

The Winston Churchill Memorial Trust

Churchill Fellowship 2002

Social Entrepreneurialism, Community Action Centres and Community Development

"The test of our progress is not whether we add more to the abundance to those who have much, it is whether we provide enough for those who have too little".



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Rotary Club of Canberra

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Signed:

Date:

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Greg Mellis in front of a statue of
Winston Churchill in London

3 Executive Summary

3.1 Personal Details

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3.2 Fellowship Summary

Awarded the Rotary Club of Canberra Churchill Fellowship 2002 to study:

- (a) the operation of projects designed to develop and support social entrepreneurs
- (b) models of Community Action Centres that provide centralised facilities for projects whose work contributes to the growth of social capital
- (c) Methods to promote civic engagement and resource community development projects and activities

3.3 Fellowship Highlights

The following organisations and individuals were visited throughout the tour:

1. The Thoreau Centre (San Francisco)
2. The Tides Program (San Francisco)
3. Golden Gate Community Inc. (San Francisco)
4. Conference – Multi-Tenant Non-Profit Centres (New York)
5. Dr Gerald Smith, Detroit Youth Foundation (New York)
6. Allan Bain – World Wide Business Services (New York)
7. CIVICUS (Washington)
8. Community Action Centre (London)
9. St Elizabeth's Centre (Hertfordshire, England)
10. Celtic Harmony (Hertfordshire, England)
11. Dave Kellet (Hertfordshire, England)
12. Andrew Mawson OBE (London) (as part of CAN training)
13. Adele Blakebrough (Stanton, England) (as part of CAN training)
14. Conference – Social Entrepreneur Training (The Cotswolds, England)
15. Getethical.com (London)
16. Ethical Property Co (Oxford)

3.4 Key Findings & Recommendations

A summary of key findings and recommendations is included below. Full details are available in the body of the report.

- a) There were considerable differences between regions and individuals as to what constituted social enterprise and what social entrepreneurs did. This needs to be better defined and clarified in the Australian context.
- b) Not all social enterprises will be successful just as not all commercial enterprises are successful. The key is to be innovative and flexible and not be afraid to try several business types/models before finding one that works.
- c) There is a distinct lack of funding opportunities in Australia for establishing and supporting social enterprises when compared to the USA and U.K.

- d) Good leadership and clear vision is essential for a successful social enterprise. However, there are few opportunities for training and education in relation to social entrepreneurialism. This should be incorporated into current studies in community and social services just there is training on traditional disciplines such as grant writing.
- e) There are many similar traits between those already working in the community and social entrepreneurs.
- f) Community organisations can still adopt many of the principles and practices of social enterprises even if one can not be established.
- g) Networking is an extremely important aspect of developing and supporting social entrepreneurs and needs to be facilitated through formal and informal methods.
- h) Social enterprise should not be seen as an opportunity to make money out of the sector. Social Enterprises are businesses designed to address social problems. They can make a profit, however, their focus is not primarily on making a profit but on having a positive impact on the community.
- i) Social enterprise is not always an appropriate response to a need or issue in the community. In addition Governments should not view social entrepreneurialism as an opportunity to abdicate its social responsibilities, rather utilise them where it is appropriate as a method of building on services in the community.
- j) Large multi-tenant non-profit centres may not be suitable to the Australian context. However, smaller scaled down models would be highly beneficial. These can provide benefits such as cost savings, integration of services, increased collaboration and more efficient management and administration of programs.
- k) Current funding structures encourage the duplication of resources and administrative services and do not facilitate opportunities for cost savings in administrative and operating costs.
- l) Establishing a "parent" organisation to encourage, support and develop locally based projects results in high levels of civic engagement and is cost effective.
- m) Cross-sectorial professional development would better facilitate integration and collaboration between areas of the education and community sector. An example is the USA where teachers with social work training are increasingly being sought.
- n) Long term social change is more likely to occur where members of society are more engaged in the community.

3.5 Dissemination and Implementation of Findings

- a) I intend on further exploring the feasibility of developing social enterprises similar to getethical.com and The Ethical Property Co. in Australia. This would need to be in conjunction with and supported by the original social enterprises, building on their expertise, learnings and practices.
- b) I suspect that there may be a need for developing an association to support multi-tenant non-profit centres in Australia. I am interested in investigating the demand for such an association and forming one if the need is evidenced. In addition I will be conducting a research project into mapping any centres already operating in Australia.
- c) I will be continuing my involvement with the Organising Committee for the Brisbane Chapter of the Social Entrepreneurs Network in Australia. As part of this I will be conducting workshops to share my experiences. I am also interested in developing training materials to introduce workers in the community sector to social entrepreneurialism.
- d) The Rotary Club of Canberra has expressed interest in developing a project based on my experiences in the Canberra region. I will be providing them with a special report applicable to their region and I will continue working with them to develop any local opportunities that may arise.

4 Introduction

This report is the result of a Churchill Fellowship that was awarded in 2002. The Rotary Club of Canberra jointly supported the Fellowship.

The Fellowship involved a series of meetings, observations and conferences in the USA and the U.K. This report is a summary of findings and some applications to the Australian context.

The primary focus of the Fellowship can be grouped into a number of main areas:

4.1 Social entrepreneurialism.

This is becoming an increasingly important and specialised field in the Australian Community. Many of the concepts, strategies and models originate in other countries such as the USA and UK. As such, there is often a time delay between what is learnt and developed overseas to when it is developed and adapted within Australia.

