

# Summary of Main Issues and Outcomes from Achieving Scale for Social Impact Roundtables

## Background

The *impact investing and partnerships* Working Group of the Prime Minister's Community Business Partnership (the Partnership) convened two roundtable meetings in Melbourne on the issue of 'Achieving scale for social impact'. This responds to continuing priorities of the Partnership to:

- Support the growth of social impact investment (SII) in Australia, including social enterprises;
- Explore as a key priority the potential of social investment and franchising structures to realise outcomes for social issues aligned with the Government priorities; and
- Continue to build strong linkages with community, business and social enterprise to achieve positive outcomes, in particular for the most vulnerable people.

The first Roundtable was held on 25 October 2017 with experts on social enterprises and social impact investing to discuss strategies and mechanisms, such as social franchising, to enable social enterprises and not-for-profit (NFP) organisations to achieve scale for their social impact models and programs.

The second Roundtable was held on 15 November 2017 with selected social enterprises and social entrepreneurs from Victoria, NSW and ACT to discuss achieving scale for social impact by social enterprises and NFP organisations.

## Participants in first Roundtable on 25 October 2017

Angela Perry (Convenor) - Impact Investing and Partnership Working Group, Prime Minister's Community Business (Partnership)

Colleen McGann - Partnership

Peter Treseder - Partnership

Ailsa Borwick - Department of Prime Minister & Cabinet

Ruth Lancaster (Facilitator) – International Centre for Social Franchising

Michael Lynch - Social Ventures Australia

Katherine Kennedy - Social Traders

Sally McCutchan – Impact Investing Australia

Dr Craig Furneaux - Australian Centre for Philanthropy Nonprofit Studies, QUT

Alex McDonald - WISE Foundation

Sue Woodward – Justice Connect

Libby Klein – Justice Connect

Dr Erin Castellias - Centre for Social Impact, Swinburne University

Alastair McGibbon - Social Enterprise Finance Australia (SEFA)

Katherine Leong - National Australia Bank

Kym McConnell - DSS

Peter Huta - DSS

## Participants in second Roundtable on 15 November 2017

Angela Perry (Convenor) - Impact Investing and Partnership Working Group, Prime Minister's Community Business (Partnership)

Ruth Lancaster (Facilitator) – International Centre for Social Franchising

Rochelle Courtney – Share the Dignity

Geert Hendrix - Farmwall

Rob Heselev – Social Venture Partners (SVP)

Mark Jankelson – SisterWorks Inc. & SVP

Alex McDonald – WISE Foundation (Buffed)

Ron Miers – Westgate Community Initiatives Group (Cleanable)

Jacob Muller – Catalysr

Don Palmer - Malpa

Angie Paskevicius - Holyoake

Sam Refshauge - Batyr

Joseph Yeung – Project Independence

Philip Brown - DSS

Kym McConnell - DSS

Peter Huta - DSS

## Summary of Main Issues and Outcomes

The key strategic issues and outcomes that arose from the two roundtables have been synthesised and grouped below under five key themes that emerged from the first Roundtable:

1. Capacity building
2. Procurement
3. Legal Structures
4. Capital structure/Funding streams, and
5. Legitimising the social enterprise sector.

### 1. Capacity building

#### *Resources to build capacity*

- The NFP social sector finds it hard to attract funding for systems and business sustainability. Government and philanthropy direct funding to program outcomes. This means resources are scarce for infrastructure, planning and capacity building.
- [Discovery Grants](#) for NFPs was noted as a strategy to address this issue.

Access to [Growth Grants](#) was also noted as an option to assist NFPs to fund capacity building support to help secure first equity raising.

