are used, and to what effect, and looking for opportunities to present a new approach to understanding and engaging communities.

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