Social Entrepreneurs are people who use the techniques of business to achieve positive social change. They start from the assumption that they cannot function without good working relationships with both the public sector and business and that self funded social enterprises can provide a wide range of services and roles within our communities. Social Enterprises are businesses designed to address social problems. They can make a profit, however, their focus is not primarily on making a profit but on having a positive impact on the community.

4.2 Community Action Centre

Community Centres are not a new concept in Australia. However they are often small, isolated and do not provide significant support or services to tenants. In both the USA and UK this concept has been taken to a higher level, incorporating the concepts surrounding Social Entrepreneurialism. They are large, multi-tenant non-profit centres that provide considerable cost savings and an opportunity to work collaboratively. Some provide additional services to encourage and support the development of initiatives through assisting with tax support, finding funding, administration, fiscal accountability, IT and office space.

4.3 Civic Engagement & Resourcing Community Development

Providing support to those working in the community sector is a key concern. Many passionate, hard working and dedicated people have become unstuck due to little support and a lack of knowledge and skills in program/business development and operations.

Providing community services in Australia has become a business of sorts, with new projects and programs facing considerable barriers unless they are associated with pre-existing not-for profits. This can be a barrier to true community development, making it difficult for individuals or small groups in local communities to establish their own response to particular needs in their own communities.

This means encouraging and supporting local communities and individuals to participate in and contribute to community development activities, to take an active leadership role, and accept responsibility for themselves and their local community. Whilst there are many working in the community sector, for change to occur it must be locally driven and supported.

5 Study Tour Program & Key Learnings

5.1 The Thoreau Centre (San Francisco)



The Thoreau Centre
in the Presidio

The Thoreau Centre for Sustainability (www.thoreau.org) is a Multi-tenant Non-profit Centre and is an environmentally and financially sustainable facility located in the historic Presidio, a national park in San Francisco, CA. It houses a vibrant community of primarily not-for-profit organisations working for a healthy environment and a just society. The Centre also facilitates education and community building for and with this community of organisations.

Some key learnings from meetings with staff from the centre included:

- Tenants should have similar objectives
- Management should be outsourced and clear rules and guidelines for tenants need to be developed
- Tenants need to be involved in all aspects of the centre operation and management
- Collaboration and integration of services does not occur immediately, rather develops over time as trust develops. The centre needs to have mechanisms to encourage this
- Need large amounts of meeting and conferencing space
- IT support is important
- Access and parking is important
- Do not mix administration aspects with service delivery
- Requires large amounts of capital and experience in managing real estate
- Benefits are greater than cost savings and efficiencies. Over time a more integrated approach to services evolves.



Greg Mellis outside of
The Thoreau Centre

5.2 The Tides Program (San Francisco)

Tides Centre (www.tidescenter.org) is a non-profit organisation dedicated to supporting people working for social change. Tides Centre provides fiscal and operational support to charitable initiatives that are not incorporated as a non-profit organisation. As a non-profit itself, Tides Centre is the incorporated structure for Tides Projects. In 1999, Tides Centre served as the home for approximately 350 projects staffed by nearly 600 employees working in 40 states. Tides Centre currently manages US\$50 million for its projects.

Some key learnings included:

- Provision of support and expertise increases the success of projects
- There is a considerable savings in start up costs and overheads in project management
- Clarify from the outset the role of the parent organisation, decision making and project management
- Support from a well known organisation legitimises projects and encourages support from funders, businesses and other community organisations
- Easier access to funding
- Biggest barrier is government support and issues related to taxation

5.3 Golden Gate Community Inc. (San Francisco)



Einstein's Café
A social enterprise that employs and trains local young people

GGCI endeavors to transform the lives of homeless and at-risk youth and young adults by providing them with employment, housing and support services. To meet these needs, GGCI operates three innovative, social enterprises that provide employment and job training opportunities (Einstein's Café, Bike Shop and Printing Company). These enterprises offer people the chance to develop skills, enhance career options, and ultimately, transform their lives. In addition they generate income to offset program costs. Further details can be obtained from www.ggci.org

Some key learnings:

- Need to be flexible and innovative. May need to try several businesses before finding one that works
- Find your niche in the local community
- Bigger is not always better, although where possible ensure businesses are scaleable
- A true social enterprise includes clients in its operations and is not just a revenue stream
- Focus on local community and encourage local ownership and support
- Need to engage a business manager with experience and proven track record
- It is sometimes difficult to get business managers to understand community and social aspects of enterprise
- There are significant tax breaks in the USA
- Need to identify key goals and objectives at outset
- An agreed concern in the Australian context is the reluctance of organisations and funding bodies to invest funds in social enterprises

5.4 Conference – Multi-Tenant Non-Profit Centres (New York)



Greg Mellis at a Plenary Session of the "Collaborating for Success" Conference

I attended a conference held in New York. It was aimed at those managing or wishing to establish large multi-tenant non-profit centres that were either run by non-profits or by for-profits with social objectives. The conference began each morning with a plenary style overview session followed by two small-group workshops, one in the morning and one in the afternoon. I was provided considerable information in the form of take home resource materials and contacts who offered support. Site visits, resource tables, poster sessions, thematic lunch tables, and social networking events introduced participants to each other and created a very interactive and dynamic experience.

Key Learnings:

- A support network for such centres is required in Australia to provide education, guidance and support
- Be careful it does not become only about the building or centre – focus on why you need the building and on outcomes.
- Considerable emphasis must be placed on processes and procedures to plan, develop and implement a centre.
- Discussions in small groups highlighted that there would be considerable difficulty in establishing such opportunities in Australia. This are discussed in the following section.