#### *Capacity to scale*

- Experts on social enterprises and social impact investing who participated in the first roundtable identified some important pre-conditions for organisations to achieve scale:
  - *Stability/Readiness:* A minimum of five years before an enterprise is stable enough to consider scaling up (including considering a possible social franchise approach). Australia does not have a large enough pool of stable social enterprises – the pipeline of new enterprises is still being developed. [Share the dignity](#) is a social enterprise that provides sanitary products for vulnerable women, including the homeless and those in shelters and women affected by domestic violence. There has been a huge demand internationally for it to scale its' business model but it is a very young organisation and relies heavily on volunteers. While it has access to funding and backing it cannot physically scale up at this stage due to its' volunteer reliance
  - *Appetite:* Social enterprises need to have an appetite to expand - a lot of social enterprises are focused locally around local impacts; the key is the people at the top of those enterprises
  - *Evidence:* Quality outcomes data is needed to demonstrate the model or intervention achieves its social impact
  - *Demand:* Need to ensure there is a real market opportunity. Some models scale more naturally e.g. Food Bank. For some social enterprises, this will never be the case. There is often a mismatch between the size of the potential market and the social enterprise's investment requirements
  - *Community support:* The community bank model was noted as being a highly successful model because communities put their hands up to support it and there was high local

community demand. It shows that it helps to structure the right kind of intervention to meet the demand/need. Many NFPs are traditionally (and culturally) used to a guarantee of ongoing funding but the community needs 'skin in the game' to support it. A frustration is that really good businesses seek to scale but sometimes their model just does not work in another community

- *Structure*: For example, the Food Bank structure involves the host charity charging a start-up fee for the franchise, followed by an ongoing annual fee, and the host charity covers rest of the cost. However commercial and social impact scale differently i.e. for impact or efficiency. Some organisations scale one aspect then the other, involving a blended/hybrid model, and
- *Shared value*: A key learning from social venturing internationally is that where there is an asymmetry of goals between partners (between the organisation and the community) the scaled program falls apart. Finding a partner organisation with matching values is important, and in this context the concept of 'shared value' was mentioned.

### What is Shared Value?

Shared value is defined as policies and practices that enhance the competitiveness of companies while improving social and environmental conditions in the regions where they operate. It is a business strategy focused on companies creating measurable economic benefit by identifying and addressing social problems that intersect with their business. To qualify as shared value, there must be an identifiable economic benefit to the company as well as measurable impact on a social or environmental issue.

- In the UK the ICSF offers a '[Scale Accelerator](#)' to assist social enterprises and NFPs with decisions and choices on scaling up their social impact programs, on such issues as: when to scale (being careful not to scale too early); sorting out funding and training; getting a training partner on board; and scaling philanthropic funding.

### ***In Scaling for Transformative Impact*** JB Were sets out why [Scale matters](#)

- The Australian not-for-profit social sector, like many internationally, is faced with fundamental issues regarding scale and sustainability.
- Many organisations, regardless of the excellent work they do, are not operating at a sufficient scale to deliver transformative impact.
- Leaders of non-profits, particularly Board Directors, must deeply engage with their organisations and ask the hard questions regarding the real impact it is having – and consider if, and how, the initiatives should be scaled.
- Funders must also thoughtfully consider how they can best support social enterprises through what they actually need, specifically capacity funding, to create true lasting impact at scale.

### *Finding the right scale*

- Some social enterprises asked, "What do we mean by 'scale'?" This is an ongoing issue rather than a static one – when does a social enterprise know when it has reached the right scale? How big does it want to be? What is the 'right' scale? It was suggested that a key driver of what constitutes the 'right scale' is what is the target number of people to be impacted?
- Organisations go through several stages/transitions i.e. from founder to CEO in the first key stage, where the social enterprise is scaled to go beyond the direct experience of the founder.

