

Stronger communities - making it our business

Introduction to community enterprise



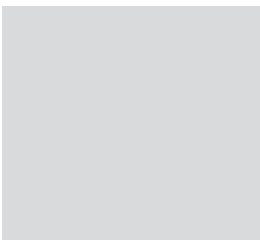
*Department for
Victorian Communities*


Brotherhood
of St Laurence
Working for an Australia free of poverty

Supported by
the Victorian
Government  **Victoria**
The Place To Be



Message from the Minister



Message from Tony Nicholson



The Brotherhood of St Laurence (the Brotherhood) first became involved in community enterprise in 2002 through its work in the Neighbourhood Renewal program at the Collingwood and Atherton Gardens high-rise public housing estates.

Although many unemployed residents were eager to work, few were able to compete successfully in the open labour market. Existing training and employment programs were not meeting their needs. The Brotherhood worked with Adult Multicultural Education Services (AMES) to create a cleaning business that offered a supportive training environment, including 12-month traineeships and a pathway into the open labour market. The cleaning service is still going strong – most participants find regular employment after their traineeships and business profits go towards supporting future trainees.

Since 2002, the Brotherhood has developed five community enterprises, including gardening and street cleaning businesses, as an avenue to employment and, in so doing, we now provide training and employment opportunities to 40 trainees each year.

To convey the benefits and positive experience of community enterprise to other neighbourhoods, the Brotherhood developed the Community Enterprise Development Initiative (CEDI) in partnership with the Department for Victorian Communities (DVC). In 2005, CEDI worked with 12 Neighbourhood Renewal communities across the state to develop a range of businesses, including Christmas cake production, landscaping services and fishing rod manufacture. In 2006–2007, CEDI is working with another 16 communities.

Father Tucker, the founder of the Brotherhood of St Laurence, recognised the essential interdependence between good social and economic policy in the early 1930s. Linking the social and the economic is one of the principles that guide the Brotherhood's strategic direction today and it grounds our commitment to practical initiatives like community enterprise.

Stronger communities – making it our business is an overview of the principles and history behind the Brotherhood's community enterprise approach. As a first step in establishing a community enterprise, I strongly urge everyone to read it. I also commend DVC for recognising and supporting the potential of community enterprise and the real difference it can make in Victoria's neighbourhoods and communities.



Welcome

Welcome to the *Introduction to community enterprise*.

This booklet is the first 'tool' of the Brotherhood of St Laurence's ***Stronger communities – making it our business: Community Enterprise Resource Kit***. The Kit is made up of three 'tools': this booklet, a workbook and a DVD.

The aim of this booklet is to provide a broad background to the development of community enterprise, a definition of community enterprise with some real examples, and an explanation of the purposes of community enterprise.

The booklet is also a framework for community groups, allowing them use the Kit with greater effectiveness, confidence and understanding.

The *Community enterprise workbook* is a comprehensive, step-by-step guide to help community groups establish and sustain their own community enterprise.

The *Community enterprise across Victoria DVD* comprises interviews with the operators of five community enterprises.



Defining community enterprise

A community enterprise is a special type of business developed because of a need in a community. While a mainstream business seeks to maximise profit for owners and shareholders, a community enterprise aims to deliver social outcomes through its activities in a way that is financially sustainable.

For example, a local landscaping business may be established to generate jobs for unemployed youth. Or, a café may be set up under the auspices of the local council to provide work opportunities for refugees. In both of these situations, the business model is responding to a community need. Alternatively a country town that is losing its only bank may decide to open a credit union with community members as the shareholders. This ensures that the service is retained and, over time,

profits from the credit union can be reinvested into the community, for example, to buy new school equipment or a bus for the aged care hostel.

These examples of community enterprise vary because the needs and interests of the community vary. Whenever a community enterprise is established, however, it's important to note it competes in the marketplace like any other business. Although the term 'not-for-profit' is often used to describe community enterprises, this can be misleading. Community enterprises aim to sustain their businesses and make profits - it's how they run their business and what they do with these profits that make the difference.