5.5 Dr Gerald Smith, Detroit Youth Foundation (New York)

Dr Smith presented a session at the Conference in New York and I spent time with him outside of sessions. He is developing a project called YouthVille in Detroit. It is a 71,000-square foot facility designed to be the most comprehensive neighbourhood youth development centre in the city of Detroit. See the web site at www.detroityouth.org for more information.

Learnings from Dr Smith:

- Services for youth need to be integrated and seamless
- Youth are more likely to access services when in a more appealing environment and as part of their normal recreational and social activities
- Services that are located in the centre will be trained to work cross sectoral and structures will be put in place to ensure they are linked
- Too many youth services are under-funded and disjointed



- You need support from the local government and business
- Need to develop a long term management and implementation plan to ensure it continues to attract, involve and service young people
- The traditional large sport and recreation facilities in Australia

are under utilised and many are out dated.

- Need to incorporate modern activities such as those around computers and other technologies.

5.6 Allan Bain – World Wide Business Services (New York)

Allan Bain manages a large organisation that provides business services to for profits and not for profits. Allan has considerable knowledge on the business and marketing of such services, as well as in the day to day management. Allan would be highly beneficial to involve in any multi-tenant project in Australia where additional services are included with office space.

Learnings from Allan:

- Be sure as to what businesses you are getting into eg provision of office space, IT support and management, administration services etc
- Need a well developed and researched business model
- Need commercial clients to off set costs for not for profits
- Conference and meeting space is an excellent way to generate income if developed and managed correctly
- Insurance can be an obstacle
- Need one large meeting room for every 12 organisations
- Think of each service you provide as a separate business
- Do not expect community organisations to beat a path to your door. You will need to seek them out and sell the benefits
- Can be difficult for community organisations as sometimes their funding models encourage duplication of resources and administrative services
- Look for difficulties that organisations face – this is your opportunity

5.7 CIVICUS (Washington)

CIVICUS is an international alliance dedicated to strengthening citizen action and civil society throughout the world. CIVICUS works towards supporting and developing programs that encourage active participation by individuals and groups within communities and developing positive, inspiring and collaborative initiatives.

Learnings from CIVICUS:

- When educating for civic engagement need to have developed and appropriate measurements to evaluate outcomes
- Community agencies need to engage in the education sector to provide training to children and youth on issues they work in
- Need to further develop financial support through the use of endowments – gifts to non-profits where only the interest can be accessed. This provides certainty of income
- Long term social change is more likely to occur where members of society are more engaged in the community

5.8 Community Action Centre (London)



Home of the Community Action Centre in London

The Community Action Centre (www.can-online.org.uk/services/colocation) in London is a multi-tenant non profit centre which provides cost-effective open plan office space to 25 social sector organisations and over 200 staff. The centre is designed and managed to facilitate interaction and collaboration between tenant agencies. In addition it provides meeting spaces, administrative services and other shared facilities to keep over-heads down for tenants. It is self funding and financially sustainable. Unlike other multi-tenant centres visited, this centre has a significant emphasis on collaboration and providing opportunities for organisations to jointly develop entrepreneurial approaches to community development. Also different from other centres is the open floor plan.

Learnings from time spent at the CAC:

- Identify potential tenants first
- The tenants form the development group
- Written agreements are not always necessary – practice of good will
- Ensure you have flexible meeting rooms
- Have recreation area for staff to facilitate integration
- Centres can be leased from external parties, jointly purchased or privately purchased by one tenant
- Keep organisation and financial charges simple
- Success highly dependent on positive, proactive and accepted floor manager who is on site
- Look for tax breaks and government support for all aspects such as building design, environmental management, waste disposal, solar power etc.
- Cost savings to tenants increases over time as stabilise market increases



Unique open floor plan of the CAC



List of tenants at CAN

5.9 St Elizabeth's Centre (Hertfordshire, England)

The Centre specialises in the care, support and education of people with epilepsy and associated illnesses. The centre is set on 65 acres of parkland and provides services such as residential care, day school and support services, employing more than 400 staff. I was invited to visit the centre to observe its operation and discuss avenues that the Centre was investigating to become more entrepreneurial. It provided an interesting opportunity to review a service that was quite traditional in its operation and was seeking to develop social enterprises to not only sustainably fund its work, but provide valuable services to clients.

Learnings:

- Look at the needs of the community around you
- Start small and build up
- Start as a enterprise, then bring in social practices. This will ensure strong business model and sustainability
- Do not under estimate the clients you work with

5.10 Celtic Harmony (Hertfordshire, England)



Celtic Harmony

Celtic Harmony (www.celticharmony.org) is an inspiring non-profit organisation providing natural cultural heritage education to promote a more sustainable way of life. The organisation operates entrepreneurially to ensure funding and sustainability. These include education-based initiatives that are integrated with local education curriculum, corporate training and Community Arts and Crafts festivals designed to support local craft workers. I was impressed with the zeal, commitment and vision of the founder, Luca Parella.

Whilst visiting I was fortunate to observe the trial of a traditional wood burner to make charcoal (see picture). There is a considerable market for charcoal in the local community and this is one example of how the organisation is developing small local enterprises to generate funds.