- Some social enterprises had experiences frustrations around scale, where the organisation's structure and capacity could not cope with planned expansion. The goal should be for social enterprises to safely and sustainably scale without the 'wheels falling off' their core business.
- Validating the business model through pilot programs and a process to testing and refinement were seen as important factors in assessing the opportunity and timing to scale.
- Social enterprises had considered and adopted a variety of business models and legal structures, each chosen to best reflect their type of business, social mission and growth plans. This included some social enterprises looking to scale using a franchise model i.e. 'Business in the box', with the social mission element embedded.
- Social enterprises need to know how to scale up their programs in the context of considering different models for fund raising to adapt to changing market circumstances.
- A lack of access to resources and investors/financial supporters clearly places a constraint on a social enterprise's ability to scale.
- Some social enterprises raised issues of how to scale rapidly in response to external demand/pressure (from other communities or states, or from overseas) and potential new market opportunities.
- The challenge for some social enterprises was to understand what scale of business they had the capacity to take on i.e. about matching business opportunity and their internal capacity.
- Some participants noted that they lack the necessary framework to scale up and are unsure as to what would be best legal structure and financial/business model to support expansion.
- Some social enterprises chose to scale through digital rollout e.g. an App or digitising their service, as well as customising their standard product to meet the needs of other markets and adopting specific strategies for different product lines, including franchise models.
- Some social enterprises saw creating alliances and partnerships with market intermediaries (including overseas markets and possible subsidiary arrangements) as important to increasing their customer reach.

#### *Skills development and support*

- There appear to be two distinct skill sets where deficits exist for many social enterprises:
  - Skills needs for scaling and franchising e.g. business planning, structuring finance skills are not generally readily available in the sector, and
  - Skills to operate once scaled social models are in place e.g. Knowledge and understanding of the barriers to growth and the marketplace, and marketing skills to get the message out to customers.
- Further work is required to unpack what are the specific skills needed and the related necessary training and investment for people working in social enterprises.

From JB Were [Leadership Insights: Scaling for Transformative Impact](#) (April 2017):

"Capacity building strategies that can be employed by funders can be summarised into five broad areas:

1. Unrestricted support: multi-year general operating grants;
2. Organisational capacity-building grants: grant support for building specific capacities, sometimes paired with program or general operating grants;

3. Organisational capacity building grants plus technical assistance: grants plus funding assistance from consultants (e.g. workshops, peer skills sharing, mentoring).
4. Building collective capacity: grants and other support to build capacity of a field, group of organisations, networks or other collaborative efforts – can be done instead of or in conjunction with individual organisation capacity building; and
5. Grants to technical service providers, intermediaries or researchers to develop knowledge and practice in the field.”

- Social enterprises noted that different skill sets are needed to scale and grow in different staged of enterprise development i.e. from the initial transition (succession planning) from founder to CEO/start-up and then the next stage to scale to market. Participants generally agreed that more assistance and investment in skills development are needed in the start-up stage.
- Current guidelines for the Australian Government’s [New Enterprise Incentive Scheme \(NEIS\)](#) was seen by some participants as an impediment to new social enterprises emerging, as it fails to support those who are unemployed who want to start a new micro enterprise as a franchise and it was suggested that the NEIS guidelines should be reviewed.
- Some participants suggested that there is a need to change the emphasis in Government programs from a deficit (negative) model to a more strengths-based (positive) model and to remove negative language, and reframe program to focus on positive aspects of individuals’ capabilities and capacity.
- Participants suggested there is a need to better link existing pools of skills and expertise back to NFPs and social enterprises/social entrepreneurs. This might include possible Skill Exchanges drawing on existing models e.g. [SVP Partners](#) that link social enterprises with corporates to gain the skills they need.
- An important first step would be to understand precisely what skills the staff in social enterprises and social entrepreneurs are lacking e.g. legal skills, business acumen, entrepreneurial skills, etc.
- The [World Economic Forum paper ‘The Governance of Social Enterprises: Managing Your Organization for Success’](#) (by the [Schwab Foundation for Social Entrepreneurship](#)) highlights some of the skills required.