What is it that makes a business a community enterprise?

Community enterprises:

- 1 respond to one or more identifiable community needs
- 2 achieve their social purpose(s) at least in part by engaging in trade or services
- 3 create opportunities for the community to participate in the development, delivery and/or governance of the enterprise
- 4 seek to achieve financial sustainability
- 5 reinvest profits back into the enterprise or the community.

Not all community enterprises will necessarily have all of these characteristics throughout the life of their business. They do however, help to inform the goals of the enterprise and ways of measuring the success of an enterprise. If these characteristics are not built into the enterprise it is reasonable to ask 'why not'?

Adapted from Pearce, J. 2003 Social enterprise in Anytown.



Community or social enterprise?

A common point of confusion is the distinction between community enterprise and social enterprise. In many countries a social enterprise includes any organisation delivering a social outcome, whether grant-funded or trading in the marketplace. For the purpose of this Kit, social enterprises are businesses that provide surpluses for a social purpose.

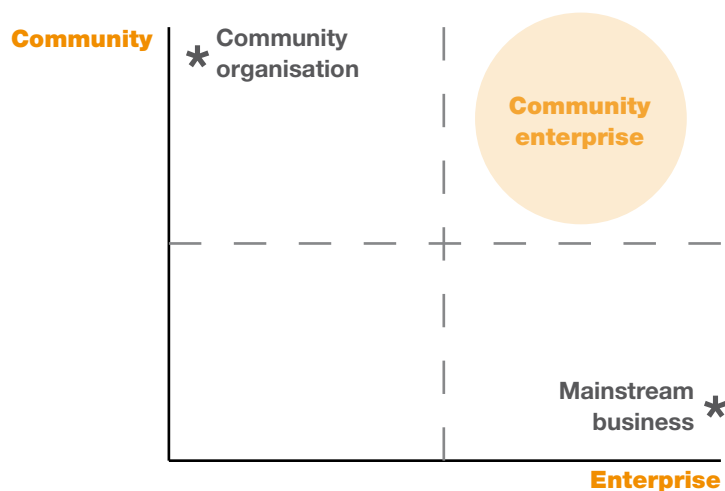
Community enterprises exist primarily to deliver social outcomes directly through their operations. The table below outlines some of the points of difference. Note that for some businesses or organisations the lines between the categories listed below are blurred purpose.

	Mainstream business	Social enterprise	Community enterprise
Goal of organisation	Maximise profit	Maximise profit for a social purpose	Deliver social outcomes through business activities
Who benefits?	Individuals	Community organisation and those they service	Community (place or group)
Who is accountable?	Shareholders/owners	Community organisation Board	Community enterprise board and broader community

Where do community enterprises fit in?

Community enterprise is an evolving concept that brings together social benefits and business skills. Community enterprises are situated between the community and business environments. Currently

small, the space is developing as a growing number of private enterprises become more socially responsible and community organisations become more enterprising.



Identifying a primary community purpose

Any individual or group can establish a community enterprise as long as they have the enthusiasm, commitment, energy and purpose for doing so.

Over the last ten years, community enterprise has gained momentum as a strategy to assist in the development of sustainable communities, particularly in disadvantaged neighbourhoods in need of renewal. Individuals and groups in countless towns, cities and suburbs across Australia have established community enterprises in response to fundamental community concerns ranging from depression in young people through to the loss of critical services such as a bank, petrol station or post office.

In our experience, there are five common reasons for starting up a community enterprise. In the process of starting up a community enterprise, a community group may identify with one or more reason.

- **Participation or engagement**

Community enterprise can provide opportunities for people to participate or get involved in their local community. A café run by volunteers or a school-based business in which students make furniture allows people to work towards generating funds for a service they will benefit from.