Learnings from Celtic Harmony:

- Social enterprises can be small
- Good leadership and clear vision is essential
- Find other people who support your passion
- Ensure you bring the community with you and make them feel part of the project and the enterprise
- It is OK as a community project to make money to support growth and development
- Look at what you have – there will nearly always be something you can develop into a social enterprise of sorts
- There are many similar traits between social entrepreneurs and those already working in the community



Making Charcoal – a local enterprise

5.11 Dave Kellet (Hertfordshire, England)

Dave was the Economic and Community Development Director of Hertfordshire County. Hertfordshire County Council works with central government and other local organisations to help improve and deliver a range of local services to more than one million people. Services such as local schools, libraries, support for elderly and vulnerable people and the roads and pavements are all provided by the county council. The Economic & Community Development Unit's mission is to maximise the prosperity of the County, combat poverty and build stronger communities, in a socially, economically and environmentally sustainable manner.

Learnings:

- Local government has a crucial role to play in encouraging and facilitating social entrepreneurialism
- For social enterprises to succeed you need good working relationships with local government who understand what you are doing
- Local government can provide critical networks and linkages within the community
- All levels of local government must be involved in understanding and promoting social enterprises (it should be noted that there are multiple levels of local governments in England)
- One person in local government can make a difference!

5.12 Andrew Mawson OBE (London)

Andrew founded the Bromley-by-Bow Centre in east London in 1984, a church-run community regeneration project bringing together health, education and training, community care, housing for single homeless people, and a nursery, in a single, fully-integrated project. It is an example of social enterprise responding to local needs and facilitating community development.

Andrew is an outspoken critic of the voluntary sector, and one of Britain's best-known social entrepreneurs.

Learnings from Andrew:

- A key attribute of a social entrepreneur is someone who "just does it"
- Even if an organisation cannot establish a social enterprise, it can still adopt many of the principles and practices into its daily operations and management
- Networking is extremely important and needs to be developed and facilitated through formal and informal methods
- There is little difference between a social entrepreneur and a business entrepreneur

5.13 Adele Blakebrough (Stanton, England)

Adele Blakebrough is a former director of the Kaleidoscope drugs project in Kingston upon Thames and co-founded the Community Action Network in 1998 (www.can-online.org.uk), one of the first ever networks of social entrepreneurs. Adele is a well known advocate of social enterprises and provides training and support to budding social entrepreneurs. I was fortunate to be able to sit in a session that Adele conducted on social enterprises and her experience in founding and developing them.

5.14 Conference – Social Entrepreneur Training (The Cotswolds, England)



The Guild House.
One of the social enterprises operated by CAN

The Community Action Network (CAN) conducts regular training for social entrepreneurs in England. I attended a two day training experience at CAN's training and residential facility in rural England, outside of London. A range of budding social entrepreneurs from all over England attended. The Facility, called "The Guild House", is a social enterprise in itself. It is available for rent, being accessed by corporates seeking a retreat or training location, as well as people seeking to holiday. It generates income to cover its usage by CAN and also support other CAN initiatives. In addition it conducts events and training at a local level to support local community development.

Learnings from the training:

- Networks are highly important as they provide many opportunities and avenues for support
- The use of ICT is part of the new wave of Social Entrepreneurialism. It facilitates fast exchange of information, provides an avenue for planning and an easy way to link people. Careful consideration should be given to ICT structures and support
- Bigger is not always better, and some social enterprises are best kept small
- Don't be afraid to approach businesses who may provide the same service or material

5.15 Getethical.com (London)

Red Pepper and The Big Issue magazines have created getethical.com to promote and advance ethical consumerism and support social business and social enterprises in the U.K. (see getethical.com). They aim to utilise the power of consumers to create a more sustainable economy and a better world. Getethical also provides editorial articles, discussion forums and information on environmental, health, alternative energy, social justice issues and much more. Getethical.com makes it simpler for people to purchase ethically, saving time and is more convenient. I was highly impressed by getethical.com and see considerable opportunities for such a social enterprise in the Australian market.

Learnings from getethical.com:

- Determine in advance where profits will go eg into enterprise or another beneficiary
- Trust and reliability is important in any enterprise
- Ensure you have an ability to deliver your service or product on time and to acceptable standards
- Developing brand recognition is important to ensure loyalty and support
- Seek out support from venture capital firms and portfolios
- Know your market
- Social enterprise should not be seen as a way to make money out of the sector
- Consult with as many people as possible regarding your business plan
- Ensure you have capacity to survive first few years after start up
- Always look for the value add
- Be careful not to stagnate. Always review your operations like any other business.
- The business should practise what you preach in terms of the social and environmental agenda

5.16 Ethical Property Co (Oxford)



The Ethical Property Company in Oxford

The Ethical Property Company (www.ethicalproperty.co.uk) is a unique initiative in ethical investment. The company buys properties and develops them as centres that bring charities, co-operatives, community and campaign groups together under one roof where they can share skills and ideas. Groups in The Ethical Property Company's centres benefit from reasonable rents, flexible tenancy terms and office space and facilities designed to meet their needs. Anyone can buy shares in the company. They have over 1200 shareholders, some investing as little as £300, and own and manage 7 centres housing over 70 tenant organisations.

Over the last two years the Company has paid its shareholders an annual dividend of 3 pence per share and the share price has increased from £1.00 on 1st January 2000 to £1.05 as of June 22nd 2002. Shareholders can sell their shares through a matched bargain market operated by Triodos Bank (taken from the Ethical Property Co web site).