#### *Networking and information sharing*

- There was agreement among participants of the need to create opportunities for social enterprises to come together to share ideas and experiences and skills and knowledge, along with the need for regular NFP and social enterprise leaders meetings to help build partnerships and alliances; this could be done via both offline and online forums.
- Participants noted that there were so many good things happening by NFPs and social enterprises but the social enterprise sector is not connected and that they need to be better at learning from each other. There is a need to capture lessons learned and to learn from the mistakes and failures not just the successful social enterprises. New social enterprises could in particular benefit from shared learning and experience and the mistakes of others e.g. host ‘What’s Your Problem?’ forums and ‘SNAFU’ nights.
- Participants also suggested looking at capturing online shared learning and lessons learnt (dos and don’ts) and highlight best practice, innovation and case studies of successful social enterprises.

- Participants agreed that there is a need for better Government support systems for new social enterprises, and simplify access to and demystify information and products.

#### *Diversity of Board members experience and skills*

- People working in social enterprises often do not find the time for strategic planning and considering the future sustainability of their social impact model.
- Some social enterprises face the problem of having a Board full of well-meaning people who lack the necessary business skill set i.e. unable to assess risk and create a risk profile; lack the skills/knowledge to support the CEO and take the business forward.
- Participants identified as a key challenge how to upskill the Board/Committees of social enterprises to make them more entrepreneurial and acquire the necessary business nous. Boards are often not prepared for increasing scale and there is a mismatch in thinking between the Board and the CEO, which can create tensions and hamper business development.
- Participants agreed that training and support/advice for Boards/Committees are needed, so that they can better operate on business principles while still pursuing their social purpose. This might include access to a pool of potential Board members with required business skills, knowledge and experience (e.g. retired business people), as well as mentors, and encouragement of corporates to mentor small social enterprise start-ups.
- They also suggested online platforms/databases to enable more diversity and professionalism of membership of Boards/Committees, in particular attracting Board members with business skills and acumen and governance expertise. Possible scholarships for company director training were also suggested.

## 2. Procurement

- A key issue for social enterprises feeling comfortable with scaling was a proven market for their goods or services. Growth in social procurement influences more established enterprises wanting to grow their business but at the same time, many remain cautious because of a lack of certainty around the ongoing demand.
- The Commonwealth supports some employment based social enterprises through its Indigenous Procurement model. A number of State and Territory Government departments use social procurement approaches that signals demand and provides greater certainty.

#### *Market intelligence and access*

- Organisations need help with conduits/connections to marketplace and customer groups.
- There are barriers for social enterprises to engage with the right partners and/or access the market, including finding better ways in a cluttered marketplace to access their target customer groups. Lack of a single entry point into target markets that are highly segmented poses significant challenges to scaling up.
- Several social enterprises argued that there is a need for better access to statistics/data to help support their understanding of customer populations and access to market(s) e.g. location of targeted customer groups as well as potential market intermediaries (schools, charities etc).
- Some participants felt they had a sound model but lacked the necessary expertise to scale it i.e. the best places to reach their target customers, how to reach their target customers and who are the possible partners?

- Participants felt that Government tendering and contract arrangements can place constraints on new business opportunities, as they are often complex, multi-layered, inflexible and slow to engage with. It was noted that tendering processes for some aspects of the NDIS service system and Primary Health Network (PHN) have gone over two years and have all but stalled.

#### *Impact measurement*

- Social impact measurement is a significant challenge for most social enterprises. Validated, agreed social measurements are needed as the basis for how social enterprises value their business and determine an estimated return on investment (RoI).
- There was general agreement by participants of the need for consistent outcome measurements of social impact and a benchmark level of quality measurements across all sectors. It was noted however, there was a need for different outcome measurements for different sectors and the need to engage experts for each sector on good metrics (what to measure and how to measure).
- Participants considered there is an important role for State and Federal Governments to specify desired end outcomes and data measurement, collection and reporting, linked to funding, which would provide a firm basis for impact investing in the long-term.
- Participants suggested there may be potential for Government to draw on and adapt extensive UK Government work on agreed outcome measures and social cost of solving problems as a catalyst for action. [Kieron Boyle](#), now CEO at Guys & St Thomas Charity, is the person in the UK who led the work on outcomes measurement in UK government.