- **Providing a pathway to employment**

Community enterprises can provide training and work experience opportunities for unemployed people to help them develop skills and build self esteem. For example, an op shop may provide people with retail skills that are transferable to a range of other workplaces. These are sometimes referred to as Intermediate Labour Market (ILM) enterprises.

- **Employment**

These enterprises are established to provide jobs, for example, retaining and creating employment in a geographical community or among a community of interest. For example, social firms exist to provide employment for people with mental health issues. Many organisations have developed enterprises to respond to unemployment issues such as, Culturally And Linguistically Diverse (CALD) youth groups or Indigenous youth groups.

- **Needed product or service**

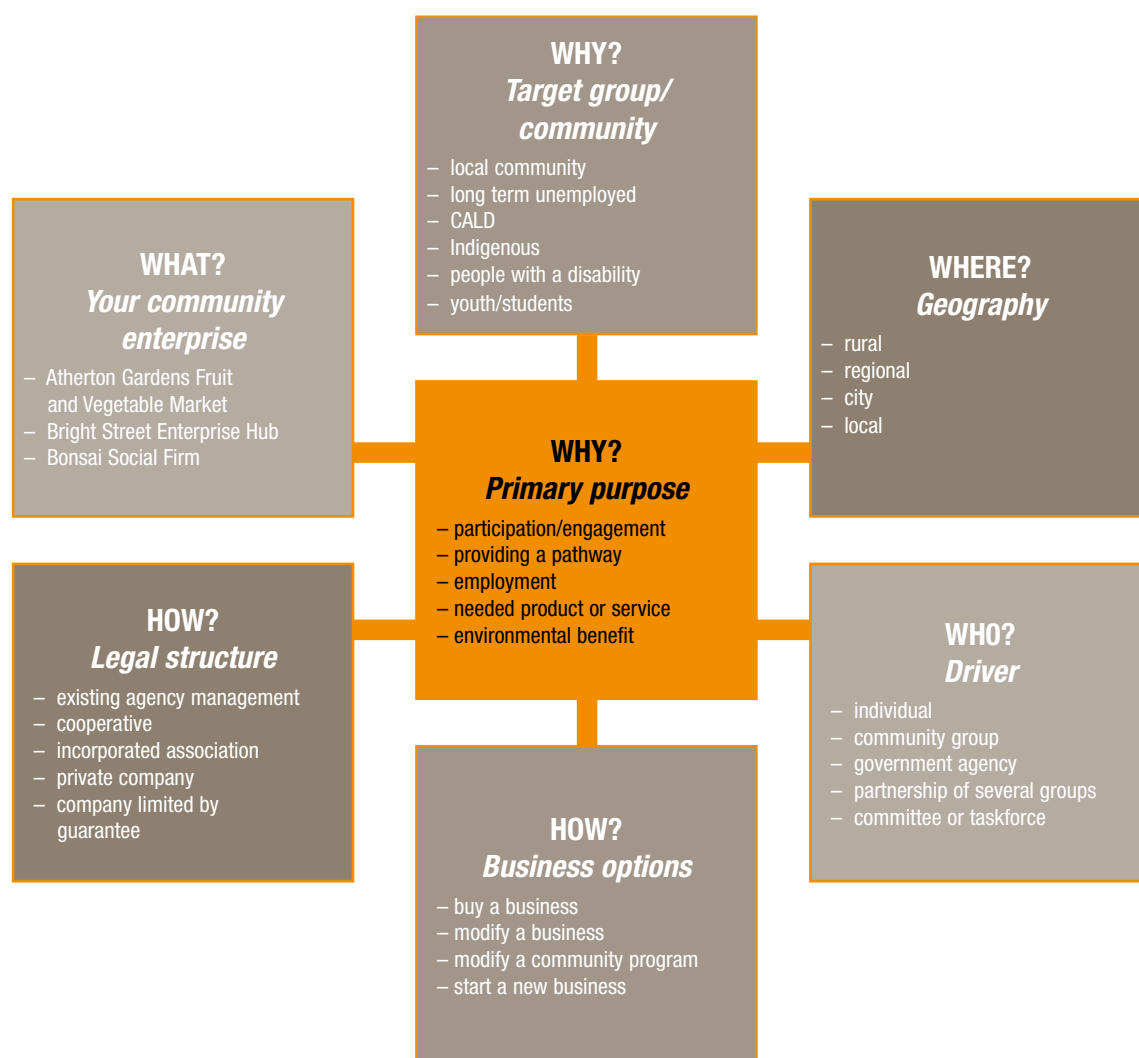
This involves communities recognising the importance of gaining or retaining a service in a community and rallying to retain/gain the service. For example, a community may lack service locally such as a milk bar, or face the loss of a service such as a cinema. Community enterprises are sometimes set up to retain/gain the service. Examples could include anything from a bank, a pub or a grocery store, to fresh fruit and vegetable cooperatives.