Learnings:

- Management of properties and tenants requires a full time staff with experience in the area
- Property selection is important – just like any property investment you need to do your research and know the market
- Research your prospective tenants before you buy and renovate the property. It is much more cost effective and sustainable to have your tenants pre-arranged
- Most effective to have tenants with shared objectives or goals
- Flexible meeting rooms are crucial
- Develop a brief with prospective tenants
- Lead times can be long
- Tenants form a centre development group
- Save costs through tenants self managing
- Have a dividend waiver service where investors can put any dividends back into fund to assist tenants
- Charge no more than 80% of market rent
- Have an environmental focus – recycling, renewable electricity, facility for bikes, low energy designs etc
- Buildings should provide 8-12% return
- Do not “skimp” on fit out
- Provide staff relaxation area

6 Social Entrepreneurialism

6.1 Findings

- (a) *There were discrepancies on what constituted a social enterprise and what a social entrepreneur actually did.*
There were examples in the USA where it was believed to be a social enterprise when a community organisation purchased or established a for profit business that operated independently of the organisation, with little incorporation of social objectives. The business was seen purely as a money making venture. An increasingly common practice was to purchase a franchise (EG Ben & Jerry Ice Cream Shop) and operate it with little consideration of the social objectives of the community organisation.
- (b) *Risk of social entrepreneurialism being a cover for the “corporatisation” of the community sector and abdication of government responsibilities*
A number of individuals and organisations had established “social enterprises” as a business investments seeking financial returns. That is, making money was the primary motive and it was done on the premise of providing a social service. To an extent this has been accepted in the USA more so than the U.K. There is increasing competition for the community services where easy profits can be made, excluding some not for profits or those who are also servicing areas that are not as profitable. The Job Network in Australia could possibly move this way if we are not cautious. In the USA it was also deemed acceptable to make money from community organisations, with a rapid growth in the consultancy market.
In addition social entrepreneurialism should not be seen as an opportunity for government to abdicate its social responsibilities, rather use social enterprises where appropriate to build on its services to the community.
- (c) *Balancing the objectives of a community organisation and business objectives*
It was articulated by all of those I met with that business objectives should always be subservient to the community organisation’s objectives. The businesses should in fact facilitate the achievement of the community organisation’s objectives.
- (d) *“Hit and miss” approach by many entrepreneurs*
The majority of the social enterprises were not the result of long term planning. Rather they were the result of a process of evolution. Many of the entrepreneurs I spoke with did not initially seek to establish social enterprises, rather they were the result of “learning and growth over time”. Some said that it was the “logical outcome for their problem”, or they “just responded to an opportunity”. In the words of Andrew Mawson, “social entrepreneurs just get out and do it, and may not even think of themselves as being one”. Mark Cole of Golden Gate Community Inc. indicated that there needs to be a willingness to trial several business models to find one that works.
- (e) *Promotion and support from all levels of government*
The U.K. government in particular was investing significant funds into research and training in the area.
- (f) *Positive acceptance by, business, corporations, trusts and foundations*
The climate in both the USA and U.K. was very encouraging of social entrepreneurialism as a response to community needs. The growth in support organisations and networks was significant when compared to the Australian context. The plethora of large trusts and foundations in the USA has contributed to the growth and spread of social entrepreneurialism as their funding models have sought to encourage it. It was seen as highly beneficial to invest large amounts initially to establish sustainable and self-funding models of operation.
- (g) *Increasing reliance on measures of performance and outcomes*
In the USA the concept of Social Returns on Investment (SROI) was being heavily utilised. It originates from the corporate sector and is an attempt to quantify returns from the dollars invested in a particular social enterprise as a way of measuring success. The Robert

Enterprise Development Fund (www.redf.org) utilises this method in determining funding and their work in this area is quite advanced and useful. There were some instances in other organisations of a lack of understanding that some outcomes were not easily quantifiable and could not be measured. This was highlighted by a number of people as a major concern.

(h) *A need or difficulty can be an opportunity*

Adele Blakebrough noted that many of our perceived “problems” in society are an opportunity waiting to happen if we look at it from a different perspective. This was evident in both the USA and U.K. and was in contrast to my experience in the Australian context.

(i) *Lack of understanding of social issues and needs*

There was significant potential for the underlying social issues or needs to be overlooked or misunderstood. It was noted by some that entrepreneurs from the business sector attempting to establish social enterprises as a response to a need or issue must take time to thoroughly understand the underpinning’s of the issue and engage with existing community practitioners.

6.2 Application in the Australian Environment

(a) *Education and acceptance in the Australian Community (Welfare Model)*

The development in Australia of the “welfare State” is a limiting factor in the acceptance of social entrepreneurialism. There needs to be a significant shift in the Australian community sector away from the dependence on traditional models of funding by the government and the view that if there is a need, it is the responsibility of government to fund it.

Organisations such as the Social Entrepreneurs Network should be supported to promote and develop social entrepreneurs and provide research into the Australian context.

(b) *Corporatisation of the community sector*

Social enterprises are not applicable in all situations. Social enterprises are a way to build on the resources currently within communities. In developing a culture of social entrepreneurialism in Australia it would be counter productive for governments to think that social enterprise is simply a way to abdicate their responsibility and save money. It may limit the willingness to develop social enterprises and create reluctance by participants in the community sector to explore these as an option. Several people I met with noted that it is crucial that the government supports social enterprises as an adjunct to current social services.

(c) *Government support and leadership*

The success of social entrepreneurialism in the U.K. can be partially attributed to strong support and development by the government. Government at all levels need to be informed of and develop programs to support social entrepreneurialism. The establishment of research into this by the Australian Government in the Australian context needs to be undertaken and this should guide the development of alternative funding models to invest in social enterprises. Incentives such as tax breaks for those who invest in social enterprises also need to be developed.