#### **UK Social Value Act**

The Public Services (Social Value) Act 2012 came into force in the UK on 31st January 2013. It requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. Value for money is the over-riding factor that determines all public sector procurement decisions.

The Act applies to contracts for public services in the UK, and includes all public service markets, from health and housing to transport and waste. Commissioners are required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset.

Social value is “the benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes”.

There is no authoritative list of what these benefits may be – the Act is deliberately flexible because social value is best approached by considering each local context and needs, and to determine what kind of additional social or environmental value would best serve the needs of the local community as well as creating an opportunity for providers to innovate.

The [Social Value Hub](#) is a free resource created by a range of partners who serve the social economy in the UK aimed at assisting anyone who wants to understand more about social value, and especially about the Public Services (Social Value) Act 2012. It offers a range of resources on impact measurement for SEs and NFPs.

- Participants considered that social enterprises need assistance to measure their outcomes, but this is hampered by a lack of internal skills and access to resources for monitoring and evaluation.
- It was suggested that there is a place for one-off seed grants to support social innovation, directed at social enterprises and NFPs and which can help with pre and post evaluation and impact measurement.

### 3. Legal structures

- There is a range of legal issues related to social impact investing generally:
  - On the issue of legal structure there is ongoing debate about whether the NFP sector needs a dedicated legal structure. The issue is not that the structure should be for-profit or not-for-profit; it should be a 'horses for courses' approach
  - There needs to be a fundamental paradigm shift in thinking from the prevailing 'charity' mindset' to operating more in a business context. This needs to overcome the view that NFPs can (should) never seek to recover costs from clients e.g. [No Interest Loans \(NILS\)](#) model involved innovative steps, including an online trial. It has taken four years (together with the pilot) to be fully established by the host organisation Good Shepherd Microfinance. The challenge is charging the fee/loan from low-income customers, even though NILS is much fairer than loans offered by commercial market competitors but need to shift the NFP 'charity mind' (and resistance to business principles) about applying any charges to low-income/welfare customers, and
  - Consumer choice model disparity e.g. Meals on Wheels organisations object to any level of customer charging but governments are shifting funding models that way e.g. Aged care. NFPs should be trying to make enough money to sustain their operation; cost recovery should not make a great difference.
- It would be desirable for the Australian Law Reform Commission (ALRC) to have a thorough look at the legal issues for Australian social enterprises and NFPs on a first principles basis rather than the sector adopting a compromise model. This should be built on some current work being done by two leading legal firms - Ashurst and Minter Ellison – in analysing the legal issues in relevant submissions made to the Treasury Inquiry on Social Impact Investing. This might form the basis of a submission to the ALRC to initiate an inquiry into the optimal legal structure for social enterprises and NFP organisations.

#### *Legal structures to support scale*

- Social enterprises often struggle to readily establish what is the best legal structure for their business and to support future growth. Some noted there are implications for their social mission and investment decisions of the legal structure they adopt, including the best legal structure to scale and access overseas markets.
- Several participants noted that this can take considerable time and effort and is often a difficult experience due to conflicting and complex advice, and can be frustrating and demotivating for a new social enterprise that is already time poor.
- Some participants noted there is a lack of clarity on the definition of a social enterprise, with competing definitions.
- There is a mix of skills needed as well as access to information to enable social enterprises to make the right decision on the best legal structure for them. There is a lot of information around but it can be overwhelming and not in one place. Social enterprises need help to deal with information overload and navigate the various websites, departments etc.
- Participants noted that considerable work has been done in the UK and in the US on the appropriate legal structures for social enterprises but it was acknowledged that they have different legal/regulatory environments to those in Australia.
- Participants generally agreed that there would be value in offering a range of blueprints/templates/pro formas and collective information on possible legal structure for social

enterprises, accessed from a single central website, as well as possible workshops on legal structures.