- **Environmental benefit**

These enterprises have been developed in response to an issue that affects everyone. Examples include community-run waste-transfer stations and education centres such as the Centre for Education and Research in Environmental Strategies (CERES).



Local context for community enterprise



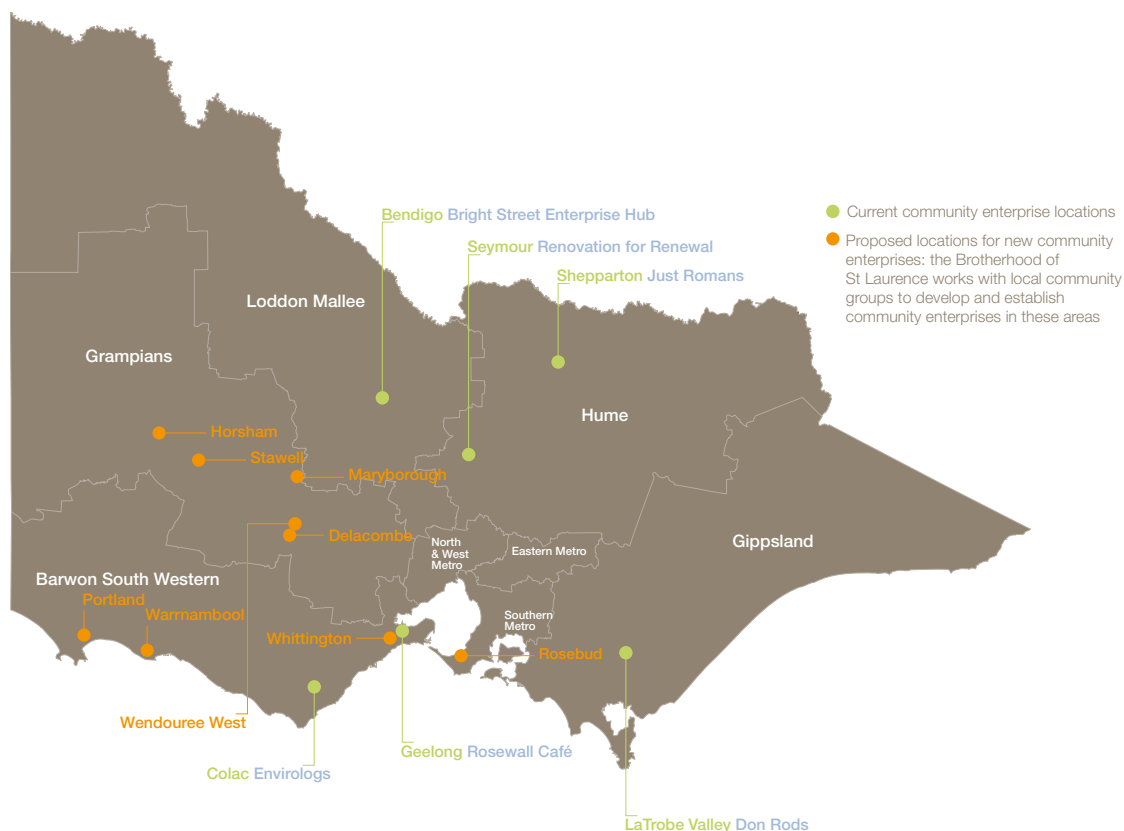
Community enterprises come in different shapes and sizes. They range from the very small to the very large: from those run by volunteers to those run by employees; grant-dependent to financially independent. The model of community enterprise adopted will depend on the primary purpose for starting the enterprise and the local context.