(d) *Negative view of business*

There appears to be an underlying suspicion and mistrust of everything business and corporate related. Community organisations need to see business as part of their community. Businesses can contribute significantly to community organisations and social enterprises in ways other than financial support. Assistance in planning, business development and service delivery have been utilised to a limited degree in the Australian context and needs to be expanded.

(e) *Business approaches*

The incorporation of business approaches in the community sector needs to be developed to improve accountability and effectiveness of services. Even where there is not an opportunity for social enterprise development, concepts such as business plans and strategic planning needs to be encouraged. It is feasible that community organisations could develop detailed business plans as part of their application for funding.

- (f) *Underlying motivations*
Social enterprises should not be seen as a new way to make money or an abdication of government responsibilities. If the government is not careful it will only succeed in developing a new corporate sector that is focused primarily on generating profits and benefits from the provision of social services.
- (g) *Funding*
A limiting factor in Australia is the small number of trusts and foundations compared to the USA. In addition, the amounts provided are significantly smaller. This is part of the generally accepted funding model in Australia to provide a large number of assistances but in small amounts. There needs to be a shift to larger amounts seen as seeding funds to invest in the establishment of social enterprises.
- (h) *Lack of skills, knowledge and support*
From my observations of the social entrepreneurs with whom I came into contact I do not think you can teach everyone to be social entrepreneurs. Just as we find in the business sector, there are innate qualities and attributes that must be possessed. However, there are few opportunities to develop and expand these in Australia. In the USA the use of mentoring in all aspects of business and community is widely accepted and this needs to be developed in Australia.
- (i) *Measurement and evaluation*
The measurement and evaluation of the performance and outcomes of social enterprises is well developed in the USA. The concept of SROI is being integrated into many social enterprises as a way of justifying and evaluating their businesses. This needs to be developed in Australia as, just like in the business field, we must be accountable for funds that are invested into social enterprises. However, caution needs to be exercised, as there are many aspects that are difficult if not impossible to quantify. Organisations such as the Roberts Enterprise Development Fund should be invited to Australia to provide education and training to government and non-government agencies. The utilisation of effective measurement and evaluation also has contributed to the willingness of corporates and businesses to invest in and fund social enterprises.
- (j) *Australia has a good environment for social entrepreneurs*
Whilst there is some resistance to the concept, take up of the concept of social enterprise appears to have been faster in the Australian context.

7 Community Action Centre

7.1 Findings

- (a) *Large growth in Multi-tenant non-profit centres*
More than 150 exist across the USA. They are mainly funded through business-community partnerships and support by trusts and foundations. Some projects cost up to US\$20 million. There is a significant amount of material available on establishing and managing centres in the USA, with a number of consultants now specialising in the area. They have been highly effective in minimising expenses and providing a variety of add-on services to organisations.
- (b) *Provision of add on services*
Many provide additional services on top of office space. These need to be considered as separate businesses and planned for accordingly. Add-on services such as administration, meeting space, IT support and telecommunications were desirable as they provide additional value to attract tenants and reduce their operating costs.
- (c) *Provide sustainability over time*
Centres contribute to stability of costs and affordability over the long term for non-profits. In some cases cost savings of more than 80% are achieved over time (eg. The Interchurch Centre in New York rental rate per square foot in 2002 was approximately US\$12 compared to the average commercial rate of US\$50).

(d) *Purpose of centres needs to clear*

When establishing a centre it needs to be clarified what “business” you are entering in to. Is it simply real estate and the provision of floor space, or is it add on services? This determines clients, design, investment, personnel and business plan. Add-on services can be developed over time but must be considered at the planning stage.

(e) *Tenant types need to be defined*

There were different tenant foci for centres. Some focused on administrative aspects of non-profit operations whilst some focused on service aspects of program delivery. A common point was that it was preferable not to combine these different elements. In addition it was observed that the most successful centres had tenants with shared objectives. Some were multi-service, “one stop shops” for similar clients (eg. Youth centres), whilst others had distinct program themes (eg the environment or the arts)

(f) *Integration and collaboration was greatly improved*

This was cited by many as the greatest benefit of multi-tenant centres. Over time tenants began to work cooperatively in terms of program management (eg. provision of joint training, sharing receptionists, joint funding applications, staff activities) and also in terms of program activities (eg. joint programs, more seamless client support, better access to referrals). However, it was noted that for higher level collaboration to occur it must be one of the objectives of the project and activities and planning needs to be structured to facilitate it.

The model of the Community Action Centre in London is a positive example of how integration can occur with planning and support. The centre has a unique open plan layout that I had not encountered anywhere else. It created a sense of “togetherness” and facilitated communication.

(g) *Business Models*

There were a wide variety of business models to fund the centres. Some of these were:

- Straight lease of premises by a primary agency and sub lease to participating tenants
- Joint lease by all tenants
- Purchase of building by one agency and sub leased
- Joint purchase of building by all tenants
- Cross sector joint venture with private investor/developer (Examples in USA of cash return on equity of 7 to 10%.)
- Provision of building by government

7.2 Application in the Australian Environment

(a) *Economies of scale may not be available*

The Australian market does not have the large numbers of agencies in small geographic locations facing extremely high rent and limited space as in many examples overseas. This may limit the size of projects and the possible market. It may be more applicable in regions with higher rent and low office space such as Sydney or Melbourne.

(b) *Need for long term thinking in operating non- profits*

Non-profits need to think more long term in relation to service delivery and management. Cost savings and benefits increase over time, with full realisation of gains taking 3 to 5 years.