#### 4. Capital structure/Funding streams

##### *Funding diversity*

- There is an investing/funding continuum and for related incentives and structural barriers i.e. access to procurement contracts. There is also a continuum for the right type of capital i.e. working or investment capital. There is a need for blended financing solutions, such as blending [SEFA](#) loans with philanthropic funding.

##### *Investment and RoI mismatch*

- In seeking investment from the market, a good business case and clarity on financial return on investment were identified as key pre-requisites.
- Participants agreed that there is an onus on social enterprises to monetise/value their businesses; placing a value on its products/services is the collateral/capital value needed to secure investment. Moreover, if the business model cannot be readily monetised (valued) then it should not be considered to be a bona fide social enterprise, but rather it is a NFP/charity. NFP sector however is traditionally scared of the word 'profit'; it fails to understand is about what you do with the profit that counts.
- Several participants noted that there is a poor fit between what social enterprises do and potential sources of impact investing sources, most notably the time horizon for return on investment (RoI) where social enterprises' preferred period of 5-7 years for RoI is seen as too long by social impact investors.
- Participants suggested that a lack of a common language and understanding around impact investing is a barrier for many social enterprises.
- Participants also identified the existing time horizon for Government funding as a problem, where measurable social outcomes (as a funding condition) are wanted by Government in a 2-3 year timeframe but where this is far too short for most new social enterprises.

##### [Draft Productivity Commission \(PC\) report – Length of funding for NFPs](#)

“Smarter tendering and contracting arrangements can improve the effectiveness of family and community social services. Changes are needed to service system design, provider selection processes and the use of evaluations.

Tender processes that include opportunities for service providers to develop high-quality proposals, individually or as part of a group could increase contestability and lead to better coordination among service providers. Longer contact terms, with appropriate monitoring and safeguards, can provide more certainty for providers and users, improve investment incentives, and focus the attention of both providers and governments on delivering high-quality services, rather than worrying about the next funding cycle. Better handover periods would support service continuity for users and avoid periods of unproductive uncertainty for workers and providers.

Selection processes that better identify the attributes, capabilities and areas of specialisation of providers help improve the delivery of outcomes for users”.

- The other liquidity challenge for social enterprises is that most of the financial needs are upfront, and the necessary upfront capital larger than what is needed at the backend.
- The potential long-term RoI for Government from the programs offered by many social enterprises suggests that the Government should play a role in replicable sources of funding. However, the ability to generate a clear RoI is linked back to having agreed and consistent quality impact measurement.
- Philanthropy has often been the best source of funds for some new social enterprises so far but it is not a secure, sustainable funding source.
- Participants recognised the need for social enterprises to diversify their revenue streams and reduce their reliance on short-term grant funding and the need to get out of the traditional government grants mindset in the NFP sector.

#### *The need for Patient Capital*

- Participants considered that the longevity of funding for social enterprises is a threshold issue and long-term loans may be a more viable option i.e. low interest rate and long payback period e.g. [The Northern Australian Infrastructure Facility](#) offers loans with repayment periods of over 30 years.
- Participants agreed there is a need for access to more ‘Patient Capital’<sup>1</sup> for long-term impact investment and social innovation, including social impact bonds, where social purposes need to be embedded in access to patient capital e.g. Public and Private Ancillary Funds (PaFs).
- Long-term funding sources are needed to supply social innovation money. However, governments are traditionally not in the business of risk and hence the challenge is also about changing the traditional government risk averse mindset.