Note the variables in the table above. For example, if the primary purpose is participation and engagement, the community enterprise developed may use a cooperative structure. If a community enterprise is to provide an employment pathway, it might be important to build into it a strong partnership between a community agency and local businesses or industry.

The final model will be influenced by the principal purpose of the enterprise and the local context it operates within.

Community enterprises around Victoria

The maps below shows that community enterprises exist in a variety of forms and locations.



Examples of community enterprise

Bright Street Enterprise Hub

The Bright Street Enterprise Hub was established in May 2007. The hub is located at the site of a milk bar that closed almost 10 years ago. A survey of the local residents conducted by the Neighbourhood Renewal resident action group, Launching Pad, found that a milk bar was a priority for the community, both to provide convenient access to food and other items, but also to provide a focal point for the residential community.

A member of Launching Pad comments, 'The milk bar used to be a meeting place for the young people. Since that's gone there's nowhere for them to sit and have a bit of privacy. [This new hub / café will] give them someone to get advice from, someone to say hello to.'

Bendigo Access Employment (BAE), a Bendigo employment services provider, purchased the building and has transformed it, not only into a milk bar and café, but also offices for local agencies, a tool library, meeting space and other facilities.

Despite a reliance on grants for planning and start-up, the enterprise is projected to break even after its first year and will ensure the long-term viability of the centre through its business operations.

The café and milk bar have created employment for six local people; a manager and assistant manager and four part-time trainees completing a certificate in hospitality, retail or asset maintenance.



Bonsai Social Firm

Bonsai the Imagination Tree was a successfully trading nursery, supplying bonsai trees to large retailers such as Bunnings and Kmart. Social Firms Australia (SoFA) is a not-for-profit organisation dedicated to creating social firms: businesses that provide job opportunities for people with a disability, particularly people with a psychiatric disability.

When looking at businesses that would be appropriate to purchase and run as a social firm, SoFA applied both a social and an economic 'screen'. Bonsai the Imagination Tree, with its therapeutic and nurturing environment for staff and robust business contracts in place, was a perfect fit.

Over the course of nine months, the owner of the business worked closely with SoFA to convert the existing business to the social firm model, the owner staying involved as a Director of the Board when the transaction was complete. The social firm employs nine staff, three of whom have a mental illness. All of the original staff were retained and have found the new structure as a social firm an exciting development.



Atherton Gardens Fruit and Vegetable Market

The Atherton Gardens Fruit and Vegetable Market was developed in response to the need for fresh, accessible and affordable fruit and vegetables on the Fitzroy high-rise estate. Cultivating Community, a not-for-profit organisation that works with communities through gardening and fresh food supply supported by the Brotherhood and Neighbourhood Renewal worked with residents to determine the demand and the model that would best suit the community. The community became passionate about it with volunteers coming forward to develop the business, to work in it and to operate the business.

The market has now been running for three years. It is still volunteer-run and Cultivating Community continues to assist in operations. The market operates one afternoon per week and turns over about \$550 each time. It is now an important community hub. Based on its success a similar market has also been set up on the Collingwood high-rise estate.



A short history of community enterprises

1830 The first Australian Friendly Society is established in New South Wales. The idea of Friendly Societies was brought to Australia from Europe. Friendly Societies were originally formed to fill the gaps when governments were unable or unwilling to provide the care and help families needed. As governments gradually took over the role of providing unemployment and sickness benefits, Friendly Societies branched out into new areas.