(c) *Lack of collaborative models of operation*

In some regions and fields in the community sector there is limited collaboration between organisations. Organisations can be protective of their independence and in some occasions see other organisations as competitors. This may serve to limit the willingness of organisations to work collaboratively in a multi-tenant centre.

(d) *Requires a shift in government funding models and support of government*

Government funding can intensify the competition between agencies and reinforce an “us verse them” attitude. Some areas of government funding are beginning to prioritise

projects where collaboration can be demonstrated. This needs to encourage collaboration not just in service delivery to clients, but also in program management and operational overheads.

Tax breaks are also needed to encourage investors and community organisations to develop multi-tenant non-profit centres. In the USA there are considerable tax incentives to encourage the investment of business in multi-tenant centres that meet social objects and reduce overheads for non-profits. This may need to be placed in the wider review of "ethical investment".

(e) *Appeal to businesses*

Multi-tenant non-profit centres can be an attractive proposition for investment by the business sector. For business to be involved the proposal needs to be grounded in sound financial planning and management. The increasing focus on Corporate Social Responsibility (CSR) may mean that corporates and businesses may see merit in not only a sound financial proposition but meeting CSR objectives. Business support should be engaged also in gaining expertise and support in the planning and development stage, as well as in providing or accessing funding. In addition a centre could be co-located with an existing corporate or business which would result in cost savings all around.

In Australia non-profits need to learn to speak with businesses and corporates in their own language and leverage off of the skills and expertise that corporates can provide.

(f) *The purpose or focus of the centre needs to be planned*

In the existing examples in Australia of co-location there has been little investigation into the purpose or focus of co-location. The purpose or focus of a multi-tenant non-profit centre needs to be planned and agreed to in advance and integrated into long term planning. This ensures that co-location facilitates collaboration and maximises benefits. Common service goals or common client multi-service or the "one stop shop" concept has existed for some time in Australia and this would build on the concept. Co-locating the administrative services of non-profits is very limited in Australia and needs to be further explored.

(g) *Detailed knowledge of market and ability to be flexible*

A common theme amongst successful multi-tenant non-profit centres in the USA was the extensive market analysis that was conducted to determine the needs of non-profits, feasibility and structure of centres. Centres need to be "scaleable", being able to build over time. It was rare that centres would start with full tenancy and financial planning needs to account for this. In Australia centres could house and incubate the creation of new initiatives.

(h) *Environmental aspects need to be accounted for*

In both the USA and U.K. there was a strong focus on environmental aspects of the design and operation of centres. This has been a strong marketing point as well as an opportunity to access government support and funding. There does not seem to be the same focus on environmental considerations in Australia, even in the social and community sector. However this could be a strong marketing point and even offer cost savings over time.

(i) *Tenant Management is critical*

Many reported learning lessons on tenant management the hard way as there is little support or information in this area. All stressed that the success of a centre is attributable to good centre management and any new centre must carefully consider this.

(j) *Choice of business model is limited*

The choice of business model used to fund the centre is restricted in Australia. There are few tax breaks, little government funding or support, low interest by business and little funds available though trusts and foundations.

Straight lease (or purchase) of premises by primary agency and sub lease to participating tenants currently occurs. However there are limited cost savings and benefits in term of add on services and collaboration.

Different business models in the Australian context were discussed and it was commonly agreed that the preferred option would be a joint venture approach, possibly looking at providing returns to investors over time.

8 Resourcing Community Development & Increasing Civic Engagement

8.1 Findings

- (a) *Highly advanced financial tracking systems are required*
Financial management and reporting systems need to be able to handle the complexities of several projects, meet taxation and legislative requirements and be scaleable as the number of projects grow. It is one of the fundamental building blocks.
- (b) *Involvement of corporates and business leaders*
Utilisation of external experts can be achieved at a reduced rate or even pro-bono. However, quality of services provided still need to be maintained.
- (c) *Is it just another business?*
There is concern that it becomes just another business selling services to small community projects rather than being focused on empowering local solutions to local problems and freeing up project workers to concentrate on project implementation.
- (d) *Still fosters reliance on traditional modes of funding*
There is still a focus on traditional models of funding through government etc rather than skilling and encouraging the pursuit of social enterprise type models.
- (e) *Close links between communities and schools*
It is essential to develop close links between schools, community agencies and businesses. This ensures "ownership" of activities and that there is a commitment by all parties. It also closely links issues with resources to solve them and local funds to support it.
- (f) *Strong tradition of community service in education*
There is a strong culture in many educational institutions of supporting community service. It is integrated into some school curriculums and can count highly towards College acceptance.
- (g) *Use of Interns to support development of community projects*
Interns were used in many instances to supplement paid staff and were seconded to community projects to assist in their development, funding applications, systems development and implementation.
- (h) *Mentoring was commonly used in both the community and business sectors*
The use of mentors was highly encouraged and provided valuable support to workers in the community sector. It provides an avenue for involving business and corporate workers.

8.2 Application in the Australian Environment

- (a) *Tax Status for parent organisation*
It is still uncertain as to the viability of a parent organisation receiving DGR status as the "parent" to several sub projects that are quasi-independent. It is very difficult and time consuming for an organisation to receive DGR status from the Taxation Department under normal conditions. The complicating factor of the nature of the organisation may make it even more difficult.
- (b) *Possible incorporation within existing services*
A few large non-profits "auspice" local programs and activities in Australia (eg Lifeline Community Services). This provides the programs with DGR status, legitimacy and support. This is dependent on the non-profits openness to such arrangements, capacity to support programs and fit in terms of values, objectives etc. This could be further encouraged through government initiatives. However, this is still restrictive and limits the scope, nature and flexibility of auspiced programs.