## 5. Legitimising the social enterprise sector

### *Social enterprise framework*

- Participants were asked: how do we create a stable framework and profile for social enterprises and social entrepreneurs?
- It was noted that in 2013 the World Economic Forum commissioned the report ‘[Breaking the Binary: Policy Guide to Scaling Social Innovation](#)’ which offered a Framework for Government Action to bolster social enterprises.
- Participants generally agreed that there is a role for Government to create an enabling environment by changing the language and by concrete changes such as reviewing the current NEIS rules.

---

<sup>1</sup> Loans or equity investments offered on a long-term basis (typically 5 years or longer) and on soft terms (e.g. capital/interest repayment holidays and at zero or sub-market interest rates).  
<https://impactinvestingaustralia.com/resources/glossary/>

- Participants suggested that this should include better defining and identifying social enterprises and adopting more consistent social enterprise language for engaging with Government for funding and other purposes. This should include better identification and categorisation of social enterprises (location, industry/social sector, size, type).

#### *Social enterprise brand and benefits*

- Participants noted that no government had formally acknowledged social enterprises until recently. While the situation now is better than five years ago, social enterprises are not universally accepted or understood. The Victorian Government is building social enterprises into their policies through its' [Social Enterprise Strategy](#), the first-of-its-kind in Australia; no other government in Australia has done this.
- Participants agreed that further work is needed to better understand how the social enterprise 'brand' fits into the regulatory framework and into the marketplace. There needs to be a more active instructional (awareness raising/educational) environment to legitimate the purpose and role of social enterprises and social franchises.
- Education is needed for all parties to improve understanding and awareness of the emerging role of social enterprises and the value of scaling to replicate and expand social impacts.
- Participants noted there is considerable diversity in social enterprises and across the NFP social sector and there needs to be greater clarity about what is meant when referring to social enterprises.
- Participants agreed there is a need to better articulate the benefits of operating as a social enterprise:
  - Philanthropy/government funding unreliable, while commercial viability gives you control over your own growth, and
  - Provide clear objectives for scaling social enterprise i.e. greater social impact and that it is not about social enterprise per se but social enterprise as a vehicle to delivery social impacts but it does not matter what the legal entity is, rather it's about getting the desired social impact.
- Encourage corporate social responsibility and corporate partnerships; there is some evidence that this is happening. Important messages and behaviours for corporates is about commitment to buy socially and influence on supply chains and procurement models.

#### *Better public awareness and understanding of social enterprises*

- Participants agreed that there is general public confusion about social enterprises – often put in the same basket as charities. There needs to be a clear, concise (and agreed) social enterprise definition e.g. an enterprise with profits for social purpose. In addition, there is as important distinction to be made between operating with a social purpose and social responsibility in operating by businesses.
- There is a need for a paradigm shift (a cultural/philosophical transition) from traditional NFP mindset to a new social enterprise/social entrepreneurial mindset based on business principles, an appetite for risk and innovation and a focus on paid staff not a reliance on volunteers.
- Participants' suggestions included:
  - Creating an online platform where organisations are rated and details provided are all on one database, and

- Drawing like-minded people and organisations together – broader umbrella collaboration and partnerships e.g. ACNC, with forums to make connections/form partnerships (online and offline).

*Build the evidence base on social enterprises*

- Participants agreed that there is a role for government is to build the evidence base around these issues (above) to demonstrate the economic and social benefits of social enterprises and to inform and influence social procurement policies and practices, including:
  - Data on number of social enterprises and in which industry sectors
  - Economic contribution of the social enterprises e.g. number paid staff, annual turnover, and
  - Data on skills needed for social entrepreneurs large and small, and the different skills needs between different sized social enterprises.
- Participants also considered that a robust evidence base is important to help inform how government and other investors pays for outcomes.
  - Need to distinguish between replicating an evidence-based program delivering desired social outcomes vs replicating a business model that has social impacts, and
  - Hypothesis is that there is higher cost for employment outcomes from social impact programs delivered by social enterprises/NFPs. There needs to be good data and analysis of actual costs and benefits and a more nuanced way of thinking about the complexities of social impact and its measurement.