Friendly Societies are owned by their members, are not-for-profit companies and provide financial and other services. Some are large, dealing in billions of dollars, while others are small, but all are focused on providing service to their members.

1844 The Rochdale Equitable Pioneers Society opens its first store in the United Kingdom selling what we would now call organic produce. They set the model for consumer cooperatives throughout the world.

The first Rochdale-type cooperative store in Australia opens in Brisbane.

1900 Half of all Australians are members of Friendly Societies.

1943 With the help of collections from citizens of Mondragon an elementary school is founded in 1943. A group of five of the first graduates founded a small worker-owned and managed factory manufacturing a kerosene stove in 1956. This cooperative venture proved successful.

Mondragon now consists of more than 80 production cooperatives, averaging several hundred members including 44 educational institutions (including a university); seven agricultural cooperatives; 15 building cooperatives; several service cooperatives; a network of consumer cooperatives with 75,000 members; and a bank. It also operates supermarkets in several countries.

1948 Beginning of the Young Catholic Worker Co-operative Movement in Victoria with formation of the YCW Trading Co-operative.

1966 The Victorian Credit Co-operative Association is established.

1984 The Maleny Credit Union is established. This was possibly the last small-scale locally owned credit union established in Australia due to changes to federal legislation. Maleny is a small rural community about 1.5 hours drive north of Brisbane that has established a further 20 cooperatively owned businesses since 1984.

1987 The National Advisory Group is established by the Federal Government to provide advice on the relevance of local employment initiatives as a viable option for permanent job creation in Australia.

1989 The Victorian Council of Social Services publishes *Creating Opportunities*, an overview of 64 community-based employment initiatives.

1990 The Western Australian Government establishes the Local Economic Development Steering Committee resulting in a number of studies and publications including a report on the Community Economic Development program.

1993 A total of 2366 cooperatives exist in Australia, controlling assets estimated at \$5.4 billion. Cooperatives comprise 19 of Australia's top 500 exporters.

1998 The Bendigo Community Bank model is launched.

2004 Victorian Government Community Enterprise Strategy is launched

2005 Brotherhood of St Laurence Community Enterprise Development Initiative (CEDI) is launched. Funded by the Department for Victorian Communities (DVC), the objective is to support 'place-based' (i.e. geographic) Community Enterprises in 30 Victorian communities.



Further information and resources

For more information on developing a community enterprise, consult the other 'tools' in the Kit: *Community enterprise workbook* and *Community enterprise across Victoria - DVD*.

Australia

Community Builders www.communitybuilders.nsw.gov.au

ACCORD (archived) www.accord.org.au

Social Ventures Australia www.socialventures.com.au

The Australasian Institute for Social Entrepreneurship www.aise.net.au

Mercury Centre www.mercury.org.au

Australian Employee Ownership Centre www.aeoa.org.au

DVC – community enterprise page www.dvc.vic.gov.au

International

Community Action Network (UK) www.can-online.org.uk

Social Enterprise London (UK) www.sel.org.uk

Centre for Community Enterprise (Canada) www.cedworks.com

Social Enterprise Alliance (USA) www.se-alliance.org

EMES Research Network on the Social Economy (European Union) www.emes.net

Books

Dees, J. G., Emerson J. & Economy P., (Eds) 2001, *Enterprising nonprofits: a toolkit for social entrepreneurs*, New York: Wiley.

Pearce, J. 2003 *Social enterprise in Anytown* (with a chapter by Alan Kay). London: Calouste Gulbenkian Foundation.

BSL Head Office
67 Brunswick Street
Fitzroy Vic 3065
Ph: (03) 9483 1183
Fax: (03) 9417 2691
info@bsl.org.au

Media Enquiries
Jeannie Zakharov
Ph: (03) 9483 1371
Mob: 0413 948 535
jzakharov@bsl.org.au

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