(c) *Education of funding bodies*

Key funding bodies need to re-examine their funding strategies which often benefit large, well established non-profits. It is also the case in many funding opportunities that local needs must be adapted to fit funding, rather than funding being flexible to meet local needs. It is very frustrating for individuals in communities who wish to develop programs that, even if the need is demonstrated and important, they are excluded from funding opportunities. Many of the large trusts in the USA provide such a flexible approach and instead focus on broad areas and programs that can demonstrate effectiveness, be they small or large.

(d) *Current focus on "community hubs"*

The current trend in government (eg Education Queensland and Queensland Health) towards "community hubs" could be an opportunity to develop an approach where projects can be supported, funded and developed through a third party.

(e) *Mentoring*

Mentoring is growing in importance in the Australian community and is being developed by a few organisations in the community sector. Organisations such as The Smith Family are investigating the role of mentoring in the community and the feasibility of developing programs in the field. This could be further expanded to provide mentoring to those working in the community sector. Those trying to establish community project could access mentors to assist with program planning, development and implementation. Social Ventures Australia seeks to provide mentors to selected projects that have a social enterprise focus. This could be further encouraged and developed to extend to the general community sector. This may encourage local members of the community develop responses to local needs rather than always relying on paid professionals to address community needs and issues.

(f) *Schools in the community*

There has been considerable focus on schools as being part of the local community and even facilitating community development. However, external agencies serving the community need to be more proactive in involving schools in service planning and delivery.

(g) *Cross sectorial professional development*

The "specialisation" of professionals in only certain fields can be problematic. Training and awareness in fields other than a person's professional specialty needs to be examined. For example, teachers need increased knowledge of social work and counselling. There is a move in the USA to employ social workers and youth workers as teachers following appropriate in service training.

9 Recommendations

- a) A whole of government approach needs to be developed to promote, encourage and develop social entrepreneurialism.
- b) Networks and organisations that support and develop social entrepreneurialism such as the Social Entrepreneurs Network in Australia need to be developed further.
- c) Tax incentives would be beneficial to encourage investment in social enterprises. This should be incorporated into a strategy for encouraging ethical investment.
- d) Further research into Social Entrepreneurialism in the Australian context needs to be conducted. Particular emphasis should be on:
 - developing models of good practice
 - training requirements for social entrepreneurs
 - building institutional acceptance and capacity for social entrepreneurship
 - how to best support social enterprises and entrepreneurs
- e) Governments should consider requiring non-profits to submit funding applications that include a business plan. This would include things such as a market analysis, environmental scan of same or similar services, program evaluation etc.
- f) Funding bodies should consider including incentives for organisations to co-locate and minimise operating overheads.
- g) Education Departments should investigate the feasibility of schools providing community services. It may be that they could provide an auspice role to local projects and programs to facilitate funding meeting local needs.
- h) Social entrepreneur training should be a compulsory component of tertiary study programs in social and community fields. Courses often have components on grant writing and this would provide education on alternative options for program funding and delivery.
- i) There is a need for the development of guiding principles for funding bodies to ensure that the community sector is not “corporatised”.
- j) Further research is required into the applicability of measuring social returns on investment (SROI) in Australia when assessing outcomes from organisations in the community sector.

10 The Future

- 1) I will be investigating further the feasibility of developing social enterprises in Australia similar to getethical.com and The Ethical Property Co. This would need to be in conjunction with and supported by the original social enterprises, building on their expertise, learnings and practices.
- 2) I am seeking to establish an Australian Association for Multi-tenant Non-Profit Centres and network this with similar associations in the USA and England.
- 3) I intend on writing a research paper based upon the opportunity for and needs of multi-tenant non-profit centres in Australia, including mapping any existing centres.
- 4) I am a member of the organising committee for the local Social Entrepreneurs Network (SEN) chapter. I will utilise my learnings to assist with developing and growing the chapter and supporting the promotion of social entrepreneurialism.
- 5) The Rotary Club of Canberra generously supported my participation in the Churchill Fellowship. I intend to work with them to investigate any opportunities for implementing learnings in the local Canberra community. A separate report will be prepared for the benefit of the club.
- 6) The following opportunities will be utilised to promote my learnings in the Australian community:
 - (a) *Tough Learning Conference*
I recently attended the National Tough Learning Conference. Whilst in attendance at the conference I shared with delegates aspects of my experience that was related to learning in tough environments and highlighted social entrepreneurs as an example.
 - (b) *Brisbane Seminar (Social Entrepreneurs Network)*
I will be conducting a series of workshops and seminars for the Brisbane chapter of the Social Entrepreneurs Network. These will be promoted widely and open to members of the general community. In addition I am looking at developing training sessions to introduce community workers to Social entrepreneurialism and how it can be integrated into their work.
 - (c) *Flair*
I am seeking to present at a Flair Event. Flair events typically feature a local person who has been / is currently successful in a business, social or environmental venture telling their story and responding to questions from aspiring and current young entrepreneurs.
 - (d) *Unleash*
I wish to present at an Unleash workshop to enterprising young people in Brisbane. Unleash aims to assist young people develop skills and learn about opportunities that will assist them to be successful in business and in life. The workshops typically feature a skilled facilitator and hands on learning processes.
 - (e) *Organisational Training*
I will be conducting training for community organisations on developing social enterprises.